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University of Wales
Trinity Saint David

Program: BA Business Management

Module: Marketing Fundamentals

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Wordcount: 3500

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Introduction

Achieving the desired and anticipated levels of organizational success has become quite challenging in recent years whereas comparing the same perspective with previous years, it can be assessed that organizational success was easier to achieve due to numerous factors. Earlier, organizational exposure was very limited which meant that a majority of the businesses were the market leaders whereas some of them operated on a healthy monopolistic approach as well (Macaulay, 2020). The global population was controlled whereas there were sufficient natural resources available which could be enough to meet the demands of the local population. However, since industrialization expanded and there has been a greater level of the emergence of globalization factors, organizational challenges in terms of success, sustainability, and profitability started being challenged extensively. The emergence of globalization factors has served with increased benefits for individuals and organizations, such as minimizing hypothetical and physical distances, providing employment opportunities, increasing exposure to new and updated technology, etc. yet these factors have further increased operational challenges for organizations and individuals simultaneously as well (Brahmasrene and Lee, 2017).

Additionally, it is equally important to acknowledge and understand the fact that the changes being observed through the emergence of globalization factors are not timely, but they are persistent and ongoing which ultimately highlights another fact related to the increase in the variety and the intensity of the challenges as well, including competitive factors and the external environment considerations. Hence, to ensure that the long-term activities of a business are secured in terms of sustainability and survival perspective of organizations, the management of businesses needs to emphasize conducting an in-depth analysis to identify and acknowledge different affecting factors and assessing their powers so that an optimization plan can be developed and implemented accordingly (Prajogo and McDermott, 2014). Similarly, the following report has been developed with the view of conducting an in-depth analysis and critical evaluation of the external environmental forces for an organization to be able to control and mitigate their impacts successfully. To provide an effective understanding, the following report will integrate the example of a real-life business that operates in the global retail industry, identified as Tesco Plc.

Background of the Chosen Organisation – Tesco Plc

Moving along with the following discussion, before an in-depth assessment and critical evaluation of the external environmental factors affecting the performance and routine activities of a business can be undertaken, it is essential to acknowledge and understand the basic background of the organization being referred to. Similarly, the real-life business being discussed in this report is identified as Tesco Plc. which is one of the leading names in the global retail industry. Tesco is a British chain of retail supermarkets and hypermarkets, which specializes in a range of different products including groceries, household items, fashion, etc. (Aiello et al., 2020). Tesco was established 104 years ago in the year 1919 in London, UK. It has been a long journey that Tesco has been traveling through with its key business approach but the success of the company is quite widespread, allowing Tesco to be nominated as the third-largest retailer in the world.

Today, Tesco is present in nearly 75% of the world whereas the key factors which have led Tesco to achieve such a position successfully include its extensive concerns about the quality of products being provided to the consumer groups, being able to generate and maintain positive customer satisfaction and loyalty and remaining consistent towards the environmental considerations equally as well. However, despite all the professional alignments performed by Tesco in its routine activities, there are certain situations and factors which can eventually affect the performance of the company critically and one of them which is explored in this report is identified as the external environmental factors (Wood et al., 2017). Hence, a detailed evaluation related to the changes and optimization required in the marketing plan and concerns of Tesco, based on an in-depth external environment analysis, is further provided responsibly, as below.

External Factor Analysis for Tesco Plc

Proceeding further with the following discussion, the next important aspect that needs to be explored and evaluated in this discussion which will base the marketing decisions of an organization, Tesco in this case, in the light of optimizing the influential factors accordingly and strategically, is to conduct an in-depth assessment and evaluation of the different external factors of and for the company. It has been observed that the ever-changing and fast-paced business environment of the present era has identified the need for organizations to adopt a proactive approach in the view of identifying and evaluating the external factors which can be quite influential on their routine operations. There are different external business assessment tools and

models which can be adopted and implemented for this purpose including the PESTEL analysis tool, SWOT analysis tool, and Porter's five force assessment tool (Kline, 2014). Similarly, it can be evaluated that Tesco is one of the leading businesses in the global retail industry whereas apart from the success Tesco achieved through its years of operations, the business is equally vulnerable to attracting different challenges as well which can be diverted towards the organization through different directions and business dynamics (Perera, 2017). Hence, these factors need to be identified effectively and at the earliest so that further decision-making requirements can be optimized in the marketing planning considerations strategically. Similarly, all of these tools are further evaluated and contrasted in terms of their impacts on Tesco, as below.

PESTEL Analysis Tool

The first and foremost important external assessment tool which is being used in this report is identified as PESTEL analysis. This is a hypothetical model which is implemented in the light of analyzing and evaluating the macro-environmental factors affecting an organization's operations based on six critical elements which are Political Factors, Economic Factors, Social Factors, Technological Factors, Environmental Factors, and Legal Factors respectively (Ho, 2014). Hence, an in-depth analysis of these six elements of the PESTEL tool is further provided in contrast to their impacts on Tesco, observed through current and past performance, as below.

Political Factors

The current political stability level of Tesco is quite beneficial for the organization because of the strict regulations of the UK which have been effective in maintaining a positive law and order situation across the country in terms of managing and governing different organizations operating within their respective industries. Similarly, as it has been observed that Tesco operates in a politically-stable environment, the company has been able to maintain a record of every activity it has performed in the past and contrast it with the political policies so that the compliance level can be observed and if there are any changes, the impacts of the new factors can be assessed accordingly. Similarly, with the recent Brexit decision which has been taken by the UK to depart from the European Union, there have been critical challenges experienced by Tesco (Hoinaru and Năstase, 2019). The trade agreements have deteriorated because of an increase in price considerations along with the impacts of trade sensitivity between EU and Non-EU countries.

Hence, some of the functions of Tesco which were affected include the supply chain and the marketing perspectives accordingly.

Economic Factors

Similarly, it can be evaluated that the current economic state of the UK is quite beneficial which means that the opportunities available for Tesco in terms of securing a successful and profitable expansion in the future can be easy and convenient to achieve. There are several factors associated with the economic state of the UK that can affect the performance of Tesco significantly within the UK, such as the rate of inflation, interest rates, and consumer confidence (Ahmad et al., 2014). Upon further in-depth assessment and evaluation, it has been observed that all of these aspects are quite controlled within the UK, but economic uncertainties are common and hence Tesco needs to plan for any of the unpredicted events accordingly and effectively.

Social Factors

Moreover, it can be assessed that Tesco is currently operating in a society that is highly exposed to the attitudes and the social demographics of the key consumer groups changing frequently. A majority of the consumers in the UK, who have been frequent with their purchases in the retail industry, have become conscious about their personal health and wellness and hence it ultimately impacts the key focus of Tesco on particular product segments. Hence, it would be recommended for Tesco to quickly adapt to this trend and be open to any further changes in the future as well as required (Loebnitz et al., 2020).

Technological Factors

Like any other region in the world which has experienced a significant change and development in the technology which has been introduced a couple of years ago, the UK has also welcomed modern technology positively and hence it has established a significant position and importance in the retail industry as well. Hence, it is advisable for Tesco to consider investing extensively in acquiring modern technology and embedding it within the operational perspectives of the company, such as e-commerce, online retailing, etc. (Rosnizam et al., 2020). Although a majority of these concepts have already been introduced by Tesco, the advancements have peaked recently which are expensive and associated with digital risks as well which need to be optimized before any other move is initiated.

Environmental Factors

Perhaps, one of the most unpredictable and the most critical external factor which can have a significant impact on the routine operations and performance of an organization is identified as the environmental factor. Similarly, it has been observed that there have been critical efforts reflected by Tesco in the view of improving its sustainability considerations, including the elimination of carbon footprints through employing technically advanced techniques (Hashim et al., 2021). However, the research and development in this perspective need to be continued as an ongoing approach, which can be expensive as well.

Legal Factors

Despite the beneficial external factors available for Tesco which have assisted the company in achieving the desired success levels, it is essential for the company to ensure its compliance with the legal structure and the framework of the region so that potential legal consequences and conflicts can be avoided effectively. Some of the necessary legal aspects which Tesco needs to comply with include competition and privacy law, whereas Tesco has appointed a team of legal experts who are overlooking this perspective, yet the frequency of changes in laws is becoming critical for Tesco to adhere to every change successfully and timely (Mohapatra and MV, 2021).

SWOT Analysis

Additionally, another important tool through which external business factors can be identified, listed, and included for further optimization accordingly is identified as the SWOT analysis tool. This tool undertakes the responsibility of assessing the strengths, weaknesses, opportunities, and threats for a business to make prompt and effective recommendations accordingly (Benzaghta et al., 2021). Hence, a relevant SWOT analysis for Tesco in view of this report's purpose, is provided below.

Strengths

Tesco is perceived as one of the leading retailers in the global retail industry which has been able to establish a positive and effective brand recognition through which the loyalty of the existing customer base has expanded successfully as well. The company actively manages a diverse product range along with a well-established supply chain situation through which the global demand for its retail products is met effectively, successfully, and profitably. Moreover, Tesco has

been investing sufficiently in the view of innovation and creativity simultaneously as well so that it can operate on a differentiated and cost-effective structure successfully (Zhao, 2014).

Weaknesses

Other than the highlighted success factors for Tesco, the company has been facing significant challenges in recent years as well, which include accounting irregularities and meat scandals. Although such challenges have been overcome strategically, their impacts can be reflected in the declining organizational reputation. Hence, due to this event, Tesco has been struggling in the view of maintaining its market share in the global retail industry whereas a majority of its rivals have benefited through this initiative and they have actively established an element of critical competitiveness against Tesco, including direct retailers such as ASDA, Sainsbury, IKEA, and, e-commerce retailers as well (Patricia, 2017).

Opportunities

Simultaneously, it has been evaluated that there are numerous opportunities that have been opened for Tesco, such as the right exposure to access new and improved markets including the Middle East and Asia. Tesco also has the opportunity to capitalize on the existing demand for healthy and sustainable products and consider a separate segment for such products. Similarly, as the e-commerce trend has taken a rise in recent years, Tesco can look forward to achieving the leading position in this segment in the long term as well (Xie and Allen, 2013).

Threats

Moreover, apart from the strengths and the opportunities available, Tesco has been facing certain threats persistently as well because of the inability to manage its existing weaknesses efficiently. Tesco has been facing critical competition from numerous organizations, including online retailers, Aldi, Sainsbury, etc. Moreover, the economic downturns have also expanded in recent years which have reflected significant changes in the way the consumers of the retail industry purchase, thus reflecting an overall negative influence on the performance of Tesco (Chen, 2022). Although Tesco has the necessary capabilities to overcome these threats strategically, it is equally recommended for Tesco to emphasize recruiting experts in the field who can maintain a balance when approaching relevant strategies accordingly.

Porter's Five Forces Analysis

In continuance with the discussion provided above, the external factors which have been influencing Tesco's performance need to include the factors from the competitive extents as well so that they can be acknowledged and planned for an optimized solution accordingly. Hence, Porter's five-force analysis tool has opted to be used in this perspective, which is comprised of five forces including buyer power, supplier power, the threat of substitutes, the threat of new entrants, and competitive rivalry (Dobbs, 2014). Hence, these forces are further evaluated in terms of Tesco, as below (Banaie et al., 2013).

Buyer Power

This particular factor emphasizes assessing the sovereignty of the consumers in a particular location whereas the power of buyers in the UK is considerably high, especially in the retail segment. Higher sovereignty of the consumers eventually reflects the fact that the buyers can easily switch to other businesses offering the same products, maximizing rivalry and growing the threat of substitution as well.

Supplier Power

Additionally, this force focuses on analyzing the sovereignty of the suppliers which has been observed as being quite low in the UK. The UK is a well-established region that eventually reflects the availability of numerous suppliers related to a particular product or service. Hence, with minimal supplier power, Tesco is able to keep its operational costs minimized due to which the company has been able to attract a greater number of consumers through controlled pricing.

Threat of Substitutes

Additionally, it has also been observed that the threat of substitution in the retail industry of the UK is quite high, especially due to an increase in the availability of choice related to different products and services, which is an impact of the emergence and growth of the globalization concept. Hence, when the substitution powers are high, Tesco consistently remains under the threat of losing its key customers to local and high-street retailers because of convenience and ease, which has emerged recently due to the covid-19 pandemic outbreak and the related mobility restrictions.

The threat of New Entrants

Simultaneously, it is important to acknowledge the fact that Tesco can remain hassle-free from the end of having new entrants take over the market because of the increased setup costs related to a new business and the complexity of the legal requirements. For instance, when a retail business plans to set up in the UK, it needs to focus on the key perspectives including supply chain logistics, inventory management, and real estate considerations, which are all high in terms of their acquisition pricing.

Competitive Rivalry

Furthermore, every industry which becomes successful with its performance and operations becomes the center of attraction for an increased number of organizations, and hence the overall competitiveness in that industry rises critically. Similarly, the existing rivalry in the retail industry of the UK is quite high as well whereas Tesco is having a tough time competing with some of the known rivals including Asda, Lidl, Aldi, Sainsbury, Amazon, etc.

Future Recommendations

Referring to the discussion provided above, once the different impactful external factors related to Tesco's performance have been identified, there are different marketing steps and strategies which need to be implemented strategically and at the earliest. Hence, some of them are further identified with a close-consideration planning initiative, as below (Haddock-Millar and Rigby, 2015).

Maximising Sustainability Concerns

Tesco needs to emphasize prioritizing the social and environmental responsibility aspects equally so that the changing needs of the key consumer groups can be incorporated successfully and effectively. Tesco can achieve this objective through making concerned investments such as acquiring renewable energy, shifting to the health-conscious food retail segment, etc.

Expansion in New Markets

As Tesco has the tendency of expanding into new and improved markets, it can strategically aim to enter the Middle Eastern and Asian regions effectively. The current demand for retail products is significantly high in these regions whereas these regions are considered as being developing and developed, allowing a warm welcome and further encouragement to Tesco's activities positively.

Emphasizing Online Retail Opportunities

As Tesco looks forward to investing in acquiring new and improved technology, it would be beneficial for the company to consider invading the e-commerce segment as well so that the shopping experience of the existing customers can be enhanced through convenience and ease whereas adopting the current trend with an induced variety and access to a wider market could further improve sustainability concerns effectively.

Recommendations and Conclusion

Summarising the key findings of the complete discussion provided above, it is essential to understand the fact that organizational success remains important for every entrepreneur, regardless of the size of the business or the nature of the major operations, because it further provides assurance to the fact that the business will be able to sustain effectively in the long term, bringing sufficient profitability through which expansion can be considered and implemented strategically, to successfully make it to a desirable position in the long term. However, as the external business environment is changing frequently, there are numerous factors that can eventually affect a business in terms of achieving this target successfully whereas some of the known factors include intense competition, environmental degradation, rapid changes in technology, etc. Similarly, the factors which have been discussed in the assessment provided above thoroughly can be interpreted that there are various groups of factors that can be effective on the routine operations and performance of an organization, including the external environment factors governed through the PESTEL Analysis, internal organizational and external business factors identified through the SWOT Analysis and the competitive factors in the external business environment which can be observed through Porter's five forces.

However, it is not necessary to undertake all of these assessment tools simultaneously, whereas an organization can focus on the factors which the management would want to control so that they can plan and implement relevant suggestions and strategies accordingly. Through the help of these tools, organizations can further plan for marketing activities accordingly which have also been supported extensively and have become quite convenient through the availability of modern technology and digitally-advanced mechanisms and approaches effectively. Thus, it is recommended for organizational management to assign a separate group of individuals with the responsibility of governing the external environment of the business, focussing on improving and

enhancing the ability and exposure of these individuals frequently, so that the results provided by them are effective and they can be relied upon for further decision-making accordingly.

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