

Tesco's failure in US

--Cultural Difference

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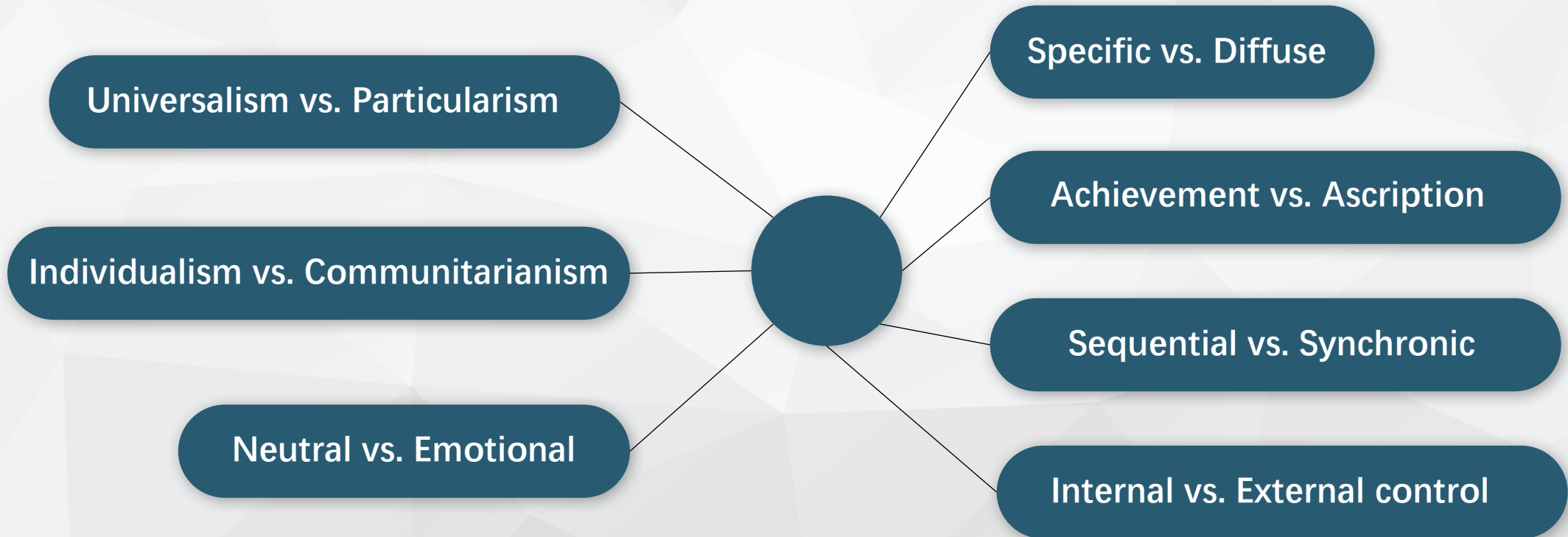
Introduction

- Tesco's first US store opened in Los Angeles in 2007
- Failed to gain traction with US consumers
- Sold its Fresh & Easy supermarket chain in 2013
- A loss of 1.2 billion pounds for the U.S. misadventure



Trompenaar's Model

A framework for cross-cultural communication applied to general business and management.



Cultural Difference & Tesco's Failure

Universalism

Universalism is the belief that ideas and practices can be applied everywhere without modification.

standards and values are important

Characteristics—

laws, rules, values, obligations, standards > relationship

Cultural Difference & Tesco's Failure

Universalism

Cultural differences between US and UK :

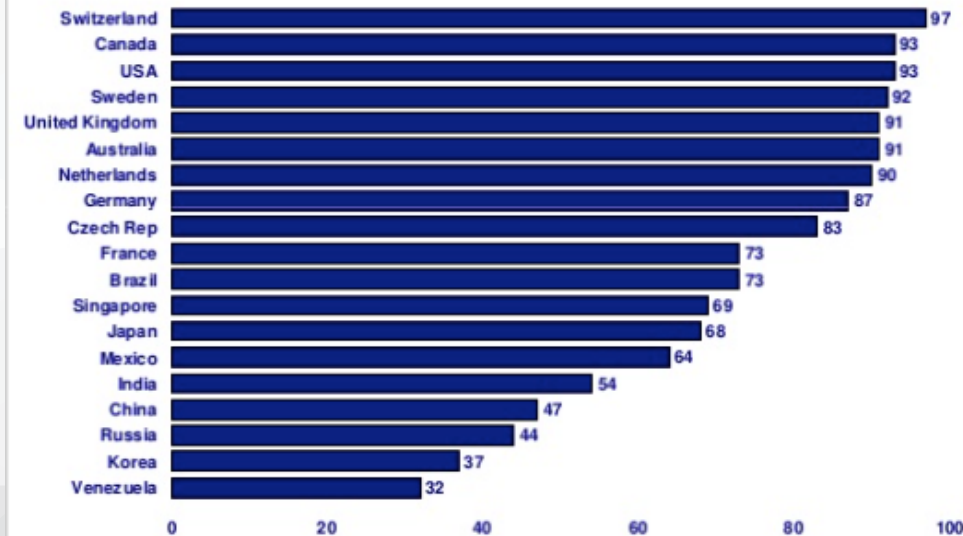
Americans are more universalism than British

coupons Vs membership

Reasons for Tesco's failure

Promotion policy cannot attract American consumers and gain loyalty

Friend has no/some right and would not help



Cultural Difference & Tesco's Failure

Neutral

Culture in which emotions are held in

Avoiding displaying any emotional
outbursts

Characteristics—

Reason influences their actions far more than their feelings

Cultural Difference & Tesco's Failure

Neutral

Cultural differences between US and UK :

British are more neutral than American

clerk **Vs** **self service**

Reasons for Tesco's failure

Tesco ignored the importance of emotional experience for American consumers

NEUTRAL	Singapore	Belgium	Argentina
Ethiopia	Australia	Brazil	Russia
Japan	United Arab Emirates	Norway	Bahrain
Poland	Nigeria	Thailand	Philippines
New Zealand	Portugal	Greece	Venezuela
Hong Kong	Sweden	Israel	Saudi Arabia
Austria	Netherlands	Germany	Cuba
China	Hungary	Denmark	Spain
Indonesia	UK	Italy	Oman
India	Czech Republic	Switzerland	Egypt
Bulgaria	USA	Malaysia	Kuwait
Canada	Mexico	France	AFFECTIVE
Burkina Faso	Finland	Ireland	

Summary

- Tesco's lack of culture awareness and consumer behaviour study partly led to failure.
- Tesco or other enterprises should conduct in-depth thinking and research on cultural differences.

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