

A brief history of tesco marketing essay



**ASSIGN
BUSTER**

Tesco is one of the top retail supermarket in UK which is worldwide famous. Grocery and merchandising are the main areas of Tesco. Chesnutt Hertfordshire is a spot where the main office/headquarter of Tesco is located. This retail supermarket was founded by Jack Cohen. 1919 was the year when he introduced this supermarket on the scene. Stockwell is the first brand of Tesco. When Cohen got the delivery of tea from Stockwell right after that this was introduced. He used those starting letters T. E. S and used two letters of his name. In 1929 the first time Tesco was launched in Middlesex. From 1950s – 1960s whole decade Tesco made in nature. It also through acquisition, until it makes more than 800 stores in UK

Tesco is mainly famous for food and drink, but it is also famous for other product of daily life like economic services, electronics, telecoms, home products like furniture, healthiness, car and dental assurance, sell and renting DVDs, CDs, Internet services and software etc. In current era Tesco is one of the top retail supermarket its share value has been increased not only at domestic level but also at global level. Its profit now round about £3 billion. Profit wise Tesco is now at Third position after wall-mart and Carrefour.

“ A socio-technical system (STS) is a tool to help a business anticipate and successfully resolve interdisciplinary business problems. “ Interdisciplinary business problems” refer to problems where financial values are intertwined with technical, ethical, social, political, and cultural values”

(Chuck Huff, 1994)

I. 1- A brief History of Tesco:

Foundation:

1919 was the year when Jack Cohen introduced Tesco first time. Before starting properly Cohen start putting the foodstuff from various stalls and serving them in East London . In 1924 the first Tesco brand has been introduced. Word TESCO has been made by three initial letters of the supplier's name (TES), and the first two letters of his surname (CO). These letters made the full word Tesco. Tesco stores hold the stock market of London in 1947 . In 1951 Tesco brought revolution in retail area introduced first self service surrounding area of London which was ST. ALBANS. 1956 the first Supermarket was introduced in Maldon.

There were 70 Williamsons stores introduced in 1957, 200 Harrow outlets were introduced 1959, 212 Irwin's stores in1960., 97 Charles Phillips stores in 1964 and the Victor Value chain in 1968 .

1980s

In May 1978 Tesco has a business deal with Halliards and took all of their 40 supermarkets which are in North of England. Total worth of that business deal was £220 million

1990s

Tesco took over the William low supermarket chain in 1990. It was really hard for Sainsbury to run a firm which operated 57 stores. So this was the way of Tesco to expand its company in Scotland but was thinner as compare to England at the end. In 1995 Tesco introduced loyalty card named as club card and later internet shopping. Tesco made amendment in their company

logo changed its colour and made current logo. Terry Leahy started work as chief Executive. In 1997 Tesco and Esso made a deal to do business together and set business strategies. Now days approximately 600 Tesco/Esso stores are founded crossways the UK.

2000s

USA in July 2001 Tesco introduced internet retailing through internet and grabbed a great firm of US Market. It was achieved 35% wager in Grocery Works. In 2002 Tesco introduced 13 huge hypermarkets. In same year Tesco purchased T&S stores.

In 2006 Inverness was labelled as “ Tesco town”. It was very costly in terms of prices . In 2006 Tesco was the only food merchant who dealing with internet and making profit.

In December 2006 Tesco announced it telecommunication network with O2 and it was started in UK 2007. Tesco Mobile is one of the big retail mobile networking companies in UK.

In April 2010, Tesco bagged the deal to be the official England sponsor for the duration of the World Cup. Financial terms of the deal have not yet been revealed.

Business Strategy of Tesco:

Tesco business strategy is to be successful among top international retailer. Increase the core business especially in UK. Properly good in Non-Food items as in Food items. Give the fundamental need to community in less cost.

Develop retailing services with technology, like personal finance, internet programmes telecom etc.

According to Citigroup retail analyst “ Tesco has pulled off a trick that I’m not aware of any other retailer achieving. That is to appeal to all segments of the market”. One plank of this strategy has been Tesco’s use of its own-brand products, including the upmarket “ Finest”, mid-range Tesco brand and low-price “ Value” encompassing several product categories such as food, beverage, home, clothing, Tesco Mobile and financial services”(David McCarthy, N. D).

In 1997 when Terry Leahy was designated as CEO, Tesco started marketing by its own using phrase “ The Tesco Way” to explain the company’s exact purposes, values, principles, and goals Under Leahy marketing phrase become more famous as they expanded their marketing,

A main part of Tesco development strategy has been its groundbreaking utilization of technology. First build self-service till was introduced and used in Tesco and also cameras to reduce queues.

To defend goodwill of brand, and introduced it expansion plans in Thailand, in recent past Tesco launched a policy of offence processing. In November 2007 Tesco sued a Former Thai minister and insisted him to pay 1. 6 million US \$ or 2 year imprisonment.

Main advertising catchphrase of Tesco is “ Every little helps”. its mainly advertised in print media like newspaper, Magazine or television add mainly and they also do their advertisement via vehicle or Bus in UK . on radio or TV

they also do their advertisement through voice-over present by famous presenters and actors.

III- Internet operations of Tesco:

Tesco started work on internet in 1994 and then in 1997 they launched their first online shopping service which was known as Tesco Direct. Tesco launched its world web in 2000 properly which is tesco. com. it has online links with Ireland and south Korea.

In 2000 Tesco withdrawn its CD-ROM based offline order based application which allow to connect and then download the stock and give the Oder but in 2000 or before that broadband was unknown so Tesco did not get the suitable respond and they withdraw the application.

In 2001 Tesco. com started mutual grocery business with American Safeway Inc. just like joint venture they operated in United States and Canada. In 2006 Tesco sold out its stake to Safeway due to non-expanding reason and collapsing.

In 2003 CEO of Tesco. com got the Wharton Infosys Business transformation Award for creative processes and policies that he used to provide assistance to online grocery service.

2005 Tesco declared in its annual report that they were able to provide 98% retail facility to UK population with through 300 stores.

In 2006 Tesco brought its first home shopping catalogue. Tesco had another channel at that time which was mainly for Non-Food-Ranges selling purpose .

Both channels were integrated with internet, both channels were named as “Tesco Direct”

Tesco Launched its internet phone service in 2006 and gave its customer quite good offers like free internet calls to Tesco internet phone to Tesco internet phone. In 2006, Tesco Announced that they will provide their six brands for budget software packages just under £20 each. The package included Office, security suites, partnership with software firm formjet. A Formjet is selected distributor for panda software and ability plus software, packages from these companies are likely to feature.

In 2007 Tesco. com became the first Home delivery company to give customer the facility of delivering shopping in green boxes rather than caring in bags that act was to reduce the amount of carrier bags and save the environment from pollution that is the part of Tesco strategy known as Green commitment. Customer who returned bag frees he going to earn green club card points. By end of financial year 2007 it was recorded that online sales increased to 29. 2% to £1. 2 billion and profit up 48. 5% to £83 million, with over 250, 000 orders per week

In July 2009, Tesco became the first supermarket in the world to offer an API . This feature will potentially pave the way for smart appliances such as networked fridges that can automatically order food.

In March 2010 Tesco introduced Isold which is internet state business. Tesco started this with the partnership of UK’s best estate agency.

Definition of the term Socio-Technological :

The term socio-technical system was coined in the 1960s by Eric Trist and Fred Emery; they were working as consultants at the Tavistock Institute in London.

(Eric Trist & K. Bamforth, 1951) defined Socio-technical system in the following way:

“ A Socio-technical system (STS) in organizational development is an approach to multifaceted organizational work design that recognizes the interaction between people and technology in workplaces.”

So the term Socio-technical refers inter-relationship between Society which means people with technology.

Technological system

Social system

Inter

relationship

Socio-technological System

A socio-technical system (STS) is a tool to help a business anticipate and successfully resolve interdisciplinary business problems. “ Interdisciplinary business problems” refer to problems where financial values are intertwined with technical, ethical, social, political, and cultural values.

III. 1- Socio- Technological Impact of Internet on TESCO:

Observing increasing use of Internet & evaluating socio-technological context The governing body of Tesco decided to established internet shopping, The internet shopping has been launched in Tesco in 1997, Tesco.com has formerly started on 2000.

III. 1. 1- introducing Internet shopping:

The Board of directors evaluate internet using on socio-technological context which refers that Technology has been popular within the society among the people. People become dependent on technology such as internet. Internet shopping becomes very popular in twenty's century. The governing body of Tesco consider the situation & they think if they want to survive in this situation among their competitors they have to make right decision on the right time. As a result of this they have been started online shopping & tesco.com has been started.

III. 1. 2- Business Strategy of Tesco has been changed:

The most important impact of Internet in socio-technological context on Tesco is It has been changed its business Strategy, among the strategies, the most important things are:

Making their shopping trip as easy as possible:

Online shopping is the easiest way of shopping. Considering huge use of internet in the society, they give more importance on Tesco.com & make shopping trip as easy as possible.

Constantly seeking to reduce prices to help customer spend less:

By online shopping customer can spend less, as they give various offers only for online shopping.

Offering the convenience :

Customer can buy things by online shopping which make shopping convenient.

III. 1. 3- Increasing profit in Tesco:

The profit has been increasing after introducing online shopping. The following data has been shown last five years record in Tesco:

Tesco's Summary Five Year Record

Year ended February

2005 (£m)

2006 (£m)

2007 (£m)

2008 (£m)

2009 (£m)

Group sales

21, 587

28, 401

26, 280

31, 557

37, 070

Turnover excluding VAT

UK

19, 203

11, 821

21, 309

24, 760

27, 146

Rest of Europe

1, 737

2, 181

8, 664

3, 385

3, 818

Asia

860

1, 398

7, 031

2, 669

3, 010

45, 800

23, 400

26, 004

30, 814

33, 974

Underlying operating profit

UK

1, 100

8, 213

1, 297

1, 526

1, 694

Rest of Europe

70

90

141

184

218

Asia

4

29

71

822

152

1, 174

1, 332

1, 509

1, 832

2, 064

Return on capital employed

21. 0%

19. 8%

10. 2%

10. 4%

11. 5%

Retail statistics

UK

Number of stores

692

729

1, 982

1, 878

1, 780

Total sales area (000 sq ft)

17, 965

18, 822

21, 829

23, 291

24, 207

Turnover per full-time equivalent employee (£)

159, 678

163, 443

160, 157

162, 459

166, 534

Weekly sales per sq ft (£)

22. 75

23. 43

21. 86

22. 48

23. 89

International

Number of stores

215

270

309

440

554

Number of hypermarkets

68

102

152

194

273

Total sales area (000 sq ft)

10, 397

13, 669

18, 115

22, 111

24, 928

Source: Tesco Annual Review, 2009 p. 44 [PDF, 3. 2 MB]

III. 1. 4- Market share of Tesco are increasing:

As a result of online shopping by internet the market share of Tesco has been increased in the last five years. The following data has been compared the market share of Tesco with other supermarkets:

Market Share of the Top Four Supermarkets (%)

1998

1999

2000

2001

Sep 2003

Apr 2005

Feb 2006

Tesco

22.9

23.4

24.2

22.8

29.8

26

30.6

Sainsbury's

19. 8

19. 1

18. 6

15. 8

16. 2

15. 9

16. 3

Asda

14. 1

14. 8

16. 2

12. 4

17

16. 5

16. 6

Safeway

10. 2

10. 0

10. 1

9. 3

10

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Morrison

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6

12. 2*

11. 1*

Sources: BBC News available at <http://news.bbc.co.uk/1/hi/business/4694974.stm>) and Yahoo UK

Tesco's Share Price (July 2004 – May 2006)

Source: London Stock Exchange, available at online <http://www.bized.co.uk/educators/16-19/business/strategy/activity/strategic1.htm>

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<https://assignbuster.com/a-brief-history-of-tesco-marketing-essay/>

IV- Use of internet Impact on Tesco in Socio-technological Context:

Considering easy way of shopping using technology makes our life easy in our social life but it reduces employees in Tesco which is the largest chain supermarket in Uk. One computer take place near about 20 employees. So it will make unemployed problem in society.

Online shopping takes less time but it makes limited choice of products which is a negative impact on Tesco.

It makes good profit for Tesco on the other hand it makes limited interaction among people in socio-technological context.

It makes peoples dependent on technology. Not only people but also total information system of Tesco depends on technology. If system will fail they will loss every important data of the organization.

Isold. com web which was launched in March 2010 has created a great impact on Tesco. Isold is a web where Tesco with the help of UK top estate agency do online trading of property. It created good impact on Tesco sales. People also can get to much benefits from this mutual partnership like, time saving evaluation of property, online expert advice , seller guide,

If we consider only business policy of Tesco, internet has positive impact on it but if we consider socio-technical context it has negative impact as well.

Conclusion:

Socio technical system and their impact of internet have made Tesco to beat economic crunch. After observing people's behaviour, their thinking and live

style Tesco has been introducing new technical systems time to time .

Technology has enabled the company to do better communication via online company blogs because internal communication is vital to achieve efficiency.

Better internal or external communication has made performance of

company very rich. Tesco has heavily Invested on internet because it has

almost earn millions of profit through Internet for having different web portal

like isold and Tesco direct. It plays key role in increasing sales because Tesco

has earned a lot through online grocery trading. Tesco almost doubled its

web customer as compare to couple of years Some times they face technical

issues in their technical system which cause disruption in process but they

manage it through proper back up plans.