

# Strategic planning process used in tesco

[Business](#), [Strategic Management](#)



Strategic Planning is a process to ensure that your organization will give you good profit results and be able to maintain its output. It gives you a clear vision of your organization and tell where your organization will be within five or ten year or more fifteen year, it also help to answer your question ‘ how we will get or goal. It is a systematic planning process involving a number of steps that identify the current status of the organization, including its mission, vision for the future operating values, needs (strengths, weakness and, opportunities and threats), goals, prioritized actions and strategies and monitoring plans.

Strategic Planning is the milestone of every organization. Without strategic planning, the organization can never know what is going on and where they are. All the member of that organization work together to ensure the team’s goal is met. An organization work with the team members, the board of director and professional management staff. All the members of the organization work like part of the as players.

## **Tesco as a Leading Organization**

Tesco is the biggest supermarket in the United Kingdom. It was started in 1929 and they opened their first store in Edgware, North London. It is named by combination of its founders of Tesco, Sir Jack Cohen and a partner in a firm of tea suppliers who worked with him. His name was T. E. Stockwell. From that time it is reflected at company is growing in the challenge of retailing. After the second Word War, a big percentage of the grocery stores were served by the customer but there was not any self service store available that time. That time this store was on the way and, when it

introduced in the market, it help (guide) stores to grow bigger to become superstore that we know today.

People like this new concept and in 1947 the initial share of Tesco in the supermarket floated 25p. Soon Tesco became a familiar name on the supermarket of the United Kingdom and whilst it was give advantage of the commercial economies through bulk purchase of supplies, now it was giving a good competition to the resale's in there price. This system allowed the suppliers to maintain their prices on a set value. Tesco started some new strategies to get the customer loyalty including some offers like stamps could be exchange for cash or goods.

The Tesco strategy up to this time was encapsulated by the title of Cohen's autobiography, ' Pile it high and sell it cheap', but the increasing demand of the consumer and the changing needs meant the Tesco altered its approach and they planned to expand out of the town stores with more attractive interiors. Refurbishment was also carried out in the existing stores. Tesco started selling petrol in some of his store and give a good competition to its competitor it was about £1 billion turnover level in 1979.

In 1980 the growth of new stores developed a good communication by using new technology. In 1985, Tesco announced its Healthy Eating options with nutritional information and also introduce its own branded foods. This was the new concept to introduce there own product. Soon they started to overtake other supermarkets. The aim of Tesco is to satisfy customer need in a single store and building consumer loyalty. A range of new services and

facilities were introduced, including Tesco Metro, a store concept aimed at the high streets customer but offering the benefits of a large supermarket.

“ During the 1970s, Tesco’s customer began to look at Tesco for quality and choice, but soon Tesco feel fail to satisfy customers need. In fact, in early 1980, Tesco looked like winding up. Consumers had negative image of Tesco in there mind, which almost exclusively on price was maintained poorly in the store and also assortment of poor quality items reinforced this general perception.”

Tesco place is an UK-based international grocery and general merchandising retail chain. At the time is the largest British retailer by both global sales and domestic market share, it is the third grocery retailer in the world and also forth largest retailer behind Wal-Mart of the United State.

In 2007, Tesco change their strategy now they controls just over 30% of the grocery market in the UK, approximate to the combined market share of its closest rivals, Asda and Sainsbury’s. The supermarket chain of Tesco was now around over £ 2. 5 billion in profits.

After specializing in food market, they diversified into areas such as discount clothes, consumer electronics, selling and renting DVDs, compact discs and music downloads, internet service consumer telecoms, this time they entered from food market to housing market, with a self-advertising website called Tesco Property Market.

## **Latest News for Tesco performance**

This year Tesco got another recorded achievement profit up to 12.3 per cent of £3.8 billion from its sale abroad. The said British like-for-like sales excluding VAT and fuel fell 0.7 per cent in the three months to February 26 - leaving overall sales flat over the financial year as it struggled to combat tough consumer spending conditions. But they got a better performance in Asia. Tesco also underperformed in clothing and electrical.' Said a spokesman.

The said they are doing better and we are taking action in key areas- for example, to drive a faster rate of product innovation and to improve the sharpness of our communication of customer. (Metro News – 20th April, 2011)

## **Theory of strategic planning process**

We need to have an overall vision or overall goal. Without a goal its hard to do any work, we keep our goal” dimly envisaged”. We need to set a strategy that define the direction we must go to get closer to our goal. Then we decide on the next few steps to take us closer to that goal. Then we complete the first 100 day project. At the end of that project we evaluate how we are doing towards the goal. How does it feel and are we doing improvement? That gives us an opportunity to alter the next project slightly. (August 25, 2009,” The cloud theory of strategic planning”)

Strategic planning is a systematic process of envisioning a desired future, and translating this vision into broadly defined goal or objective and a process to achieve them. In contrast of long term or planning lay down a

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path and help to meet estimated future needs. Strategic planning begins with the desired-end and works backward to the current status. (Morgen Witzel, Financial Times, 5th August, 2003, p11)

## **Principal of strategic planning process**

### **Develop a vision statement:-**

A vision statement provide the clear view of the future of any organization, a vision statement describe what the organization intends to be with in 10 years. It is a picture of what the organization will look like as a result of success. It tells the leaders what they are working for give them report of progress and accomplishment as they work according to that vision.

### **Develop a mission statement:-**

A mission statement is fewer than 20 words and provides a full statement of what the organization is all about. The mission statements describe who makes up the association and who it represents.

### **Set Goals: –**

Every work depends on the Goal, which flow the mission statement. It defines what the organization need and what they want during the next five. Goal should be no more than five years. Each goal is very important for organization and should be complete on the right time and in right order. All the members of organization work according to reach at the goal on the right way.

**Set Objective: –**

Objectives are basically some short term target that make easy to get the goal of the organization and help to run the whole project. A smart objective allows you to understand exactly where your fits in the organization and what your responsibilities are. You understand better understanding of the value and contributions that you can bring to the organization.

SMART should be clear and should be included these work qualities.

Specific

Measurable

Achievable

Realistic

Timely

**Strategies of Tesco**

Tesco make a strategy to increase his business with four parts of strategy- a strong UK core business, non-profit, retailing services and international- by keeping their focus on trying to improve what we do for consumers:

They try to make consumer shopping trips as easy as possible.

Try to reduce there prices to help those people who can't spend more.

Offering a good facilities to every store either large or small stores.

Providing them good saving offers and increase them to buy more.

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“ In 1977 Tesco launched “ Operation Checkout” which saw it abandon green Shield stamp in favour of cutting prices and centralized buying for all of this stores. This gives them a positive result of rise in market share of 4% in two months.” (Tesco final)

## **Demographic Changes**

Tesco’s UK stores are now divided into five formats, differentiated by size and the range of products sold.

TESCO EXTRA – Tesco extra was the largest supermarket, it is build out of town hypermarkets that stock all of Tesco’s product ranges, it introduced with some more feature like free car parks. The first extra opened in 1997. After that about hundred of stores opened in the 2004/05. And many more stores are opened by 20 a year. Tesco extra can also be on two floors, ground floor for mainly food and first floor for clothing and other electronic and groceries items. People like that concept and some of them claim that their town has the UK’s largest Tesco.

Tesco Superstores – Tesco superstore are as a large standard supermarkets, stoking groceries plus a bit smaller range of non-food products and something extra. They super store are establish to make convince for the consumer, but this word does not appear on these shops , it follow the standard Tesco format are made in edge of the large medium size towns.

Tesco Metro Stores – Tesco metro stores construed as normal size of Tesco stores, these metro stores are mostly located in the city centre and in the high streets or in the small town or in villages.



24 hours Tesco – 24 hours Tesco is most popular among all. It gives reputation to the Tesco brand. This type of the store are situated in the mid of the town that connect with a big part of population. These Tesco deal with the entire household product like electronic, furniture, kids, food and etc.

## **Brand Image Strategy**

Tesco use a Brand image strategy. They start selling there product by using their own name with good quality and cheaper price. This is good strategy because now people know Tesco not for their cheaper product but now with their own product.

Tesco is one the best retailers that provide a good and better quality of products. Now Tesco deal with several type of product category such as food, beverage, home appliances, clothing and financial services.

Tesco aimed to familiars on low income customer. They minimised Tesco's cost, these product are now on offer. This range has recently expended into small price home electrical items like kettles, toasters and floor heaters.

Tesco start branded products at mid range with store price tag.

Tesco aimed to high income consumers and started Tesco Finest. All the product in this Tesco was ' superior' ingredients and in some cases, Tesco claim they are designed by top quality of chefs.

Now Tesco focus at the kids toys. They add different range of toys that soot all category of the customer.

Tesco Bakery has fresh baked and delicious pastries and breads and muffin serve daily, including freshly backed cookies at very low prices. This is the new idea. Now everything was in a single store. A customer can get all his daily need cooked or uncooked products in one store

Tesco start delivery at the customer home, this was a very attractive offer to but the large quantity without any problem and they have no problem to bring that product home with hard work. They give a title to their service “ You shop we drop”

## **Growth of Tesco due to their strategic planning and due to above factor**

### **(Turnover in Million)**

Year

2001

2002

2003

2004

2005

Turnover (£m)

20, 800

23, 400

26, 004

30, 814

33, 974

Number of stores

907

979

2, 291

2, 318

2, 365

**(Data Download from [www. gurdain. co. uk](http://www.gurdain.co.uk))**

### **Globalization Strategy**

Tesco good performance helps it to enter in to the U. S. markets, Tesco plan to open 100 of new fresh and easy neighbourhood markets in California, Arizona and Nevada, Tesco set up shops in many cites of U. S to help the several companies. It was very challenging and costly process, even for those companies that are well settled in the other foreign markets.

### **Failure Stores of Tesco**

Due to problem with supply chain, Tesco trucks was no worse than when supplies were delivering their own product or suing third-party lorries, the Tesco service was not always a great deal better, conceded Richard Brasher.

Then he added that “ I want to assure suppliers that it is priority for me to tackle this. He said I want to have honest and open discussions with suppliers to improve the situation”.

“ Tesco says that they are biggest number of British agriculture’s buyers. Tesco size no doubt means that this is the case. But although fresh meat and dairy may be for the most part of British. Tesco also need to cheap supplier of all these product , that can be possible with the small farmers, who are already an rare species, now Tesco import half of its organic beef and pork from these farmers. Tesco state that they have increased prices paid to milk and cheese suppliers”.

### **Club card for customer**

Tesco introduce a new system for the customer that is Club card, a loyalty card for customer. They distribute these cards to the customer and they can get some point in their every shopping trip. They can use these Club card point for buy some stuff or they can get cash for that points. They start promoting by some special offer in the store when they buy things from their club cards. They give them information for popular product in the store and how they are going into the market. This time Tesco become a market leader with the market share of 17%.

### **Importance of Strategic planning**

Strategic planning gives you a vision of your task. It tell you what u are going to do and how you will get all the requirements to reach at the goal in the given time. It is not sure you will reach at the same time but It give a answer of the question “ is it possible to do that work”. If you fail to plan than you

plan to fail. It give you protection for the future. You can get information at any step that your work is going to meet the goal.

It also improve the performance of any individual, because they know that if I loose my work that will be problem for the next task, so everyone work like a team of the organization. And everyone knows his or her duties to reach at the task.

It also provides the short term thinking before start any big project. If your plan for 3 month and you get good result it gives you better result for the next goal.

It also helps to divide a big project in some small goals, it every problem solve in some short levels so it will be easy for workers and the supervisor.

When the work together to reach at the goal they communicate with each other , which way is better to reach at the goal.

## **Analysis of Tesco with S W O T**

S W O T analysis is necessary when we are going to make any plan to reach at the specific goal. It is very necessary for us to consider what we are going to do and what we need to do that. A project or goal can never be achieved without any plan. So S W O T analysis test all the internal and external factor of any organization. By using SWOT analysis we can find out the strength of the Tesco, why it is extending their business also in UK or in abroad. This analysis highlight all the factor in the organization

For example Strength of Tesco

Good Infrastructure

Parking Space

Good Customer Service

Self Checkout service

Club Card as a loyalty for customer

Free Delivery to the good customer

Online buying service with good offers

(Download from WWW. Slide shop. com)

## **Strength**

Strength means positive things of an organization. It strength help to compete with the competitors. Your strength might be any thing that attracts the customer. This strength give you good profit and help to stay in the market. For example Tesco has a good strength that makes him in the good position in the market. Strength of Tesco is :-

Good Infrastructure

A huge parking space

Cheep price product

Available in all over (village or cities)

Easy to accusable

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Club card system

Online Shopping available

Self Check out machines

Gives good offer

## **Weakness**

Weakness is the apposite to strength. Any thing that your competitors have got but you are not able to use that thing that can be your weakness. And that effect negative on your business. So it is necessary for any organization to find out its weakness to run a smooth business. Examples of weakness.

It might be technology

If your competitor has good machines they can pull you back.

Staff

Infrastructure

## **Opportunities**

S W O T analysis help you to find out the opportunities within the organization. It gives you clear vision of your organization at a particular state. So it is easy to make decision to achieve next goal.

Expend your business

Globalization

## **Threats**

Threats mean what thing can make problem for you. It you what is threat for you. It might me your competition, your information system and any thing else. So you can remove your threats before problem come in front of you.

## **Factor effect of organization strategic plan**

There are number of the external factor that effect to achieve the strategic goal and objective. There are so many thing that change everyday and that also effect on our strategic plan. For example technology change every day and people like to buy new thing, so if that effect on you goal than you might be in a big problem because your all efforts feel useless in front of others. Social and demographic factor may also effect our success in achieve our goal.

## **Example of external factor**

Technology: – This world is running with the very fast technology system. Everyone like to try new invented product like ipod, iphone and etc. if your organization does not adopt all the new technology then you can't compete your competitor. That factor effect your organization very strongly.

Economy: – Strength of the customer does effect on your organization, before you start any work you need customer that buy your product and you get revenue for your work. If nobody is there to buy your product than it is hard to survive in the market. That can be a possible reason for the bankruptcy filings. So it is important factor that need to discuss when we think about the external factor.



Government: – Changes in the government policies could have dramatic effect on your organization. The ability and willingness of state and local government to allow central rules can effects achievement of desired goal.

Globalization: – Globalization is the process to expend your business outside of your countries boundaries it require the cooperation the overseas governments and involves treaty obligation. The political system of the other countries also effect on your business globalization.

Unpredictable factor: – These type of factor are uncontrollable, it might be computer attack, a high profit court and etc. that factor effect our goal but these unpredictable factor are hard to stop. So we should think about this factor. Changes in the law may effect our responsibilities and workload.

## **Stakeholder**

Stakeholder might be any individual or organization that affected by the business activates. They may have or a direct or indirect interest in the business. They affect the organization action, objective, goal, and pollicises. It might be any one like – customer, member of staff, member of upper management, suppliers, owners and unions. There are three main stakeholders

Management and employees: – They main member of the stakeholder of any organization because they are strongly connect with that organization. They will be interested in there job, pay, security and status.

Customer: – Customers are second stake holder for any organization because they are connected with the organization with daily base. They visit daily and because of them organization generate revenue.

Government: – Government is also a stakeholder because it is connected with all the organization, it gives permission to organization to expend their business and get tax from them. It support the organization to get establish. And rules of the government also effect to the organization so organization should work according to the government rules and policies.

## **Develop a strategy plan**

It is very necessary to develop a strategy plan. All the people work together to achieve a particular goal. So everyone is responsible for his duties so it is very necessary to make a plan so that everyone should work according to given task so that we can get our aim. We need to develop some management plan.

## **Consider While Making Strategic Plan**

Strategy Management: – it is necessary to make a strategy management. it mean that some one should be responsible for the whole project. It is very necessary for any project that someone is responsible for the all the planning process. That person or group of the person keep his eye on all the part of the planning and its execution process. That give order to the workers and member of the staff and tell them what to do.

Communication- Communication process is very necessary in the strategy plan, because it is very necessary to give all the update to every member of

the team. It can be given by verbal or by sending email to them. Because a single wrong information or short information can be a reason for the delay to achieve the goal.

Accountability – It mean so many member work under one project and it is very necessary to arrange them on a single place so that they can communicate with each other can help them to get the goal at given time.

Frequency – it is mix of communication and accountability, they should make some meeting with all the member of the project, this meeting should be monthly base or quarterly base. Because it is easy to find out all the problem in small level and it will easy to achieve the goal on given time

## **Overview**

Strategic planning is very important in any business organization. It is very hard to run any business without a decided plan. It gives us a vision and mission for our future. But it should be for not more than five years. Tesco strategic plan help to get them globalization and expend of its business in the U. S. Strategy plan need some special skill because a single mistake can delay in work about one week or one month. The best way to run a good project divides work in some small goals so that it helps in problem solving.