

Problem solving and Decision making,

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Executive summary

The purpose of this report is to highlight the current issues faced by Marks and Spencer. Marks and spencer are successful retailer, well known for British brand products. This report will apply SWOT, PESTLE and stakeholder analysis, to make major improvements to ensure the long-term survival of the organisation. The resources used for this report are; website, online article, journals and YouTube videos. Moreover, the report will draw conclusions and recommendations on how it resolve it current problems and make it successful.

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1.0 Terms of reference

On 3/10/18 the chief executive of University of Wales Trinity Saint David, requested a Marks and Spencer report. To be submitted on 3/12/18. The report will cover the current problems of Marks and Spencer is facing and how to solve it.

2.0 procedure

Several relevant websites, Journals and YouTube videos were researched to compile this report.

3.0 Findings

3.1 Introduction

Marks and spencer are one of largest clothing retailer in the uk and international. The retail was well established and expanded from, small open market stall in 1884 in Leeds. (M&S2018). There are 1,463 stores and websites around the world. According to the online M&S website; "We employ 81,000 colleagues serving about serving about 32 million customers." The founder of this organisation were Michael Marks and spencer, the retail was named after them.

The organisation is popular for British brand products, which includes; clothing, home products, giftshops, Christmas gift ideas, luxury food products. In 2001 they introduced new range like Per Una, Indigo, Branded cosmetic, toiletries and perfumery. Their brand is built on core; "Values of quality, value, service, innovation and trust." (Campaign 2005).

Marks and Spencer also provide financial services business M&S money to HSBC Bank PLC, and moreover M&S Energy, M&S TV, and online services. (Wikipedia2018).

3.2

Current Problems of Mark and Spencer

Marks and Spencer clothing and homeware departments have fallen in the annual Revenues Report from £4.1 billion to £4 billion by 2015. As the fashion press failed to translate into sales. Wood (2016). Women clothing were only intended to older shoppers, M&S need to update and add more range in Woman clothing department. In comparison to Primark, Zara, H&M, Marks and Spencer is far behind in fashion. According to Espiner and Atkinson, (2016); "Discounters and budget chains have been taking Market share from M&S at the lower end. Brands like Zara and H&M are taking a chunk out of the middle end of the market, while John Lewis has stolen a march on M&S at the higher end."

According to online author, wood (2016); "Last Autumn Queralt Ferrer, formerly of Zara owner Inditex, was promoted to become the first director of design for womenswear, lingerie and beauty."

Furthermore M&S clothing share has been reducing for a long period of time, due to highly overpriced and unfashionable clothes. In contrast with Next and Debenhams store, they have reasonable prices for clothing and up to date in fashion wise.

Moreover M&S food is too expensive, customers prefer to shop elsewhere for instance; Lidl, Aldi: "After several years of bumper growth. M&S food halls are lagging as rivals from Aldi and Lidl to up market Waitrose raise their game with the kinds of new products M&S was famous for". (Wood and Butler2018).

M&S has been successful organisation, more than 130 years. According to RBC'S chamberlain, the retailer needs a more aggressive property strategy. " We think M&S can improve the productivity of high-street space by accelerating the pace of high street closures- particularly where customers can pick up click and collect orders at a Simply Food nearby- and converting space from general merchandise to food. "Wood (2016).

However, 500 jobs could be at risk if they plan to close 30 stores in the UK. Moreover, shareholders will be affected and in loss of profit. The closure will mostly affect its clothing and homeware, which have underperformed for many years. According Steve Rowe; "the move is vital for survival". (Martin2018). Also, chief executive made a statement on Good Morning Britain Show, that; "30 closures in the home/clothing stores in total. Some will be re-located and changed to Simply Food Stores. The plan is over 5 years to increase the number of stores we got. We are fully committed to continue to employ staffs. This programme will create more jobs not; about job cuts." (Goodmorning Britain 2017).

Therefore, it is highly recommended to concentrate marketing; brand positioning and brand awareness. So that the market is aware of the range of products and brands, the organisation is selling. This will not lead to confusion to costumers of what brand re-lated products they are purchasing. (Rodrigo 2012).

3.3

Discussion on how Marks and Spencer Made Previous Attempts to Resolve its Problems

In the previous years, Marks and Spencer have made some improvements. Mostly in the food outlets and the clothing were still over-priced, and poor-quality fitting, attracting mostly older costumers. However, menswear and kids clothing were doing well; had good sales prices. Also, the retailer run out of clothing stock, the company could have sold more. If only if it had more supply. Therefore, the organisation needs to make changes to prevent troubles in the coming years. M&S relationship with customers were very poor, customers complained that most of the popular items were limited edition. (Ahmed.2014). In addition, the organisation invested in online shopping to enhance the sales of home products.

The three main cause of decreasing in sales include; un-trendy clothes, the food outlet, online shopping (overpriced compared to other online businesses). However, M&S invested new mobile technology, Honeywell device Dolphin 75e mobile. Which includes; service, task, sale on the same device. Quick and easy to search and keeps shelves stocks. Helps customers to find products they need. (Honeywell2017).

For a successful business M&S established a plan A policy for next 10 years. Moreover, will monitor, the sales of products, support and engage with stakeholders; listening and acting, for organisation to run successfully. “the more engaged we are with our stakeholders; the more successful plan A is likely to be”. (M&S2018). For that last year June, the company have launched a customer engagement programme. The business had a positive feedback about the company.

Marks and Spencer's chief Executive Steve Rowe have discussed and planned to improve, value of quality, value of service. New ranges have reduced the prices and will closely monitor customers' expectations and satisfaction. Steve Rowe states, “Turning around our clothing and home business is our number one priority.” Waller (2016).

Steve Rowe updated plan A, last year June 2017 and made commitment that 3 goals will be achieved by 2025, which includes;

1. Help 10 million people live happier, healthier lives
2. To help transform 1,000 communities
3. To become a zero-waste business. (corporate .marks and spencer).

3.4. A SWOT analysis on Marks and spencer

The purpose of the SWOT analysis for every organisation is to explore the internal and external factors that, may affect the organisations strengths and weaknesses, opportunities and threats of the organisation.(Appendix A).

Strengths

- High quality products
- Customer needs – high reputation on focusing on customer's needs.
- Shopping environment
- Manager training

Weaknesses

- Clothing lack segmentation
- Waste store spaces
- Stock control

Opportunities

- Healthy eating
- Market extending
- Internet technology

Threats

- Strong competitors
- Chemical pollution

After applying the SWOT analysis, I have identified the strengths of M&S, the main factor is, keeping customers satisfied and weaknesses are, lack of clothing segmentation this has impact on brand awareness and sales loss. To overcome the problems, M&S should improve on management area and marketing.

3.5 Pestle analysis on M&S

Economical factors: M&S is affected by the increase of VAT from 17.5% to 20%, this had impact on M&S business; the fall in sale prices. Furthermore, high competitors such as, large supermarket are providing cheap, better quality and value for money products. As people do not have extra cash to purchase expensive items. This had an affected M&S business, which led to short-term loss and financial crisis. It needs to keep up with the market flow.

Sociological factors: M&S needs to focus more on fashion trends for younger generation. Keep customers satisfied and interested add more clothing range. Also provide cheaper sales products online to keep up with competitive market. As M&S clothing only attract older customers, the company needs to make new strategy that has more customer-oriented product on less prices.

Technological factors: M&S, competitors are more advanced in the use of technology. Consumers prefer online purchases, its cheap and quick, saves time and money. The organisation should improve more on the digital presence.

3.6 Stakeholder analysis of Marks and Spencer

There are two types of stakeholder; internal stakeholders, those within an organisation that have interest in the business, and external stakeholders, those with an interest in the outside of an organisation.

Marks and Spencer's stakeholders are: employee, shareholders, customers, investors, government, local communities and suppliers.

The purpose of using Mendelows power of interest matrix to show influence and impact, it has on Marks and Spencer. (Appendix B).

Government – needs to be satisfied; government set rules and regulations to all organisation; such as Health and safety rules. M&S have introduced new strategy like Fairtrade, recycled packaging and annual welfare production.

Customers satisfaction is highly essential; to provide best customer service, reduce prices, provide good quality products and customer loyalty. Also losing customers means loss in business.

Competitors& residents- needs to be monitored; M&S needs to monitor and be aware of other high competitors such as Tesco, Morrisons, Gap, Zara etc. Practically it needs to improve and develop new strategies. Also, for residents M&S have set up their own green policy.

Manage closely – management team; which are, marketing, finance, and HR department etc. M&S needs to focus closely on updating on new information. Which includes; decision making on new product launch, how the recruitment process will be managed. This have impact on the all segments of the organisation.

Shareholders have an important position in every organisation. They invest money in business and expects to have steady flow of income, profit. If M&S decides to close few of the stores, this will have huge effect on shareholders.

Keep informed- media should be kept informed. Media has important role on communicating on companies changes and updates. For instance; launching new products, advertisement, promotions, profits, rise and fall of shares etc.

Conclusion

Marks and Spencer have been a successful business for over 130 years, for providing own British branded high-quality products. However, the economic change has hit M&S to compete with high competitors.

By using the SWOT and PESTLE analysis I have identified strengths, weakness, also few threats and positive opportunities which can lead to success.

The main cause of recession was poor management strategies; not fully focused on its core values and failed to notice the high competitors in changing trends and fast online technology. Therefore, the organisation needs entire update; marketing applies new strategies, segmentation of clothing, market positioning, and administration.

For the long-term success of the business, M&S should implement the PESTLE analysis. This analysis will determine the performance and overcome gaps of the business.

Recommendations

Marks and Spencer are most popular retailer in the High st , well known for its British brands. However, the organisation needs some improvements which includes:

- M&S should introduce new strategies to focus more on clothing department, sales for younger consumers, add more style and up to date fashionable women clothing and quality fitted clothes. For some women are self-conscious.
- For a successful business, M&S need to satisfy customers, understand the customers need and want.

Moreover, the organisation has advanced technology system; as they launched Honeywell mobile computer to boost management process in the store.

M&S needs to improve the marketing 7Ps, such as its products, price, and promotions. Some of the reasons for its business loss, were marketing strategy and supply chain. To avoid further financial problems. The company should accept new global sourcing strategy where buying items from cheaper sources can cost less and increase profit margin.

Over all, Marks and Spencer has been a successful business for many years, with some improvements, it can maintain its position in the market.

STRENGTHS • High quality branded-wide range of products from women clothing, food (organic fruit and vegetables). Also, high reputation on focusing customers and good relationship with suppliers.	WEAKNESSESS • Clothing lack of segmentation; • Even though M&S have different products and brands. Its only targeting older consumers. This can lead to wrong assumptions on customers and affect the business. • Younge consumers are interested in brand labels, such as Boohoo, Gap etc.
Opportunities • M&S have introduced Healthy eating • Market extending –internet technology; access to online shopping. • However, M&S need to apply news Strategies to run the business successfully, against high competitors. • M&S Number one priority is customers need.	Threats • M&S has strong competitors in the market for clothing and food. such as Tesco, Sainsbury, Amazon etc. Customers are more satisfied with large companies, for better quality and value-added items and more trendy clothes. • Customers prefer online shopping at regular basis. (cheap, quick, compare).

Appendix B STAKEHOLDER analysis on M&S

Matrix mapping

HIGH	POWER	low
Keep satisfied • Government • customers	Manage closely • Management team • Owners • shareholders	
Monitor • Competitors • residents	Keep informed • Employees • Media • Communities • Suppliers • Pressure groups	
Low	interest	high

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