

Tesco marketing management in malaysia



**ASSIGN
BUSTER**

SD Bad operates as a subsidiary to TESTS PL with a Joint venture together with Simi Dairy Malaysia. Tests Malaysia is based in Koala Lump with stores in Koala Lump, Clangor, Perk, Penance, Keyed, Niger Seminal, Amelia, Juror and Skeletal amounting of a total of more than 41 stores in Peninsular Malaysia. Tests Malaysia offers fresh produce, groceries, household essentials, it's own brand of both food and non-food items and even apparels in all of their stores (BLOOMBERG).

Strategic Analysis Tests Malaysia have a market share of 11% in the domestic grocery retail segment ND have more than 41 stores in Peninsular Malaysia and plans to increases their market share with having over ARM. O billion investment made Malaysia since 2002 and have more than 13, 000 local employees in all of their stores nationwide (EDWARDS, Tim, 2010). In the present up-to-date environment for supermarket retailing industry operates their business in highly competitive environment. There are various environmental factors, which influences the operation of the organization.

Tests Malaysia have a a few core competitors in Malaysia, all of them are leading permeates with their own share of market segments and operates in the similar nature and offers similar range of products. The competition for Tests is highly competitive in Malaysia as the quality of products and services offered by Deco's competitors are relatively the same. However with it's expansive operational network, Tests Malaysia got a leading position since it has outlets vary in size in all around Peninsular Malaysia.

Tests ensures its distinct identity by introducing smart marketing mix followed by carefully designed promotional mix to keep themselves to be

ahead of their competitors. Competitors for Tests Malaysia are Giant, Careful, Concave, MINDY, The Store and the relatively new Neon Big (GROCERIES, Malaysia). Anions Matrix Strategy Increasing share in the current market and obtain dominance with the same product or services can be said to be market penetration.. This can be done by either driving out competition or change the existing market. Tests to improve long-term growth strategy by firstly penetrating the market.

The market penetration of Tests Malaysia can be seen by the purchasing of Macro Malaysia stores in 2006 to boost its market share by rebinding Macro into Tests Extra. This move was a strategic acquisition by Tests to strengthen its position in Malaysia and become a market lead in one of Deco's statement on the acquisition. (REUTERS, 2006) Stated by Tests Malaysia's CEO George Fischer, Tests Malaysia will expand its presence by opening more stores in 2014 to not only penetrating the Malaysian market (TENT, Lie Jiao, 2013). Market development to expand the market and customer base, with the products that a company offers.

The move of Tests by introducing online grocery shopping is a clear example of market development by Tests. This is a new distribution channel for Tests to market themselves and capture the spenders as Tests realize the need of the Malaysian market which is now more tech saw. Product Development main function is to create new products for the already existing market. Tests Malaysia recently expand its product range by launching a new range of products for babies - the Tests Loves Baby range which comprises of three main product categories which is diapers, wet wipes and toiletries.

Tests Malaysia commercial director stated that the Tests Loves Baby range of products is developed with care and go through stringent test before marketed on the market. This range of products also went through panel test where only products that pass is only then sold to the public (SUN, The, 2014). Aiming to provide the best value to customers, Tests Malaysia which also launches a new product range which compromises of 400 house hold items called " Tests Everyday Value". The two strategic move by Tests Malaysia is clearly product development by them to increase market share.

Market Diversification Over the years, Tests had not only diversify it's products and services to their customers in order to create a whole new market rather than plunging in the red ocean market. For example, the move of collaborating with Touch ' n Go to improve their existing Cleared program. By doing so, the Cleared doubles as a loyalty card and also a Touch ' n Go card where customers can enjoy more benefits. The partnership enables customers to reload and make payment at TESTS more convenient.

This move proves that Tests always seek to diversify not only their existing products but expand the ranges of services it can do for the customers in the market diversification viewpoint. Porters Generic Strategies Porter's three generic competitive strategy is the fundamental and cardinal strategy ender strategy formulation which individually are overall cost leadership which produce standardized products at low cost for price sensitive customers, differentiation which offers unique product of services to customers and focus which focus on a particular market segment (M.

TWENTIETH). Overall cost leadership is a strategy which tries to provide products to customers with the lowest price in which this strategy needs continual and remarkable ways to reduce cost without setting back the products quality. This strategy best used when, the industry have similar reduces, market is full with price sensitive customers, minimal ways to achieve product differentiation and etc (MITCHELL, Rexes C. , 2009).

This can be seem clearly in Tests Malaysia move to have a consistent daily reduced prices in selected items in their store they call “ Everyday Low Price” (appendix A)which consumers preferred compared to special promotions or offers during a certain period which is a proven to have increased customer satisfaction and also retaining customers (STAR, The, 2014). Besides that, Tests Malaysia also implements the differentiation strategy as to achieve differentiation is to be unique and different with others regardless (M. TWENTIETH).

This strategy can be seen with the collaboration between Tests Malaysia and RIB by offering ‘ Easy by RIB’ at selected Tests stores. “ Easy by RIB” program offers simple, fast and convenient banking experience within 10 minutes by RIB in certain Tests stores. This shows that Tests is thinking the requirements of their customers by taking a few more steps by collaborating with companies for a mutual gain. This new banking concept allows Deco’s customers to do hassle free banking during breaks or even after working hours.

This concept is a clear example that Tests applies differentiation strategy as to be the first and only hypermarket in Malaysia to supply banking for their

customers (VERBENA). Moreover, Tests also introduces the TESTS-RIB card (appendix B) which doubles as a customer loyalty card and also a credit card which enables users to enjoy benefits during their shopping experience in TESTS. As quoted by Gary Hammer and C. K Parallax, “ the essence of strategy lies in creating tomorrow’s competitive advantages faster than competitors mimic the ones you possess today. This statement correctly depicts

Deco’s strategies to be different. Marketing Segmentation and Market Target The current day forces, marketing concept calls for understanding customers and satisfying their needs better than the competition. However as different customers have different needs, and it is impossible to satisfy all customers by treating them alike. Mass markets treats the market as a homogeneous group and offers the same marketing mix to be applied to all customers (ENTOMB). However, the setback mass marketing is that customer needs and preferences is unable to be satisfied as a whole .

For the instance for Tests Malaysia, by implementing this strategy, Tests ignores market segmenting differences and target the whole market with one offer, it focus on what is common in the needs of consumer which is lower product prices rather than on what is different in their competitors. By doing so, Tests enables themselves to serve more customers as majority of the customers go to Tests for a common reason – lower product price which is align with Deco’s slogan “ Cheapest price everyday’. Besides that, Tests Malaysia stores are usually located at urban and sub urban location with are usually have a dense population.

This is clear that Tests is to be using Geographic segmentation to segment its market. As stated by Philips Koehler, an effective marketing segmentation should be measurable, accessible, substantial, differentiable and actionable. Tests Malaysia is using mass marketing targeting strategy to market itself to the mass. To talk about all the attributes mentioned above, let's take Tests Extra Cheers as an example. Tests Extra Cheers has approximately 250, 000 citizens and its average income is higher than other suburban or areas in proximity with Cheers (2010).

Tests Extra Cheers can also easily reach to its customers by using flyers, TV commercials, brochures, catalogs, and other methods of medias to communicate with it's customers. With approximately population size of 250, 000 the potential customers is substantial for Tests to open a store in the area for a long term profit. Stated in market segmentation, as Tests is applying a mass marketing approach their customers, this can be say that Tests are using the undifferentiated targeting as Tests ignores the obvious segment differences that exist within the market and uses a marketing strategy that is intended to appeal to as many people as possible.

Fundamentally, media campaigning are the essential tools are used by Tests to reach out as many consumer as they need to increase sales (BOUNDLESS). Deco's general advertising comes in many forms for maximum exposure to reach the public in the hope that some of them will be interested to visit Tests stores for grocery shopping. Marketing Targeting Tools Tests too needs to fork out heavy investments on media campaigning even though its market presence is humongous this can be seen the Airmail

investment in order to ensure the continuation of their long-term everyday low prices campaign (STAR, The, 2014).

The highly competitive environment of the industry forces Tests to always come up with innovative and fresh ideas when it comes to media campaigning to reach out to their customers as media campaigning has been proven to be one of the most effective tools in promotional strategy and marketing. Obtained from Mandate, Deco's advertising firm in Malaysia , Tests have numerous TV commercials which highlights it's essential promotions and also messages which they would like to communicate with their customers.

Tests not only focuses on TV commercials but also advertises on radio broadcasting advertising to reach the asses which also highlights it's key campaign messages or festive season messages. The TV commercials by Tests are designed to have eye catchy moments to ensure that customers remembers the messages that Tests is trying to commune to them (MANDATE) In a highly competitive market which Tests is facing, it has to keep up with innovative promotional strategies and besides keeping it's traditional promotional addressing methods.

To do so, printed advertisement on billboards are usually provocative, memorable yet transfer the message of having low prices at TESTS. For the ease of heir customers, Tests also prints weekly catalogs for their customer's reference on the low prices they have (MANDATE). Marketing Mix The best way to explain the marketing mix is that having the right marketing variables which incorporate together to produce the best results it wants

from the target market which is compromise of the up's : product, price, place and promotions (MIDDLETON).

In short we can say " Putting the right product in the right place, at the right price, at the right time. " The discussion in the context of Tests shall be discussed individually in each of the elements of the up's. Tests offers a full line of house brand products which offers a broad variety at a lower price than other commercial products. For instance customers can find Tests Choice and Tests Value products are any Tests Malaysia stores which are value and quality oriented rather than the conventional trendy, eye catching packaging of the other products.

On weekends, sampling activities are held to allow customers to test the product before they purchase it and if the customer found the product was damaged after they purchased it, they can return this product to any Tests stores and exchange for new one. Besides that, Tests offers lot of value added services such as free parking, customer service, full air condition, baby room, toilet etc at their stores in order to attract more customer and gain customer loyalty. This strategy successfully grab the customers that emphasis more on the value instead of brand.

One way to obtain cost advantage by TESTS is by having contracts with large suppliers for cost advantages, enhancing it's distribution channel process, and etc. Thus, competing organizations in the industry will have to slash their costs by a comparable quantity. Tests in terms of size will be capable of sustaining a nominative anchored cost leadership by doing so. Tests have various ways to keep up with their competitors, among of it is cost-plus

pricing. Cost-plus pricing strategy is where adding a standard mark-up to the cost of product.

Another pricing which Tests implement is cost based pricing which sets the prices of items on the costs for producing, distributing, and selling the product plus a fair rate of return for its effort and risk. However this strategy can only be applicable to their house brand products as this is the only range of products which Tests manufactures their own, Therefore, Tests brand products are cheaper by 30-40% (PHILIP JOLTER, Gary Armstrong, 2013).

Last pricing strategy Tests adopted is Good-value pricing. This pricing strategy is based on the the combination of quality of items or products at a fair price.

This can be seen by the implementation of “ everyday low price” campaign by Tests in which they charge different products at promotional price in everyday basis. All Tests stores are strategically located in which are usually located in high population housing areas or the city in which results in the need of a hypermarket for the public to buy daily essentials. Besides that, having strategically located at dense population areas, it also means that consumption also higher and the sources of customer are sufficient for Tests.

All Tests stores are fully air conditioned. Hence customers feel comfortable when shop in the store. To increase the shopping experience of customers, there are restaurants and cafes available in the store such as Pack Hall Cockpits, The Chicken Rice Shop, KEF etc to allow customer take a rest and fulfill hunger. Indoor and outdoor parking lots with cover are available for customer who driving to Tests and it's free of charge. Tests uses lots of

consumer promotion tools such as sample, coupon, premium price pack and contest to accomplish sales promotion objectives.

Sampling activities are offers of a trail amount of products to the customers in which before they purchase the items. Coupons enables customers to have a saving when purchasing is made of a specified product. Tests often issue coupons to its loyalty member and with these coupons, customer can buy the goods at lower price. The Deco's approach to their promotions are a long term plan which aims to win the hearts of their customers with arioso promotions such as the " Let's celebrate" campaign and " Back to school" campaign in which to capture the public to spend at Tests with a cheaper product pence (TESTS).