



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Marketing Fundamentals

Analysis and Evaluation

Module: Marketing Fundamentals

Code: LCBB4004

Lecturer: Tushara Balendran

Name: Mirena Terzieva

Student ID: 2130468

SUBMITTED ON THE 26th August 2022

Table of Contents

Introduction.....	1
MAIN BODY.....	1
Discussing the business models for analysing the external business environment in order to identify impact of coronavirus.....	1
Describing the internal analysis of business environment by using business models	6
Conclusion	10
References.....	11

Introduction

The marketing management is termed as the process which involves monitoring marketing aspects along with setting the objectives of firm as well as taking strategic decision in order to attain organisational objectives in effective manner. The marketing management is critical especially for small business companies as it allows them to compete with large business players of market. The effective advertisement strategies can support the firm in attaining company goals by making creative campaigns. The onset of coronavirus has negatively affected the firm to analyse internal as well as external business environment due to range of issues such as stoppage of face to face business meetings. For this report, the Tesco company is taken into consideration. It is the globally famous organisation which deals in number of products like groceries, general merchandise and many more. In addition to this, the company is founded in the year 1919 and is headquartered in Welwyn Garden City, England. This report will highlight the issues faced by the company due to coronavirus by analysing its internal as well as external business environment. It will perform the analysis by using relevant business models such as SWOT tool, PESTLE tool, VRIO analysis and other important business analytical models.

MAIN BODY

Discussing the business models for analysing the external business environment in order to identify impact of coronavirus

The coronavirus has influenced the operations of company in both positive as well as negative manner(Hoang, Nguyen and Nguyen, 2021). In positive context, it has helped the company to adopt new technologies for doing business operations such as doing marketing on social media platforms. On the negative side, it has negatively impacted the employee performance due to loss of control and no face to face interactions. In order to analyse the external environment of the organisation and to know the impact of coronavirus on TESCO firm, the PESTLE business tool is taken into consideration:

PESTLE tool:

This tool is critical for every organisation as it helps them to gain necessary insights about the forces present in their external business environment. The forces such as political, environmental, economical and many more can effect the company in both positive as well as

negative manner. Due to coronavirus, the factors of external environment has impacted the day to day business activities by giving challenges and opportunities to explore more options for achieving growth and improving competitive position. In context to Tesco company, this model can support the organisation in gaining opportunities from external market by making accurate predictions(Carnegie, Guthrie and Martin-Sardesai, 2021). The elements of this model are mentioned below:

Political force:

This element of PESTLE model covers tax rates, legislation acts by government as well as stability of political environment of the country. In context to TESCO firm, the political factors arisen due to coronavirus puts great impact on the day to day performance of the company. The impacts are considered as both positive and negative which is described below:

Positive:

- The financial instability in UK country due to coronavirus has made the government to promote retailers in creating as many jobs as possible for combating unemployment conditions. This supported the firm to make large number of employment opportunities which in turn increases the demand of their products and also diversified its workforce.

Negative:

- The pandemic situation has increased the tax rates in the country which negatively impacted the budget planning of the firm(Huang and et.al., 2022).

Economical force:

This element of business model includes interest rates, unemployment, inflation rate, market demand and prices and many more. In context to Tesco firm, the pandemic situation has altered the economical factors of the country which has provided both the challenges as well as opportunities for the company. The following are the positive as well as negative impact in context to Tesco firm:

Positive:

- The decrease in the interest rate of taking loan from financial institutions in UK has provided opportunities to the company to gather more capital for investing more on growth projects.

Negative:

- The decrease in the disposable income of consumers has negatively influenced the profit margins of the organisation as company can not sell its luxurious products at higher prices.

Social force:

This element covers the factors such as customer tastes and preferences as well as market trends of the market. In context to Tesco, the pandemic situation has completely changed the way customer decides as well as select their favourite products. In addition to this, the coronavirus has also changed the marketing strategies of company by focusing more on doing advertisement programs through social media platforms(Durst and et.al., 2021).

Positive:

- The usage of social media platforms has allowed the company to minimise its marketing cost along with targeting large number of customers in most effective manner.

Negative:

- It has made the firm to lower its sale of food items as the customer do not prefer to buy food items from market due to the fear of catching coronavirus.

Technological force:

This factor contains innovative and technological tools that can improve the business performance in most effective and efficient manner. In context to Tesco firm, the pandemic situation has provided an opportunity for organisation to explore new technologies such as Artificial Intelligence in order to optimise day to day completion of business tasks(Aidoo and et.al., 2021). The following are the critical evaluation of this force.

Positive:

- The outcome of new technologies such as SEO has provided a golden chance to company to grab attention of large number of customers by making posting immersive content on digital pages. In addition to this, the AI technology has reduced the cost of labour.

Negative:

- The usage of digital technology can also result in negative consequence due to presence of hackers which can take the confidential data of firm and use them for meeting illegal needs.

Legal force:

This factors involve elements such as labour laws, food and security laws as well as other legal laws of the country. In context to Tesco firm, the changes in legal practises of UK country by focusing more on protecting the needs of residents has made the company to satisfy

needs of customer in effective manner. The following are given positive and negative impacts are:

Positive:

- It has supported the company to follow the labour laws by giving proper attention on satisfying employee needs and wants by giving them proper training sessions and recognition(Becken and Hughey, 2021).

Negative:

- The high preference on protecting customer demands by legal bodies has negatively impacted the profit making strategy of firm as they are forced to supply products at lower prices.

Environmental force:

It contains elements such as adverse climatic conditions like tsunamis, earthquakes, global warming and many more. In relation to Tesco firm, the pandemic condition has allowed the company to perform its day to day operations by using online collaboration tools in order to conduct meetings via online. This has made significant reductions in the paper work process. The following explanation reflects positive and negative in context to Tesco are:

Positive:

- It allows the company to make distinct position in-front of legal bodies by adopting innovative tools so that business objectives can be achieved with causing much carbon dioxide.

Negative:

- The expensiveness of using renewable resources can impact the financial position of the organisation.

Porter five forces model:

The five forces model given by porter is critical for the formulation of business strategy(Mishra, Singh and Subramanian, 2021). The potential of the forces basically differs in different of industries. In context to Tesco, the five forces supports the firm to gain insight about profitability of the industry as they shape the prices charged by company and cost borne by the firm along with making necessary investments in order to compete in the industry. The pandemic situation has put great effect on the power of different stakeholders present in business environment. The below given information represents the five factors of Porter's model which are:

Risk of entry by potential competitors:

The potential competitors are termed as future competitors that can challenge the company within industry. The entry of new players depends upon certain conditions such as government regulations, strong capital base, customer switching cost and many more. In context to Tesco firm, due to coronavirus condition the company is less exposed to the risk of gaining potential competitors. The pandemic situation has caused an unpredictable business environment which fears the competitors that they lose their money if the market goes down. So this supported the firm to maintain its customer market share in effective manner (Yang, 2020).

Rivalry between current competitors:

The rivalry is the competitive struggle between established competitors within marketplace. It depends various factors like extent of exit barriers, not customer switching costs, amount of fixed cost and many more. In context to Tesco firm, the cut throat competition poses a big threat to the goal attaining behaviour of the company. The coronavirus situation has made this competition even worse as number of firms are ready to provide products at the lowest prices in order to attract large number of customers. This has proven financial loss for the firm.

Bargaining power of buyers:

The level of bargaining power of buyers in retail industry is high as customers have many options through which they can purchase cost effective products without sacrificing quality standards. The bargaining power of buyers is referred as ability of buyers to effectively low down the cost of products. In relation to Tesco firm, the pandemic situation has made buyers more powerful in effectively bargaining the prices of its products due to which the firm was forced to sell products at discounted rates (Gukasyan and et.al., 2022).

Bargaining power of suppliers:

The level of bargaining power of suppliers in retail industry is considered as low to moderate due to large number of vendors present in the market. The bargaining power of suppliers basically deal with power of suppliers to increase the cost of basic raw materials. In context to Tesco, the firm enjoys low power of buyers which helps it to lower down the prices when purchasing products. The pandemic situation has also allowed the firm to make necessary price reductions due to low power of suppliers.

Threat of substitute products:

The threat of substitute products in the retail industry is identified as moderate to high which pose threat on competitive position of the organisation. In context to Tesco, the coronavirus situation has negatively affected the financial performance of company as due to

high imitation products in market the firm needs to sell its products at low prices so that customer share can be protected(Butt, 2021).

Describing the internal analysis of business environment by using business models

There are two aspects through which business enterprise can be affected and they are internal factors and external factors. Through internal analysis, the organisation are able to identify and evaluate core strengths and weakness that can have impact on the business operation. TESCO adopts SWOT analysis in order to evaluate the internal factors of the organisations(Kumar and et.al., 2021). SWOT analysis is a framework that helps business enterprise to make strategic planning with the purpose to achieve the success by analysing the company's competitive position. This analysis is used by the respective company as it allows the business to think more critically so that they can give more focus on those aspects which can be controlled by them. SWOT analysis of the TESCO are discussed below:

Strength: -

- **Market share:** TESCO is one of the leading multinational grocery retail store having good market position in the economy. As having the largest market share increases the ability to grow. During COVID 19 pandemic also due to high adaptability, the respective organisation were able to maintain its good position in the market which lead the company to achieve and maintain proper market share(Burhan and et.al., 2021).
- **Strong financial performance:** As the TESCO have strong financial position as it provides customers with online and offline purchase facilities. As the major growth of the respective organisation come from the online expansion. So during the time of COVID 19 pandemic, due to online purchasing facility provided to customers helped them to maintain strong financial position.
- **Great brand recognition:** From century TESCO is operating is business. By the time they are able to perform the task and utilize the resources with effectiveness and efficiency. Due to this they are able to provide the customers with the innovative products. This lead the respective company to build a good brand image among the customers. So, during the time of pandemic, the company took advantage of the digital platform due to which they were able maintain not only good brand image but also the high goodwill in the market.

Weakness:

- **Shortage of products:** As TESCO faces difficulty in maintaining the stores as products needs to be given more focus due to expiry features(Charoensukmongkol, P., 2021).

During the time of COVID pandemic there was shortage of products due to panic buying through online. Due to this shortage of products were created and the respective company were unable to provide the consumers with the timely goods. As during the pandemic time stores were closed so through online purchase they face shortage of goods.

- **Reliant on UK market:** As TESCO is expanding its business in the international platform also but they are heavily reliant on the UK market for the profits. As they have to face lots of legal complication while operating the business in other countries. During the pandemic time the business got slow and it was quite difficult to know the situation of every country. So it they were more heavily dependent on the US economy for the achievement of goals.
- **Decline in operating profits:** TESCO have strong financial position but during the tie of pandemic operating profits got reduced. As they were attributable to cost related to pandemic such as proper sanitization with in warehouse, stores, giving pay to the ill workers as well to those who were unable to come organisation. Due to this COVID expenses operating profits were affected.

Opportunities:

- **Growth of online grocery:** As the TESCO provided customer with the online purchasing facility. So, by adopting the measures of COVID 19 pandemic and working in the favour of the customers the respective company provided online shopping app. Due to which they were able to gain revenues during the pandemic time also. By adding more feature to thi, the company can attract large number of customers.
- **New emerging market:** in context to TESCO, the respective company has its operation on the global platforms. So they can increase their customers base by providing the products according to the needs and wants of the customers. But during the COVID time, the company were unable recognise the needs and wants. So by adopting new software and technology they can emerge the new markets through which they can be more innovative(Abraham and et.al., 2020).
- **Strategic acquisitions:** TESCO keeps on updating its technology due to which they can fulfil the customers demand. This lead the company to increase its customer base and loyalty. But during the time of pandemic the respective company were unable to

understand the customers need due to less interaction. So by adopting new technology and innovative strategies, the company can acquire large number of customers.

Threats:

- **Rising competition:** There are many competitors of TESCO available in the market such as Morrisons. But due to quick shift in the online services during the pandemic caused heavy fall in the revenues and sales of the organisation.
- **Brexit and supply chain:** Due to this the supply chain of the company got affected and during the time of the pandemic supply got totally affected as they were not able to produce the goods and customers were demanding the products online. It was difficult for the company to follow both the rules through which the supply got affected.
- **Government rules:** During the time of COVID the government imposed lots of restriction to do the business as all the rules need to be followed. Due to the violation the rules the company had to face lot of complex situation.

VRIO Analysis

VRIO analysis helps the company to evaluate the internal resources in order to gain sustainable competitive advantage(El Chaarani and et.al., 2021). This helps in analysing whether the resources available with the company could provide greater competitive advantage or not. TESCO VRIO analysis is mentioned below:

valuable:

- **Financial resources :** The financial resources of the TESCO are very valuable as it provides opportunities while investing in different aspects. During the time of COVID pandemic due the strong financial resources the company were able to sustain in the global platform by investing more on technology.
- **Employees:** Employees are very valuable resources of the organisation. During the time of pandemic the TESCO provided employee with the proper financial and health aid that made employee to remain healthy and safe. Due to which the organisation were able to increase high retention and loyalty of the employee.
- **Patents:** This are also considered as one of the valuable assets for the organisation as it helps the firm to sell its product in the global platform. During the time of COVID pandemic the firm took advantage of patents and explored new markets in order to gain more profits.

Rare:

- **Innovative products:** as the firm provides company with innovative products which are rarely found with the other companies. Due to this they are able to gain competitive advantage within the market. Due to the pandemic the company employee got lot of time to spend on research, this lead company to provide customers with the innovative products.
- **Resources:** As TECO have large number of distributors due to which they are able to access the resources which can be found rarely. As due to this resources the company are being more innovative and dynamic. During the time of pandemic the company were able to collect the resources.
- **Pricing strategic:** TESCO adopts different pricing policy that helps them to gain more competitive advantage. During the time of COVID 19 pandemic the company took great advantage of the lower pricing strategies that was rare as the price of the resource and product got increased due to the slow economy growth(Vahdat, 2021).

Imitable:

- **Train the employee:** Providing training to the employee is not imitable as it can be provided by any company. The company can also hire employee by providing different compensation package, bonus which can be imitable. So during the COVID time many employee switched to different organisation just because of the valuable packages offered by other companies.
- **Confidentiality:** As it is one of the most important factor which company should give more focus on. As cyber crime are increasing so company can loose its confidentiality and other can company can make use of the information. So During the time of COVID TESCO got affected due to the increasing cyber crime as some customers started providing false information to the company for online purchasing.
- **Financial position:** The financial position are imitable as the new entrants and competitors would require long time period to achieve the accumulate amount of resources. So during the time of pandemic, TESCO got advantage of the new entry as they don't have such strong position and took advantage to provide customer with the reasonable products.

Organisation:

- **Brand extension:** As TESCO is a well known retail company which are able to create its good brand image among the market. So, during the time of COVID the respective company took advantage of online platform and build strong market position.

- **Supply chain:** As by adopting different technology the company were able to supply the products online due to which they were able maintain supply chain among the customers. So at the pandemic they able to connect with the customers very easily.
- **Customer network:** as TESCO has already created good brand image among the customers. So during the time of pandemic the company were able to increase customer loyalty by providing innovative products.

Conclusion

From the above report it can be concluded the company should adopt different marketing strategy that helps them to gain more profits. In this particular report PESTLE analysis helps the organisation to know more about the macro environment and develop the strategy accordingly. Porters five forces help the organisation to gain competitive advantage with in the market. So different marketing models needs to be adopted by the organisation to build good brand image. The SWOT analysis also helps the organisation to know about the internal environment through which they can find more opportunities within the market. It can be also concluded that the organisation needs to adopt VRIO analysis that helps in utilizing the resources more effectively and efficiently.

References

Books and Journal

- Hoang, T.D.L., Nguyen, H.K. and Nguyen, H.T., 2021. Towards an economic recovery after the COVID-19 pandemic: Empirical study on electronic commerce adoption of small and medium enterprises in Vietnam. *Management & Marketing*, 16(1), pp.47-68.
- Carnegie, G.D., Guthrie, J. and Martin-Sardesai, A., 2021. Public universities and impacts of COVID-19 in Australia: risk disclosures and organisational change. *Accounting, Auditing & Accountability Journal*, 35(1), pp.61-73.
- Huang and et.al., 2022. Strategic focus study on the new development pattern of ‘dual circulation’ in China under the impact of COVID-19. *Transnational Corporations Review*, 14(2), pp.169-177.
- Durst and et.al., 2021. Peruvian small and medium-sized enterprises and COVID-19: Time for a new start!. *Journal of entrepreneurship in emerging economies*.
- Aidoo and et.al., 2021. The performance implications of strategic responses of SMEs to the covid-19 pandemic: Evidence from an African economy. *Africa Journal of Management*, 7(1), pp.74-103.
- Becken, S. and Hughey, K.F., 2021. Impacts of changes to business travel practices in response to the COVID-19 lockdown in New Zealand. *Journal of Sustainable Tourism*, 30(1), pp.108-127.
- Mishra, R., Singh, R.K. and Subramanian, N., 2021. Impact of disruptions in agri-food supply chain due to COVID-19 pandemic: contextualised resilience framework to achieve operational excellence. *The International Journal of Logistics Management*.
- Yang, X., 2020. Potential consequences of COVID-19 for sustainable meat consumption: the role of food safety concerns and responsibility attributions. *British food journal*.
- Gukasyan and et.al., 2022. Strategies for adapting companies to the turbulence caused by the Covid-19 pandemic. In *Business 4.0 as a Subject of the Digital Economy* (pp. 639-645). Springer, Cham.
- Butt, A.S., 2021. Strategies to mitigate the impact of COVID-19 on supply chain disruptions: a multiple case analysis of buyers and distributors. *The International Journal of Logistics Management*.
- Kumar and et.al., 2021. Mitigate risks in perishable food supply chains: Learning from COVID-19. *Technological Forecasting and Social Change*, 166, p.120643.
- Burhan and et.al., 2021. Crisis management in the hospitality sector SMEs in Pakistan during COVID-19. *International Journal of Hospitality Management*, 98, p.103037.
- Charoensukmongkol, P., 2021. Does entrepreneurs’ improvisational behavior improve firm performance in time of crisis?. *Management Research Review*.
- Abraham and et.al., 2020. Exploring the consequences of COVID-19 on tourist behaviors: perceived travel risk, animosity and intentions to travel. *Tourism Review*.
- El Chaarani and et.al., 2021. The impact of strategic competitive innovation on the financial performance of SMEs during COVID-19 pandemic period. *Competitiveness Review: An International Business Journal*.
- Vahdat, S., 2021. The role of IT-based technologies on the management of human resources in the COVID-19 era. *Kybernetes*.