

Example Sections Of High Scoring Report (70% + range)

Introduction

The retail industry is a fast-changing sector and has an enormous impact on the United Kingdom economy. It is a profitable sector; in 2017 alone it generated £366 billion worth of retail sales (ONS, 2018). Retailing is the sale of goods and services to final consumers, not for trading, yet for use by the customer (Cox & Brittain, 2004). The retail transaction is the end of supply chain between manufacturers and consumers (Kamat & Saurav, 2016).

Marks & Spencer is one of the UK's leading retailers. It is well known for its high quality, own-brand food, clothing and home products with 1433 stores global and online (Corporate, 2018). The company has the market cap of 4.41 billion GBP. Where clothing has 40% of UK turnover (Marks & Spencer, 2017).

Key relevant changes within the UK fashion retail

The political factors could be one of the significant reasons of uncertainty for the fashion industry. Recent geopolitical events have shaken the fashion industry in the last couple of years, which cause political instability. Terrorism and other political tensions could disrupt the supply chain. (McKinsey & Company, 2017). European Commission's free trade agreement has made product import and exports much easier. Therefore, the decision of the UK to leave the European Union will affect in various ways (Marks & Spencer, 2017). Due to the devaluation of sterling, the Company has also undergone market share losses. Other possible risks could be decreased consumer demand; trade tariff, higher taxation, and limits to the free movement of people are the consequences of political uncertainty (CEPS 2017). Although, lack of clarity in energy efficiency scheme, as well as in green measures legislations had a negative impact on 'Plan A'.

Economic volatility has the adverse effect on businesses. Since financial crisis Marks & Spencer concentrated on quality and overall consumer experience rather than discounted pricing as their competitors (Marketing Excellence2, 2010). This strategy helped to build the strong brand name and increase consumer confidence. Marks & Spencer is well known for its high-quality fashion. However, recent several macroeconomic events such as currency fluctuations, the UK vote to leave EU have caused wane in consumer confidence and spending. Moreover, M&S faced the lowest clothing sales since recession 2008 (Davey, 2016). Furthermore, the increase of national living wage could also affect companies profit (Moore, 2017).

Key relevant changes in microenvironment

Marks & Spencer by stating 'putting the customer at the heart of everything we do' (Davis, 2016) tries its best to understand customers needs and wants by taking time to counter feedback from customer feedbacks and surveys. However, Marks and Spencer are doing it wrong, as the sales were dropping and they failed to define customer demands (Mintel, 2017). There is an interpretation that the company is failing to adapt to the market changes and its focus on the product development and high-quality standards needs to be changed to customer delivery and their wants, by inventing innovations. According to Mintel (2017) the biggest buying power is millennials. Thus Marks and Spencer are orientated to older customers that could be one of the reasons the company losing its share.

Strategies and Tactics

Political factors always bring uncertainty to any business. The Brexit is one of the most discussed elements in the last two years. The main reason for it is that it never happened before and nobody could tell the future events. Unknowable type of according to Van de Hijden uncertainty theory could be applied. Marks and Spencer are facing the decrease in sales, and this political situation brings more uncertainty when making long-term decisions towards company strategies how to increase sales.

Unknowable uncertainty is the absence of imagination of future events (Mosaic, 2015). The organization should develop resilience to resist any future changes (Mosaic, 2015).

McGoldrick (2002) suggests that retailers should apply the indications of long-term ventures. Furthermore, according to the life cycle theory Marks & Spencer should adopt a portfolio tactic to product management as well as deliver for an intelligible steadiness of risk, expense, and prospect. Arguably, most importantly, applications of the retail life cycle suggest that in the adequate return on investment should be seen as an opportunity. In fact, M&S pricing reduction strategy could be seen as an example to adapt to economic factors of the Brexit.

Recommendations

Additionally, Marks & Spencer must apply innovations to its business foundation. The whole retail market has changed; the company should leave its old methods and use technologies by making the brand look more attractive rather dull. Marks & Spencer must transform the business from its foundation to be successful.

Moreover, the company must change its department stores as well as online to modern and more aspiring stores with better displays.

Conclusion

Moreover, the UK vote to leave the EU is possible to have a considerable effect on the company. Weakened the purchasing power was caused by inflation and other various factors. The company has multiple issues in both macro and microenvironments despite its reputation. However, new technologies and constant innovation within industry left Marks & Spencer behind. It is difficult to predict if Marks & Spencer will regain its position and will adopt new ways of operating in a contemporary retail market.