

# The mission, values and stakeholders of tesco



## **1.0 The successful path way to Tesco**

Tesco started life in 1919 when Jack Cohen started selling surplus groceries from a stall in the East End of London. Mr. Cohen made a profit of £1 from sales of £4 on his first day.

The Tesco brand first appeared five years later in 1924 when he bought a shipment of tea from a Mr. T. E Stockwell. The initials and letters were combined to form Tes-co and in 1929 Mr. Cohen opened the flagship Tesco store in Burnt Oak, North London.

The brand continued its rise in the 1930s when Mr. Cohen built a headquarters and warehouse in North London and in 1932 Tesco became a private limited company. In 1947 Tesco Stores (Holdings) Ltd floated on the stock exchange with a share price of 25p.

Tesco showed its expansionary zeal early on by buying up rival shops. In the 1950s the retailer bought 70 Williams stores and 200 Harrow stores, followed by 97 Charles Philips stores and the Victor Value chain in the early 1960s.

During the 60s supermarkets started to expand rapidly by selling more products in ever larger stores. In 1961 Tesco Leicester entered the Guinness Book of Records as the largest store in Europe and in 1968 Tesco opened its first 'superstore' in Crawley, West Sussex. Supermarkets revolutionized the way people shopped and by the 1970s Tesco was building a national store network to cover the whole of the UK, which it continues to expand to this day, while also diversifying into other products. In 1974 Tesco opened its first petrol stations, and would become the UK's largest independent petrol retailer. By 1979 total sales topped £1bn, and by 1982 sales had doubled to

more than £2bn. In 1987 Tesco successfully completed a hostile takeover of supermarket rival Hilliard's for £220m. In the 1990s Tesco continued to tighten its grip on the UK with more store openings and an aggressive marketing campaign in an attempt to overtake Sainsbury's as the UK's leading grocer. In 1992, the company launched its slogan 'every little helps', followed by the Tesco Value range in 1993. This was followed by the launch of the Tesco Club card scheme in 1995, helping Tesco to overtake rival Sainsbury's as the UK's largest food retailer. 1996 saw the retailer introduce its first 24-hour store while it also expanded overseas opening shops in Poland, the Czech Republic, and Slovakia. In 1997 Tesco appointed Sir Terry Leahy as chief executive. Tesco.com was launched in 2000 and the supermarket continued to expand its range of products, which now includes clothes, electrical and personal finance products. In 2004 Tesco entered the broadband market.

Two years ago, in 2006, the retailer announced ambitious plans to open stores in the US under the name 'Fresh and Easy' and funded by existing resources. Tesco now operates in 13 countries. Today it reported that group sales were £51.8bn in the year to February 23 2008. Pre-tax profit rose to £2.8bn. In 2008 the retail giant took its conquest of the UK one step further by buying up some rival Somerfield stores on remote islands in Scotland, giving Tesco a presence in every single postcode area in the country. As it stands there is only one postcode in the UK – in Harrogate in North Yorkshire – which does not have a Tesco. At present year 2010 Tesco operates

Business Development

Commercial - Clothing

Commercial - Food

Commercial - Non-food Hard lines

Corporate & Legal Affairs

Corporate Marketing

Corporate Purchasing

Finance

Group Security & Loss Prevention

Information Technology

Operations Development

Personnel

Property

Supply Chain / Store Ordering

Telecoms & Tesco Mobile

UK Support Office

Distribution

Pharmacy

Clothing

Tesco Bank

Tesco. com

**Identify Tesco's Mission, values Of Tesco and key characteristics. Identify key stakeholders of Tesco and show how its stakeholders have influenced these**

**Values and objectives**

**1. 1. 1 Definition of Mission, values and key objectives**

### **Mission**

Mission statement is the reason for a company to exist this present business environment. It always makes to feel and belief the top management going in a right path in an organization. Charles Handy (1976) says, A good mission statement inspires employees and provides a focus and direction for setting lower level objectives. Mission statement has to guide employees in making decisions and establish what the organization does. Mission statements are acting a major part in progress of the organization.

### **Value**

Values are deep-seated beliefs about what is accurate and off beam, and what is imperative and inconsequential. The values held within an organization have an important influence on its goals and the ways, which it works. Last but not the least it represents the institutional philosophy and sustain to the organization. Hales, C. (1993)

## **Objectives**

Mission, purpose or standard that can be practically achieved within the expected timeframe and with the offered resources, In broad-spectrum, an objective is broader in scope than a goal, and may comprise of several different goals. Objectives are the most basic planning tools underlying all forecast and strategic activities. They serve as the basis for policy and performance appraisals, and act as bond that binds the entire organization mutually. Charles Handy (1976)

### **1. 1. 2 Mission, values and key objectives of Tesco**

#### **Mission of TESCO**

The mission statement of TESCO PLC is “ Creating value for customers, to earn their lifetime loyalty”.

#### **Value of TESCO**

The value of the TESCO classified into two groups those are:

No-one tries harder for customers:

Understand customers.

Be first to meet their needs.

Act responsibly for our communities

Treat people as we like to be treated:

Work as a team.

Trust and respect each other.

Listen, support and say thank you.

Share knowledge and experience.

**www. tesco. com access on (01. 11. 2010)**

## **Objective of TESCO**

All of Tesco's objectives unify in with each other. For example; the business will not have any customers if the business is not operating well.

Share holders will not invest money in the business, if the business hasn't got any customers. The company will not be able to afford to have any employees working for them if they haven't got money being invested in the business. So the objective of the Tesco changes over a period of time due to a range of reasons.

Some of these reasons are listed beneath:

Competition: Tesco might like to change their objectives, if another competitor moves in the same area. For instance, if Tesco is making a profit of per book, their books might not sell, because the competitor is selling their books cheaper. So in order for the business to survive they would have to put the prices down. For that, Tesco will have to change its objectives probably from making a lot of

**profit to making enough profit to survive.**

Internet: Internet is becoming a trend for everyone, so Tesco

decided to take an advantage from it and decided to make a website

through which they can sell online. Tesco will change their objectives

**from making sure they get everyone from the local area to buy from**

**them, to selling to everyone in the whole country. It is a social**

**benefit for Tesco.**

Diversify into non food: Since Tesco has diversified from being a

store that only sold food to a non-food supermarket; they have changed

**their objectives from competing with only markets that sold food to**

**competing with everyone who sells anything, from cars to mobile phone**

**lines.**

Go for multinational: Since Tesco made their market into an

international market; they have changed their objective from, being



**the leading market in England to being the leading market around the globe.**

**www.tesco.com access on (01. 11. 2010)**

## **1. 2 Definition of Stakeholder**

These are the specific people or groups who have an interest or a partial stake in the products and services an organization provides. Internal stakeholders include management, other employees, administrators, etc. External stakeholders could include suppliers, investors, community groups and government organizations. Clients / customers are stakeholders as well.

### **1. 2. 1 Tesco achieves the objectives of three stakeholders**

Tesco mainly operates with following stakeholders those are:

**Customers:** Customer Question Time meetings are precious like diamond which is cut and polished. Staff hears customers' views on everything from how they are serving customers in their stores to their role in the community.

**Staff:** Staff gives the company their feedback through the Viewpoint staff survey, Staff Question Time sessions and by Staff Forum process.

**Suppliers:** Tesco core value is " treat people how we like to be treated", and it's something they apply firmly to their supplier to grip the relationship

www.tescocorporate.com access on (01. 11. 2010)

### **1.3 Responsibilities of Tesco and strategies employed to meet them**

Tesco are committed to having a constructive dialogue with stakeholders to ensure that they understand what is important to stakeholder and allow there selves the opportunity to present their position. Engagement helps them to identify new risks and opportunities to ensure that their long-term strategy is sustainable. In some instances they find that working with stakeholders in partnership can help deliver shared goals. They might not be able to satisfy all stakeholder concerns all the time but through engagement they can do their best to balance competing demands. Tesco know that customers need to be able to trust their business and stakeholder will only trust them if they believe that they are engaging on an appropriate basis with their stakeholders. Tesco programmed of engaging with stakeholders including customers, staff, suppliers, investors, government, regulators, non-governmental organizations and others, there 472, 000 employees serve millions of customers around the world. Tesco look after and develop them so they can look after their customers. No one tries harder for customers.

Tesco:

work as a team

trust and respect each other

listen, support and say thank you

share knowledge and experience

Training and development

Rewards and benefits

Diversity and inclusion

Communication

Customer service training

Health and safety

Schoemaker, Paul J. H. (1992)

## **2. 1. Write a report how different economic systems attempt to allocate and make effective use of resources of manufacturing industry.**

### **2. 1. 1. Definition of Economic System**

An economic system is one that a society attempts to meet people's material needs and wants through the production of goods and services. From the country's point of view, production of goods and services is influenced by the limited supply of such elements as labor, land and natural resources and capital. The scarcity of supply of resources means that the Government has to decide the allocation of these limited resources among competing claims, given the opportunity costs associated with the decision of producing a certain products and services within the economy systems instead of others. The economic system can be classified into four main groups those are

Traditional economy: " Where decisions about what, how and for whom to produce are based on custom and tradition"

Free market economy: “ Where households own resources and free markets allocate resources through the workings of the price mechanism. An increase in demand raises price and encourage firms to switch additional resources into the production of that good or service”

Planned or command economy: “ In a planned or command system typically associated with a socialist or communist economic system, scarce resources are owned by the state (i. e. the government). The state allocates resources, and sets production targets and growth rates according to its own view of people’s wants”

Mixed economy: “ In a mixed economy, some resources are owned by the public sector (government) and some resources are owned by the private sector. The public sector typically supplies public, quasi-public and merit goods and intervenes in markets to correct perceived market failure”

**Charles Handy (1976).**

## **2. 1. 2 Definition of manufacturing industry**

Manufacturing industry refers to the industries which involve in the manufacturing and processing of items and pander to in either creation of new commodities or in value accumulation. The manufacturing industry accounts for a significant share of the industrial sector in developed countries. The final products can either serves as a finished good for sale to customers or as intermediate goods used in the production process.

## **2. 1. 3 Economic systems attempt to allocate and make effective use of resources of manufacturing industry.**

As if I take Tesco as the manufacturing industry there are Different approaches or economies systems are adopted by different countries.

Free market economy: government intervention is kept to the minimum while supply and demand and the ability to pay influence decision making. Most decisions are based on market mechanism. For e. g. Tesco sells their own brand goods and service to their own value (Tesco value food, electronics, other Tesco branded items).

Command economy: resources are centrally planned and controlled by the government. This, however, means that no freedom for individuals to choose what they produce and what they consume for e. g. Tesco has been instructed by government not to sell Tobacco and alcohol under the age of 18.

Mixed economy: A mixed economy combines elements of both free private enterprises and intervention, in varying general external appearance by the state. And also the producing industry will be stable where as the company owned by the public sector (government) and private sector for e. g. the Individual savings Account.

www. tesco. com accessed on 01. 11. 2010

## **2. 2 Explain what is social welfare and industrial policy initiatives**

### **2. 2. 1 Define Social welfare and how to initiative**

CSCI (2005) recommends the social welfare is also known as charity programs that lending hand for the needy people and also social welfare helps to develop the environment, education and orphanage. Social welfare does not mean that the deed has to be done by only cash even by planting trees cleaning the surrounding areas donating to the blood campaign visiting to the orphanage to make the children and elders feel happy for example

Social welfare policies (Issuing Free Computer)

Science has invented many things. The triumphs of science are too many to be counted. Some of the latest triumphs of science are really wonderful. They are quite remarkable discoveries. It has made our life easier by the computer a few years ago. It is considered as the brains of the human beings. It has opened up new vistas. These can make any number of calculations, modes of particulars hypothetical situations can be produced & studied.

Further to the above mention statement there are people in some places where they have not even seen the computer for their lifetime so in this modern universe they won't be able to survive for those people issuing free computer and educate them in that field.

### **2. 2. 2 Industrial policy initiatives (Insurance policy)**

Suitable accounting financial procedure are adopted to demonstrate current financial viability and to ensure there is effective and efficient management

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of business. It will service users are safeguarded by the accounting and financial procedure of the industry.

Insurance cover is put in place against loss or damage to the assets to the business.

Records are kept of all transactions entered into by the registered person

There is a business and financial plan for establishment, open to inspection and reviewed annually

Insurance cover also act when there is a emergency period such like disaster or loss in the operation

Insurance cover is provided for business interruption costs including loss of earnings as well as costs to operator of meeting its contrast liabilities.

### **2. 3 How above mentioned social welfare and industrial policy initiatives can make an impact on an organization and wider community whose main product is computer games?**

Commercial computer games may be fun and engaging but many critics fear that employing computer games within the classroom may have a negative impact upon learning. Some of the key disadvantages and potential pitfalls of using computer games within an educational context are listed below.

Excessive gaming can result in low self-esteem and aggressive attitudes and behaviors such as gambling and stealing to finance play. (Ellis 1990;

Anderson and Dill 2000) Computer games can distract from learning as

players concentrate on the objective of completing the game rather than

using them as a learning tool. As Clarke (2003) observes; “ computer games

require the suspension of disbelief, it may be difficult to retain learning acquired in that state". Excessive time spent gaming could negatively impact on schoolwork (Griffiths 1996). Computer games may have a negative impact upon impressionable young children who are particularly susceptible to copying behaviors and may struggle to distinguish between reality and a computer generated environment. Subrahmanyam et al. (2001) suggest that in order for a pupil's skills to be enhanced through game playing, " players must possess them to some degree already." Stoll (1999) suggests that; time spent in front of a screen could instead be spent, for example engaged in a sport or social activity" Loftus and Loftus, (1983) suggest that excessive game playing can cause " physical symptoms such as soreness in joints." In many games characters and environments tend to be violent and have stereotyped. Such games can encourage negative and socially unacceptable behaviors such as violence and aggression. (Cooper & Mackie 1986) . Some games which are highly engaging and motivational can become addictive (Anderson & ford, 1986), and lead to social isolation, (Selnow, 1984) low self-esteem (Dominick, 1984) and poor social interaction skills. The majority of computer games are gender specific. The vast majority of games are male orientated and this may alienate female gamers and pupils alike.



## **2. 4. You are supposed to select a UK based organization and describe how to evaluate the impact of macroeconomic policy measures and the influence of the global economy on that organizations and stakeholders**

### **2. 4. 1 Define Macroeconomic**

The field of economics known as macroeconomics focuses on the behaviors of a national economy, or a regional economy, as a whole. Macroeconomics is a very general field that concerns itself primarily with large scale indicators, such as unemployment rates, and with the creation of models meant to explain relationships between those indicators. Macroeconomics is also considered the complement to microeconomics, which studies the actions of individuals rather than larger scales.

### **2. 4. 2 Impact on the on the UK based Organization by the macroeconomic**

As the above cash study referring to the UK Based organization I am willing to take Marks and Spencer Clothing sector and there stake holder to give you a clear picture how the macroeconomic effect.

Pakistan Cloth Exporters

Srilanka Cloth Exporters

## **Marks**

**&**

## **Spencer**

## **Clothing Sector**

## **China**

## **Cloth Exporters**

## **India Cloth Exporters**

Sri Lankan economy has registered a strong growth in the first decade of 21st century, despite suffering civil war from 1983 to 2009 and some major natural disasters. Further to this action srilanka has stopped the exporting to the United Kingdom. Similarly recent disaster in Pakistan and china has stopped distributing their cloth materials to United Kingdom.

As provided issue those three countries are unable to export the textile from their own nation but india did not effected so india textile exporters are well aware of the problems the other countries facing so the next step of them will be raising the demand by increasing the value for their product as in the side of marks and Spenser textile sector have no option to go for so they accept the demand of india and marks & Spenser buy there textile

By getting for the higher price Marks & Spenser does not have any option rather than increasing the value from £4 to £7 because of this action marks and Spenser will be losing their customer.

## **2. 4. 3 Impact on the on the Stakeholder by the macroeconomic**

Dissatisfaction customer

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Loosing customer

Loyalty

Quality

Service

Risk of losing internal stakeholder

Increasing demand on local suppliers

Unemployment

Increase in the bargaining power of customer and suppliers

Losing the shareholder

Brand of the company

### **3. 1. What is perfect competition? Select a suitable market structure in practice within your country and briefly explain it and how it deviates from the model of perfect competition**

#### **3. 1. 1 Perfect Competition**

Perfect competition is a theoretical market structure. It is primarily used as a benchmark against which other market structures are compared. Perfect competition is an idealized market structure that is not observed in the real world. While unrealistic, it does provide an excellent starting point that can be used to analyze real world market structures. In particular, perfect competition efficiently allocates resources. Perfect competition is a theoretical market structure. Porter, M. E (1980)

A market structure in which the following five criteria are met:

1. All firms sell an identical product.
2. All firms are price takers.
3. All firms have a relatively small market share.
4. Buyers know the nature of the product being sold and the prices charged by each firm.
5. The industry is characterized by freedom of entry and exit.

Porter, M. E (1980)

Further to the above mention detail the below examples might help

### **Mobitel Dialog**

Identical product: Mobitel Upahara Dialog Blaster

Free Minutes : 1000 1000

After 1000 to : Rs 0. 5 Rs 2. 0

### **Mobitel/Dialog**

After 1000 to : Rs 0. 5 Rs 3. 0

### **Other fixed**

After 1000 to : Rs 3. 0 Rs 3. 0

### **Other Mobile**

Monthly Rental : Rs 240. 0 Rs 300. 0

Connection : Rs 1500. 0 Rs 1500. 0

Share percentage : 47. 1% 23. 5%

## **Freedom of entry**

And exit : No Yes

## **Source: Dialog and mobitel websites**

The reason why the mobitel doesn't have freedom to exit because they are collaborated with government where as the dialog is owned by Malaysian government so they can exit the business whenever they need.

## **3. 2 The relationship between market forces and organizational responses**

Forces of demand and supply representing the aggregate influence of self-interested buyers and sellers on price and quantity of the goods and services offered in a market. In general, excess-demand causes prices and quantity of supply to rise, and excess supply causes them to fall.

[http://www. businessdictionary. com/definition/market-forces.](http://www.businessdictionary.com/definition/market-forces.html#ixzz175PFaeVF)

html#ixzz175PFaeVF accessed on 02. 11. 2010

## **For example**

**We will take a Tooth paste product for Boots pharmacy in the UK. I am going to analyze how Boots Oral Hygiene department will respond to the market forces.**

Another reason for seeing the market in terms of market segments is that it allows the business to concentrate on what it is best at. Each of these

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marketing processes is composed of the Marketing Mix. (Kotler and Dubois 1994)

Product

Price Product base

Place

Promotion

In the above marketing mix the first 4P's will apply to products base, additional 3P's will be apply to service base company. However Boots is the Product and service base organisation. Boots provides and take care the people oral hygiene.

## **Product**

Products are only bought if they bring the benefits that the customer wants. According to Antil (1988) every product has a life cycle. It goes through five stages, Sales grow slowly at the introduction stage when the product is new on the market and few people know of it. Then sales increases rapidly during the growth phase, it is now that competitors enter the market and promote their own products. Sooner or later the rate growth slows. This is the maturity period. And then the market finally declines and the product in its existing form becomes unprofitable.

Source: Ansoff (1987) Corporate Strategy

Boots Toothpaste is the product offers different kind of features, for example fight against cavity, plaque, tartar and gum problems. Boots has toothpaste for kids, for white teeth, smokers.

Boots toothpaste will prevent tooth cavities, exposed root cavities, Fight against bad breath, reduce plaque, reduce gum problems, Strengthen weak tooth enamel, and remove stains.

According to Boots annual report (2010) the Oral hygiene products are the fastest growing sector in Europe and in the pharmacies. Boots stores in the UK have seen a 6. 2%increase in sales value for their total oral care, Sales continuing show positive growth year on year. 50% of the sales are incremental proving that these brands (Oral Hygiene products) will have positive effect on sales performance.

### **Place:**

The Boots toothpaste mainly in any Boots chemist, drugstore or pharmacy. Is the Toothpaste available in the right quantities, in the right place, at the right time? Distribution of finished goods which feeds the raw materials to the manufacturer, and there also the internal distribution which occurs within the supplying company itself. Place involves marketing channels through which company reaches its customers - getting the right products to the customer at right time. The ultimate purpose of any distribution plan is to make the right goods available to the customer at the right time.

And also boots can place their products at departmental stores, shopping mall, Target retailers.

Boots toothpaste (New products). Product should store in a clearly labeled area until the date of implementation.

### **Price:**

How much customers willing to pay? Pricing of product can be illustrated by the Boston grid. During the lifecycle a successful product will progress from the wild cat through the star stage and ultimately become a cash - cow. During that process the earning capacity of the product rises. Pricing plan must take account of the role individual products play in the corporate strategy of the company, when a product is new and also during the high growth phase of the product life cycle, price tends not to the customers primary consideration. Demand is high.

Price is one of the most obvious indications of the value is placed on a product. Price is taken as an indication of quality. Price can be fix according to its quality, and the quantity of the tube size.

Boots should be care full about the fixing price for the toothpaste to get competitive advantage. The UK populations have clear perceptions about price of the product. If it is very low price customer may think the product is low quality, if price is too high they want new product like Boots toothpaste, customers prone to purchase their other familiar product. In that case we need to be balance while fixing the price and also can promote electronic sensitive brush with toothpaste. Boots also can consider remaining 3P's.

### **Promotion:**

How Boots can inform or educate groups of customers about its product. Delivering desired message to target group.

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Innovation within the power toothbrush sector. Like buy one toothpaste gets one toothbrush.

Free leaflets, magazine to people about oral hygiene, mouth care etc.

Encouraging better oral hygiene routines

Boots also can promote to the mix, with gum and mints competing in the oral health and health supplement market.

Price promotion to get a competitive advantage

Television Advertising (Short)

### **3. 3 Explain the behavior and competitive strategies employed by an organization and discuss the role of the Competition Commission and regulatory bodies**

**I have taken the same example of Boots oral hygiene product competitive strategies and organization behavior**

#### **Competitive Analysis Model for Boots Toothpaste plus**

This model also will help to identify the competitive advantage or differential advantage of the product or company

#### **Competitive resources**

#### **Factors to take into consideration**

#### **Competitive Superiority Test**

It's all about research and development for the product before do marketing plan, It determine the competitive advantage. Most marketing department find difficult to convince finance director of that particular company to

implement the market plan. The Finance director will argue why should we take risk to developed some product which unsure. Financing directors are act as risk averter.

### **Imitation Test**

It will reduce the research development cost by imitate the product (existing product) rather than find new.

### **Duration Test**

Measures to what extent our resources will be produced in the future. This will include such factors as recruitment and training in relation to competitors.

### **Appropriateness Test**

Boots have enough supplier for its manufacturing department, Can take ingredients from smith blend for prepare the toothpaste for elderly

### **Substitutability Test**

By introducing Boots Toothpaste Plus, Boots will be a market leader and make competitive advantage. It's something doing different that their competitors

### **Role of the Competition Commission and regulatory bodies**

The CC replaced the Monopolies and Mergers Commission in 1999, following the Competition Act 1998. The Enterprise Act 2002 introduced a new regime for the assessment of mergers and markets in the UK. The CC's legal role is now clearly focused on competition issues, replacing a wider public interest test in the previous regime. The Enterprise Act also gave the CC remedial

powers to direct companies to take certain actions to improve competition; in the previous regime its role was simply to make recommendations to Government.

[http://www.competition-commission.org.uk/about\\_us/](http://www.competition-commission.org.uk/about_us/) accessed on 11. 11. 2010

#### **4. 1 as a business analyst write a report to g**