

Buyer's View: Marks & Spencer



More global than British

Reading national newspapers in the United Kingdom recently would have one thinking that Marks & Spencer is a very British company. To many small shareholders it is but the perception ignores the international impact that a company of its size has. What this giant retailer does is carefully monitored around the world, from Slovenia, Türkiye, and South Africa to India and China and many countries in between.

With a history going back to 1884 when Michael Marks formed a partnership with Tom Spencer, the company has developed to become one of the major players in the clothing and food retailing sector. The company has more than 300 stores throughout the UK serving 10 million customers per week. The company also trades in 30 countries worldwide and has a group turnover in excess of £8 billion, which includes a leather business of £250 million.

Having successfully avoided a predatory takeover bid and appointed a new chief executive, all in the last few weeks, M&S still represents a potent force on the High

Street, with a purchasing power capable of major influence in supply industries such as textiles, leather and foodstuffs. It enjoys an enviable reputation for quality and rigorously demands conformation to performance standards (see *World Leather* Vol 17 no4 p3).

£250 million in leather

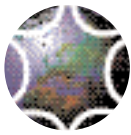
Its leather business of £250 million is made up of shoes, clothing and leathersgoods. *World Leather* was recently given a fascinating insight into the ladies leather clothing sector of the firm by fabric technologist Phil Townsend. The company has a total annual business in ladies coats in all fabrics of £50 million, representing about 9% of the UK market. Its business in leather and suede ladies coats was around £23 million in 2003 (up from £4 million in 1999), representing about a 15% market share and clearly making it the UK market leader in this sector. It also has an annual business of £9.5 million in men's leather and suede coats.

Phil Townsend was at great pains to

point out that M&S is absolutely committed to sourcing all its leather as ethically and responsibly as possible. All hides and skins are sourced as a certified by-product of the meat industry, it does not trade in real fur and runs a small range of wool shearling garments in its autumn ranges. Animal welfare, sustainability and responsible production are high on the agenda for the company, an agenda which is set by its customers, shareholders, stakeholders and by pressure groups—and there are regular discussions with representatives of all these groups.

Animal welfare concerns have led the company to ban the use of Indian cow leather in its products. Until improvements have been made the company will source its cow leather from elsewhere.

It was acknowledged that leather raw material sourcing presents a very difficult task with traceability being very hard to control in some of the supplying countries. This all requires very careful management to remain the best and to be able to reassure customers immediately where there are any doubts. ►



Another key driver in the ladies coat business is fashion. The leather coat is still a luxury item and cheap, coated leather will not be considered. The task is still to persuade customers to have more than one luxury garment in their wardrobes.

The company is well aware of some of the criticism it earned in the past by possibly not being at the cutting edge of style and has now become very design-driven. As a result, it was able to react quickly to the trench coat style and the demand for biker styles from New York.

In 2003 there was a definite swing to the use of suede in ladies coats, in particular pigskin suede from China which was available for as little as \$0.35 per sq.ft. The quality and aesthetic properties of this material, however, were not judged to be high enough for Marks & Spencer who then sourced its pigskin suede from Slovenia. The trend is predicted to swing back to the use of grain leather during 2004.

Value as opposed to price is always an important ingredient in the sourcing of garments but more important is quality. M&S obtains all its ladies coats from Desa in Türkiye who have built up a close relationship with the company and has a sales /service office in the UK. Desa sources and tans all its own raw material for Marks & Spencer garments, with the exception of pigskin which is bought in ready for

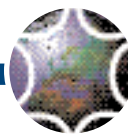
cutting. Desa and M&S work closely together developing products with design



Above: Biker influenced jacket
Left: Trench coat

teams who narrow down the styles and select different grains and finishes. The retailer is now sourcing products globally and is continually exploring new avenues and suppliers, evaluating their capabilities of supplying the right product to the right performance standards.

The leather industry is generally able to work to its exacting requirements. The company likes to form close relationships with its suppliers and on ladies coats it is possible to deliver 'fast track' ➤



Desa—working closely with M&S



merchandise and quick turnaround of product to its stores.

The leather is selected initially from the presented range of skins by the product development team from the point of view of suitability and aesthetics. It then undergoes a full technical evaluation against the agreed set of standards for clothing leather, which it must pass. The set of standards is previously agreed between suppliers and the company and all the testing is carried out in accredited laboratories. In the case of Desa some of the testing is carried out at its own accredited laboratory in Türkiye.

Once a particular quality of leather is technically approved and a specification agreed, a physical standard, which is approved for colour, handle and appearance, is held throughout the chain—the tannery, the factory, and at Marks & Spencer.

The RTM figure

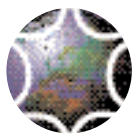
An important control parameter employed by Marks & Spencer is the returns to manufacturer or RTM figure for each supplier. Possibly one of the most famous facts about M&S is its policy of quibble-free return of goods. The returns are evaluated and any faulty goods are returned to the manufacturer who is charged at cost. The RTM is referenced by garment, supplier, factory and fault type and entered on the record of supply as a percentage of the supplier's turnover to give a recorded quality measure for each particular supplier. One of the biggest problems with leather clothing is customer awareness and education, in that they mistakenly believe that leather should behave like textiles.

An important part of the selection

process for any new leather is a range of environmental tests which are carried out as part of due diligence. These include tests for chrome 6, azo dyes, formaldehyde, PCPs, etc., plus an examination of the production methods and waste disposal in the tannery. An environmental code of practice is given to all suppliers and must be strictly adhered to as a condition of supply.

It is also important to check and evaluate the actual garment to test for performance claims such as water repellency. This is carried out on the first run of production and then subsequently on random garments by a spray rating test. The use of pignosuede entails a particular look at oil and soil repellency. All the core pignosuede product used by M&S is an oil repellent product. Dry cleaning advice is given by means of a free phone number to a specialist customer service team who give information on local dry cleaners.

In the experience of Marks & Spencer the leather industry has struggled to some extent to meet its demands for certain leather properties. The company does have very high standards but tries to work with its suppliers to overcome problems. There is an acknowledgement that leather is a natural product with some limits in performance. For example, high levels of colour fastness in deep shades of suede are not always possible and in these cases there could be an exceptional standard agreed—but if this is seen to generate high levels of complaint then the shade would be dropped from the range. In general, the ➤



leather industry is well able to meet the usual aesthetic demands placed upon it and has no problems with softness, thinness and surface textures. There are occasions, however, when an excessive cost of the leather could result in the product developer abandoning the product, as in a recent case of selection for a range in nubuck leather which proved too expensive to develop.

Marks & Spencer, as a long established high street retailer, takes a great deal of notice of what its customers demand. It conducts regular independent customer tracking surveys every month, asking customers about service, fit, style and quality and also monitors competitors very regularly. Its own customer return statistics provide valuable information on all returns and complaints and quickly enable problem areas to be identified and eliminated.

Its staff are given training in the properties of leather and are taught to recognise what types of leather-



Soft suede classic trench style



related complaint are justified. This training is handled through courses at BLC, the Leather Technology Centre, through suppliers and at SATRA for dry cleaning complaints.

Above all, its customers demand and expect the very best quality and value, and this is especially true of leather clothing, where there is the added dimension of luxury which heightens expectations. Information is provided by means of swing tags and is always backed up by extensive wearer trials, which are an extremely important source of information on the performance of any new material, style or product.

Marks & Spencer is without doubt an important high street retailer and, as one of the largest consumers of clothing leather, its future direction will always be of great importance to the leather industry. The company appears to be weathering its recent ownership battle but, whatever happens, it is a company that cannot be ignored. ●