



THE DECLINE OF JOHN LEWIS

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OUTLINE

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1.0 Introduction

This reflective report covers knowledge and skills that I have acquired during the online learning undertaken through which I was introduced to the concept of effective problem solving which is a process that is vital for organizations in order to make a continuous systematic improvement and not stand still. Many approaches were created for the process of problem solving but they all share the same first step which is the description of the problem, its nature scope and impact in order to gather and interpret information about the problem. This information will later come to use in the generation and implementation of one or many solutions. “If I had an hour to solve a problem I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions.” (Albert Einstein)

The purpose of this report is to provide an analysis of the problem faced by the partnership “JOHN LEWIS”. I went on about this by applying analytical tools such as SWOT and PESTLE to gather information and offer a conclusion that will help me in the decision-making process.

2.0 Main Findings

2.1 Introduction to the organisation

JOHN LEWIS is a brand that sells general merchandise as part of the employee-owned mutual organisation known as the John Lewis Partnership, the largest co-operative in the United Kingdom (*Timeo 2012*) (*John Lewis Partnership 2021*). It was created by Spedan Lewis, son of the founder, John Lewis, in 1929. One of the many things that people don't know about the partnership is that it has a written constitution where rules and principles are set out. Its ultimate purpose is the ‘happiness of its members’. Its first ever store in Oxford Street remains the flagship branch and it has its own roof garden and pub. It's also known that 40% of John Lewis' profits are usually made the four weeks before Christmas. Despite the fact that the department is older than 100 years it was able to evolve through times and offer a truly dedicated service.

2.2 The problem

A problem is considered to be a matter which is difficult to solve or settle, a doubtful case, or a complex task involving doubt and uncertainty.

It was on 9 July 2020 that the John Lewis Partnership announced that they were having one: they will be closing eight out of their fifty department stores, leaving 1,300 job positions at potential risk (*Financial Times*, 09 July 2020).



“People walk past a temporarily closed John Lewis department store on Oxford Street in London, Britain”, March 24, 2021. REUTERS/John Sibley

The partnership slumped to £517m loss in 2020 and later on warned about more store closures (Elias Jahshan, 2021)

2.2.1 Description of the problem

After studying the case study and carefully reading it, it was clear that the problem was very serious. "John Lewis has said it will temporarily close all 50 of its stores on Monday" (iTV, March 2020). Like many retailers, the partnership faced the problem during the pandemic. "e. This year we saw a one-off reduction in the value of our John Lewis shops of £123m, principally as a result of shops playing less of a role in driving online purchases." (John Lewis, UNAUDITED RESULTS FOR YEAR ENDED 25 JANUARY 2020, 2020)

To sum up the problem is that all 42 John Lewis stores were under threat and had a decline in the trading operating profit due to covid pandemic.

The main problem faced by John Lewis is economic: the loss of more than £500m, and the cause would be the Covid pandemic. Dame Sharon White, chairman of the partnership, told Sky News the business had been hit by an "economic earthquake" with "a decade of changing shopping habits concentrated into one year"

The Scope of the problem? The fact that there is also poor crisis management that could be contributing to this problem and making it worse.

The impacts of this problem are huge, 8 stores were shuttered and 1300 jobs were affected and put at risk. There was a decline in the value of the stores and in the profits. "The partnership attributed this to substantial exceptional costs of £648 million, mainly the write down in the value of John Lewis shops owing to the pronounced shift to online, as well as restructuring and redundancy costs from store closures and changes in head office" (Ellias Jahshan, 2021)

2.3 SWOT Analysis

Originated by Albert S Humphrey in the 1960s, A SWOT Analysis is a basic, straightforward model that evaluates any concept or goal to make sure that every possibility is considered, the positive and the negative.

I have conducted a SWOT analysis on John Lewis and have found the following:

Strength: John Lewis operates on all of UK. The brand also offers a variety of products and an option to shop online. The partnership has 38100 employees in 2017. It's an old firm so usually it gets the trust of everyone and it's wildly known for its good reputation. It has many partners such as Waitrose.

Weaknesses: John Lewis only operates in the UK. Compared to many other competitors it's not very well known outside of the UK. Also, the prices can be higher than normal supermarkets.

Opportunities: One of the many opportunities for John Lewis is that it's slowly expanding its stores and even making an online shop which can make it easier for people outside of the UK to purchase their items and even for times such as lockdowns it could be very beneficial." Online currently accounts for about 60% of John Lewis' sales, up from 40% pre-pandemic, and it looks like this will increase as shoppers continue shopping online more"

Threats: Competition from other firms is the first threat alongside with the covid pandemic that showed how the financial instability of the UK affected the partnership. "The pandemic has thrown a major curveball to the retail industry over the past 18 months, and household names such as John Lewis & Partners have had to innovate rapidly to survive."

2.4 PESTLE Analysis

A PESTLE analysis is an acronym for a tool used to identify the macro (external) forces facing an organisation. The letters stand for Political, Economic, Social, Technological, Environmental and Legal.

Political factors: “The John Lewis Partnership is the UK’s largest employee-owned business” (John Lewis). With various trade policies. The company’s business is always affected by import and export rules and regulations in its country. The policies of governments play an important role in organizing the business operations because the Partnership is also operating in over 55 countries worldwide. Moreover, COVID-19 pandemic has brought in a lot of uncertainty and changes in foreign trades globally, it is important for this company to be agile in its actions to stand strong in the market. The more political stable a country is, the more profitable the business of this company becomes. As its retail stores and outlets dealing with spas, beauty cosmetics etc. deals directly with customers and requires right government regulations over it. Political factors can have a significant indirect impact on the business and also impact other factors that are related to business. (2 020 By Hitesh Bhasin)

Economic factors: There occurs a shift in consumer spending with rising economic fluctuations. Economic fluctuations are simply fluctuations in the level of the national income of a country representing growth or contraction. Many economic factors impact the performance and profitability of John Lewis. For example, during COVID-19 lockdown phase, the business got delayed.

Social factors: Social factors represent another important set of influences on consumer behavior. For example, people tend to buy more often and rigorously. Specifically, these are the effects of people and groups influencing one another through culture and subculture, social class, reference groups, and family. With changing societal traditions and behaviors, The demographics impact the choices and the lifestyle attitude towards products and their brands. It is important for John Lewis to increase more focus on quality, safety and hygienic part of products and accordingly do the right segmentation, targeting and positioning in the market. It is pivotal to understand consumer needs and make strategy accordingly which helps in pulling the customer base. The increasing competition from private and local labels is a major factor to account for. The brand can leverage its unique selling proposition to undercut the market share of its competitors and get profitability.

Technological factors: This firm is all about technology and innovation which sets omnichannel strategy for driving marketing and sales of its products.

Technological innovations are the new black today and this is the reason John Lewis decided to adapt his business and to go digital. By investing in mobile technology and artificial intelligence, they were able to collect data and make product innovations in order to meet with consumer demands. Technological innovations are really important and the pandemic made sure we knew that. “technological factors are variables that are being used for evaluating available alternatives with respect to technological capabilities “ (Ahsan Ali Shaw, 2018)

Legal Factors: Legal factors are as important as all the other factors. John Lewis has to take care of all laws related to the industry. Costumers have to be protected from all unlawful practices so its vital for companies to follow all consumer privacy regulations and laws. The lawful business practices can give the company competitive advantage and huge market share.

Environmental factors: The environmental factors are really important for a brand like John Lewis to gain advantage. Environmental factors found to associate with social status have important effects on the development, morphology, and function of various brain networks supporting language, attention, executive function, and stress responses. (Dennis A. Attwood, 2004)

3.0 SOLUTION

After thinking carefully I believe that the most convenient solution for this problem would be the digitalization. Considering all cultural particularities and different preferences of the clients, High-quality e-commerce and online distribution for this fast-growing industry in order to mirror the offline world. The partnership needs to adapt as well as possible to target more clients from all over the world and to make theses crises such as the pandemic easier next time.

3.0 Conclusion

In conclusion, I studied carefully the case of John Lewis, the problem they had due to the pandemic almost paralyzed the organization. I was also able to make a Swot analysis in order to study the internal factors that make John Lewis who they are. The partnership is a leader on the UK market which makes it very easy to find information about the external factors that affect it. Which led me to making a PESTLE analysis. That helped me understand the company more and apply all the information in order to find a good solution for the problem that the partnership faces.

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