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Internal, External and Competitive Environment Analysis of Tesco

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### **Executive Summary**

The section one of this report is mainly done for identifying the impacts of social, political, environmental, legal, technological, economic aspects on the performance of a business organization. Several analytical tools have been utilizing for preparing the present report, which helps in recognizing the current market state and prospect of the selected multinational business organization (Tesco). Therefore, the micro- and macroeconomic condition where the company is operating its businesses are explored in the present paper. On the other hand, in section two analyzed the impact of public and private debt levels on the world's financial development. To underline the micro and macro environment of Tesco; it can be asserted that Tesco has faced both political, legal and economic challenges. However, advanced technological aspects, as well as environmental aspects such as quality product and services in full global location, has helped the firm to satisfy its target market customers' expectations. Also, important operational strategies regarding transportation, distribution, and marketing have helped Tesco to grow and expand its business globally. Apart from that, adequate procedures with the suppliers also have helped Tesco to negotiate with its critical competitive position within the global market.

Keywords: Tesco, Microanalysis, Macroanalysis, PESTLE, PORTER's five forces analysis, QUEST analysis, SWOT analysis.

## Table of Contents

|                                                                                                              |    |
|--------------------------------------------------------------------------------------------------------------|----|
| Part 1 .....                                                                                                 | 4  |
| Introduction.....                                                                                            | 4  |
| Competitive Analysis that helps to identify specific figures of Tesco .....                                  | 5  |
| PESTLE Analysis of Tesco .....                                                                               | 5  |
| Porter's Five Forces Analysis of Tesco .....                                                                 | 11 |
| SWOT Analysis of Tesco .....                                                                                 | 13 |
| TOWS Analysis of Tesco .....                                                                                 | 16 |
| QUEST Analysis of Tesco.....                                                                                 | 18 |
| Porter's Diamond.....                                                                                        | 20 |
| Micro and Macro Analysis of Tesco.....                                                                       | 21 |
| Conclusion .....                                                                                             | 22 |
| Part -2.....                                                                                                 | 23 |
| Growth in World Government and Private Debt Levels    impacting on the business development<br>of Tesco..... | 23 |
| References.....                                                                                              | 26 |

## **Part 1**

### **Introduction**

Tesco is a famous multinational UK based company of food and beverages and other merchandise. In the following study, the scholar has mainly concentrated on discovering several aspects of Tesco to recognize the effectiveness of implemented strategies and market potentiality of the company. It can be emphasized that every business organization executes some specific strategies for increasing sustainability in the competitive market. This private limited company has products in the supermarket, hypermarket, superstores and convenience shop.

Tesco has a collection of wide range of products like garments, books, electrical gadgets, furnitures, toys, different types of food materials, software, internet and telecom services and more. Therefore, Tesco has its branch in different regions. The present study will help to understand the political, social, economic and environmental aspects of Tesco. In addition to that, the strength, weakness, opportunity and threat of the Tesco will be discussed in the following study. However, Tesco has an ample supply chain that helps the company to provide adequate service to the customers. By the end of 2016, this company has provided job opportunity to almost 335 thousand individuals. However, the company (Tesco) had to deal with the criticizers and had to face with controversies for exploiting the farmers and suppliers.

**Competitive Analysis that helps to identify specific figures of Tesco****PESTLE Analysis of Tesco****Political Factors**

Political factors are mostly associated with the government of a country. Every government has its own rules and regulation for having control over every business activity of the nation. All the business organizations need to pay tax to the respective government for the economic development of a country (Del Marmol and Feys, 2015, p. 2). However, Tesco is the largest retail company of the UK operating in many other countries around the world. A sudden change of tax rate, legislative acts of the nation significantly impacted on the performance of the organization (Tesco).

On the other hand, for the employment legislation and its regulations implemented by the government of UK inspired the retailers of the country to provide job opportunity to the unemployed people. Consequently, this legislation aids in reducing the number of unemployment from the state. In contrary to that, every business organization has to deal with several obstructions from the political aspects while penetrating in an external company (Dcosta and McDonough, 2015, p. 3). Tesco also had to deal with multiple barriers from the political leaders and other political means while expanding its branches in different regions. Moreover, the company comprehended the impact of retailing on jobs and the factors of people being a local business sector of UK. To underline the diverse consequences of political factors for Tesco; it can be asserted that in the recent past UK government affected Tesco through its newly adopted tax measure, which has increased the VAT rate from 17.5% to 20%.

Moreover, the government of UK has raised revenue of £13 billion per year from Tesco through its newly adopted tax measure (Dcosta and McDonough, 2015, p. 3). In addition, it can be stated that Brexit movement in the UK also has lead political challenges. Sometimes, political leaders of another country obstruct an emerging business that belongs to another place. It can be emphasized that it is essential for a developing business to assess all the internal and external political factors to evade all the impending risks that may occur during the settlement with a different nation.

### **Economic Factors**

Tesco is the biggest retailer of UK. Though, a sudden increase in VAT rate from 17.5% to 20% by the UK government in the year 2011 impacted on the sales volume and revenue of Tesco (Ruziwa, 2015, p. 5). The UK is an economically stable and a developed country. The financial state of the country (UK) aids the company to overcome the crisis.

Additionally, the economic state of that nation aids the company (Tesco) is rapidly increasing its performance and to become one of the successful retailers of the world. In addition to that, with the help of effective marketing strategy the company (Tesco) has reached its heights. At the same time helps the company to increase sustainability in a competitive market. On the other hand, the economic state of a nation is one of the most influential aspects of an emerging business. The economic liberalization of a society provides with ample opportunity to the company (Tesco) to get in different geographical locations.

At the same time, it is difficult for a retail company obtaining peak operating in a market of an emerging country. However, natural resource, human resource, GDP, technological development, Foreign investment, administrative liberty are some of the major factors on which

the economic state of the nation is extensively dependent (Taghipour and Loh, 2017, p.3 ).

On the other hand, the company (Tesco) has generated two essential strategies, one is diversification, and the other is internalization, which supports the company to accomplish success. In this regard, it can be mentioned that 2.7% higher economic growth rate of UK from the previous year 2016 has helped the organization to grow significantly. Tesco can implement several policies to grab the market population and to enhance the profitability of the organization (Ruziwa, 2015, p. 5). However, in the recent past Brexit, movement of the UK government with European Nation (EU) has imposed specific challenges regarding economic aspects, and it has first operational problems for the firm. A sudden price rise of merchandises in the market of UK affected economic growth of Tesco to a great extent. Though, the company tried to avoid the toxic impact of inflation on their customers. Increase causes to stretch household budgets of the customers. In the year 2009, the BBC website published a beautiful story about Tesco. They reveal that the company has cut prices of their products up to 25% at it 11 operating stores of Ireland (Takata, 2016, p. 5622).

On the other hand, the exchange rate of products plays a significant role for the business organizations like Tesco. Devaluation aids the organization to export products at lower prices and to get benefits from there. Additionally, the higher cost of importing raw materials from a separate region also affected the economic growth of the company (Tesco).

**Sociological Factors**

According to the global report, it can be observed that the number of retired person is more than the number of children in the UK. It brings severe disadvantage to Tesco because the oldest people consume less amount of food. At the same time, most aged people are unable to travel to supermarket to purchase products, whereas, the younger generation is likely to buy products from the supermarket as compare to the oldest people. Moreover, it can be asserted that buying behavior of consumer is continually changing and the consumer has become more health conscious (Fozer et al., 2017, p. 80).

Furthermore, obesity is one of the booming problems in society, for this reason, consumers are becoming health conscious (Fozer et al., 2017, p. 80). It can be asserted that the demand for organic products is increasing day by day. Tesco also considers this changing behavior of tier customers and they redesign their product-manufacturing department to produce healthy fresh organic products.

Tesco has an aim to provide healthy hygienic products toward their customers to meet their satisfaction level. Additionally, the Tesco provides online shopping service towards their customers, which will significantly help the old people of UK to purchase products without visiting the supermarket (Ruziwa, 2015, p. 5). Apart from this, online shopping service helps Tesco to attract customers towards their products and services. In the year 2013, Tesco was suspected for the horsemeat scandal case. Horsemeat was found in the Tesco's burgers, and this scandal has adversely affected the perception of the customers of Tesco. In this regards, the company has been facing a specific financial problem in those days. Therefore, Tesco overcomes this crucial situation and run their business operations successfully.

**Technological Factors**

Tesco was facing a crucial time in 2013, because of the horsemeat scandal. This scandal adversely affects the business performance of Tesco. Technological advancement brought opportunities to gain customers loyalty and trust significantly. With the help of the advanced technology, Tesco introduces online shopping facilities toward their target market customers, which will help Tesco to attract customers significantly (Fozer et al., 2017, p. 80). Tesco provides online shopping facility along with home delivery service. In this context, it will help to regain the trust of their customers. Moreover, Tesco also introduces self-service points to reduce labor costs appropriately. The higher authorities of Tesco have invested a significant amount of money on the energy efficiency projects to reduce their carbon footprint.

Simultaneously, advanced technology helps Tesco to deliver premium quality products at the right person on right time, which help to attain a competitive advantage and also help to run their business operation cost-effectively. RFID technology has been incorporated into the business operation of Tesco to increase the in-store experience for customers. Furthermore, Tesco has also developed its own online mobile payments system, which is called PayQwid. It helps Tesco carry out their transaction process significantly. Club card is the loyalty card of Tesco that helps to attract customers significantly. These advanced technologies help Tesco to improve their productivity and profitability efficiently, that will help the organization to accomplish their pre-determined goals.

**Legal Factors**

In some recent studies, it was observed that different policies and governmental legislations were impacting the activities of Tesco. They had to face many laws because of their spread of production across the countries. They also deal with the governmental functions and events, which is sometimes causing a negative effect on the structure of Tesco. Product differentiation was also creating a significant influence on their workings. The other powerful competitors' intense price wars (Hammad, 2015, p.6) were also affecting the company.

On the other hand, it was also notified that the policies of the government were setting some controls such as on raw materials and license issues. It can be said that such factors are obstructing the development and growth of Tesco. For handling such matters, Tesco started offering the reduction of prices in case of the purchase of fuel depending on the total amount that is paid out on the grocery items. Tesco provides 10.5% growth in wages of the employees once every two years. The amount of minimum national (UK), a living wage for the people aged over 25 years old, is £7.50. Moreover, the company has increased hourly pay (£8.53) for the employees working in its stores (Metcalf, 2008, p.42). Though, a website (Lidl's) published that the company is paying only £8.45 for an hour to its employees.

**Environmental Factors**

In the year 2003, it was observed that many companies were facing severe pressure as the society was in high demand for those products, which will benefit them. Focusing on the needs of the familiar people, Tesco started taking steps in, which the organization was seen exceeding the obligations to their stakeholders in the lowest way. It was done with the help of corporate governance and regulation. Later in 2003, it was also noticed that the government have started to

use a new strategy (Rahman, 2016, p. 4). This strategy was used for maintaining sustainable consumption along with this; it also cut down the waste and minimum damage to the environment. The reduction of the consumption of resources was also noticed in this process. Afterward, it was also noticed that the government stated a 'fat tax,' which was seen affecting the products of the Tesco in different ways. It also disturbed the relationships between the customers and the suppliers.

### **Porter's Five Forces Analysis of Tesco**

#### **Barriers of New Entry**

Every business organization needs to face with barriers for entering a new market. It is essential to evaluate the entire economic, environment, social, political aspects of a place where the company is trying to expand their business. Every country has their business terms, rules and regulation to have control over the economic movements of a nation (Narayananand Fahey, 2005, p.211). Though, while making new entrants, Tesco has given prime attention on innovating new products and providing better services to the customers. The company has given importance on building robust economic scale and sufficiently invested invention and development in avoiding threats of entrants.

#### **Bargaining Power of the Suppliers**

Bargaining power of the suppliers is growths to high due to less human resource of a particular place where the organization is providing services. Some business organizations are operating their business in some areas where combination and transportation facility is not flexible enough — consequently, the suppliers who are allocated to provide service in those particular places are demanding a high charge for their service (Takata, 2016, p. 5623).

Subsequently, companies are sometimes failing to keep their commitments to their customers and fail to provide adequate services to them as promised by the service providers during the promotion. Though, it can be emphasized that the negotiation power of the service providers of Tesco and other retailers is quite low. Consequently, these retailers are holding a strong position in the competitive market.

### **Bargaining Powers of the Buyers**

Buyer always has the right to negotiate with the company they are often purchasing. Bargaining power of the buyers is increasing to high due to the less competitive advantage of a company. In addition to that, sometimes buyers become high demanding and get the opportunity to make high bargaining where there exist several identical products available in the market(Dobbs, 2014, p.37). It can be emphasized that a customer desires to a purchase a quality product at a lower price.

Consequently, they start bargaining with the retailers until and unless they become satisfied. The customer's satisfaction is given with sufficient priority by the business firms. Subsequently, the Tesco determines the price of their products after evaluating the competitive state of a market.

### **Threats of rivals**

It can be emphasized that the Company (Tesco) has many opponents existing in the market. The company becomes able to deal with the rivals by structuring a considerable differentiation from the competitors. In addition to that, Tesco has given prime attention on

raising a useful economic scale to compete the existing rival companies. In some places, the company has teamed up with the rivals to develop their business activity and to increase business potentiality (Takata, 2016, p. 5622). It can be emphasized that the intensity of the competitiveness within the food and groceries retail industry is very high.

### **Threats of substitute products and services**

Tesco has invested a large amount of capital to increase their competitive advantage. At the same time, the company has implemented various marketing strategies for increasing their sustainability within the competitive market (Narayananand Fahey, 2005, p.212). It can be observed that Tesco has given attention to providing adequate services to their customers rather than focusing on its products. Additionally, the organization (Tesco) become able to manage threats of substitute products and services by increasing the changing cost of products for their customers. Asda, Sainsbury's, Waitrose are some of the companies who are giving direct competition to Tesco (Haberer, 2010, p. 112).

### **SWOT Analysis of Tesco**

TESCO is regarded amongst the largest and most profitable supermarkets and retail stores in the world.

#### **Strengths**

- The customer service of TESCO is excellent, and the overall shopping experience of the company is unique.
- TESCO is excellent in its retail service.
- It has quite a substantial brand equity, so it is recognized globally.

- It is financially secure, and can cope with economic problems while competing with other companies (Oh, Binand Bin,2018, p.6).
- TESCO has its selection, quality, and service in all its branches.
- TESCO has its personalized stores at different places in the whole world, in 12 countries other than Britain.
- Being an old company in the UK, people get assured of its long run in the future as well.
- Implications of advanced technologies have helped Tesco to its operational efficiency regarding selling and distribution.

### **Weaknesses**

- TESCO has a long retail chain, most significant in the UK and Europe, on which it is mainly dependent. Due to lack of money and time spent in its other stores all over the world, those remain under-developed (Gupta, 2018, p.7).
- To compete with other retail chains, it reduced the prices of its products, which affected its profit margin.
- In some countries, the stores have not performed as expected, leading to a significant loss.
- Due to lack of proper planning in listing products to be available at the stores, they still keep products, which consumers do not need. It wastes space and money, which reduces the profit.

**Opportunities**

- The primary field of TESCO has the chance to grow is online marketing.
- TESCO can also work with private label markets.
- In small countries, where TESCO underperforms, if they have joint-venture with local companies, it will make TESCO's market research easier and can improve performance.
- There are lots of opportunities in emerging markets, where it was noticed that if TESCO uses its retail format, western good will be readily available in those areas.
- If TESCO strategically allies with other brands and companies, it will be able to offer a variety of products and can attract consumers (Saratheet al., 2018, p. 11).
- Moreover, to underline the opportunities; it can be stated that increasing rate of gross domestic product of UK has helped Tesco to expand its business within the local region.

**Threats**

- Economic recession keeps on happening all over the world now and then, due to which the size and the number of products being bought, is getting reduced.
- Food prices and raw material cost is increasing, decreasing the profit of Tesco.
- Labour unions give threats to raise wages, which is increasing pressure to make new pricing strategies (Gupta, 2018, p.7).

- The government and political landscape, are increasing pressure on Tesco to follow new rules and regulations, to be more environmentally and socially responsible.
- There is competition from other new companies, which equipped with the latest technologies.
- These will give an overall view, how and in which areas Tesco needs to make strategies to improve its marketing and increase its total profit. To underline the threats of Tesco; it can be stated that Brexit movement has a significant lead risk regarding political and social aspects.

### **TOWS Analysis of Tesco**

Tesco is one of the most abundant foods and beverages retailer of US possessing a full market share of 28.4%. In addition to that, the company has a vast network of its supply chain management and providing a broad service to a wide range of customers (Kulshrestha and Puri, 2017, p.147). On the other hand, the company management has given substantial attention to the workforce of the organization. Therefore, the company has a productive working environment which helps in employee retention and to gain their loyalty towards the organization.

With the help of TWOS analysis opportunities of an organization can be discovered by analyzing its strengths and weaknesses (Vignali and Vignali, 2009, p.108). It is a useful tool which helps to identify competitive market conditions and to plan accordingly. Below the device is used for the multinational retailer Tesco. However, the TWOS analysis has been done based on the PESTLE mentioned above and Porter's five forces analysis about The Company (Tesco):

|                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                        |                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>Internal factors</div> <div>External factors</div>                                                                                                                                                                                          | <b>Strength (S)</b> <ul style="list-style-type: none"> <li>• Excellent customer service</li> <li>• Economically stable</li> <li>• Developed the use of Technology</li> <li>• Largest grocery market (28.4% share) in the UK</li> </ul> | <b>Weakness (W)</b> <ul style="list-style-type: none"> <li>• Some divisions of Tesco are inactive, and some are not performing as expected</li> <li>• Price deduction due to competitive pressure</li> </ul> |
| <b>Opportunities (O)</b> <ul style="list-style-type: none"> <li>• To grow in online market</li> <li>• To sell western merchandises using retail format</li> <li>• Attract a wide range of customers by offering a variety of products</li> </ul> | <b>S-O Strategy</b> <ul style="list-style-type: none"> <li>• Build up well relation with the suppliers for better price negotiation</li> <li>• Developed customer service section helps to provide quality services</li> </ul>         | <b>W-O Strategy</b> <ul style="list-style-type: none"> <li>• Sales volume can be enhanced by supplying fresh and organic foods in the foreign market</li> </ul>                                              |
| <b>Threats (T)</b> <ul style="list-style-type: none"> <li>• Competitive threat from global market</li> <li>• Implementing new technologies</li> <li>• Political pressures in different regions</li> </ul>                                        | <b>S-T Strategy</b> <ul style="list-style-type: none"> <li>• Offers and discounts can be given in its rising stores</li> <li>• Price deduction of products and services can provide a competitive advantage</li> </ul>                 | <b>W-T Strategy</b> <ul style="list-style-type: none"> <li>• Environmental friendly products should be launched</li> <li>• Adequate focus can be carried on opening convenience stores</li> </ul>            |

It can be emphasized that the company has to face numerous barriers from the internal and external aspects of a competitive market. The matrix above will help the higher authorities of Tesco to take right decision to deal with those barriers. The PESTLE and Porter's five forces analysis report of the current investigation supported to bring an appropriate TWOS outcome.

### **QUEST Analysis of Tesco**

In recent times, TESCO has left all of its competitors behind. The share of the competitors of TESCO recently had a steep fall. Using a new marketing strategy, TESCO has grabbed this opportunity. The needs of customers are changing, so is the way of marketing of TESCO. The company is focusing more on customer satisfaction. They are doing more promotions, which is attracting new customers. This strategy made customers visit their retail stores more often. As the number of visits to the customer increased, the money they are spending per visit also increased (Hemadou et al., 2017, p.98). It is helping to curb the loss, which TESCO had in previous years. The company is supporting healthier options of food and also making sure to control food wastes.

In 2016, TESCO had an offer named “Drink Festival,” which increased the sales of alcohol, soft drinks, and fresh foods. The deal also increased for another reason. It was the season of summer and people were celebrating the Olympic win of Team GB (Jenkins and Williamson, 2015, p.41). It had the highest growth in 2018 in seven years. In spite of that, it is struggling to grow in the food sector. Due to a big storm hitting the area, the business plan has failed, which TESCO had never expected.

An issue, which is likely to be ignored, but as it happens on a large scale, it is essential to work on it. There are some customers, who are unwilling to pay any extra penny, and convincing them becomes a hard task every time. To satisfy this kind of customers, if TESCO reduces its price and starts giving more offers, it will not have a profit of its own, and most money will go to the company’s suppliers whose debt they have to pay.

TESCO had already figured out some important issues and had already started working on. During Christmas, they offered discounts on particular five vegetables to attract customers. They were successful, and the result was above their expectation. But, the rival companies also had price cuts, which affected TESCO's profits. To cover its loss, they were laying off their employees, and also were reducing staff bonuses and the salary they gave their workers (Schaller et al., 2015, p.77). This incident had a negative impact on the image of the company. So to win back the trust of consumers on the company, they have to work doubly harder.

TESCO also needs to work on improving its service. There are some companies which rewarded their staffs, depending on the improvement of their skills in sales (Ziliani and Bellini, 2004, p.11). Because the more well informed the shop assistants are, the more will be the customer satisfaction. Finally, TESCO is thinking to start that because some people do not like to know about a product from a faulty machine.

TESCO stores had everything, from daily-use products to electronics products. But the latest trends are of buying electronics goods online. These products used to take ample space. Due to the online sale, those places are left empty. So TESCO can think of selling some other kinds of products, to increase its deal. They can add click and collect kiosks, separate beauty counters, even food takeaways, which will make them unique compared to its competitors (Hemadou et al., 2017, p.98).

Most importantly, they have to work on rebuilding its brand. New brands, new trends had made TESCO go out of fashion. And only advertising would not be enough, though it is one of the most important aspects which the company had to work on (Jenkins and Williamson, 2015,

p.41). It has to think about its customer, as well as the company's profit. Just reducing the prices of the products will not be enough.

### **Porter's Diamond**

In every strategy of business international, it was observed that competitive advantage is needed sustainably. For overcoming the issues of the disadvantages of business, the competitive advantages are used while entering the foreign market or country. Following such methods, it was noticed that Tesco has succeeded in developing their markets in Europe, the US, and Asia. Porter's diamond states about the competitive advantage of the business organization when the competitors were seen not succeeding in the world scenario (Jinachai, Anantachoti, and init-Watjana, 2016, p. 40). In the year 2003, it was observed that many companies were facing severe pressure as the society was in high demand for those products, which will benefit them. Focusing on the claims of the ordinary people, Tesco started taking steps in, which the organization was seen exceeding the obligations to their stakeholders in the lowest way. It was done with the help of corporate governance and regulation. Later in 2003, it was also noticed that the government have started to use a new strategy. This strategy was used for maintaining sustainable consumption along with this; it also cut down the waste and minimum damage to the environment (Taghipour and Loh, 2017, p. 3). The reduction of the consumption of resources was also noticed in this process. Afterward, it was also noticed that the government stated a 'fat tax,' which was seen affecting the products of the Tesco in different ways. It also disturbed the relationships between the customers and the suppliers.

### **Micro and Macro Analysis of Tesco**

Tesco is one of the most abundant foods and grocery retailers across the world and possessing a strong place in the global market. Tesco tries to offer quality product and services at a reasonable price on an active market. This aspect helps the organization to attract customers from different geographical locations. In addition to that, it tries to provide a productive working environment to its workforces which helps the organization to gain the loyalty of their employees. With the help of secure supply chain management in various marketplaces, the company becomes able to provide adequate service to the customers. Satisfaction of the customers is the main concern of the unit as they know the value of customers. For macro and micro analysis of the company several strategic tools like Porter's five forces, PESTLE, SWOT has been analyzing in the present paper. Currently, the company is operating in 14 countries and estimated to have more than 5000 shops around the world within a very few years (Ziliani and Bellini, 2004, p.12).

In the recent era, the retail industry has become a highly competitive market, where large numbers of retailers are operating their business in the same product range, price, quality, and services. In this scenario; to ensure sustained business position an organization should concentrate on higher output level, which can help the firm to reduce its average costs at a lower level, this is known as Price Elasticity of Demand. In this case, Tesco has done the same and opened more than 4,811 stores around the globe for pushing its average cost to go down and the volume of production of the firm to get enhanced. Though Tesco is continually working on the satisfaction of its customers, lowering the price of the products, it never hampers the company's profit. Instead, all these strategies help Tesco to gain higher overall revenue.

To implement an adequate strategy, it is essential to identify market objectives. Several promotional events observed to be conducted by the company. By analyzing sociological

aspects, it can be comprehended that the company is facing problems from the aged people existing in the global market due to their inability to travel in the superstores of Tesco. However, online is a greater platform which the organization is fully utilizing. At the same time, they are providing on-time quality services to each of their customers. Their flourishing market of Tesco faced with a tremendous loss in the year 2013 for the horsemeat scandal. Afterward, the company revived with strong potentiality and effort (De Kervenoael, Hallsworth, and Clarke, 2006, p.387). In addition to that, the company had to face a problem in some places while implementing technologies. Though, the company tries to overcome those adverse situations with the help of skilled expertise. Moreover, the company has given importance on innovating environmental friendly products which expresses their socially responsible behavior in front of their customers. To gratify the investors the company has taken an adequate measure like useful product display, less operating charge, increasing property worth which can provide strong value to them.

## **Conclusion**

Based on the above analysis, which is done by utilizing some useful tools and techniques for Tesco, it is the largest retail sector of UK. The company is operating not only in the market of the UK it has expanded wings in various international markets. This study will help the owners of the selected company to make critical marketing decisions and to choose the best market entry mode for its further global movement. The strength, weakness, opportunity, and threat of the company have been thoroughly analyzing in the present paper. This thesis paper also states about the influence of Porter's Five Forces on Tesco. The company is facing barriers whenever they try to enter a new market.

Along with this, they also face both side bargaining power of the suppliers and the buyers. It is their responsibility to tackle such matters. QUEST Analysis is also presented in this recent paper. Such analysis helps in increasing the branding image of Tesco. Apart from this, Porter's Diamond is also using for improving their growth and development all over the world. Micro and Macro analysis of Tesco also helps to understand their impact on the company. Therefore, the strategies above are utilizing by Tesco for expanding their progress worldwide.

## **Part -2**

### **Growth in World Government and Private Debt Levels impacting on the business development of Tesco**

Government and private debt impact on the economic development of an organization. Owners of a company have the right to decide upon utilizing debt. Almost a decade the global debt is abruptly increased to a high and breaking all new financial records (Vanacker, Collewaert and Zahra, 2017, p.1307). Public debt is the total amount, which the organization takes from the government to invest in their new projects. However, the government or public debt can be categorized into two types one is external, and the other is internal. Foreign debt is provided to the external creditors, private organizations who have jointly invested for the development of a business. Over the last decade, it is noticed that increasing buying power of the customers has helped Tesco to expand its range of activity in the different field. Moreover, external creditors mainly invest in the business to gain profit and dividend — a certain amount of tax they need to pay to the respective government from their achieved profit amount. Governments collect tax from the businesses for the economic development of a nation.

On the other hand, bilateral and multilateral are the two types of external creditor. Bilateral includes two parties to jointly organize a business whereas multilateral allows many parties to involve in a single company. Multilateral creditors are only able to take debt from IFIs (international financial institutions) like World Bank, European Investment Bank, IMF (International Monetary Fund), Asian Development Bank, CAF – Development Bank of Latin America, and others (Creel, Hubert, and abundance, 2015, p.30). In contrary to that, bilateral creditors can be seen in many nations like Italy, Japan, Denmark, Germany and more. Jubilee 2000 which can be considered as one of the most effective global action was implemented for canceling the external debt amount of some indebted countries.

International Debt Statistics helps the international financial institutions to take adequate measures economic development of the world. As per the report of International Debt Statistics, it can be identified that almost 123 low and middle-income nations are entirely indebted to the World Bank's DSR (Kallestrup, Lando and Murgoci, 2016, p.377). High levels of debt harm the prosperity of a business firm. The World Bank organizes the countries as per their GNI (gross national income). In contrary to that, sometimes business organizations take loans from private entities to direct their business activities. It can be emphasized that both credit and debt in public and private sectors impacts the economic development of the business organizations. Though, at a moderate level of debt, the companies get the opportunity to make a financial improvement.

Tesco, a global business organization, can be observed to be controlled by reliable stock investments. At the same time, the company is earning considerable revenue by operating business in different geographical locations. With the implementation of effective financial structure, the company is extending success in the global markets. The government of the countries also provides debt management strategies for the business organizations so that they

can also earn profit from their investment. In the annual report of Tesco, it can be observed that the company has resulted in many approaches to provide long-term value to their stakeholders which helps in increasing profitability of the organization (Burt, Coeand Davies, 2018, p.6). However, the company (Tesco) has segregated bands of its products, curtailed operating cost, engendered large cash from operations, launch innovative products that inspire its stakeholders to invest their capitals for a long duration.

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