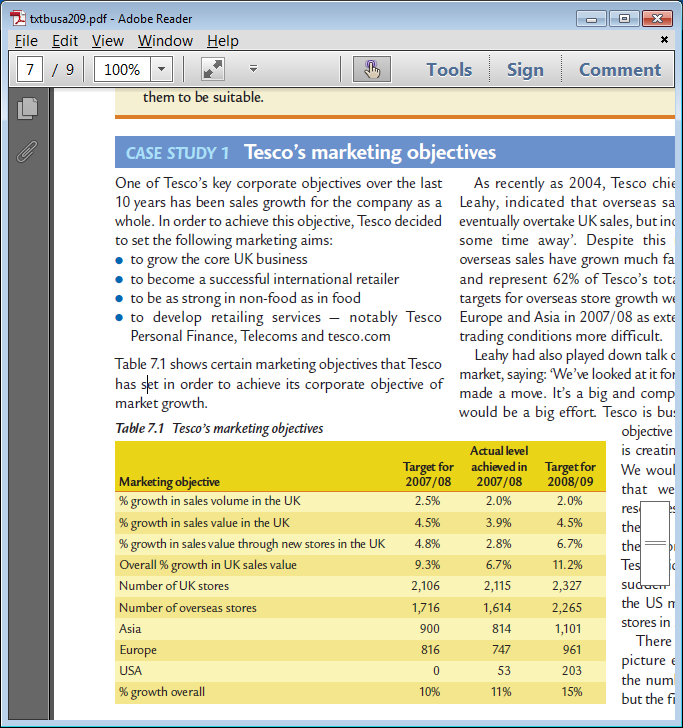
**CASE STUDY 1 Tesco’s marketing objectives**

One of Tesco’s key corporate objectives over the last 10 years has been sales growth for the company as a whole. In order to achieve this objective, Tesco decided to set the following marketing aims:

* to grow the core UK business
* to become a successful international retailer
* to be as strong in non-food as in food
* to develop retailing services — notably Tesco Personal Finance, Telecoms and tesco.com

Table shows certain marketing objectives that Tesco has set in order to achieve its corporate objective of market growth.



**Table** Tesco’s marketing objectives

As recently as 2004, Tesco chief executive, Terry Leahy, indicated that overseas sales figures would eventually overtake UK sales, but indicated that ‘this is some time away’. Despite this recent comment, overseas sales have grown much faster than UK sales and represent 62% of Tesco’s total sales. However, targets for overseas store growth were not achieved in Europe and Asia in 2007/08 as external factors made trading conditions more difficult.

Leahy had also played down talk of entry into the US market, saying: ‘We’ve looked at it for 22 years and never made a move. It’s a big and competitive market and would be a big effort. Tesco is busy with its present objective and strategy, which is creating a lot of growth.

We would need to be sure that we had the spare resources needed to tackle the US market.’ Despite these comments, however, Tesco did make a relatively sudden decision to enter the US market, opening 53 stores in 2007/08.

There was a different picture elsewhere. In Asia the number of stores grew but the final total was short of the target by 86 stores. A similar pattern emerged in Europe where, despite growth, the number of Tesco’s stores was 69 below the target.

Tesco’s 53 US stores meant that the number of overseas stores opened only fell short of the target by about 100 stores. Despite financial losses in the USA in the first year of trading, rapid growth in the USA is being targeted for 2008/09, partly because Tesco believes that these additional stores will improve the efficiency of its operations.

Tesco has adopted very different objectives in different countries. In South Korea it has entered a joint venture with a Korean multinational electronics company, focusing on large-scale hypermarkets. In the USA, as with its Japanese operations, it has decided to concentrate on small-scale local retail outlets. In Japan this involved the takeover of an existing chain of Japanese stores; in the USA, Tesco introduced brand new stores.

Tesco is targeting (and achieving) 25% growth of non-food items — a much higher percentage than its overall growth target. This target is being surpassed in toys, sports goods and electrical products, but financial services and telecommunications are experiencing slow growth.

On the basis of recent market trends, tesco.com is expected to match or surpass its current 30% growth rate.

1. Analyse why Tesco has chosen to focus on small, local stores in Japan and the USA rather than on larger stores.
2. Analyse internal factors that might have influenced Tesco’s marketing objectives.
3. Examine factors that might cause Tesco to change its marketing objectives suddenly, such as its decision to enter the US market.

**CASE STUDY 2 Marketing objectives in practice: Halfords**

The main marketing objectives of Halfords in 2007 and 2008 are listed below. Each objective is followed by a brief commentary on Halfords’ performance against that marketing objective.

* **Sales growth in all three key categories: car maintenance; car enhancement and leisure.** Growth achieved in all three areas for the twentieth consecutive year, averaging 7.2% and slightly surpassing the target of 7% growth.
* **Retain market leadership in the three key categories.** Market leader in all three categories in 2007/08.
* **Maintain market share for bicycle sales in the UK.** 33% market share achieved.
* **Continue expansion of the number of stores.** Target of 450 stores reached in 2008.
* **Introduce new products that allow customers to purchase with environmental considerations in mind.** Introduction in 2007/08 of a range of car cleaning products under the ‘Naturals’ brand. These products are water-based and biodegradable.
* **Introduce new brands in growth areas.** New brands have been successfully added to the range, mainly in the areas of satellite navigation systems, in-car digital music, specialist bicycles, and additional ranges of accessories, such as specialist oils.
* **Support product sales with service.** The ‘we fit’ and ‘we repair’ services have grown by 13% in 2007 to 1.3 million customers.
* **Improve corporate image, in respect to environmental impact.** Halfords is increasing the use of rail transport, as opposed to road transport, reaching its 2007/08 target of 40% of domestic shipments going by rail. The use of air transport has also been reduced by 64% in a single year.

These examples illustrate how vital it is that businesses review their performance against their objectives on a constant basis. Halfords had a successful year in 2007/08, achieving all of the marketing objectives it had set the previous year. However, as a result of close scrutiny of its marketing achievements it has decided to focus more fully on three areas in which high levels of success were achieved. These are:

* expansion within eastern Europe, especially the Czech Republic
* greater use of mezzanine floors within its superstores, focusing on its bicycle division (Bike Hut)
* greater emphasis on its fitting and advisory services, in order to create greater customer satisfaction and brand loyalty

Halfords has used its marketing objectives and performance to establish new priorities and objectives for the future, so that it can continue to perform well in its marketing.

Source: Halfords plc. annual reports, 2007 and 2008.

1. Analyse why it might not necessarily be beneficial for Halfords to have set marketing objectives that were all achieved with relative ease.
2. Identify two possible corporate objectives that might have led to Halfords’ marketing objectives. Explain your reasoning.