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1. Introduction

The current report aims to conduct the environmental marketing analysis by considering the important external influencing factors. The report also considers an analysis of the internal environment. For the analysis of the external factors "Porter's five forces analysis" has been performed in this report whereas to analyze the internal factors, a SWOT analysis has been performed. This report also explores the role of marketing within the chosen organisation. The report also provides certain recommendations on how the organisation can overcome external and internal environmental challenges while utilising as well as improving the existing opportunities.

2. Company overview

Tesco is the multinational grocery as well as general merchandise British retailer. The organisation is headquartered in "Welwyn Garden City", UK. The firm operates its business online as well as through the multiple-format storefronts. It operates stores in multiple formats, such as small, big, dotcom only, as well as one-stop, which are characterised by the variety of products sold as well as size. As per (Tesco plc.com, 2022), Tesco possesses a huge category of non-food as well as food items, such as "beverages, bakery, fresh food, groceries, baby products, apparel, home and entertainment, home appliances, pets, frozen food, health as well as beauty items, and electrical and consumer electronics goods". Tesco Bank also provides insurance services, consulting as well as retail banking in the UK. The corporation possesses operations in the United Kingdom as well as throughout Europe.

3. External factor analysis

Porter's five forces

- **"Threat of new entrants" (Low)**

The biggest retailer on the planet as well as a UK-based multinational retailer with the general merchandise emphasis is Tesco. The threat developed by the new entrants is one of the critical variables affecting the operations of Tesco. As per the reports from Statista.com (2022), the brand value of Tesco is \$ 9.91 billion. Hence, it will be very difficult for the new entrants to compete with a brand that has this high caliber of brand value. Additionally, going up against

marketing efforts as well as "seldom equaled sales" of the well-established firm such as Tesco would be challenging. Further, already dominant companies can always devise their scale economies as well as discounts. However, the new entrants will struggle to extend discounts or deals to their goods in mass that puts them at the disadvantage. Therefore, the “new entrant’s threat” for the Tesco is comparatively low.

Characteristic	Brand value in billion U.S. dollars
2022	9.91
2021	11.3
2020	8.49
2019	9.16
2018	9.08

Showing entries 1 to 5 (5 entries in total)

Figure 2: Tesco’s brand value worldwide

(Source: Statista.com, 2022)

- **“Threat of substitute products” (Low)**

Despite fact that multiple things can be utilised in place of the genuine products, Tesco just sells items, which are designed in order to satisfy customer needs. Based on the findings of Moura (2021), Tesco sells items, which are in continuous demand such as clothing, gasoline, food, as well as electronics. These items are continuously refilled into the retail outlets whenever supply runs out. The price of the products is also the decisive variable in such situation for the regular buyers of the product. Since these items satisfy everyday requirements of the customers, they can be more likely to buy from someone who offers them at the lesser price. Therefore, there exists an extremely low “threat of substitutes”.

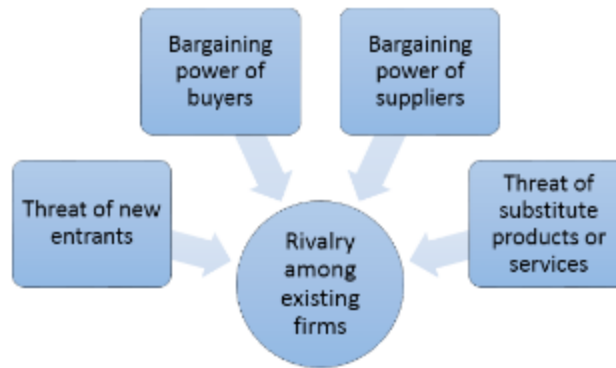


Figure 2: “Tesco “Porter’s five forces”

(Source: Anastasiu, Gavriş and Maier, 2020)

- **“Bargaining power of buyer” (Moderate)**

A huge number of competitive retailers in the industry are one of the important elements, which affect the customer’s negotiating power. According to (Kumar *et al.*, 2020), the pricing of the essentials might hardly differentiate around all the retail stores. While looking at the goods provided by Tesco, switching prices related to switching from one retail store to another are comparatively lower for the buyers. Negotiating power of the consumer could therefore be seen to be moderate.

- **“Bargaining power of suppliers” (Low)**

There are multiple suppliers who usually supply the products for the retail store. According to Keiningham *et al.*, (2020), for the retail stores such as Tesco, switching costs from one vendor to the other is not very high. Therefore, the owners of the establishment own the "bargaining power", and they are in the better situation in order to halt a contract through setting costs. Each retailer provides the identical items from various suppliers. Until suppliers maintain quality, this permits retailers to choose the items from the vendors who provide them at a cheapest cost.

“Competitive rivalry” (High)

Tesco faces stiff rivalry from various companies in sector in which it runs, including Sainsbury's, Walmart, Carrefour, as well as ASDA. These are also well-established organisations with the robust supply chains as well as logistical which hardly vary from each other. They offer almost identical products at nearly identical costs. Therefore, advertising as well as other strategies of marketing are what bring significant advances. As identified in the reports of (Kunst, 2022), the

brand awareness of Tesco among the online grocery delivery users in the UK is 96%. Through the different marketing initiatives, firms try to differentiate themselves from their competitors. Intense pricing rivalry amongst the participants is another variable, which usually steers to "economies of scale" for these organisations. Hence, "competitive rivalry" for Tesco in the industry in which it operates is high.

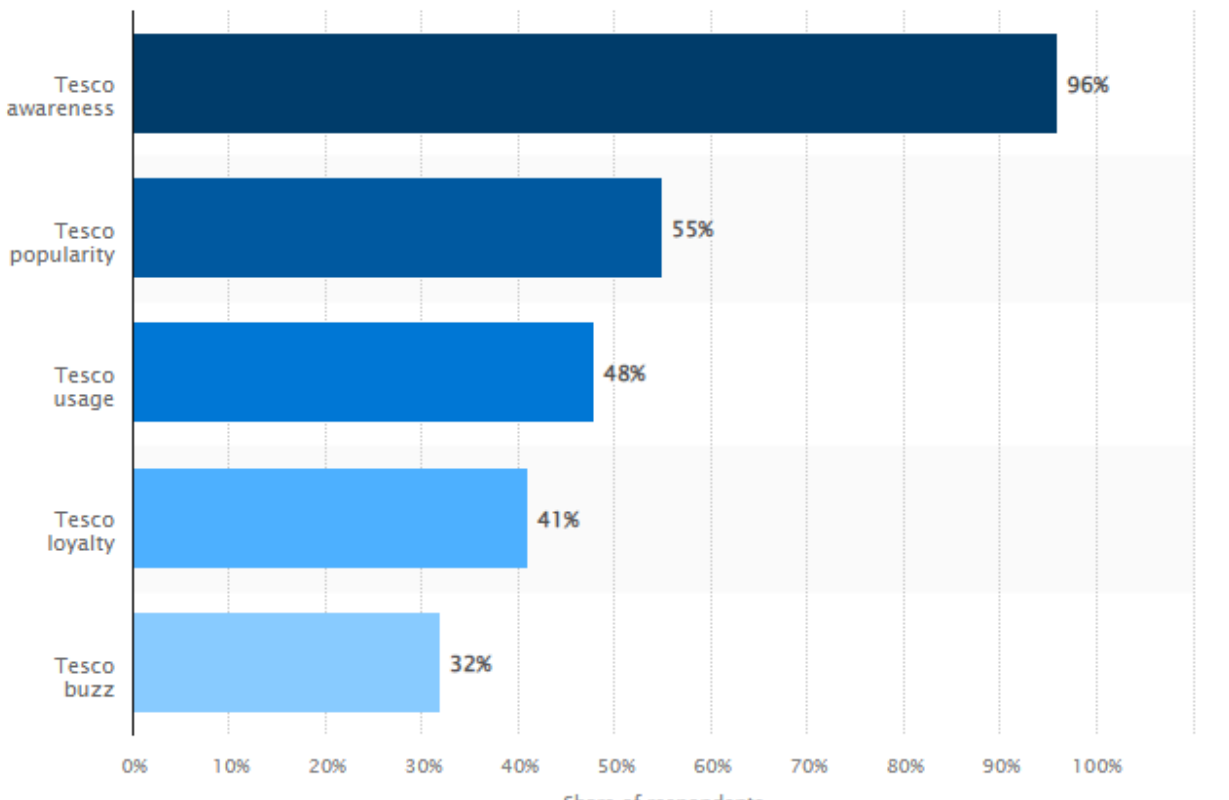


Figure 3: Brand awareness of Tesco

(Source: Kunst, 2022)

4. Internal factor analysis

SWOT analysis of Tesco

- **Strengths**

Tesco is the largest retailer as well as a top supermarket of groceries in the United Kingdom. While compared to other UK grocery chains, Tesco has better sales as well as income. According to (Statista.com, 2022), in the financial years 2021 and 2022, the annual revenue of Tesco amounted to greater than 56 billion Great Britain pounds. Tesco has launched a different

kind of shop format. Tesco Homeplus, Tesco Extra, Tesco Metro, One Stop, Tesco Superstores as well as Tesco Express are the few of its multiple shop divisions. Tesco has experienced considerable success due to the firm's diversification strategy.

- **Weaknesses**

Supermarket shops OF Tesco and some other businesses are facing issues in several countries. According to Priyono, Moin and Putri, (2020), the firm should have conducted in-depth market research prior to entering these nations. Tesco has been prohibiting the property owners from leasing their premises to the competitor supermarkets if properties are adjacent to Tesco's stores. Restricting rivals is against spirit of fair rivalry, which makes it both immoral as well as illegal.

- **Opportunities**

Developing strategic alliances with the reputable businesses could be the great opportunity for the firm. Tesco can provide more products as well as draw in more customers while developing strategic alliances. In the areas where Tesco shops are failing, collaborative partnerships are a possibility. Local businesses may offer detailed market information, which can improve performance in these areas. As per the reports of Statista.com (2022), Tesco has 47542 stores worldwide and this large number of stores provides an opportunity for the brand to expand its customer base and gain more profit. Although Tesco possesses outlets in various developing countries, the firm can financially benefit from expanding its business into the rising nations such as Indonesia, South Korea as well as Turkey.

Characteristic	Number of stores
2022	4,752
2021	4,673
2020	4,613
2019	6,993
2018	7,033
2017	6,809
2016	6,733
2015	6,849
2014	7,305
2013	6,653
2012	6,049
2011**	5,265
2010*	4,836

Figure 4: Tesco's number of stores worldwide

(Source: Statista.com, 2022)

- **Threats**

According to Moura (2021), since the UK is no longer the member of the European Union after Brexit, Tesco is at threat from cost issues as well as trade agreements. The market leadership of the main rivals of Tesco, Walmart, Carrefour, as well as Aldi, could be in jeopardy because of their enhancing performance as well as expansion. After the recent health problems affected Tesco's supply chain, the firm was compelled to place the restrictions on amount of essentials that clients could purchase.

5. Role of marketing within Tesco

Tesco's marketing department plays a significant role in marketing as well as promoting its products to the customers. As per Paavola and Cuthbertson (2022), marketing department has appropriate steps as well as methods, which are executed to supply the final goods to the ultimate

users. They have multiple roles to play so that they may perform according to set objectives as well as policies of the organisational system.

6. Recommendations for the future

- Since the products offered by the rival organisations of Tesco are almost identical to it hence, Tesco can provide more diversified products in order to gain a competitive advantage among its competitors (Kim, Hallsworth and Kim, 2019).
- In order to retain the existing consumers while attracting the existing ones the brand can provide discounts on essential products so that customers do not switch to the rival brands.
- The brand can build strategic alliances with reputable organisations in order to gain a competitive edge and this will help the brand in offering more diversified as well as high-quality products to the customers (Čirjevskis, 2022).

7. Conclusion

From the above discussion, it can be concluded that setting up the store as well as commencing a business needs a huge amount of funds for the new entry hence “threat of new entrants” for Tesco is significantly low. The price of the products is the decisive variable in such a situation for the regular buyers of the product, therefore the “threat of substitute products is also low for the brand. The company can make strategic alliances with reputable brands in order to gain more profit.

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