

# Marks & Spencer in decline: Extensive remedial action required for turnaround plan to work

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## Abstracts

Marks & Spencer in decline: Extensive remedial action required for turnaround plan to work

### SUMMARY

Monotonous decline has been a prominent feature of Marks & Spencer performance for a considerable period, only occasionally interrupted by a good year - most notably 2008. Now the store closure program is being extended and the company recently registered a substantial decrease in profits.

The apparel retailer faces numerous problems needing significant remediation. Catching up with rivals will not be easy - M&S is far behind in key areas such as supply chain technology and selling the brand image. Even if the latest turnaround plan improves company fortunes, chances are any recovery will be slow - that much work needs to be done.

### KEY HIGHLIGHTS

Whilst the turnaround plan itself remains in the formative stages of implementation, assessing the likely long-term impact is troublesome. Early signs suggest the strategy is the correct option.

Over the recent past Marks & Spencer has been left behind when it comes to creating a highly adaptable and cost effective supply chain able to meet the modern demands of the high-street shopper.

Marks & Spencer is not alone in having failed to realize the full impact online

shopping was going to have on the UK retail market. Early movers established a hold over that part of the modern retail experience. Now the company is seeking to catchup.

## **SCOPE**

Examines the need for M&S to develop a better supply chain

Looks at the turnaround plan recently initiated by CEO Steve Rowe

Assesses the impact of the immediate results of the turnaround plan on Marks and Spencer

Assesses the condition of the retailer against the rest of the high-street clothing retail market

Examines the need to improve the online offering

## **REASONS TO BUY**

Why it is essential Marks & Spencer develops a better supply chain?

Will the turnaround plan work as intended?

What must be done to catchup to rivals?

Why it is important to end the discount culture?

How slow is a recovery likely to be?

## Contents

Overview

Catalyst

Summary

Marks & Spencer initiates turnaround strategy

Announced store closures are necessary to slim down business

Signs are store closures are helping to initiate a slow turnaround in business performance

Reforming supply chain to meet modern expectations is now essential

Change of supply chain will help Marks & Spencer to become nimbler

High-street rivals remain far ahead, leaving Marks & Spencer with much work to do

Renowned retailer facing struggle to catch up in online realm

Initial foray into online and omnichannel shopping failed to inspire consumers

Infrastructure for modern shopping experience leaves Marks & Spencer trailing

Positive early signs of success after change in selling strategy

Ending the discount culture will help restore brand image of being a high-quality retailer

Sales have fallen in response, but that is not such a bad thing when the complete picture is examined

Marks & Spencer is not selling in an attractive manner, making it harder to win over customers

Long period of stagnation suggests recovery will be difficult to achieve

Cited as a reason for decline, restructuring management will yield results but is a slow process

Current problems have longstanding histories, pointing towards a slow recovery at best

Trouble elsewhere on the high-street points towards any recovery being hard to win

Conclusions

Marks & Spencer is not out of trouble but is moving ahead on slow path to recovery

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## About

Monotonous decline has been a prominent feature of Marks & Spencer performance for a considerable period, only occasionally interrupted by a good year – most notably 2008. Now the store closure program is being extended and the company recently registered a substantial decrease in profits. The apparel retailer faces numerous problems needing significant remediation. Catching up with rivals will not be easy – M&S is far behind in key areas such as supply chain technology and selling the brand image. Even if the latest turnaround plan improves company fortunes, chances are any recovery will be slow – that much work needs to be done.

Since Marks & Spencer became the first British retailer to register a pre-tax profit of over £1bn (\$1.65bn) in 1998, the company has failed to relive those heady heights of retail success. Instead the apparel and food firm has worked through a plethora of turnaround plans, each of which was billed as the plan needed to finally end years of steady decline, each of which subsequently failing to achieve the business ambitions as determined by the authors. Now another turnaround plan has been pressed into action – only this time a much more aggressive version of what has gone before. Whilst the plan itself remains in the formative stages of implementation, assessing the likely long-term impact is troublesome. Early signs suggest the strategy is the correct option.

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