

# Tesco technology in decision making



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Technology in Decision Making BIS/318 January 16, 2012 Technology in Decision Making Tesco plc, founded in 1919 by Jack Cohen, is a global grocery and general merchandise retailer whose headquarters are in Cheshunt, United Kingdom. Measured by revenues, Tesco is the third largest retailer in the world after Wal-Mart and Carrefour. Team B will analyze the use of technology as it relates to pricing and promotional strategies of Tesco. In order to complete the analysis, Team B will research how technology has changed the pricing and promotional strategies at Tesco and if it has been beneficial.

Technologies used in Tesco as well as possible alternate systems that could have been used will also be researched. Finally, Team B will research the legal and ethical issues Tesco must consider when pricing and promoting its products and if the organization has had past problems. Technology Changing Pricing and Promotional Strategies As the number one retailer in the UK, technology has brought about a great amount of change in its business strategies. Tesco. com groceries have been a beneficial way in developing pricing and promotional strategies. Tesco. com provides the customer the ability to shop online and have his or her groceries delivered to them. A customer who spends \$50. 00 the first time they place an order will receive a \$10. 00 discount. Ordering online is simple and convenient so that customers shop without going over their budget. Shopping items are entered onto a list that is automatically calculated. Items are added and deleted at the customer's discretion. Shopping on Tesco. com groceries takes a few simple steps: registering with a few details, choosing a place for delivery, buying groceries, reviewing and checking out, and then receiving one's

items at their home (Tesco, 2012). After registering with Tesco. com groceries, the customer will become a club member. A club member allows customers to save money on shopping through price-off vouchers. Entering ones club member number into Tesco. com groceries displays a personal shopping list of favorites from previous online or in store purchases. These lists can be utilized for future online urchases to make the on line shopping experience easier and more efficient. Benefits There are many benefits to using Tesco. com groceries. It saves the customer time by having the ability to shop in the comfort of his or her home without walking through aisles and standing in long lines in the store. As well as being a club card member, special offers are provided for those customers who shop online. Tesco. com groceries also fits ones schedule by having the ability to have items shipped to one’s house at the time most convenient for them.

For customers who prefer a healthy lifestyle, there are thousands of simple recipes, inspiring videos and cooking tips, and helpful meal planners available. With the possibility that work or school schedules can affect an individual from shopping online at home, one can shop on the go. Tesco provides an app through smart phones that can scan products to buy, update an order, create a shopping list, and place an order. Technology in Tesco Technology changes daily to accommodate the needs and wants of the business owner and the consumer.

Innovators are developing new product to enhance the way society move through his or her business routines with accurate, fun, and excitement. Tesco is no different. “ The company has an in-house designed supply chain application, running on IBM system p servers based in Unix” (Tesco Online <https://assignbuster.com/tesco-technology-in-decision-making/>

Profits Rockets 49%,” 2008). Tesco’s IBM system p servers based in UNIX delivers a stream of information from the mainframe to different applications “ for example,” Micro Focus. Tesco uses IBM system p servers based in UNIX delivering, storing, and exchanging information from merchant to vendor.

The IBM system p servers based in UNIX houses and share a large amount of information to vendors without overloading or power failure. The system is favorable by retailers allowing UNIX solutions to integrate with future applications of IBM. Another reason for acquiring the IBM system p servers based in UNIX is the available amount of tech support Tesco has available. Tesco has about 3, 000 staff members providing IT and executive support around the world (King, 2008). Tesco uses Micro Focus to deliver information.

The software controls the level of inventory going in and out of the store. Micro Focus is cheap and efficient software keeping expenditures low and staying abreast of the economic changes. “ Micro Focus is a source stream for both mainframe and UNIX versions of its Continuous Replenishment application, ensuring future roll out on existing IBM System p servers running UNIX,” (“ Tesco Selects Micro Focus to Ready Supply Chain for US Launch,” March 12, 2007). Legal and Ethical Issues There are many factors to consider when pricing and promoting products within the Tesco company.

From a legal standpoint, Tesco must ensure that the information being broadcasted on their in-store communication network is up-to-date and accurate. For example, if Tesco is broadcasting that the price of milk is \$1. 99, and then proceeds to bump the price by \$1. 00 at checkout could lead to disgruntled customers, and possible false advertisement claims. In addition,

if Tesco is promoting the sale of local beef in the area that ends up being tainted, Tesco could find themselves liable for any medical expenses that may come from their patrons in the event they become ill and require treatment.

Other legal issues Tesco must consider in terms of pricing would be that their marketing for products within the store are fair and are within the guidelines established by the Government. Ultimately, understanding what other businesses are pricing their products for and making the necessary competitive changes will prevent most legal issues when dealing with pricing. Ethical issues that Tesco must consider are that their pricing and promotions are not setting standards that may isolate or alienate any group or individual.

For example if Tesco catered their advertisements to just higher income families and individuals, and even give those customers' discounts for shopping in Tesco, will create an unfair sense of social equality. Maintaining a level of social equality across the board prevents Tesco from potentially having a stigma or image of being unfair to those that make less. Overall, Tesco has remained compliant within the law, and has maintained a level of quality service. By introducing new and inventive ways to price and promote their products within their grocery chain, Tesco has enjoyed an increase of new sales and revenue.

Conclusion Throughout this research, Team B has analyzed the use of technology as it relates to pricing and promotional strategies of Tesco. This analysis was completed by researching how technology has changed the

pricing and promotional strategies at Tesco and if it was beneficial. In addition, the technologies used, as well as possible alternate systems used at Tesco was analyzed. Finally, Team B researched the legal and ethical issues Tesco must consider when pricing and promoting its products and if the organization has had past problems. References King, L. 2008).

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