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GLOBAL BUSINESS ENVIRONMENT

Module Code-LCBB4005

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TESCO COMPANY BACKGROUND

- Founded in 1919 by Jack Cohen
- Tesco is one of the largest retailers in the world
- The company operates 2,318 stores in almost 12 countries
- Is one of the top three global retailers company

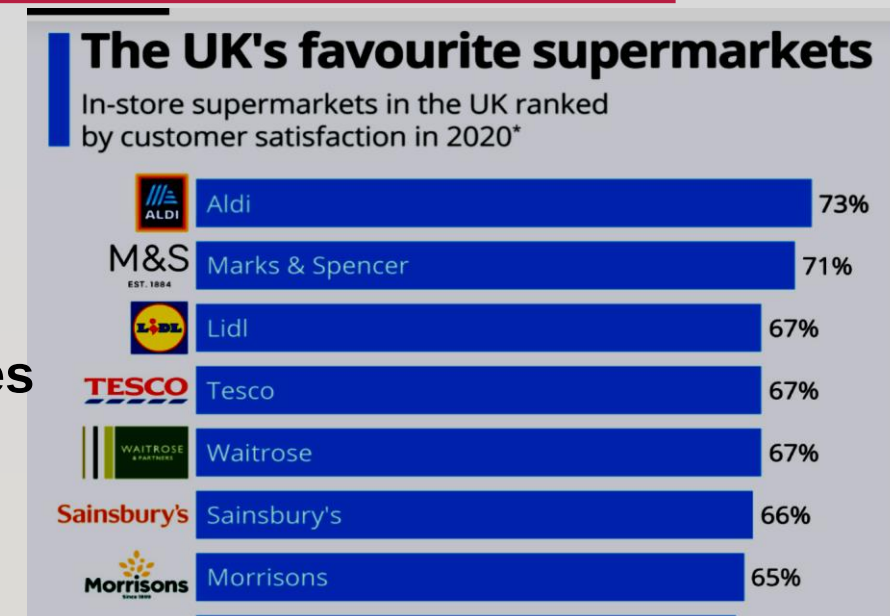


Image Source: <https://www-statista-com.ezproxy.hec.fr/chart/17117/uk-favourite-supermarkets/>

GLOBALIZATION OF TESCO AND ITS BENEFITS

- Dynamic economy
- Attractive environment for business
- Tax friendly
- Low risk
- Talented human resource
- Competitive economy
- Quality of life



Image source: <https://static.standard.co.uk/s3fs-public/thumbnails/image/2019/01/28/15/tesco2801.jpg>

THEORIES OF BUSINESS ENVIRONMENT IN THE CHILEAN MARKET

PESTEL Analysis	
Political • Political Stability • Low levels of competition	Economical Pro- free policies High GDP prospects
Social • Educated and skilled personnel • Positive customer attitude toward international business	Technological • Pro-technological policies • Technology adaptation and trends
Environmental Needs for preventing emissions Local environmental issue	Legal • Well-established legal system • Health and safety standards

OPPORTUNITIES AND CHALLENGES

**Tax
advantages**

**Political
Stability**

**Technological
infrastructure**

Increase competition

**Conservativeness and cautiousness among the
customers**

Cultural differences

Customer uncertainties

BARRIERS HINDERING FOREIGN BUSINESS IN CHILE

- Tax procedures
- Tedious Bureaucracies
- Lack of available Partnerships
- Language barrier
- Cultural barrier



Image Source: <https://www.shelflife.ie/wp-content/uploads/2021/12/TescoFinallImage.jpg>

STRATEGIES TO ENCOUNTER THE CHALLENGES AND HOW TO MANAGE IT



**FOREIGN DIRECT
INVESTMENT
(FDI)**



JOINT VENTURE

- Transparency
- Accountability
- Taking care of customers' concerns

RECOMMENDATIONS FOR TESCO IN ESTABLISHING THE BUSINESS OPERATIONS IN CHILE

- Market research
- Adoption of technology in the operationalization of operations
- Efficient handling of suppliers
- Adoption of language translators
- Reinvest

CONCLUSION

- Internationalisation contributes to the maximisation of profits.
- Tesco should consider internationalizing its food service operations to Chile in order to increase productivity.
- Tesco main goal is to be the best for customers and to help them to achieve a better and simpler lifestyle.
- To gain success in Chile, Tesco should understand what matters most to them and try to improve to meet customers needs.



Image source: <https://static.standard.co.uk/s3fs-public/thumbnails/image/2019/01/28/15/tesco2801.jpg>

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