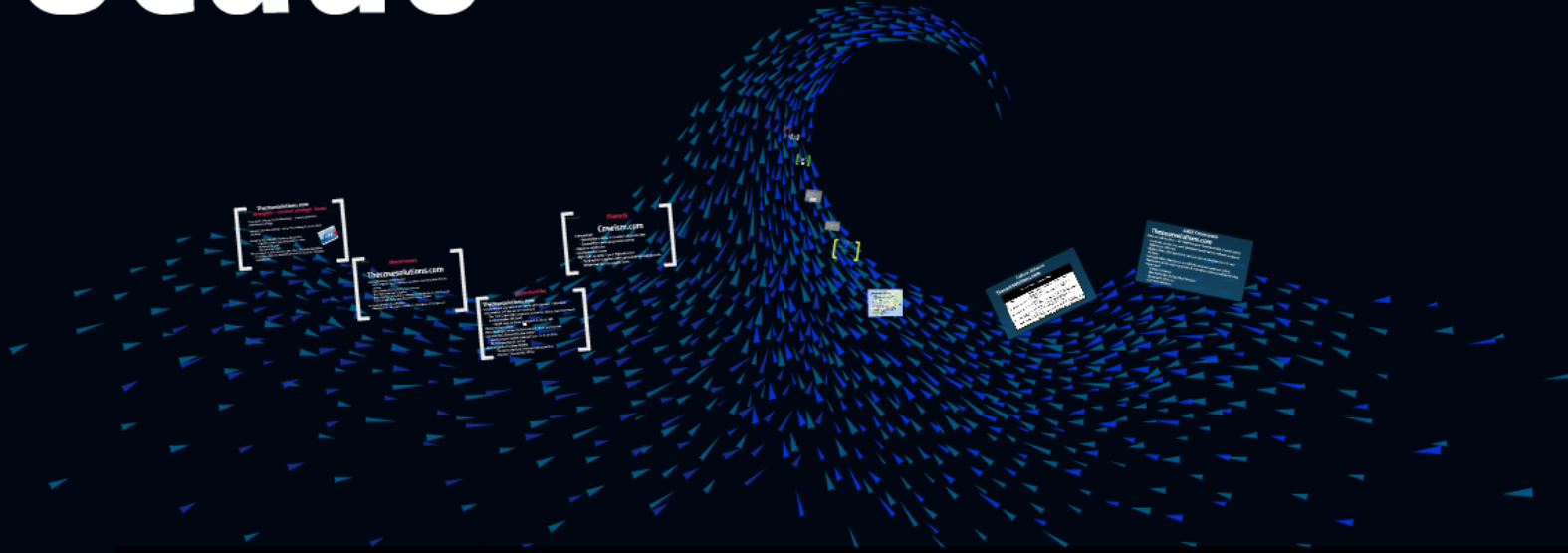
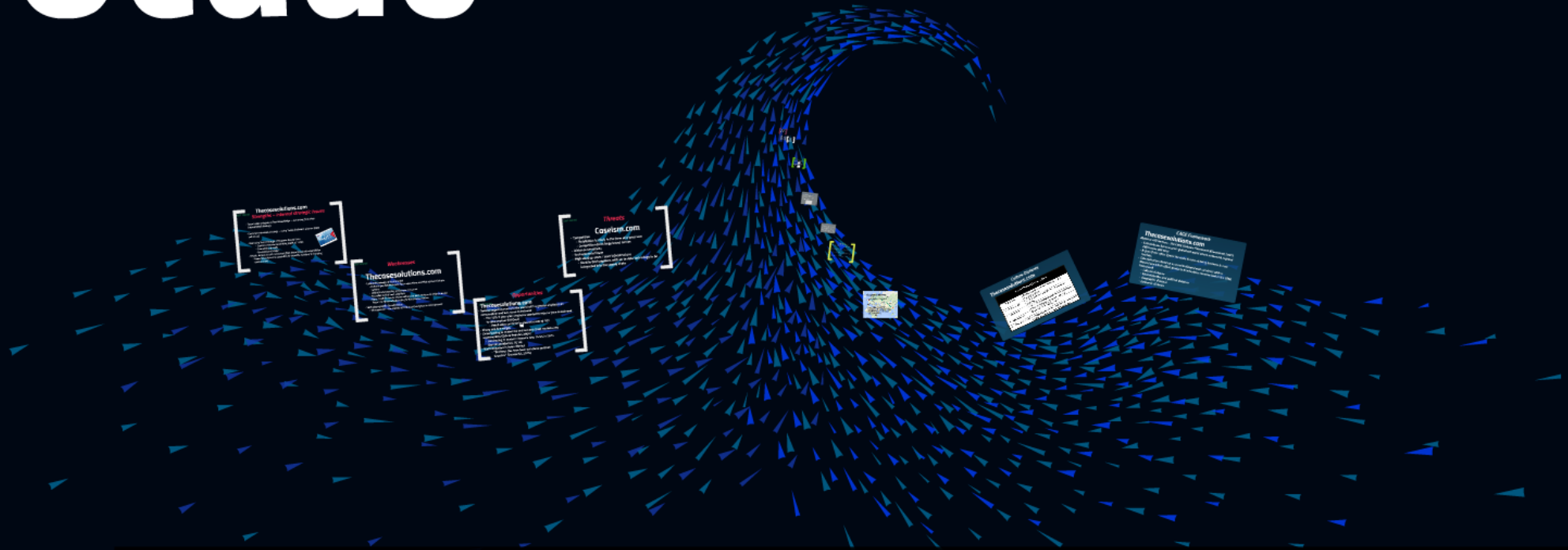


Ocado



Thecasesolutions.com in China

Ocado



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SWOT ANALYSIS

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Strengths – internal strategic issues

- Tesco holds a degree of Tacit Knowledge – stemming from their international strategy
- Customer retention strategy – using 'Tesco Clubcard' scheme (Data collection)
- Analysing Tesco through a Resource Based View
 - Capital resources (operating profit of 1.4bn)
 - Economies of scale
 - Economies of scope
- Tesco's access to such resources gives them threshold capabilities
 - Tesco has a dynamic capability to meet the needs of a changing environment



Weaknesses

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- **Lack of knowledge of local market**
 - Cultural gap between past Tesco operations and that of their Chinese venture
 - lack of understanding of Chinese consumer
 - Essential to find local suppliers
 - Here, it will be key to find an alliance or Joint Venture in order to assist Tesco's in effectively operating in the chinese market
- **Lack of geographic diversification**
 - Management – the volume of CEO most foreigners in management

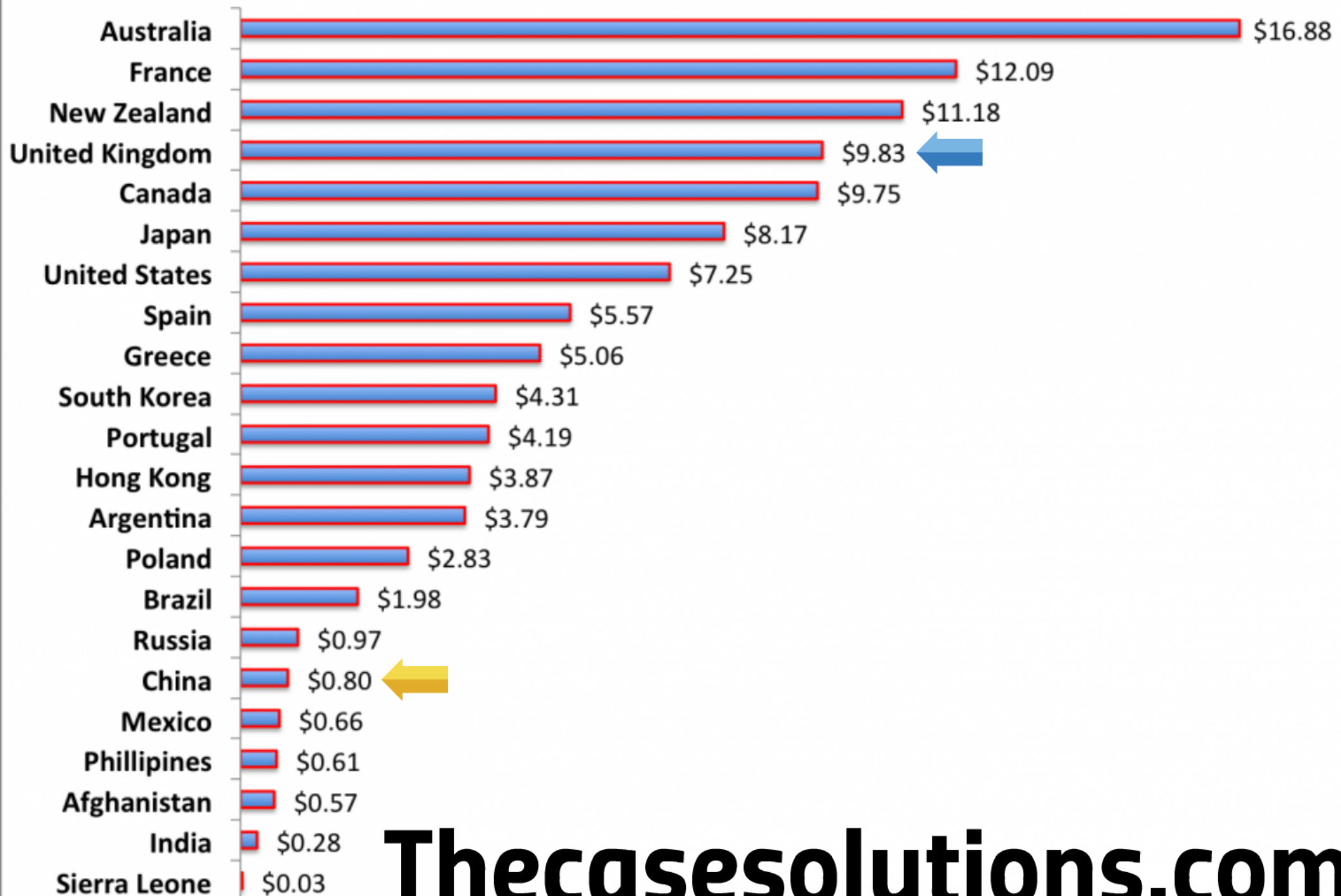
Opportunities

SWOT ANALYSIS

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- **Second largest economy in the world with a greater emphasis on consumption and less so on investment**
 - **The 13th 5 year plan emphasis wanted to refocus from investment to consumption (UK Govt)**
 - **Retail sales continue to grow at a rate of 10%**
- **Cheap and low wages**
- **China looking to modernise and convert street markets into supermarkets (Gale & Reardon, 2004)**
 - **purchasing in modern channels rose 14.5% in 2014 (kantarworldpanel, 2014)**
- **Well integrated in Asian Market**
 - **"Business ties have been put above political disputes" (Economist, 2015)**

Minimum Wages Around The World



CAGE Framework

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Distance still matters - The CAGE Distance Framework (Ghemawat, 2001)

- **Contends we live in a semi-globalised world where national & regional differences still exist**
- **Argues firms often ignore the costs & risks of doing business in new markets**
- **Conceptualizes distance as a multi-dimensional construct with 4 dimensions which affect products & industries: Summarised in the CAGE Framework**
 - **Cultural distance**
 - **Administrative and political distance**
 - **Geographic distance**
 - **Economic distance**

Culture Distance

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Current Shopping Trends in China

1. How to buy?	Always in person, no online shopping or other methods available.
2. Where to buy?	At the closest store possible - no transportation available.
3. What to buy?	Many of the everyday products Chinese consume are an issue for Western animal rights activists. ¹
4. When to buy?	Almost daily to buy fresh produce. ²
5. How much to buy?	Average expenditure per customer is 80 RMB (£7.61) & Chinese only buy as much as they can carry. ³

Administrative or political distance

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- 1 - Tesco must be wary of pollution issues impacting their stores
- 2 - However, The Chinese government imposes very little policies on the retail industry
- 3 - Government wants to expand western supermarket in China
- 4 - Incentives are given to foreign firms in China