

Marks & Spencer Strategic Analysis



Climate Change – Becoming carbon neutral and improving energy consumption by about 28% per sq mt in their stores and warehouses

Waste – Reduction in the number of carriage bags by about 1.7 billion and zero waste to landfills in the year 2012

Natural Resources – About 18% reduction in the water usage in M & S offices, stores and warehouses and sustainable food sourcing

Fair Partner – Promoting stronger relations with the suppliers by involving them in the Plan A

Health and wellbeing – Removal of artificial ingredients from the products and selling organically produced food.

Apart from the sustainable activities of Plan A, M & S is also involved in various charities, fund raisings, employee support programs and natural disaster support (M & S report, 2012)

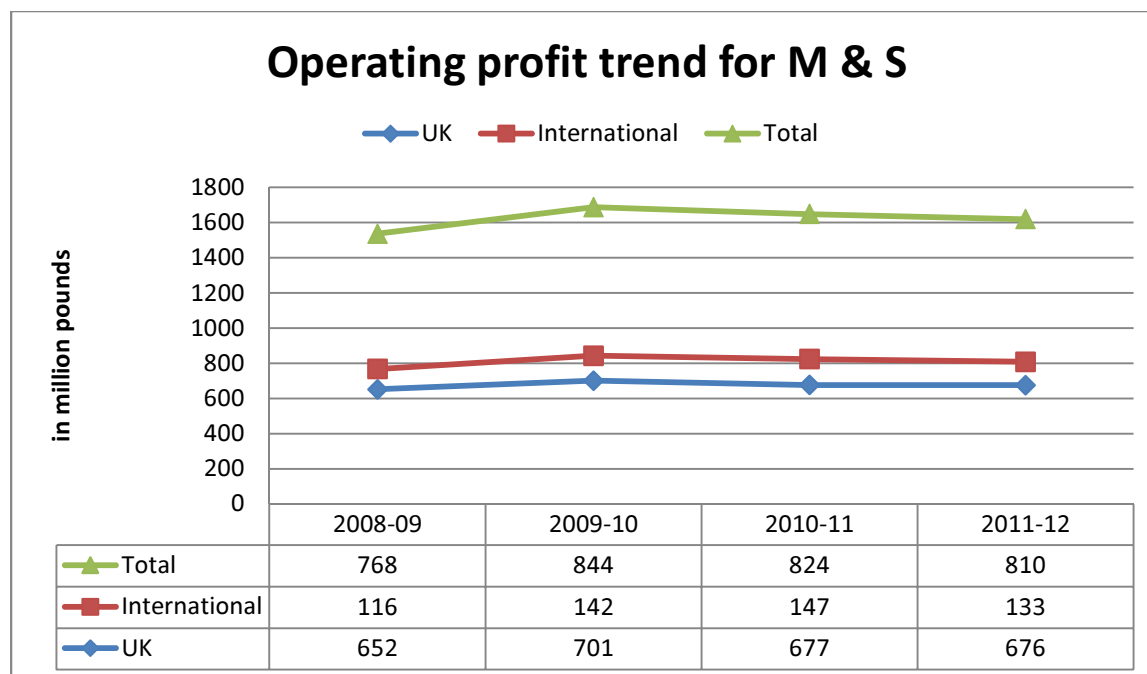


Figure: Operating profit trend for M & S. Source (By the author)

It can be seen from the both figures that the revenue growth and the operating profit growth has been low for M & S due to uncertain economic conditions. Due to this M & S had to revise their three year target in 2010 from 1.5 to 2.5 billion pounds growth to 1.1 to 1.7 billion pounds.

Shareholder value

This represents the return to shareholders of the company in terms of the dividend payout and the stock returns. The company already paid an interim dividend of 6.2 pence per share and intends to pay 10.8 pence per share as final dividend making the total dividend payout of 17 pence per

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Times, 2012).

The figures given below show the trend in the Dividend payout and the Earnings per share for the past 5 years –

5. Marks & Spencer Strategic Direction

As far as M & S is concerned its strategic direction is concerned it can be defined using the figure given below –

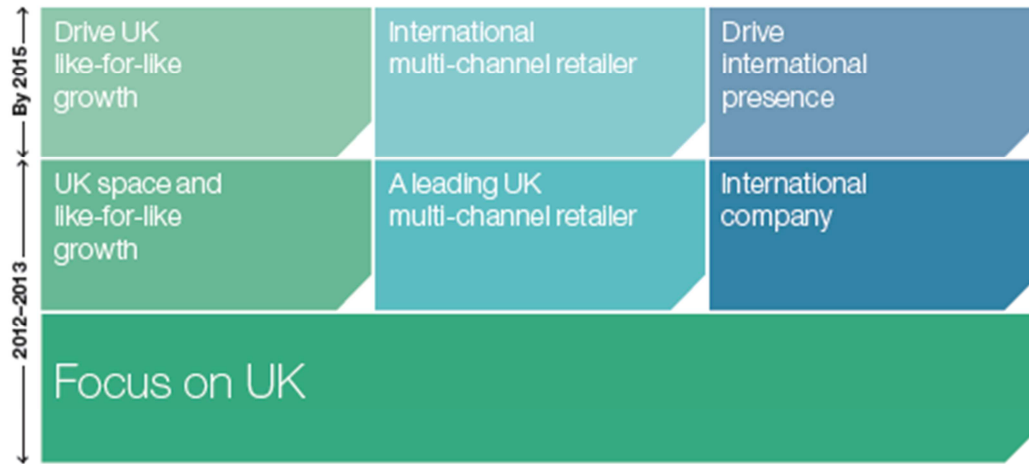


Figure : Three year plan for M & S. Source (M & S report, 2012)

M & S have clearly outlined their strategy using a three year plan in which they aspire to become a leading international multi-channel retailer (M & S plan, 2010). The four focus areas can be outlined below –

- Focus on UK from 2010 to 2013 by developing the brand, increasing stores etc.
- To grow the multi-channel retail through internet and mobile. M & S is already experiencing tremendous success in its multi-channel initiatives as its mobile site as

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options of delivery.

- To grow internationally by adding new territories and opening new stores is another aspect of M & S current strategic plan. M & S plans to invest about 50 million pounds over next three years for international brand development. M & S also experienced some

7. Conclusion & Recommendations

In order to understand the final strategic position of M & S one of the best methods is the SPACE (Strategic Position & Action Evaluation Matrix) analysis. SPACE matrix evaluates a company's strategic position on two factors – 1) Internal Factors – Financial Strength (FS) and Competitive Advantage (CA) 2) External Factors – Environmental stability (ES) and Industry Strength (IS). The table given below shows the rating of each factor -

Internal Factors	Sub factors	Rating	Average
Financial strength (FS)	Revenue Growth	+5	4.66
	Liquidity	+4	
	ROA	+5	
Competitive Advantage (CA)	Market Share	-1	-1.33
	Brand Image	-1	
	Product Quality	-2	
External Factors			
Environmental Stability (ES)	Inflation	-4	-3.66
	Environment	-4	
	Demand	-3	
Industry Strength (IS)	Barriers	+4	+2.66
	Growth	+1	
	Competition	+3	

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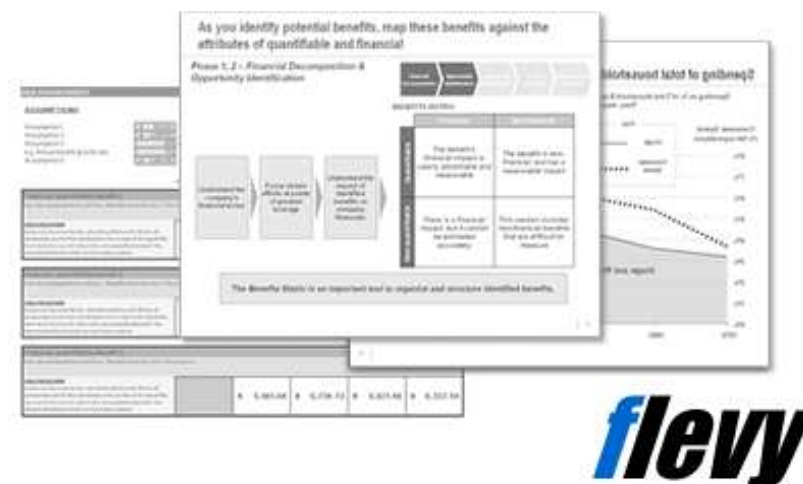
- x- axis score is $CA + IS = -1.33 + 2.66 = 1.33$
- y axis score is $FS + ES = 4.66 - 3.66 = 1$

Using all the values the SPACE analysis of M & S has been presented below. It shows that that M & S current strategic position is Aggressive, but the strength is moderate. It means M & S wants to grow using innovation, acquisitions and international development.

- Write pass, 2012. *Strategic Analysis of Marks and Spencer (M&S) Group*. [Online]
Available at: <http://writepass.co.uk/journal/2012/02/strategic-analysis-of-marks-and-spencer-ms-group/> [Accessed 30 Nov 2012].

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