

Stanimir Simenov Marketing Fundamentals.edited.docx



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MARKETING FUNDAMENTALS

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Introduction

Rapid development in global business operations opens different windows for developed as well as developing economies. By considering these rapid changes, companies who are working in international platforms or who are willing to do so, are adopting various activities which actually nourish their growth projects. We have seen in many cases that marketing mix analysis and market segmentation become predominating in this current era. To develop consumer insights and increase clarity, companies are considering market segmentation strategies in their 'To Do' lists. If you are working in a particular market area and want to explore a completely new one, market segmentation will bring a boon to you which actually helps to make more efficient business decisions accordingly. It is not the end, market segmentation becomes an unavoidable fundamental analysis for global companies just because of its lucrative offerings. Let's jump into the main topic. So, here we going to discuss the market segmentation strategies of Tesco and the Marketing Mixes of the same company in this contemporary competitive environment.

Background of the company

Being the most popular and expanded grocery store ⁴ in the international market, Tesco introduces a wide range of innovative and advanced business strategies to make its operations more successful and more customer-engaging. ¹ Tesco is running its global company where supply chain ¹ management becomes important with \$75.022 billion in yearly revenue in 2021 (Macrotrends, 2022). Tesco, a well-known and widely used worldwide grocery company, manages its overall business operations through various departments. All employees collaborate after having several internal departments to achieve business success.

After implementing various innovations, the company faced multiple challenges at different times. From scholarly opinions we assume, creating more efficient market segmentations can show us the actual drawbacks of Tesco to gain more competitive advantages. Tesco's supply chain management activities are really awesome. Support from suppliers is another mystery behind the company's grand success.

Deriving Segmentation, Targeting and Positioning

Segmentation: It is crucial to realise that many people currently place a great deal of value on eating organic foods. When it comes to market segmentation, it can be argued that demographics

can be used as a basis because customers of various ages show interest in grocery stores. By supplying healthy organic food and grocery items, Tesco already reached a huge number of customers across the globe (ZXhang *et al.* 2023). Here we are going to discuss demographic, psychographic, geographic and behavioural segments.

Demographic	Tesco mainly targets two types of people from society, including those who are willing to consume branded items without any compromise and who are willing to get high-quality food items (Samdani, 2023). This business has segmented clients of all ages and income levels.
Psychographic	The user's emotional demands and the customer's attitude serve as the basis for this classification. It is simple to find a similar audience for an industry to flourish on the basis of this segmentation (Taqatqa, 2021). To properly conceptualise the market segmentation of a supermarket chain under psychographic segmentation, it is vital to take into account all of the results achieved under market segmentation.
Geographic	Being an international company, Tesco already expanded in different markets (Taqatqa, 2021). From Europe to Asia, all geographic areas can be its target for further expansion. It is really exciting. Isn't it?
Behavioural	This segmentation examines customers' behaviour during the purchasing process. This is entirely dependent on how consumers perceive a particular brand. This supermarket chain retains customers by providing rewarding offers, flawless customer service, and attention to different customers' needs in order to keep a loyal client base.

Targeting: Setting a targeted customer base is really important for companies for taking market expansion plans to develop strategies to get competitive advantages (Azan and Karimah, 2022). You will definitely find that maximum large global organisations create effective targeting strategies to pinpoint targeted consumers in a targeted market. From the verdict of Cheng *et al* (2021), we have identified A business must ensure that the appropriate group of target customers

can be identified during the operating process. The client segment will be the basis on which the businesses construct their action plans.

Though Tesco mainly sells grocery items and a wide variety of fresh organic food items, usually householders and small to medium-sized restaurant companies are considering its valuable targeted customers (ZXhang *et al.* 2023). For the sake of organic and nutrient-based food products, infant to geriatric, people from all age groups will be benefited from these items. By introducing more healthy food-based items, the company primarily targets athletes and young people because it is clear that the younger generation now has a much higher level of health consciousness (Azan and Karimah, 2022). Furthermore, we have seen that the demand for grocery items is always high in the market. The company targets all types of residential customers who purchase groceries from nearby markets and internet merchants. Due to the development of online business activities, Tesco increases its focus on market expansion plans where it targets customers who are very much inclined toward online purchasing.



Positioning of Tesco

(Source: Peachyessay, 2023)

Positioning: By using distinctive taglines and being aware of its customers' emotions, a company can stand out in its market position. Consequently, putting customers first and establishing an emotional connection with them through creative taglines are essential for growing a successful

supermarket chain (Roslizam *et al.* 2020). The business will pitch its goods as necessities for domestic use. As was indicated in the part above, a considerable number of consumers have been prioritising their preferences to select international brands above other companies. The business makes an effort to satisfy these customers' needs by following the latest market demands and keeping the prices of its products reasonable so that consumers from all socioeconomic levels can afford them (Roslizam *et al.* 2020). We have seen that out of different positioning, Tesco mostly follows 'Price Positioning' where the company tries to capture a market by differentiating its products' prices.

Current marketing mix strategies

In the fiercely competitive world of retail, a few companies have achieved success. Tesco has achieved success and global recognition. This UK based retail giant rules over the supermarket chains, serving millions of customers daily. It is established in 1919 and has ruled the industry significantly. The British multinational grocery and merchandise retailer has evolved into a retail powerhouse with operations in several countries. Tesco's success lies in its well-crafted designs. The company has constantly evolved its marketing mix strategies, encompassing four traditional and three additional elements (Khan, 2014). The ongoing prosperity of the company is able due to efficient marketing mix strategies.

Product

At the heart of Tesco's marketing mix strategy is its commitment to offering an extensive range of high-quality products. Tesco caters to diverse customer needs, providing everything required. To ensure a competitive edge, Tesco actively on private-label brands, which not allows for better control over quality (Khanta and Srinuan, 2019). This also enables the company to offer products at more attractive price points. The **"Tesco Finest"** range, in particular, targets higher-end customers seeking premium and luxury products, further diversifying Tesco's product portfolio.

Offered products	• Groceries • Household essentials • Clothing • Electronic • Beauty products
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- **What is Tesco's approach regarding product diversity?**

Price

Competitive pricing is a cornerstone of Tesco's marketing strategy. The company aims to offer value for money. The company also ensures that the customer receives the best possible prices without compromising product quality. Under the "Everyday Low Prices" initiatives, Tesco maintains consistently low prices on essential products, promoting customer loyalty and trust (Anjani *et al.*, 2018). Moreover, Tesco employs data-driven pricing strategies. It utilizes customer data and market insights to personalize promotions, discounts and offers tailored to individual shopping habits.

- **How does Tesco implement the "Everyday Low Prices" strategy?**

Place

The strategic approach of Tesco includes an extensive and diverse store network. The company has adopted a multi-format presence. Hypermarkets provide customers with a one-stop shopping experience and it offers a wide array of products under a single roof. For urban and convenience-focused consumers, the Tesco Express store provides compact and easily accessible shopping options (Suherly *et al.*, 2016). Furthermore, Tesco's entrance into e-commerce has been a

significant success, with its website and mobile app facilitating seamless online shopping and home delivery services.

Market types	• Hypermarkets • supermarkets • convenience stores • online platforms
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- **How does Tesco develop a diverse store network?**

Promotion

Effective promotion ³ plays a vital role in the marketing mix of Tesco. The company consistently engages in various marketing and advertising campaigns to capture the attention of its vast customer base (Martínez-Ruiz *et al.*, 2016). Tesco employs a blend of traditional media and digital platforms to reach different demographics effectively. One of Tesco's standout promotional strategies is its highly successful Clubcard loyalty program. The Clubcard rewards customers with personalized discounts and incentives and encourages them to repeat purchases. This process fosters long-term and sustainable customer loyalty.

Traditional media	• TV • Radio • print
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Digital platforms

- social media
- email marketing

- **How does Tesco utilise promotions in its marketing mix to retain customers and foster loyalty?**

People

Tesco recognizes that its employees are crucial in delivering exceptional customer experiences. As part of its marketing mix strategy, the company places significant emphasis on employee training, development and empowerment. By ensuring that employees are equipped with product knowledge and customer service skills, Tesco aims to create a positive shopping experience for its customers. Happy and engaged employees are more likely to go the extra mile, ensuring that customers have pleasant shopping journeys ultimately contributing to increased customer satisfaction and loyalty.

- **How does Tesco emphasize employee training and development?**

Process

Efficiency and seamless operations are integral to Tesco's marketing mix. The company has invested heavily in supply chain management to ensure a smooth flow of products from suppliers to store shelves. This includes logistic optimization, stockout minimising and inventory improvement and management. Tesco has streamlined its checkout processes, making them more efficient through the introduction of self-checkout kiosks. Additionally the company's online delivery services and "Click & Collect" option offer added convenience for customers, further enhancing overall shopping experiences (ZXhang *et al.*, 2023).

- **How does Tesco optimize its supply chain and checkout process?**

Physical Evidence

The retail environment significantly influences customer perception. Tesco is well aware of this aspect of customer needs and perception. As part of the marketing mix, Tesco focuses on maintaining clean, well-organized and visually appealing stores. A pleasant shopping ambience can positively impact customer satisfaction and encourage longer shopping durations. Tesco also leverages technology to enhance the physical evidence aspect of its stores. Interactive displays, digital signage and well-designed store layouts create an engaging and modern shopping experience for customers (Aiello *et al.*, 2020).

- **What role does the physical store environment play in Tesco's marketing mix strategy?**

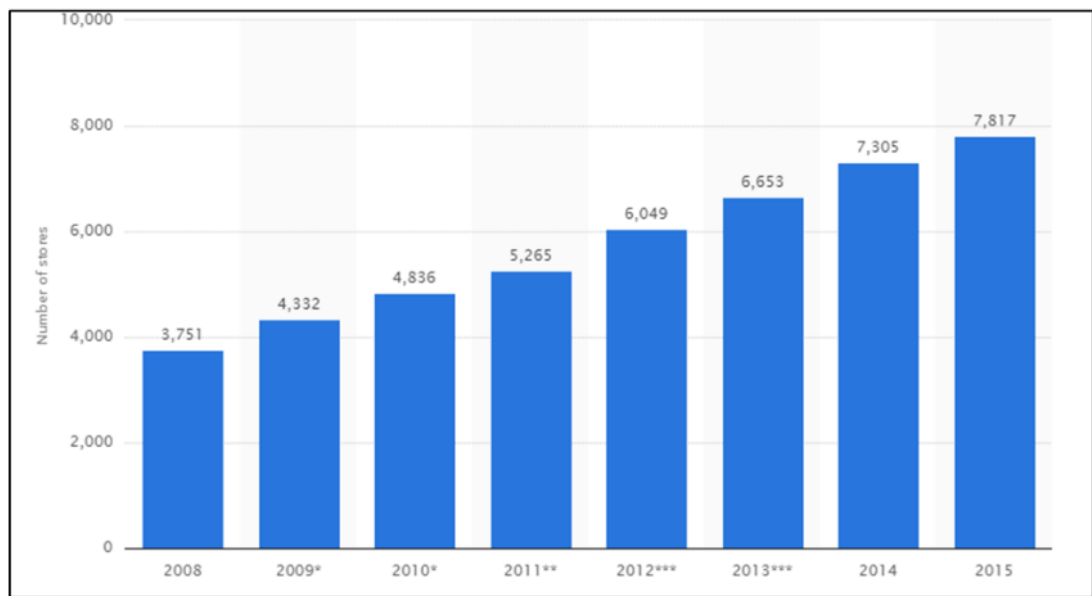


Figure: Changes in the number of Tesco stores worldwide

(Source: *Tesco Marketing Mix - Research-Methodology*, 2016)

Tesco's current marketing mix strategy incorporating the 7Ps serves as a blueprint for the company's continued success in the retail industry. By offering a wide range of quality products at competitive prices, providing accessible store locations and engaging in effective promotions, Tesco remains a customer favourite. The emphasis on its employees, efficient process and appealing physical evidence further enhances Tesco's ability to attract retail customers.

conclusion

Tesco's marketing fundamentals have been pivotal in establishing its position as a global retail leader. Through effective segmentation it has identified and targeted diverse customer groups, tailoring its offerings to meet the specific needs and preferences of the customers. The company's astute positioning strategy has allowed it to carve out a unique and favourable ²brand image in the minds of consumers, emphasizing accessibility, value and reliability. Tesco's marketing mix strategy has been comprehensive and customer-centric. The wide product range, competitive pricing and multi-format store presence have ensured convenience and satisfaction for the shoppers. Engaging promotions, supported by the successful Tesco Clubcard loyalty program, have fostered long-term customer relationships. Tesco's unwavering focus on its people and efficient presence has further strengthened its competitive advantage. The commitment to a visually appealing and well-organised store environment reflects the company's dedication. The company is renowned for its excellent customer service and experience as it keeps adopting and innovating marketing strategies to maintain the opposition in the dynamic and ever-changing retail landscape.

FAQ

1. Tesco focuses on which Segmentation policy?

Ans: Behavioural Segmentation

2. Who are the main targeted customers of Tesco?

Ans: Householders

3. Which positioning strategy is focused on by Tesco?

Ans: Price Positioning.

4. How does Tesco ensure competitive pricing?

Ans: Data Analytics.

5. What is Tesco's loyalty program called?

Ans: Clubcard

6. What is Tesco's headquarters location?

Ans: Hertfordshire

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