

Marketing channels on tesco thailand

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Managing Distribution and Marketing Channel: TESCO Lotus This essay is to written in to express my opinion on group 4 presentation on Tesco Lotus marketing channel and further analyze the marketing channels in more details. Tesco Lotus has undoubtedly changed the way people in Thailand goes to supermarket since it entered Thailand in 1998 and now has over 380 Stores as part of a joint venture with CP Group. Consumer Marketing Channels Tesco Lotus in Thailand uses 1 level of consumer marketing channels as they themselves act as retailer.

The suppliers would have to re? ll their inventory at Tesco Lotus Distribution centers which is placed across the country and Tesco will distribute the goods to each branch themselves. In order to serve the customers better by minimizing out of stock time and more Tesco Branches ef? cient and cost effective, Tesco Lotus divides the goods into 3 (Act as retailers) categories: Fast moving goods, Average moving goods, Slow moving goods.

They categorize their products by dividing each of them into one of these categories and therefore, fast moving goods such as grocery, can be delivered fresh and never run out Consumers of stock everyday, whereas slow moving goods, such as furniture only needs to be re-stock every week, rather than everyday. Tesco Lotus distribution system is managed by themselves and therefore it is also their advantage over their rival, Big C, who uses DHL as their distributor. Tesco Lotus can control their own distribution system and the distribution cost.

The example is presented during the presentation which is using Bio-diesel for all Tesco Lotus distribution trucks which can save a lot of transportation cost. Types of Store Tesco Lotus operates in various types and sizes of store.

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There are 6 types of store sizes. 1. Hypermarket, 2. Tesco Lotus Valued, 3. Talard Lotus, 4. Tesco Lotus Express, 5. Plusshopping mall, 6. Community Mall. The hypermarket is the full size store with the most assortments and products, Tesco Lotus will place this store type mainly in the outskirts of the city to serve the people in the city.

The Tesco Valued store is smaller than the hypermarket type and has less assortments and products, Tesco Lotus will mainly select the faster moving goods and leave out more expensive assortments or products as this type of store will be placed mainly in more rural areas. Talard Lotus shares a similar concept to the Tesco Valued but mostly focuses on fresh grocery. This concept came from the local market in Thailand. Tesco Lotus wants to create more local experience for the local in upcountry.

Tesco Lotus Express, this is the smallest store size and it is more like a convenience store than a super market. This type of store was created to compete with 7eleven who is the market leader in this store size with the most branches throughout Thailand. This type of store is usually placed within a community area and mostly carry foods and drinks. Plus shopping malls is also a full sized hypermarket but Tesco Lotus Wisut Prutisart, ID: 5249252 Tesco Distribution Center (Act as Tesco Mfg) focuses more on the rental space within their mall. They want to create a shopping mall atmosphere with clothes shops, restaurants, cafe etc with a full sized supermarket. The last type of the store is the community mall, the concept is similar to villa market but the stores are placed closely to community household. The objectives for Tesco Lotus for having many types of store are to serve the right products at the right price and place for consumers in

those demographic areas that the stores are in. This is more beneficial to both customers and to Tesco Lotus, as Tesco Lotus only carry what their customers in those areas need from their stores and nothing else more than that. It is more efficient, less investment cost, lower operation cost for Tesco Lotus too and also providing the maximum coverage of their customers as much as possible. Customers also gain a lot of benefits from this also as the stores nearest to their home would have the majority of their daily needs. Marketing Channels Tesco Lotus utilizes both below and above the line advertising.

For below the line advertising, they have monthly promotion brochure which are distributed at every stores and also sending them to members' houses, Thairath newspaper ad to highlight their main promotion, their own website to show more information and download leaflet or brochure and lastly their Tesco Lotus Club Card to collect customers data and for doing promotion. For above the line, they advertise on the main TV channels focusing on lower price and the highlight promotion. With this strategy, Tesco Lotus has almost the whole coverage of their target customers already.

Private Brand: Tesco Value Tesco Lotus themselves act as a distributor and retailer but they also use backward integration and became a producer to produce their own brand of products called 'Tesco Value'. The Tesco Value brand's objective is to produce most daily needed products for customers with lower cost than other brands are offering but offer similar level of quality. Tesco will place their own product next to other popular brand products with a very similar packaging. The reason why they do this is so customers will think and compare the cost and benefit of the product they are

about to buy, usually if it's a product that customers use regularly but they do not concern with the brand or have a need for more premium product, customers will tend to buy Tesco value brand products instead. The reason why they produce their own brand is because they have buying power and the economy of sale to produce products at lower price point without having to do marketing campaign to promote their products, therefore even their price is lower than most brands, they still make profit from selling their own products.

Recommendation My recommendation for Tesco Lotus is add one more distribution channel, that is the ? online channel?. Tesco already has successfully implemented this system in the UK already. The idea is to fully utilize their website to the maximum potential and provide more convenience for their customers. Customers should be able to look at all the products available from Tesco website and be able to order then Tesco Lotus can deliver their orders to their home. Even though this idea is already implemented in UK but no supermarket in Thailand has successfully executed this idea yet.

With a strong coverage in term of branches around the country and strong distribution system, Tesco Lotus should be able to successfully implement this system in Thailand. Wissut Prutisart, ID: 5249252 (Example of the online ordering page from Tesco UK website) To conclude this essay, I believe that Tesco Lotus in Thailand is already doing well in term of distribution and marketing channels, it is up to them to control their cost and therefore this always keep them alert about their cost.

Tesco Lotus also needs to do more CRM and Socialresponsibilityto their local customers as they are expanding quickly into every cities in Thailand and therefore there will always be a concerned for a local supermarket and convenience stores business. There was some protest going on in some cities when Tesco was about to expand into, Tesco may need to focus more locally as to what they can give back more to the local society apart from selling OTOP roducts from those cities in Tesco and provide jobs for the local. Second, I believe that by implementing the online order and delivery service, this will create a totally new channel of distribution. Tesco may need to do some initial investment such as buying more Pick up trucks, re-design the website and set up the system but with the expertise Tesco has from the UK, they should be able to implement this idea in Thailand. Wissut Prutisart, ID: 5249252