

Assessment 1

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1. Summary

An in-depth examination of the John Lewis Partnership will be given in the report that follows. In spite of more challenging financial circumstances and other factors that have an impact on the retail industry as a whole, particularly in light of declining consumer income, technological advancements like the internet, and increased competition, the retailer has been very successful in the UK and has performed exceptionally well.

The company has accomplished this thanks to its dedication to providing innovative solutions to clients as well as a heightened awareness of customer needs and additional recommendations to increase new business.

As a result, the study offers an assessment of the company's present marketing environment, looking especially at how external influences have an impact on the methods John Lewis choose to use in the retail industry. The study will also assess the company's prospects and threats, as well as its strengths and weaknesses, to determine how best to match its internal competencies to the current situation.

The research has also highlighted the consequences of ongoing observation and ongoing re-evaluation of the adopted strategy choices due to the uncertainty that now prevails and the ongoing rate of change in the external market. The ultimate goal is to offer suggestions on how the business may raise the likelihood that it will benefit in the long run. (John Lewis Partnership PLC, 2023)

2. Introduction

The strategic management tools used by John Lewis to demonstrate his abilities in analysis, assessment, and synthesis will be covered in this study. Both a strategy analysis and an external environmental study are included in the report. The strategy formulation process is also included in the study, and SWOT analysis are also covered. One of the top ten retail companies in the UK is John Lewis Partnership plc. They work in the John Lewis and Waitrose industries. The



business sells baked goods, fresh fruit and vegetables, wines, furniture, home goods, and other goods in addition to food.

The business operates a chain of Waitrose supermarkets, John Lewis locations, including department stores, and John Lewis stores that are located at customers' homes. The business, which has its headquarters in London and conducts business all throughout the United Kingdom, sells its goods online, through catalogues, and in physical stores. The company's strategic focus is on partnering with other businesses to implement its non-core business objectives. Around 81,000 people who work at John Lewis stores are partners in the firm, partake in the company's revenues, and have the chance to be a part of its development and expansion. This is a distinct competitive edge since it fosters employee loyalty through partnerships with other companies. (John Lewis Partnership PLC, 2023)

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3. Strategic analysis

Researching the business environment in which an organisation works is a step in the process of strategic analysis. Strategic planning for decision-making and the efficient operation of that organisation must be based on strategic analysis. (Ramona, 2018)

3.1. Mission statement

An organization's purpose outlines the general guidelines it must go by and offers a succinct overview of the principles and motivations that underpin it. John Lewis has a mission statement, like other businesses. It emphasises the company's reputation, which has been built via its ownership structure, which is distinctive and has helped it become a very successful company. John Lewis wants to maintain a happy workforce so that his company may succeed. Partners, consumers, and profit are the three main pillars on which their approach is built.

The distinctiveness of their ownership structure and the business performance of The John Lewis Partnership are the cornerstones of their reputation. The fulfilment of their purpose—"the happiness of all our members through their worthwhile, satisfying employment in a successful business"—is determined by



their capacity to maintain and strengthen their position as a premier **retailer and as a thriving illustration of employee ownership**. As a result, their approach is built on three interconnected goals : customers, partners, and profit. (John Lewis Partnership PLC, 2023)

4. External Environmental analysis

The process through which firms unbiasedly evaluate the changes in their sector and the larger world that may have an impact on their existing company operations is known as external analysis, also known as environmental analysis. Companies take these steps to make sure they can adjust to changes and remain successful in their market. (Lynch, 2005)

4.1. PESTEL Analysis

The macroenvironment in which the firm operates is examined through the PESTEL analysis. It is a useful instrument for figuring out market expansion or contraction as well as the position, potential, and business direction. Additionally, it is used to assess the political, economic, social, technological, environmental, and legal context in which a company works. Government restrictions including employment legislation, environmental regulations, tax policies, and political stability are covered under the political factors. The cost of capital and purchasing power of an organisation are impacted by economic considerations. Inflation, interest rates, and economic growth are also included in this list. The requirements of the client, the size of the potential market for John Lewis' products and services, population growth, and age demographics are all impacted by social variables. John Lewis' technological aspects will talk about obstacles. (Perez-Urbe, et al., 2022) (John & Graeme, 2005)

4.2. Macro- environmental Factors

It is well recognised that every firm's external environment has a substantial impact on the choices it makes when deciding on its strategic alternatives. Usually recommended as the initial step in the strategic planning process, this analysis is called a PESTEL analysis. The major drivers for change are environmental elements that are probably going to have a big effect on whether a plan succeeds or fails.



It may be said that each PESTEL factor—some of which are now spelt out in their mission statement—has had an impact on John Lewis's activities. These elements can offer a forecast for the future and are used to examine previous variables; if utilised appropriately, they can be quite useful. This approach has significant limitations as well. For instance, it could be difficult to apply the checklist method to John Lewis. (Perez-Urbe, et al., 2022)

4.2.1. Political Factors

Because John Lewis does business in the UK, changes in the regulatory environment for that country's corporations as well as more progressive policies adopted there influence the company. John Lewis is notably impacted by the rules and standards of conduct pertaining to ethical business practises and CSR activities. As a result, merchants have made a concerted effort to incorporate pertinent Codes of Conduct regarding the supply chain and provide customers with an assurance that products have been sourced ethically. Changes like these will probably continue to have an influence in the future, but at the same time, price will become a problem for the merchants as well.

4.2.2. Economic Factors

Economic considerations, which have had a detrimental effect on the UK, have a significant impact on the strategy John Lewis has adopted. The company was able to turn around its financial situation by thoroughly reevaluating its supply chain procedures; they also enhanced the business model to better serve clients (and really important was the online platform).

4.2.3. Social Factors

As they are thought to have a direct impact on customer behaviour and preference for certain products or brands, social variables are significant to John Lewis across the board. Although many have noted that over time, as consumers, we have gradually become increasingly similar across national boundaries, recent signs reveal a great deal of diversity in consumer purchasing behaviours. A large part of this may also be ascribed to developments in online commerce,



which have given customers more options and given them access to information about new products and services. Due to the increasing competition and consequent pressure on pricing, especially in the case of retailers where fixed costs are greater

4.2.4. Technological Factors

With relation to online purchasing in particular, these innovations have totally altered and enhanced every aspect of the supply and distribution chain. John Lewis has been increasingly aware of this over the past few months and has accordingly modified its business strategy in order to be able to comprehend client expectations with relation to persuasion and accessibility. The growing usage of media and the ensuing good word-of-mouth recommendations have been another significant development. Companies regard these technologies as a critical component of their entire strategy, not just for engaging with consumers but also for learning more through client feedback that may help them learn more about what they should do.

4.2.5. Environmental Factors

The John Lewis Partnership has to address problems including resource scarcity, climate change, and environmentally beneficial practises. Both opportunities and challenges for sustainable business practises are presented by the necessity to reduce the partnership's carbon footprint and the customer desire for environmentally friendly items. (John & Graeme, 2005)

4.2.6. Legal Factors

The John Lewis Partnership's operations rely substantially on following laws and guidelines. Only a handful of the numerous legal issues include consumer protection, intellectual property rights, employment legislation, and competition laws. In reaction to changes in legal or regulatory frameworks, the partnership's business practises and strategies may need to be updated.

4.3. Strategic



The external research conducted has highlighted how the direction and environment of the UK retail sector have drastically changed over the previous eight to ten years. Such advancements unmistakably create both possibilities and dangers, especially from new competitors and distribution channels, as well as potential like the rising use of technology in the existing client offering. Strategy is about "exploiting the strategic capability of an organisation, in terms of its resources and competences."

Although many of its rivals in the retail industry as a whole have succeeded in diversifying their product lines and going global, John Lewis appears to have taken a more deliberate approach, remained committed to its clientele, and displayed confidence in the quality of its product line. In order to draw clients from a wider variety of social categories, it has also produced a wide range of items in a lower price range. This looks to be a wise approach in uncertain economic times in light of the possibility that its devoted client base may be seeing a drop in discretionary money, allowing John Lewis to preserve its company through customers trading down to less costly options.

Given the variety and breadth of the products and services it offers, as well as its highly effective branding and promotional events that speak to customers directly and encourage purchase, it is clear that John Lewis has embraced a combination of these, but differentiation has fundamentally remained key to its business model.

4.4. Porter's Five Forces

Porter's Five Forces of Competition (1985) is a frequently used technique in the strategic management process for businesses operating in many industries. It is comparable to the PESTLE study in that it examines the business within its assigned industry from a mostly external perspective, looking at how it is positioned versus other rivals in the same sector.

Looking at Porter's five forces of competition, it is obvious that John Lewis has made an effort to actively outperform opponents rather than just responding to their external dynamics and behaviours. In order to provide its business a better



match to the market in accordance with Mintzberg's (1994) theory, it has continuously modified its business model, including the introduction of store cards, its online offering, and the Waitrose Essentials line. But a key component of its strategy is how customers perceive the company as a whole, as well as its reputation, branding, and consequent placement in the market. It has mostly stuck to its original message and increased its popularity by using effective branding, a reputation for quality, and other factors. (Perez-Urbe, et al., 2022) (Joan, 2012)

5. Internal Resource analysis

5.1. Value analysis chain

Michael Porter coined the phrase "value chain" in 1985; its goal is to assess the activities carried out by the company and relate them to its competitive position. Additionally, it assesses specific actions to determine whether they enhance the value of the company's goods or services.

Although many detractors and authoritative figures question the veracity of Porter's previous theories, many of them still seem applicable to strategic analysis, notably the idea of the value chain. In the end, John Lewis' success in maintaining advantage in its market area may be attributed to the value chain it developed. Through internal ties, it has produced efficiencies and synergies. (Philip, 1988)

6. SWOT Analyse

The partnership may learn more about its internal competencies and competitive advantage by analysing its strengths, weaknesses, opportunities, and threats.

Strengths: The John Lewis Partnership has a number of advantages that support its competitive position in the industry. These can include a solid brand name, a wide range of products, a committed clientele, and a solid distribution system. A motivated and devoted staff is fostered by the partnership's employee ownership structure and commitment on employee welfare.



Weaknesses: Some weaknesses can include little digital presence, excessive expenses, operational inefficiencies, or limitations in some product categories. Furthermore, given the growing competition in internet shopping, the partnership's reliance on conventional brick-and-mortar stores may provide difficulties.

Opportunities: New consumer trends, technology developments, or alterations in the market environment may all present opportunities. The partnership may be able to increase consumer reach and diversify income streams, for instance, by entering new markets, improving the online shopping experience, or leveraging relationships with complementary businesses.

Threats include fierce competition from both conventional stores and large e-commerce companies, unpredictable economic conditions, shifting consumer tastes, or supply chain problems. To sustain its market position, the partnership must foresee and respond to these risks.

(Alan, 2016)

7. Conclusion

A new strategy has been proposed as a result of a comprehensive review of the firm's internal and external elements and the emergence of many strategic options. Market segmentation and targeting, omnichannel commerce, product innovation and differentiation, and improving the customer experience are all included in the suggested plan.

The John Lewis Partnership has a high brand equity, a following of devoted customers, and a respectable market position, according to the major results of the process of strategy creation. However, it also has to contend with issues including escalating rivalry, shifting consumer tastes, and the requirement to adjust to the digital transition.

As a recommendation keep an eye on industry developments and the outside environment to spot new possibilities and risks. As a result, the partnership will be able to proactively modify its strategy and maintain its competitiveness.



Review and evaluate the performance of the adopted approach on a regular basis. To determine the success of strategic efforts and make the required corrections, conduct frequent reviews.

The John Lewis Partnership can increase its chances of effectively adopting the suggested plan, promoting growth, and accomplishing its long-term objectives by heeding these suggestions.



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