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Introduction

The current business environment is characterised by high rates of globalisation, technology disruption, and increasing competition across the world. Companies should be strategically agile when they are identifying growth opportunities abroad. Retail MNCs must analyse the elaborate markets, assess competition, and match the internal capabilities with the expansion policy internationally. This is a detailed Organisational Expansion Plan of Tesco plc with an objective of expanding into the Vietnamese retail sector. The report suggests an evidence-based market entry strategy based on insights from PESTEL analysis, Porter's Five Forces analysis, SWOT and VRIO analysis and a performance assessment system to implement the expansion using the strategic frameworks and measure the impact of the expansion.

Section 1: selected organisation and target market

1.1 Company overview

Tesco plc is the largest supermarket chain in the United Kingdom, and it deals mainly in the grocery and other general merchandise fields (Tesco Plc, 2025). Tesco, which was founded in 1919, has over the years become one of the major omnichannel retailers with a large presence in both physical and online stores. Tesco supermarkets are currently available in 5 countries in Europe and have 4,572 stores across the markets, and it currently employs more than 3,30,000 people and earned a revenue of £69.9 billion in the fiscal year ending February 2025 (Tesco Plc, 2025).



Figure 1: Tesco Plc

Strategic positioning of Tesco focuses on providing value, quality and convenience by providing its store network based on multi-format stores, private label offering, and its ability to provide high efficiency within its supply chain (Tesco Plc, 2025). Through this positioning that Tesco has been able to stay highly competitive in the UK and keep up with the ever-evolving consumer-related behaviours, especially with the digital transformation and online shopping system.

Tesco has traditionally had a large global footprint both in Central Europe and Ireland (Tesco Plc, 2025). In important ways, the company has been out of various markets in Asia over the past years, following a strategic adjustment (BBC News, 2020), but the experience gave Tesco an invaluable insight into cross-cultural management, localisation management and international logistics. Its existing international presence is operationally healthy and backed with good organisational strength in procurement, data analytics and loyalty systems to customers like Clubcard (Tesco Plc, 2025).

1.2 Target Market: Vietnam

Vietnam is one of the most appealing markets Tesco can venture into. According to the latest statistics, the population of the country exceeded 100 million people in 2024, with the median age standing at 32, which makes it one of the youngest and most energetic consumer markets in Asia (Viet Nam News, 2025). The economic growth is robust, as in the year 2024, GDP growth shot to 7.09% and the total retail sales of goods and services went to about \$252 billion (Acclime Vietnam, 2024). The modern retailing industry in Vietnam is experiencing rapid growth. Modern trade contributed 27% of the total retail sales in 2024, giving a clear demonstration of a high upward trend (RETAIL GROWTH CONSULTANT, 2025). In addition, the modern trade outlets also increased in number; the increase in number of modern trade outlets reported to have increased by 11 outlets in a two-year period.

1.3 Justification for the selection

Tesco is in a good position to embark on a new international growth as the company is financially stable, has a strong brand name and has been able to run extensive retail businesses successfully overseas (Tesco Plc, 2025). The key areas of Tesco's competencies, especially in its advanced supply chain system, decision-making based on data, omnichannel retail systems, and its own-label approach, give this company a good entry point to the high-growth markets (Tesco PLC, 2025), like Vietnam. Such abilities allow the company to provide competitive prices, increase the experience of the customers and adapt the offerings to the local market circumstances, as well as facilitating an effective and viable international expansion strategy.

Tesco has an exciting expansion destination with Vietnam because of its good economic performance, with a GDP growth rate of 7.1% in 2024 and a rapidly growing middle-class population that is set to increase to 26% by 2026 (Acclime Vietnam, 2024). The current grocery penetration in modern shops is also low at about 12% (Viet Nam News, 2025), and this has opened up a tremendous opportunity to exploit. Tesco's omnichannel strengths have been supported by the increased use of online retail, where 11% of the sales of goods are made online (RETAIL GROWTH CONSULTANT, 2025). Also, favourable government policies in encouraging modernisation of retail and FDI also boost

the viability of the market, thus making Vietnam a strategically good option for sustainable growth.

Section 2: Comprehensive Strategic Analysis

According to Hill and Jones (2020), strategic analysis refers to the process of investigating a company and its environment to make informed decisions and effective strategies. This process involves examining external factors such as competition, market conditions, and emerging trends to identify opportunities and threats, as well as evaluating the internal business environment to identify strengths and weaknesses (Hill and Jones, 2020). The following sections apply various strategic analysis tools to assess the environment of Tesco in Vietnam to facilitate strategy formulation.

2.1 PESTEL analysis

The PESTEL model is a comprehensive tool for macro-environment analysis that considers all relevant environmental forces that can affect a business (Hill and Jones, 2020). Here, it is applied to assess the environment of Vietnam:

Political factors: Vietnam enjoys the benefit of a consistent political one-party system of the Communist Party that offers stability in policies and reliable predictability of regulations (Nguyen, 2022). This stability is favourable to long-term investments by Tesco. But other drawbacks of the governance system are bureaucratic inertia and corruption (Nguyen, 2022) that may make the operations of Tesco complex. Vietnam is also geopolitically sensitive, as it is directly close to China and is influenced by the lines in the South China Sea (Walker, 2024), which may pose significant external threats to the country in areas such as trade and security regarding the supply chain.

Economic factors: The economy of Vietnam has shown good growth in the year 2024, with a GDP growth of 7.1 % (Acclime Vietnam, 2024). The rate of inflation is also in favourable range. The retail sales of goods and services increased by 9% to approximately \$252 billion in 2024, which suggests a promising market for Tesco. Domestic consumption is also playing a crucial role, which is expected to grow by 12% in terms of retail revenue by 2026 (Viet Nam News, 2025). However, inflationary pressures and reliance on export markets pose possible weaknesses, in particular, with the uncertainty in the global economy and geopolitical tensions.

Social factors: The demographic profile of Vietnam is favourable as the population is large and young, with a significant portion of it comprising working-age individuals contributing towards a robust consumer demand (Phi et al., 2024). It was estimated that in 2024, the middle-class population stands at approximately 17% and will increase to 26% by 2026, driving internal retail demand (Acclime Vietnam, 2024). The growing middle-income, accelerating urbanisation, and better incomes enhance the need to have the modern retail forms, which is advantageous for Tesco (Vo, 2024). Nevertheless, shopping habits in rural settings have not been shaken, and consumer behaviour at regional levels may be very different and international retailers like Tesco need to localise their operations (Nhat, 2025).

Technological Factors: Vietnam is fast evolving into a digital economy. Industry experts estimate that its e-commerce market will be able to reach up to \$32 to \$45 billion by 2026 (Arobid News, 2025). The trend is enhanced through the rising smartphone penetration, digital payments, and government-initiated innovation programs (RETAIL GROWTH CONSULTANT, 2025). Meanwhile, logistics infrastructure, particularly the cold chain and last-mile delivery, is not evenly distributed, especially in the less developed areas, which might limit a large-scale omnichannel retailing strategy of Tesco.

Environmental Factors: Vietnam is very vulnerable to environmental threats. The nation is very susceptible to the climate change effects, such as flooding and typhoons that result in infrastructural and supply chain threats (Hoang et al., 2019). Rapid industrialisation is mounting pressure on the natural resources and biodiversity as well (Li and Qamruzzaman, 2023). In the case of a retailer like Tesco, this would be a risk as well as an opportunity, though environmental compliance is likely to be expensive to control (RETAIL GROWTH CONSULTANT, 2025).

Legal Factors: The regulatory reforms and greater involvement with trade agreements by Vietnam have helped the country to reinforce its legal frameworks to allow foreign investment, even in the retail sector. Regulatory complexity, however, is present; for instance, local administrative practices depend on provinces, adding to the uncertainty and cost (Nguyen, 2022). Legal institutions can also be influenced politically, implying

that transparency and resolution of disputes may be influenced, leaving market-entry compliance as a non-trivial issue to multinationals (Nguyen, 2022).

All in all, the macro-environment in Vietnam shows excellent positive indicators which favour Tesco: a good economic growth, increased domestic consumption, a young population and a fast-digitising trade market. The major risks are the regulatory complexity, climate-based dislocation, and discrepancies in the infrastructure. To capitalise on these opportunities, Tesco would be required to implement an effective entry strategy that capitalises on its supply-chain effectiveness, digital retail and sustainability accolades.

Effectiveness and limitations of PESTEL analysis

Effectiveness: The use of the PESTEL framework is a structured evaluation of the forces in the macro-environment that influence the dynamics in the retail sector. Using the political stability, economic growth, demographic changes, technological innovation, legal reforms and environmental vulnerabilities, the framework can be used to see the opportunities (Hill and Jones, 2020) of Vietnam in regards to its growing middle-class and its good FDI inflows and risks, such as regulatory multiplicity and climate-related disruptions (Nguyen, 2022). This integrated perspective advocates informed strategy decision-making as it draws external factors that Tesco has no direct control over.

Limitations: Nevertheless, PESTEL also possesses weaknesses in that regard. The tool is very general and high-level, and it can simplify and stress the complicated conditions in the market or conceal regional differences in Vietnam (Buye, 2021). It fails to provide an indication of the relative significance of factors or take into consideration the interactions between them, like the effect of legal reforms on the economic competitiveness (Buye, 2021). Moreover, PESTEL is not very predictive and fails to evaluate the capabilities of organisations internally.

2.2 Porter's Five Forces

Evaluation of Porter's five competitive forces provides a comprehensive understanding of the competitive dynamics in a market. Findings help businesses formulate entry strategy, positioning, distribution strategy and so on (Hill and Jones, 2020).

Competitive Rivalry: High

The retail market in Vietnam is extremely competitive with major local players, including Saigon Co.op, Bach Hoa Xanh and VinCommerce, as well as foreign competitors, including AEON (Japan), Lotte Mart (Korea) and Circle K (Mordor Intelligence, 2025). Market consolidation and the fast growth of convenience store chains have increased market competition. Competitive pressure is aggravated by price competition, intensive promotional campaigns, and good customer loyalty to the local brands (Lestari, 2025). In the case of Tesco, gaining market share would depend on differentiation with own-label products, efficiency in its supply chain and integration of its omnichannel.

Threat of New Entrants: Moderate

Vietnam has friendly FDI policies in the retail sector, but large capital requirements, complicated licensing processes and distribution networks are barriers to entry (Lestari, 2025). As domestic retailers keep up, new foreign entrants have high start-up fees and regulatory requirements (Mordor Intelligence, 2025). The international reach and experience of Tesco would be beneficial, although entering the market in the first place would still represent a heavy financial burnt due to the logistics and localisation processes.

Supplier Bargaining Power: Moderate to Low

The strength of suppliers is low in Vietnam due to its divided agricultural supply base and an increasing number of manufacturers of FMCG products, which allows the retailers to bargain to achieve favourable prices (Lestari, 2025). Nevertheless, the dependence on small-scale cultivation causes fluctuations in quality and mechanisms of consistency, requiring an investment in the development of suppliers and quality assurance apparatus (IMARC, 2025). It might make Tesco less vulnerable to the global sourcing approach, but it is extremely important to adapt to the local supply chain.

Bargaining Power of Buyers: High

Vietnamese consumers are highly price-sensitive and have great access to substitutes in the context of the traditional wet markets, mini-marts, online stores, and hypermarkets

(Mordor Intelligence, 2025). The growing middle generation is more quality-conscious, where convenience, competition and variety of products are expected. Easy switching enhances buyer power, and Tesco needs to adopt specific pricing, customer loyalty programmes, and localisation of the products.

Threat of Substitutes: High

The main substitutes to the modern hypermarkets include traditional retailers that continue to form a majority of the grocery transactions, as well as the growing e-commerce segment (Mordor Intelligence, 2025). The threat of substitutes increases due to the popularity of fresh food at wet markets and the development of fast-commerce systems among consumers. The omnichannel integration and quality assurance systems at Tesco would help to address some of these substitution effects (IMARC, 2025).

Effectiveness and limitations of Porter's Five Forces

Although Porter's framework offers a handy structural analysis, it would be ineffective in describing the complexities of digitally transformed retail markets (Bruijl, 2018). It is estimated according to the model that the industry has clear boundaries, but in Vietnam, competition is becoming more prevalent within hybrid industries in terms of retail-digital platforms, where supermarkets, e-commerce, fintech and quick-commerce apps will overlap (Hill and Jones, 2020). Consequently, the digital-native firms and cross-industry participants can be severely underestimated as a competitive threat in terms of relying only on this model (Bruijl, 2018).

The model is a fixed point and fails to recognise dynamic capabilities that companies would need to build in the markets that are changing swiftly (Hill and Jones, 2020). The retail industry in Vietnam is experiencing a speedier transformation in consumer behaviour, adoption of digital technologies, logistics development, and evolution of regulations (Mordor Intelligence, 2025).

2.3 SWOT analysis

The SWOT model evaluates both the internal and external environment of a business and helps to identify favourable and unfavourable forces (Hill and Jones, 2020). In the context of expansion into Vietnam, the SWOT analysis of Tesco is done below:

Strengths

- *Powerful international brand and retailing knowledge:* Tesco is a company with decades of experience in the operation of large-scale supermarkets, hypermarkets, and Internet-based stores in a variety of markets (Li and Zeng, 2024). This gives it a strong base to venture into the fast-modernising retail space in Vietnam.
- *Premeditated supply-chain competencies:* Tesco developed logistics, strategic sourcing and inventory management have the potential to provide efficiencies in a market where the strength of supply chain fragmentation, particularly in fresh food, poses a significant threat to domestic-based retailers (Li and Zeng, 2024).
- *Omnichannel integration:* Tesco, having properly developed online grocery and click-and-collect ideas, can take advantage of the rapidly expanding market of e-commerce in Vietnam (Wood, Coe and Wrigley, 2016).
- *Private-label strength:* The company offers differentiation through Tesco's own label products, which are affordably priced and of high quality which in a keenly competitive market (Wood, Coe and Wrigley, 2016).

Weaknesses

- *Minimal recent presence in Asia:* The departure of Tesco in Thailand and Malaysia in 2020 decreased its direct exposure to the markets of Southeast Asia (BBC News, 2020). Once in the region, it needs to re-establish its knowledge of the region in the market and supplier networks.
- *High operation costs as compared to local competitors:* Some of the challenges that global retailers face are increased cost in labour, compliance and supply-chain standardisation (BBC News, 2020). The local low-cost players, which include Saigon Co., may strain the margins.
- *Lack of brand recognition in Vietnam:* Tesco does not have brand credibility and would need to invest heavily in marketing to gain credibility as compared with their

established competitors in the region (Wood, Coe and Wrigley, 2016), such as AEON, Lotte and VinCommerce.

- *Possible gaps of cultural and regulatory adaptation:* Consumer behaviour differences, food preference and administrative processes can also make market entry slow and necessitate massive localisation (Wood, Coe and Wrigley, 2016).

Opportunities

- *Suddenly increasing middle classes and urbanisation:* By 2026, the middle class in Vietnam will make up a third of the population, and their demands in quality, variety and modern ways of retailing will be high (Nguyen, Le and Vu, 2022), which Tesco leads in.
- *Expansion of digital retail:* The Digital economy in Vietnam is growing at a fast pace due to the penetration of smartphones and digital payment (Nguyen, Le and Vu, 2022). Tesco has an opportunity to combine the developed omnichannel model to seize online demand and outperform traditional retail.
- *Potential of partnership and joint-venture:* There are possibilities of working together with the domestic companies in order to overcome regulatory demands, speed up market penetration and capitalise on local real-estate and supplier connections (Wood, Coe and Wrigley, 2016).

Threats

- *High competition among well-established local and global competitors:* The major retailers such as VinCommerce, Bach Hoa Xanh, AEON and Lotte Mart already enjoy a good network of stores and a solid brand following (Mordor Intelligence, 2025).
- *Monopoly of conventional stores and wet markets:* The high percentage of Vietnamese consumers who use wet markets to get their fresh food as a result of their culture, familiarity and perceived freshness remains a major factor thwarting the immediate influence of modern hypermarkets.

- *Uncertainty in regulations and bureaucracy:* Foreign retailers have to deal with a varying provincial regulator, complicated licensing policy, and changing laws on investment. These may sluggish growth and raise the costs of compliance (Nguyen, Le and Vu, 2022).

Effectiveness and limitations of SWOT analysis

The SWOT framework works best in this regard since the framework offers a systematic understanding of the internal strengths and weaknesses of Tesco as well as the external opportunities and threats in the retail market in Vietnam (Benzaghta et al., 2021). It is this two-sided approach that can determine how Tesco's competencies can be oriented towards the rising consumer market and online retail growth in Vietnam (Hill and Jones, 2020). There are some significant weaknesses in SWOT, though. The model is highly subjective in nature, and it is dependent on the interpretation that an analyst provides to a market, which can simplify the complex market dynamics (Hill and Jones, 2020). SWOT does not have prioritisation mechanisms, such as the provision of the relative importance or interaction of factors (Benzaghta et al., 2021).

2.4 Strategic Insights and Implications

A combination of the PESTEL, Porters Five Forces and SWOT analyses reveals a favourable but competitive environment where Tesco plc can expand in Vietnam. PESTEL notes that the economy is growing, becoming more urbanised, and adopting digital as the main opportunity, and regulatory complexity and price sensitivity as threats (Acclime Vietnam, 2024). Porters five forces analysis uncovers moderate competitive forces, high buyer power and low switching costs which require cost efficiency and differentiation (Mordor Intelligence, 2025). SWOT analysis confirms Tesco with supply chain management, own labels, and data analytics strengths and outlines localisation and cultural adaptation as the salient issues (Li and Zeng, 2024). All these observations suggest that a joint venture-based approach which is low cost and location responsive is necessary to attain sustainable competitive advantage in Vietnam.

Section 3: Strategy Development and Formulation

3.1 Strategic direction and rationale

The goal of Tesco, in this analysis, is to expand its business in Vietnam. Being an emerging economy with rapid growth rate Vietnam offers an attractive market for Tesco. Besides, the growing and youth major population offers potential for growth. Tesco's strengths like brand image, supply chain competencies, private label branding will create competitive advantage for sustainable growth.

3.2 Strategic position of Tesco: VRIO Framework

The VRIO model can be used to analyse Tesco and its strategic standing to expand into Vietnam more accurately, as it assists in understanding whether the resources and capabilities it possesses have sustainable competitive advantages (Lynch, 2021).

Valuable: Operational capabilities held by Tesco are of high value. Its high-quality supply-chain infrastructure, effectiveness of sourcing worldwide, and developed omnichannel retailing model (Tesco Plc, 2025) are a direct answer to the fragmented logistics infrastructure and the growing need of the local market for an integrated offline and online shopping. Data analytics, customer insight capabilities, and a portfolio of custom-label brands are additional features that provide the potential to compete by offering competitive pricing and product differentiation (Tesco Plc, 2025).

Rarity: Tesco has some strengths that are relatively uncommon in the Vietnamese retail industry. These are advanced inventory management systems, an extensive procurement network and the knowledge in running various formats of retailing (TESCO, 2025). The comparable technological integration or scale efficiencies of domestic competitors are usually not comparable, so Tesco has a chance to take a differentiated position in the strategy.

Inimitability: The main competencies that Tesco has, particularly its supply-chain network, procurements, and data-driven retail systems, cannot be easily matched by its following competitors due to the capital, knowledge, and time to scale replication (TESCO, 2025). These inimitabilities are fortified by tacit knowledge generated through learning in the global markets by the organisation (Lynch, 2021). Non-visible factors,

however, including the store formats or pricing strategies, can be duplicated by the competitors easily.

Organised: The organisational structure of Tesco is in such a way that it exploits its capabilities. Coordinated procurement systems, central logistics management, and high governance systems facilitate coordination of the international markets effectively (Lynch, 2021). Online channels and loyalty programmes are willing to exploit technology-driven retail. Making these systems adjust to local regulations and cultural expectations in Vietnam will be the challenge in order to capture value in totality.

3.3 Evaluation of entry mode and recommendation

Tesco can enter Vietnam using a number of possible entry modes that present unique strategic advantages and limitations. A comparative evaluation of franchising, joint venture, acquisition and wholly owned subsidiary structures brings out variation in risk on investment, control, transfer of knowledge and responsiveness to market (Lynch, 2021).

Franchising

Franchising is a business model in which one company, called a franchisor, grants another business, called a franchisee, the right to use its business model, process and brands in exchange for a fee (Alon, Aprilianti and Parodi, 2021). Franchising is inexpensive in terms of financial risk and can be captured quickly in the market. Local partners are familiar with local regulations and culture, which accelerates entry. This is a model that encourages scaling and the maintenance of minimal liabilities (Wheelen et al., 2018). The chief drawback is the loss of operational control, and this could undermine the capability of Tesco in terms of quality control and brand positioning (Alon, Apriliyanti and Parodi, 2021). The use of franchisees also complicates the process of implementing standardised digital retail innovations.

Joint Venture (JV)

A joint venture is a business framework in which two businesses pool their resources for a specific project. In this partnership agreement, parties share ownership, risk and profits (Wheelen et al., 2018). A JV with a Vietnamese retailer will provide Tesco with direct entry into local market information, supply chains and an already available network of stores. It

also simplifies regulatory barriers, particularly foreign ownership restrictions and enhances a cultural fit (Killing, 2017). Nevertheless, joint ownership may lead to pricing, technology, and expansion plans in the long run. The fact that there is a requirement of handling joint decision-making is something complex and is expected to be sluggish to react within a fast-paced retail environment (Killing, 2017).

Wholly Owned Subsidiary (WOS) or acquisition

A full ownership subsidiary will provide optimal strategic control, brand homogeneity and the possibility to roll out Tesco digital retail tools. It will allow the company to integrate international standards in the store operations and supply chain management (Soberman, 2022). The most significant risk in terms of financial factors is a trade-off, slowness of entry, and complete exposure to regulatory limitations (Lynch, 2021). Tesco can misinterpret consumer preferences and the competition forces without understanding the local knowledge.

Recommendation

A joint venture would enable Tesco to leverage its capabilities, including digital retailing, effective supply chains and robust own-label products, and minimise risks of foreign culture and extreme regulations (Lynch, 2021). Tesco should find a local partner who is familiar with the local market, possesses its distribution channels, and is able to manoeuvre through regulations in order to reduce entry barriers and accelerate adaptation. A joint venture will provide Tesco with more operational control and the ability to protect its brand standards compared to franchising. It is also less capital and risk-filled compared to opening a wholly owned subsidiary or acquiring a large domestically based firm, which are rare in Vietnam (Killing, 2017).

3.4 Competitive advantage strategy: Porter's Generic strategies

The entry strategy of Tesco can be based on generic approaches proposed by Porter (Lynch, 2021). Due to the market characteristics of Vietnam, Tesco ought to adopt a cost-leadership strategy that incorporates differentiation.

Cost leadership

The retail industry is quite competitive in Vietnam. Low prices are valued by domestic competitors such as WinMart and foreign franchises such as Aeon and Circle K (Mordor Intelligence, 2025). The low-cost model of Tesco is provided by its diverse supply chain globally, economies of scale, and astute procurement, which has ensured that it prices competitively, even with healthy margins (Tesco, 2022). Through the effective logistics and Tesco-labelled lines, the company will be able to cater to the rising middle-income customers and shoppers who are price-sensitive in Vietnam.

Differentiation strategy

Since competitors also offer low prices, a cost leadership strategy alone may not develop a strong brand image. Therefore, Tesco should also focus on a differentiation strategy through locally tailored high-quality private-labelled products, omnichannel retailing, loyalty programs like Clubcard, sustainability measures, etc. (TESCO, 2025).

Strategic fit

A hybrid approach with Cost Leadership-Differentiation strategy fits the Tesco VRIO strengths and can be applied to the emerging retail requirements in Vietnam. It provides a rational competitive advantage as it scopes costs and provides distinct customer value (Wheelen et al., 2018). The strategy will support the long-term entry and brand development of the retail market that is rapidly developing in Vietnam.

3.4 Strategy implementation and components

The Tesco expansion plan into Vietnam is being implemented in a gradual and comprehensive manner. The early operations are to form a JV, receive regulatory clearances, and complete intensive market research so as to localise product mixes and price (Pehrsson, 2020). Pilot store introductions in big cities follow next, with the introduction of the supply chain systems, online platforms, and loyalty programmes. The major elements are the integration of suppliers locally, the training of the staff, and the development of the omnichannel capabilities (Pehrsson, 2020).

3.5 Risk assessment and mitigation

Some of the strategic risks Tesco may face entering Vietnam include uncertainty in regulations and competition, limitations in the supply chain and cultural variations in consumer behaviour (Nguyen, Le and Vu, 2022). These risks can be organised in the TOWS framework by aligning Tesco's internal strengths and weaknesses with the available external opportunities and threats, and provide a clear picture of mitigation measures (Wheelen et al., 2018).

Strength-opportunity strategy: The supply chain and economies of scale Tesco possesses can be utilised to reduce cost risks to compete with pricing in the price-sensitive Vietnam market (Dandage et al., 2019).

Weakness-opportunity strategy: There is a risk of entry due to a low level of brand recognition in Vietnam. The Tesco response to this can include collaboration with local suppliers and the introduction of the promotion, which depicts the local Vietnamese cultural taste (Sooampon, 2025).

Strength-threat strategy: Tesco has strong financial capabilities and established procurement processes, which provide it with a cushion against competition such as WinMart and Aeon (Dandage et al., 2019).

Weakness-threat strategy: To handle the complexities of operations and cultural incompatibility, Tesco has the option of rolling out in phases, such as initially a joint venture, and subsequently on a large scale (Sooampon, 2025).

Section 4: Performance Evaluation Framework

4.1 Balance Scorecard

Balance Scorecard framework is an organised way of connecting strategic purposes with quantifiable performance results in four perspectives, such as Financial, Customer, Internal Processes, and Learning and Growth (Perkins, Grey and Remmers, 2014).

Financial Perspective:

Objectives	KPIs	Target	Rationale
Attain a strong revenue growth.	Year-over-year (YoY) revenue growth rate (Venanzi, 2011)	Attain a YoY revenue growth rate of 15% after 1 year.	These KPIs evaluate revenue scalability, cost control, and operational viability in the competitive retail industry in Vietnam (Venanzi, 2011).
Improve profitability	Operating profit margin	Attain an operating profit margin of 10% within three years.	
Generate positive returns for investors.	Return on investment (ROI) (Venanzi, 2011)	Attain a minimum 8% ROI within 3 years	

Customer perspective:

Objectives	KPIs	Target	Rationale
Improve customer satisfaction	Customer satisfaction score (CSAT)	Achieve CSAT over 85% within 3 years	These KPIs examine Tesco's progress in attracting and retaining customers in Vietnam while implanting omnichannel buying behaviour (Krizanova et al., 2018).
Build customer loyalty	Clubcard membership	Add 5 million customers to Clubcard by year 3.	

Internal process perspective:

Objectives	KPIs	Target	Rationale
Improve inventory management efficiency.	Inventory turnover ratio (ITR)	Achieve ITR of 10-12 times per year within 3 years.	These objectives and KPIs ensure that internal operations, logistics and compliance measures support competitive advantage and high service quality (Sala and Weaver, 2016).
Maintain regulatory compliance	Compliance audit score	100% compliance every year	

Learning and growth perspective:

Objectives	KPIs	Target	Rationale
Develop employee capability	Training hours per employee.	At least 20 hours per year.	These initiatives will improve skills, enhance digital capabilities, and organisational culture required for long-term competitiveness (Sala and Weaver, 2016).
Improve workforce stability	Staff retention rate	Achieve an 85% retention rate within 3 years	

4.2 Tripple Bottom line

To balance the financial performance analysis, it can be supplemented with Triple Bottom Line (TBL) framework to analyse the expansion of Tesco in Vietnam in terms of economic, social, and environmental aspects (Slaper and Hall, 2011).

Economic performance: They are evaluated based on the revenue growth, profitability rates, source rate with the local suppliers, and creation of job, these are the contribution of expansion to the economic value (Venanzi, 2011).

Social performance: Social performance concerns the welfare of the employees, the hours spent in training, the observance of health and safety standards and the community participations and evaluates the social influence of Tesco and the acceptance of the locals in the community (Slaper and Hall, 2011).

Environmental performance: Some indicators used to assess the environmental performance include the energy usage per store, reduced wastes, the use of recyclable packaging and intensity of carbon emissions (Krizanova et al., 2018).

These measures combined allow Tesco to evaluate sustainable impact and business success as well to secure responsible long-term expansion in the Vietnamese market.

4.3 Monitoring and implementation

The Balanced Scorecard allows Tesco to keep track of the short-term performance and the long-term effectiveness of its investment in Vietnam. The initial indicators such as revenue growth, market share and customer satisfaction will indicate the effectiveness of the entry strategy and brand positioning at Tesco (Venanzi, 2011). An organised monitoring process will be used to make sure that the Balanced Scorecard will be effective. The management team at Tesco Vietnam will perform a quarterly performance review, where KPI results will be reported to the regional and UK head offices of Tesco (Krizanova et al., 2018).

Integrated systems referred to as ERP platforms, point-of-sale analytics, Clubcard customer and supplier performance dashboards will be used in data collection (Lynch, 2021). The KPI outcomes will be injected into strategic decision-making, enabling Tesco to respond to new trends of performance and competitive forces by amending the pricing, store format, marketing activities and supply-chain processes (Lynch, 2021).

Conclusion

Expansion into Vietnam is a highly planned and coordinated strategic opportunity by Tesco that is backed up by the presence of favourable economic conditions, increasing consumer demand, as well as a modernising retail market. The evaluation indicates that there is a high alignment of the core competencies of Tesco with the growth prospects in the market. The suggested joint-venture entry mode has the benefits of minimising cultural, regulatory and operational risks. With a strategic framework, there will be a clear guide on how to enter the market, competitive positioning, and creation of long-term value. Balanced Scorecard would enable Tesco to maintain a strong performance follow-up, remain on course, and create a sustainable competitive advantage in Vietnam.

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