

The emarketing strategy of online grocery retailing industry marketing essay



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In the grocery retailing industry, Tesco Company is the most outstanding supermarket in UK. The company makes its products and service diversity to increase its profits. The various branches in worldwide performed well as the company has been able to record high sales and profits and therefore, ranked third in the world in terms of grocery retailing. However, the company depends mostly on its home market for profits and sales. This is a risk for the company as its sales and profit might be affected in future if the country is economically affected. In order to make the Tesco become the leader in grocery retailing industry in the world, the e-strategy should be explored. This report will focus on analyzing to what extent the e-marketing strategy can assist Tesco to become the best grocery retailer in the world. Secondary resources were used to perform SWOT analyses, which showed that the variety of external and internal aspects were beneficial for using e-marketing strategy in marketing management. Nevertheless, Tesco would become the greatest grocery retailer in the world if it could adopt the e-strategy appropriately and effectively to improve its reputation and create innovative sales methods.

Introduction

This paper will focus on the impact of e-marketing strategy of online grocery retailing industry on Tesco, the leader of online grocery retailing industry in UK (See appendix 1), almost the third largest supermarket in the world after Wal-Mart and Carrefour (Wikipedia, 2012). However, as Porter M. (1980) states that the general substitution is able to decrease the demand for a certain product since there is a threat of consumers switching to the alternative. In order to acquire the existing small-scale operations in the

local towns, innovation marketing management should be considered. Therefore, this paper will firstly evaluate the e-marketing strategy, an innovation marketing methods, in expanding Tesco brand and market. Subsequently, it will draw on a SWOT analytical framework for discussing the e-marketing strategy impact on Tesco. Finally, the conclusion as well as some effective recommendations will be given.

Evaluation of E-marketing in Tesco

With the advancement of Internet, most of companies begin to use e-marketing to develop their market due to the gigantic profits through this method. Since 1997 Tesco has started online shopping (Wikipedia, 2012), through the long-term efforts it became the first home delivery company in UK via Tesco. com, their website, in June 2007 (Tesco. com, 2012). The e-marketing strategies they used are as follows.

Developing a sophisticated semi-automated in-store picking service.

Expands into international (Asia; South Korea) and niche home markets.

Offers diversified range of products and services online, e. g., financial services and telecoms.

The cooperation with eDiets helps Tesco to grow use of the Tesco. com service and in-store sales through the dieting business(Tesco case study, 2008)

SWOT analysis of Tesco

Strengths

Tesco has been awarded the reputation of “ World Retail Awards” in 2008, which can be used as the major advantages for marketing campaigns in the online market (Oxbridge Writers, 2012).

Tesco geographically spread its distribution in 3 continent and 14 countries, which indicates that it dominates the mainstream market of grocery.

The great history of Tesco gives consumer confidence of its brand and products.

Weaknesses

There are many other grocery brands who implement the e-marketing strategy, which would have a great impact on Tesco’s status in online grocery retailing in UK.

Tesco has suffered from the bad debt, credit and household insurance claims, which will influence its financial profits.

Tesco’s sales mainly depends on UK market, and its grocer outlets are not specially for a specific area, which may result in the capitalization by other smaller bespoke retailers^{1/4}Answers: 2012^{1/4}%

Opportunities

Compared to the statistics in 2011, the figure of internet users shop online increased from 37% to 41% in 2012, the largest increase indicates that there is a huge potential online market for Tesco (Intel, 2012) (See appendix 2).

The statistics show that Tesco is the third largest global grocery retailer which implies that there is a high level of buying power to ensure the market scale.

Tesco constantly updates its e-marketing strategy for meeting the contemporary consumer's demands, which indicates the large opportunities for leading the online market .

Threats

The economic crisis has influenced the America and UK market, which may drive Tesco to lower their price and change their marketing strategy. (Oxbridge Writers, 2012).

The intense competition in the grocery retailer who also used e-marketing strategy to expand their market may put much pressure on Tesco(Studymode, 2012).

Discussion the impact of e-marketing strategy

From the above analysis, it can be seen that the weaknesses and threats summarized above indicates that there is an increasing competition in the grocery retailing industry in which Tesco has some risks to ensure its position. However, the rational utilization of e-strategy in Tesco brought more benefits for its expanding market and financial profits. Several points are worthy highlighting the strengths of Tesco due to the e-marketing strategy.

Firstly, Tesco established a new website with diversity catalogues in three ordering methods: online via the tesco. com website, by phone, by email.

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Secondly, although there are many competitors who also use e-marketing strategy, the social communication with consumers by Facebook help Tesco improve customer satisfactions.

Finally, based on the supermarkets' Clubcard loyalty scheme's customer, Tesco can persuade customers to shop online.

In summary, the e-marketing is an effective method to assist Tesco hold on its position in online grocery retailing.

Conclusion

In conclusion, this report analyzed the impact of e-marketing strategy on Tesco that many benefits are brought to the expanding of Tesco. The SWOT analysis of Tesco indicates that the external and internal conditions are suitable for making the most of use of e-marketing strategy to avoid the weaknesses and overcome the threats.

Admittedly, not all of the strategies used by Tesco are beneficial and the drawbacks of e-marketing have not been explored in this paper. Despite the limitation in this report, it is clear therefore that Tesco should emphasize its e-marketing strategy and develop it further by following the recommendations below for occupying the leader position in the grocery retailing industry.

Recommendations

From the analyses and conclusion of this paper, it is reasonable to give several recommendations to Tesco for expanding its brand worldwide.

Establishing the 24 hours online service on its website.

Expanding its products in the online market.

Employing online managers to supervise the online shopping environment of Tesco. com

Updating the website technology as well as the payments method for providing convenience to customers.

There is a great possibility that Tesco would occupy the whole grocery retailing industry in the global market if those recommendations can be adopted.

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Appendixes

Appendix 1 (Intel, 2012)

Leading online grocers' shares of online grocery sales, 2010 and 2011