

Marks & Spencer – re-establishing its position on the high street. The importance of momentum and innovation on brand health

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In 1882 Marks & Spencer started life as a stall in Leeds Kirkgate market. Today the brand has become a chain of over 450 stores in the UK with a further 150 stores worldwide. The brand offering has grown to include clothing, food, home-ware and cafés. With a footfall of over 15 million people per week, sales were reported at £7.8 billion in 2006 (M&S website).

2006 WPP Brandz data (measures brand equity based on consumer loyalty towards brands) showed that Marks & Spencer was in good health with a 'classic' brand status. Classic brands are positive at all levels of the consumer relationship from awareness to loyalty. This may be an expected status for Marks & Spencer but has not always been the case - there was a period when Marks & Spencer was losing its way on the high street.

Stabilising and strengthening a wavering retail giant

Its dominant presence means that Marks & Spencer has always been monitored within BRANDZ, featuring in the men's clothing, women's clothing and grocery categories. Despite its former success, in recent years newspaper headlines have referred to the 'recovery' of Marks & Spencer, and to Stuart Rose (chief exec. appointed in 2004) as the 'saviour of St Michael' illustrating the difficult times the brand had been through. At the same time Brandz data shows that as the brand entered into the 21st century there were signs that it had been losing momentum as indicated by the voltage score (a one number summary of its competitive standing which relates to the brand's likelihood to grow/lose market share in the next 12 months).

In 2001, the 'voltage' was negative suggesting that whilst the brand was big it was more likely to lose than gain market share in the short term. However by 2006, this figure had steadily increased in both the apparel men and apparel women categories indicating likely future growth.

Brandz Voltage Scores:

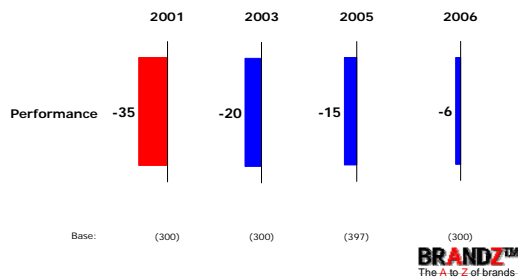
	2001	2003	2005	2006
Apparel Men	-0.8	1.4	2.3	4.2
Apparel Women	-0.8	1.6	2.7	3

Improving marks on performance

The BRANDZ pyramid diagnoses the health of the brand from awareness to sales – putting this together with the category average enables us to understand the relative strengths and weaknesses on the journey from brand awareness (I've heard of it) to bonding (I love it) – as expressed in the BRANDZ signature.

Diagnosing the brand health of Marks & Spencer, the brand signature shows that perceived presence is very strong. There are no issues with relevance, advantage and bonding. However we are losing people on the journey to loyalty simply because the brand has been behind competitors on 'performance' and consequently not is leveraging its full potential.

Performance Signatures
Marks & Spencer – Apparel (Women) UK

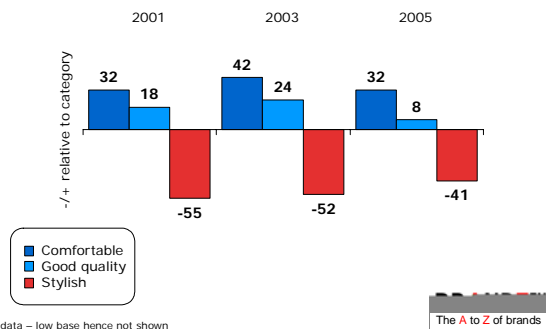


By diagnosing 'performance' amongst those for whom the brand fails to perform we can start to understand how product quality, style & comfort all rate within the competitive set.

Whilst Marks & Spencer has consistently prided itself on providing high quality, comfortable clothing, it has consistently fallen behind in 'style'. Arguably ticking all 3 boxes is no easy feat particularly bearing in mind some of the more fashion orientated brands in the competitive set.

Diagnosis of performance amongst rejectors

Marks & Spencer – Apparel (Women) - UK



Going back to basics – getting the offering right and generating demand

After newspapers had reported slumping sales and rumours of in-house fighting on the board, Stuart Rose was appointed as the new Chief Executive in 2004 with the main aim of defending and revolutionising the Marks & Spencer brand. The store went back to basics.

Not only did Marks & Spencer look to improve its products to make them more stylish and appealing to consumers, it

re-vamped the stores and launched a new ad campaign 'Your M&S' which was instrumental in supporting the turn-around of the brand.

There was no expense spared for their M&S campaign ads which boasted British icons such as Twiggy, Erin O'Connor and Shirley Bassey and went on to win IPA Effectiveness Grand Prix in November 2006 – the same time at which the highest first-half profit figures for almost a decade were announced.

Success stories replaced the long and arduous recovery that had been reported on by journalists of late. According to the Guardian, a blouse worn by Twiggy in one ad sold more in one week than any other product in the whole history of Marks & Spencer. Similarly, Campaign reported a 3500% sales increase in a chocolate pudding that featured in one of its ads! The effect of the 'Your M&S' ad campaign led to reports on an extra 18 million customer visits to Marks & Spencer in a year, leading to an increase in profits from £505.5 million to £745.7 million (Guardian).

Brand perceptions underpinning reality

The knock-on-effects of increased sales and profitability were predicted in Brandz data. Perceptions of 'stylish' have been improving in recent years whilst quality & comfort have continued to remain strengths for the brand. Consequently 'performance' has gone from strength to strength. Strong performance was also recognised in the 'Which' Feb 07 report – 'Top Of The Shops' where Marks & Spencer was awarded 3rd place in recognition of its strong customer service and products.

Proportion of sample for which the brand fails to perform (women's apparel):

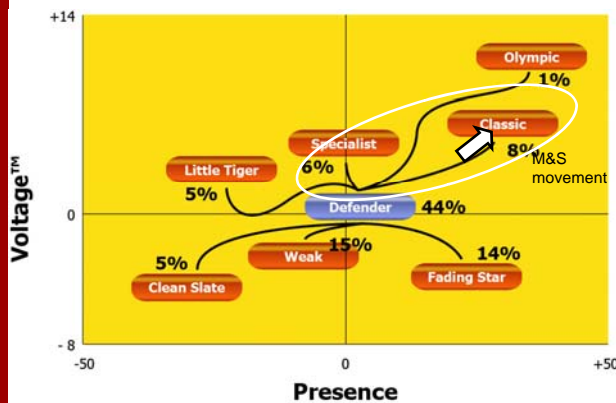
Year	%
2001	42
2003	28
2005	17
2006	9

Satisfaction with Marks & Spencer products is being recognised by more and more people. Ultimately this means that the likelihood of future sales has grown meaning the brand has moved from a 'Defender' position to a 'Classic' brand in just 5 years. This is a great achievement – the majority of defender brands stay as defender brands and of those that change their status it is more common for them to slip into the realms of a 'Weak' brand as opposed to achieving 'Classic' status.

From a market stall to one of the worlds most powerful brands

By going back to basics, addressing first the product and then the retail experience before supporting the brand with above the line communications, Marks & Spencer has re-invented itself and injected momentum back into the brand.

Brandz Top 100 is a study which looks into quantifying the importance of the 'brand' in adding value to a business (by adding financial data to consumer research). As recently reported in the Financial Times Marks & Spencer entered the 'Top 100' in 2007 ranking 68th in the world (the top growth brand at a staggering 192% with a dollar value of \$9.5bn)



As history has shown, successful brands can't afford to rest on their laurels. 'Performance' of Marks & Spencer in the women's apparel category has strengthened considerably over time but this is still slightly behind the category average and is hopefully something that will continue to build in 2007.

Going forward, innovation and momentum will be key to ensure that the brand stays up to date and continues to attract new customers.

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Brandz is the WPP global brand equity study available to clients and potential clients via WPP owned companies. It is validated against sales and quantifies and diagnoses the strengths and weaknesses of brands.