

**Module: Knowledge and Information
Management Skills for the Workplace
Module Code: BMSW5106
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**Task 1
Assignment on
Knowledge and Information
Management of Tesco.**

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Due Date: 26/03/21
Extended due date authorised: 12/04/21
Due to Circumstances submitted: 15/04/ 21**

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Summary

The effectiveness of an information system lies in the potential to apply the knowledge of information systems and technology collectively to help organizations strive more successfully in the marketplace. (Information System of Tesco,2021)

This report will address how information system is an essential in today's organisation in order to mitigate organisation loss and control fraudulent activities.

Introduction

This report will be based on Tesco and how they manage their information management. Tesco is a British based grocery retailer and general merchandising company.

It specializes in many items including food, drinks, clothing, electronics, financial services, home appliances, health care, insurance, dental care, music and telecommunication services etc. (Information Systems of Tesco, 2021)

Its profit Its profit exceeds three billion pound a year and it is the third largest retailer in the world.

1. Why are information systems being essential for Tesco?

Information systems are essential in business today as its help's business make informed decisions.

Information systems technology helps gather data from all areas of the business and provides current data and a trend analysis. (LBTC, 2021)

Tesco is a global company as it operates outside the UK to 11 other countries in the world. It is essential for a global company like Tesco to have an information system to manage its current, past data and analyse its trend. This is important for Tesco as information systems helps Tesco improve operational excellence.

Information system helps Tesco manage and control its business globally without having to mitigate losses.

Through information system Tesco monitors its daily customer transaction in stores and online to keep on top of its profit the organisation it is producing on a day-to-day basis. It helps to monitor if the spending is more from online shopping or in store.

Monitoring the method of spending helps Tesco manage its employee if they require more staff to monitor online platform form, require more delivery staff or at what times or days they need more staff in stores.

It helps monitor stock availability in stores and online to help manage customer expectations. For example, it would not allow you to buy a particular product online from the store you require delivery from if the stock is out of stock in that particular store therefore the online system will alert the online shopper none in stock rather than let the customer complete its purchase and then alert customer. This would create unsatisfied customer service and could lead to a complaint. Therefore, Tesco look in ways to avoid this at early stage by inputting such alerts on the online shopping platform to avoid customer dissatisfaction with help of information system.

Tesco have a reputable brand image and always look to avoid damage to brand image therefore always look to improving operational excellence.

Tesco have also invested in information system to manage its employees' behaviours through human resource well as having information system to manage its merchandise as they feel it is important to monitor employees' trends in order to meet their employees' expectations. Tesco believe employees within the

organisation help work the information system inputting therefore both are essential in order to process accurate information.

The advantages of Tesco always looking to improve its operational excellence helps manage unexpected risk, employees and its customer's shopping trend in order to manage their expectations.

Using technology gives more accurate updated information therefore Tesco have adopted to the new technology with the help of information system data.

For example, Tesco now have self-service option where you can go into the store shop around and buy what you like and go to self-check out where you scan your own items and pay cash or card. Tesco always look ways to adopting to new technology in order to perform effectively to meet their customer expectations.

Having self-service has been a success factor for Tesco as customers are familiar with using this service in today's world and some people prefer self-service option as it is quicker especially those customers who have short time at hand when going into store to grab lunch during working hours, students during lunch times, parents grabbing essentials whilst children at school etc

Information systems help Tesco to analyse transaction method most used by its customers. For example, if they by pay cash or card. With this information Tesco have introduced self-service checkouts for cash only and card only tills which has been a success factor for both of its customer types.

During the pandemic Information system have helped Tesco analyse customer spending habits immediately for example at the early stage of the lockdown customers were buying excessive amounts of toilet rolls, antibacterial wipes, tinned food, pasta etc.

With the help of the information system Tesco were able to track what products customers were after and control selling the products to per customer to make it fair selling as per shortage on products from the manufacturers.

Even though Tesco require information system at the same time with help of employees Tesco are able to manage immediate risk both are important as each other. Information system would not be effective without human input and also human is not able to capture every accurate movement without the help of information system due to speed. Information system helps employees record movements swiftly and accurately whilst running a past pace business serving thousands of transactions daily.

2.What are the information systems implemented by Tesco and describe the input, processing , and output of such a system?

Information system are electronic systems that capture all movements of transactions within the organisation and provide accurate updated data of the movement with date, time, destination and what method of transaction used.

The information systems implemented by Tesco is called the Management information System (MIS).

The information system is a system that is available to all managers within Tesco to help them make decision with supporting data. It's a system where the managers command the system to produce data in the form, they want it and when they need it. The system cleverly provides the requested accurate data request. This is cost-effective information for Tesco.

The MIS system application is designed to help, managerial needs, direct business and organizational operations.

Tesco relies on its computer systems and computer system helps Tesco with majority of its decision making. However, the data provided by the MIS weather that information is concise, relevant and timely does depend on the capabilities of the employees involved. (Information Systems of Tesco,2021)

Management Information System Stages:

Problem identification

Implementation

Search information

System needs

System design

Documentation

Testing

(Information Systems of Tesco,2021)

The MIS to do the inputting, processing and output for this the information system has to be knowledgeable of what information technology can give to an organisation and how to resolve a particular condition.

Functional uses of MIS are used for the sales and marketing to target consumer buying habits and this includes Oracle and SAP Business Objects Polestar applications. The new application implementation has brought Tesco closer to its customer's. Prior to using Oracle and SAP Business Objects Polestar they were using Linux system for digital marketing which was not successful application.

Tesco, Oracle Retail Warehouse Management System, Oracle Marketing platform, Oracle accounting Hub, Oracle HR, Oracle BI, and SAP Business Objects Polestar has provided TESCO with a solution that is now a basis for common processes and operations locally and internationally. (Information Systems of Tesco,2021)

Oracle application generates personalized incentive and discount scheme to encourage customer loyalty.

Inputting: Customer needs to register to receive Oracle promotion with a swipe of a card. Register form includes customer personal details.

Processing: When an Oracle subscriber makes a purchase the transaction data is transmitted to oracle's database.

Output: Tesco then identifies and learns about their shopping pattern and with help of discounts and incentives scheme they can understand their customer future purchases.

Most of the retailer industry uses Oracle and SAP which is a preferred enterprise system. Implementing these enterprise system Tesco are able to work out feasibility for their organisation.

Furthermore, the Oracle financial Hub provides successful internal control structure to make sure audit and compliance are reviewed accordingly.

Oracle accounting application helps Tesco to generate day to day updates on:

- Invoices
- Inventory Control
- Customer Detail
- Supplier details
- All sales and Purchase Ledgers
- Product Details

Tesco have implemented Human resource Management (HCM) for their employees which is a system helps their employees with further education to progress their career to qualify for higher posts.

Tesco use Point of sale (POS) systems for their HR team. This system is effective as it updates personal and finance team with up to date of changes to employees' preferences for work and their personal contact details. POS helps employees' wages to be calculated automatically each time they clock in and out of work. POS system electronically processes the data.

3.Tesco Potential knowledge management challenges.

Tesco are faced with many challenges and some of these management challenges are:

- E- Commerce

Tesco has implemented E-Commerce in its operational Strategy to meet the needs and expectations of the customers. This implementation has been faced with challenges such as:

- Management of delivery and packing costs
- Product Returns
- Unpredictable nature of consumers
- Building and maintaining consumer loyalty
- Competition

(IvyPanda,2020)

Tesco had to strengthen their knowledge with the current pandemic as they had to swiftly offer more services online and invest more on the online platform with immediate effect to retain customers and manage the competition in the market with its competitors. Having sudden high sales on the online platform for delivery demands. Managing the delivery and packing was a challenge for the E-commerce as they required more delivery drivers than staff in store.

Tesco had to shuffle with the existing staff to see if they were able to deliver as employing new staff during the early stage of the pandemic was a challenge.

During the early stage of the pandemic Tesco were not able to take as many orders for delivery due to not having sufficient delivery drivers and instead were offering collections through the drive through to manage customer expectations.

For example, during the Pandemic I wanted to order online for a delivery service on many occasions and there was never any slots available and only service was available is to collect shopping through the drive thru.

There was unpredictable nature of consumers with such behaviour during the pandemic which Tesco had to manage in regard to how many quantities of certain products per person can buy in relation to the essential products.

Whilst trying to offer service accordingly Tesco were trying to maintain consumer loyalty by offering Clubcard membership to get products cheaper. Tesco had updated their adverts on TV in relation to this to get as many customers as possible during the pandemic due to the competition they had with other leading supermarkets.

My recommendation would be for the E-Commerce to offer more of a secure online platform as it's taking more than ever consumers online application to register for the club card, so the company does not face any fines from the government in relation to the country GDPR regulation.

E-Commerce needs to be effectively implemented to the existing business model in order for the operation to work accordingly in order to maintain the competition with its competitors. Employ more delivery drivers as online grocery shopping as become normality for majority of the people and customers are actually comfortable with online purchases than going into store.

Further measures need to be taken in relation to return policy to monitor risk for this Tesco need to use information system to record reasons for return products to analysis the main reason.

4.How Tesco incorporates Porter's generic competitive strategy and how IS/IT has enabled Tesco to achieve a competitive advantage.

Generic Strategies was first set out by Michael Porter in 1985 in his book, 'Competitive Advantage: Creating and Sustaining Superior Performance'.

Porter generic strategies were split in four boxes:

- Cost Leadership' (no frills),
- Differentiation which is creating a desirable product or service.
- Cost Focus is High quality service in a niche market and emphasizing cost-minimization.
- Differentiation Focus is pursuing strategic differentiation within a focused market

(Emerald Works limited ,2021)

Tesco has incorporated Porter's Generic and has created a Differentiation service in relation to Tesco Club Card membership. Tesco have chosen a different way of achieving competitive advantage in a crowded marketplace. For example, Tesco Clubcard membership has risen due to the tactic Tesco have used. They are offering same service/product to Clubcard members at a discounted price whereas the same product/service to on a none Clubcard member is priced at a higher rate. To a certain degree I feel this is unfair as Tesco are forcing consumers to sign up for a membership card and having to disclose their personal details in order to get a Clubcard so they can benefit the discounts in store. As no one wants to pay full price if you are able to get the same product off the shelf for cheaper price.

Tesco have used Porter's generic in controlling Cost Leadership by selling their own branded products on their shelves such as biscuits, cakes, sauces, frozen food, crisps, toilet tissue, cleaning products etc at a lower price compared to their competitors' products which they are selling at their stores too in order to market customers who want to pay little as possible and don't really care about the brand long as the taste is quality, or the product does the job.

Tesco using Porter's Generic strategies has helped the company grow and has been a success factor as their own branded products are liked by many customers and sold daily due to being cheaper than branded products.

Differentiation Focus strategies has implemented by Tesco in regard to the online shopping platform where you can get different offers than in store. Tesco are trying to capture as many customers to shop online in regard to pandemic to keeping social distance in stores as per government guidelines. Discounts are being offered to collect shopping from drive thru. In order to manage delivery expectation customers, have to spend over a certain amount in order to qualify for free delivery.

IT has enabled Tesco to achieve a competitive advantage. Tesco achieved competitive advantage with the development of retail low prices, high quality and experienced customer service has led to profit growth.

IT system has helped Tesco customer loyalty to be a success due to its loyalty cards system and its approach to customizing services to the needs of every customer.

Loyalty card system hold customers data so every time a customer makes a purchase, customer would swipe their loyalty card to get discounts or collect points.

The information technology at the background collects customer regular spending and the clever system then analysis if the customer likes branded or no frills. IT then would send automated offers to that particular customer on products they tend to buy and would also send at a timely manner as the IT records how often and when customer shops for a particular product. For explain a customer may come every week to buy bread and milk therefore with the help of IT it will send out promotion discount to the customer to retain this customer to continue to shop for its bread and milk with Tesco. As per Tesco slogan, 'Serving shoppers a little better every day'.

Tesco have adapted this slogan to meet the customer needs through its loyalty card. (Tesco,2020)

IT has also enable's Tesco to manage its employees around the globe through a check in out check out system that records how many hours an employee has worked in order to pay them accordingly and no need of a human to go through employee clocking cards and input data manually. Technology has taken over theses manmade job roles. There are pros and cons to this such as cuts down human jobs and instead this technology is processing more faster accurate data which is time consuming.

5.How would Tesco implement Enterprise Resource Planning systems

Tesco would require looking into the business processes implementation and analogize the advantages and disadvantages. (UKEssays,2003-2021)

ERP systems helps organisation to transform their mission-critical processes and rapidly adapt to change.

ERP System offers:

- Innovation and updates delivered via the cloud
- Flexible, scalable, and maintenance- free platform
- Fast deployment and ease of use on any device
- Built in machine learning, digital assistants and advanced analytics.

(SAP,2021)

The benefits of Tesco having Enterprise Resource Planning (ERP) Systems are flexibility as the ERP system enables Tesco to customise processes to meet the needs of their customer expectations and they are able to amend the application to private and public view. For example, they can allow view to public on what they want public to see, and confidential data can be amended to private so public are unable to view.

ERP system enables to update Tesco with new innovation with the data its gather's which helps managers to make decision in order to implement such idea.

Other advantages of Tesco having ERP system enables:

- Streamline Workflows therefore employees at all levels will be able to work effectively.
- Better Financial planning to meet financial targets
- Improved Data Security and Accessibility meeting government guidelines for example GDPR.
- Improved communication via all channels for customers and employees. For example, advertising through Instagram, You Tube and Tok-tok to gain customer attention on new product line or promotion offers.

ERP system also has Production planning and this benefits Tesco to plan overtime as the system updates Tesco when overtime levels at production are in danger of exceeding budget levels. The system Oracle BI Analytics sends an alert to the plant manager and company controller, alerting with this information. At this point Tesco controller can swiftly correct preserve profit margins and examine alternatives to paying overtime. For example, to full time workers or hiring contractors.

Some of the challenges Tesco may have with the ERP systems are that slow software implementation which would impact the organisation everyday activities. Such as the payment system online or in stores this will cause frustration to customer and Tesco could lose loyal customers who in of losing trust on the brand. ERP systems are expensive to run and maintaining cost for this system could be a challenge in the coming future if the business was to face any other risk, they would require giving more attention to in relation to cost. Other challenge with this ERP system is that it has a slow data migration which means it may miss some data as Tesco are a global company and have many activities ongoing every second. Slowness data migration could cause a financial loss or customer dissatisfaction. For

example, if consumer is in the intention of completing an application online to obtain a club card and halfway through due to the slowness of the application if the data is not submitted then then the consumer has to go through the full application again which really is not a good service to provide. It is important customer online platform is fast and effective at all times.

Conclusion

Tesco continues to grow globally and always looks to adapt to new technology which will benefit the organisation to grow, do things better and moving with customer trend. Customer's loyalty is very important to Tesco therefore Tesco recognizes this and always continue to offer promotions to its existing customers through club card membership.

Information Technology contributes to Tesco core business growth, automation and efficiency of processes in business functional areas but also saving time, money, improving quality, safety and global growth and expansion and brand name in Tesco's leadership drive.

Tesco not just provides a service to consumers but also creates economy because it provides employment as well as providing an avenue for social cohesion.

Retail organisation are highly affected by the policies and regulations that have been put in place by the government through their respective administrative bodies but do not get no financial support from the government.

Tesco will always face currency challenges especially with regards to cross border transactions and the volatile nature of exchange rates. Therefore, Tesco should look into how they can improve this system with help of information technology.

Tesco using information system helps the organisation to monitor and make decisions. Tesco look to move onto the online platform due to more people use internet in today generation and human are lazier where they prefer to order online or get shopping through drive through as they cannot be bothered to go inside the store. This will change Tesco model in the coming future which means less stores available. Staff in stores could be replaced with Robots as Robots have already been invented and are being used as a tester in stores. For example, when an order come through the system via online for collection Roberts are instructed to go around the store and get the shopping list order. Tesco believe a Robot would be able to work four times faster than an employee therefore it is feasible for the company to order such Roberts instead of Humans. This will impact future shelf stackers in Tesco as their job are not reliable as behind the scenes technology is taking over due to it. Being reliable, quicker and accurate.

Recommendation

My recommendation for Tesco would be to implement a solid measure to ensure data security and privacy over the Tesco online platform and this to intergrade with the current Tesco strategy.

Tesco should look into information technology to help with Varying business laws across borders this will reduce time and quicker decisions can be made with the help of technology as a backup resource.

For Unpredictable consumer behaviour I would recommend Tesco to log behaviours such as a complaint in a data base and look to resolve within a timely manner to mitigate cost. Upholding complaints when it is part of a process and as a good will gesture giving vouchers or discounts to customers for this does not stop this kind of behaviour. For example, customer complaining in regard to the long queuing lines on a weekend does not mean to resolve the complaint we take the easy step of giving vouchers as we need to explain and educate customers it's a process and everyone else has to wait. Therefore, on these circumstances it is important to log the dissatisfaction and then get another team to go through the complaint and explain to the customer the process and update them the complaint is not upheld and work along with the ombudsman guidelines in making fair decisions.

The same should be applied for online complaints made by customers and with the help of investing in information technology Tesco will be able to find out the main causes of the complaint and look to improve on those services.

Tesco could face challenges with regards to effectively implementing e-commerce to the existing business model of the entity therefore I would recommend Tesco to use information technology and introduce online chats to its customers when shopping online to monitor if they are struggling, what type of issue they are facing and if have require any assistance this will improve the online shopping experience for customers.

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