

Business Activity

How did Tesco Become So successful?

Tesco have become so successful in the past few years, there are many reasons for this. The main ones would be that Tesco did lot of market research on the consumers and competitors; they have done both primary and secondary research. They have done research on which products are highly profitable and which ones are big sellers. Tesco has also carried out research on their competitors and consumers and therefore able to decide the right prices, they have analysed there marketing strategies, market share, products being sold, services being offered and prices. I have analysed that Tesco has done a great deal market research and in return they have been able to grasp a 31% market share in the grocery industry.

Food:

Another reason for Tesco's success is that they are customer orientated e.g.: They are able to sell products or services which are demanded by a certain culture or group in an area where there is a dense population of a certain target market, a good example would be around Slough were Tesco have been able to sell a wide variety of Asian foods. I believe Only Tesco will benefit from this clever strategy as many Asians do their weekly or monthly shopping at Tesco.

Tesco has also started Internet shopping, this service that Tesco has provided there customers is most beneficial to customers that have a very busy life such as working mothers or disables or the elderly. This service is being provided for no cost and delivery is also free if your shopping is over a certain amount.

I believe that Tesco has done good research and followed that up with a great business strategy on a whole; they have been able to establish them themselves in a very competitive environment.

Tesco were able to become so successful in the grocery market because:

- They were market orientated.
- They were able to do sufficient market research.
- They were able to offer competitive prices.

- They were able to offer a variety of products to suit all socio economic groups.
- They were able to meet the customer's needs.

Non-Foods:

In the Last few years Tesco has felt the need to diversify into other markets. Such as clothing, electronic, children's toys and also started to offer household products .By doing so they have increased their profits and made their customers life easier.

I think Tesco are very clever because they have seen that there is less chance of failure because they have so many existing customers that do their shopping at Tesco. Tesco also have an advantage over competitors as they are selling all there products and services under one roof.

It seems that Tesco has done good Market research and sell the products that satisfy the consumer's needs by doing this they have been able to raise their profits and market share to **30%**

Other than that they have been able to expand into other markets and also succeed thus increasing share prices and keeping all stakeholders happy.

Finance:

In the past few years Tesco's high profits and fast growth has enabled them to diversify into the financial market. Tesco are offering mortgages, credit cards, loans and many types of insurances.

Tesco Finance was a 50% joint venture with the Royal Bank of Scotland. The business made a profit of £130 million for 52 weeks up to the 24th February 2007, of which Tesco's share was £66 million.

This move towards the financial sector has diversified the Tesco brand and provides opportunities for growth outside of the retailing sector.

My final conclusion is that Tesco as a brand has been able to diversify many markets and with in such a little time and have been able to grasp 31% of the market share in the grocery market, 30% of the market share in the non food market and 13% of the financial sector,

Which is a great achievement considering the time and the harsh competitive environment.