

The Decline of Marks and Spencer



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Name of Host Organisation : Marks and Spencer

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1. INTRODUCTION

This report investigates the main problems of Marks & Spencer Plc - one of the most important UK's top retailers.

Marks & Spencer's overview is followed by a complex SWOT analysis which is providing the internal nature (strengths and weaknesses) and the external nature (opportunities and threats) of the business and followed by PESTEL analysis which offers a complete appearance at the company's strategic business environment. (Anon., n.d.) .

Even if this giant successful retail seems like it will never stop thriving, because of many factors they announced to close more than 100 stores creating a wave of questions about their future.

2. MAIN FINDINGS

2.1 ABOUT MARKS AND SPANCER

Marks and Spencer Group plc (abbreviated to M&S) is one of the most important British global retailers with control centre in London, that focusses in selling clothes, home products and food products, with their own brand name. M&S owns 959 stores around the UK, including 615 food products, television promotion, claims nature and comfort of his food and beverages. Ocado offers food delivery service which it is a big benefit for the company making shopping's being even easier. (Wikipedia, 2021)

Ocado Retail delivered 43.7% revenue growth over the 52 weeks ended 28 February 2021 and contributed a share of net income of £78.4m. (M@S, 2021)

Michael Marks, the Jewish immigrant from Belarus came to England without money and a very poor English knowledges, first being just a pedlar and later when he owned a market stall in Leeds, he decided that he needs a partner to manage his own business with expensive items and he found Thomas Spencer, his cashier which agreed to initiated Marks & Spencer on 28 September 1884 . (time, n.d.)

2.2. NATURE, SCOPE AND IMPACT OF THE PROBLEM FACED BY MARKS AND SPENCER

Because of the lockdown and because of the strict restriction through Brexit, Marks and Spencer planned to reduce its store estate after their £201m loss. (Nazir, 2021) In the last years, their popularity went dramatically down. Some retail experts consider M&S' main problem is the bad connection with its customers, poor management, unfashionable, uninteresting. (Russon, 2020)

2.2.1 NATURE – WHAT PROBLEM HAS BREXIT CAUSE ?

The United Kingdom's decision to leave European Union creates uncertainty that could affect the business being delay in approving the **nature** and time of the Brexit. Because of this Brexit, the prices of products get higher, and the sales goes down between EU and UK.

2.2.2 SCOPE – HOW ARE THEY AFFECTED

M&S start having success in food department, and difficulties in fashion department. Brexit it will affect suppliers, clients, retailers, and exporters.

Since January, Ireland faced a new range of inspections and controls after a variety of products was moving from GB to Northern Ireland. Brexit cut hundreds of products in NI, Marks and Spencer fear the impact in NI stores after Brexit. (Campbell, 2021)

2.2.3 IMPACT – WHO IS AFFECTED ?

The business meets the problem of time, If the exit from European Union it will be orderly, the business has more time to organise and address the consequences if not, it will be a negative **impact** which it will affect the business and its customers. (M&S, n.d.)

Because of Brexit trade deal it will be a significant impact for the Eu stores' sales because of extremely complicated paperwork gives delays into its system. (Armitage, 2021)

In this case, the customers are affected, for example in Paris they have been sharing images with empty shelves from M&S and complaining about the fact that since the Brexit transition period from 1st January deliveries fail to arrive from the United Kingdom. (AFP, 2021)

2.2 SWOT ANALYSIS ON MARKS AND SPENCER

SWOT Analysis explain the most important intern and external factors affecting one of the British largest retailers Marks and Spencer.

STRENGTHS

GLOBAL BRAND - Marks and Spencer with more than 1400 location placed around the world, and more than 1000 stores established in the UK. They took advantage of the technological world and its benefits by creating a chain of online services for an easy access to the favourite products, helping the company to reach the audience faster with a precise success in the world where technology is everything.

RECOGNIZED BRAND – being from such a long time on the high street with such a glorious reputation through quality, their name it is popular, and people prefer the company's retail store when they see their name based on the **EXPERIENCE** for more than 130 years. Starting from a small Bazaar at the Kirkgate Market before turn into a global brand name. (Shaw, 2021)

DESIGNER'S PRODUCTS - Marks and Spencer bring the product of famous designers at its stores to catch the interest of shoppers which helped to increase the sale.

PORTFOLIO - Marks and Spencer has a good relationship with customers by providing a different and massive product collection for all the customer needs which helped the company. (Shaw, 2021)

WEAKNESSES

INCREASING COST – the fact that they are executing manually their operations it takes more time and more money. They will improve this fact just if they will utilise the latest technology to help their company to grow up.

PERCEPTION – The reputation of the company it is a little bit unfavourable in this case because the fashion arena is not updated to the new generation and the teenagers and the young ones, they couldn't find their needs in this shops.

LOWER SALE- in the last years, the sale of Marks and Spencer has been decreasing significantly even before the pandemic due to the poor supply chain management system and now because of Brexit, things are getting worst. (Shaw, 2021)

OPPORTUNITIES

SEGMENTATION – This factor it will help Marks and Spencer to increase their sale, lower the cost and better profitability if they know how to put together the market customers based on their needs . Since the brand it is global, the company should utilize customers' requirements by sending diverse products in different markets.

E-COMMERCE – Marks and Spencer have such a strong retail base and decided it to keep it in the line by launched an online store.

THREATS

COMPETITORS – Marks and Spencer has many strong competitors as Sainsbury, Tesco, Amazon, Debenhams, Sports Direct, ASDA, Morrisons, John Lewis, Gap, , Next, Walmart and others which gives a very hard time for Marks and Spencer to keeping the brand in tops.

2.3 PESTLE ANALYSIS ON THE MACRO ENVIRONMENT

This report is using a PESTLE analysis to understand better about current and future of the market by implications and reducing any future risk, with this analysis it will help to see the point of view of this famous and successful company by analyse the political, economic, sociocultural, technological, legal, and environmental factors which is very important to know about the company. (Bush, 2019)

Political

Free trade is one of the most constructive aspects of politics because Marks and Spencer operate in many countries which allows to import foreign products for sale with a cheap price, while maintain a healthy profit. But the United Kingdom's decision to leave the European Union following **Brexit** regulation, might be a hugely impact for Marks and Spencer's operations especially in terms of trade policies and prices. This it will result of loss of numerous free trade policies with EU suppliers resulting in a higher price for their products which determinate the customers to leave and find the same products cheaper in another shop. (Bush, 2019)

Economic

A big influence in the retail industry is the **price** of a product, and United Kingdom came along with many foreign suppliers and here the problem appears for Marks and Spencer, they lose their customers because of the higher prices.

Because of **Pandemic**, has already closed 59 shops and they planned to close 30 more, Marks and Spencer 'operation is not powerful sufficient to provide support to keep in the top position. (Grahns, 2021)

Sociocultural

M&S suffers for the first time in 94 years as clothing falls because of the younger generation which are not happy with the old-style clothing, they need to concentrate more in this **fashion area** because it is unfashionable and their reputation may turn out to be a less trendy style for customers and for their needs. (BBC, 2020)

Due to lack of time, more and more consumers prefer **ready meals**, Marks and Spencer took advantage of this massive opportunity and came up with this ingenious idea in this new industry, becoming one of the top ten ready-to-eat meals in the UK.

Technological

In this modern-day retail, it is a constant evolution using technology to help business and Marks and Spencer knew it better by creating a **self - Checkout**, saving money from paying their cashiers, while simultaneously offering customers a good experience and faster by scanning themselves their shopping.

Marks and Spencer are even better with **online shopping** delivering goods from clothing to home products but unlike some other food stores in the UK, they do not provide food items, which it is a disadvantage. (Bush, 2019)

They even involve another tactic which promotes their clothing by installing in stores big screens placed strategically which are very interactive for the customers to browse easily through the products and place their orders. (StudyMoose, 2016)

Legal

It will face legal issues after **Brexit** because they are losing access to the general market while affecting many factors like supply chains, the free organization of people, their rights, global contracts etc. After the impact of Brexit, it will involve new VTA rules which it will affect the company, so the company needs to create a strategic plan to minimise the circumstances. (Anon., n.d.)

Marks and Spencer have been involved in many legal disputes, despite all, they managed to keep their prestige at decent levels.

In 2015, BBC news related that M&S was penalized 1 million GBP over asbestos risk, putting the staff and customers in risk of asbestos which is a heat-resistant mineral. The judge declared that the company was more interested in making money instead of safety by removing the asbestos. (StudyMoose, 2016)

Environmental

Plan A, the environmental and ethical plan M&S has implemented to provide as a support to the way business is being organized within and outside the company, has helped the company stay ahead of the curve by sourcing responsibly, reducing waste and helping stakeholder communities.

Marks and Spencer helped the company to stay ahead of the curve reducing waste and helping environmental and ethical plan with strict regulation. The company is ahead in this area creating a large variety of competitors having a strong strategy protecting the environment with their home products, food, and clothing. (Bush, 2019)

Being such a famous brand, Marks and Spencer promoted the concept of sustainable retail industry but along the time, they left the brand behind promising they will be more careful about their production processes. They even sell fair trade products to acquire less cost of the goods which permitted them to have environmentally friendly goods methods.

3. CONCLUSION

More than a hundred years of popularity and success, the company had serious financial issues over latest years which determinate to take a step backward from comfort zone and celebrity.

Pestle analyses helps to demonstrate that are numerous factors that affect each business , even Marks and Spencer has been deal with along the time and reach their goal easily having a strong business , one of the main factor is Brexit which is coming with changes in policies that will affect the brand but even if their operations are less they will find a solution to perform within England as usual maintaining the same business pace.

In the macro environment, Marks and Spencer meet numerous new competitors with better prices, more discounts, better quality, and new fashion style for any ages, which M&S are a little bit behind being associate with the past. On the flipside they had some strong factors in the business arena which are helping them to stay focused in their goal to keep their customers giving them the opportunity to meet the technology implemented in their markets, ready meals, eco-friendly products, and many other benefits in their favour.

Analysing SWOT, it is clear that Marks and Spencer have to make some changings in policies and plans, otherwise they will lose their costumers and their performance, this is one of the reasons why the brand had to shut down several of its stores in France, China and United Kingdom.

4. APPENDICES

Beginnings

Marks & Spencer started life more than 130 years ago when the Jewish Immigrant Michael Marks came to the north of England from his hometown of Stolin, Belarus. He arrived with little money and spoke poor English. Beginning as a pedlar, he soon owned a market stall in Kirkgate Market in Leeds. He classified everything by price, but quickly stopped selling more expensive items when the penny section thrived.

Michael decided to look for a partner to help manage his growing business. He initially approached Isaac Dewhirst, who had loaned money towards his original start up costs. Isaac declined but recommended Tom Spencer – his senior cashier. Tom agreed, and on 28 September 1894 Marks & Spencer was born.



Michael Marks Tom Spencer

Tom Spencer invested £300 and brought considerable skills in administration and accounts, which complemented Michael Marks' flair for merchandise, selling and dealing with people extremely well.

Marks & Spencer called their new stores "Penny Bazaars", keeping the penny price slogan and adding the words "Admission Free". This was a successful marketing play, encouraging customers to browse without any obligation to buy. Whilst this is the norm now, it was unheard of then.

By 1900 Marks & Spencer had expanded to include 36 Penny Bazaar outlets, including 12 high street stores with the rest being market stalls.



Sheffield the Moor, Norfolk Market 1897

Michael Marks opened the first Penny Bazaar in Leeds in 1884

Painting of Penny Bazaar, Van Jones 1955

This yo-yo was donated by Joy Everett. It belonged to her mother, Alice. It was bought from the Lincoln Penny Bazaar in the 1890s by Alice's parents.

You can see original Penny Bazaar goods on display at the M&S Company Archive.

Tom Spencer

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Comments

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Lisa Oxley, Meadowhall
Sunday 14 May
I love the fact that people hold fond and lasting memories of items bought from M&S. I myself remember, in detail, the first suit I bought from M&S

Kevin Thompson, Byker
Wednesday 17 May
I have grown up understanding that M&S are known for quality in both food and clothes

Sally Ellis, Atlantic Village
Friday 19 May
I just love the fact that the Christening robe is still being used such a wonderful piece of history for the family and for M and S

2.2 Brexit in Paris



Marc Epstein
@MarcEpstein_

Impressionnantes, les étagères vides de @marksandspencer à Paris, une semaine après le #Brexit. En même temps, Boris Johnson avait prévenu : "Fuck business".



10:29 AM · Jan 8, 2021

14 1 Share this Tweet



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✗ Dans l'enseigne @marksandspencer du Boulevard Montmartre, au cœur de Paris, les clients font grise mine devant les rayons vides de plats préparés. Certains s'interrogent même sur l'avenir de la chaîne.



Des rayons vides dans les Marks & Spencer de France en raison du Brexit. Les nouvelles règles sur l'exportation entre la Grande-Bretagne et l'Union européenne perturbent l'approvisionnement des magasins. lefigaro.fr

6:07 PM · Jan 5, 2021

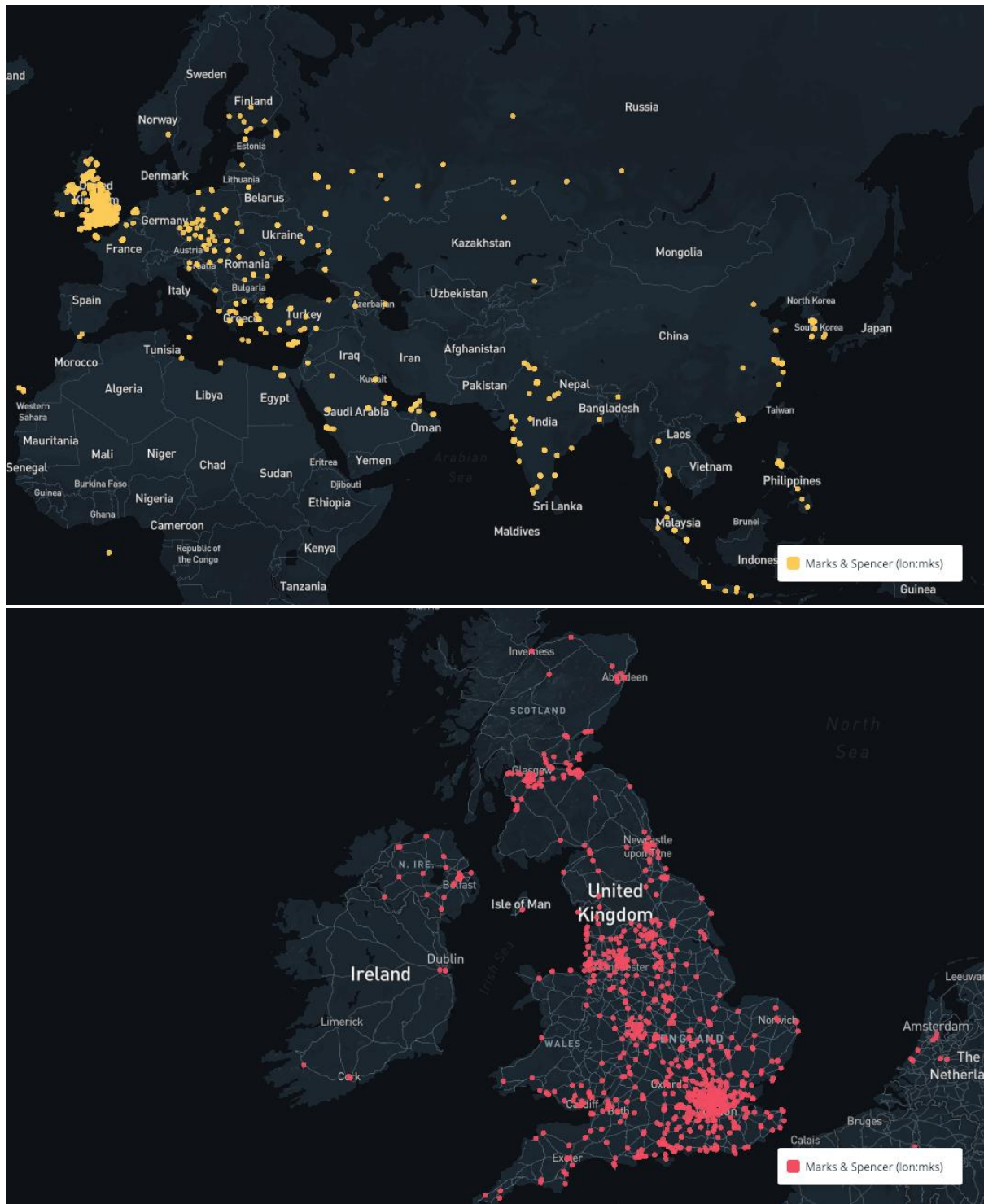
2.3a SWOT

Threats/Risks	Opportunities/Possible Solutions
- Declining value of pound - Risk of increasing trade tariffs between UK and EU - Labour shortages as EU labour is expected to migrate back to Europe from UK post Brexit	- Focus on sourcing UK produce which will lead to less dependency on EU - Focused import/sourcing efforts from global market outside EU for specific products not available in UK - Invest in training UK based labour and leverage govt. proposals for short term hiring from global labour market vs. restricting to EU labour market
Strengths	Weakness
- Established sourcing models - Reputation for high quality service and products - Established organisation in UK market	- Dependency on EU labour - Lack of mobility/HR structure to manage global workforce in future - Struggling with its existing bureaucratic culture and slow pace of change

SWOT Analysis (M&S Strategic Report 2018)

2.4a PESTLE

Political	Economical
1. Reduction in sourcing costs due to the fair trade policy 2. Brexit to have significant implications for businesses 3. Changing government and taxation policy	1. Conflict with small retailers over product price rise due to currency impact of Brexit 2. Discount competitors of Marks and Spencer
Social	Technological
1. Initiatives supporting the surrounding communities helping to cut down internal costs 2. Chain of product recalls creates negative social trend 3. Received flak as non-trendy store	1. Technology partnership to strengthen security, risk and compliance 2. Self-checkout 3. Online shopping
Legal	Environmental
1. Financial dispute with Frascati landlord 2. Health and safety regulations 3. Consumer rights 4. Environmental 5. Antitrust	1. Sourcing of fresh milk from RSPCA assured dairy farms. 2. Environmental friendly and sustainable products 3. Fair trade



(Lamare, 2019)

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