

Analysing the factor affecting the strategic plan marketing essay



Introduction

Strategic planning, where manager match an organisation's resources with its market opportunities over the long run. Market and economic conditions during the past two decades prompted many companies to consider more formally and more frequently how best to match their opportunities and their resources. The intent was to seize the opportunities and to avoid the threats associated with changing markets. Formal strategic planning was recognised as an effective management tool to do this. This Strategic planning helps to look at where you are now and where will you be in the future where you want to be how you will get there, its cooperate culture , time spent on fundamentals , mission, vision and its values. This study is based on UK's leading fantasy fashion and outdoor company, Black Leisure Group Plc.

Blacks plc is one of the leading fantasy fashion and outdoor retailers, which established on 1861 by Thomas Black. He started his business from his sail making experience from Australia and later on he added clothing wear of men, women, children and strengthen their business on tent making, walking, mountaineering, skiing, snowboarding, camping. They can provide everything which you need such as, kit for a family camping trip, sturdy walking boots to withstand tough conditions while trekking on the mountain side. It has specialist brands like North face, Berghuas, Millets, Peter Storm, Eurohike, Hi-Tec etc. and developing own specialist brands as Technical, ALS. Overall, it is fulfilling the requirement of customers by giving comprehensive range of outdoor clothing and equipment. Now it has 413 stores throughout the UK to meet the requirement of the modern market.

This study will be examined the strategic plan of Black Leisure group by reviewing and determining its strategic aims and objective, identifying and analysing progress towards its strategic aims and objective and determining and evaluating strategic option to support a revised strategic position.

Identifying the current strategic aims objective

Each and every organization has certain aims and objectives that they wish to achieve, they might be overall goals and purposes that the business was set up to fulfil. Aims and objectives is clear direction for an organisation to move ahead, it helps to organization to grow. It is used as guideline, a plan and a goal. In an organization, many people are working from diversified culture with different views on a certain aspect. Aims and objective is used to help these different people focus on one organisational view on the aspect which seems either right or is right. According to corporate website of Blacks Leisure Group, it has following strategic objectives;

To roll out proven new store formats across the estate over a period of five years.

To exit the Board wear market in full

To continue the rapid growth of our internet business.

To invest in system this will enable us to make further reduction in working capital.

Once a business is on a sound footing to review the opportunities for market consolidation.

By summarizing above objective, Black Leisure aiming to capture more market share and to get rid of loss by restructuring stores, adopting new technologies as well as reducing operation costs. The organization focuses on maximum utilization of technology such as online business and cut down the working capital to increase liquidity position.

Undertaking an evaluation of the component parts of a strategic plan.

Basically, component part of the strategic plans refers to vision and mission of an organisation because organisation's strategic plan is directed by its vision and mission. Strategic plan does not clash the vision and mission of an organisation.

The vision of this group is to attract and retain regular customers and thereby generate repeat business and related sales.

Mission is to optimise all business opportunities in our chosen markets through the retailing of products and services of high quality and good value.

Analysing the factor affecting the strategic plan.

The key success of business depends upon the strategic plan of the organization because the strategic plan designs the direction of the organization. Strategic plan is affected by various factors and strategic manager should consider those factors while formulating strategic plan. Otherwise, the organization can deviate from its path. This project analyses those factors which play vital role to determine the shape of the strategic plan.

Internal factor: Internal factor focuses on those factors which belong to inside the organization that contains organizational culture, core of ethics, policies and strategies. In order to formulate successful strategic plan the organization should consider these internal factor. In terms of black leisure, the organization culture, policies and strategies affect the strategic plan. Black leisure set the strategy of cutting down cost to get rid of loss, it forces to company close down the loss making board wear business and warehouse. Like wise, other policies and culture affect the strategic plan of black leisure.

Stakeholders: The major stakeholders of black leisure are employees, managers, customers, suppliers, creditor, community and government. Stakeholders have different expectations which affect the business. It is discussed in section 1. 3

External factor: External factor also known as macro factor which can not control by the organization and organization should change according to those factors. The external factor contains political, economical, socio-cultural and technological factor that affect the strategic plan of an organization. In order to analysis the impact of external factors on strategic plan this study conducts PESTEL analysis.

Political Factors:

Marketing decisions are typically affected in a variety of ways by developing in the political and legal environment. This part of the environment is composed of laws, pressure groups and government agencies, all of which exert some sort of influence and constraint on organisation and individuals in <https://assignbuster.com/analysing-the-factor-affecting-the-strategic-plan-marketing-essay/>

society. Currently, government has increased on tax rate, VAT from 17.5% to 20%, which can affect to the price of Blacks plc. Blacks plc has to increase their price to cover tax rate or it can be influenced to its price of the product.

Economical Factors:

Economic factors relate to the wealth of the country and to the customer ability to buy goods and services. There is a link with political and government factors, which affect to the selling of products in current situation in Blacks Plc because of decision of government. Currently, the economic condition of country is in recovery, and this is very tough to come out from loss to profit. This economic factors impact on unemployment levels, interest rates, consumer debt levels, availability of credit and many other factors can influence customers spending decisions. Another factor is currency exchange rate which may effect either exported or imported and goods can seem expensive or inexpensive, depend upon currency exchange rates. This can be a reason of Blacks plc turnaround in loss.

Social Factors:

This factor includes the demand and taste, which is different person to person and choice, taste of customers are also different from each other due to fashion, culture, disposable income and general changes. Blacks plc is improving their workforces, quality of life ensuring that there activities impact positively on society and the environment. The blacks group recognises the importance of health and safety in the work place, so its management intended to improve business performance. It has corporate social responsibility vision of environment, employee, customers, and <https://assignbuster.com/analysing-the-factor-affecting-the-strategic-plan-marketing-essay/>

suppliers. They set objectives for environmental policies taking due to account of the business risks and opportunities. But actually, they are not implementing it properly due to lack of clear strategy.

Technological Factors:

Technology factor affected very much, for its progressing, it is doing its business by online mainly giving discount and offer, which saves customers time and cost. It includes all products by brands and price; we can find all information by internet. Nowadays, the use of technology has been increased, so it is very important that one business should have some new ideas, which can attract to the customers to see and buy some product online. Similarly, Blacks has some equipment like GPRS phone which helps to find out yourself where you are and which way you should go, they have other equipment like this also which can shows you how many miles you have walked. So these equipment are effective tools for nowadays people to keep themselves accordingly technologies and easy to use. The group has innovated organic t-shirt and tent with LED light utilizing technology.

Competitors: Competitors is another factor which affect the strategic plan of an organization. The main competitors of the black leisure group are JJB Sports, Sports direct and JD fashion as well as other clothing retailer such as Primark, M&S, TK max, Next etc. To win the battle of market share the organization should aware of the competitor's policy and able to beat.

2. 1 Applying a range of strategic analysis tools to audit progress towards strategic aims and objectives

In order to examine progress towards strategic aims and objective there is lots of strategic analysis tools formulated by various management experts but this study prefers SWOT analysis technique to assist progress towards strategic aims.

SWOT Analysis of Blacks Leisure:

This analysis is a simple framework for generating strategic alternatives from a situation analysis. It is applicable in the corporate level, the business unit level or marketing plans. This SWOT stands for Strengths, Weaknesses, Opportunities, and Threats

The following diagram shows how a SWOT analysis fits into a strategic situation analysis.

Situation Analysis

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Internal Analysis

External Analysis

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Strengths Weaknesses

Opportunities Threats

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SWOT Profile

Strengths means resources inside the Blacks Plc like effective team, quality, reliability, good reputation in the market and Opportunities indicate competitors or external issues in sports or board wear products. So, this is depends on condition but if there is opportunities then it helps to be their strengths and if there is strengths then it seeks itself opportunities.

Similarly, Weaknesses and Threats are also related like Strengths and opportunities. If you are threatening then you will be weak and if you are weak then you will be threaten. Blacks plc has weakness of choosing and applying ineffective strategy. Now it is facing problem of finance to recover loss made from brand O'Neill and board wear. It has threat of political uncertainty in the country, every time rules and regulation has been changed and it will effect and do not want to go outside and it will less interest in outdoor market. Market demand is volatile, Blacks has to identify customer needs to come out from this problem. The following chart shows the overall strength, weakness, opportunity and threat of Black leisure.

Strength

Opportunity

Strong brand like Alpine snow sport, Peter storm, Blacks, Millets, Strom shield

Store location - most of stores are located on high street.

New innovation design- organic cotton t-shirt and tent with LED lighting system

New store layout design and upgrade of millets and blacks

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Millet's young focus marketing strategy

New innovation

Up coming Olympic games 2012

Production diversification - Summer wear

Weakness

Threat

Loss making O'Neill, board wear business

Ineffective marketing- like for like sales which can not perform well as overall

Poor financial position (liquidity position), lack of fund due to loss,

Strong competitors- JD sports and Sport Direct

Economic recession

Foreign currency exchange

Price war

Changing customer behaviour.

2. 2 Reviewing and assessing the expectations of major stakeholders and their influence upon the organisational strategy

Generally, stakeholders refer to an individual or group who can affect the achievement of organization's objective with different interests, needs and viewpoints. The key Stakeholders of business contain employees,

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management, creditors, supplier, shareholders, customers, government and community and they may have direct or indirect influence in organizational strategy. In order to formulate successful strategy the organization should address these stakeholders in proper way because the prosperity of business depends upon the stakeholder's to some extent. In terms of Black leisure, it believes that the long-term success of the Group is greatly enhanced by valuing and developing relationships with key stakeholders. The key stakeholders of Blacks are as follows:

Employees: Employees are key factor to achieving the Group's business objectives. As other organization, the main concerns of Group's employees contain job security, payment, excellent health and safety, good working environment, equal opportunity, truthful communication. In term of job security, the Group is closed down the loss making stores which is cause of no of jobs cut. These employees pressure to management to revise the strategy of closing down the stores. Although, Blacks Leisure is addressing those expectations of the employee by keeping the influences in central point while formulating the strategic plan.

Management: The key concern of top level managers is long term growth of business rather than short term objective. The organizational strategy is influenced by the individual ethical and moral prospective of managers to achieve the long term growth. Black Leisure does not separate from it.

Suppliers: Mainly, The Group's suppliers are the UK based wholesaler and the direct manufacturer around the world. They are seeking for equitable business opportunity because it's the competitive market where supplier has

various alternatives. The financial performance of business is poor due to this reason supplier may refuse future credit. Consequently, the company might look alternative way.

Shareholders

Management

Creditors

Community

Government

Suppliers

Employees

Customers

Strategic plan of Blacks Leisure Group

Creditors: Creditors are interested in the credit score, liquidity position of an organization as well as new contract terms. The main creditor of Blacks is Lloyds Bank who is providing huge amount of loan for business. However, the company is struggling with lack of fund due to loss. In this context, Lloyds Bank may set the various term and condition in order to provide loan and can charge high interest which affect the strategic plan of business.

Shareholders: Shareholders are the owner of the business and their main expectation is return of investment i. e. dividend. However, the Group falls in loss for long time due to economic recession, in this situation shareholder may pressure to management to formulate alternative strategy. In other

hand, the shareholders have voting rights and they elect the board of director

Customer: The key concerns of the customer contain value and quality of product, customer care, ethical product, innovation of product. The Group aims to provide high quality of services to customers and ensure that all products are safe and fit for purpose. In this condition, the customer are expecting new product because they are not only conscious about their fashion styles and price but health as well so the company innovate the organic t-shirt. Nevertheless, it is not sufficient to meet the requirement of modern customer so the company feels to raise the research and development project.

Government: Government affects Blacks strategy through Taxation, legislations, government expending, threatened change in law. Company can not cross the line of government expectation while planning strategy to meet its aims and objective. Currently, Government increased minimum wage rate from £5. 80 to £5. 93 from this October, this government decision affect the strategy of blacks.

Community: Community are expecting equal opportunity of jobs, environmental protection, involvement, shares and truthful communication from company. In order to plan successful strategy, the company can not ignore these expectations. As an example of community support program the company agreed to sponsor ' Glastonbury (2009-2011)' Festival of Contemporary Performing Arts.

2. 3 Analysing, interpreting and producing a structured evaluation of the organisational strategic position

To evaluate strategic position this study adopts Porter's five forces which measures the competitive power of Blacks Plc.

Porter's five forces analysis of Black Plc.

Source: www.investopedia.com

Bargaining Power of Buyers:

The growth of lifestyle brands such as Blacks own ALS is an indication of this trend. However, the clothing and Footwear Industry market review 2006 shows that, the UK clothing and footwear market was worth an estimated £ 44. 45bn in 2005. According to this, historical perspective shows that the proportion of clothing (38. 35bn) and footwear (£6. 1bn), although among the basic human needs, are now less of a spending priority. So that, the ability of consumers to spend less has been partly due to falling prices for these products between 2001 and 2005, average clothing and footwear prices fell by 14. 4%, while cost of living increased by 12. 6%. Blacks plc has very low power of buyers because they are doing business on outdoor but they do not have professional mountaineers or experts to attract for customers and in the market, there are only few people who are very serious to go trips.

Bargaining Power of Suppliers:

Blacks have various brands, some of brands are not so good and effective and some of them are leading market of blacks, many customers are

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appreciating on clothing which made by the brand of North Face, Berghuas, ALS, Peter storm. So these are the strong brands from Blacks which is making profit and running their business by covering loss. Thus, blacks need these brands for its further progress, which means it has strong power of suppliers. If suppliers does not supply them these good brand then Blacks cannot survive their business.

Threat of Substitutes:

Blacks plc is not special for clothing, outdoor equipment because they do not have enough resources. Customers do not have to go Blacks for buying clothes, other things which blacks supplies. So, ordinary clothes are very strong substitutes of Blacks like Next, TK max, M & S, Primark etc. About outdoor, no more people are interested to go outside for more than 2 weeks and do not want to stay night in tent as they are feeling cold and not appropriate. If any customer wants to go outside they prefer professional equipment suppliers rather than Blacks plc. In addition, for sports shoes and other outdoor product there are other shops which are special for sports only like JD shop, JJB sports shop, Sport Direct etc. as a result, there are more threat of substitutes.

Threat of New Entrants:

There are strong threats of new entrants although Blacks do have some brands which are very strong but also overall, blacks do not have enough resources, clear strategy to compete with new entrants. If some new entrants come with great idea in this industry then it will be tough condition for Blacks plc. It has been many years of establishing and running this

business, which indicates existing loyalty of few people but new entrant can attract them by their other dimensions of work.

Competitive rivalry

For Blacks plc, competition is not strong as it doesn't have attractiveness. There is low rivalry in this business. People want to do business from where they can achieve something in terms of profit, brand name, loyalty etc. not from loss making business, low customers. Hence, it doesn't have tough competitive power as other in this industry like JJB sports, JD fashions and sports direct.

Hence, the competitive power of blacks is comparatively low because it is struggling with loss from many years.

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