

**Marketing Plan Group Report:
Increasing Sales for Tesco Company**

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1. Introduction and Mission

Tesco which is one of the leading retail organisations of the UK founded in 1919 operates within the competitive retail industry which has the trading value of £515.04 billion (Statista, 2025). The primary products/services of Tesco include groceries, general merchandise, fresh food, homeware and beauty care. It also provides online home delivery services, Clubcard loyalty program focused on delivering valuable experiences for its customers. The company has the mission of serving customers with higher quality products at fair prices, convenience, sustainable and innovative approaches. Hence, the market position of Tesco lies with its leading operation and extensive reach around the UK. It has around 4365 stores (convenience stores and supermarkets) as shown in figure 1 and has the market share of 28.7% serving more than 20 million customers (Statista, 2026; Tesco, 2026).

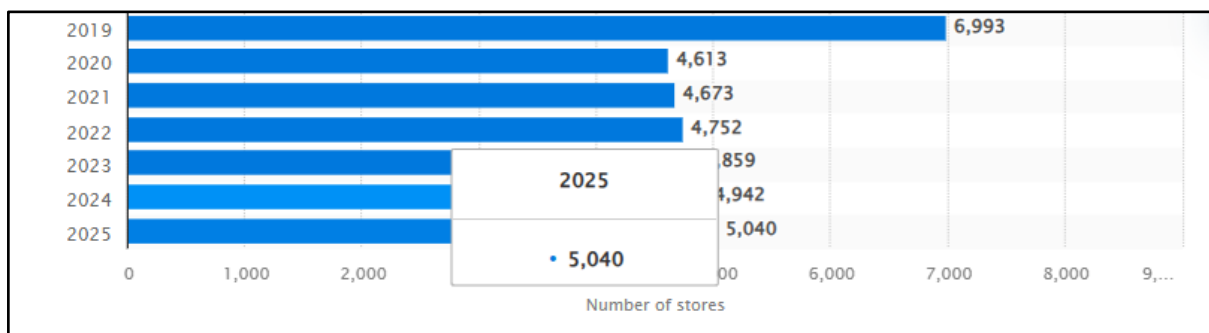


Fig 1: “Tesco stores as of 2025”

Source (Statista, 2026)

The ***purpose*** of this report is to develop a strategic marketing plan for Tesco to increase its sales performance within the UK retail sector. The study will analyse internal and external factors impacting the company for developing effective strategies for enhancing its marketing performance. The key areas which will be evaluated include segmentation, targeting and positioning and marketing mix strategies. Moreover, the theoretical framework of STP, Ansoff’s will be used to evaluate marketing strategies while Pestle, Swot and Five Forces will be integrated to evaluate the business environment.

2. Situational Analysis

Situational analysis is important for understanding the present market condition or the environment and its factors that can influence the performance of Tesco (Clarke, Washburn and Friese, 2022). Here the external factors will be evaluated with the help of Pestle, internal factors with SWOT and competitive environment with Five Forces.

PESTEL

Political: Brexit has influenced UK retail by causing supply chain uncertainties due to the issue of higher import and export cost (Du, Shepotylo and Yuan, 2025). This will impact Tesco in a negative way by bringing higher cost of sourcing products from its major suppliers in Central Europe (Tescopl, 2026).

Economic: The cost-of-living crises has grown over 20% as of 2024 (presented in Figure 2) , leading 61% of adults to face rising food prices, rental, energy bills and others in 2025 (Parliament.uk, 2026).

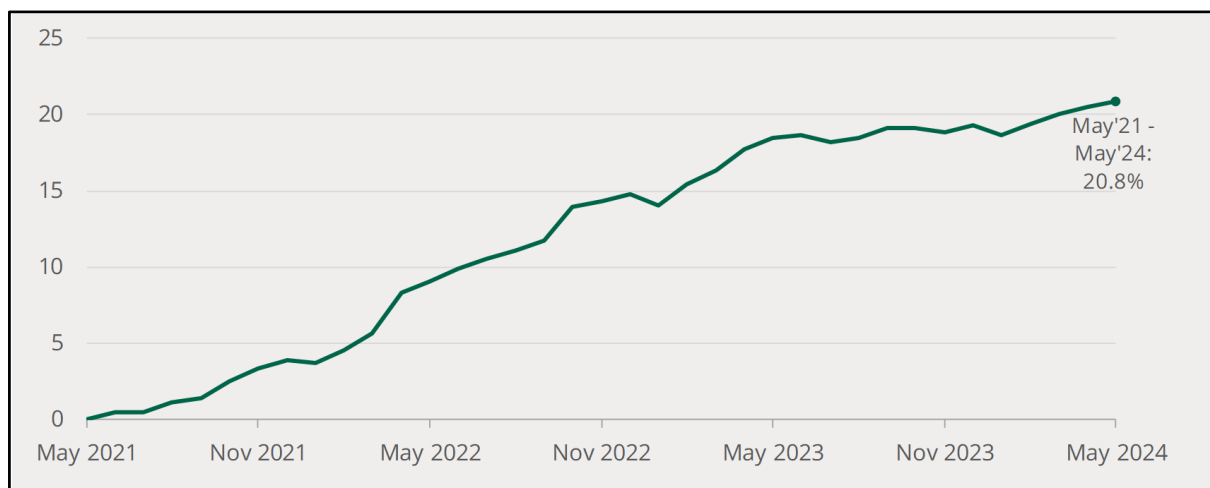


Fig 2: “UK cost of living crises”

Source (Francis-Devine *et al.*, 2026)

This influences the higher demand for low-cost products in the UK retail sector. However, it can positively impact sales of Tesco’s product line which are budget friendly.

Social: Currently, healthy eating has become the main need/preferences of 68% of the UK customers (Intel, 2025). It is impacting UK retail to focus on adopting organic and sustainably/ethically sourced products. Such will positively impact Tesco by providing new opportunities to expand its fresh food line which will improve its sales performance.

Technological: Technological advancement like e-commerce, mobile platforms and digital paying system has transformed the operational approaches of the UK retail sector and the way customers shop (Wadud, Liang and Polkinghorne, 2025). Investing on advancing technologies

will impact Tesco to enhance its innovative business model of serving customers but that comes with increased financial investment due to higher upfront cost of new technologies.

Environmental: The issue of climate change and management of waste has increased pressure for the UK to adopt sustainable approaches (Zandieh, Thornley and Chong, 2024). As Tesco has already embedded major strategies of minimising carbon, using 100% renewable lighting, reduction of food waste and others, such will positively impact the company in gaining an ethical and socially responsible image (Tesco, 2026).

Legal: In the UK retail sector, there is a mandatory need of compliance with the legislation like “Food Safety, Consumer Protection Act, and Employment Law”. Failing in complying with such legal regulations can lead to legal fines and reputational damage of Tesco.

SWOT

Strength: The leading position and strong brand position of Tesco in the UK retail are its major strengths. It also has a larger customer base of more than 22 million and its strengths are leveraged more from its wider products and convenient services like home delivery, click and collect and so on which appeal to the different needs of the customers (Tesco, 2026). Moreover, the larger expansion of its stores around the UK which is more than 4000 has shaped its higher awareness (Tesco, 2026). Such strength has contributed to its competitive presence with the growth of sales by 7.1% in 2025 (Statista, 2025).

Weakness: Despite its strength, Tesco faces several weaknesses like strike from manufacturing team in 2022 due to lower wages. Although, they were offered with a rise in salary by 6.5% which is just 1p higher than minimum wage which did not reflect their work efforts (Middleton, 2022). The company faces the issue of intense price competition due to other established firms like Sainsbury's and ASDA which influences its low profit margins as compared to its significant growth.

Opportunity: Tesco can increase its online shopping services to rural areas of the UK by leveraging technological advancements like the internet and mobile applications. It can focus on implementing employee-focused strategies to enhance its employee relation and ethical brand image. Also, the company can diversify its fresh food and organic product line to meet the growing demand for healthy products. This will help the company in balancing its financial revenue.

Threat: Tesco faces a rigid competition from the retail giants like “Sainsbury’s, Morrisons and ASDA” which decreases its market share (Fu, 2024). At the same time, the discount retailers like “Lidl and Aldi” impose higher price competition. Conversely, the economic uncertainties and changing needs of the customers can increase pressure for changing its existing strategies

of delivering products, services and setting appropriate prices to maintain sales during the time of fluctuations.

Five Forces

Threat of new entrants (Low): Tesco has obtained a strong brand loyalty and recognition along with its strong supply chain which limits new retail firms to compete in the market.

Bargaining power of suppliers (Moderate): The company works with thousands of suppliers (First-tier) which allows it to maintain a low-cost model (Tesco Plc, 2026). Hence, depending on specific suppliers can increase the bargaining power of such stakeholders in negotiating prices or sourcing initiatives with Tesco.

Bargaining power of buyers (High): There are many alternative retail firms in the UK giving advantage for the buyers to shift to other companies from Tesco. Also, their price-sensitivity needs to increase the bargaining power of the buyers, resulting in the challenge of balancing responsive prices with the high-quality products provided by the company (Fu, 2024).

Threat of substitutes (Moderate): In the UK retail, the substitutes include local stores, retailers like “Sainsbury’s, Lidl or ASDA” allowing customers to have multiple choices. However, a diverse range of quality products and convenient services decrease such threats of substitutes for Tesco.

Competitive rivalry (High): Competitive rivalry is high and intense for Tesco from both leading players “ASDA, Sainsbury’s and Morrison’s” and discounted retailers “Aldi and Lidl” particularly in terms of price, convenience and quality. As per Fu (2024), this increases the challenge for Tesco to remain committed with differentiated approaches while managing its fair pricing strategies.

3. Marketing Strategy

Marketing strategy involves the practices and strategies developed by firms to identify and target customers and markets along with their needs, develop communication, and make promotion of products and services which are resonating (Hossain, Akter and Muzareba, 2024). Such strategies which are developed by Tesco will be analysed with the help of “STP model and integrated marketing strategy”

STP analysis

Segmentation: Tesco uses the demographic segmentation in terms of age, income, occupation and family size with the geographical division of rural and urban areas of the UK (Hossain, Akter and Muzareba, 2024; Tesco, 2021). It also adopts the psychographic segmentation with the focus on lifestyle and value along with behavioural segmentation based on teaching habits, usage patterns and brand loyalty.

Targeting: The targeted customers are mainly the families, students and youngsters and business professionals who are from the age of 18 to 55 years old living around the UK with the income ranging lower to middle level. Such groups value cost benefits, loyalty programs, sustainable, and higher quality products and services and are the regular users of online services and regular supermarket shoppers (Tesco, 2021). Tesco focuses on meeting their needs by providing the products and services which are of higher quality, branded set at competitive price. Following includes the customer persona of Tesco’s Target:

Carolyn 			Services used ➤ Local shops for fresh food ➤ Internet to learn about brand ➤ Use different shopping applications to compare products and prices.		
Age: 35yrs old Gender: Female Income: Middle			Needs ➤ Healthier food and drinks		Pain points ➤ Expensive fresh food at local stores

Lifestyle: Healthy and eco-friendly Occupation: Sales professionals Family: Married and has two children. Location: Birmingham, UK.	➤ Home delivery services ➤ Ready to eat frozen foods	➤ Challenge of balancing work and family life.
Motivation She is motivated to purchase from stores which offer sustainable and healthier foods/drinks.		

Table 1: “Customer persona of Tesco”

Source (Learner)

Positioning



Fig 3: “Perceptual Mapping of Tesco positioning”

Source (Learner)

By analysing the perceptual map on figure 3, Tesco builds its market position as becoming a customer-centred retailer that offers higher quality products at competitive rates. Unlike its rivals, “Sainsbury’s, ASDA, Morrisons, Aldi and Lidl”, the company emphasises upon convenience, reliability and affordability by providing diverse product lines and convenient online shopping and home delivery services for meeting the needs of its customers.

Integrated marketing

Tesco has been known for its integrated marketing strategies which is integrated for managing consistent and unified communication in all its used marketing channels (Rehman, Gulzar and Aslam, 2022). The company promotes its products and services with the blend of traditional and digital approaches which links with its omni-channel practices. The advertisement of its products and services is made on the platforms of Television and online channels of social media like YouTube, Instagram, TikTok where the focus is more on quality and the value it delivers via its products and services. It also provides sales promotion and offerings which are well integrated in its loyalty programme like Clubcard which helps it to influence customer loyalty and promote repeated purchases (Tesco plc, 2026). The campaigns and marketing of its products and services which are provided in its various digital and traditional channels focuses on sharing responsible marketing strategies where the communication presents the highlights of healthy eating where it shares the details of portion sizes, ingredients and others, alongside ethical and sustainable sourcing (Tesco plc, 2026). This approach allows Tesco to manage its consistent marketing image which supports its wider goal of enhancing customer loyalty and sales performance.

4. Marketing Mix Strategies

The marketing mix strategies of Tesco will be analysed by using the model of 7Ps of marketing (Jain and Jain, 2022).

7Ps of Marketing mix

Product: Tesco provides a diverse line of products which falls under groceries, clothing, fresh goods, homeware, personal care and others which meets the different needs of various customers living around the UK.

Price: The company has implemented competitive pricing strategies which are in line with its competitors (Zhang, Choi and Cheng, 2024). It provided discounts, rewards from its "Clubcard loyalty" which helps it to attract the customers who are cost-conscious.

Place: Tesco has incorporated omnichannel approaches where it operates both from physical and online stores. It has more than 4000 stores of supermarket, convenience stores and One Stop stores and has mobile shopping applications where the customers can make purchases online and receive home delivery services (Tesco plc, 2026). Such helps the company in providing convenient services to its customers.

Promotion: The promotional strategy of Tesco includes traditional and digital methods. The company uses TV, in-store displays and social media channels like Instagram, YouTube and others for marketing its quality products and valuable services to its customers. It has integrated AI in its "Clubcard scheme" which allows it to personalise the offering and reward which are aligned with the customer's choices (Tesco, 2022). It enables Tesco to reach its targeted customers and foster better relationships.

People: Tesco has more than 330,000 employees who have the key role in serving customers with the valuable services and experiences (Tesco Careers 2021). The company invests in training and development programs for its workforce which provides opportunities for the team to develop skills in the field of customer service. This facilitates the company to ensure the delivery of products and services which are of superior quality.

Process: Tesco has invested in a smooth processing system where it has integrated self-checkout that decreases the need of the customers to stay in the waiting line (Schultz and Paetz, 2025). Its shipping application and website helps in delivering a convenient process of online ordering and home delivery facilities. Altogether, this technological investment helps Tesco to deliver an effective process of customer-focused services.

Physical Evidence: The physical attribute of Tesco includes its store layouts with wider aisle, development of dedicated product shelves and separate space for "self-checkout and scan and

go services” (Tesco, 2026). Also, its branding colour of “red and blue” in its logo makes it more appealing and attractive. In addition, its product packaging which uses recycled materials adds value to its sustainable perception among the customers. All this evidence helps Tesco in gaining a strong recognition around the UK.

5. Implementation and Control

The strategies which can be implemented by Tesco to meet its aim of increasing sales is supported by “Ansoff’s matrix”:

Ansoff’s matrix

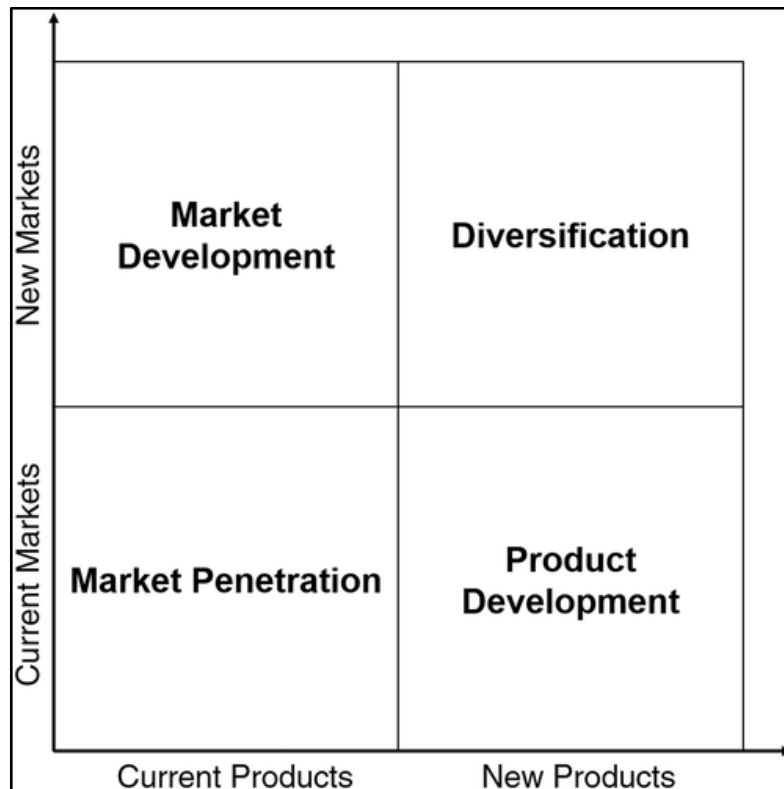


Fig 4: “Model of Ansoff’s Matrix”

Source (Mesut, 2026)

Ansoff’s matrix is the key framework which helps the organisation in identifying its growth strategies (Gallouj and Abdelwahed, 2024). It includes the strategy of “market penetration” where the existing products are sold more in the existing market to enhance sales and “market development” is the approach where the existing products are introduced and sold in the new market. Following this “product development” includes the strategy of developing new products in existing markets while "diversification" relates to the practice where novel products are introduced in a new market (Mesut, 2026). By applying this model, Tesco can focus on increasing its sales in the UK market by adopting the strategies of **Market Penetration** and **Product Development** (Gallouj and Abdelwahed, 2024).

- Tesco can implement “market penetration” by increasing its sales of groceries and fresh food by leveraging its “Clubcard loyalty program” to deliver offers and reward redemption facilities for its customers.

- At the same time, it can expand its health-focused products (product development initiative) like fresh food/drinks by developing in-store and social media marketing campaigns in Instagram and YouTube surrounding such product lines for improving its reach and sales.

KPIs

The key performance indicators which can be used by Tesco to analyse its success are as follows:

Conversion Rate: This KPI helps to measure the number of visitors who are making purchases within the firm (Almestarihi *et al.*, 2024). It can be used by Tesco to evaluate the rate of visitors who are purchasing its groceries and fresh food by using the "Clubcard loyalty program". A percentage of 30% in two months will demonstrate its successful integration of market penetration strategies.

Customer retention rate: It helps to analyse the number of customers who have returned to purchase again (Simões and Nogueira, 2022). Using this tool will benefit Tesco to achieve the exact percentage of customers that are re-visiting the store by evaluating the "Clubcard sign up" and sales of fresh foods. The rate of revisit by 50% and sales growth of "Fresh product line" by 25% will signify its successful achievement of its "market penetration and product development initiatives" through its marketing initiatives like social media campaigns on Instagram and in-store displays.

Return on Investment (ROI): It is the metric which is used for measuring the returns which are gained from investing in certain practices like marketing (Almestarihi *et al.*, 2024). Tesco can use this tool to compare the investment made in marketing strategies of in-store and social media campaigns (which is the part of its product development strategies) for promoting its new product development like fresh food and drinks with the sales generated from this line. Increase of return by 20% in the first three months will indicate its successful implementation.

Balance scorecard

It is the strategic framework which will be used to transform the mission of Tesco to increase its sales into performance measures (Kumar *et al.*, 2024).

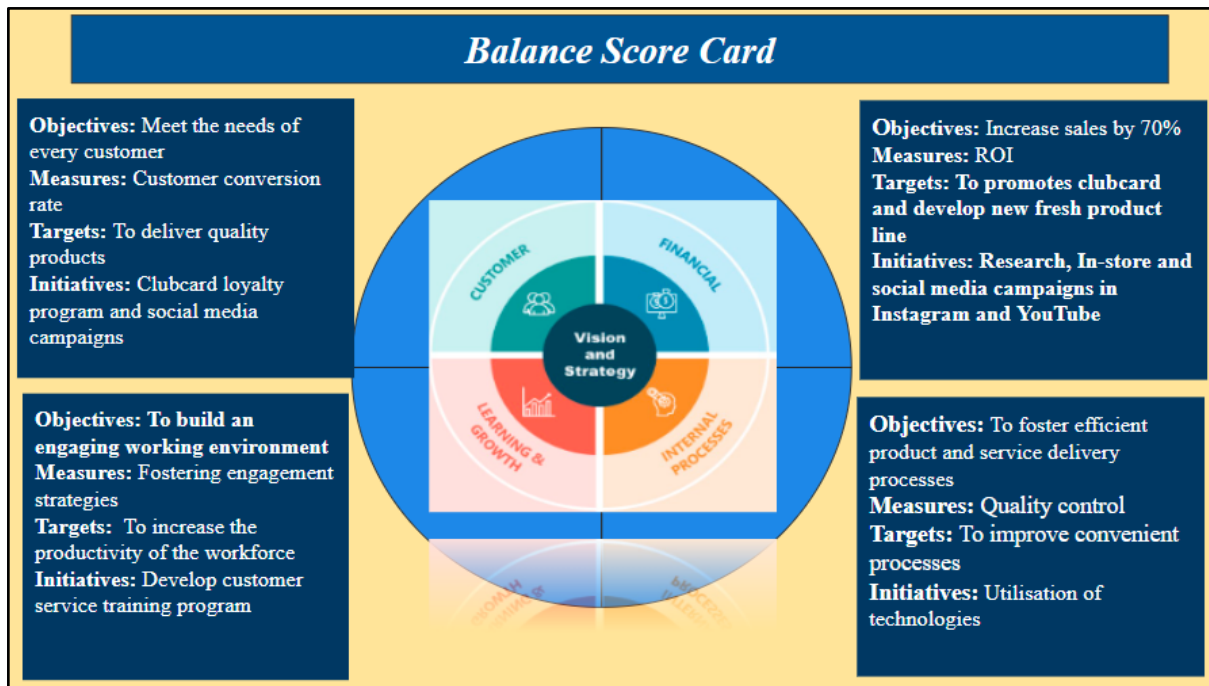


Fig 5: “Tesco’s Balance scorecard”

Source (Created by the learner)

With the analysis of balance scorecards of Tesco, the following results have been gained:

Financial: The objective is to increase the sales revenue by 70% by the end of 2026 and will be measured through ROI. The targets include the promotion of “Clubcard” on social media channels of Instagram/YouTube and integration of new fresh product lines supported with effective research.

Customer: The aim is to meet the needs of the customers by providing the quality products and services (Tesco, 2026). Such will be measured with conversion rate where the initiatives will include the use of loyalty programs and social media campaigns.

Internal business process: To ensure that the services are provided effectively technologies like self-checkout and mobile application will be used. Quality control will be used to measure its efficiency.

Learning and growth: Tesco has the purpose of developing a productive workforce for which training and development on customer service areas will be incorporated to enhance their skills of improving customer experiences (Kalli, Abba and Bukar, 2023). This will be measured by engagement strategies like employee retention and satisfaction with the provided training facilities.

Conclusion

In conclusion, Tesco operates in the competitive sector, which is dynamically impacted by many factors like Brexit, cost of living crises, changing customer demand and others which brings positive and negative results for its overall performance. Although Tesco has better reputation, higher market share, it still faces the need to make continuous adaptation to differentiated approaches in the aspects of price, products and even convenience which stems from higher competition. Hence, to enhance sales, the company can make use of its effective marketing strategies of promoting "Clubcard loyalty scheme" to increase purchase rate of its existing products/services and introduce fresh product lines for attaining the healthier preferences of the customers. This will help Tesco to enhance its segmentation, targeting, positioning and its marketing position in the competitive retail market.

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