

# [Innovative strategies of retailing tesco](https://assignbuster.com/innovative-strategies-of-retailing-tesco/)

Lessassy (2007) in a study making a reference of the global approaches of innovative strategies has stated that in Eastern Europe the main approach adopted was joint venture or by acquiring a majority stake in a subsidiary; and due to the lack of financial resources in the host country and lack of trained personnel there happens to be no franchising whereas in Southern Europe also joint venture and acquisition are the preferred strategies among the retail sector.

Prakash, (2010) opine that retail stores today are facing a tough challenge, especially after the recent global economic crisis. Standing out in the competition has become more and more harsh. The market that is filled with imitators and followers, to ensure competitive advantage differentiation has become a major means (Grewal, 2007) and innovative strategies play a vital role in differentiating retail firms from one another for sustainability (Kent, 2007).

” While few would deny the dynamism of the retailing industry, history reveals that retailers are decidedly reluctant revolutionaries” – Brown, 1990 Gagnon and Chu, (2005) state that; any retailers without innovation strategies are struck between niches. This impact is more for larger format retailers as well as specialty players. Any company that doesn’t adapt the market conditions cannot withstand the competition and sustain (Ahlert et al., 2006). Brown (1990) has identified three theories on retail evolution. Any retail that develops from low-cost and low-margins to new retail is ‘ the wheel of retailing’; the evolution of a shift from specialist store to offering diversified products is ‘ the retail accordion’; and ‘ the retail lifecycle concept furthers the retailers through four steps namely birth, growth, maturity and decline.

One of the global retailer Tesco’s strategy was encapsulated by the title of its founder Cohen’s autobiography, ‘ Pile it high and sell it cheap’, but the increasing affluence of customers and the changing needs meant that Tesco altered its approach and moved into opening out of town stores with more attractive interiors. Such refurbishment was also carried out in the existing stores and with the onset of selling petrol at some of its stores it broke the £1 billion turnover level in 1979.

In this context the researcher proposes to inquire into various strategies adapted by retail firms and furthers to analyse the innovative strategies that have facilitated retails to gain competitive advantage.

## Scope for Case Study

Among the global retailers, Tesco stands at fourth position in terms of revenue. The success story of Tesco dates back to 1919 that was established by Jack Cohen. It was the first UK businesses to have made £2 billion in profits in the year 2005; and was also to have fallen down in shares when the results were announced.

Figure 1: Turnover, Revenue and selling space of Tesco.

As presented in figure-1 Tesco has been consistently showing massive growth. Starting with a strategy of ‘ Pile it high and sell it cheap’; Tesco new strategy happens to be internationalisation as indicated by Lessassy, (2007). How far these strategies have helped Tesco will also be inquired by the proposed study in relation to other innovative strategies that are accommodated globally.

When Tesco announced a net profit of over £2 billion for the year beraking the barrier of such a huge profit in the history of UK supermarkets there was an immediate fall in the share price as indicated in figure-2.

Figure 2: Graph indicating rise and fall of Tesco Shares

As can be seen in figure-2 there was a sustainable growth of the share price of Tesco consistently during the year 2004-05. But when it announced the results of its net profits that broke all the records of net profits gained by any supermarket there was a sudden fall in its share price. Analysts however didn’t expected this could have happened and guessing the trends anticipated anything could happen; it all depends on the strategies of organisations Lessassy, (2007).

Under such situations what could be the strategies of larger organisations like the Tesco. Naturally questions like where does Tesco go from here? Do arise. Probabilities such as did Tesco has reached a peak from which there is now only a downward trend or are there any innovative strategies that Tesco can plan and put into action to put itself in a better position in the market and continue to expand in the future?

Such questions motivated the researcher to adapt Tesco as a case study whilst inquiring into the innovative strategies of retail organisations.

## Methodology

Saunders et al (2007) opine that the research methodology is carried on the ideology of a research pursuing a goal and the strategy involved is the quest for finding solution to a problem.

Philosophy: The research philosophy is a phenomenon through which data is gathered, analysed and then used Saunders et al (2007). The most common approaches include 1) Epistemology and 2) Doxology; and the most commonly adapted philosophies are 1) positivist; and 2) anti-positivist or Interpretivism. Orlikowski and Baroudi (1991) (as indicated in Saunders et al, 2007) opine that that 96. 8 % of research published in leading journals conforms to Interpretivism; as such the proposed research adapts this philosophy.

Strategy: Galliers (1991) identified fourteen probable strategies that can be adapted for conduct of any research. However for the present research laboratory experiments, subjective, argumentative, surveys, forecasting, case studies, action search etc. A review of various strategies would be conducted and appropriate justification (Cousin, 2006) would be given as to why ‘ Case Study’ has been adapted for the present study.

Approach: As this proposal had made a thorough understanding of the research questions and the stated objectives the research furthers with ‘ Exploratory’ study with ‘ Qualitative’ approach as it doesn’t involve any statistical analytical tool (Bryman, 2008). This is imperative because the main differentiating factor between quantitative and qualitative methods is flexibility and inflexibility (Bryman, 2008); as qualitative approach is more flexible this approach is adapted.

Data Collection: The researcher has understood that the classification of data is of two major types 1) Primary Data; and 2) Secondary Data. For conduct of the proposed research both primary and secondary data would be collected and analysed. Collection of secondary data would include study of books, journals, periodicals, abstracts, reviews, reports etc. For collection of primary data semi-structured in-depth interviews that accommodate open ended questions will be adapted Saunders et al (2007).

Samples and Sampling Method: The samples for collection of primary data would be gathered from representatives of the case study organisation. As the proposed research has identified qualitative approach the method of sampling would also be non-statistical method (Bryman, 2008), as such non-probability judgmental sampling method would be adapted.

Data Analysis: According to Hendry, (1992) all the data collected needs an analytical tool to analyse. After a thorough study of various analytical tools the present study would adapt ‘ Qualitative Thematic Analysis’. This is justified because from the data, themes would be evolved, sorted, discussed and analysed.

Summary: With the stated aim, derived objectives and the poised research question and a strategic framework of the research methodology; the researcher is confident that the proposed research will certainly give a better insight of the strategies adapted by the retail sector and how innovative strategies can further facilitate the retail sector to gain competitive advantage.