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MARKETING MANAGEMNET ASSESSMENT 2

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1. Introduction

TESCO, one of the biggest retail companies in the UK, works in a very fast-paced and cutthroat market (Nagvadia and Bhatt, 2021). In order to stay ahead of the curve, TESCO must continuously assess its marketing plan and consider both internal and external variables that affect its business. In this environmental marketing analysis, we are going to look at the major external factors that affect TESCO's marketing strategy as well as the internal environment of the organisation and the function that marketing serves there. Finally, we would offer suggestions for TESCO's upcoming marketing initiatives.

2. Background of the company

TESCO is a multinational British retailer of groceries and other goods with its headquarters in England. Jack Cohen began it in 1919 and since then it has expanded to become one of the biggest merchants in the world, running more than 6,500 locations across 12 nations (Tesco plc.com, 2023). TESCO has a significant internet presence and works in a number of industries, including retail, banking and mobile services.

3. PESTEL Analysis

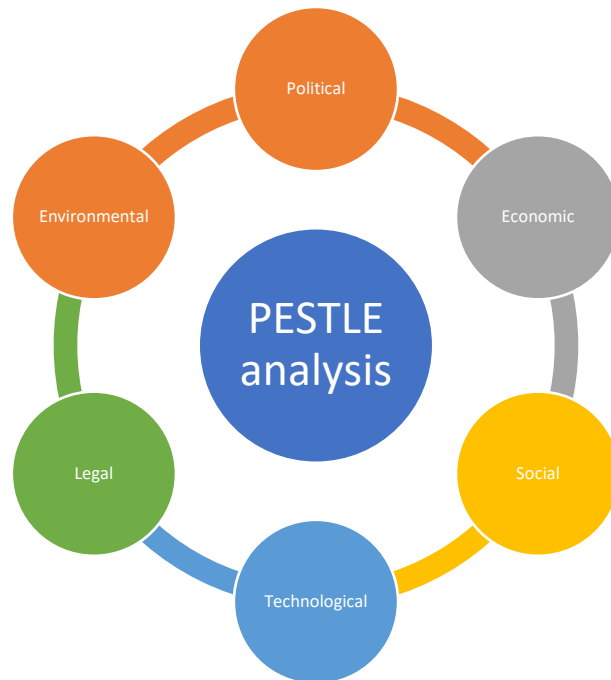


Figure 1: PESTEL Framework
(Source: Self-developed)

3.1 Political

Political stability, tax legislation, trade policies and government policies all have an impact on TESCO. Since TESCO has operations in numerous nations, it is impacted by various political climates. For instance, the uncertainty surrounding trade laws and taxes brought on by Brexit may result in higher expenses for TESCO.

- TESCO's business operations and supply chain may be impacted by changes to governmental laws and regulations, such as Brexit (Bbc.com, 2021).
- Operational issues at TESCO could also be impacted by political stability and prospective leadership changes.

- The profitability and cash flow of TESCO could be impacted by tax laws and regulations.

3.2 Economical

Inflation, interest rates, trust among consumers and economic growth are some of the economic variables that affect TESCO (Tesco plc.com, 2022). Economic conditions can have an impact on consumer behaviour and purchasing power because TESCO works in a highly competitive market.

- Economic factors like inflation and interest rates may have an effect on consumer spending patterns and sales at TESCO.
- In order to remain competitive, TESCO must be ready to adjust to shifting consumer tastes and behaviour.
- Consumer spending and consumer confidence can have an impact on the economy and TESCO's sales.

3.3 Social

Demographic shifts, customer behaviour, fashion trends and cultural views are some of the sociocultural elements that have an effect on TESCO (Taufique *et al.*, 2022). In order to remain competitive, TESCO must be abreast of shifting consumer trends and tastes.

- The product line up and marketing plan of TESCO may be impacted by changes in the demographics, such as ageing populations or shifting household sizes.

- The product selection and marketing plan of TESCO may be impacted by consumer attitudes towards health and wellbeing.
- Consumer behaviour and TESCO's sustainability activities may be impacted by cultural perceptions of sustainability and environmental responsibility

3.4 Technological

Automation, e-commerce and technical improvements are among the technological variables that affect TESCO. In order to improve its operations and the client experience, TESCO has made significant technological investments.

- Technology developments like automation and artificial intelligence may have an effect on TESCO's operations and supply chain (D3.harvard.edu, 2023).
- The online offerings and marketing plan of TESCO may be impacted by e-commerce and online purchasing trends.
- Self-checkout systems and data analytics are only two examples of the technology that TESCO has invested in to enhance its operations.

3.5 Environmental

Climate change, a lack of resources and consumer attitudes towards sustainability are only a few examples of environmental variables that have an impact on TESCO (Taufique *et al.*, 2022). Through implementing waste reduction strategies, energy-efficient practises and

sustainable product sourcing, TESCO has worked to lessen its environmental impact.

- Natural disasters and alterations to climate patterns may have an effect on TESCO's operations and supply chain.
- The product selection and marketing plan of TESCO may be impacted by consumer attitudes towards sustainability and environmental responsibility.
- Through implementing sustainable practices and lowering waste, TESCO has made an effort to lessen its environmental impact.

3.6 Legal

The laws governing employment, health and safety and competition all have an impact on TESCO. TESCO must abide by a number of rules and regulations in the nations where it conducts business.

- TESCO is required to abide by a number of employment-related laws and rules, such as minimum pay and work hours (Murphy and Ryan, 2020).
- The ability of TESCO to compete with other retailers may be impacted by competition laws and regulations.
- In order to safeguard the well-being of both its staff and customers, TESCO is required to abide by health and safety laws.

3.7 Limitations and Opportunities of PESTEL analysis

The scale, lack of prioritisation, quickly changing environment, lack of context and inadequate data are some PESTEL analyses for TESCO in the UK's drawbacks.

Limited analysis

PESTEL study only considers external factors; it ignores internal aspects, such as organisational structure and culture, that might affect TESCO's operations and advertising strategy.

Lack of prioritization

Due to the fact that PESTEL analysis does not rank the significance of external factors, it is feasible for less important factors to receive the same attention as more important ones.

Rapidly changing environment

PESTEL analysis offers a picture of the external elements at a specific period because the external environment is constantly changing. This implies that the analysis could easily become stale.

Lack of context

The backdrop of how external elements are interconnected and how they might affect TESCO's operations and marketing strategy collectively is not provided by PESTEL study.

Incomplete data

PESTEL analysis depends on information and data that might not be easily accessible, making it difficult to carry out a full analysis.

4. Porter's five forces

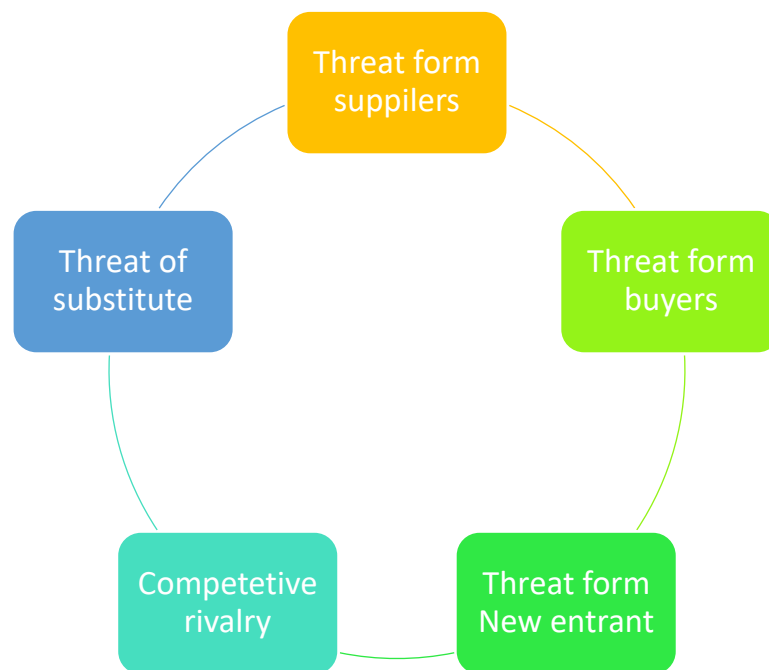


Figure 2: Porter's five forces

(Source: Self-developed)

A framework for examining the competitive forces that mould an industry is Porter's Five Forces (Iljin, 2022). Here is a brief explanation of each of the five forces at work in the UK's TESCO case.

Threat of new entrants

New competitors pose a threat since the UK retail sector is both extremely competitive and oversaturated, making it difficult for new competitors to obtain market share. As one of the biggest and longest-running companies in the sector, TESCO enjoys the advantages of economies of scale and a well-oiled supply chain. However, the expansion of e-commerce has made it easier for new online retailers to get started.

Bargaining power of suppliers

Due to its size and market dominance, TESCO has considerable negotiating power over its suppliers. Due of TESCO's ability to give them access to a huge consumer base, suppliers are eager to work with the company (Shin *et al.*, 2020). However, suppliers are also putting pressure on TESCO to keep prices low and uphold positive relations.

Bargaining power of buyers

Due to the wide variety of options available to them, customers in the UK retail industry have significant negotiating power. In order to sustain its clients, TESCO must maintain reasonable rates and provide top-notch goods and services (Mariani and Wamba, 2020). Additionally, the popularity of online shopping has made it simpler for consumers to switch between competitors and compare prices.

Threat of substitutes

The retail industry in the UK is very diverse, offering consumers a wide selection of goods and services. TESCO is facing against competition from cheap stores, online merchants and other retailers in addition to rival supermarkets. TESCO must therefore constantly innovate and adjust to shifting consumer tastes.

Rivalry among existing competitors

The retail industry in the UK is extremely competitive, with a number of well-known companies including Sainsbury's, Asda and Morrisons as well as discounters like Aldi and Lidl. For TESCO to keep one step

ahead of its rivals, it must constantly enhance both its product selection and customer support.

5. SWOT Analysis

Strength	Weakness
● Big and varied product offering (Tesco plc.com, 2023) ● Strong reputation for brands ● Effective distribution and supply networks ● Strong e-commerce capabilities and online presence ● Strong financial performance and profitability	● Dependence on UK market ● Previous accounting scandal ● Limited international presence ● Heavy reliance on own-label products ● Lack of focus on sustainability
Opportunity	Threat
● Expansion into international markets ● Growth in e-commerce and online shopping ● Diversification into new	● Intense competition in the UK retail market ● Changes in consumer preferences and behaviour ● Political and economic

product categories ● Increasing demand for sustainable and environmentally friendly products ● Partnership and collaboration opportunities with other businesses	uncertainty in the UK and other markets ● Rising costs of raw materials and transportation ● Evolving regulatory environment and compliance requirements
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Advantages and disadvantages of SWOT analysis

SWOT analysis offers a thorough picture of a company's internal and external environments, identifying strengths, weaknesses, opportunities and threats. On the other hand, based on the analyst's viewpoint, SWOT analysis may be subjective and biased. Additionally, it may simplify complex problems too much while ignoring crucial nuances and details.

6. STP Analysis

Segmentation	Geographic- Rural and urban Demographic- Male, female, low-medium income group, working class Psychographic- Traditionalists Behavioural- Active user
Target market	Mass targeting strategy

Positioning	Highly competitive position
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A deeper understanding of client segmentation, better targeting and positioning and more customer happiness are all benefits of STP analysis for TESCO in the UK (Research-methodology.net, 2023). The risk of oversimplification, the disregard for extraneous elements and the potential for incorrect data interpretation are drawbacks.

7. Marketing mix strategy

With a market share of more than 26.9%, TESCO is one of the largest grocery chains in the UK (Thenationalnews.com, 2023). The company's marketing mix strategy places a high emphasis on customer service and experience in addition to the four Ps of product, price, place and promotion.

7.1. Price

TESCO provides a broad range of products, including both own-brand and third-party products. The company offers a variety of things, such as groceries, apparel, electronics, household goods and more. In response to shifting consumer tastes, TESCO has recently increased the number of sustainable and ecologically friendly products in its product line (Jones and Comfort, 2021). For instance, the business has increased the variety of plant-based foods available and decreased the use of single-use plastics. As part of its commitment to upholding strict quality control procedures, TESCO also places a great priority on the safety and quality of the items it sells.

7.2. Product

TESCO is renowned for its aggressive pricing, which gives clients value for their money (Nastasoiu and Vandenbosch, 2019). For the purpose of luring in new clients and keeping existing ones, the business employs a variety of pricing strategies, such as special offers, promotions and loyalty programmes. Customers particularly like the TESCO Clubcard loyalty programme because it gives them discounts and other incentives based on how much they spend. Additionally, the business employs dynamic pricing, instantly changing prices in response to demand and other elements.

7.3. Place

The UK-based retailer TESCO operates 4,752 stores cross all markets in addition to developing online infrastructure for e-commerce and home delivery (Globaldata.com, 2022). TESCO has a significant consumer base across many channels thanks to its presence in gas stations and convenience stores, especially during the Covid-19 pandemic.

7.4. Promotion

TESCO uses a variety of marketing strategies to develop their brand, such as advertising campaigns emphasising its value proposition, social media marketing and cause-related marketing to help out the community and non-profit organisations. These actions set TESCO apart from rivals and foster client loyalty.

8. Recommendation

Ansoff matrix

	Existing Products	New Products
Existing Markets	Market Penetration: Gain market share by luring more customers to your current goods and services, for instance through pricing tactics, marketing campaigns and loyalty programmes.	Product Development: Expanding TESCO's selection of sustainable and environmentally friendly items is one way to offer new goods and services to current clients (Keiningham <i>et al.</i> , 2020).
New Markets	Market Development: Enter new markets with existing products and services, for example by opening new stores in underserved areas or expanding TESCO's online presence to new regions.	Diversification: Enter new markets with new products and services, for example by acquiring a new brand or developing a new product line outside of TESCO's core business areas.

Product Life Cycle model

The product life cycle of TESCO's goods and services includes the introduction, growth, maturation and decline stages.

Defence Strategies in growth stage

TESCO may employ defensive tactics to keep its market share throughout the expansion stage, such as enhancing the quality of its products, enlarging its distribution network and stepping up marketing initiatives to fend off new competitors.

Attack strategy in growth stage

In order to increase its market share, TESCO may also employ aggressive tactics such the introduction of new products, market expansion and rival acquisition.

Strategy in maturity stage

In the maturity stage, TESCO might concentrate on preserving its market share and profitability through cost-control measures and introducing new product features or innovations to remain relevant and competitive in the market.

9. Conclusion

In conclusion, Tesco has become a top retailer in the UK by implementing successful marketing techniques like market segmentation and product diversification. The company has identified significant external influences affecting its operations through PESTEL and Porter's Five Forces assessments, which it has effectively navigated to maintain its competitive edge.

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