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## Introduction

There is great importance of interpreting the company on the basis of its set mission, vision and aims for the stakeholders. It must be the goal of every company to stick with its set mission and vision in order to provide the best results to the stakeholders. There are some t models available that help in evaluating the company’s performance. Among them some useful models are porter’s five forces model and a SWOT analysis. In this report analysis of Tesco PLC has been conducted on the above mention grounds in order to come with all the information required to know the performance of the company.

## Background of the company

Tesco PLC is the world famous British company that has its presence in almost all the parts of the world. It works in the retail segment that deals in grocery and general merchandise. Company has its presence in most parts of world like United Kingdom, China, Malaysia, Korea, and Ireland. Some of the products offered by the company are food, general merchandise, clothing, and electrical products. On talking about the past performance of the company it can be said that company has shown tremendous increment in the market share in the last five years. It is the third largest retail store in terms of revenue and has diversified its products. It is working in retail banking; financial services operate in the sector of property and help in analyzing the data in terms of property (Annual Report, 2014). It has about 3146 stores in the UK and about 2131 stores in Asia with about 6612 stores in different parts of the world. In this report porter’s five forces and SWOT analysis of Tesco has been conducted in detail and proper recommendations have been given.

## Impact of the Company’s Mission, Vision, and Primary Stakeholders on its overall success

Mission and vision statement helps in motivating the management and also regulates the performance of the company over the years. In this respect the mission of the Tesco PLC, is “ Creating value for customers, to earn their lifetime loyalty”. It is this mission statement that motivates the employees to work for the customers and earns their loyalty. On the other hand vision of the company is to higher value by the customers served by the company and communities within which company operates. Tesco also has a vision to be valued by the loyal and committed staff members and also the shareholders as these are the only persons that make the company. In addition to this company has a vision to be established as a growth company; highly modern and innovative company (Annual Report, 2014). All these vision statements motivate to achieve highest possible performance and provide all the things management has set to achieve. The management of Tesco recognizes the role of mission, vision and strategies play in the performance of the company and its success. Through following these visions and mission statement the primary stakeholders have contributed in attaining all the major goals and visions.

## Analysis of five forces of competition and its impact on the company

Five forces model of competition as given by the porter helps in analyzing the structure of the industry and examines the competitive environment within which company works. In this segment porter’s five forces model has been applied in order to analyze the competitive environment of the UK retail sector (The primary market of Tesco). The detail explanation of Porter’s five force morel is given below:
Threat of substitute product and services: In the UK retail market, there is a low threat of substitute products and services. In the UK retail segment the major threat that can act as the substitute all the products and services is Sainsbury. Other than Sainsbury there are large number retail stores, but large retailers like Tesco has no threat of the products and services offered by them. Tesco aims to provide high quality products to their consumers at very low prices that reduce the chance of medium and small size retailers to become a threat for the company (Aaker & McLoughlin, 2009).
Threat of entry of new competitors: It has been found that there considerably very low threat of new entrants in this segment market as the cost involved to set up the channel is very high and it takes years to set up even a small business. So it can be said that there exists a barrier to establish the brand name as it involves a very high investment. The new entrants have to produce something unique to establish their market value at low prices. All these problems make the market a difficult place for new entrants and also secure already established players. Thus, it can be concluded that the threat of new entrants is considerably low due to requirement of huge capital investment (Aaker & McLoughlin, 2009).
Intensity of competitive rivalry: It has been evaluated that the intensity of competitor sin the UK retail market is comparatively higher but it does not impact the Tesco due to its already established brand name. Some of the competitors in the UK retail segment are Asda, Sainsbury, and Morrison that gives the high competition to the Tesco through their lower prices and high quality products. Tesco is facing high competition from other large retailers that is threatening Tesco market leadership position.
Bargaining power of buyers: Bargaining power of buyers refers to market share owned by the company and company strength to regulate that market. In the retail sector, there is a high probability that buyer will switch over to other retailers instantly as and when a new offer is announced by the competitor. For this Tesco has to keep watch on their competitor to maintain its stiff presence in the market. It is due to the presence of a large number of retailers so that buyers can easily switch over to another retailer on the basis of price and quality of products. Management at Tesco aims to provide the highest quality goods and services at lower prices so that they can maintain their share in the market (Seth & Randall, 2001).
Bargaining power of suppliers: It is estimated that the bargaining power of suppliers is low because of the huge number of suppliers available in the market who provide the best products at very cost and also have established brand name or image. There is a large number of suppliers to be chosen by the company and make their decisions accordingly. So it can be said there is very low or little threat of non availability of products to the company. Tesco maintains the rigid policies with the suppliers in order to provide the quality products. Tesco is the largest retail market in the UK so it gives threat to the suppliers. Thus, suppliers face a threat of losing their contracts with large supermarkets and as such the power of suppliers is significantly lower in the food retail market of the UK.

## SWOT Analysis

SWOT analysis is the best way to evaluate the internal and external environment of the company. Internal audit can be done through evaluating the strength and weakness, on the other hand external audit can be done through analyzing the opportunities and threats present in the external environment. Detailed analysis of the SWOT has been done below:
Strength: On the analyzing Tesco strength it has been found that financial statement reflects strong financial position and large market share. It has been seen that the main strength of the company is its customization of products and service that forces the customers to buy the products. Tesco has faith in their employees and they never let down the company when it comes to customer satisfaction. In addition to this, the company emphasizes on product affordability and ensures that customers get the best products at minimum prices.
Weakness: At initial level, it has been observed that there has been no weakness present in the company, but on analyzing it on all grounds it has been found that Tesco lacks its presence in any geographical area. It has been figured that company drives maximum revenue (almost 75 %) from the UK regions. Weakness is also surrounded by the lack of availability of products at the time it is needed by the customers. In addition to this Tesco bear huge financial losses due to defective or expired products which are increasing day by day. Tesco has recalled many of its products that have resulted in major financial loss as well as has damaged its brand name (Hensmans et al., 2013).
Opportunities: In the retail sector, there has discovered many opportunities that can be grabbed to achieve the highest performance. Opportunities are available to those capabilities to achieve higher as what they have with them. The introduction of services such as online shopping through the launch of company websites, i. e. Tesco. com will enhance the sales and revenue growth of the company. In addition to this company has biggest opportunity to expand their business in those areas where there is a lack of availability of quality products and services. Placing the attention on geographical diversification to increase its market share in other parts of the world.
Threats: Apart from the opportunities there have been many threats present in the retail sector. There are a large number of competitors present in the retail market that come up as a huge threat for the Tesco as it reduces their market share and also impact its brand image. There are many retailers only in the UK market that influences the strategy of Tesco to expand its business in other parts of the world. The main competitors of the Tesco in UK retail market are Asda, Sainsbury’s and Morrisons that give tough competition, and also make the market full of ups and downs. In the US market, Tesco has to take the tough competition from the Wal-Mart (A branded retail chain in US). In addition to this, the global financial crises have resulted in the contraction of the UK’s economy that can result in significant downfall in the company sakes and financial performance.

## Strategies implemented by the Tesco to use its strength and opportunities

As the main strength of Tesco is its UK retail market, so management aims to serve this market with full resources and tries to provide new innovative products at regular interval so that they can maintain their position in this market (Seth & Randall, 2001). Tesco work highly on price control so that it makes an image in the minds of the consumers of price rigidity with quality as a priority. The strategy is that to make the price stability and competitive to give a tough competition.

## Communication Plan to circulate the above strategy

There are several of communication modes present to circulate the above strategies to the stakeholders. Among them the best way is to use the annual report together with a future action plan as the means to navigate this information to the stakeholders. The annual report is the yearly subscription that has to be distributed among the stakeholders.

## Corporate governance mechanism used by the Tesco

Tesco PLC has one of the finest and most effective control mechanisms that lay down a check over the action taken by the managers at different level. One of the corporate governance technique is Tesco has employed regular feedback method to take weekly reports from the managers so that their performance can be monitored. Next is the presence of vertical hierarchy communication process so that every manager is monitored by his/her superior.

## Effectiveness of leadership

Management at Tesco PLC aims to use the best tools available to provide the proper leadership to the workforce. It has been observed that Tesco employs a democratic leadership style to promote a healthy environment among the organization. Leadership used by the company help to provide the best performance for the company. Managers seek the advice of the team members before taking the decisions. This provides the opportunity to the employees to share their views and give their contributions to the management strategies. It is highly recommended to the management at Tesco to take a regular meeting with the employees to hear about their problems and solve their issues.

## Social Responsibility

Tesco PLC is a large organization and the steps taken by the management impact the people at large. So it is the moral duty of all Tesco members to contribute something to the social responsibility. Tesco aims to provide maximum safety to their staff members as well to their customers through providing better facilities and products. For this purpose company has set a goal of doing the right thing that required for any responsible business (Corporate Social Responsibility, 2013). The objectives highlighted among these are Tesco aims to create new jobs for the young people, want to improve the safety and health of customers and to reduce the food waste at global level.

## Conclusion

In the overall analysis of the Tesco performance and its sound strategies it can be judged that Tesco is facing many external and internal environmental challenges. Tesco PLC has maintained its competitive position in the UK market. This report is developed to evaluate its performance on the basis of SWOT and Porter’s forces model. Tesco is presently implementing and adopting a cost leadership strategy to achieve competitive advantage in the UK retail market. In addition to this, Tesco is analysed on other grounds such as leadership strategy, corporate social responsibility and corporate governance mechanism used by the Tesco.

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