



Certificate in Marketing Skills

MANAGEMENT FOR MARKETERS

THURSDAY, AUGUST 20, 2009. TIME: 2.00 pm - 4.00 pm

Please attempt Section A and TWO questions from Section B.

(If more than the specified number of questions are attempted, delete those you do not wish to have marked. Otherwise the Examiner will mark **QUESTION 1** and the next **TWO** questions in your Answer Book).

All questions carry equal marks.

Do **NOT** repeat question in answer, but show clearly the number of the question attempted on the appropriate page of the Answer Book.

SECTION A (50%) (All questions carry equal marks)

Tesco is the biggest [private sector](#) employer in the UK. The [company](#) has more than 360,000 employees worldwide. In the UK, Tesco stores range from small local Tesco Express sites to large Tesco Extras and superstores. Around 86% of all [sales](#) are from the UK and Ireland.

Type of store	Customer benefit
Express	Convenience and value. Fresh local food.
Metro	Convenience in town and city centres. Lots of food lines.
Superstore	A wide range of non-food lines, such as DVDs and books.
Extra	A wide range of food and non-food, including seasonal items such as garden furniture.

Tesco also operates in 12 countries outside the UK and Ireland, including China, Japan and Turkey. The company has recently opened stores in the United States. This international expansion is part of Tesco's [strategy](#) to [diversify](#) and grow the business.

The following is an extract from a speech made by the CEO of Tesco PLC, Sir Terry Leahy in January 2009.

“Competition has led to an explosion of choice: in the first six years of this decade, the largest four grocery retailers each introduced, on average, three new products a day. Put that another way: consumer choice grew, on average, by a dozen new products a day, every day, for six years.

P.T.O.

And it is not just choice of goods, but choice of stores. 95% of us have access to supermarkets of three or more different fascia within 15 minutes of where we live. That choice allows customers to shop around more. In a four week period, customers on average use three different supermarkets. And the value of consumers switching from one supermarket to another is now worth over £10 billion a year.

These facts give you a taste of retail today: highly competitive, dynamic and relentless. It is as if we are fighting a general election every day, in which customers vote with their wallets, switch their loyalties and shop around. And the benefits of this competition ripple across society, and are felt far and wide.

At its most basic, competition has lowered the price of shopping, helping most those on low incomes. The price of food fell by over 9 per cent in real terms between 1989 and 1999. It fell a further 8 per cent between 2000 and mid-2007. Put another way, Tesco has saved the typical household almost £5,000 on its shopping bills in a decade – ten years in which other households bills rose.

Then there is job creation. Tesco has created one new job every 20 minutes for the last 10 years. We have given work to 4,000 long-term unemployed. Those people enjoy not just the self-respect that work brings, but also benefits such as share options, pensions and flexi-time working.

These are just the direct benefits – benefits that any retailer could point to. Now think who else benefits from a shopping trip. Next time you are standing at the checkout, think of the number of people who have helped get those items into your hands. Farmers, food processors, brewers, fishermen, small manufacturers, hauliers – the veins of the supply chain spread across regions, countries and continents.

Many of you here tonight contribute in some way to that supply chain. And, when you examine it from afar, it is a miracle. Billions of products are made, shipped and bought, not according to some government's central plan or blueprint, but to reflect the individual tastes and demands of millions of customers.

When I joined Tesco in 1979, we sold just one tenth of the number of products we do today. We relied on just a handful of suppliers. Today, we have 3,500 direct suppliers – one thousand more than in 2000. Some are large firms, others small, and an increasing number are local. Our aim is to stock more local lines than any other UK retailer – we already stock 3,000.

That growth demands innovation, enterprise, risk taking. Companies like Tesco, and firms from the largest to the smallest suppliers, must never cease to ask themselves “What more can we do for our customers?” They must always look for ways to improve a product, or develop a new line. If they deliver what

consumers want, the company will win new orders, which in turn means more revenue and more jobs.

This virtuous circle of demand improves the lives of people around the world. Like any international company, our goods are sourced globally. Families and communities in the developing world benefit from the trade we do. Consider Panorama, a company in Haryana in India with whom we've been working for four years, which stocks us with women's and children's wear, and now employs more than 1,200 people. Or Homegrown in Kenya, with whom we've been working for more than twenty years, who supply us with flowers and vegetables, and who now employ 8,000 people – who in turn support around 40,000 dependants.”

Sources: www.tesco.com and www.times100.co.uk

1. (a) Outline the reasons behind the growth of Tesco in the global market.
- (b) Jones and George (2003) say that the four building blocks of competitive advantage are superior efficiency; quality; speed, flexibility and innovation; and responsiveness to customers. What competitive advantage does Tesco have in the marketplace?
- (c) Design two (2) simple organizational structures for the overall company giving a brief outline of the reasons for your designs and why they are different.
- (d) If you were to take over from Sir Terry Leahy as CEO of Tesco PLC outline three areas Tesco should concentrate on to continue to grow the company in your opinion.

P.T.O.

SECTION B (50%)

(Please attempt two questions. All questions carry equal marks.)

2.
 - (a) Describe the major functions of management?
 - (b) Consider a supervisor in a work environment. What kind of management skills does this person possess? If there was one management practice they use that you could change what would it be? Why?
3.
 - (a) Discuss the different types of conflict you may come across in a work situation.
 - (b) Consider a situation from your work or personal life where there was an area of disagreement and argument. What was the underlying reason for the argument? How was the situation managed? How was it resolved?
4.
 - (a) Discuss how delivery of a quality service can breakdown.
 - (b) Think of an example of a breakdown in service from your own experience. Describe the situation, the problems caused, and how it was resolved (if at all).
5.
 - (a) Outline **four** reasons as to why people resist change.
 - (b) Imagine you are responsible for integrating the staff of two branches of a retail company into one new unit. Both sets of employees contain some very experienced staff and some new staff. The new unit is being opened on the site of one of the previous units. Describe the type of problems you might encounter and suggest some solutions for overcoming them.