

TESCO harms local communities.

1 Businesses are being forced to close down by TESCO. This is because TESCO are taking other customers from other shops and businesses.

The cause of this is that TESCO sell goods below the cost price, and because local traders and businesses cannot afford to compete with these prices, they have to close down. However, when those businesses do close down, TESCO increase the price.

Due to other businesses closing down TESCO might adapt its activities in a number of ways.

In today's present situation, TESCO take on additional trade from businesses which have closed down, this will help maximise profits and provide TESCO with a new challenge and another market to explore.

On the other hand TESCO might stop selling electronics, cloths, toys etc as this will provide local businesses with some customers and allow the to make money.

However if TESCO do agree to this proposal there will be a huge financial cost to pay as this will cut them out of many lucrative markets such as electronics and clothes.

Also by doing this the local businesses may not even benefit as another large business such as Sainsburys and Asda could come about and do the same as what TESCO are doing, this would mean local businesses and TESCO would lose out.

Furthermore TESCO could charge for their car parks to push some customers to other businesses, although this may not work if another large business does the opposite.

2 TESCO has a monopoly, and the government is considering taking action to break this up. Because of the government's thoughts, TESCO need to do something to make them happy and cause them to reconsider.

TESCO could do this by advertising less of their products or consulting the local businesses and the community before launching new products or services. However, unfortunately for TESCO, the only way TESCO could really please the government would be if they sell of some of some of their stores.

If TESCO does little to try and please other stakeholder groups instead of the customers and the government, TESCO will be hounded with more complaints and possibly the closure of some of its stores. Also by not responding to what the local businesses want, TESCO will be under more pressure to do right by the government.

TESCO harms the environment

1 TESCO has reduced waste in its internal systems but it still generates huge quantities of packaging which ends up in landfill sites via TESCO's customer bins. Grocery packaging makes up nearly one quarter of household waste and Friends of the earth believe TESCO should do something about it. TESCO could provide recycle facilities or even a recycle service so that more packaging etc can be reused. In addition to this TESCO could also provide an incentive for people to bring back their recyclable rubbish/ TESCO packaging for example, extra club card points or money of coupons. By doing this, TESCO will be under less pressure from Friends of the earth. This would not only benefit the Friends of the Earth but would also benefit TESCO's customers as well.

2 The idea of recycling is not entirely beneficial for TESCO because they have to pay for materials (for the product) and the most probably advertisement fees to promote the product and service. TESCO might need to take action because the consequence of not doing so may result in the Friends of the earth involving the government which would put TESCO under a lot strain. In addition to this, by pleasing other stakeholder groups i.e. shareholders; TESCO would not be able to make Friends of the Earth or the government happy as shareholders would be against the idea of investing money into a project which is not entirely beneficial for the business. This could result in the closure of TESCO stores around the UK.

TESCO harms the farmers

1 TESCO claimed that it is “backing British agriculture” however Friends of the Earth thought otherwise after speaking with the British farmers that supply TESCO with most of their produce. In many cases Friends of the Earth have found out that TESCO have paid farmers just above the amount that it costs to produce the crop. Again, like some other occasions, Friends of the Earth are urging TESCO to do something about it.

TESCO could pay the farmers a fairer price. However this would result in the prices of food in the stores rising as TESCO would have to make up the loss. This would cause TESCO to lose customers because they will go to other stores which are cheaper such as Asda or Sainsburys. As well as losing customers, TESCO will also lose a large amount of money, whereas other businesses will be gaining TESCO’s lost customers and increasing the amount of money they make. The only possible solution that allows TESCO to pay farmers a better price is if all the other major businesses done the same. Such as:

- Sainsburys
- Asda
- Morrisons
- Iceland
- Waitrose
- Netto

Even though this would benefit the farmers, all of the customers would end up paying more for the products they purchase.

2 The supermarket Code of Practise was introduced in 2002 to stop unfair trading practices and even though this was introduced the Competition Commission and Office of Fair Trading (CCOFT) have still found that this has made no difference to the way TESCO operates.

If TESCO does not take action the consequences they may face may be a fine or most probably legal action may be taking by the Competition Commission and Office of Fair Trading. If this does happen, TESCO’s unjust actions will be publicised all around Europe and this would ruin TESCO’s reputation. This would also cause TESCO’s existing customers to think twice whether they should shop at TESCO and if they don’t will cause TESCO to lose a lot of money.

Even though TESCO would be in great trouble if they carried on with their ways, TESCO’s shareholders may not want them to do so as they know that paying the farmers a higher price will have a ripple effect which will eventually cause TESCO to lose customers and most importantly shareholders and money.