

# Table of Contents

<b>EXECUTIVE SUMMARY:</b> .....	<b>2</b>
<b>INTRODUCTION:</b> .....	<b>2</b>
<b>BUSINESS OBJECTIVES:</b> .....	<b>3</b>
<b>MARKETING OBJECTIVES:</b> .....	<b>4</b>
LONG TERM OBJECTIVES: .....	4
SHORT TERM OBJECTIVES: .....	4
<b>OPERATIONAL CONSIDERATION AND RESOURCES REQUIRED:</b> .....	<b>5</b>
<b>RESULTS AND OUTCOMES:</b> .....	<b>5</b>
<b>ENVIRONMENTAL ANALYSIS:</b> .....	<b>6</b>
PORTER'S 5 FORCES: .....	6
PEST ANALYSIS: .....	8
<b>MARKETING MIX:</b> .....	<b>10</b>
PRODUCT STRATEGY:.....	10
PRICING STRATEGY: .....	10
PLACING STRATEGY: .....	11
PROMOTIONAL STRATEGY:.....	11
<b>SUPPLY CHAIN MANAGEMENT:</b> .....	<b>12</b>
<b>DEMAND FORECASTING ACTIVITIES AND CAPACITY PLANNING:</b> .....	<b>13</b>
<b>PROJECT MANAGEMENT:</b> .....	<b>15</b>
<b>PRODUCT &amp; SERVICE DESIGN:</b> .....	<b>15</b>
<b>CONCLUSION:</b> .....	<b>16</b>
<b>REFERENCES:</b> .....	<b>17</b>

## Executive Summary:

This paper analyzes the various aspects of John Lewis, which are meant to design the marketing strategy for the company. Starting from introducing the John Lewis, overall business and marketing objectives are developed. Moreover, the report below also discusses the operational resources that are required by the company to conduct the marketing activities and achieve the defined objectives.

Moreover, within the context to environmental analysis, porter's 5 forces model and PEST analysis are also conducted to reflect the external business environment. Based on environmental analysis, marketing mix strategy has been developed, in which the core focus was made on the product, price, place and promotional strategies.

Furthermore, supply chain management of the John Lewis is also discussed and recommendations are made accordingly to improve the SCM performance. The report below also includes demand, forecasting activities and capacity planning, under which the company is suggested to adopt the IT resources to enhance the results. Project management is another area on which the recommendations are made for the company. In the end, the company is also suggested to focus more on product and service design to ensure that all the products are up to the customers' expectations.

## Introduction:

John Lewis Partnership, the most prestigious and leading service oriented UK retail privately owned business with 70,000 stakeholders within UK sharing mutual benefits and a common goal. The partnership believes that the long term future of John Lewis relies on honoring the interests of its stakeholders including partners, customers, suppliers and the wider community (John Lewis, 2010).

In UK, the John Lewis Partnership is operating with 30 John Lewis shops which include 28 department stores and two John Lewis at home. Also the company has 231 Waitrose supermarkets across the UK. The business offers a wide range of more than 350,000 products include clothing, home and giftware, electrical, home appliances and other

accessories for all age and groups. The current annual turnover of business is £7.4 billion (JL, 2010).

John Lewis introduced a brand 'Greenbee' in the year of 2006. The brand was introduced to increase the group market shares through providing the services of insurances, travel & phone and broadband services. After four years of successful operation the John Lewis decided to drop the Greenbee. From all of the services provided by Greenbee, the insurance went successfully and managed to capture the market shares. Therefore the JL decided to just focus on its major profit making area and take it further. A part from this, customers were also confused about the split of brands. It was also found out that if the services are provided through JL directly with its own name, the market share will increase with huge rate in the future (Jones, 2010).

### **Business Objectives:**

Since the partnership has expanded its operations, the organization has become the main player in the market. It has managed to increase its market shares, enhance the sales and profitability too. And these all depends on the business strategy that has been defined by the executives and directors.

The current business strategy is devised on being based on the three below objectives;

- **Profit:** The key objective of the partnership is to ensure that the activities and operations within the organization produce the positive outcomes. The John Lewis partnership values its shareholders and in order to keep satisfying them the organization's objective is to enhance the profit every year and increase its market credibility and attract the more potential investors.
- **Customers:** Another business objective of the partnership is to ensure that all the customers are fully satisfied. The partnership clearly understands that in today's business environment the customers are the key stakeholders and enable the companies to increase the sales and profitability and without satisfying them according to their needs, the partnership will not be able to become and maintain its leading position in the most competitive market.

- **Partners:** The John Lewis partnership has called its workers as partners. And according to the company the partners are the one those drive the company towards the success. And in order to ensure that they all work at their full strengths and put their efforts within the best interest of the organizations, the JL has defined its objective to keep them satisfied all the time as per their needs, expectations and requirements (Luther, 2011).

## Marketing Objectives:

### Long Term Objectives:

For long run, the John Lewis Partnership has designed two core objectives through its marketing activities;

- **Financial Objectives:** From our marketing initiatives, the partnership intends to ensure that the financial position of the organization is improved. Although at current, the partnership is doing well and in order to become stronger and healthy, the marketing activities are carried out to attract the more customers and make long term relationship with them. This will allow the partnership to increase the sales and profit.
- **Business Expansion:** A part from this, the partnership also intends to expand its operations into other parts of the world. And in order to do so, the company has been carrying out all the marketing activities as these will allow it to build a stronger brand and attract the customers (Westwood, 2002).

### Short Term Objectives:

The short term marketing objective of John Lewis Partnership is;

- **Increase sales:** At current the marketing activities are carried out to increase the sales. The company's executives clearly understand that once the sales are managed to be increased, the financial position of the partnership will get stronger and this will enable the company to drive smoothly towards the achievement of business and strategic goals and targets (Bly, 2010).

### **Operational Consideration and Resources Required:**

After assessing the John Lewis critical aspects, it has been noted that there are still many resources that are required by the company to perform the marketing activities and process. One of the first things is to understand the current marketing techniques in today's business world have been changed. As compared to the last few years, the companies in the retail industry in UK have adopted many innovative and most efficient marketing techniques and those techniques are mainly based on internet.

In order to perform the marketing activities as suggested above, the partnership will require extra team members to just concentrate on marketing aspects and produce the outcomes within the best interest of all the stakeholders. Although, currently the JL has its marketing team members that are devoted to the marketing but in order to become more strategic in terms of marketing, the more technical, advanced and more expert personnel are required to adopt the changes within the industries and act accordingly (McDonald, 2007).

A part from this, the JL partnership will also require the technological advancement, as these will enable the directors to understand the critical factors and analyze them, design the most appropriate process and implement them within the organization. This will also enable the company to create competitive advantages and keep itself ahead from the other market players (Kennedy, 2000).

### **Results and Outcomes:**

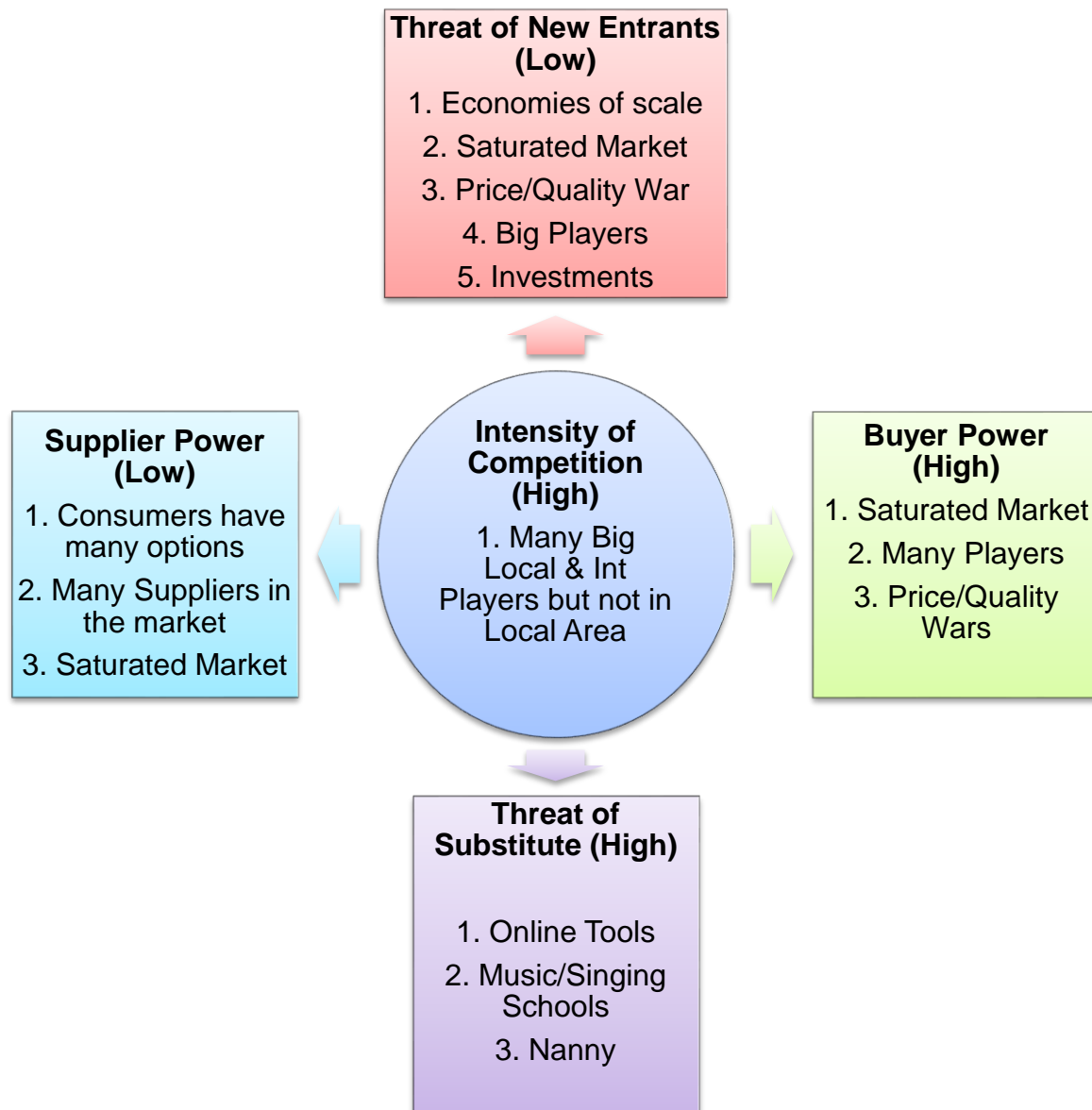
Based on the above marketing strategy, it can be said that after implementing the above suggested marketing strategy, the outcomes are definitely going to be positive as compared to the last years. The improved quality of products, competitive prices, locations of stores and online presence and offline and marketing techniques will surely enable the company to enhance its market shares, increase the sales and profitability.

Especially since the retail industry in UK has entered into most competitive mode, it is the marketing strategies that enable the companies to create and maintain the competitive advantages. Although the current marketing strategy of the JL has been

quite efficient but in today's competitive business environment, the above defined marketing strategy will surely produce the more positive outcomes that will be within the best interest of all the stakeholders (Debelak, 2000).

## Environmental Analysis:

### Porter's 5 Forces:



**Competitive Rivalry:** There are many other retail super stores available in the market, which means more competition, and since it is one of most largest market available it mean heavy competition rivalry. There are many big names in available in the market, like Tesco, Sainsbury and ASDA, which has generated huge competition in the market. More over there are many other stores in the neighborhood which means more shops for customers to buy products which they want.

**Bargaining power of Customers:** The bargaining power of customers are very much high since they retail super store is mean to provide every customers their desired products. More over in order to attract the customers the retail store should sell the products at low costs. It can be observed that the customers' bargaining power is high. Moreover the retail stores are supposed to compete with others in the market, this is an industry where act of one company triggers the act of another therefore the bargaining power of customers are high (Westwood, 2006).

**Bargaining power of Suppliers:** Since the store needs to purchase the different products in bulk quantity, that's why the bargaining power of supplier is low. If they do not fulfill the requirement of the store, it will result in the loss of the key purchaser. More over the profit generated by suppliers by selling products to stores is huge.

**Barriers to Entry (Threat of New Entrant):**

Barriers to entry checklist	Level
Competition	High
Investment requirements	High
Quality of Services	High
Regulation and policy	High
Brand Identity	High
Switching Cost	High

**Threat of Substitute:** Threat of substitute is always present in this industry, since there are many other stores providing the similar products at low prices and offering discounted

coupons for their marketing products. More over there are so many other small general stores in different neighborhood which are nearer to the residential areas hence providing different facilities to its customers. Moreover, UK retail market is famous for having many players in the market, where ever there are many options available for the customers, the threat for substitute is always high.

### PEST Analysis:

**Economic Analysis:** UK being the sixth in the list of most developed economy in the world and second in the European Union is one of the most powerful in international trading. It provides it residents with the high quality of living. The country recently was hit due to the financial crisis in the world in the year 2008, and started recovering in the first quarter of 2010. UK economy is still to come up with the unemployment level, which stands at 7.7% in the last quarter of 2010. Rising inflation rate was also threaten in the year 2007 for the country, but the government has managed to stabilize the rate and according to IMF, in the year 2011, the rate will stable as desired by the government (Heibing, 2004).

Apart from the crisis, the economical situation of the country still encourages and attracts the investment to be done in the country. Management of different companies and diversified business portfolio enjoys the low corporation taxes. Also the country provides the funding opportunities in the country. London being the leading city is also the financial hub of the country, also faced downturn due to the recession. But now, as the economy has stabilized, the city is regaining its lost status (Economy watch, Accessed on 4rth April 2011).

**Social Analysis:** The UK has the third largest population in the European Union. The literacy rate of UK is the highest due to different education plan implemented in early 1900; due to this the literacy rate is 99%. Education is being compulsory for the children between ages of 5 to 16. Many other people from the borders like, Ireland and from other continents like Asia and middles east have migrated to UK in the search of high standard of living. Mostly residents of UK are enjoying the best living standards. Mainly the population consists of the aged citizens, as the fertility rate in the entire Europe is



very low. According to the latest estimates, the population of UK has reached approximately 61.8 million amongst the 1.4 million people fall in the category of aged citizens, and they contributes 2.2% towards to whole population.

The unemployment for the fresh graduates in 2009 was said to the highest in the past decade due to financial crunch. But as the economy is getting stronger, the unemployment rate is also diminishing. The country has provided its residents with the high standard of living (Office for national statistics, 2011).

**Technological Analysis:** UK has been focusing on improving its technological expertise since last few years. In order to enhance its skills, the country has been welcoming the technical workforce that can drive the country towards the achievement of its goals and targets. In UK there are 1.52 million people that are working for IT and Telecom companies across the country (UKTI, 2010).

In the year of 2009, the UK government has announced to invest £200 million to support the industry. The main focus on the investment was to support the technologies such as digital technology, advanced manufacturing and life sciences etc (BIS, 2010).

**Political Analysis:** The political environment of UK has enabled the country to become the most powerful economy in the world. The government does not follow any written constitution, but instead the legislation is based on common law and traditional rights. The state is lead by the head of the state and that is Queen Elizabeth II, followed by the Prime Minister David Cameron.

The government has always taken steps for the betterment of the nation and for this they have developed an environment which attracts the foreign and local investments. The government has implied different laws and legislation such as low corporate taxes, low markup rates in order to prevail the business environment. But on the other hand, the laws for the methods and procedures to conduct business are very strict which also include health and safety issues and law ensures that all the procedures are according to law and meet the highest standards.

## Marketing Mix:

### Product Strategy:

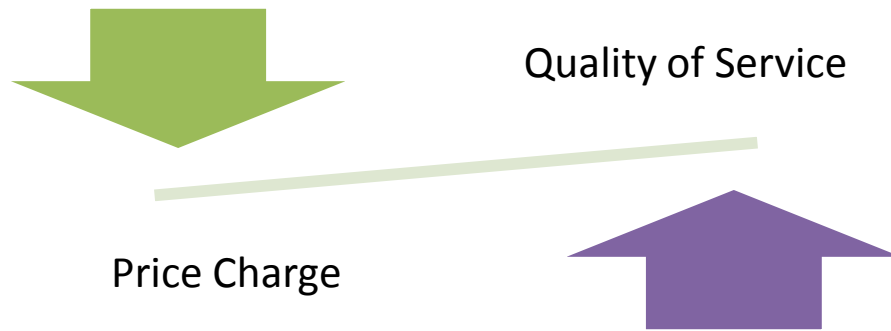
Since the company is dealing in the retail industry of the UK, therefore it has so many products for selling purpose, as it has been discussed somewhere above. The core objective of the company is to provide the premium quality products to the consumers, in terms of quality. The company tends to develop a schedule based on the sales of the different product, so that the availability of the products can be assured for the customers.

The company main focus in on the services which it provides throughout the process, and the company does have a confidence that the services are quite good enough to attract the customers, as the company is able to provide the best and transparent billion and the different facilities are totally computerized.

The stores of the company are embedded with latest technology and high tech machines. The main strength of the business is to have the accurate supply chain, so that the shelves are filled with the customer's choice products (Daly, 2002).

### Pricing Strategy:

The company has realized that there is intense competition in the retail industry in UK; therefore in order make sure that the cost of the different products is charged in such a way that it becomes the competitive advantage for the company and also the customers are forced to visit the stores. The company ought to provide the best products and services against what the customer is paying.



Initially the company pricings will be done on the competitive basis, and the quality of the products will be high, and on the other side the price will be lowered. But as the company is able to cope up with the initial stage, the company will again re-design the pricing strategy but keeping the quality same as well as for the services and for the products too (Yeshin, 2006).

#### Placing Strategy:

As in the retail industry the placing is the most important feature of this industry. The company needs to develop the placing strategy based on the customer preferences. The company will be opening its stores near the neighborhood near the customers. The super store will be situated in a place where the customers can reach it easily. The placing strategy of the company is based on the reach of the customers, since there will be no use of the store when the customer cannot reach the store. Moreover the company needs to make it sure that the stores are also placed in the appropriate neighborhood, like the neighborhood which does not have that particular status or class, the stores in such areas are useless. Therefore the company should be very keen in doing so and adopting the strategy (Cravens, 2002).

#### Promotional Strategy:

The company will promote the services, products and itself to attract the target customers through various channels because without promoting the company will not be able to gain the market shares and increase the awareness of people about company and products. For this purpose the company will follow different advertising channels, both online and offline. Our main channels are as follows:

### Online Strategy:

- **Website:** the company has definitely developed a website for promoting its business; it will give all the details including products and locations where and how the business is operating. It will also give support and communication services.
- **Online Directory:** The companies will register information on many online business directories. Customers can get our details from there and contact us through email, telephone and visiting; for further details.
- **Website Partnerships:** We will also make partnerships with many websites to post our company details and information and will do the same for them; especially with government and NGO's.

### Offline Strategy:

- **Magazines:** Environment and green movement magazines are being published almost in every country. The company will promote itself through different magazines. .
- **TV:** the company will also arrange for TV commercials and run a proper campaign to increase the market share. The company will advertise in local cable in different slots for better results.
- **Radio:** This source will also help the company to get more clients and the company will run full flash radio campaign and especially designed programs.

### **Supply Chain Management:**

As the business environment is getting more competitive, company should try to efficiently manage the supply chain of the business in order to increase the profitability and also survival. The supply chain includes all the process from the buying of raw material to its manufacturing and also the distribution of its products to different customers across the globe. Since it is a very vast topic and new also. Effective supply

chain management has made many companies to develop competitive advantage over others.



This is the simplest form of supply chain, and within these processes there are several other processes which are very crucial for the company.

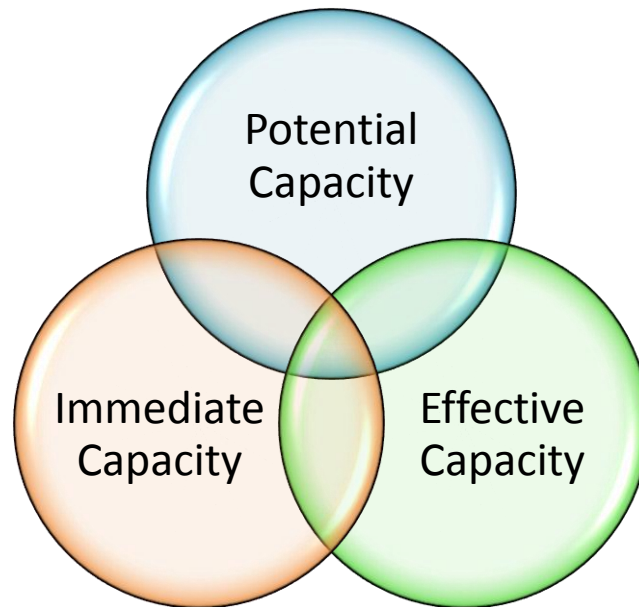
The company needs to develop the supply chain strategy while keeping into consideration different critical factors, like globalization, and make sure that the products are appropriately reaching the stores. For this the company needs to find the best and most suitable supplier which makes it sure that the products of high quality are reaching the stores continuously.

Moreover due to financial crises, many organizations have shut down their business operations, and many are struggling, since the company has to engaged with a lot of other companies, therefore the company has to critically very careful in making the suppliers, and so that the additional cost is not incurred in the process. More over company should try to develop such a value chain, which helps to reduce the overall costs. One more way which will help the company to reduce the cost is to place the operational sites where the land is able to provide resources at very less costs, for example China has the most low labor cost in the world, similarly they should find the appropriate supply of raw material as well.

### **Demand Forecasting Activities and Capacity Planning:**

Today, many software development companies around the world have developed the demand forecasting software. This software is especially designed for the companies like John Lewis Partnership to implement then within the organization and forecast the

sales according to the current sales. One of the main and most important aspects in this software is that the customers are not directly involved in the entire process. The software can simply be implemented in the organizational computers where the daily, weekly and monthly sales are recorded. And based on the past recorded data and information, these software forecast the future sales while taking the seasons i.e. Christmas into account.



**Potential Capacity:** this capacity basically does not impact the daily production, but on the other hand it influences the long term decision making for the operation manager.

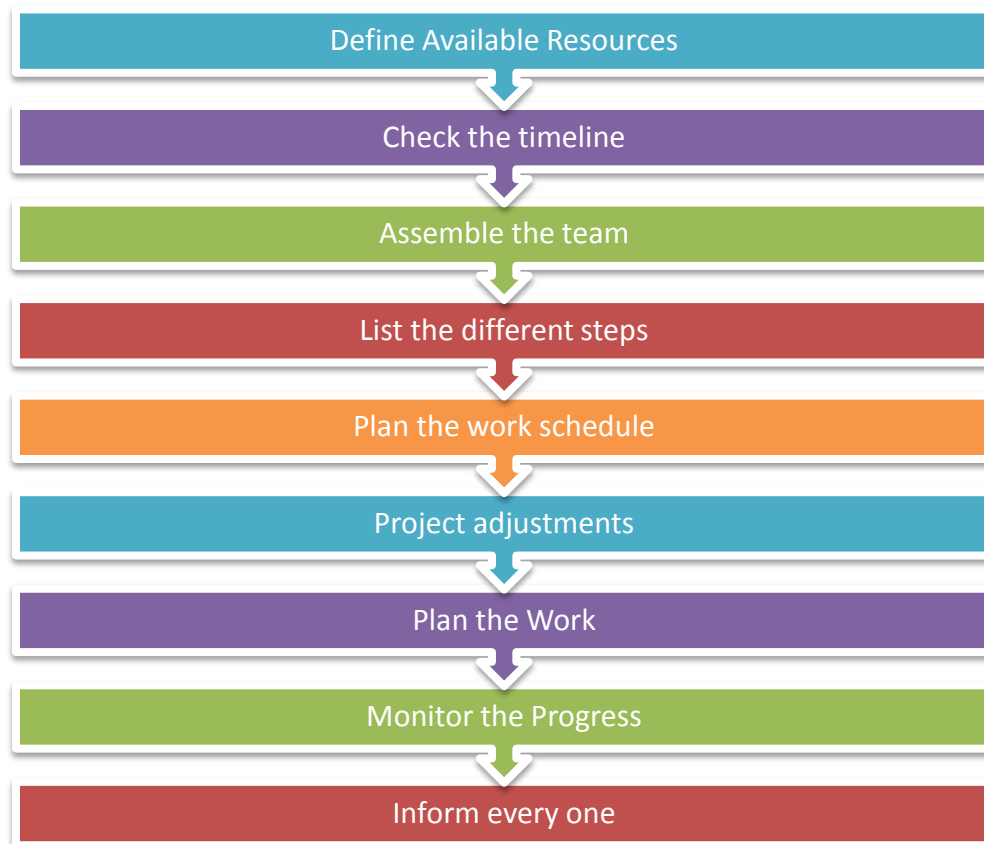
**Immediate Capacity:** this is the capacity in terms of production which has to be made ready in the short term period.

**Effective Capacity:** this is the most important part of the capacity management; the operational manager has to realize the actual capacity that can be achieved

A part from this, these demand forecasting software generate the reports in many formats i.e. graphs, charts etc which makes it more easy for the analysts to understand the forecasts. Furthermore for capacity planning there is also software that is developed by the companies. This software allows the companies to understand their own resources and plan for the future.

## Project Management:

In order to have the appropriate project management, the company should follow the below steps, that ensure the company that is doing the right thing in the right time.



The above model describes the steps that are needed by the company so that it is able to conduct the working activities in the most appropriate manner, by this the additional cost of raw material and also the lead time will be reduced in the operation procedure of designing the product.

## Product & Service Design:

It has been noted that the retail sector has been playing a key role UK economy because of many reasons i.e. climate conditions, geographical location & environment, the UK has been having excellent situation as primary source to help this sector grow faster than ever before. On the other side, UK has been having large number of resources also helped the country to be on top of the list in retail sector. Due to high

demand of retail products through retail stores the spending on research and development in the food sector had been surprisingly high in the past.

According to the statistics around 25 years ago, countries like Sweden, Holland, West Germany and Great Britain were investing more than others in research and development programs of retail sector. All of the countries were basically finding the best products to serve the people at right time with right products. In recent years of the government of UK decided to launch the Research & Development Program for the retail sector to strengthen the countries position and create a competitive advantage over other sectors of the other countries. The research programs were basically the first move towards the innovation and the whole program was based on Production technology, quality, health & nutrition & consumer behavior, their preferences and also marketing aspects of the product.

These research programs were launched to understand the demand of the customers and produce the innovative products accordingly. These programs were mainly focusing on technological research that helped the products to be developed according to the market needs and the marketing research helped to understand the exact specification of the food from the customers (Stark, 2007).

### **Conclusion:**

While preparing the above report it has been noted that John Lewis is one of the most known and market leader, attracting the customer from various online and offline strategies. But as global and economical condition are constantly and rapidly been changing, the companies have therefore adopted various marketing, sales and operating strategies to boost the sales and increase the profitability. In UK, the John Lewis Partnership is operating with 30 John Lewis shops which include 28 department stores and two John Lewis at home. Also the company has 231 Waitrose supermarkets across the UK. The business offers a wide range of more than 350,000 products include clothing, home and giftware, electrical, home appliances and other accessories for all age and groups. The current annual turnover of business is £7.4 billion (JL, 2010).



The above report discusses the marketing plan for the company, which includes the environmental analysis and Porter's 5 forces framework. The above report also discusses marketing mix for the company in which all the strategies are thoroughly defined for the business purpose. The report discusses the various different aspects of the business, improving them will improve the quality of overall business, like supply chain and demand management.

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