

## Back to basics

In a dramatic week, the board of the famous retail company Marks and Spencers has rejected another takeover bid. But what can the company directors now do to revive the company's fortunes?

1 What do you understand by the term 'back to basics'?

2 Scan paragraph two of the article to find a phrase for this term. How does the phrase relate to Marks and Spencers?

**The future of M&S** What do shoppers think of when they hear the name Marks and Spencers? Food, underwear (26% of total sales are in lingerie), goodwill (an image built up over the years)? With 375 stores, 11 million shoppers a week and 66,000 employees, M&S is one of the best-known high street stores in Britain. Hence the interest shown by the Monaco-based billionaire tycoon, Philip Green, who owns BHS, Top Shop and Miss Selfridge. However, his third takeover bid of €13.6 billion for the company has just been rejected by the board.

The chief executive of Marks & Spencers, Stuart Rose, admits that the range of clothing is 'not very price competitive'. He sees further cost cutting as necessary, and it is possible that he will make anything up to 1,000 employees redundant. The

company is looking at ways of buying products more cheaply, and to change its image, perhaps radically. Rose promises to refocus on 'core values' and concentrate on female customers in the key 35 to 55 age range, where sales have been suffering. As fashions change and consumer expectations shift, M&S's products have been seen as increasingly outdated.

The retail market is highly competitive, and while M&S is the market leader in some sectors, it only has a slice of the market in others and faces fierce competition from smaller fashion retailers such as Next, and supermarket chains like Asda. M&S says it eventually wants fewer lines and some consultants suggest closing stores in an effort to raise profit margins. So will we see a smaller but more profitable company in the future?

3 Read the whole article. What are the problems facing Marks and Spencers?

4 Match the following words to form business collocations.

- |              |                  |
|--------------|------------------|
| (a) takeover | (1) leader       |
| (b) cost     | (2) margins      |
| (c) consumer | (3) cutting      |
| (d) highly   | (4) bid          |
| (e) market   | (5) expectations |
| (f) profit   | (6) competitive  |

5 Work in small groups. You are the directors of a retail company whose sales are suffering. Your job is to revive the company's fortunes. Discuss the following possibilities and decide on three measures that you prefer. Justify your choices to the class.

- Make staff redundant
- Employ new store managers
- Buy cheaper products and lower your prices
- Change the company image
- Close stores
- Offer fewer product lines
- Introduce a new product line
- Cut other costs