

Date: 28/03/2019

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Tesco report  
Problem solving and decision making

Tesco supermarket has become a well recognized brand within the supermarket and has grown in terms of profit and floor space. In 1919 Jack Cohen first traded from a stall in the East of London to put affordable food in the reach of everybody. Tesco's first own brand product was Tesco Tea. The supplier of the tea was T E Stockwell and CO of Cohen. The first shop opened in 1929 in Burnt Oak Edware. After that 1930 Jack C buys more and for expansions plan for tesco in 1940 and 1950 tesco development the first self service store supermarket and Tesco offers its customers more range of products to operate an economies made with its suppliers. 1963 Tesco started giving green shield stamps at checkout. Which could be traded in for products at the local green shield stamp shop for every pound spent in tesco, people were rewarded stamp for loyalty to the store. In the 1970's they opened up Petrol garages offering lower price petrol.

The 1980 tesco enter in new vision stage for the businesses by offering affordability but encouraging its customers to think about 'healthy' eating and purchasing high quality products. Sie Mac Lourine launched the checkout 82 which aimed at reducing the prices of 1500 food items between 3% and 26% and put affordable food in the reach of everybody and to take in consideration eating healthily but at the same high quality products in 1990's it goes to develop small locally based stores forcing some small shops out of the market, The new start up line of Every Little Helps was launched and brought in 1.3 million new customers between 1993-1995 it further develops this by schemes such as computers of schools in 1995 Tesco announces a major expansion strategy into Europe with open Poland, Ireland and Malaysia, In 1995 their loyalty scheme of tesco clubcard attracted 5 million customers in the first year, Tesco continued their growth Strategy with their online shopping.

Tesco didn't always have the amount of customers they have now but In 2010 they launched 'putting the customers at the heart of everything' strategy and over 8 years under initiatives such as tesco value Mortgages linked to clubcard rewarded 5p plastic bag charge invested in local communities, green spaces projects, free fruit in store for children. In 2018 Tesco merges with wholesale booker group and launches 'Jack's' after its founder with the message to its customers of its aim to bring 'great tasting food at lowest possible prices.

## Task 2

After doing the pest analysis of the the company we can recognise the marketing issues a company has to face. Pest analysis is about doing political, economical, social and technological factors.

- Perception of low quality
- Local knowledge of customers and culture
- Foreign brand
- New exciting competition
- Extremely high competition for customers and resources
- Market shift globalisation
- Unpredictability in price of raw materials

## Strengths

### Task 4 (swot analysis)

- Tesco has won numerous awards for its retail excellent customer services and overall shopping experiences.
- It has considerable brand equality in its name with global recognition
- And respect for what it stands for terms of quality selection and services
- It is considered one of the largest and most profitable supermarket and retail formats in the world, which many competitors tried to emulate
- The company has significant cash reserves and a wide range of property in its portfolio yet underdeveloped, which provides a strong financial position to weather all types of economic cycles.
- It has improved the use of technology throughout its operation, creating greater cost efficiencies.

## Weaknesses

- Competitive pressures have led to price wars that have eroded some of the retailers profit margin when tesco should have been focused on other ways to gain the competitive advantage.
- Some of the retail formats in certain countries have performed as well as expected suggesting that Tesco might not have done as much market research as should have done.
- Some of Tescos subsidiaries are not operating as well as they are more vulnerable to certain external factors. For example Tesco finance profit levels were adversely impacted during the recent credit crisis and have yet rebound rebound this global event.

- Consumers may be buying as many items related to having less disposable income and the retailer has not adjusted its inventory and selection leaving it with high cost of inventory.
- The retailer is highly dependent on the UK and Europe for its sales and has not spent the time and resources on developing the other markets where it operates it may also be trainings to serve too many markets many of which may not be financially feasible

## Opportunities

- There is no significant opportunity to grow online shopping as well as offer its home delivery services to more areas
- There are opportunities in the private label market
- There are opportunities for strategic alliances with other brands and admired companies to offer more products or attract more customers in certain target markets
- Emerging markets still hold numerous opportunities for certain retail formats that tesco already offers but can provide better access to Western goods there areas demand. in countries where Tesco may be underperforming, there could be opportunities for joint ventures in which the local company can help with market research and market intelligence to improve in those areas

## Threats

- Competitive threats are coming from other global retailers that may be able to offer lower prices and greater variety as well having more established global supply networks to move the goods faster than tesco because they are more innovative and know how to use technology more effectively.
- Labour threats in terms of increased wages and benefits around the world which adds to Tesco's cost basis which further puts pressure on its pricing strategy
- Economic recessions and credit crunches will continue to threaten markets shares and profitability in areas around the world reducing the number of purchases made by consumers
- Food prices are on the rise around the world which also reduces what consumers can buy and how much disposable income they have available
- Government regulation and the political

- Landscape is also putting pressure on Tesco to add to the new regulation that requires them to make significant changes to their operating structure for additional expenses
- Greater stakeholder pressures related to the environment and social responsibility also adversely impact on Tesco's cost basis

The number of elderly people is increasing in the UK to the baby generation in the past years there was a decrease in the birth-rate and an increase in life expectancy of people. For example the adoption of online shopping by Tesco for grocery products is an approach that takes into consideration the mobility issues.

Tesco a multifunctional food retailing company is headquartered in the UK and has 12 stores in countries around the world. It is the second largest retailer after Walmart in terms of profit made and also holds the title for the second largest retailer considering revenues, generally known for selling food and non-food products, Tesco now also provides finance, mobile hardware, insurance services and much more

#### Political factors

Since the retailing company operates worldwide global political factors greatly influence the performance of Tesco due to ongoing financial instability in the world many governments encourage retailers to create jobs for the domestic population these include tax rates and of legislation and of course the stability of the country operates.

#### Technological Factors

Tesco has also invested a significant amount on energy efficiency projects to fulfill its long term objective to reduce its carbon footprint. The advancements in Technology have brought various new opportunities for Tesco's two of the most distinct ones include firstly the development and introduction of online shopping with facilities for home delivery 2 self-services checkout points have provided convenience and ease for customers which in turn have reduced labour costs.

#### Economic Factors

These factors are the main point of concern for Tesco, as they are most likely to leverage costs demand profits and prices with that said internationalization and diversification have been two key strategies pursued by the company over and a major reason for its success. Furthermore, due to decline in disposable incomes levels and household incomes, Tesco has shifted most of its focus towards advertising its value brands rather than more luxurious items. Therefore the company should be aware of any changes in policies such as changes in taxation accessibility of finance it is important to mention that although the business is growing internationally the company is still quite dependent on the UK market

## Social factors

Due to variety of social changes trends indicate that customers in the UK have moved towards bulk shopping and one-stop. Tesco has increased the number of non-food items offered for sale. The type of goods and services demanded by consumers is mostly influenced by their beliefs and attitudes which in turn are influenced by social conditions because customers are becoming more aware of health issues due to which their approach towards foods. Tesco is adapting to these changes by accommodating the demand for organic products.

## Legislative Factors

To facilitate these policies Tesco provides its customer price reduction on the fuel they purchase in accordance to the amount spent on their grocery stores, also there are several promotion offers where prices are lowered. Government policies and legislation also directly impact the performance of Tesco for example the food retailing commission in 2004 suggested a code of practice should be introduced which would ban many current practices such as changing prices without motive or demanding payment from suppliers.

## Environmental Factors

Tesco is minimising the waste produced in their stores by increasing social conscience in customers with increased pressure on companies to address environmental issues and to adopt ways of operation which would benefit the society.

## Stakeholders Analysis

Key stakeholder is a business organisation customers. These are the people who buy products from a shop to save lives of needy people. Customers want reliable products and low prices. Employees include directors, owners, managers. The direct financial stake in the business because they have taken a risk, managers they are responsible for obtaining workers of Tesco each manager has hands scouting for low marketing sales. Owners they are the business assets hold and pay the workers pressure group to influence government policy rules suppliers.

## Stakeholders

Stakeholders can be divided into 2 categories those who view the organisation externally. External stakeholders for Tesco are competitors, customer, shareholders, suppliers, government. They judge the efficiency and try to influence its activities. Tesco always determines the outputs required by the stakeholders. Internal stakeholders are the owners, managers and employees. Large companies like Tesco have 1000 of shareholders who have a vested interest in the success of the business.

Media plays a very important role in an organisation strategy. Work in 2 ways interest the success of the organisation and its subsequent positive feedback interest in the proposed development. Tesco notifies well influence of effective public relation on the wide range of group will enhance the likelihood of success. Their latest TV ad campaign can also be viewed from video library the media can also access to their media centre for easy access

#### Legal

Organisation need to anticipate and prepare themselves for change in legal procedures. Tesco has all the legal resources which enables it to respond to such changes well in advance a part of its developing strategy

#### Ethical

These are very important consideration in formulating strategy which involve subjective personal feeling about human behaviour. Tesco identifies as one of key factors.

#### Educational

In the present business scenario the capacity to transmit knowledge through devices as the internet become formidable, the most important and interesting aspect of the improvement in education and subsequent growth of knowledge has been increasing professionally of workforce, it conduct training programmes at least 2 times a year.

#### Political

Political factors generally affects the organisation in 2 ways one driven by the government by the multinational political initiative and other concerned with their political shifts within the particular business environment

#### Suppliers

They supply products at tesco at commercial level they supply goods to different branches they always be in touch with Tesco to supply products trade. Unions function is discuss pay and working condition and creates discipline amongst workers employee association they set up. Pay packages and employee for resolving argument

- Board of directors
- Finance department
- Accountant
- Production manager
- Ict department

Board of director is a group of people nominated by the owners of a business who have decision making authority voting authority specific responsibilities which in each case is separate and distinct from authority and responsibilities of owners and managers of the business entity. Finance department is to keep control over the use of fund in the organisational i.e the funds are using according to the planning and accord with the organisation objective. Accountant helps managers to make reports investment and tax implementation profit loss, production detail cost financial statement

Ict is the main function its to check that all data of tesco is stored properly all computers software are working all business websites are accessing

Production manager manages all kind of goods should ready at customers needs and at given time and at exact time standurat production workers made goods accoring to the user demands and works exactly in uniform way.

Keep satisfied

Tescos strategies to become successful international trade. To become famous business party, to be a good food provider, to put put community at the heart of what we do. Tesco increasing customers by offering buy 1 get 1 free, offers at its best reasonable price. Tescos meets the need of customers opinions regarding advance product quality choice store facilities and services they are developing their talents of its people through sound management and training practices while rewarding them fairly with equal opportunities for all tesco maintaining quality and price criteria cooperating on making of food industry. Strategic planning trying to make shopping easy and comfortable seeking to low price to help people.

Keep informed

Directors the business through meeting top managers and managing strategies for progress. Employees should work hard on making good products that will make profit and also increase pay conditions of employees also helpful for health and safety and pension agreement. Stakeholders stand for great influence in organisation, developing continues employees make fashionable clothes and brand to exert little power over employer to give them jobs and getting new products. Owners are the organisation main stakeholders and gain profit and pays all bill and wages to workers and remain profit shares with shareholders. Customers also creates great influence within an organisation by purchasing products from store or online at lower prices.

My analysis conclusion identifies Tesco's extremely high competition for customers and resources:

- Perception of low quality
- Lack of local knowledge of customers
- New and exciting competition
- For east low cost brands

The present business environment is dynamic and is changing frequently. The biggest issues faced by the organisation are due to internationalization, there are many more organisations which opt the way of international marketing to obtain their desired growth which they are unable to secure in a local market. Tesco also affront a strong competition from the stores eg Penney, ASDA and walmart. Tesco adopt significant strategies and implement in a planned manner so to achieve growth. Another main issue being faced by tesco is the reducing demands of customers and declining profit margin, recession is one of the biggest reasons affecting the pockets of customers, Tescos also faces problems in holding the grip in new markets. It has a strong hold in the UK market but in other markets like in Asia pricing plays a very important role in creating the position of organisation in the UK market, high priced products are good whereas low price products are bad quality. Tesco deals consumer goods which are already low priced. Tescos prices are high compared to its competitors but provide various different services in order to maintain its standard.

Segmentation strategy its the best possible way to select a particular target and supply products (Graham 2008) by doing so the company will be able to target customer groups. These groups being luxury, upper, middle class or lower class shoppers.

#### Social Marketing

Theological word people are more familiar with social media and networking and can be used by Tesco as a major marketing dimension.

#### conclusion

In the current market situation, the role of strategic marketing is vital for identifying organisational goals.

Tesco is one of the largest retailers known worldwide. but the success of tesco did not happen by chance, it happened because of the results they got for effective leadership and management.

Tesco's value and prices keep customers satisfied with what they buy, hence making them enjoy their experience of shopping there. This means they would shop at tesco again making them loyal customers to the Tesco brand.this is demonstrated through its focus on their three big ambitions and the dedication to keep their customers satisfied and happy with their shopping experiences.

The things they need to grow as a business further is to hopefully have:

- good management
- Good starting location with a sizeable community
- Cheaper prices than competing brands such as LIDL, ASDA and walmart
- Use the best tools and skills such as SWOT analysis, stockholders and PEST analysis.
- Find the best price and a wider variety of products to sell.

### Problem resolutions:

One problem that tesco could be facing is global competitive threats such as other growing retailers. These growing retailers could offer lower prices than tesco, a greater variety of choices to buy from, a more established supply network that ships goods to their shops a lot faster than tescos supplying network.

To resolve this, tesco would need to upgrade their supplying network to be equally as fast so food comes in fresh and a better quality than it used to be when they had a slower arrival of goods.

Another problem would be labour threats. Other retailers that are growing fast have a higher wage limit than tesco meaning that employees are more likely to quit their jobs to work somewhere else that has a slightly higher paycheck than tesco. To resolve this they should up their wage limit to either be equally the same as other businesses or just under so tesco gets profit as well as keeping or attracting new employees.

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