

Marketing Fundamentals

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**Individual Report: The Effect of Globalisation on an
Organisations' Marketing Strategy**

Table of Contents

Introduction	3
Different Types of Internal and External Stakeholders	3
Internal Stakeholders	3
External Stakeholders	5
Evaluating the effect of the Internal and External Stakeholders on the Marketing environment of Tesco	6
PESTEL Analysis	6
Marketing Information System	8
7 Functions of Marketing	8
Recommendations	10
Conclusion	11
References	11

TASK: 1

Exploration of the range of Marketing Functions within the UK based organisation and its impact on customer needs

Introduction

This report will demonstrate the aspects of the marketing functionalities of Tesco. Tesco is the largest grocery retail store in the UK and one of the largest retailers in the world. The key stakeholders of the organisation will be identified. How these stakeholders impact the marketing activities of Tesco will be demonstrated. PESTEL analysis will be evaluated to recognise the external factors that can affect the marketing activities of the organisation. In the context of marketing functionalities, the key elements of the marketing mix will be highlighted which are used by the organisation to improve the customer satisfaction level. Furthermore, how these marketing elements create value for the customers will be pointed out.

Different Types of Internal and External Stakeholders

Finding the right people or organisations with a stake in a certain project, initiative, or choice is known as identifying relevant stakeholders. A stakeholder is a group of people or associations which are impacted by the revenue of the business. Stakeholders are important as they have both positive and negative influences on business decisions. Mainly there are two kinds of stakeholders which are internal stakeholders and external stakeholders.

Internal Stakeholders

Internal stakeholders are also known as primary stakeholders who have a direct influence on the company. Internal stakeholders include the board of directors, employees, managers, owners and business investors.

Business Owners - The main founders of the business involves in greater decision-making in the business and ensure the company's profitability is maintained. They impose a greater influence on the board of directors. For example, Jack Kohen was the founder of Tesco Plc who has greater influence in this supermarket business. His motto of Pile it high and sell it cheap increased the sales force of Tesco Plc and thus he has become able to expand its business into a larger market area.

Board of Directors - The directors of a company generally make strategic decisions and influence the team into market capitalization. Their main interest is to make happy their investors with their investments and satisfy the founders. The board of governing bodies of Tesco Plc also include the Corporate Responsibility Team which is currently chaired by

Lindsey Pownall OBE. The Executive team of Tesco Plc includes the CEO, Directors of five committees of governance. Board members of Tesco PLC comprise the chief financial officer, chairman, CEO, group chief executive and senior independent director and non-executive directors of every department of the company. Currently, John Allan CBE has become the non-executive chairman of the association where Ken Murphy is leading the board of the Executive committee (TESCO, 2023).

Employees - The quality of customer service depends on the quality of employees and how they influence the setting of commendable tasks. Employees always try to serve clients in the best possible way so that they can help in meeting the organisational goals in long run. According to the 2022 annual report of Tesco Plc, there are more than 354,000 colleagues in their Association where Tesco ensure employee satisfaction completely within their organisation (Tesco, 2023).. Tesco creates a large number of employee engagement programs so that they can develop effective communication channels among them.

Investors - Investors are one of the largest internal stakeholders who are responsible to fund a particular business. They play an indirect role in the decision-making process of a company. As they invest a large amount of money in public limited companies, they sometimes control their financial positions after measuring their profit level and capitalization techniques imposed by a company. Black Rock Inc. has become the largest investor or shareholder in the company holds 6.9% shares. Vanguard Inc. is the second largest shareholder holding 4.2% common stock of the company and Silchester International investors become the third largest shareholder of the company with 3.4% stock. Fidelity International, Norges Bank and Schroder Plc are the active shareholders of the organisation who supports the organisation in developing important marketing policies for international markets.

Managers - The level of good performance and quality of employees depend on the managerial activities exercised in an organisation. So managers are the main influencer who set different goals for developing good working conditions, wages and bonuses for the employees. The warehouse operations and store have over 120,000 managers and colleagues in their operations. From the supply chain department to the marketing and sales department, every office location at Tesco has a line or departmental manager (Tesco-Careers, 2023). Besides store managers of Tesco try to optimise the quality of customer services which makes Tesco serve over 4 million customers with award-winning customer services.

External Stakeholders

External Stakeholders are mainly outsiders which take an active part in the business of larger organisations. Customers or clients, creditors, competitors, governments and suppliers are mainly external stakeholders of a business

Customers - Every individual customer generally has no direct influence on the decision-making process of a company but collectively customers play a significant role in the success of the company's decision-making process. As customer gives their money and attention to the product and services of the company, the governing body of an organisation highly give importance to customers' changes of choices on their product and services. Thus an organisation determines the service or product quality, its availability and relevance in the company. Tesco serves over 3.4 million customers every week through their supermarket chain and online businesses which decides their success rate as a leading supermarket company in the UK.

Suppliers - The inventory products of a company depend on the strength of the supply chain. Every company's profits highly depend on other businesses. Suppliers play a great role in online and offline orders, production and manufacturing processes of a business (The Grocer, 2019). There are more than 5000 companies that provide thousands of products to Tesco Plc. While opening 760 stores in the UK, Tesco partnered with Graham Diaries Dairy Farmers of Britain and Robert wise man who supported small families on farms (Tesco , 2023)..

Local Communities - Local communities have a greater influence on the company's decision-making process. Companies organise different actions and show special interest to serve the local communities. The people of local communities directly become the customers or part of the supplier team of most organisations. Their interest towards the company so not negatively impact the company but create great importance in form of creating sustainable business in a country (TESCO, 2023). An open profitable business can be generated with the influence of local communities. Tesco works together with partners and customers while they support different local community groups which showcases the core values of the business. Tesco supports communities by donating food to needy people. Tesco redistributes their foods while partnering with Fare Share which redistributes surplus food to 9500 charities of a community group in England.

Government - Governments directly impact the profit margin of a company. If a company expands its business, it helps in increasing the citizen's well-being and positively impacts goods and services (TESCO, 2023). UK Government plays an active role in the marketing management of Tesco Plc as the regulatory bodies of the association follows all type of government Regulation and policies and take advice from the government associate to launch a new product in the market (Tesco , 2023).

Evaluating the effect of the Internal and External Stakeholders on the Marketing environment of Tesco

Both internal and external stakeholders have greater relevance in the marketing environment of a business. The stakeholders especially the **Board of Directors** of a company undertake important decisions. The direct managers of a company like Tesco make an important decisions on marketing management. The power of disrupting the marketing decision is in the hand of the executive directors of Tesco (Golestaneh, et al., 2022). **Customers** are directly associated with the marketing decisions of a company. The daily customer engagement on the website of Tesco improves the digital marketing motives of the business. The success of the social media digital, marketing of Tesco highly depends on the online customer engagement of the company. The goodwill of a product or service is generally spread by the customers of a company. As Tesco adopts the customer-centric approach in their business, it becomes really easy for Tesco to promote their goods through word of mouth of UK customers (Khan, et al., 2022). This customer plays an active role in the marketing function of the company. **Suppliers** are external stakeholders who is directly associated with the marketing campaign of a business. Many fresh-to-ready meals, clothing, electronic equipment and furniture are supplied by over 5000 direct suppliers to stores of Tesco which also includes international sourcing hubs like Hong Kong. The internal profits and good will of these suppliers of Tesco are indirectly associated with the marketing campaign of Tesco's business (Suriyanto, et al., 2020.). Tesco even **partnered with Fair Share** which has been able to make success in general community food campaigns where Tesco are its surplus food with more than 9400 charity communities in the UK. Thus Tesco is generating positive influence in the UK market through promoting food campaigns with business charity partners. The UK government play an active role in the marketing campaigns of Tesco Plc. Tesco undertakes politically neutral business where they maintain a certain business code of conduct for which they have the ability to engage with regulators, public interest groups and other bodies. A good government relationship with the UK government helps in advancing Tesco's group in other markets. The visibility of Tesco Plc in the UK government's promotional campaign helps the organisation to capture world customers' attention in another international market. The group of internal and external stakeholders directly participates in the marketing campaign of the business.

PESTEL Analysis

PESTEL analysis will assess the external marketing environment to identify the factors that can affect the marketing activities of Tesco.

Political Factors: The UK is one of the most powerful countries as it consists of England, Scotland, Northern Ireland and Wales. Its overall political stability ensures business growth within the country. The vibrant political culture of the UK and its citizens take active roles in

the country's democracy. The country has a good relationship with the United States and many other strong countries in the world. The UK is a great power with considerable influence on global economic, political affairs and cultural areas. These factors help Tesco immensely to expand its business in foreign countries. However, the Brexit decision creates political instability within the country (Feldmann & Morgan, 2021). The business environment has been affected pretty much due to this decision since a large number of raw material comes from the EU region in the UK.

Economic Factors: Economically the UK is quite strong in the UK since it is the sixth largest economy in the world in terms of nominal GDP. Its market-based economy helps businesses significantly. London is one of the top financial centres and its developed economy helped large businesses like Tesco to trade internationally. The economy of the country has suffered a lot due to global lockdowns from 2020 to 2021 (Belitski, et al., 2022). International trade was shut down during this period. However, Tesco has started its online business to tackle this adverse situation. The economy has started bouncing back stronger which can help the business. However, the high inflation rate and the unemployment rate is affecting businesses. However, Tesco sells basic needs of people so its business may not be affected due to this reason.

Social Factors: The UK has a diverse population. Currently, the population of the UK is around 68.7 million according to Worldmeter. Businesses have a large consumer market benefit. Businesses have the opportunity to cater for a diverse population. That is why they developed a variety of products over the years. The marketing strategy should be developed in such a way it can attract all categories of people living in the country. Tesco needs to focus on different products and analyse the market to determine the demand for the products in a specific market. The increasing population is an advantage for businesses. However, the UK population is getting older which increases the concerns of labour shortages (Bell & Blanchflower, 2020).

Technological Factors: The UK is an advanced country in technology. Technologies are frequently developed by businesses to provide the best solution for customers. Marketing activities are highly influenced by the growing technology. It provides immense opportunities for businesses. Organisations are able to perform specific marketing processes with new and advanced technologies. Since internet connectivity in the UK is very high, businesses are utilising digital marketing as their primary marketing process (Dolega, et al., 2021). Social media marketing is overtaking traditional marketing techniques. The technology sector contributes majorly to the country's economy.

Environmental Factors: The environment is impacted highly due to economic activities. However, the negative impact on the environment is reduced through government policies. Large organisations have to focus on their CSR strategies to reduce the environmental

impact. They need to follow a sustainable business strategy. Businesses need to promote sustainability among the people. The marketing activity should be around sustainability since it can attract customers.

Legal Factors: Businesses have to follow the legal factors while implementing marketing activities. The marketing process should not violate any regulations of the country. The strong legal system of the country can help organisations to run businesses under the rules and regulations. As Tesco is the largest private employer it has to maintain the employment law and equality law.

Marketing Information System

An organisation can gather, store, analyse, and share information about its marketing efforts using a marketing information system (MIS). It is a thorough method for managing marketing data that entails gathering, arranging, and studying information from both internal and external sources. By giving marketing managers pertinent and timely information, an MIS primarily serves to support marketing decision-making. An MIS aids Tesco managers in developing marketing plans, tracking performance indicators, assessing client requirements, and identifying market prospects (Hutahayan, 2020). An MIS of Tesco often consists of a number of different elements, including data gathering, processing, analysis, and reporting. Data collection entails compiling information from a range of sources, including market research studies, sales data, social media analytics, and customer surveys.

By cleaning, filtering, and arranging raw data, data processing turns it into usable information. Data analysis entails applying statistical methods and other approaches to draw conclusions from the data, such as spotting trends, correlations, and patterns. Reporting entails using dashboards, reports, and other tools to deliver the data to decision-makers in a relevant way (forbes, 2021). Due to the people, products and programs to collect, the marketing information system is applied in Tesco. A good information system is necessary for Tesco since it is the largest supermarket chain in the UK. The MIS and marketing strategy of the company work integrated. The system contains product-related information that helps to speed up floor retailing. Hence, an MIS can assist Tesco in making better-informed and more efficient marketing decisions, resulting in enhanced performance and increased market competition.

7 Functions of Marketing

A **marketing mix** is a comprise of different marketing elements that an organisation uses to improve its overall business and customer satisfaction level. In the following section, the marketing mix elements of Tesco will be discussed.

Product: Products are the primary business value that served the customers to fulfil their needs and whatever they want from that particular business. In order to adapt to the changing tastes and preferences of the consumer base, Tesco has a "product management

strategy." To give a stronger value proposition to the target clients, the marketing team draws heavily on market knowledge and thorough marketing research. Through various stores, Tesco offers a variety of products. At Tesco outlets, various kinds of products are present such as Pet care products, beverages, frozen food, gaming products, bakery, technology, electronics items, sports, baby and toddler products, health and beauty products, clothing etc (Tesco, 2022). Tesco has its own brands like Tesco, Everyday Value, Tesco Lotus, Tesco Bank, Choice etc. Apart from these products, Tesco offers a variety of financial services such as loans, credit cards, insurance and mortgages.

Price: The only marketing component that contributes to the organization's ability to make money is price. In addition, the price is the amount that the buyer pays for the product in money at the time of the actual sale. According to the author, price is the primary factor that helps the organisation influence profitability. The worth of the product is therefore determined while developing the price plan. Changes in the product's pricing might also affect the customer's purchasing habits. Maintaining quality Tesco provides goods at much lower costs compared to other retailers in the UK. It takes customer reviews as feedback and set the pricing accordingly (howandwhat, 2022). Tesco cut down its promotional expenses to further price reduction. Brand Guarantee is a unique programme of Tesco through it offers branded products at fewer prices.

Place: The organization's place is its distribution method, which enables customers to buy goods from wholesalers or retailers. Tesco is a well-known grocery and general merchandise retail company with a global presence in more than 11 countries. Distribution-wise, Tesco items can be found in a variety of supermarkets, hypermarkets, merchants, general shops, and online shopping portals. As a result, Tesco has adopted an "omnichannel distribution strategy" to increase the reach and accessibility of its products in various geographical regions. Tesco has around 7000 stores across the world and depending on the size it has a variety of stores that are classified as Tesco Express, Tesco Metro, Tesco Superstore, Tesco Extra, etc (tesco-careers, 2022). Tesco Superstores are the largest supermarkets that contain grocery items and other non-food items. Tesco Express keeps high margins products and these kinds of stores are generally smaller stores. Tesco sells its products online to reach a larger audience across the world.

Promotion: One of the marketing components that are concerned with brand recognition is promotion. The goal of the promotional elements is to raise knowledge about the products within the intended audience. Sales promotion, advertising, public relations, and personal selling are additional crucial parts that finish the promotional elements. '*Tesco Clubcard*' is a loyalty card of Tesco that allows the organisation to segment and target its audience. Customers can get discounts using the loyalty card. Personalised discount is offered through the Clubcard. Currently, Tesco puts extra effort into digital marketing processes to engage

customers online (tesco, 2022). Lower prices are other promotional methods which make the brand image of Tesco strong.

People: Tesco has a workforce of more than 345,000 people. It is one of the leading brands in terms of employment. Tesco follows a careful job and policy selection process to acquire the right people for the organisation. Diversity and inclusion are the primary workplace practice of the organisation. A large amount of money has been invested in employee training and development processes. It uses different reward programs to motivate employees.

Process: Tesco performs a set of activities to achieve its objectives. Tesco has a self-service process to make payments in offline stores. In order to increase efficiency and reduce costs Tesco has decided to increase the number of self-checkouts. Through online platforms, Tesco sells its products and recently it has reviewed all its products and reduced its product lines to focus on essential items in terms of demand. In order to reduce its prices, Tesco works with its suppliers to continue to improve its supply chain process (Tien, et al., 2019). Additionally, Tesco is using "multi-channel communication" to inform and persuade the target market about the new products. This includes using product labels, websites, consumer pamphlets, and care line phone numbers. Therefore, Tesco's combination of marketing channels is successful in raising awareness among key client groups.

Physical evidence: It represents the tangible aspects of a company. Tesco has good branding to make sure it can reflect its physical evidence. It navigates its customers to find their products through offline stores. It uses its websites to increase its visibility and makes it easy to operate.

Recommendations

- Tesco has a wide range of products. However, it should offer products for specific regions where the demand for the products is high. For this, the organisation needs to do proper research on the market.
- As Tesco is a multinational company it should use a dynamic pricing strategy so that its products get accepted in every part of the world. In those countries where economic conditions are bad Tesco should sell products in those areas at a lower rate to increase the market.
- Tesco should put more focus on its digital marketing strategy so that people in those countries where Tesco is not present can purchase products from the country and know about the company through online platforms whether it is the company's website or social media platforms.

Conclusion

The above study has described the functions of stakeholders and the marketing function of Tesco plc. Firstly the report has given a brief introduction to different types of internal and external stakeholders where the role of customers, suppliers, board of directors, local communities, and other people are briefly examined in the study. It has also explained the role of customer suppliers and other stakeholders in the marketing campaign of Tesco PLC. With the help of PESTEL analysis, the market conditions of TESCO have been examined in the study. Lastly, the study has explored seven functions of marketing and different information system in accordance with the functionality of Tesco's business.

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