

## Tesco rebrands

*This text is about Tesco rebranding its own cheap range of products. Useful language is highlighted and explained below. Don't forget to do the quiz and answer the discussion questions.*

Tesco is the UK's most popular and **affordable** supermarket chain. Part of its success is because it has been offering customers cheap **alternatives** to famous brands for 20 years. Its low cost **own-brand** products are sold under the 'Tesco Value' label which is known for being the nation's favourite. The **rock bottom prices** are generally far lower than **regular brands**, for instance a can of beans only retails at 3p. That represents a huge cost saving for most shoppers.

Unfortunately for Tesco, their market has changed and for the first time in its history Tesco has just released a profit warning. This is the result of an unsuccessful low price **promotional campaign** and poor Christmas sales. During the first 3 months of 2012, Tesco's market share dropped significantly and the **heads of the company** realised something had to be done. In response, the decision has been made **to say goodbye to** the **no frills** Tesco Value range. It will be **rebranded** and replaced with a more modern and less cheap looking brand.

The entire 550 product range will **reappear** under the 'Everyday Value' range. The new label has a 1950's look which is more attractive than the current basic blue striped one. It's not just the name that's changing though. Tesco is **revamping** a number of products and increasing the standard so **cost-saving** ingredients like MSG are being removed. Unlike the previous brand's **emphasis on cost over quality**, the latest brand seeks to offer good quality at an affordable price and hopes to attract average and **upmarket** shoppers alike.

Tesco is not the first to follow this strategy, **archrival** Asda has already **upgraded** its own label range with some success. As they have been taking market share from Tesco along with Sainsbury's and Morrisons, it's not surprising that Tesco has decided to **follow the pack**. According to retail analysts "this was a long time **overdue**", whilst others are saying that "it's disappointing" because Tesco are just copying the rest of the market. Even though Tesco still holds the **biggest market share**, its growth rate (2.7%) is less than impressive. Maybe this **latest step** will help them **fend off** their market challengers and **reinforce** their market leader position. Yet, it could also **backfire** and Tesco may lose their main customers.

### Useful language

Affordable	It has a price that people are able to pay which is often low
Alternatives	Other similar products
Own-brand	A brand created by the company
Rock bottom prices	Extremely cheap
Regular brands	Normal brands such as famous ones

Promotional campaign	Lots of advertising to tell people about something
Heads of the company	The people in charge of the company
To say goodbye to sthg	To cancel and stop making/selling it
No frills	To extras which are not needed
To be rebranded	When the whole image is changed
To reappear	To go away and then come back
Revamping	Improving
Cost-saving	A way to stop money being wasted
Emphasis on cost over quality	Stressing a low cost is more important than quality
Upmarket	High class
Archrival	Main competitor
Upgraded	Improved
To follow the pack	To copy the others
Overdue	It should have happened earlier
The latest step	The most recent action
To fend off someone	To defend yourself against an attacker
To reinforce sthg	To make sthg stronger
To backfire	To have the opposite effect such as a strategy designed to increase sales actually reduces them

## **Quiz**

Has Tesco made the right decision?

Yes, customers now want better quality and not just cheap prices

No, customers like Tesco because it has the cheapest products

## **Discussion questions**

- 1) How do you think customers will respond to Tesco's decision?
- 2) How successful do you think Tesco's now brand will be?
- 3) What else could Tesco do to improve its position?

