

Marks & Spencer Business Model

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Abstract: A retail company's business model plays a crucial role in its consistent development. In the new era, retail companies have to deal with challenges from values, marketing, consumer relationship, supply chain, and many other aspects. This project selects Marks & Spencer as the case to analyse an effective business model. The company adapts to the changing environment and overcome difficulties. The project aims to explore how Marks & Spencer succeeds in integrating marketing, supply chain management, and sustainable development into its business model to adapt to the new era.

Keywords: Business Model; Sustainable Development; Marketing Strategies; Supply Chain Management

1. Introduction

The traditional business models become ineffective for the companies to compete in the market. If retail companies want to be competitive in the new era, they have to update business models for sustainable growth (Evans et al., 2017).

Marks & Spencer, as a giant UK store, shows its great potential of developing an effective business model. Although the company experienced significant shocks in these years, it survived from the pressure and became more competitive. Throughout its development history, the company always emphasizes consumer experiences, supply chain management, marketing plans, and sustainable development. The company succeeds in enlarging the consumer base and maintaining a good relationship with consumers. Through understanding consumers' demands, the company stresses high quality products and services. The analysis of the company will be helpful to offer insightful ideas for retail companies to be successful in the changing environment. This project aims to research Marks & Spencer's successful insights from its business model.

2. Literature Review

The literature review for this paper was primarily sourced from Google Scholar searches and the University of Exeter Library. Relevant literature was found by searching for keywords and identifying literature references dating from 2000 onwards. A small amount of literature came from the 1990s.

2.1 Definition of a business model

In searching the literature, it was found that there is a lack of cumulative literature on Marks & Spencer's business model and no framework to focus conclusions. The few studies on business models build on previous research and do not have a coherent framework (Zott & Amit, 2007, 2008). Zott and Amit (2007) ask what a business model is and how it is used by those who are employed. Researchers have suggested that the key to a business model is the creation of a value structure (Chesbrough & Rosenbloom, 2002; Mahadevan, 2000). In the literature search, the theoretical construction and empirical studies of business models seem to emerge within the established organizational themes of strategic choice, resource accumulation, and innovation. Markides and Charitou (2004) suggest that to avoid operational inefficiencies, managers are required to implement a single business model. The co-evolution of strategy and business models may be a cumulative and urgent process. Even if a change in the business model is initiated and executed by upper management, an urgent business model may deviate from the manager's plan (Cule & Robey, 2004). A business model is a broad range of various business behavior elements.

3. Project Methodology

The research approach is in line with the chosen research philosophy and the inductive approach has been chosen for this project. The direction of research in this paper is more suited to the inductive approach. saunders et al (2007).

The analytical method used in this paper is qualitative analysis. The data used are mainly secondary data. Data is collected for the research to be accurate. The data required for this project was collected in two stages. The first step was to find secondary data. The data was sourced from Google Scholar, Google, database statista, and Marks and Spencer's official website. The first search terms on the website, are "Marks and Spencer", "retail", and "sustainability". Get the primary data in the search on the webpage, select the data needed for the study and carry out the data collection. The second step was to collect secondary data. Secondary information was mainly collected in the literature review. There are different definitions of the concept of a business model, as well as different criteria, identified in the literature review.

4. Analysis

4.1 Marks & Spencer SWOT analysis

Marks & Spencer is one of Britain's most iconic retailers, and Marks & Spencer has a long history of close working relationships with suppliers. From the 20th century to the present day. Marks & Spencer has more than 700 suppliers, with no fewer than 100 suppliers having worked together for more than 30 years and more than 60 suppliers have worked together for more than 50 years, all of whom have grown with Marks & Spencer. Marks & Spencer is known for its proven chain management as the most iconic retailer in the UK. Using a SWOT analysis will help to explain the internal and external qualities of Marks & Spencer.

4.1.1 Strengths of Marks & Spencer

Marks & Spencer's strength lies in its brand presence and strong electronic systems for the supply chain management. Marks & Spencer was the first retailer in the UK to create its brand. All products, including food and clothing, are sold under the St Michael's brand and Marks & Spencer registered the St Michael's trademark in 1928. Marks & Spencer reduces costs through its brands, protecting the interests of the consumer and the business at the same time. Consumers shopping at Marks & Spencer can get a full refund on their purchases with a small ticket, and they can return any purchase made no matter how long ago. It is because Marks & Spencer has introduced its brand. This has led supermarkets to follow Marks & Spencer's example and reduce costs through private labels. Marks & Spencer's focus on product development and quality has made its label a unique part of the British shopping culture.

Marks & Spencer has a well-established supplier system. Marks & Spencer set strict sourcing and manufacturing standards for its suppliers and provides input and oversight in areas such as production processes. Suppliers of substandard quality are firmly rejected. To implement these standards effectively, Marks & Spencer assists suppliers wherever possible. Marks & Spencer focuses on product quality and transfers a portion of its purchasing funds to suppliers to improve the quality of its goods. By increasing sales through quality improvements and cost reductions, Marks & Spencer and its suppliers form a mutually beneficial partnership, which is further strengthened.

4.1.2 Weaknesses of Marks & Spencer

When Marks & Spencer opened its overseas markets, it did not consider the overseas markets according to local conditions and copied the British marketing model. In 2008, Marks & Spencer officially entered Shanghai, China to open up the Chinese market. For a long time from the opening of the shop, it faced problems such as low turnover and few customers. Faced with low revenue, Marks & Spencer began to close its Shanghai shops to reduce expenses.

Reasons for Marks & Spencer's failure in China.

1. Eager to expand the market and unclear choice of shop positioning. In the case of poor revenue from shops in first-tier cities, rushed to develop the market in second-tier cities.

2. No change of model, putting the British model into the Chinese market

Marks & Spencer's corporate culture was not suitable for Chinese consumers. Chinese consumers have their own unique needs and expectations, and Marks & Spencer's shops in China have copied the British model. From clothing to food, Marks & Spencer's model has been replicated in the UK. This includes marketing, promotion, products and prices, which are almost all the same as the

UK model. Marks & Spencer has copied the British model without considering whether it is suitable for Chinese consumers. There are cultural differences between the two countries. As a result, Marks & Spencer's food and clothing products are very unattractive to Chinese consumers and do not maximise their appeal.

3. Low attractiveness of own products

Marks & Spencer's two main businesses, clothing and food, are both unpopular in China.

In terms of clothing, the variety and style of clothing is too monotonous and not in line with Chinese aesthetics, and the size of clothing is not in line with Chinese body types.

In terms of food, the taste of food tends to be British, which does not meet the needs of Chinese consumers. In the UK, private labels are preferred by British consumers. Private label brands are not as attractive to Chinese consumers.

4.1.3 Opportunities of Marks & Spencer

Marks & Spencer has a huge opportunity to grow in China and other Asian countries with an empty market of 100. China and other Asian countries are experiencing a steady rate of economic development and consumer demand is growing year on year. Chinese consumers have a more diversified consumer philosophy and like to accept new things. Chinese e-commerce platforms have developed rapidly in recent years and live-streaming with goods has become a new way of selling.

4.1.4 Threats of Marks & Spencer

In the wake of the financial crisis, the world economy continues to be in the doldrums. In a bad economy, overall consumption is also declining. Marks & Spencer is less competitive with overseas brands. Fast fashion brands such as Japanese brand Uniqlo and Spanish brand ZARA have entered the Chinese market before Marks & Spencer and are more familiar with the Chinese market.

5. Conclusion

5.1 Summary

The project aims to analyse how Marks & Spencer succeeds in integrating marketing, supply chain management, and sustainable development into its business model to adapt to the new era. The project conducts SWOT Analysis, to research and evaluate the company's business model. According to the findings and discussions, Marks & Spencer's business model is effective to achieve a consumer-centric sales pattern, provide effective supply chain management, employ diverse marketing plans, insist sustainable development, and consolidate consumer loyalty.

5.2 Recommendations

From Marks & Spencer's case, the project reflects the necessity of integrating effective approaches in a company's business model. As the competition becomes severe in the retail industry, companies need to update its business model to adapt to the changing environment.

5.3 Limitations and Future Research

The paper mainly collects secondary data to conduct a qualitative method, aiming at discussing findings from Marks & Spencer's case. Although the data comes from credible sources, it is selected from a specific time range. The limited time range may influence the analysis and understanding of the data. Furthermore, the project does not use primary data or interviews, so it may miss some meaningful information about market feedbacks. Some discussions based on secondary data could be subjective.

The paper examines how Marks & Spencer succeeds in integrating marketing, supply chain management, and sustainable development into its business model in the new era, providing helpful clues for future researches about the importance of consumer relationship and the cultural influence of marketing strategies. Future researchers may try to explore how retail companies make effective use of consumer relationship and cultural influence to prepare effective marketing strategies

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