

# Turnitin

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# MARKETING DYNAMICS

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## Introduction

The primary goal of this project is to undertake a thorough examination of Tesco's marketing strategies, one of the top UK retailers. Tesco's both indoor and outdoor marketing environments will also be covered by the audit, which will provide light on the variables influencing the business's marketing plans. To determine Tesco's competitive landscape in comparison to its opponents, an intuitive map will also be used. Additionally, the assignment will create a customer profile that highlights the traits and purchasing patterns of the market category of consumers who are health-conscious that the retail giant is currently pursuing. Finally, a summary of the competencies needed to work in the area of marketing will be given, emphasizing the value of innovative and analytical capabilities as well as powerful interaction and project management skills.

## 2 Company Overview

Tesco is a large, international retailer of groceries and other goods headquartered in Welwyn Garden City, England. Established in 1919, the business has expanded to develop into one of the biggest retail chains in the world, running more than 6,800 outlets in 12 nations. Tesco, which has an estimated market share of about 27% in the UK, dominates the food retail sector (tesco, 2023). Through its various subsidiaries, like Tesco Bank, Tesco Extra, and Tesco Express, the corporation provides a wide range of products, including food, apparel, electronics, and financial services. Tesco has concentrated on growing its digital products recently, developing its online purchasing of groceries platform and introducing the service of "Clubcard Plus subscription", among other things. In an effort to strengthen its environmental policies, the company has also committed to minimizing food waste and boosting the usage of renewable energy sources throughout its operations (tescoplc, 2023). Tesco has maintained its position as the market leader in the UK retail sector regardless of rising competition from bargain merchants like Aldi and Lidl. Tesco has an excellent brand profile and a committed customer base. Tesco has a great position to continue its development and prosperity in the years to come with an eye on innovation and sustainability.

## An Audit of the marketing environment

Tesco does business in an intriguing and ever-evolving marketing landscape. Hence, it can find areas for development and create plans to beat the competition by performing an in-depth review of both internal and external elements.

### Environment for internal marketing:

- **Strength:** Tesco enjoys excellent brand recognition and a loyal base of devoted customers. Financial assistance and mobile phone subscriptions are only two of the many goods and services the business provides (Pilgrimienè *et al.* 2020). Tesco also operates a sizable and effective supply network, which aids in maintaining affordable rates.
- **Weakness:** Tesco has battled to keep up with shifting consumer tastes as well as problems relating to its accounting procedures in recent years (Huy *et al.* 2021). Additionally, the business employs a sizable workforce, making it challenging to uphold uniform standards throughout all of its outlets.
- **Opportunity:** Tesco has chances to increase the scope of its digital services, including the creation of mobile apps and online food purchasing (Cattaneo, 2019). The business might also concentrate on enhancing sustainability procedures and providing more environmentally friendly goods.
- **Threat:** Discount stores such as Aldi and Lidl are fiercely competing with Tesco, which could affect its share of the marketplace and profitability (Salim *et al.* 2019). If Tesco is unable to adjust adequately, shifts in consumer behaviour and preferences might also be a threat to the company.

### Environment for external marketing:

- **Political:** Tesco works in a highly governed sector, subject to tight laws and rules regarding the safety of food, workplace conduct, and environmental effect (Varadarajan, 2020). The operations and profitability of the corporation may be impacted by changes in governmental laws and regulations.
- **Economic:** The revenue and profitability of Tesco may be impacted by the state of the global economy (Wang *et al.* 2020). Consumer behaviour has significantly changed as a result of the COVID-19 epidemic, with more individuals turning to internet shopping and searching for cheaper goods.

- **Social:** The demand for specific product categories may change as customer tastes and views toward health and wellness change (Tien *et al.* 2019). Tesco may benefit from this trend by providing more natural and healthy solutions.
- **Technological:** Tesco may face new chances and problems as a result of technological improvements (Mikalef *et al.* 2021). To keep ahead of competitor companies, the business might continue to invest in mobile app development and online purchasing platforms.
- **Competitive:** Discount merchants, for example, Aldi and Lidl, combined with other significant grocery stores chains such as Sainsbury's and Asda, fiercely compete with Tesco. The revenue and market share of the company may be affected by the level of competition.

## **A perceptual map of the Company**

### **Market segment of the organization in the current target market**

Tesco is currently focusing on a market category called “health-conscious consumers”. Tesco’s strategic decision to concentrate on the dietary-conscious customer market is in accordance with customer habits and desires and has got the ability to increase the company's growth and revenue (Ghvanidze *et al.* 2019). Tesco can stand out from opponents and develop a devoted customer base by responding to the particular demands and ideals of this market. This segment is established using a variety of segmentation characteristics, such as behavioural, psychographic, and demographic aspects.

#### **Demographic factors:**

- Consumers who are health-conscious are often between the ages of 18 and 49 because they are more conscious of the value of keeping excellent health and are prepared to spend money on products that encourage healthy living.
- Due to their willingness to pay more for healthy and organic items, this segment is probably higher income (Helmold, 2022).
- Consumers who are concerned about their health are frequently well-educated and aware of the advantages of leading a healthy lifestyle.

**Behavioural factors:**

- This market is likely to regularly consume supplements, organic food, and other health-related goods.
- Customers who care about their health are more inclined to stick with companies that share their values and support wellness (Reshi *et al.* 2023).
- This market niche is probably willing to pay more for goods that are seen as organic and beneficial to health.

**Psychographic factors:**

- This group is likely to place a high value on health and wellness, strive to live a healthy lifestyle, and make educated decisions regarding their nutrition and way of life.
- Consumers who are concerned about their health are likely to become more self-aware, disciplined, and willing to put up the effort necessary to sustain good health (Quaye *et al.* 2021).
- Customers who are concerned about their health are more inclined to be active, appreciate exercise and outdoor pursuits, practice self-care, and be thoughtful.

**Geographic factors:**

- Tesco focuses on urban residents who have access to its retail outlets or online platform and are consumers who are concerned with their health.

Due to the increasing consumer awareness of the value of health and wellness, Tesco has identified the segment of health-conscious consumers as a key target market. To satisfy the needs of this market, the company has created a variety of goods and services, such as dietary supplements, organic and healthy meal selections, and wellness services, including on-site clinics and pharmacies. Using the “Tesco Healthy Living” as well as “Tesco Finest” labels, Tesco has made investments in creating its own line of organic and healthy goods. In order to appeal to the principles of the health-conscious customer group, the company has collaborated with suppliers to find items that are produced sustainably and ethically (Al-Dmour *et al.* 2020). For the purpose of a marketing plan of action, Tesco has concentrated on developing targeted marketing efforts using a variety of platforms, including in-store discounts, social networking sites, and email advertising geared toward health-conscious consumers. The business has also used Clubcard, the

“customer loyalty program”, to target this market with special offers and discounts on goods associated with health.

### **Customer persona for one identified target segment**

**Name:** Sarah Watson

**Age:** 34 years

**Location:** Urban area

**Occupation:** Software Engineer

**Marital status:** Married and have two children

**Background:** Working mother Sarah, her husband, and their two young children reside in a city. She values organic and natural things for her family and herself because she is concerned about her health. She firmly feels that eating well-balanced meals is crucial to leading a healthy way of life, and she intends to make sure that her kids start cultivating these habits at a young age. In addition, Sarah is concerned with moral sourcing, sustainability, and reducing her environmental effect.

**Purchasing habits:** Sarah regularly makes in-person and online purchases at Tesco. She often goes shopping for groceries and other necessities once a week and tries to stick to natural and organic options whenever she can. She also favours purchasing goods that are made sustainably and with ethical sourcing. Although Sarah is price-sensitive and seeks out value offers and promotions, she is willing to spend more for goods that meet her requirements. The choices Sarah makes are influenced by a number of things (Terho *et al.* 2022). She starts by reading up on the goods she intends to purchase, seeking details about their ingredients, nutritional content, and sourcing. To ensure that the items are of high quality, she also examines ratings and feedback from previous consumers. Because it conveys her confidence in the item's standards of quality and authenticity, Sarah prefers to purchase goods that have an acknowledged certification, for instance, the certification of “Soil Association organic”. Convenience and accessibility also have an impact on Sarah’s buying habits (Dwivedi *et al.* 2023). She likes how easy it is to shop online with Tesco and use their “click and pickup service”, which enables her to order and pick up her food whenever it is accessible to her. Sarah also enjoys the customer service offered by Tesco and values the help she receives from employees when she has inquiries



or needs assistance locating a certain item.

**Characteristics:** Sarah is a responsible individual who values protecting the environment and her health. She is a working mother who appreciates time-saving techniques and flexibility. Although Sarah is price-conscious and seeks out good values, she is willing to invest more in high-quality goods (Mehta *et al.* 2020). She has an open mind and is prepared to give new goods an attempt if they satisfy her standards, but she relies as well on trusted well-known brands and products.

**Encouragement:** Sarah is driven by a desire to feed her family wholesome, nutritious food and to have as little of an environmental impact as possible. Due to her busy schedule balancing work and family obligations, she also appreciates convenience and time-saving solutions (Smith, 2019). Sarah is inspired by sales and discounts that provide great value for money, along with the chance to test out new goods that fit her requirements.

**Difficulties:** When buying naturally based and organic products, Sarah encounters a number of difficulties, such as their higher price when compared to conventional goods and their limited availability in her local store (Ranke *et al.* 2020). She encounters difficulties navigating the intricate labelling and certification frameworks that are used to distinguish between organic and natural items.

However, Sarah tends to be a health-conscious consumer who places a high value on ethical sourcing, sustainable practices, and organic and natural products. Although she is price-conscious, she is prepared to spend more on high-quality items that satisfy her requirements. She sets a high value on some points like convenience, customer service, and genuine information while making selections at the point of purchasing (Leary *et al.* 2021). She is trying to have a minimal impact on environment when she tries to feed her family a balanced nutritious meal. Sarah can be of those clients whom Tesco can appeal to. For this the Company can provide them a large selection of natural and organic goods with genuine knowledge and certifications, and easy, convenient purchasing alternatives as well.

### **Present marketing mix of the Company**

The marketing mix of Tesco is a combination of many components. The Company can utilize them to advertise and market to people in order to offer them its goods and services. Such

components are product, place, pricing, and promotion. The present marketing mix for Tesco is summarized as follows:

- **Product:** <sup>1</sup> Tesco offers a large selection of commodities, including food, apparel, technological devices, and financial services. The business has increased the number of natural and organic products it offers, along with vegetarian and vegan choices (Khanta and Srinuan, 2019). Tesco also provides goods under its own brand, like Tesco Finest and Tesco Value, to suit various client budgets and preferences.
- **Place:** Tesco operates a huge network of shops all throughout the UK and other nations, including supermarkets, grocery stores and convenience stores. Through its internet presence and mobile app, the business also provides online shopping, as well as the service of “Click & Collect”, which makes it possible for clients to place online orders and pick up their items at an easy-to-reach spot (Rosnizam *et al.* 2020). Customers may purchase in a way that fits their choices and lifestyles through Tesco’s multidimensional strategy.
- **Price:** Tesco makes its pricing strategy on giving customers good value for their money. In order to draw customers, the business offers its items at reasonable pricing as well as promotions and special deals. Tesco also offers a price-matching program known as “Brand Guarantee”, which guarantees that clients receive the lowest pricing on branded goods (Mohanty, 2022). The cost of goods, competition, and also customer requests are some of the variables that affect the pricing strategy of Tesco.
- **Promotion:** Tesco uses a variety of marketing strategies, which include advertisements, sales announcements, and loyalty programs, to draw in new clients and keep existing ones. The corporation emphasizes the value and quality of its goods and services in its advertising campaigns by focusing on its company values and customer-centric philosophy (Hanaysha *et al.* 2021). Tesco also provides a loyalty program named Clubcard that gives tailored offers and discounts while rewarding users for their purchases.

### Skills required operating within a marketing department

<sup>3</sup> Tesco is a global retailer that offers a wide range of goods and services. Tesco is always looking to hire people with a variety of abilities to work in their marketing group because they are a marketing-driven company. The abilities needed to be successful in Tesco's marketing division are outlined in this summary.

- **Skills in communication:** The foundation of every marketing department is communication. The marketing department of Tesco is in charge of connecting with coworkers, clients, and vendors. To ensure that Tesco's message is understood by all stakeholders, efficient communication abilities are crucial (Fahy and Jobber, 2019). Presenting ideas and plans to various audiences, writing persuasively, and creating captivating messages are all examples of communication skills. Speaking many languages is a distinct advantage when corresponding with Tesco's international stakeholders.
- **Analysis capabilities:** Organizations need people in their marketing departments who are outstanding analysts. The marketing division at Tesco makes its choices based on statistics and market analysis. Therefore, having the capacity to effectively evaluate and comprehend data is crucial (Pandey *et al.* 2020). Furthermore, they can spot patterns and trends that could potentially be used to improve Tesco's marketing approach.
- **Innovation and creativity:** The cornerstone of Tesco's marketing plan is innovation. Individuals come up with fresh ideas that can set Tesco apart from competitors' calls for people with creative and imaginative thinking skills (Olsson *et al.* 2019). Tesco is able to develop new goods, services, and marketing strategies that connect with its target market because of its creativity and innovation.
- **Skills in digital marketing:** For anyone looking to work in Tesco's marketing division in the present digital era, digital marketing expertise is a requirement. To create and conduct digital marketing strategies across many platforms, Tesco's marketing team needs people with knowledge in the field (Langan *et al.* 2019). "Search engine optimization (SEO)", Social networking, and also marketing through emails are some of these platforms. It's also crucial to understand web analytics and analytical instruments in order to evaluate the efficacy of digital marketing initiatives.

- **Skills in project management:** Cross-functional teams commonly collaborate throughout marketing initiatives in order to accomplish a common objective. For marketing projects to be performed on time period, within their budgets, and with a high standard, abilities to manage projects are crucial (Khosravi *et al.* 2020). Excellent project managers can successfully manage resources, spot possible dangers, and make positive that every stakeholder is kept up to date on the project's status.
- **Client-focused:** People employed by Tesco's marketing division must adopt a customer-focused mindset. To create goods and services, along with marketing campaigns that appeal to customers, they must be able to comprehend their preferences, wants, and behaviours (Arias-Pérez *et al.* 2021). Customers must be able to use consumer feedback to make educated selections because it is an essential component of Tesco's marketing strategy.
- **The skill of leadership:** For those who work in Tesco's marketing division, leadership abilities are crucial. Excellent leaders can inspire and motivate teammates to accomplish shared objectives (Guinan *et al.* 2019). They may also efficiently assign work, offer direction and support, and make certain that team members have chances for both professional and personal development.

## Conclusion

In conclusion, this project on Tesco's marketing dynamics has brought to light a number of crucial elements that have an impact on the company's marketing plan. It is clear from the research of Tesco's both inside and outside environments that the business has been effective in focusing on consumer demands, responding to shifting market conditions, and innovating to stay competitive. Tesco has been able to create successful marketing campaigns that connect with its target demographic thanks to the application of numerous marketing principles and methods like segmentation, targeting, and positioning. In the end, the assignment offered insightful knowledge about Tesco's marketing behaviour, which will certainly be helpful for the company's future development.

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