**Tesco Group Food**

Cailyn Cochran | MKT 311 | 12 September 2016

Like most companies today, Tesco found that consumers are “under economic pressure to buy cheaper food, yet they are also increasingly concerned about its safety, where it came from, and how it was produced”(Alvarez, McLoughlin, Shelman 1). With the rise of technology, customers are shopping on multiple channels and have access to information more quickly. With customers in mind, competitors of Tesco have pushed them to improve sale ands margins to match competition. In 2010, Matt Simister led the new Group Food division. The job of the Group Food is to develop a global approach to sourcing and an end-to-end supply chain system, including forecasting and logistics, which would improve Tesco’s speed and efficiency.

In the mid 1990’s Tesco began expanding globally to ensure long-term security, and by 2005 they had more retail space outside the UK than it did at home. With its expansion, Tesco did have some setbacks, including slower sales in 2011 and 2012, due to its aggressive rivals. To stay up to date on consumer behavior, Tesco collected data from the loyalty nationally and internationally.

With the Group Food being established in 2010, Matt Simister was challenged to build a central sourcing team for a diverse set of products ranging from fresh produce, meat, and seafood to store brand soups, biscuits, and toilet paper. Originally, Tesco’s food sourcing was run by 12 separate country commercial buying teams that both sourced and merchandised the products. Even though each was in charge of a separate countries market, they still bought from the same supplier, but supplier negotiated different prices with each market. Tesco also faced the problem of its intense focus on operational efficiency that encouraged supply chains to wait until the very last minute to finalize orders. Siobhan Harrison commented the following about Tesco’s supply chain: “We didn’t provide forecasts and changed our orders at very short notice. As a result, there was no ability for our suppliers or us to drive efficiency in the supply chain.”

Works Cited

Alvarez, Jose B., Damien P. McLoughlin, and Mary Shelman. ["Tesco Group Food."](http://hbr.org/product/Tesco-Group-Food/an/514022-PDF-ENG" \t "_blank) Harvard Business School Case 514-022, January 2014.