

A Case Study-Based Report on Digital Marketing of Tesco

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## **1. Introduction:**

The world economy has changed its paradigm from industry-oriented to service-oriented. The marketplaces are highly influenced by four major factors. They are globalization, hi-end technology, government reforms and the ever changing needs of the customers. These factors define the success or failure of any business by and large these days. One side, the traditional ways of doing business is outdated. On the other hand, new emerging markets trends have opened many business opportunities. Technology has played a significant role of linking manufacturers, service-providers and customers, end-users. E-commerce has simplified the businesses and brought the world market at the fingertip of customers. Internet of Things (IoT) has boosted digital marketing ever than before. Multi-national firms have focused on digital strategies as a part of strategic planning. Tesco company is also not an exception to this fact. It has planned to make an effective use of digital platform for sustainable growth in future.



## **2. Discussion:**

Tesco is considered as the giant player in retail sector of United Kingdom. It has presence in almost 14 countries of the world. It is amongst the top three retail brands and known for innovation at workplace. While cut-throat competition exists, technology will make the difference from cost-effectiveness and profit margin point of view. It has designed and developed systems, infrastructure based on the buying behaviour of consumers. It created a competitive brand which enables the consumer to buy whenever, wherever they want without any constraint of time, place etc. Tesco aims to be UK's No.1 e-commerce company. Therefore, it was natural to make huge investment in creating online shopping portals and developing e-commerce specialists. The use of interactive tools will enable Tesco to establish long-term and one-to-one relationships with the consumers.

### 3. Digital Marketing Strategies for Tesco:

It is worth to take help of the world-famous practices followed maximally by the business firms. Some of them can be referred and recommended for Tesco based on the core strengths of business in retail sector. The strategy is explained in detail as below:

- **Porter's Five Forces:**

Tesco can create a solid and strong value chain system to be designed and executed. The tool developed by Michael Porter is based on five forces. They are threat of the new entry, power of buyer and supplier, threat of existing substitution and rivalry of competition. It is essential to take few things in mind. Customer loyalty, making the sense of difference, pricing, quality standards, products or service attributes to mention few.


- **SWOT Analysis:** Since 1919, Tesco has got rich heritage of running the business. In other words, it has a real way to royal success. Stability, sustainability, reliability are the unique selling points of Tesco. In the opinion of Terry Leahy (CEO), the company caters the needs of 90% British population. It seems it has maintained the market share since long time. However, the fact may not remain same. The company needs to concentrate on competition management, business expansion plans. Competitors like Walmart and Carrefour may pose a threat in future by applying various strategies to attract the consumers leading reduction in market share. It is always better to raise the bar of quality standards. The feasibility of cloud-based technology, innovative product / process development cycles are few areas of improvement (Chaffey, 2013a). The scope of automation can be tested and verified to save the cost. Project management teams need to be empowered to come up with creative models, techniques. Reviews of business policies, quality control measures, and strategies to increase sales can be taken into account.

- **Marketing Mix:** This strategy is widely accepted and implemented by new ventures, small and medium enterprises and large-size business firms. However, they differ in strategic planning based on resources, budget etc. There are four factors used in marketing mix. The market penetration or share is possible based on price factor, product attributes, place or positioning, and promotions of products or services. Tesco

can undertake market research, feasibility studies, and review, verify the existing policies in order to ensure if they really meet the current needs (Chaffey, 2013b).

- **5S:** Marketing strategies need to be e-marketing based. Email is one of the best channels of communication to reach to the target communities. Mass mailers with concrete, correct, concise and meaningful message enable Tesco to keep its place ahead of all competitors. Speaking to potential customers; serving their individual needs; saving the cost, time and energy; sizzling to build and manage the Tesco brand, and finally selling the products through pulling strategy will make sense and optimize the results. It will either increase the market share or create new opportunities at different places. After all, it is a win-win situation.

#### **4. Analysis:**



Tesco has a strong network of supermarkets in United Kingdom. It has extended the geographical boundaries into Europe, Asia and North America as well. The market segmentation is added from core retail to healthcare, technical support, telecommunication, software design and development, banking and finance, hospitality and other sectors and field with the help of subsidiaries like Tesco Bank, Tesco Mobile and others. In a recent survey, Dave Lewis (the Group CEO) has shared interesting facts. It is observed that Tesco seems to be the best employer to work for. Around 70% employees prefer to stay with the company in future. It shows that the work culture is good coined with healthy competition. Innovation-based product and process performance is the driving factor for easy and convenience shopping for the customers.

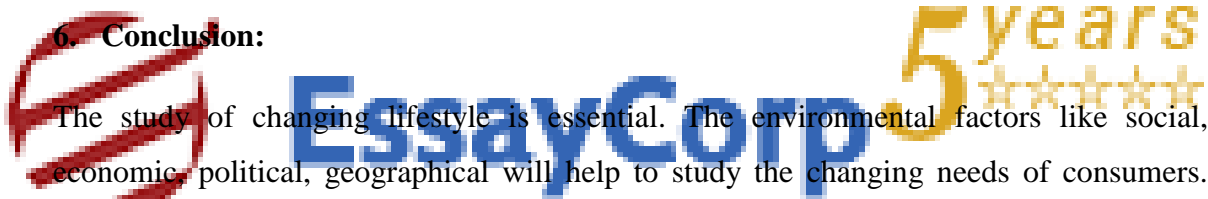
Though Tesco is known for passion, expertise, it had to face the various challenges. In the year 2014-15, it recorded the losses of GBP 6.4 billion. It posed a threat in terms of investment. It will certainly have great impact for future plans and strategies. It would restrict the scope of expansion, growth worldwide. In a report entitled, “Tesco PLC Strategic Report” the company has planned to focus on rebuild, reinvest in order to gain the lost glory and come up in the market as a competitive giant player across the globe.

## 5. Recommendations:

Preventive security measures are badly required while developing international trade across the globe. The government of concerned country, its reforms, and legal implications have to be studied carefully. Compliance and business policies should be framed accordingly. Financial crisis, economic slowdown, tough competition of Walmart and other giant players should be taken seriously before its high time. Software like *HubSpot* will help the company to get real time access through digital analytics. Creative content development, database management, extensive market research, field visits, customer feedback will make the company competitive leading the market. Attribution modelling is another best way of making the sales cycle more efficient and result-oriented.

## 6. Conclusion:

The study of changing lifestyle is essential. The environmental factors like social, economic, political, geographical will help to study the changing needs of consumers. The variation, expectations, packaging, preferences, likes and dislikes, factors influencing the buying behaviour will certainly add values to redefine the wide range of products or to launch new product based on unique needs to bridge the gap. Search Engine Optimization, pay-per-click, use of social media, affiliate and native marketing, pulling and pushing strategies will ensure sustainable, secure growth with huge market share not only in United Kingdom but all over the globe. Integration of data resources, devices like mobile phones can give competitive advantage. Tesco needs to make the supermarkets as the best destination of online shopping in the world with customized buying experiences.



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