

Tesco case essay sample

[Business](#), [Company](#)



Introduction:

Tesco in the UK are the largest within the Group, with over 3300 stores and over 310, 000 colleagues. They have strengthened the foundations of the UK business and they are now accelerating plans to deliver the most compelling offer for customers with sharper prices, improved quality, stronger ranges and better service.

Tesco manipulates with each element of marketing mix to a great extent in order to offer competitive benefits to target customer segment discussed above with positive effects on the levels of sales. Product categories:

Tesco offers a large wide range of products and services, from bread to clothes; from telecom to car insurance, it tries to meet different people's wants and needs in a one- stop-shop situation. While developing its own brands of products, Tesco also offers other companies' brands of products, for the reason of supplying such a large varies brands of products and services, is to provide more choices for customers when they are shopping at Tesco, and this eventually help it to meet the customers different wants and needs more successfully as they don't have to go to several places to find the products and services they need. For example, we can buy Tesco's brand of shampoo, as well as find Pantene, and microwaves in the stores.

Consumers have become keep an eye on fair trade and the influence of developed countries consumers on the Third World suppliers. Fairly traded products as tea, coffee and cocoa are viable, and such products are now widely available at the majority of large chains. Price:

The pricing strategy used by Tesco now is the predatory pricing, which is charging a low price for its products and services with an intension to win the campaign with other supermarkets, like Park'n shop, and save money for customers, as well as sets a barrier for new entrants. For achieving this aim, Tesco always takes out the price comparison with other supermarkets, and then tries to cut off the prices as possible as it can. Some people prefer to buy the vegetable rather than meat to obtain the benefits of convenience and healthy, but some persons, who are environment concerned would like to purchase the vegetable as it contributes less water and air pollution to environment and much cheaper price.

Therefore, in order to satisfy different customers' requirements, the company's products' and services' ranges have to be wide. Although almost customers want to pay for their shopping as low as possible, they also have the idea of high price means high quality, low price means low quality. Hence some customers might doubt about the quality of the products and services offered by Tesco, as it puts a heavy emphasis on its low prices for the products and services offered in the stores. Therefore, there is a threat for Tesco on the quality of products and services it is offering, as some customers care more about the quality of products and services rather than their prices. The emphasis on low prices currently might also be dangerous in the future when Tesco wants to increase the prices for its products and services, as it has already created a high reputation for low price. Customer Communication:

In order to understand customers' wants and needs better, the communication between the organization and its customers must be effective and efficient. Communication methods used by Tesco, are centered to its customers, for example, the advertisements are always showing during evening time, as this time, almost of people are free to sit down in front of the TV for what it has in stores already, what products and services it introduced to its stores recently, and the prices charged for these products and services, as well as the price comparison with other supermarkets. How successful the communication is, depending on how it is approaching to the customers and what kind of responds received from the customers. Clubcard' royalty membership scheme used by Tesco is its one main way of communicating with its customers.

Bonus points promotion:

Clubcard, introduced in 1996, is Tesco way of saying thank-you to the customers. 38 million Clubcard customers shopping in our 7, 300 stores across the Group give us unrivaled insight into consumer habits, trends and preferences. We work closely with our marketing insight business and humbly to build our customers a rich and personalized offer and to offer additional incentives to shop with us. This scheme allows customers to gain points on every pound they spent at Tesco. Every 100 points are converted to £1 Club card vouchers, the more points we collect, the more cash equivalent vouchers we have.

Then we can use these vouchers to shopping at Tesco or its related partners' brands. In order to attract all different segments of customers, and provide

something for a whole family, Tesco divides the Club card membership into several clubs, Tesco Kid club, Tesco World of Wine Club, Tesco Baby and Toddler Club etc. The membership is free to all customers to join; we only need to fulfil a Club card membership form either by going on line or by post. The aim of issuing ' Club card' is to save money for customers while they are shopping at Tesco. When there are new products and services introduced or sales promotion carried out, Tesco will send out the information of these new products and services, and sales promotion to the ' Club card' holders for their awareness by post. Special offers:

Tesco also takes out the sales promotion several times a year, during these periods, we can buy some products with a ' buy one get one free' or ' three for price of two' or deeply cut off prices. This process is help Tesco to get a quick respond from its customers, and also used when it is trying to introducing new products to its stores. Site/ online shopping:

In UK, Tesco runs 4 different store formats, Tesco Express, Metro, Extra, and Homeplus. The ranges of products offered in these different store formats are different.

Tesco Express:

This kind of store is mainly located in areas where are close to people's work and live places, like in high streets, petrol stations and residential areas. For this reason, the size of this type of store is the smallest comparing to other three formats of stores. The products offered in this format of store are mainly the fresh made products, limited types of vegetables, in-store bakery,

drinks and snacks etc., for the purpose of meeting its customers' daily essential needs. Tesco Metro:

The size of Metro store is between the Express and Extra stores, they are often located in the town or city center. People in those areas are busy with shopping or working, therefore, Metro focuses more on offering food products, such as sandwiches, ready-made meals and so on. According to its locations, the prices charged for those products offered are higher than these in other stores, as it has to charge a price which can cover its store's higher rent and other overheads costs. Tesco Extra:

As this type of stores offer the widest ranges of food and non-food products and services, they usually locate outside the town or city in order to have an enough space for those products and services. We can find almost everything we need there, like sweet, clothes, and even garden furniture. When we are tired, we can go to its cafe shop to have a rest. Hence, it provides a relaxing environment for shopping. Tesco Extra is very convenient for people who work 5 days a week or those who would like to shop weekly. For the locations of the stores and the widest ranges of products, the prices are also varies. We can buy a bag of sweet of less than £1, which we might not find in the Express or Metro. Tesco Homeplus:

As I pointed out earlier, Tesco' s UK marketing strategy includes the expansion of its scope into non-food function, Homeplus stores are newly launched by Tesco to focus on non-food function. The widest ranges of non-food products are made available through the Tesco Direct order and collection points. Tesco direct order is the main aspect for its on line

shopping, which is very successful for attracting customers' attentions due to its widest ranges of products and services. From the direct Tesco website, we can buy PCs, clothes or groceries, and have them to be delivered to our doors. This is very convenient for those people who do not have time, or those who do not have the ability to go shopping at stores. Applicability of Tesco's retailing strategies to the local marketplace: Tesco the ' Clubcard'royalty membership scheme and online shopping are work in Hong Kongmarketplace. The Hong Kong supermarket ' Park'nShop is using the same scheme and the online shopping for the customer. Customer canfine the latest promotion, product information, recipe inspiration or buy theirfavorite products at their fingertips with this convenient and user-friendly PARKnSHOP App. Whether customer prefers to shop in-store or online for home delivery, it's now easier. Key features:

Promotion

Get the latest promotion offers and activities of PARKnSHOP. Product Search Information of over 10, 000 products is available. Customer can check the price, latest promotion offer, available stores or buy it right away. Scan a product

Search product by capturing the barcode on the product.

MoneyBack

Exclusive offer to Money Back members. Customer can also check their points balance and update profile. Shopping List

Create customer own shopping list to organize the items their buy on a regular basis. This saves customer from the hassle of searching and

browsing for products to make customer shopping more convenient.

Shopping Cart

Turn customer shopping list to the shopping cart. Customer order will be delivered to customer door. Park'nShop and Tesco's UK use long-term relationship with the customers and membership system. Make convenience for the customer and daily use products. Enter the customer daily and life style. Conclusion:

Tesco is the strong long-term relationship with the customers, Tesco uses the ' Clubcard' royalty membership scheme as a main way to communicate with its customers, and tries to help customers save money on shopping, as customers can collect point for every pound they spend by using the ' Clubcard', and eventually convert the points into the cash equivalent vouchers. The different clubs meet different segments of customers' requirements. That's why Tesco can keep the loyalty customers and follow the customer needs in every moment.