

# [Current strategic objectives and aims of tesco commerce essay](https://assignbuster.com/current-strategic-objectives-and-aims-of-tesco-commerce-essay/)

To provide all our customer with excellent value and choose- Benefit of e-purchasing is let the customers can shift through a great amount of produces information very quickly, and evaluate between different offers before they make the choice. Particularly on Tesco website, the produces with detail explanation plus picture, and almost all the produces can buy on the internet as in store. That can give as much as information out before customers makes the selection. And, because of less costs on e-selling, the customers can get improved price of the produce.

## winning at selling non-food products (books, DVDs, CDs)

Book and music are perfect for home shopping, because customers can read a little reassess, see the cover, the price then make a option. Tesco also try to e-selling the download music. And about the Tesco services, like insurances and broadband, there is improvement to have a website which can show the state of the services and can register online. This will gain more customers and lead successful selling of books , DVDs , cds etc.

## Non-food producers and services.

Consumers standard of living change, meet their need by supply new product and services

nowadays, living styles have changed, e-shopping attracting a part of our lives. Many consumers like better to do e-shopping at home rather than really go shopping. To respond this big change, Tesco have own website to doing e-selling. Also Tesco have selling new merchandise and services to join selling. For example Tesco have broadband services and they sell computer and internet goods on line or in store.

http://www. oppapers. com/essays/Tescos-Aims Objective – /173539? topic

## 1. 2 evaluation of the component parts of a strategic plan of Tesco

The main components parts of a strategic plan can be described as

Mission

Objectives

Situation analysis

Strategy making

Implementation

Control

http://www. netmba. com/strategy/process/

## Mission

Mission statement shows the company’s main priorities. Tesco’s mission statement

Is to retain loyal customers, this depicts the world that Tesco hope to make sure that the

clients they have come back to them and don’t go to their competitors. The reason that

Tesco has a mission statement is so that their shareholders and clients know where the

Business is going. (Spulber, 2007) For Tesco to gain this they must set themselves

Objectives. Tesco objectives are to keep their customers happy this is because if they do this then this Will mean that the customers of Tesco will be happy at Tesco so will stay with them and not go to the competitors of Tesco therefore Tesco is retaining loyalty from its customers. For Tesco to achieve its aims it must set itself small objectives. (Simms, 2007)

## Objective

Tesco aim is to retain loyal customers to do this Tesco has to set themselves objectives these are small targets that help Tesco to achieve their big aim. Tesco’s objectives are to keep clients happy, to gain big profit margins, to motivate employees, expand abroad, and sustain financial issues to be friendly towards the environment

http://coursework-writing. co. uk/data/6. en/39/business\_coursework\_1. pdf

## Situation analysis

Once an organisation determined its objectives it begins its strategic plan to achieve those objectives and so do Tesco which is very clear in its objectives and take an extra care to make these objectives achievable and for this purpose the main thing is the environmental scan of the organization whether it is internal or external and Tesco is very well awarded . there are two aspects of the external environment one is the macro and the second is micro anaylysis. macro analysis is the pest analysis of the company which tell us what is going on externally outside through the organisation which includes politically, economically, technologically and socially while in micro analysis we have frame work of porters five forces which tell us internal position of the organisation such as key staff, company culture, operational capcity, brand capacity , financial resources, exclusive contracts etc. by doing situational analysis we gather information is not very helpful most of the times to make strategy plan but we categorise it as into two factors one is the internal which we take as the Tesco strength and weakness and the other is the external which we take as threats and weakness and hence we have able to manage the information to formulate it into strategy and such analysis is often referred as the swot analysis of the organisation.

(http://www. netmba. com/strategy/process/ )

## Strategy making of Tesco

Tesco have continued to make strong progress with all four parts of their strategy – a strong UK core business, non-food, retailing services and worldwide – by keeping our centre on trying to recover what we do for customers the four main and important parts of Tesco strategy making are mentioned below.

make their shopping journey as easy as possible

continuously looking for to reduce our prices to help them spend less

contributing the expediency of either big or small stores

introducing simplicity and value to complex markets

http://www. bized. co. uk/educators/16-19/business/strategy/activity/strategic1. htm

## Implementation process of strategy of Tesco

To make any strategy into effectiveness and to be more fruitful implementation is a vital ingredient and without effective implementation process no strategy could be successful and fruitful. So Tesco know this fact and keep it mind whenever its time to implement or introduce new strategy and the four key points to keep in mind during the implementation process are described below

advertising of products

Procurement

manufacture

Human resource

Information technology

The whole process of implementation requires resources and putting all things into important organisational change.

## Control

Tesco Accepting that danger is an intrinsic part of doing business, our risk management systems are planned both to support entrepreneurial spirit and also provide guarantee that risk is fully understood and managed. The Board has overall liability for risk management and internal control within the situation of achieving the Group’s objectives. Executive management is accountable for implementing and maintaining the essential control systems. The job of Internal Audit is to check the overall internal control systems and report on their usefulness to Executive management, as well as to the Audit Committee, in order to ease its review of the systems.

(http://www. tescoplc. com/plc/ir/corpgorv/riskmanagement/ )

## 1. 3 The factors affecting the strategic plan of Tesco

There are lot of factors which effect the strategic planning and they can be internal or external but their influence is so great which cannot be ignored such as competitors, social or economic , or some internal factors etc. I would like to discuss few in order to give general idea to demonstrate how the influence the strategies of Tesco.

## Competitors

To use this structure on Tesco shows that the corporation in order to be flourishing has to support its business plan on these capabilities. Capabilities result from Tesco’s capacity to unite and use these resources in exclusively diverse ways. In the external surroundings, the strength of rivalry is not completely under the retailer’s control, however, to compete efficiently Tesco have to recognize its hub competences and use them for organisation benefit.

## Social and economic elements

Prevailing patterns show that British clients have stirred towards ‘ one-stop’ and ‘ mass shopping, which is due to a diversity of communal changes. Tesco have, therefore, amplified the amount of non-food items obtainable for sale.

The type of merchandise and services demand by clients is a role of their social training and their resulting attitudes and philosophy. clients are becoming more and more awake of health issues, and their attitudes towards food are continuously changing. One example of Tesco adapting its creation mix is to hold an improved require for organic products. The corporation was also the first to allow clients to pay in cheques and cash at the checkout.

## Technological

Technology is a main macro-environmental changeable which has impacted the growth of many of the Tesco goods. The new technologies profit both clients and the corporation: client contentment rise because commodities are readily available, services can become more personalised and shopping more suitable. The start of the competent Consumer Response (ECR) idea provided the shift that is now evident in the management of food supply chains (Datamonitor Report, 2003.

(Desjardins D. (2005) Tesco strategies turn up competitive heat in UK, DSN Retailing Today, 2/28/2005, Vol. 44 Issue 4, pp. 4-6;)

These above are few elements which can influence the policy making plan and we could discuss more under pestle analysis of Tesco and through other strategies to ellaborate further.

## 2. 1 Tesco strategic analysis tools to audit progress towards strategic aims and objectives

To identify the various tools to audit towards the strategic aims and objectives of Tesco i would like to do swot analysis of Tesco to make it understand it more in depth.

in the Great Britan this year. Tesco has progressed its non-food department to the level that its Revenues now total 23% of total group profit. Tesco’s global business section is increasing more and more, and is speculated to contribute almost quarter of group income over the next five years. If geological enlargement continues to grow, this will make sure Tesco’s continues local strength. Insurance In fiscal 2003 Tesco Personal Finance mounted the milestone of one million vehicle insurance policies, making it the most rising motor insurance supplier ever. The group’s instant travel insurance allows Club card holders to buy their holiday insurance expediently at the checkout. Pet insurance now has over 330, 000 cats and dogs covered, while the life insurance policy followed on from the achievement of last year, when it was selected The Most spirited Life Insurance Provider in the Money Facts Awards 2003.

## Swot analysis

The main elements of swot analysis of Tesco are given below which can be further discussed in details but i would like to just highlight them for understanding.

## Strengths Weaknesses

growing market share

Insurance

Tesco online

Brand value

UK market leadership reinforced

Reliance upon the UK market

Debt reduction

Signs point to serial acquisitions

## Opportunities Threats

Non-food retail

Health and beauty

Further international growth

UK structural change could spark a price war

Overseas returns could fall

Wal-Mart/Asda challenge

International expansion

Tesco’s global business section is rising progressively, and is predicted to

add nearly a quarter of group income over the next five years. If ecological

spread continues to grow, this will ensure Tesco’s continued local strength.

Assurance.

http://people. exeter. ac. uk/wl203/BEAM011/Materials/Lecture%204/TESCO%20Company%20Profile

## 2. 2 The expectations of major stakeholders and their influence upon the organisational strategy of Tesco

We are dedicated to having a constructive conversation with stakeholders to make sure we understand what is significant to them and let ourselves the opportunity to show our position. Appointment helps us recognize new hazards and opportunities to make sure that our long-term policy is sustainable. In some cases we find that working with stakeholders in joint venture can help bring shared objectives. We might not be able to convince all stakeholder apprehensions all the time but through assurance we can do our best to poise hostile demands. We know that customers require to be able to belief our trade and they will only hope us if they consider that we are connecting on a appropriate foundation with our stakeholders. Our programme of contribution with stakeholders including customers, staff, supplier, investors, administration, regulator, non-governmental organisations and others.

An investor Relations report is formed for the Board frequently. This report summarises reaction from shareholders mostly in terms of our management and policy, and ensures the Board has a impartial perspective on the views of our major shareholders. It is normal that institutional shareholders may be in more standard contact with the Group than previous shareholders, but care is exercised to guarantee that any price-sensitive information is free to all shareholders, institutional and private, at the same time in accord with suitable official and authoritarian requirements. All main presentations to institutional shareholders are made available to private shareholders through this website.

(http://www. tescoplc. com/plc/ir/corpgorv/relations/ )

## 2. 3 structured evaluation of Tesco strategic position

To understand the structured evaluation of Tesco strategic position we have to do pestle analysis of Tesco.

## Pestle analysis of Tesco

PESTLE mean for Political, Economic, Sociological, Technological, Legal and ecological elements.  example of each are:

Political – tax policies, employment boundaries, tariffs

Economic – financial growth, interest rates, price increases

Sociological – society, physical condition awareness, age distribution

Technological – environmental aspects, investigate and development, rate of technical change

Legal – physical condition and safety laws, customer laws and rules

Environmental – recycling policies, contamination

Whilst one of TESCO’s competitive advantages at current relates to their irresistible physical attendance, there are concern about TESCO pouring out the huge effort from other seller.  There are policies as well as laws and system leading monopolies and rivalry which would be recognized though a PESTLE study.  This is potentially one of the major issues that TESCO’s are faced with.  defending customers and guarantee that entrepreneurs have the vision to resist in the market financial system are important within customer law.  Due to the present state of the financial system, many little businesses are weakening and many incompetent to enter the market.  A PESTLE investigation helps to measure where place prudent there is a need for growth.  The circumstances is in no way being assisted by the ever growing TESCO’s chains of store.  Under EU law, there is hypothesis that an establishment with a large market share is chief.  The concerns with this are that dominance of supplies and services will slip and there is a risk of paying higher prices.  TESCO to date has not been assessed as posturing a risk of growth but should bear this in mind.  This is the reason why regular or incessant scans making use of the PESTLE examination will lead to continual assessments which can guarantee that TESCO’s supremacy is not in any way scheming.

In totalling, planning consent is an issue that TESCO critically need to be aware of due to their continued growth.  Planning acquiescence is heavily synchronized in the UK.  A systematic PESTLE analysis would help to recognize the appropriate laws on planning agreement and whether any confrontation to planning was on lawful basis or purely local people’s disagree.  The PESTLE study would therefore originally measure the potential achievement of a store in a new area.

With the financial system being as it is at current, TESCO are providential that they have not been as badly pretentious as some retailer by the slump.  TESCO have labelled themselves as selling to everyone and therefore offer a range of goods and services from Value to premium prices thus tempting to all segments of the marketplace.

The Sociological feature of the PESTLE analysis involves consideration such as the boost in migration of Eastern Europeans or raise in young professionals.  obviously there is therefore a demand for new goods for example; the career minded expert who is a single person.  This has seen a mount in the meals for one or fast microwaveable meals to make cooking rapid and easy for those always on the go.

Technological factors which have possibly had the most contact on TESCO has been the expansion in the use of the internet.  They have capitalised on the use of online shopping and afford a delivery service through their website at www. tesco. com.

A PESTLE analysis is therefore very important to the expansion and the achievement of TESCO’s in adding to the day to day running of each store in line with strategic decisions.  Without knowing what external factors weight the organisation, it is hard to administer the business in an efficient way.

http://www. modelanswer. co. uk/business/help/pestle/tescos. php

## 3. 1 alternative strategic options to meet strategic aims and objectives of Tesco

The strategic aims and objectives of Tesco we should consider:

Provision of service – how do they aim to provide client fulfilment? Is it to do with quality guarantee? Provision at or above cost? The provision of goods/services?

Breaking-even.

turnover maximisation – how does each retail business try to accomplish this? Do they aim to cut costs, use reserved profits, maximise prices etc?

expansion – do they aim to increase their marketplace share? Enter new markets? expand? Increase the size of the business by expansion or through joining or takeover?

Business ethics – there are a number of examples where businesses have been accused of miss using their workers at home and/or abroad. For example, Primark, Tesco and Asda received some bad publicity with regard to those working in the fabric industry in suppliers nations in 2006; Dell Computers faced similar blames in Brazil. Think about the morals in relation to suppliers – do they use Fair Trade suppliers, for example? You might consider health and safety and the security of employees and clients. industry ethics might also relate to the dependability of products and services, the protection of premises and any legal duties.

http://www. bized. co. uk/educators/16-19/business/strategy/activity/principles1. htm

## 3. 2 The strategic option that meets the revised strategic position of Tesco

The Tesco plan up to this time was encapsulated by the title of Cohen’s autobiography, ‘ Pile it high and sell it cheap’, but the rising wealth of clients and the changing requirements meant that Tesco changed its approach and moved into opening out of town stores with more striking interiors. Such renovation was also carried out in the active stores and with the start of selling petrol at some of its stores it broke the £1 billion revenue level in 1979.

The 1980s saw a continuation in the enlargement of new stores and also the development of new initiatives. In 1985, Tesco announced its Healthy Eating options with nutritional information and advice on some of its own labelled foods. By the 1990s, the move to go past the other major supermarkets was well under way. The stress was on finding new ways of pleasing shopper needs and building customer loyalty. A variety of new services and amenities were introduced, including Tesco Metro, a store idea aimed at the high street buyer but offering the benefits of a large supermarket. In some respects, this was Tesco returning to the high street after selling off many stores in the 1960s and ’70s in the move to join the out-of-town shopping trend.

## Conclusion

In this assignment i have tried to discuss tesco direction as an organisation in strategy making and what tools and strategies it uses to make its plans and how are the plans being implemented and who are the responsible people behind those plans to make them successful and fruitful for the organisation and it also give me understanding how to set the organisation direction and what are the key factors to keep in mind to make successful strategies for the organisation.