

# Tesco's success story

[Psychology](#), [Success](#)



Tesco's success story Some of the key reasons for Tesco's success include: Tesco has been particularly successful because of its powerful brand. It has a reputation for value, low prices and for being customer focused. Its brand equity and associations have helped the company to expand into new sectors and markets. Tesco has also been strong in public relations, advertising and building profile in catchment areas on a local level. This local approach to marketing appears to be a key driver for success. Tesco has a good range of products, including own label products.

It seeks to provide excellent customer service, and ensure high levels of customer satisfaction. The own label products have helped strengthen profits for the group, and it broad appeal through good, better, best (finest ranges) caters for the widest consumer audience. Aggressive overseas expansion has helped to keep profits high. The organisation has expanded into Eastern Europe, emerging nations such as China and South Korea and even the US, through mid market supermarkets known as, " fresh and easy".

Its strategy of being close to the customer has been assisted in the UK specifically, when Tesco developed different formats for shopping (convenience, metro, express, superstores). It has been the best retailer for format delivery and obtaining some of the best retail positions. It gained a first mover advantage when it launched Tesco. com, which is one of the biggest and most successful online retailers. This part of the business continues to grow market share and has provided a channel to sell non-food items and other areas of the business including finance.

Information technology has revolutionized the retailer, not only in stock-control and distribution worldwide, but also in terms supplier management. It

has enabled better i) retailer-manufacturer innovation ii) shortening of decision making and greater knowledge sharing. Tesco is one of the most advanced companies in consumer understanding aided by IT (e. g. Dunhumby and Tesco Clubcard data). Consumer data has i) shaped product offerings ii) ranges iii) given Tesco a better understanding of consumer segments and shopping profiles and iv) helped marketing to build loyalty and develop promotion offerings that suit target groups.

This level of sophistication has helped Tesco to remain leader within the UK market. Suppliers are internationally sourced, and Tesco gains scale economies from its large buying volumes. This has enabled the company to keep prices down and supported its low price strategy aimed at the broad consumer market. However, the company has been criticized for its management of suppliers and clashes with the farmers union. There has been growing opposition to the supermarket because of its size, and the government (through the Monopolies and Mergers Commission) has been involved in ensuring competitive markets in the UK.

Recent acquisitions such as T; amp; S stores, have led to a high concentration, with only few dominant players within the market. The organisation has a diversified product portfolio, which includes telecommunications, finance, insurance, which provides cross and up sell opportunities to customers. Profits have been invested to support research and development, and its aggressive international expansion plans. Read more: [http://www. businessteacher. org. uk/business-resources/case-study-database/tesco-case-study/#ixzz2B9gukB98](http://www.businessteacher.org.uk/business-resources/case-study-database/tesco-case-study/#ixzz2B9gukB98)

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