

Marketing management Assessment 2

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INTRODUCTION

The report is based on conducting the marketing assessment and analysis specifically taking into the ideal consideration the primary external drivers that proceed for influencing together with the evaluation of the internal environment and the particular role that hit eMarketing plays within the specifically chosen organisation (Aiello et al., 2020). Therefore, the report will specifically focus on analysing the internal environment of the market alongside focusing on the external vital drivers that are responsible for assessing the current situation of the chosen organisation in the market. Lastly, the report will also provide recommendations for the future that will be helping out the organisation with growth and development. The chosen organisation for the assessment is Tesco plc.

Background of organisation

The UK-based retailer Tesco is a major grocery and general merchandise company. In 2011, it was the world's third-largest retailer by gross revenues (Tesco, 2022). It also ranked ninth in terms of revenues.

CURRENT MARKET SCENARIO

Despite the recent closures of the high street, the retail industry is still considered to be one of the UK's largest private sectors. According to the Office for national statistics, online sales only account for around 17 per cent of total retail sales (Ambrosio-Albala et al., 2020). The leading retailers in the UK are supermarkets such as Sainsbury's, Tesco, and Morrisons, as well as department stores like John Lewis and Dixons Carphone. Other retailers, such as Boots and Dixons Carphone, make up the top 10.

However, Amazon has gained ground and now accounts for around £4 in every \$100 spent in the country. The rapid emergence and evolution of online shopping have affected many retailers. Due to the high rents and overstock, many retailers are struggling to maintain their operations (Chavaz and Elliott, 2020). In addition, the number of bookstores has also decreased significantly. According to a study conducted by TCC Global, loyalty cards are becoming less effective as a marketing tool. Only 6 per cent of customers would stop shopping at a store if it stopped issuing them. Despite the various factors that have affected the retail industry, the outlook is still positive.

Grocery retailers are expected to continue experiencing strong growth due to the inflationary environment. Also, Alan Hawkins, the CEO of BIRA, said that customers still want to share the in-store shopping experience. According to Mr Hawkins, regardless of the sector, they operate in, retailers face various challenges and burdens on a daily basis (Fernie and Sparks, 2018). Despite the increasing popularity of online shopping, Mr Hawkins noted that customers still want the same level of service and experience when they visit a physical store. According to experts, new technologies such as robotics and augmented reality are helping retailers adapt to the changing retail environment.

VRIO ANALYSIS OF TESCO

Valuable

The internal assessment (VRIO) of Tesco Plc shows the resources (financial) of the company are quite precious (Hashim et al., 2021). They can be used to invest in opportunities that arise and contest against threats (external).

The internal assessment (VRIO) Analysis of Tesco Plc demonstrates that its food (local) products are precious. Due to their differentiated nature, they are perceived as more valuable by customers than the competition.

According to the VRIO Analysis, the workers and employees of Tesco Plc are quite valuable to the business. They are majorly skilled, and this contributes to the organisation's productivity. In addition, the company's retention rates are also high. These factors contribute to the higher value that Tesco Plc's products offer to its customers.

Rare

The local food products of Tesco Plc are common, and other companies can quickly provide these in the market (Kanakaratne et al., 2020). This means that their competitors can take advantage of this resource and prevent the company from maintaining its competitive advantage. Despite this, Tesco Plc can still benefit from this resource as it is valuable.

Imitable

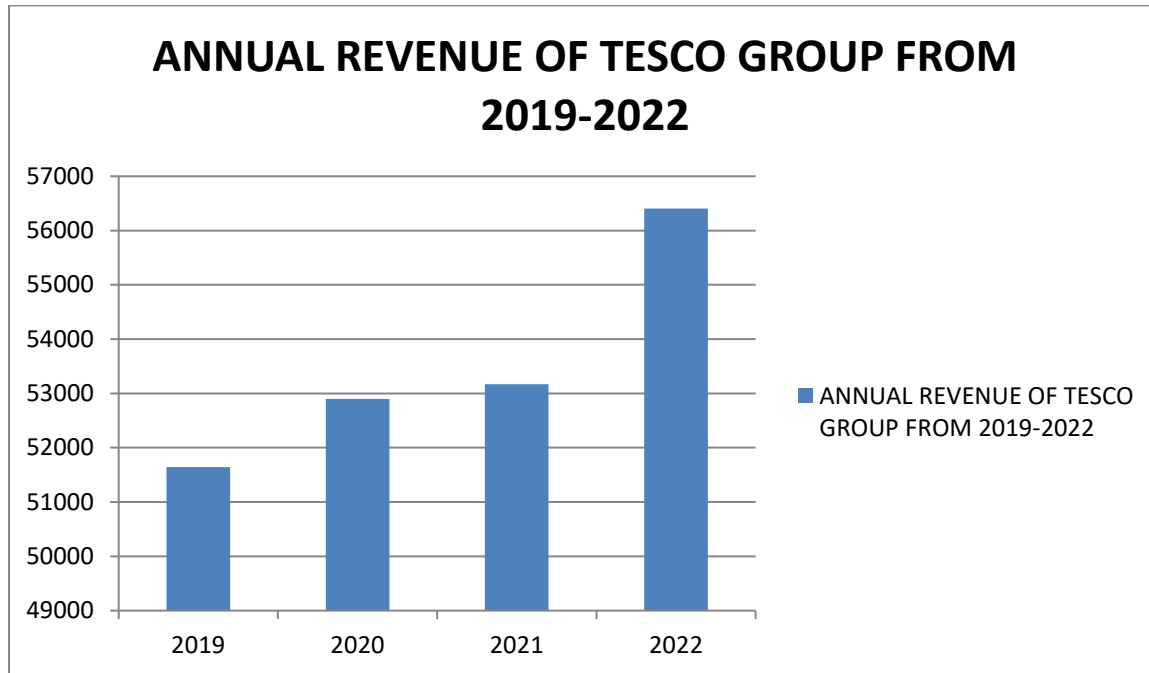
The financial resources of Tesco PLC's seem expensive to reproduce, as distinct by the assessment (VRIO). The organisation has been specifically quite able for acquiring these type of resources via its prolonged profits, and new entrants and rivals would need similar returns to catch up.

According to the VRIO Analysis, the cost of imitating Tesco Plc's local food products is relatively inexpensive. Other companies can also acquire these if they have the necessary resources and are willing to spend a lot of time and effort developing them (MMP et al., 2022). Although the company's products can provide it with a temporary advantage, other competitors can easily catch up in the long run.

Organisation

Tesco PLC's financial resources are strategically placed to capture value. They are used to invest in areas where the company can make significant gains and fight against threats. This ensures that the company can maintain its competitive advantage.

ANNUAL REVENUE OF TESCO GROUP FROM 2019-2022



(Source: Statista, 2022)

Political Factors

Due to the company's global operations, political factors can have a significant impact on the company's performance. These include the country's tax rates as well as the stability of its government (Nash, 2018). As a result, many governments encourage companies to create jobs in their local communities. Tesco can also benefit from these efforts by increasing the demand for its goods and services. There are various issues that affect the sales of supermarkets.

One of these is the implementation of new regulations that could cause a decrease or an increase in the number of sales. Another issue that has been affecting the company is the trade war between China and the US (Sayyida et al., 2021). Due to the intense competition between the two countries, the regulations that are related to the sale of American products in China need to be enforced properly. Due to the changes in tax policies in different countries, the company's profitability will be affected.

Economic Factors

The company is most likely to rely on these factors to increase its profits and prices. It is also essential that the company is aware of the changes in policies that could affect its financial situation. For instance, changes in taxation could affect the company's ability to access finance (Aiello et al., 2020). Despite its international expansion, Tesco is still heavily dependent on the UK market. It is essential for a company to monitor the economic conditions in its various countries, as these can affect its sales, profit, and revenue.

It should also be aware of the different tax policies in place to benefit its own interests. Despite global economic growth, the United Kingdom still remains a significant contributor to a company's revenue. Any changes in the country's policies could have a substantial impact on the company's delivery model (Ambrosio-Albala et al., 2020). In addition to monitoring the economic conditions, a company should also be aware of the pricing of its products. If the economy is experiencing high inflation or pressure, then the prices of certain products should be adjusted accordingly.

Social Factors

The increasing popularity of one-stop shopping and bulk shopping has led to a shift in the way consumers in the UK shop. This has prompted Tesco to increase the number of non-food products it offers. The type of services and goods that consumers demand is influenced by their social conditioning (Chavaz and Elliott, 2020). Due to the increasing number of customers who are aware of the importance of healthy food, Tesco has started to cater to this growing demand by introducing more organic products. The products that are offered by Tesco to its customers depend on their social and cultural backgrounds. This is why the company has to consider the various factors that affect the consumers' purchasing decisions. In addition to the products' social and cultural influence, the company also needs to make sure that it has the necessary resources to cater to the needs of its customers (Fernie and Sparks, 2018). Due to the increasing number of customers who are shifting towards organic products, Tesco has been able to capture the consumer base. This is because the company has been able to align itself with the needs of its consumers. The company also believes in supporting society by hiring local workers.

PESTEL ANALYSIS OF TESCO

Revenues in GBP 2020

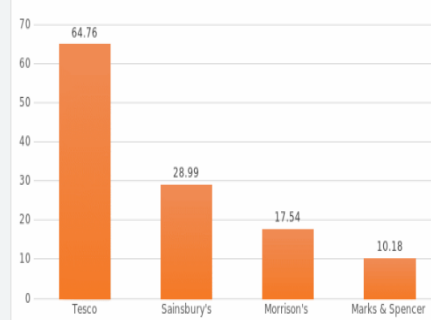


Figure 1: Comparison of GBP (2020)
Source: Chavaz and Elliott, 2020

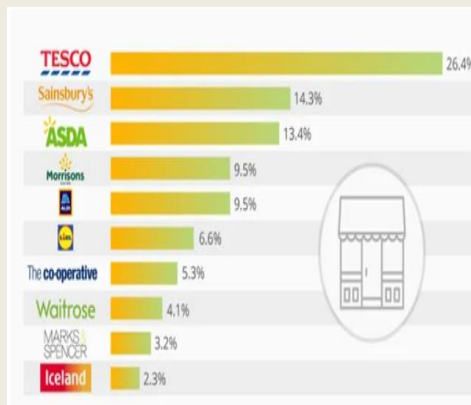


Figure 2: Competitors of Tesco
Source: Fernie and Sparks, 2018

Technological Factors

Various technological developments have allowed Tesco to expand its offerings and provide its customers with more convenient and personalised services. One of these is the company's online shopping facility, which will enable customers to shop for goods and services from home (Hashim et al., 2021). Another innovation is the establishment of self-service checkout points, which have reduced labour costs. To minimise its environmental impact, Tesco has also invested in energy-efficient projects.

Environmental Factors

Due to the increasing number of companies and organisations calling for the implementation of sustainable practices, Tesco has committed to reducing its greenhouse gas emissions by 50% by 2020. The company also aims to reduce the waste produced in its stores. In order to help create a more sustainable environment, Tesco has launched its second phase of the "Reduce, Reuse, and Recycle" program.

Through this initiative, the company aims to reduce and eliminate all non-biodegradable plastic products from its operations (Kanakaratne et al., 2020). It also explores new opportunities to reuse the materials that are left behind. This will lead to the development of a closed-loop system that will help reduce the amount of garbage that ends up in landfills. Over the years, the company has changed over 800 products and helped in reducing plastic waste by about 4,000 tons.

Legislative Factors

Legislation and government policies directly affect the performance of Tesco. In 2004, the FRC suggested that the company should establish a Code of Practice to prevent certain practices, such as demanding payments from its suppliers and changing prices without prior notice.

PORTER FIVE FORCES MODEL

The threat of New Entrants: One of the biggest retailers in the world is Tesco, a multinational company that focuses on general merchandise (MMP et al., 2022). Its operations are affected by the competition from new entrants. Setting up a store and launching its business requires a tremendous amount of capital.

The threat of Substitutes: Despite the various products that can be substituted, the majority of Tesco's offerings are still focused on meeting the basic needs of its customers. Tesco sells a wider range of different products, such as groceries, petrol, electronics, and clothing, which are subject to year-round demand. These products are replenished regularly in the company's stores. In addition, regular customers' primary concern is the price.

Bargaining Power of Customers: The bargaining strength of customers is influenced by the number of competing stores in the market (Nash, 2018). As a result, the company can choose the stores that provide the most economies of scale.

Bargaining Power of Suppliers: Compared to the products offered by other companies, the bargaining strength of Tesco's suppliers is lower. This is because many of them provide the company with their products. It is, therefore, not a big deal for Tesco to switch suppliers. The company's retail owners have the upper hand when it comes to negotiating the price.

Competitive Rivalry: Due to the intense competition in the sector, Tesco has a hard time competing against other companies such as Wal-Mart, Carrefour, Sainsbury's, and ASDA (Sayyida et al., 2021). These are all established organisations with solid logistics networks and supply chains. Through effective marketing techniques, such as advertising, the company can break through and provide its customers with the best possible value.

RECOMMENDATIONS FOR FUTURE

As the largest grocery market in the UK, Tesco should maintain its position as the leader in the industry. To support this, I recommend that the company expand its 24-hour Tesco Express network on high streets (Aiello et al., 2020). This will allow them to increase their market sales.

To boost their image and profit, they should also regularly implement promotions. In addition to regular sales, Tesco can boost its sales by offering free health services such as eye tests and blood-pressure monitoring.

These services can be conducted by qualified medical practitioners and will benefit customers who will also receive points for their club cards. Tesco needs to improve its position in order to attract more customers and increase the quality of its products (Hashim et al., 2021).

This can be done through the company's monitoring process, which is a regular part of its strategy. It involves regularly keeping track of the organisation's goals and performance.

It is also essential that Tesco periodically monitor the implementation of its various initiatives. This will allow them to identify areas of improvement and gaps.

CONCLUSION

As per the assessment of the report, this can be concluded that Tesco plc is required to invest in its research and development wing, since the competition in the market is getting higher on every module, and presenting the best product and services to the customer is the only thing that will make the Tesco lead in the market, alongside the company is also required to focus on the quality management system, as it is directly connected the needs of the customers.

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