

# Mr. bus

Business, Company



4. In March 2006, Tesco announced that it would enter the United States. This represents a departure from its historic strategy of focusing on developing nations. Why do you think Tesco made this decision? How is the U. S. market different from others Tesco has entered? What are the risks here? How do you think Tesco will do? In our opinion, Tesco had done a lot of research before they decide to open in United States market. Tesco believes that each market is unique and requires a different approach. Tesco experience In the United Kingdom has demonstrated that no single format can entirely penetrate a market.

That is why the company has developed a range of formats from convenience stores to hypermarkets that it deploys to meet the needs and opportunities it encounters in each country. One of the reasons Tesco enters the United States market is because they want to build a brand for Tesco. Tesco believe brands are the building blocks of lasting relationships with consumers. Tesco want to develop capabilities. A critical part of Tesco's culture is an intense focus on learning, developing skills, processes and systems, and then sharing them across international markets to increase the chances of success.

United State market is different from others Tesco has entered. Accounting for almost 30% of world GDP, the United State is the world's largest and most demanding market for almost everything from oil to microprocessors to premium coffee. Companies around the world aspire to do business in the United State or at least with United State companies in their home markets. By doing so, they learn much about the latest management practices, they

can be closer to the cutting edge of innovation, and they can boost their reputations by supplying well known United States firms.

The risk for Tesco decide to open a market in United States is, Tesco moved too fast and made too many wrong assumptions about the United States Market. If the concept was working, an established and well financed retailer like Tesco would be using the economic downturn to drive out weaker United States players. It will be some risk to Tesco if they open a new market in United States, because they will compete with Wal-Mart their biggest competitor in United States. Wal-Mart is the biggest retailer in United States and since Wal-Mart has bought ASDA, Tesco will be struggling to compete with Wal-Mart in United States market.

In our opinion Tesco will fail or struggle in the beginning because they have to compete with their biggest competitor Wal-Mart. Most of the customers in United States used to go to Wal-Mart, since that Tesco will be struggle in a beginning. And from our research we found that none of British retailer has succeeded in United States market. But maybe after few months or few years Tesco will be back stronger in United States market and Tesco maybe will be more succeed than Wal-Mart.