

MODULE NAME: STRATEGIC MANAGEMENT

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Executive summary

The report aimed to ascertain the effectiveness of the strategy adopted by Tesco for the sustainability of the business. Tesco was the biggest grocery chain retailer in the UK, with the highest brand value. The PESTLE analysis showed that some factors of the UK help expand the UK business. However, factors like the economic and social condition of the UK after Brexit and the strict legal procedure of the UK to manage the business affected the business procedure of Tesco. For sustainability in the market, Tesco adopted a cost leadership procedure by offering prices lower than its competitors. However, the cost-controlling procedure created issues like separation of employees, cyber-attacks for not maintaining system protection properly, etc. From the analysis of strategic options using Bowman's strategic clock, it was found that eight strategic options were present, from which three strategic options were suitable in context to Tesco Plc. However, those three strategic options were low price, differentiation and hybrid. Along with that, some recommended strategies were provided to improve the strategic option suitable for Tesco Plc. First of all, it was advised to follow market penetration to improve the low-pricing strategy much better. Besides that, the second was to implement augmented reality technology to improve hybrid options for Tesco. The last one was to invest in proper market research to meet the differentiation strategy effectively. Moreover, to enhance this recommended strategy and implements it successfully, it was advised to introduce Net Promoter Score KPIs. Apart from that, to improve market research, investing in the R&D sector was suggested. Overall, it was advised to implement the concepts of Lewin change management so that Tesco can adopt technical changes within the workplace by successfully implementing augmented reality technology.

Table of Contents

Introduction.....	4
Report remit	4
Background of the organisation	4
Definition of the major concept	6
Main findings of strategic analysis	7
External analysis	7
Micro analysis	12
CSR strategies of Tesco	13
Strategic options.....	14
Conclusion	19
Recommendations.....	20
References.....	22

Introduction

This study aims to ascertain the strategy adopted by Tesco for the sustainability of the business. The background of the business enterprise is discussed to know its compatibility. External market factors and product compatibility is also discussed to know their effects on the business process of Tesco.

Report remit

Tesco is one of the leading brands in the UK retail market. Previously the retail brand enjoyed facilities like a single taxation point, free movement of goods, people with EU, etc. Since the growth of the UK GDP is higher than in other countries, Tesco's business performance was good due to excess money in the hands of the UK people (Upadhyay et al., 2021). However, Brexit creates havoc on the economy, society and other aspects of the UK. The UK business sector is also affected by the strict application of rules and regulations regarding usage of information, waste etc. PESTLE analysis of the UK market helps to measure the effect of market factors on the performance of Tesco. This discussion aims to determine the future marketing strategies of Tesco since the UK retail market composition has changed due to Brexit. Although the GDP of the UK has increased, the market has been constrained by inflation, lack of skilled workers and others (Feldmann and Morgan, 2021). Porter's generic strategies are discussed to know the ideal marketing strategies of Tesco for the future development of the business. This strategy helps Tesco to select the best option from alternatives.

Background of the organisation

Tesco plc. is the biggest retail supermarket chain in the UK. The market share of Tesco is over 26%. The company was established in 1919, with its headquarters in London. Presently the business is spread over the UK, Scotland, Ireland, and overseas. The mission of Tesco is to provide a better way of living to customers, communities and the planet every day. The retail giant has 3700 outlets in the UK, and the number of employees will be 326,000 in 2022 (Taqatqa, 2021). The supermarket chain is dealt with groceries, household items, electronic items and others. Acquisitions of other businesses mainly do the business expansion of Tesco. From 1950 to 1960, Tesco took over different supermarket chains like Harrow's and Irwin's stores. Previously Tesco's business is centred on selling food products and drinks. Later they shifted their focus to selling electronic items, dress material, home furnishing, etc. The

acceptance of the brand by its customer is high. Tesco is the most valuable brand in the UK. The brand value of Tesco in 2020 is GBP 7.68 billion, followed by ASDA and Sainsbury's GBP 4.96 and 3.18 billion, respectively (Faria, 2023). During the pandemic time, many retail business closed their business due to a lack of demand, lack of supply, etc. On the other hand, Tesco opened 72 shops in 2022, while other brands are closing their business due to a loss of sales (ValueSpectrum, 2020).

Leading UK retail brands ranked in 2021, by brand value (in billion GBP)

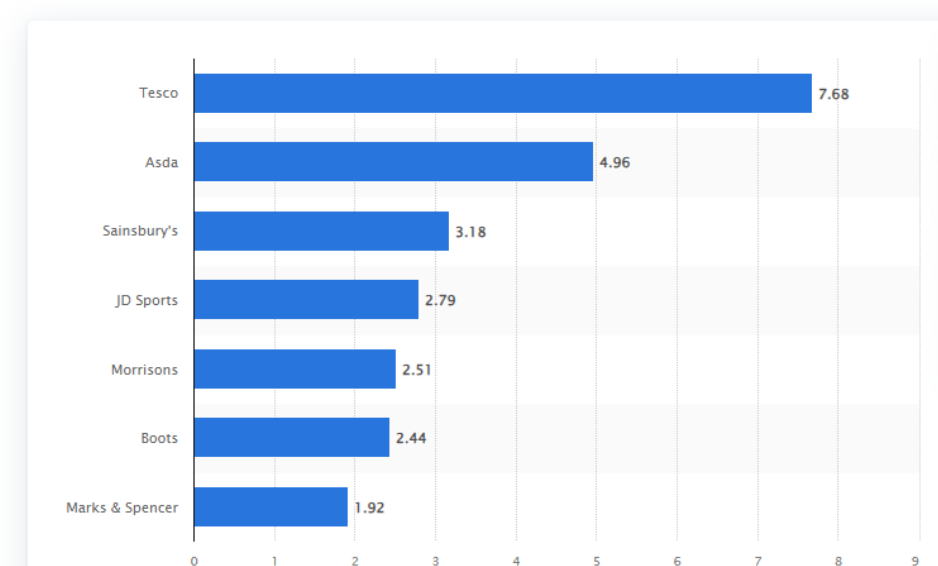


Figure 1: the brand value of Tesco

Source: (Faria, 2023)

The revenue earning of Tesco is also steady. The average sales of Tesco are increasing by 4% annually. In 2020, the revenue of Tesco was 64.32 billion GBP compared to 63.91 billion GBP in 2018 (ValueSpectrum, 2020). On the other hand, the profit earning of Tesco was 1.67 billion GBP in 2020 (ValueSpectrum, 2020)

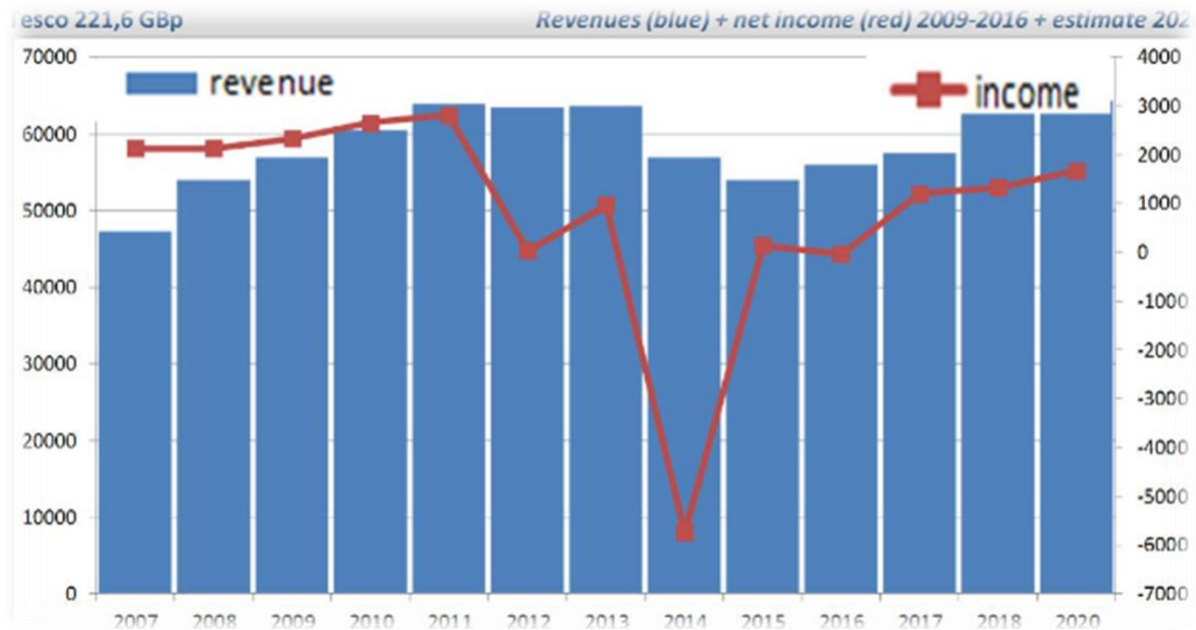


Figure 2: Revenue earnings of Tesco

Source: (ValueSpectrum, 2020)

Definition of the major concept

There are different concepts used in this discussion. Some of the important definitions used in this discussion are stated below.

Strategy is defined as an action initiated by the leader in the business to achieve the business objectives (Enke and Borchers, 2019). It can also be stated as a general planning process which is adopted by different components of the business to achieve common objectives in the future. The strategy consists of integrating different activities and distributing resources according to the priorities to reach targeted results. On the other hand, business strategy is described as the planned actions initiated by the management to create value for the business and its stakeholders (Olson et al., 2021). This is important for the business to take the initiative before manufacturing a product or creating services because it creates competitive advantages for the product and services. The business strategy is fundamental for a business organisation since it creates policies regarding price, resource allocation, recruitment, etc. Competitive advantages are related to factors which permit business organisations to produce the same type of commodities or services at a lower cost than their rivals (Yuleva, 2019). Competitive factors include cost structure, distribution channel, branding and others. PESTLE analysis is defined

as a macroeconomic tool used to analyse a business's external market environment (Matović, 2020); since it is flexible, it can be used under any circumstances. Since the analysis contains a large volume of data, there is a chance that the result will be paralysed due to a lack of analysing information properly. Porter's generic model consists of four competitive strategies. It consists of cost leadership, differentiation, cost focus and differentiation focus (Greckhamer and Gur, 2021). The strategy helps to focus on the strength of the organisation. On the other hand, it has few judgment points for selecting strategies.

Main findings of strategic analysis

One of the aims of Tesco's business strategy is to provide quality materials at cheaper prices. Therefore, the lifestyle of the customers will be improved. To provide this, Tesco follows a cost leadership strategy. It is achieved when a business organisation provides commodities to its customers at lower prices than its competitors (Monte, 2021). Tesco provides commodities to its customers lesser than its competitors. The price of Tesco commodities is lower than Sainsbury's and Morrisons and near the prices of discount stores Asda. Moreover, to accommodate customers' needs, Tesco reduces the price of 500 products so that customers can purchase lower prices (ZXhang et al., 2023). They adopt cost leadership for different reasons. One of the reasons for adopting this style is to capture the market. Tesco's target audience is the middle-income group of the UK. They cannot afford to buy higher-priced commodities since their source of income is fixed. To capture the market according to their spending abilities, Tesco reduces the prices of commodities. On the other hand, after Brexit, purchasing power of the UK citizen is reduced due to inflation. Therefore, people are more concentrated on buying necessities and reducing expenditure. For the sustainability of the business, Tesco needs to attract customers. They provide discounts on different commodities. So customers are attracted to their outlets. There is another reason for adopting the cost leadership method by Tesco. Under the cost leadership methods, Tesco reduces the price of commodities lesser than its rivals. As a result, sales increased. The increased sales lead to cover up the fixed costs, which increases the profit (Horgan, 2020). Moreover, this policy also increases the customer base, which will be helpful in the long run of the business.

External analysis

PESTLE analysis is used to formulate new strategies to enter a market or an introduction of a new product in the existing market. This analysis helps the management to formulate business

policies under any situation since it is flexible. PESTLE analysis of Tesco in the UK is made here under.

Factors	Opportunities/issues
Political	- The stability of the UK government leads the business to formulate a long-term plan for the benefit of the business. - Brexit increases the import value of the product due to trade restrictions.
Economic	- Increased GDP rate of the UK provides surplus money in the hands of people, which helps to create demand for goods other than necessities (Jakovljevic et al., 2020). - The negative effect of Brexit on the UK economy.
Social	- Decreasing the UK's unemployment rate increases people's purchasing power (Amuedo-Dorantes and Begen, 2023). - Creating a disadvantage to the retail business due to the exit of ex-pat people from the UK for Brexit.
Technical	- AI-based technology helps to develop business by assessing customers' requirements beforehand. - Proper protection from cyber-attacks is needed to protect business information from hacking.
Legal	Strict legal measures adopted by the UK government for proper business functioning.
Environmental	Lack of pollution prevention in the business process (Benlemlih et al., 2023).

Brexit: Due to Brexit, the UK is outside of European Union. As a result, the UK is deprived of the single point tax, which they enjoyed before breaking up from the EU. Therefore, business in the UK has to pay import duty for commodities entering the UK. Moreover, the UK government-initiated duty on imported commodities. Therefore, the cost of imported products is increased. Due to the import levy of 52.95 p per litre on the fuel charges, the transportation charges of Tesco are increased (Felbermayr, 2019). Therefore, the raw material cost is increased, forcing customers to reduce purchasing other goods than necessities.

Negative effect on the economy: After Brexit, the UK government devalued its currency for export promotion. Due to devaluation, the import becomes costlier. Around 46% of food grains are imported to the UK (Maraschi, 2019). Due to the devaluation of the UK currency, food grains have become dearer, and small retailers cannot afford to import them. In 2022, the sterling reached a record low against the US dollar (Edgington, 2022). As a result, it negatively impacts the retail business due to the devaluation of the US currency. As a result, big markets like Tesco rationed imported products like Tomato. Since it is imported, Tesco saves its cost by importing it in limited quantities.

Pound hits a record low against the dollar

Dollar to Sterling rate 1971 to 2022



Figure 3: falling price of UK currency against the US dollar

Source: (Edgington, 2022)

Due to the devaluation of the UK currency, inflation is surfaced in the UK. Therefore, people's purchasing becomes low since the real value of money is decreasing. The present inflation rate in February 2023 was 10.4% (Armstrong and Richter, 2023). As a result, people are prone to saving rather than purchasing commodities other than necessities. This approach reduces the demand for products other than necessities. Therefore, supermarket chain like Tesco suffers since they deal with several products other than daily necessities. To match customers' trends, Tesco reduces the price of 500 items. Therefore, their sales can be increased by attracting customers to lower the product process.

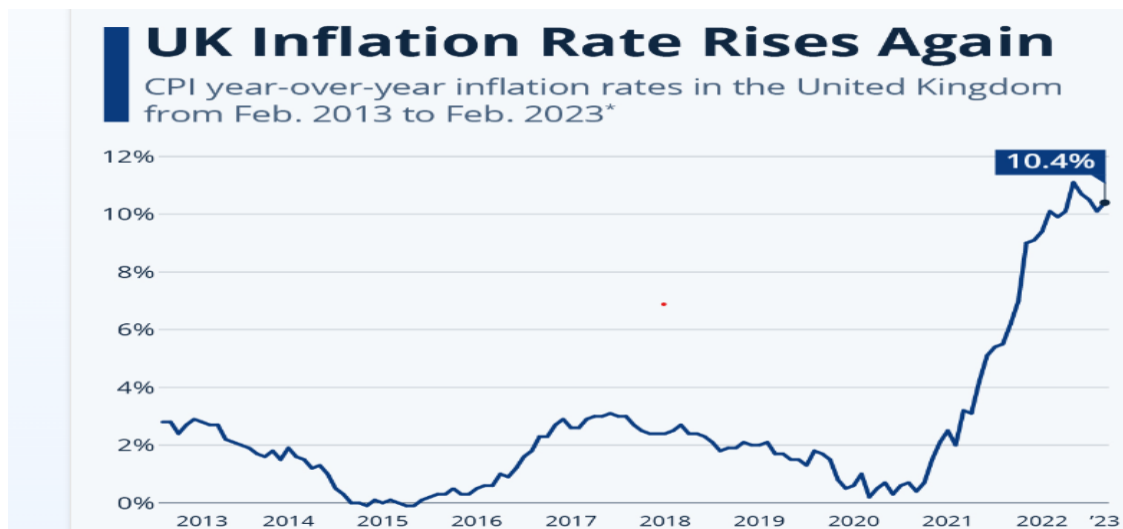


Figure 4: the inflation rate in the UK from February 2013 to February 2023

Source: (Armstrong and Richter, 2023)

Exodus of people from the UK: Brexit restricts the movement of people to and from the UK. The rules and regulations regarding the movement of people have become strict in the UK regarding overseas travel. As a result, ex-pat people cannot enter the UK with a single visa. They have to apply for a separate visa to enter the UK. Therefore, ex-pats from mainland Europe leave the UK due to emigration complexities (Radziwinowiczówna et al., 2020). A major portion of the retail labour of Tesco belongs to the ex-pat communities from other European countries. They are more skilled than local labours in the UK. As a result, Tesco suffered due to a shortage of skilled labour which impacted the business negatively.

Protection against cyber-attacks: The possibility of cyber-attacks is increased with the application of more developed technology in the retail business. Protection against cyber-attacks needs specialised knowledge and constant gradation of the system. Otherwise, the system cannot prevent cyber-attacks. In 2021 Tesco suffered a cyber-attack on their websites due to a lack of security systems (Ahmed et al., 2020). As a result, the system was down for two days, negatively affecting the business. Furthermore, small and medium retailers do not have the expertise to maintain the system apart from big retailers. Therefore, they must depend on third-party vendors for system upgradation and installation (Shah et al.). As a result, there is a chance of delay in data leakage. Therefore, the technology creates unequal competition in the retail industry of the UK.

Strict legal measures of the UK: Previously retail industry used consumers' personal data for business promotion without customers' consent or knowledge. The UK government enacted the Data Protection Act of 2018 to prevent the leakage of customers' private information. The act has certain provisions regarding the usage of customers' personal information (Wilkinson, 2022). Otherwise, the brand will be penalised for misusing customers' personal information. Therefore, it creates a problem for Tesco to promote the new product in its retail business. It will create a disadvantage for Tesco's retail business in the UK.

The antitrust law of the UK is governed by the competitive law 1998 of the UK. This law has the monopoly of a particular brand in the market. The monopoly or monopolistic completion situation is created by price fixing, sole control over the supply of materials, preventing competitors from entering the market, etc. (Poltarykhin et al., 2020). The competitive law 1998 of the UK creates a barrier to business expansion. For the development of the business, vertical and horizontal integration is necessary. However, if the regulatory authority of the UK suspects that the takeover or amalgamation process may affect the present market condition, which is detrimental to customers' interest, they may stop it. Tesco faces action from regulatory bodies when the brand is involved in dairy price fixing. They are fined £ 6.5 for participating in dairy product fixing scams (Lai, 2021). On the other hand, the legal and documentation procedure is long and complicated. Therefore, it creates a problem for the enterprise to integrate with others to benefit the business.

Pollution from business activities: One of the issues faced by Tesco in the UK is the proper disposal of waste. As per the latest estimate, the UK retail giant produces around one billion plastic pieces as waste annually.

There is no proper recycling method for waste. Only 62% of waste is estimated to be recycled, and the remaining portion is used for landfilling (Gigli, 2022). Therefore, it creates an issue for retail businesses from an environmental protection point of view.

The big brand's retail outlet usually operates from morning till midnight. Therefore, pollution is created by the sound of people, cars, and heavy lighting for advertisements (Topić et al., 2021). As a result, the surrounding life is disturbed. Therefore, UK people do not prefer retail outlets in the residential area, which negatively affects the business.

Micro analysis

Porter's generic model helps a business organisation to get competitive advantages in its chosen sphere of activities. It consists of product differentiation, cost leadership style and its focus (Guenette, 2020). The business adopts cost or product differentiation to take competitive advantages in the market. The business aim of Tesco is to provide commodities at lesser prices to its customers. So the lifestyles of customers will be improved. Therefore, they provide items at a lesser price than its competitors to its customers. Therefore, their lifestyles will be improved.

Price reduction is one of the main elements of the cost leadership style. Tesco reduces the price to benefit customers so they can be attracted to the brand. On the other hand, a price reduction also helps the brand sustain itself in the market. The UK retail market is very competitive. Since every brand offers similar commodities, customers can change their preferences. Tesco offers discounts of a minimum of 5% on their grocery products. As a result, their price is lower than its nearest rivals, Sainsbury's and Morison. Due to the price decrease, the profit earning of Tesco is also affected. Due to price squeezing, the operating profit of Tesco falls between £ 2.4 billion and £ 2.5 billion (Bloomberg, 2023). To maintain its profitability at the same rate, Tesco focuses on the employee separation scheme. Around 2000 employees positions in Tesco are at stake due to profit squeeze from the price reduction of commodities. On the other hand, Tesco also closes down its maintenance depot, which impacts around 350 employees (Bloomberg, 2023).

Another factor related to cost leadership is the introduction of technology in the business process. The developed technology helps the business by reducing operating costs, waste generation, and maintaining delivery schedules. Tesco also introduces technology in their business process to reduce operating costs. Since the UK retail market is very price-sensitive, customers will prefer items provided at lower prices (Nash, 2019). Since discount stores like Asda and Lidl offer similar products at a lesser price, people flock there to purchase commodities. Due to the introduction of technologies, the average operating cost of Tesco is reduced. However, the introduction of technologies also creates some issues for Tesco. The developed technology is generally applied to a lower level of work which is repetitive. Therefore, in Tesco, the machine replaces humans to do routine work. Due to dependence on technology, the order is not delivered to customers on time. Therefore, customers' trust in this

brand is reduced. On the other hand, 14% of UK customers opined that Tesco's service deteriorated after introducing technology (Ibrahim and Wang, 2019). Moreover, the introduction of technology also affects the business process of Tesco. Tesco experienced cyber-attacks for which the server was down for two days. It also creates an issue regarding the proper management of technology. Therefore, the application of technology to reduce cost brings in other problems.

Cost-cutting measures are also applied to the salary and wages of employees. By separating employees, the business organisation reduces the cost since salary and wages are the major contributors to the expenses of a business organisation. Tesco declares bonuses for its employees. As a result, its administrative overhead increases, affecting its revenue earnings. Since the business does not generate enough money due to the improper economic state of the UK, Tesco prefers to reduce the number of employees. Tesco opts for separating 1750 managerial jobs since they are comparatively highly paid (Roschk et al., 2023). On the other hand, Tesco recruits lowly paid workers to manage the job. As a result, people are not attracted to the brand since they are not sure about the sustainability of their careers.

CSR strategies of Tesco

In this context, the concept of the triple bottom line is applied to understand the economic, social and environmental commitments of Tesco Plc in terms of generating profits, managing people and making the environment a better place to live (Laosirihongthong et al., 2020). The three aspects of this triple bottom line theory are discussed below in context to Tesco.

People:

Under this aspect, Tesco maintains all the labour rights within the workplace by providing equal pay, wages on time and many more. Along with that, Tesco respects all their employees and offers them a safety and friendly working environment so that they feel satisfied with their assigned work (Tesco plc, 2022). Within the workplace at Tesco, there no employees are discriminated whatever their culture or background is it does not matter. In such a way, Tesco fulfils its ethical responsibilities.

Planet:

Under this aspect, to make the environment or planet a better place, Tesco decided to reduce emissions. Therefore, Tesco committed to a science-based target through which the company reduces 55% of its carbon footprint in 2022-2023 from their overall business operation making

the Paris Agreement 1.5C (Tesco plc, 2023). Also, Tesco made use of 100% renewable energy or electricity throughout the Group to meet their agenda positively.

Profit:

Tesco contributes a lot to the country's economy. Along with that, it has been seen that Tesco offers employment where the rate of unemployment has risen. The data found that with the help of the job graduate scheme, Tesco provides jobs to more than 2,000 unemployed people (Webdeveloper, 2023). Besides that, Tesco has supplied its goods items at an affordable price range so that people get the opportunity to expand their business globally. Through this manner, Tesco fulfils its economic responsibilities.

Strategic options

A strategic option refers to actions allowing the firm to effectively attain its long-term objectives (Ackermann and Eden, 2020). However, in this case, the concepts of the **Bowman Strategic Clock** have been used to recognise the strategic options of Tesco. According to this framework, eight strategic options allow the firms to position themselves within this competitive environment based on perceived value and price (Villagrasa et al., 2023).

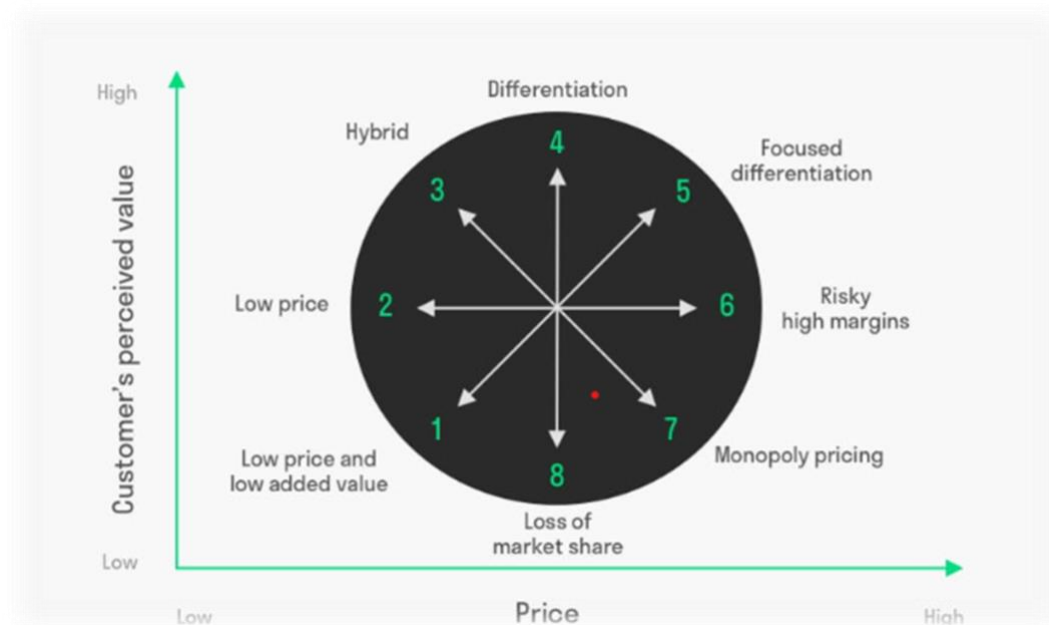


Figure 5: Bowman strategic clock

Source: (Villagrasa et al., 2023)

Apart from that, to analyse market position, each of the strategic options of the Bowman strategic clock has been analysed in the context of Tesco Plc. **Under the low price and low added value**, Tesco provides low-cost services along with high quality to its consumers to attract more customers as they follow a cost-leadership strategy (Moura, 2021). Therefore, this specific strategic option does not apply to Tesco. Besides that, **under the low price**, Tesco wants to maintain its image as a market leader. Therefore, the company offered cost-leadership or low-priced products positively. Hence, this strategy is **suitable** for Tesco Plc. **Under the hybrid option**, Tesco provides low-cost service and reinvests its profits into non-food items to bring differentiation (Billis and Rochester, 2020). Thus, the particular strategy would be **effective** for Tesco Plc. **Under the differentiation**, the main unique point of Tesco is its business operational techniques. To make their business operation unique, the company introduced various retail platforms, including Tesco Extra, petrol stations, Tesco Superstores, One Stop, Telecom club cards and many more (Krummel, 2022). It differentiates the company from other retailers; therefore, this strategy **suits** Tesco Plc. Further, in the case of a focused differentiation strategy, Tesco offers high-valued products, but they do not charge high prices for their services. Thus, this strategy will not be suitable for Tesco. In addition, **under the risky high margins**, Tesco neither sold low-valued products nor charged high prices for those products to consumers. Therefore, it does not apply to Tesco. **Under monopoly pricing**, though Tesco offers low-price services or a cost leadership strategy, other businesses, including Sainsbury and Walmart, offer services at low costs, like Tesco (ZXhang et al., 2023). Therefore, this strategy is not applicable in the context of Tesco Plc. Under the loss of market share, Tesco offers a cost leadership strategy but is not under pressure to lose its market share. Hence, this strategy is not suitable for Tesco Plc.

Apart from that, after applying the concepts of Bowman strategic clock in context to Tesco Plc, it has been seen that there are three strategic options, including low price, hybrid option and differentiation strategy, which are suitable for Tesco.

Low price: The low-price strategy is suitable for Tesco because the company wants to retain its position as a market leader (Chen, 2022). Therefore, the company keeps the price for its products at a low-price margin. In addition to this, Tesco intends to attract more customers towards it through which they can enhance their productivity as well as profit margins in an effective manner. For this reason, it is assumed that the specific strategy is effective for Tesco

Plc. It is also suggested that Tesco should follow a market penetration strategy to improve its strategic position. With the help of a market penetration strategy, Tesco can enhance its brand visibility and engage a wider audience towards it (Deepak and Jeyakumar, 2019). However, the effectiveness of the strategic options chosen for Tesco is described in the following section using the SAF framework.

Strategy	Suitability	Acceptability	Feasibility
To implement a market penetration	Tesco should attract more customers and should enhance its customer base rather than before. Thus, this strategy is suitable for the firm.	After the external environmental analysis, it has been seen that most people in the UK lost their job due to the Brexit event. As a result of it, the purchasing power of the customer declined. In this situation, market penetration will be effective for Tesco Plc because, at that time, customers would seek high-quality and highly valued products at low prices. Hence, this particular strategy is acceptable for Tesco.	The internal environmental analysis revealed that Tesco already followed a cost leadership strategy. Therefore, introducing a market penetration strategy will be feasible for Tesco and create low risks for the firm. Hence, it is feasible for Tesco.

Hybrid: Though Tesco followed a cost leadership strategy, instead of it, the company wants to harmonise its prices by making efforts on reinvestment. Additionally, Tesco reinvests its returns

positively in the retail market (Dryden et al., 2020). By following this, Tesco expands its business operation throughout the sector, from food to non-food products. In addition to this, Tesco focused on the maintenance of the reinvestment cycle that enhance the market share of the firm. The data found that Tesco has gained more than 26% market share in the UK using a reinvestment strategy (Bedford, 2023). However, to improve its market share by attracting more customers, Tesco can implement augmented reality within the workplace. With the help of this technology, Tesco can offer personalised shopping recommendations to shop from Tesco and able to enhance brand visibility effectively in front of the public regarding their hybrid business strategy. However, the SAF framework has been implemented here to measure the effectiveness of the selected strategy for Tesco.

Strategy	Suitability	Acceptability	Feasibility
To implement augmented reality within the workplace of Tesco	Continuous innovation will allow Tesco to enhance its brand visibility. In addition, implementing augmented reality is a catalyst for Tesco because it offers personalised services to consumers. As a result, they will be able to learn about the hybrid services of Tesco. In such a way, Tesco can enhance its market share. Thus, this specific strategy is suitable for Tesco.	After the external analysis, it has been seen that AI-based technology is helping to meet consumer needs beforehand. In this situation, if Tesco implements augmented reality, then it can easily store consumer data, and based on this, Tesco can recommend personalised products to its potential customers. It assists Tesco in offering a seamless experience to its	Being one of the leading top four supermarket chains, Tesco can afford the price of implementing augmented reality within its workplace.

		consumers and makes them engage more with them (Rauschnabel et al., 2022). Hence, this strategy is acceptable for Tesco Plc.	
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Differentiation: The unique thing about Tesco is the techniques of its business operations. Additionally, it has been seen that Tesco has established its operational process by investing in various retail sectors, including internet retailing, petrol stations, Tesco superstores, one-stop, Tesco metro and many more (Catalão, 2022). However, it has been clear that each retailing platforms introduced by Tesco are not dependents on each other. Thus, the performance of Tesco is not affected negatively if one of the platforms faces a massive loss. In addition, to enhance the strategy and invest in another retailing platform to sustain its differentiation position, Tesco should invest in proper market research. With the help of effective market research, Tesco will be able to understand the requirements of customers, and at the same Tesco can recognise the needs for business operation in that particular place which is suitable in that context (Grewal and Roggeveen, 2020). Moreover, the chosen strategy's suitability or effectiveness is analysed using the SAF framework.

Strategy	Suitability	Acceptability	Feasibility
To invest in market research	Due to following a cost-leadership strategy, Tesco can invest in market research as it allows the firm to enhance its services throughout the country. Therefore, this particular strategy is suitable	With the help of proper market research, Tesco will be able to recognise the needs for specific business operations in which they can invest money accordingly and improve their diversification	The expertise team and strong R&D sector will support Tesco in implementing the specific strategy and positively gain success in future.

	for Tesco in the long run.	strategy effectively (Gallart-Camahort et al., 2020). Through this manner, Tesco can increase its organisational profits positively. Hence, it is said that this strategy will be suitable for Tesco in terms of business operation diversification,	
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Conclusion

From the above discussion, this has been observed that the external market factor of the UK is preferable for Tesco to conduct its retail business. Since Tesco has goodwill in the market and the stability of the UK government, increasing GDP helps to enhance their business in future. However, certain issues like inflation, Brexit, and strict legal measures adopted by the UK government negatively affect the business. Moreover, the retail giant also faces problems regarding the proper disposal of waste, which creates a negative image for the brand. The UK retail market is price sensitive and very competitive. Therefore, the cost leadership model has been selected by Tesco for the sustainability of the business. This procedure helps Tesco to reduce the process than its competitors. So the reduced price will attract customers who are reluctant to spend due to inflation in the UK. However, cost differentiation has some drawbacks also. Due to reduced profitability, Tesco separated many employees to save the cost. On the other hand, introducing technology also creates a risk of data leakage, creating a problem for the brand. After analysing the entire report, it has been seen that Tesco is one of the leading companies whose strategic position has been identified here. Along with that, it has been observed that after using the concepts of Bowman strategic clock, three strategic options were found which are suitable in context to Tesco. The three strategic options suitable for Tesco Plc

are low price, hybrid option and diversification. Besides, the low-price strategy was selected for Tesco because they followed cost leadership to attract a wider audience. Further, the hybrid option is chosen for Tesco because they followed low pricing and reinvested their returns to bring differentiation in their product range. Furthermore, it has been found that the differentiation strategic option is suitable for Tesco because they made investments in various retail sectors. Apart from that, some strategy has been formulated to improve the strategic option in the future. First of all, a market penetration strategy is recommended to improve the low pricing strategy or cost leadership strategy of Tesco. In addition, to improve the hybrid strategic option for Tesco, it is suggested to implement augmented reality to offer personalised shopping recommendations and positively improve their hybrid strategic option. Moreover, to enhance the diversification strategy of Tesco, it is recommended to invest in market research. Overall, the SAF framework has been applied to measure the suitability, acceptability and feasibility of the recommended strategies in the context of Tesco.

Recommendations

After discussion, it has been seen that three recommended strategies are suggested by Tesco through which they can effectively improve their existing strategic options. This section explains some ways that allow Tesco to enhance the suggested strategies effectively.

1. As Tesco implemented a market penetration strategy; therefore, it is essential to implement this strategy positively. Hence, it is advised that Tesco introduce KPIs, including NPS or Net Promoter Score, to measure the number of customers engaged after implementing the market penetration strategy. With the help of the Net Promoter Score, it will be easy for Tesco to recognise the number of customers willing to engage with Tesco for their products (Fisher and Kordupleski, 2019). Therefore, Tesco can identify the numbers newly added to them. Based on it, Tesco can decide whether to keep the strategy the same or not. In such a way, the consumer base of Tesco will be increased. At the same time, the company becomes successful in effectively meeting its market penetration strategy.

2. Apart from that, it has been observed that it is suggested Tesco implement augmented reality technology within the workplace of the firm. After implementing this technology, various changes have occurred at Tesco. Tesco can follow Lewin's change management model concept to deal with those changes. Under the unfreeze stage, Tesco can recognise and convince employees of the need for innovative changes to employees (Ratana et al., 2020). After that, in

the next stage that means in the change stage, Tesco can declare that they should implement augmented reality technology to improve their hybrid option effectively. Moreover, at the refreeze stage, Tesco can implement augmented reality to improve personalised service. At the same time, Tesco should conduct an effective training and development programme to make the employees feel valued and informed about the changes due to implementing new technology.

3. However, to make the strategy successful regarding effective market research. It is recommended Tesco invest in its R&D sector. With the help of sufficient investment in the R&D sector, Tesco will be able to hire an expert team that is always looking for new knowledge and information occurring within the market environment (Audretsch and Belitski, 2020). Additionally, investment in the R&D sector will allow Tesco to discover recent market trends. As a result, Tesco will be able to stay competitive and trendy simultaneously and meet all the customers' requirements effectively. In such a way, Tesco successfully makes investments in proper market research.

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