
Stores and Distribution: Tesco and Description of The Object

Introduction

Tesco is a British international groceries and general merchandise retailer, Tesco is the third biggest retailer worldwide when measuring by gross revenue and when using revenue it is the ninth biggest retailer worldwide. Tesco has four headquarter locations, They have on in Welwyn Garden City, another in Hertfordshire, the third one in England, and the last one in the United Kingdom. Tesco was started by Jack Cohen in 1919 as market stalls, the first tesco shop was opened in Burnt Oak, Barnet in 1931. Tesco's mission statement is "We make what matters better, together". Economic factors influencing Tesco's business activities. According to pwc they project the UK economic growth to remain at 1.4% in 2019, the economic growth being at 1.4% is currently proving to be good for tesco because they are currently the leading retailer in the U.K. According to Eurostat, the U.K has an unemployment rate of 3.8% as of July 2019, this affects tesco negatively even though tesco is expanding internationally, as unemployment decreases the demand for tesco's services and products and tesco doesnt make the profit it would be able to make if the unemployment rate was lower, however the unemployment rate in the U.K is declining. According to OBR, the IMF (International Monetary Fund) and NIESR (National Institute of Economic and Social Research) the annual GDP growth in the U.K is currently at 1.5%, growth occurs when incomes are rising, and more goods and services are being produced and consumed. According to Trading economics the annual inflation rate in the U.K is 1.7%, inflation happens when there is a rise of the price of goods in the whole economy, due to the inflation rate retailers such as Tesco have to highten the price of their products therefore demand decreases, the production price for producers also increases therefore producers begin to produce less products thus Tesco is supplied with lower levels of products therefore decreasing the profit they make and lastly during inflation expansion becomes difficult for Tesco however Tesco isnt as affected by the inflation rate as other businesses in the U.K because the 1.7% inflation may not have a significant influence on the company's profit.(compare this with another business in the U.K, sales level).

According to Economics help fiscal policy is used to reduce aggregate demand and reduce inflationary pressures.

Monetary policy, this is a policy put in place by the Monetary Policy Committee (MPC) of the Bank of England, the MPC of the Bank of England puts in place the interest that they charge banks to borrow money from them, this monetary policy affects tesco as when the MPC decides to increase the interest rate Tesco's profit margin decreases due to the fact that the cost of capital increases and consumers purchasing power reduces, however when the interest rate is decreased the profit Tesco makes increases(talk about current interest rate). Another monetary policy that affects Tesco is the change of the exchange rate due to Tesco operating internationally, when there is a fluctuation in the exchange rate Tesco finds it hard to carry out overseas trade thus affecting the profit they make. (Talk about when the currency Appreciates and depreciates). Tesco can easily import goods due to the U.K having a strong currency, due to the monetary policy put in place by the MPC.

Political/Legal Factors That Have Impacted Tesco

Infrastructure: infrastructure is a managerial structure of assets that is required for a society or business to operate, there are two types of infrastructure, hard and soft, hard infrastructure consists of assets such as telecommunications, transportation, water supply and sanitation, and energy and soft infrastructure consists of assets such as organizations that support the economic, health and social standards of a country. The U.K has good internet connections and the U.K also provides a wide variety of internet suppliers to choose from due to this Tesco easily keeps in touch with their customers and suppliers and gets feedback back from them easily. The government in the U.K provides good quality landline phones this helps Tesco expand as they contact their suppliers and stakeholders, having good communications also affects Tesco's stakeholders as information is delivered to them smoothly and they are kept up to date about Tesco. The U.K has some of the best roads to drive on, this has a positive impact on tesco as it has increased the access the communities have to Tesco's stores which has also increased tesco's labour pool which gives the shareholders more dividends as Tesco is making higher profits, the U.K having some of the best roads also decreases the price that Tesco has to pay its suppliers for them to deliver their products to them, and the good roads also reduce the logistics, however even with good roads consumers still want easy shopping therefore in 1996 Tesco launched online shopping which has had a positive impact on Tesco as it has widened their market beyond local customers, it has reduced their cost of advertisement and allowed them to invest towards opening new locations and it has sped up their growth process.

Fiscal policy: fiscal policy occurs when the government use government spending and taxation to influence the economy.

Enhancing skills and training: The U.K provides very good quality education, and the U.K also provides a wide range of universities and schools to choose from compared to other countries such as Kenya, Tesco is positively impacted by this as the universities provide Tesco with highly flexible and skilled potential employees, so Tesco doesn't have to pay to train most of employees thus Tesco has higher profits.

Social Factors That Have Impacted Tesco

Attitudes to gender roles: certain jobs are normally stereotyped for a certain gender, for example its highly expected that a builder should be a man and not a woman, in the world we live in today many people are feminists and believe that men and women should have equal rights and none should be put above the other, throughout the years the percentage of feminists around the world has increased, thus meaning many organisations have had to change their business activities to support this, Tesco provides equal rights to both men and women, as both men and women can work at tesco, inside Tesco's contract of employment one of their top priorities is equal rights, both men and women are paid the same amount of money if they are doing the same job(for example a male cashier and women cashier working the same amount of hours will be paid the same amount of money).

Religion: according to oxford religion is the belief in and worship of a superhuman controlling power, especially a personal God or gods, in some places most of the population is the same or close to the same religion where as in the U.K there are a range of religions according to Eurostats in the U.K 53.6% of the population are Christian, 6.2% of the population belong to

other religions, 30.3% are Agnostics and lastly 9.9% are Atheists Tesco has to account for all of this, as they do the following, for example the U.K has muslims and Tesco took this into consideration and they sell both normal meat and halal meat for the muslims, they Tesco makes sure they provide a safe work environment that is free from discrimination depending on a workers religion, and Tesco allows workers to freely pray if they have/want to.

Ethics: ethics are values that an organisation has to take into consideration when running their business, they can help make the decisions for the company, ethics to a certain extent dictate the rules an employee and a business have to follow, the most common ethical issues an organisation has to take into consideration are the that the organization has to give the customers a price that is worth the goods they are buying, using environmentally friendly resources and not employing minors, Tesco takes all of these into consideration as to be an employee you have to be above the age of 16 and they have to have passed the school-leaver age for the region they live in, Tesco is environmentally friendly as in 2017 they launched their own span of economically friendly cleaning products, Tesco ensures they have good ethics so that they don't lose customers as if they do their level of profits will decrease.

How future changes in Political, Legal, and social factors can impact the strategy of Tesco.

According to pwc the U.K economic growth rate is predicted to decrease to be 1.3% in 2020, this affects tesco through recession, this is a temporary moment in time where there is economic decline during which trade and industrial activity decrease, recession occurs when customers begin to save more and decide to spend less money on services such as Tesco, producers also begin to produce less goods, however Tesco is not as affected by recession compared to other businesses and organizations as consumers still need to shop and Tesco is the third biggest retailer, tesco will lose some of their profit but not all of it.