

Understanding and Engaging in The Customer Experience



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Laura Bucurean

Student Number: 2018077281

Lecturer : Maria Heffernan

Internal Verifier: Christian Felicies

Module Unit : A Critical perspective of ASDA in relation to its CRM ,Ethics,Sustainability and Quality policies and operations

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EXECUTIVE SUMMARY

This report is a follow on from the in class presentation based on ASDA's organisation relationship to its CRM, Ethics, Sustainability, Quality policies and operations.

Introduction

ASDA was founded in 1949 when the supermarket owning Asquith family merged with the Associated Dairies Company of Yorkshire. It was the second largest retailer in the UK but, in 2019, it has regained its second-place position, behind Tesco and ahead of Sainsbury's.

Dedicated employees serve customers from stores and online services, supercentres, superstores, supermarkets, Living stores, petrol filling stations and depots across the UK. (En.wikipedia.org).

ASDA went through a great diversification, selling everything from baked beans to motor car. The number of services includes ASDA Reward credit cards, Personal loans, insurance, and child trust funds, Travel money and gas and electricity comparison services. ASDA also provides customers with mobile phones with a great coverage supplier.

As a parent company of Walmart, ASDA uses marketing promotions under the slogan "Save Money. Live Better "!

The first supermarket was opened under the "Queens" name in Castleford in 1960's with a great success of foundation of George Davies Partnership, bringing to life the George Clothing.

ASDA's mission is to be Britain's best value retailer and always keep on top of customers needs for the purpose to save everyone money, very day". (ASDA -History Business, 2014)

ASDA has facing several issues with regards to its customer's loyalty, quality of products compare to competitors such as Tesco, Morrison and Sainsbury, but also sustainability issues. ASDA will implement new strategies to overcome its problems and lead to be the second largest supermarket in UK.

Customer experience following Ethical and sustainability policies

Ethical

Ethical Factors are becoming more essential for supermarkets. Consumers are looking out more for branded products and challenging the retailers to produce and sell products responsibly. The growing expectation for brands to act ethically and sustainably has been proved by research that is the key for many British consumers.

For instance, the ethical fact had a negative impact in the milk industry which has been fallen in price but gained consumers support by supporting British farmers.

Moriston organisation was paying more to British dairy farmers than ASDA and changed their packaging to point out this support.

It came to the point when brand transparency is more important than ever; as consumers want to know information about the company's product and their claim and trust in what they are selling.

The key point is that the business ethics focuses on the decisions and actions taken by the organisation's managers.

ASDA's plan is to make ethical product choices more affordable.

ASDA intend to "involve its customers in every aspect of the business, by enable them to help making decisions on the products sold and the way the product it's sold. Sometimes this year 2010, the company will open a "transparent "store in Wales and reward customer best idea that saves the business money. The aim is to build trust directly with customers, but "this is not something that is going to change people overnight ".

Sustainability

The concept of sustainability –is referring to the idea of integrating the economic, environmental and social sustainability and the area of CRM as for example sales, services and marketing. According to Ruhwinkel (2013) sustainability provides the fundamental values, which therefore leads to distinct competitors and considers economical, ecological and social targets to maintain long term relationship with profitable customers.

According to Brundtland : "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

The strategies incorporated in an organisation defers from each other which is reflected in their strategy implemented. For example ASDA's approach to sustainability is based on the belief that protecting the environment and saving people go hand in hand. ASDA is passionate about being sustainable because is beneficial for changing the world for better! Therefore ASDA's plan is to open this year in May in the heart of Leeds ,its first "test & learn" sustainability store, where customers can bring and fill up their own container with some of known brands as well as ASDA's own brand of products as rice, pasta and coffee ,but also loose products and free from plastic flowers. The benefit and advantage of this plan is that

ASDA will supply a range of recycling facilities including reverse vending machines for plastic bottles and cans, hanger recycling and deposit box for unwanted small plastic toys.

In February 2019 ASDA company pleaded guilty to “a red diesel spill of fuel into the Sixmilewater which is an important river for fish supply. In a statement ASDA said: “we work hard to help protect the local environments in which we operate and take our responsibilities very seriously; and “We are sorry for any inconvenience this has caused”.

The lack of sustainable work culture impacts the work performance and work ethics of employees. It is also very important for employees to understand sustainability because this factor leads to their development, and can be achieved through training and development activities. The Government and society also encourages businesses to comply with sustainability regulations in order to meet present needs without compromising “the ability of the future generations to meet their needs”.

ASDA is devoted to be the lower cost retailer in the UK with the mission to be The Most Trusted Retailer.” We are committed to reducing the environmental impact of our operations, the goods and services we sell, and the suppliers who make them.”

From sustainable point of view ,ASDA has reduced its direct carbon emissions by 20% more efficient than in the past years .The stores operate using 53% less energy and changed their bags by removing unnecessary plastic and increasing the recycled content to “Our bags for Life”.

On the other side there are disadvantages of environmental sustainability, which is due to the fact that there are organic materials and chemicals discharges by businesses which lead to human health.

As previously mentioned in the presentation slides, according to The Guardian, ASDA puts too much pressure on producers/farmers in terms of environmental standards to make long term investment in renewable energy on farms.

“The lure of lower food prices, particularly for shoppers on a budget, can seem attractive, but it hides the unpalatable truth that farmers will be under increased pressure to produce more but for less,” (Campaigners warn on environmental impact of Sainsbury's-Asda merger - Retail Gazette (blog) - British Utilities, 2020)

Looking at The Marketing mix of ASDA, Edmund McCarthy identified four key elements of the marketing mix which are; product, price, place and promotion.

Products

First off all ASDA provides a wide range of products, from fresh food, grocery, clothing, and home products to car insurance, mobile phone network, credit cards, business rewards and gift cards.

Price

ASDA adopts cheap and reasonable pricing strategy which attracts a large number of customers .The brand products are low priced which creates a large volume of sales and profit margins.

Place

ASDA is a giant retailer based in Leeds but also has several stores across the United Kingdom, which includes a parcel service "To You" for online orders.

Promotions

ASDA brand is promoted under "Save Money Live Better", "All Together Better", "Saving your money everyday".

ASDA's Media Partners have developed various advertising campaigns across individual channels and build the customer's journey around. There are selections of advertisements such as Magazines, leaflets/catalogues, Televisions, newspapers and sponsorship. This strategy was adopted for customers to analyse the products, prices and promotions available, but also offers such as "buy one get one free", and discounts on special occasions like Christmas and Easter strategy that boosted the sales.

ASDA's chief customer officer Andy Murray said: "A key to make all this work was to get ahead of the game in timelines". Murray also believes that the price is important but the quality is more than price; *"It depends on the product category and barriers we're trying to overcome."* (Hammett E, 2019).

Customers Relationship Management (CRM) and theories used that might assist in ASD's organisation improving its customer relationship

CRM is a business strategy that maximizes profitability, revenue and customer satisfaction by organising around customer segments, fostering behaviour that satisfies customers and implementing customer-centric process. "(p4).

Customer relationship management's impact in the commercial marketplace cannot be undervalued.

CRM strategy is the aim to win and retain profitable customers and focus on the customer process such as selling, customer service and marketing.

From the relation perspective, CRM focuses on maintaining and enhancing long-term relationship with customers.

CRM concentrates on the development of customer's business culture, for instance to win and keep customers by producing and delivering better value products than competitors. At this point, the impact of CRM in the supermarket industry is mixed at best. ASDA supermarket has been developing customer's relationship marketing strategies, focusing on consumer's loyalty programs that offer shoppers discounts.

Walmart, ASDA's parent company is a big believer in using data to improve customer relationship, but by not having a loyalty card programme gathering information is not an easy task. All data, CRM and customer experience is taken from analysing data points from across the business, in store and online which is used to help improve the shopping and experience journey. As stated by the senior director Liz Lamb: "if it's not accessible or understood by the business, it's useless, We need to collaborate to get all the experts around the table to truly understand the 360-degree view of the customer." (C Baldwin, 2017).

As mentioned above, all collected data is uncovering concepts that business is building into workforce engagement and customer-service plans. ASDA's Chief Customer Officer will use all information/data to continuously measure and monitor customer's behaviour, because "what customers are saying, is not necessarily what they do". Then all this information is compared with own and competitors customers reactions and plan what to do in the business that might affect competitive services.

The concept of quality like Total Quality Management and Six Sigma has been at the heart of many companies success. One of a critical discussion is "why are the customers willing to pay more or less for one product or services than another?"

For the case study ASDA fills its online orders from central warehouses compare to Tesco, whom success in online shopping it's based on from its store-picking approach. For instance Tesco's strategy is based on "customer service relationship" "to keep in touch with its customers, be aware of their needs and react quickly to their changing needs. (Taylor & Francis, 2020)

The 8 Dimensions of Quality focuses on what do consumers think about the company and its brand product.

According to an article from The Telegraph (2019) ASDA has been named the worst supermarket for online delivery as a large numbers of orders were "bizarre" "substituted items for example parsley was replaced with basil, red wine vinegar with bottle of wine.

Customer's feelings about the shopping experience left the supermarket with the lowest score of customer's satisfaction and likelihood to recommend; and also two –star rating on own brand and fresh products in store. At the same time, Waitrose receive five stars –ratings for quality of products and customers services.

"Customers satisfaction is more important than price when making a purchase" (The Benefits and Importance of Customer Satisfaction, 2018).

Based on Matrix Loyalty framework, ASDA's has a uniqueness and brand energy but the customer's connectivity is inconsistent ; even though ASDA treats them fairly there is room to make improvements. (THE LOYALTY MATRIX)

According to Ansoff Matrix, there are two key factors that influence the product market: "what is sold and who is sold to" "which have an impact on selling, extending exiting products and developing new ones.

The aim of all businesses is to provide products that meet customers' needs. This can be achieved by monitoring product quality. Without customers there is no business so it is vital to meet customers' expectations and satisfy their needs which are coupled with their feelings about consumption experienced.

In 1979 Michael E Porter developed Porter's Five Forces Model, a simple framework for analysing and evaluating competitor's strengths and position of a business organisation. (Porter's Five Forces of Competitive Position Analysis, 2013).

Porter's theory, is the way to analyse how strong ASDA is against its competitors, the bargaining power of suppliers and buyers. ASDA's biggest competitors as Tesco, Morrisons and Sainsbury aim are to become the market leader. They of course have different strategies from each other to different quality products, price and offers to attract and satisfy its customers, and maintain the loyalty towards the organisation. It is difficult to survive and compete such a tough competitors. One important aspect are customers using their buying power decision to choose between the stores that provide the best services and satisfaction .From this point of view, ASDA provides low priced products but good variety of quality products with good customers-service to satisfy its customers.

Some research in European Journal of Marketing suggest that some firms may actually seek out and thrive in more turbulent conditions(Gray et al,1999),when customers needs are changing ,the markets are growing rapidly and the competition is intense. These firms are likely to be more successful because they understand their customers better and are more aware of the choices offered by the competitors. (J.C.Narver and S.F.Slater,1990,pp.20-35)

ASDA's decision is to change their approach to meet their customers satisfaction. ASDA is to start to improve to connect the range of products to the needs of customers, and help customers save time by becoming simpler and increase their trust .Trust is a major area ASDA needs to improve, which consists in ways of communication that resemble customer journey. The realisation that having "discrete silo communication "via channels is not good enough ASDA build an internal customer and marketing organisation that is more silent to their customers needs.

The idea of making great adverts, digital content, press and point of sale is the fundamental change in ASDA's ecosystem and the way the organisation engage their customers. This also involves building a team of partners to share the ambition for growth and passion to comply with customers' needs. (Putting customers first in our communications, 2018).

Conclusion

As described above, ASDA's relationship marketing is based on the promise that important customers require continuous attention.

ASDA's managers need to understand the customer's requirements in order to gain a competitive advantage. Based on a survey conducted pointed out that ASDA understand their customer needs and believe that customers would rather have a couple of products less but have a delivery on time for example. ASDA has tried to copy TESCO's strategy as Tesco gets deliveries out within their time slot, a strategy that is not consistent and does not worked for ASDA as both retailer's customer's needs and requirements differ.

ASDA failed in giving customers the high quality experience they deserve; both in store and online as well. In today's life everybody has the opportunity to choose where to do food shopping and stay loyal to one supermarket is one of the past things. Therefore, ASDA needs to act and change their strategy if they are going to keep those customers to come back.

It is clear that ASDA understands the importance and value of high quality people. ASDA is very much future-focused and planning to implement new strategies as needs to understand the customer's requirements in order to gain a competitive advantage.

Helen Rimmer, food Campaigner for Friends of the Earth ,suggest that the attempt to change ASDA's business model "based on getting more for less" is going to have an impact on the environment.

"Asda has become Britain's first supermarket chain to tell suppliers it will not accept products unless they can guarantee their palm oil is from sustainably run plantations".

ASDA 's commitment to reduce plastic , and the new sustainable store opening soon allowing customers to fill their own containers will be the success of the supermarket in terms of waste and sustainability- being ranked 9 out of 10 for its plastic "footprint".

According to CIPS, ASDA was one of the worst unethical retailer in UK in the way they treated their suppliers including incorrect amounts of money from invoices without no notice and requesting lump sums to make up profit margin .(The Guardian,2017).

ASDA has listened to GCA (Grocery Supply Code of Practice) and improved the relationship with their suppliers as per an ASDA spokesman: "ensure that we're y doing our job in the best way". This included early payment to suppliers and eliminating some charges and audits.

ASDA still have some work to do regarding the trust of customers; and as mentioned by Consumer Focus's expert Lucy Yates, only time will tell if they will change the way they do things. But there is a big question; whether the consumers are interested in engaging

or not? People are saying “we are not going to take what we see and are told at face value. We want to dig beneath it “.

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