

BMSW5106

**Knowledge and Information
Management**

Task 1

Assignment on

Knowledge and Information

Management of Tesco.

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1. Introduction

Knowledge and Information management has generated much interest in recent years and more following the pandemic leaving the future with more uncertainties. Technology is moving rapidly along with Information systems which organisations can use for better working efficiency mitigating time and decision making. This report will be based on Tesco to discuss Information Management benefits, challenges and implementation of new technology using Tesco case study.

2. How Tesco benefits from using Information Systems.

An Integrated and coordinated network of components, which are combined to convert data into a useful set of information is an Information system (Orderhive Inc,2019).

An information system consists of people, processes, machines, and information technology that organizes and analyses data towards producing, distributing, and processing information (Orderhive Inc,2019).

The motive of an information system is to turn raw data into beneficial information that may be used for decision making in an organisation. Many information systems are designed to aid a specific system inside an enterprise or to perform very precise analysis (Ives and Learnmouth,1984). An example of an information system is Knowledge Management Systems (KMS). Knowledge management allows individuals and teams to create, share and apply knowledge to achieve their strategic and operational objectives. Aim of knowledge – oriented management is to create knowledge from information and convert this knowledge into competitive advantage for a business. Knowledge Management Systems analyse, organize, and share knowledge with organization members for innovation and improved performance. Knowledge management is becoming increasingly popular due to the capabilities of contemporary information systems make the codification, storing, generation and exchange of information and, knowledge easier (Ives and Learnmouth,1984). The Knowledge Management life cycle involves Knowledge acquisition, knowledge retention and knowledge transfer. Knowledge acquisition is creativity and innovation, in the case of Tesco; existing Tesco staff accruing new knowledge from external environment and having external training programs. Knowledge retention is how one stores and protects knowledge to prevent or control its widespread dissemination, In the case of Tesco knowledge retention would be stored in a database in an organized way so specific items can be selected and retrieved quickly. Knowledge transfer is built from knowledge acquisition and knowledge retention (Ives and Learnmouth,1984).

Tesco identifies market strategy that focusses on meeting customer needs and wants with the best value of products and services. Tesco further identifies significance of using appropriate knowledge and information systems to provide past, present, and

future material to make effective managerial decisions (Tesco,2020). With the help of information system technology, Tesco can become competitive in all phases of its customer relationships. The customer resource life cycle model makes it possible for such companies to determine not only when opportunities exist for strategic applications, but also what specific applications should be developed (Ives and Learmouth,1984). Benefits of Tesco using information systems helps to manage resources and improve efficiency. 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 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.

Other benefits of Tesco using information system can bring down the linguistic, geographical and some cultural boundaries. Information systems help Tesco to establish requirements in the first stage involving estimating future needs for the resource and then specify the attributes of the required resource, for example promotions and offers through earning points with the Clubcard.

3. Input, Processing and Output of Information System Implemented by Tesco.

Tesco have implemented Customer Relationship Management (CRM) system and Management Information System (MIS), (Tesco,2020).

Customer relationship management systems are designed to accumulate all statistics that an employer has on its clients. This permits the corporation to manipulate the connection with its clients and contain the client greater withinside the organizations process. The concept is to nurture the client courting and shape tight bonds, so the client will now no longer search for a distinct supplier. By the usage of the client's statistics on this way, a Customer Relationship Management system may be an effective tool.

The Management Information System application is designed to help, managerial needs, direct business, and organizational operations. 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. 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)

Using customer relationship management system and Management Information System, Tesco have introduced Tesco Loyalty card, and this is one of the successful loyalty schemes. Tesco have partnership with other companies such as gas, hotel, fuel, and car hire facilities giving users more opportunities to earn points (Tesco,2020). To target customer buying habits Tesco use Oracle and SAP Business Objects Polestar applications. This new application implementation has brought Tesco closer to its customers. Oracle application generates personalized incentive and discount scheme to encourage customer loyalty.

Inputting: Is the operating system in other words the processor. Customer needs to register to receive Oracle promotion with a swipe of a card. For this customer needs to register form online using customer personal details. Tesco advertise in stores encouraging customer to become a member by having discount price on products if you hold a Tesco club card. Allows targeted communication to ensure discounts and offers are tailored specially for the customer (Tesco,2020).

Processing: Consist of various computer programs and procedures. Tesco would use the selection information processing choosing data based on shopping spend value. When an Oracle subscriber makes a purchase the transaction data is transmitted to oracle's database. Different schemes for different family members, for example, Tesco Kids Club, World of Wine Club, Tesco Healthy Living Club (Tesco,2020).

Output: Insight gained from the analysis of shopping patterns were able to be targeted into marketing and retail programs which encourage customer satisfaction and loyalty to Tesco for future purchases. This would involve customers to receives Tesco vouchers and discounts via email, post, and text messages (Tesco,2020).

In what ways does the IS/IT systems used by TESCO helps them to achieve a competitive advantage? Discuss using Porter's generic competitive strategy framework.

4. How Does Information System/ Information Technology used by Tesco helps to Achieve a Competitive Advantage?

Porter's Generic Competitive Strategy Framework.

Porter's Five Forces Framework helps industry to identify the attractiveness of an industry in terms of competitive:

1. Threat of new entrants to a market

2. Bargaining power of suppliers
3. Bargaining power of buyers ("customers")
4. Threat of substitute products
5. Degree of competitive rivalry

(Porter,1980).

Porters' framework is based on how to sustain superior performance in the market by knowing your competitors and focusing on a high-quality service in a niche market.

Tesco has allot of competitors and using Porter's framework they have created a desirable differentiation service to sustain superior performance in a crowded marketplace. Tesco have introduced Clubcard membership which makes them standout in a crowded market. Clubcard has attracted customers due to the rewards points that are able to gain every time they shop at Tesco. Reward points can be collected to use in store or at other third-party companies which Tesco have partnership agreement for loyalty points. Tesco Clubcard have been marketed to provide high quality service loyalty return by giving additional discounts at Tesco store products if you have a Clubcard and if you don't a Clubcard you pay full price. This has captured the market to must have a Tesco Clubcard and customers are signing up online providing their personal details to get a Clubcard and shopping at Tesco. This way Tesco can capture people to shop with Tesco instead of other supermarkets taking the lead in the market. It can be argued customers are forced to register online to get a free Clubcard just to get the discounts in store when shopping (Porter,1980).

Furthermore, Tesco using Porter's overall cost leadership strategy to become the lowest- cost producer in the industry, to retain customers an reduce the threat posed by substitute products (Porter,1980). Tesco have used Porter's generic in controlling Cost Leadership by selling their own branded products on them shelves such 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 at a higher cost in order to market customers who want to pay little as possible and not into purchasing branded food products/toiletries (Porter,1980).

Information System/ Information Technology

Information technology is moving rapidly thus Tesco must keep up with the changes in the market. Information System have taken over to help organisation manage understand own business trend and help business make decision therefore investing in information system will mitigate overall cost leadership. As per case study Tesco further identifies the significance of using appropriate knowledge and information management systems that provide past, present, and future material to make effective managerial decisions. An example, of Tesco this is Tesco have moved forward with technology using information systems such as Customer Relationship Manager and Information Management System to forecast sales. Also, Tesco have joined the online platform moving with technology providing service/product online. Tesco are trying to capture as many customers to shop online regarding pandemic to keeping social

distance in stores as per government guidelines. Discounts are being offered to collect shopping from drive thru. To manage delivery expectation customers, must spend over a certain amount to qualify for free delivery (Tesco,2020).

Information Technology system has maximised Tesco Clubcard membership to be a success due to its loyalty rewards system and its approach to customizing services to the needs of every customer. Loyalty card system hold customers personal data so every time a customer makes a purchase, customer would swipe their loyalty card to get discounts or collect points. The information technology system at the background stores customer's data, collects customer regular spending pattern, analysis if the customer likes branded or no frills. Information Technology system automatically then would send out offers to that customer on regular occasion to keep them shopping with Tesco (Porter,1980).

Furthermore, Information Technology 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 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. Tesco, Challenges in implementing a new Enterprise Resource Planning (ERP) system.

Some of the challenges Tesco may have with the Enterprise Resource Planning systems are that they are very slow software implementation this would impact the organisation everyday activities taking longer to complete task. Areas this would impact are the payment system online or in stores and this will cause frustration to customers (Umble, Haft, & Umble, 2003). This would negatively impact Tesco to lose loyal customers who will have no trust in the brand.

Enterprise Resource Planning systems are expensive to run and maintaining cost for this system could be a challenge maintaining in the coming future if the business was to face any other uncertainty risk like the Brexit and Pandemic (Umble, Haft, & Umble, 2003). 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 must go through the full application again which really is not a good service to provide (Umble, Haft, & Umble, 2003). It is important customer online platform is always fast and effective.

Tesco can overcome the challenge by testing out the ERP on a trail to see how effective it can be regardless of the slowness and cost of maintaining.

6. How would Tesco implement Enterprise Resource Planning systems

Tesco to implement Enterprise Resource Planning they would need to follow the business processes implementation and analogize the advantages and disadvantages (UKEssays,2003-2021). If there are more advantages to the disadvantages this proposal would go to the company Human resource manager to implement and update the policy with guidelines.

ERP system 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 (Umble, Haft, & Umble, 2003). 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.

Advantages of ERP system enables update Tesco with innovation with the data its gather's which helps managers to make decision to implement such idea this would mitigate managers decision time.

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.

(Umble, Haft, & Umble, 2003).

Furthermore, 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 can 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 (Umble, Haft, & Umble, 2003).

7. Conclusion

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

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 and always looking ways to obtain new customers (Tesco,2020).

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

Tesco using information system helps the organisation to monitor and make decisions. Tesco should look to move onto the online platform fully due to more people use internet to shop online following the ongoing pandemic This will change Tesco working model in the coming future which means less stores available. The future of Tesco store staff could be replaced by robots with technology moving rapidly (Tesco,2020).

8. Recommendation

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 investigate 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 (Tesco,2020).

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.

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.

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