

Pestel and porters tesco

[Finance](#), [Financial Analysis](#)



PESTEL provides an analysis into the external business factors which may effect the company performances. It can be used on a daily, weekly, monthly and yearly basis to analysis the macro environmental effects on a company.

POLITICAL-EU Free trading laws promoting trade between western and eastern European resulting in expansion of tesco retail outlets **ECONOMIC**-Economic recession has affected consumers buying behaviors. Consumers buy essential commodities however the demand for luxury has decreased.

Consumers spend less time eating out and spend more time eating in, in order to cut down on cost. **SOCIAL**-The majority of the uk population is made up of retired people who spend less on food and eat less. Consumer attitude changing to become more healthy. Increase in demand for organic foods. Increase in UK ethnicity population has lead to a wide range of food items available in store **TECHNOLOGICAL**-Increase in population access to internet has caused an increase in Online grocery shopping. Loyaty programs has enabled tesco to analyze consumers spending habits.

Mobile technology allowing convenient shopping on mobile devices. Self service tills makes buying quicker for customers **ENVIRONMENTAL**-Incentives to re-use bags and be more environmentally friendly. Recycling center's available at tescos. Carbon foot print data available on some products. Greener living scheme which advices customers on environmental issues such as how to reduce food waste and carbon foot print when preparing meals **LEGAL**-Increase in VAT rate will affect the non-food sector of tescos. Increase of minimum wage of over 21s (from 6.08 to 6.9) impacts operating costs. **PORTERS 5 forces** allows the analysis of the competitive environment. **SUBSTITUTE of PRODUCTS and services**-Low threat of substitute for food

products as tesco provides quality goods at low prices Substitutes- indirect- pubs offering food, local markets or shops, on line suppliers New COMPETITORS - Low rate of competition from new entrants into the market because it takes a huge investment and a new business pathway to capture customers however lidl, aldi have come in to the market capturing a new market with lower prices.

Marks and spencer offer food at the high end of the market Old COMPETITORS - High rate of competition from other food retail stores such as asda, Morrison, Sainsbury's and waitros in the form of price, promotions and retaining customer loyalty. Competitors Sainsbury etc compete as a traditional competitor for market share BARGINING POWER OF BUYERS High bargaining powers of buyers in the supermarkets, high.

We have lots of choice as to where we shop. Tesco have to keep on their toes to be competitive. When I take the DLR to work however the buyer has no power, no choice, so prices go up BARGINING POWERS OF SUPPLIERS - suppliers to supermarkets have little power and get squeezed by the big boys. they have to supply at a lower price, will not get paid by tesco until it suits tesco.