

BA Business Management

Marketing Fundamentals

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Introduction

The purpose of this report is to evaluate the external environment of a business organisation. In this study, Marks and Spencer has been chosen. It is one of the greatest retail organisations in the United Kingdom. It offers home, clothes and food products. The processes and stages of marketing will be explained. Furthermore, the role of the marketing environment and situational analysis model will be discussed. In addition, the marketing methods of M&S will be explained in detail. The external environment of M&S will be evaluated on the basis of PESTLE analysis and Porter's five forces. These two models will help to get a clear perspective of the several external factors in the business environment. The weaknesses and strengths of this retail organisation on the basis of the external environment will be evaluated. In the end, recommendations will be given to help M&S to tackle the potential challenges. These recommendations will boost the growth of this company and help to remain competitive in the industry.

Explanation of the stages and processes of Marketing

The market process is used to develop within 5 stages and these would be following

Understand the marketplace and customer: Understanding the marketplace as well as the customers of the business helps to influence the growth of the sustainable business. Any business can drive better solutions based on the customer's problems. It helps to generate better decisions and reduce risk in the management of the business. A good understanding of business organisers and clients helps to meet all the needs of the customer and the company can maintain sustainability in the competitive market it also creates advances for managing higher levels of competition (studysmarter, 2023). Marks and Spencer IndeePLY develop an understanding with their user per the analysis of the Consumers who prefer digital marketing and the behaviour of digital shopping helps indicate that they can emphasise more on digital marketing instead of physical shore (Bogati, 2023)

Development of market strategies: Every business organisation deeply focuses on the development of a different range of marketing strategies to reach various new as well as potential customers for managing the business. The expansion of the marketing strategies can be involved in creating an effective target market and differentiating product ranges From one another. The organisation is focusing on establishing a clear-cut goal, and good research of the market and their customer. The effective implications of pricing and promotion strategies

create a successful marketing process (smallbusiness.chron, 2023). M&S has taken effective targeting, marketing Mixed, and strategies development to bring higher success and they used to engage various content writing, and social media for smooth growth.

Establishment and delivered organisation values: The establishment of the brand value is the first step which helps to go forward and people can identify any brand specifically. Brand value thrives to build effective value and create a company culture for managing tasks smoothly. Effective brand value helps to review the effective business plan. So brand value helps to create a set of core beliefs and people start to involve repeat business (cornerstoneondemand, 2023). The brand value of M&S has continuously increased and as per the 2022 reports analysis, they have earned 2.5 Billion U. S dollars and usually, there is no change generated from earlier years (Statista, 2023).

Growing relationship with customer: To develop customer intimacy, maximum organisation take multiple steps, These can include asking for Feedback from customers, and giving rewards or discounts for the development of loyalty. Maintaining the quality of products will develop trust and the company is focusing on communicating with every User. Effective communication with customers brings higher success by knowing customer needs effectively. Additionally, organisations must focus on upgrading their performance by adopting some applications. Communication constantly helps to sustain trust and it would develop repeat sales (business.adobe, 2023). M&S is very focused on these areas for improvement as well as growing relationships with their use and it would be a helpful word of word promotion in the business.

Captured value from customer: Captured value helps to generate profits and it builds higher success in managing business. If customers stay highly satisfied in managing their business, it helps to generate more sales. M&S is focusing on quality service, value of money services, building trust and innovation creating higher success in managing effectively.

Role of the marketing environment and situation analysis models on business organisations

The marketing environment plays a crucial as well as unique role in managing an organisation. The main marketing environments that create an impact on the business are the internal business environment and External business environment. All of these factors directly influence the development of market decisions which are related to marketing activities. The marketing environment helps to bring higher marketing accuracy and it brings higher success

to control their organisation but external marketing does not control their business. It helps to build marketing decisions and it helps to create an understanding of customers (Tien *et al.* 2019). M&S is focusing on the international as well as external business environment for managing their business and it would help them to make business decisions and find out strengths and weaknesses effectively. The situation analysis model is another important tool for managing the business and it is useful for finding out opportunities and challenges in the external and internal business environment. By adopting a situation analysis model, any business can develop success and improve its planning for the near future. Situational model analysis helps to ensure business initiative, plan, and strategies and stay focused on the various areas which help add extra value to the business and the company can eliminate all unproductive tasks from the organisation. If businesses closely adopt these models for doing business activities, businesses can develop a good understanding of their customers, products, and other competitors which helps to make all tasks easier (questionpro, 2023). M&S used to focus on the effective planning process and prioritised established action for managing their task to gain profits.

Marketing methods of Marks & Spencer

Marks and Spencer knows very well how to promote their products responsibly. As a result, they promote their products utilising their values of quality and trust. Through advertisement and communication, this company informs and inspires its customers. This company interacts with their customers on a regular basis and takes into consideration their feedback and input to improve the quality of their products. Their advertisement, promotions and marketing comply with self-regulatory codes, relevant regulations and laws. This organisation encourages the marketing of balanced diets and healthy foods wherever possible. It does not participate in unsolicited marketing activities. In these ways, M&S ensures that it is following responsible marketing practices (Corporate.marksandspencer, 2023). M&S adopts digital marketing strategies to promote its products. Print media, social media campaigns and TV ads are introduced by this retail to make people aware of its newly launched products. This retail organisation adopts influencer marketing to promote its products. It collaborates with well-known celebrities for front advertising. In addition, it takes the help of influencers who have expertise in homeware, beauty and fashion to persuade the customers to buy its products. In addition, this company has its own website through which it gives detailed information about its products and sustainable approaches. Marks & Spencer is utilising social media especially

Instagram to engage with customers. An effective connection with customers helps this company to increase its sales (Gilliland, 2023). This retail organisation invests twenty per cent of its capital allocated for marketing on social media. It believes that it can send more targeted and personalised messages to customers through storytelling and content published on social media platforms. The communication of this company with customers happens through stores, billboards, mobile, online and TV. Personalised content on these platforms has the potential to capture the attention of a large number of customers which in turn boosts its growth (Vizard, 2015).

PESTLE analysis

Political factors: Several political factors have significant impacts on the business operations of the retail industry. For example, many rules and regulations related to online selling, advertisements, labelling and many more have been implemented by the government of the United Kingdom for the retail industry. Marks & Spencer has to adhere to these laws to run business operations efficiently (Gov, 2023). Furthermore, Brexit may severely impact M&S. Some challenges have been posed by Brexit to the retail industry. These challenges include disruptions in the supply chain and the labour market (Bloom *et al.* 2019).

Economic factors: Established pricing is one of the factors for managing the business of M&S. As per the recent analysis, they have earned money by offering trendy clothing for managing their business. In COVID-19, M&S profits declined by almost 90 % and it created a challenging situation for managing their business (reuters, 2023). Marks & Spencer is generating a higher amount of revenue and Global revenue has increased by approximately 11.9 billion British pounds in the UK Research says that this organisation is going to increase their profits by one million pounds and it will create a position of impact in managing their business (Smith, 2023).

Social factors: One of the crucial social factors that has a crucial impact on the retail industry is the preferences of customers. Online shopping is preferred immensely by customers at present. They lean towards the companies which offer products on e-commerce platforms. Online shopping has gained momentum after the pandemic (Kim, 2020). That is why, many retail companies have put efforts into selling all of their products on online mediums. Another trend in the fashion retail industry is that customers want to buy clothes which are aligned with current trends. That is why, business organisations have to be prepared to come up with clothing products which suit the demands of the customers.

Technological factors: One of the technological factors that has impacted the retail industry significantly is the emergence of e-commerce platforms. Business organisations are investing heavily to improve the technological experiences of the customers during online shopping. Furthermore, AI, computer vision and IoT have changed the way the retail organisations used to operate. These technological advancements have boosted the experiences and satisfaction of the customers to a great extent. Moreover, technology assists the retail organisation in predicting the demands and preferences of customers. This in turn helps them to come up with appropriate products. Technology has introduced the self-checkout process within the retail stores which improves customer experiences. Furthermore, technology has replaced many manual works which in turn saves the time of businesses. To be precise, technology has enabled retail organisations to boost customer satisfaction (Shankar *et al.* 2021).

Legal factors: M&S is focusing on adopting employment laws, customer laws, data protection laws and trade regulations for managing business in a smooth way. The employment law helps give protection to employees and provides minimum wage laws, anti-discrimination laws and health and safety laws for managing their business. The customer laws focus on the products' safety as well as advertising in managing their business. Data protection laws help to protect digital marketing, and data protection as well as maintain privacy laws. By adopting the right trade regulations, M&S can smoothly manage exports and Import (thestrategystory, 2023)

Environmental factors: The retail industry such as Marks & Spencer has huge negative impacts on the environment. This industry emits a large amount of greenhouse gas which in turn contributes to climate change. Greenhouse gases are released from each stage of the retail chain. Furthermore, a huge amount of energy and water is used in the manufacturing process. Another environmental impact of the retail industry is the usage of plastic materials. All these plastic materials end up in the landfills and water. In these ways, it pollutes the environment. However, several organisations are taking effective measures to reduce their environmental impacts and attain the goal of net zero emissions (Brc.org, 2023). M&S is one of them. This organisation is adopting sustainable measures to protect the planet and provide the customers with high quality products (Corporate.marksandspencer, 2023).

Porter's five forces

Power of buyers: This force is significantly high in this industry. There are many organisations in the UK which offer similar products to those of M&S. That is why customers have many

options to choose from. Buyers can compare the prices, products and deals offered by various organisations online. After the analysis and comparison, they can choose their desired products. Technology has enabled them to make informed decisions (Ahani *et al.* 2019). If customers do not prefer the products offered by one organisation, they can easily switch to other companies. All these factors contribute to the higher power of buyers.

Power of suppliers: This force is low in the retail industry. There are a large number of suppliers which give materials to the retail organisations. As a result, retail companies such as M&S have many options. They get the opportunity to negotiate for a better price with the suppliers. If companies do not prefer the terms and conditions of any suppliers, they can conveniently source the materials from other suppliers. All these factors minimise the power of suppliers.

Competitive rivalry: This force is extremely high in the retail industry. There are many business organisations which sell similar products. M&S has a significant number of competitors. The names of the rivals of this retail organisation are Tesco, Aldi, Asda, Macy's, Next and Lawson (Craft, 2023). These companies can snatch the market share of M&S. Customers can switch to these companies if they are satisfied with the price and products of this retail organisation. In these circumstances, a company should develop fruitful strategies to remain competitive. Effective marketing strategies and product development strategies can help to deal with this factor.

The threat of new entrants: This force is low in this market. A new organisation needs a large amount of capital to start the business in this industry. Furthermore, a new company has to put in a lot of effort to capture the attention of customers and gain their trust. There are already many famous retail organisations in the United Kingdom which have gained brand loyalty and recognition. Customers are aware of their name and trust the quality of their products. It is challenging for a new business organisation to hold a place in this market and compete with these giant rivals. M&S has been operating its business operations for a long period of time. That is why this organisation has no threat from new entrants.

The threat of substitutes: This force is low in the case of M&S. This retail organisation offers clothing and food products. All these products are basic needs of human beings. That is why, no other products can replace them in general. However, they can be replaced by the similar products offered by other business organisations. As a result, a company should adopt a differentiation strategy and put consistent efforts into improving the quality and designs of products. In this way, a company can maintain a significant amount of market share.

Strengths and weaknesses of Marks & Spencer based on the external environment

On the basis of the external environment, it has been observed that **Brexit** has significantly impacted Marks & Spencer. The annual profit of this company has decreased by 7.9% on account of Brexit and inflationary pressures (Curran, 2023). New rules of import and additional paperwork of Brexit forced this retail organisation to cut eight hundred product lines in the stores like orchids, free range chicken and goods of parmesan reggiano cheese. Thus it can be said that Brexit is becoming one of the weaknesses of this retail organisation. Economic factors like **COVID-19** have impacted this retail organisation to a great extent. The sales of this company dropped significantly. It resulted in the closure of stores. The Pandemic severely affected the clothing sales of this company (Wood, 2020). The new variants of this virus may appear which can again pose a threat to this retail company. In the social aspect, customers want fashionable clothes from companies. It has been observed that the fashionable clothes offered by this company do not capture the attention of the young generation. The clothes of this company are considered as **non-trendy** by many. This factor has significantly affected the clothing sales. The clothes of this company are conservative and boring. Furthermore, there is no specific demographic for these products (Russon, 2020). Thus, it can be said that this factor is becoming the weakness of this company. Marks & Spencer is utilising **technology** significantly. Many emerging technologies such as IoT, cloud computing, big data, artificial intelligence and payments have been adopted by this retail company. With the help of these technologies, it is attempting to improve operational efficiency and boost customer experiences. This organisation claims that M&S is changing with the changes in technology. Robotics, automation machine learning and AI are being implemented in their business operations. This organisation is embracing innovation with the introduction of technology. M&S offers products online as well to meet the demands of the customers (Corporate.marksandspencer, 2023). Thus, it can be stated that technology is one of the strengths of this company. Marks and Spencer is putting immense effort into introducing **sustainability practices** in each aspect of its business operations. It is a pioneering organisation in this regard. This organisation is aware of its environmental impacts and taking effective measures to attain the goal of net zero emissions. A sustainability programme was launched by this company in 2007. In 2021, this organisation reinvigorated its approach to sustainability to offer profitable and sustainable growth to wider communities, customers and investors. This company sources raw materials responsibly and follows human rights

(Corporate.marksandspencer, 2023). Thus, this aspect is becoming the strength of this company.

Conclusion

Marks and Spencer is one of the supreme retail companies in the United Kingdom. There are several stages and processes of marketing. Marks and Spencer follows these stages to boost its marketing efforts. The external environment of this company immensely impacts its business operations. That is why it is crucial for this company to have a clear perspective of the threats and opportunities in the external environment. After evaluating the external environment, this company can develop effective strategies to reap the benefits of the opportunities and cope with the challenges. From the analysis of the external environment of Marks & Spencer, it has been found that Brexit and the coronavirus pandemic have significantly affected this company. Furthermore, its clothing products do not satisfy the customers. However, it has been able to leverage technology. Several advanced technologies have improved its operational efficiency which in turn has boosted customer satisfaction. This business organisation has taken effective actions to reduce its environmental impacts. Through sustainable approaches, this retail organisation is trying to create a better world. On the basis of this evaluation, effective strategies have to be developed to improve its weak areas.

Recommendation

- To cope with the impacts of Brexit, M&S should minimise its dependence on the products sourced from European countries. As a result, it will not have to face the challenges associated with the new import laws. This retail organisation can collect raw materials from local sources. This in turn will lead to the growth of the local communities.
- To deal with the pandemic situation in the future, this company should invest more in improving its online offerings of products. It should attempt to offer all products to customers through e-commerce platforms. This approach will help to increase the sales of its products to a great extent as people nowadays prefer to purchase products online. As a result, this company will be able to generate a significant amount of revenue in a difficult situation like a pandemic. In addition, it should consistently strive to introduce technology in its business operations so that it can be continued virtually during adverse

situations.

- To meet the demands of customers, M&S should try to conduct market research. It will help this company to get a clear perspective of the current demands of customers. This in turn will assist this company in modifying its clothing products accordingly. It should identify a specific demographic and produce products for them. M&S has to come up with trendy and fashionable clothes to boost its sales of clothing products. However, while coming up with fashionable clothes, it should not compromise on its sustainable approaches. Several surveys have revealed that customers are leaning towards long lasting and sustainable clothes (Smith, 2023). That is why, it is recommended that M&S should introduce sustainable yet fashionable clothes in the market to grab the attention of a wide range of customers.
- To tackle the huge competition in the industry, M&S should develop fruitful differentiation strategies. With the help of these strategies, M&S can stand itself apart from its rivals. It should develop effective marketing strategies to boost customer engagement. With fashionable, sustainable clothes and highly effective marketing strategies, this organisation will be able to gain a large amount of market share.

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