Internal Analysis of Marks and Spencer

Posted on September 29, 2018

Executive Summary:

Marks & Spencer is one of the largest retail chains in the UK, having prominence and fame across gigantic economies in the world plans to expand its business across the globe. Its management continues to strive for the maximum and, for that purpose, has launched a comprehensive marketing campaign so as to increase its business potential and also pocket maximum financials in a comprehensive manner. Owing to the tough competitive environment, it is relying on the skills and competence of high-caliber professionals who have joined hands with its management for the maximum, and it is notable to mention here the fact that among its key shareholders in particular and others in general, it has gained widespread attention and still on the road of progress and developments at a rapid pace. Recent surveys in the UK have produced amazing feedback that such a brand has become a top priority of consumers, and even most of the industry setups engaged in clothing, luxury and home products, and they even recommend the same to others.

Introduction And Overview:

Marks & Spencer is one of the prominent names in the UK in terms of a multinational retail company, and the same is also listed on the London Stock Exchange, being one of the prominent and fast-growing stock markets in the world. Its headquarters is in Westminster, London, and is part of the FTSE 100 Index. It targets home products, clothing, and other luxury products which attract consumers at large, and owing to its widespread popularity management of such a big name has decided to ensure its presence across the corners of the world. Since its inception in 1884, it has grown at a massive level, and that fact can be analyzed in the sense that it now owns nearly to thousand stores in the world. During the year 2017 it recorded revenue of 10622 million pounds and a profit of 115.7 million pounds and all such figures are enough to justify its market standings and preference among potential customers.

Currently, many small and large investors are associated with it, and even many multinationals are part of such a gigantic group. In 1998, it recorded massive revenue of above one billion pounds, which not only maintained its position among industry segments but also truly realized its mettle and commitment of its management in the long run toward internal and external stakeholders (Grant, R. M. (1999). It is surprising to mention here the fact that in Asia, it started its operations in 1960 in Afghanistan and thereafter in 1973 in Canada and in other parts of the world so as to pocket the customer base and trust of potential investors to ensure a sustainable position in the world. The company is strongly committed to the well-being of its customers and strictly adheres to ethical and environmental policies so that at any stage objection may not be imposed on its policies since it is inevitable for survival in the world in today's hectic environment.

Business Strategy:

Marks & Spencer is one of the largest retail chains in the world, and its presence across the globe continuously strives for excellence and innovation by providing quality products and services in accordance with the demands and expectations of valued customers. In this regard, a comprehensive internal and external analysis of the company can be done in the following manner:

External Analysis Of Company:

Marks & Spencer is one of the recognized names in retail products and other aspects related to the organization have ensured a sound presence across the corners of the world. Its external environment can be assessed in the following manner in light of Porter's Five Force Model:

- It belongs to products and services in a range of retail products and other custom products in accordance with the requirements of customers, and in this regard, its expansion belongs to all the corners of the world since it is one of the recognized names in the world. Apart from that fact, it has a sound presence among its competitors and industry segments, which truly recognizes the fact that such a brand has massive recognition and acceptance across the corners of the world.
- Various buyers and other groups are also present in the industry to which Marks & Spencer belongs, and these have the potential to compete with it. Products that are offered by these competitors are also in a position to pose threats to products and services offered by Marks & Spencer.
- Being a UK-based brand in the world, it offers a wide variety of opportunities and threats to various stakeholders, which also realize its ability to prevail in the world. A new entry into the market poses threats to existing businesses, and these may be in the form of new products and services. Under such a model, such analysis possesses pre-dominant significance for strategists of Marks & Spencer.
- The company has experienced massive profits during the last financial year, which is enough to justify its market potential and credibility among customers, and operational and administrative aspects are in a position to determine its profitability. To some extent, it can be revealed that the profits of the company are consistent with industry practices. Other competitors are in a position to complete it but not at a substantial level in view of its sound market base.
- Products that are offered by such an organization have sound attraction among the customers and threats of substitutes and new entrants for Marks & Spencer are also at a negligible level since its market potential is at a massive level as compared to its competitors.
- Recently, the company has also introduced new products in view of changing patterns

prevailing across the corners of the world, and the same proves instrumental in reshaping its potential to adjust to a new environment. In the near future, its management has the mindset to extend business towards Asia and other territories, and these are positive aspects on the part of Marks and Spencer.

- Owing to the tough competitive environment, it is relying on the skills and competence of high-caliber professionals who have joined hands with its management for the maximum, and it is notable to mention here the fact that among its key shareholders in particular and others, in general, it has gained widespread attention and still on the road of progress and developments at a rapid pace. The industry to which it belongs is very versatile and possesses the ability to introduce products and services overnight and thus pose challenges for even well-established entities. Recent surveys in the UK have produced amazing feedback that such a brand has become the top priority of consumers, and even most of the industry setups engaged in clothing, luxury, and home products, and they even recommend the same to others.
- Such a model has tried to explain the fact that only around five forces businesses revolve, which can never be considered as true at all since other aspects are also vital in nature for existence and success in the business environment at large.
- Such a model has explained all of the aspects in relation to the five force model in a well-organized manner but does not mention aspects related to priority for each of these elements in the model since all aspects can never be equal at all in terms of significance. The pricing mechanisms and demand elements of customers have also been explained in a very comprehensive manner.
- Such a model has ignored all of the industry trends that prevail in the world and in relation to the industry to which Marks and Spencer belongs since these also form the basis for decision-making in terms of pricing and product differentiation for the long-term benefits of an organization.
- Changes that occur across the corners of the world have also been ignored, which are considered repetitive or cyclical in nature and affect the business of Marks and Spencer at massive levels. It also targets a framework under which it is mentioned that industry is either feasible or not instead of providing choices to business owners to move for feasible or enhanced areas that need improvements for the business and vice versa.
- Currently, many small and large investors are associated with it, and even many multinationals are part of such a gigantic group. In 1998, it recorded massive revenue of above one billion pounds which not only maintained its position among industry segments but also truly realized its mettle and commitment of its management in the long run towards internal and external stakeholders. Apart from that aspect Porter Five Force Model also lays stress on the fact that business is always in a sense of competition at the sole level instead of the fact that many owners adopt policies on a long-term basis which in advance tackle changes and reforms happening in the industry and at world level at large.

Internal Analysis Of Marks And Spencer:

Marks and Spencer can be analyzed in the following manner owing to the presence of various factors embedded in it, and these can be summed up in the following manner:

Financial resources:

The company enjoys sound financial resources, being one of the largest multinational retail chains in the world, and its financial strength can be judged from the fact that it enjoyed nearly 10000 million pounds in profit during 2017, and such a massive figure is enough to cement its market base and credibility among various stakeholders at large. As per VRIO, capabilities exist in view of profitability and other prospects prevailing in an organization that enables the business of Marks and Spencer to adjust to the changing business environment.

Human resources:

Marks and Spencer enjoys sound human capital, and it also includes skilled and competent team members having renowned qualifications and exposure across the corners of the world. For managing various aspects of an organization it has to target areas like payroll, professional development, human resource management, training and specialization, and other areas which are considered part and parcel of today's business environment at large. The capability of Marks and Spencer, as per VRIO, is able enough to compete with other competitors, and the same is also on the favored side for the business of Marks and Spencer.

Business recognition:

Marks and Spencer enjoys a sound repute across the corners of the world and its credibility can be judged from the fact that it has retail outlets of nearly 1000 in the world and also it is in the process of expansion and adding more and more products and services for its valued customers just to ensure its image and market base apart from the fact that it is inevitable for survival and sustainable position among industry segments and professional circles. Capabilities of business are at cheap rates applicable to its policies and aims as per VRIO, and the same are detrimental to its products and services.

Learning and Development:

Management of Marks and Spencer continuously believes in the fact that in today's competitive environment, without learning and professional development of human capital from top to bottom, it is not possible to achieve maximum output at large and in view of these aspects also being among the largest retail chains in the world it targets on regular basis learning and development of its employees and others so as to move in line with changing business trends into the world. Since the business of such a setup covers consumer and domestic products, therefore, it is also imperative to mention here the fact that without learning and development, it is not possible to achieve stupendous progress and developments in a highly competitive environment.

Location:

Currently, there are nearly 1000 locations in relation to Marks and Spencer, and such aspect is very much notable and sophisticated to mention here that in various prominent and rising corners of the world so far it has ensured its widespread presence and still it is moving on a rapid pace and in near future it will also be able to expand its business operations even to neglected and underdeveloped areas of the world in Africa and Asia so as to pocket more and more customer base and thereby strengthen its market base enormously.

SWOT Analysis Of Marks And Spencer:

SWOT analysis of Marks and Spencer being one of the recognized brands in the world can be done in the following manner:

Strength:

It enjoys sound recognition among valued customers across the corners of the world and even in the streets of the UK; it is considered a preferred and recognized brand that delivers quality products and services at a rapid pace. It also offers a wide variety of products to its customers, including Canary tomatoes, avocados, English apples, pre-prepared fruits, salads, and vegetables and as a whole massive number of suppliers and intermediaries are operating on the part of Marks and Spencer in the world.

Weaknesses:

It is a common perception among a wide variety of customers that such a brand does not target at substantial levels new trends and changing dynamics of the world in terms of customers’ demands and expectations. It is also believed that its competitors like Primark, River Island, and New Look are moving far away from it in reforms and innovations for valued customers, which can prove a severe blow to its market existence since it has shown little or little concern towards innovations and creativity during last decade and such aspect is very much stressful for its strategists and top management.

Opportunities:

Marks and Spencer, being one of the oldest market brands, now enjoys countless opportunities and growth prospects, and such factors matter a lot, particularly in the context of its management's will to ensure widespread presence across the corners of the world like it has a lot to unlock in Asian and African economies where even name of such brand is still not known.

Threats:

Since Marks and Spencer is part of the highly competitive environment of the UK and its competitors like Sainsbury and Tesco Express are expanding their market base at a rapid pace but apart from, such brand is still relying on megastores, and such aspect is very stressful in view of changing dynamics prevailing across the corners of the world.

Ethical Assessment Of Strategy:

Human rights are fundamental beliefs that form the basis for dignified and unique recognition among formal and informal circles. These lead to freedom of life, liberty, security, and health and also access to other provisions of life in the context of UK society in particular from where Marks and Spencer started its operations. Such aspects possess predominance in a very profound manner since in today's business world merely profit making is not considered as enough just by selling of products and services across the corners of the world. In a corporate environment, such an aspect also plays a vital role, and also the management of Marks and Spencer pays great head towards these for enjoying a more and more sustainable position in the world. At Marks and Spencer since 1884 when it was established with the vision to provide home products and other clothing products to its valued customers and services it is still passionate to ensure its commitment and sound base so that in the long run it may rank itself among well established and revamped businesses in the world.

Here at Marks and Spencer, our ethical policies are supported by the UN Human Rights to Water and Sanitation, Children's Rights and Business Principles, the International Labor Organization, and also due diligence towards basic human rights at substantial levels. In 1998, for the first time at the organization concept of global sourcing principles was introduced, and later, it was implemented all in letter and spirit by keeping in view concerns for global suppliers and environmental standards in accordance with ethics (Quinn, J. B., & Hillmer, F. G. (1995). It also adheres to the UK's modern slavery act and strictly avoids any sort of flexibility in relation to slavery and suppression of basic human rights of labor. Our organization also follows the concept of ethical auditing so as to highlight and check any acts that may be against human rights and other aspects prevailing internally here at Marks and Spencer. Management of the company also targets human rights, and in this regard, in 2016, it officially published insight in relation to locations owned and managed by the organization for food and clothing activities in the UK.

Evaluation Of Strategy:

Strategies that have been adopted here at Marks and Spencer can be analyzed in the following manner:

- Publishing of reports by the company in 2016 and 2017 clearly indicates the fact that the management of Marks and Spencer is very much adhesive to human rights and values such aspects at a substantial level internally, and it is very much appreciable for corporate setup, which is running business operations at a massive level.
- The organization also adheres to the UN Charter for Human Rights, and the same has been justified by its commitment and will since it is also inevitable in view of challenges posed to it by social and cultural values and competitors prevailing in the world.
- Concern towards ethical auditing and also social and moral values for human capital while being part of the organization are indeed worthy aspects that clearly demarcate the difference between it from the rest in a prominent manner.
- Here at Marks and Spencer, the management of an organization is committed to investigating any identified breaches of work ethics and standards adopted in the industry and recommended by regulators and also put solutions to these accordingly so as to maintain a sound position among industry segments at all.
- It also strongly believes in collaboration with others for support and protection of human rights in the corporate environment, either in collaboration with other industries or even regulators, and such aspect is quite evident from its policies and commitment as evident from available facts and figures at large.

Recommendations And Conclusions:

Marks & Spencer is one of the prominent names in the UK in terms of a multinational retail company, and the same is also listed on the London Stock Exchange, being one of the prominent and fast-growing stock markets in the world. Its headquarters is in Westminster, London, and is part of the FTSE 100 Index (Rafuse, M. E. (1996). It targets home products, clothing, and other luxury products which attract consumers at large, and owing to its widespread popularity management of such a big name has decided to ensure its presence across the corners of the world. As per Rumlet strategies of Marks and Spencer cover four aspects, and these are consistency in policies of an organization and consonance, which reveals that its management is well aware of external trends. The feasibility and advantages of these strategies correlate to each other at comprehensive levels.

References:

{1} Collis, D. J., & Montgomery, C. A. (1999). Competing on Resources: Strategy in the 1990s. In *Knowledge and strategy* (pp. 25-40).

{2} Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, *24*(3), 403-441.
{3} Quinn, J. B., & Hilmer, F. G. (1994). Strategic outsourcing. *Sloan management review*, *35*(4), 43.
{4} Quinn, J. B., & Hilmer, F. G. (1994). Strategic outsourcing. *Sloan management review*, *35*(4), 43.
{5} Guest, D. E. (1987). Human resource management and industrial relations [1]. *Journal of Management Studies*, *24*(5), 503-521.
{6} Weatherhead, M. (1997). Marks & Spencer plc. In *Real Estate in Corporate Strategy* (pp. 221-229). Palgrave, London.
{7} Tse, K. K. (1985). *Marks & Spencer: anatomy of Britain's most efficiently managed company*. Pergamon.
{8} Burt, S. L., Mellahi, K., Jackson, T. P., & Sparks, L. (2002). Retail internationalization and retail failure: issues from the case of Marks and Spencer. *The International Review of Retail, Distribution and Consumer Research*, *12*(2), 191-219.
{9} Grant, R. M. (1999). The resource-based theory of competitive advantage: implications for strategy formulation. In *Knowledge and strategy* (pp. 3-23).
{10} Doyle, P. (1990). Building successful brands: the strategic options. *Journal of Consumer Marketing*, *7*(2), 5-20.
{11} Leavy, B. (1994). Two strategic perspectives on the buyer-supplier relationship. *Production and Inventory Management Journal*, *35*(2), 47.
{12} Kay, J. (1995). *Foundations of corporate success: how business strategies add value*. Oxford Paperbacks.
{13} Lewis, P., & Thomas, H. (1990). The linkage between strategy, strategic groups, and performance in the UK retail grocery industry. *Strategic Management Journal*, *11*(5), 385-397.
{14} Burgelman, R. A. (1984). Designs for corporate entrepreneurship in established firms. *California Management Review*, *26*(3), 154-166.
{15} Athanassopoulos, A. D., & Ballantine, J. A. (1995). Ratio and frontier analysis for assessing corporate performance: evidence from the grocery industry in the UK. *Journal of the Operational Research Society*, *46*(4), 427-440.
{16} Athanassopoulos, A. D., & Ballantine, J. A. (1995). Ratio and frontier analysis for assessing corporate performance: evidence from the grocery industry in the UK. *Journal of the Operational Research Society*, *46*(4), 427-440.
{17} Campbell, D., Moore, G., & Metzger, M. (2002). Corporate philanthropy in the UK 1985–2000 some empirical findings. *Journal of Business Ethics*, *39*(1-2), 29-41.
{18} Lewis, S. (2003). Reputation and corporate responsibility. *Journal of Communication Management*, *7*(4), 356-366.
{19} Doyle, P. (1989). Building successful brands: the strategic options. *Journal of Marketing Management*, *5*(1), 77-95.
{20} Miller, P. (1987). Strategic industrial relations and human resource management-distinction, definition and recognition. *Journal of Management Studies*, *24*(4), 347-361.
{21} Quinn, J. B., & Hillmer, F. G. (1995). Strategic outsourcing. *The McKinsey Quarterly*, (1), 48-71.
{22} Campbell, N. C., & Cunningham, M. T. (1983). Customer analysis for strategy development in

industrial markets. *Strategic Management Journal*, *4*(4), 369-380.
{23} Campbell, N. C., & Cunningham, M. T. (1983). Customer analysis for strategy development in industrial markets. *Strategic Management Journal*, *4*(4), 369-380.
{24} Margolis, J. D., Elfenbein, H. A., & Walsh, J. P. (2009). Does it pay to be good… and does it matter? A meta-analysis of the relationship between corporate social and financial performance.
{25} Rafuse, M. E. (1996). Working capital management: an urgent need to refocus. *Management Decision*, *34*(2), 59-63.