

Building a sustainable Marketing Relationship

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**A critical evaluation of the impact of sustainable customer relationship
has on an organisation and its customers.**

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Tesco Report

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Executive summary: Tesco has long been examining its organisational performance about sustainable relationship marketing methods and practices. To further satisfy customers and achieve environmental goals, the global retail giant Tesco is conducting a comprehensive self-analysis of its brand tactics. The research report covers several relevant topics, such as Tesco's history and evolution, using customer insights to cultivate lasting connections and thoughtful evaluations of marketing strategies along with suggested improvements. At the outset, an overview of Tesco's rise over the decades is provided, with a particular focus on becoming a heavyweight in the sector. Therefore, current financial statistics depict the company's profit or loss trends and competitive and contextualise Tesco's advertising transformations over time.

The contribution of data collection, analysis, and evaluation to the creation and continued operation of long-lasting marketing partnerships is critically examined in the second section. Tesco can better align its strategies to satisfy the demands of a varying client base and build loyalty using customer data. Tesco's relationship marketing efforts are further examined in the paper, with specific focus paid to differences, pricing, segmentation, and ethical behavior. These components are essential for attaining customer-centricity and enhancing customer satisfaction. Tesco's dedication to sustainability and how it fits with its long-term marketing goals are given extra consideration.

In addition to highlighting Tesco's strengths, such as its customer segmentation and sustainability initiatives, the research concludes with actionable insights and suggests areas for improvement. Tesco's marketing team will use these insights to help them refine strategies for long-term growth and customer satisfaction. This report highlights the importance of relationship marketing in building long-term organisational performance and provides Tesco with practical ways to maintain its competitive advantage in the retail sector.

1.0 Introduction.

- 2.0 To ascertain how sustainable relationship marketing strategies and practices change the company's performance, the Chief Marketing Officer of Marketing Focus, an online magazine published by Tesco, commissioned this analysis. As a result of this research, [Alia Nabhan] compiled it to provide useful insights into Tesco's marketing tactics. The analysis focuses on understanding how Tesco uses a variety of strategies to support its customer relationship (Pearce, M., 2021). Also, Tesco is an important player in the global retail industry, relationship marketing to maintain customer loyalty and advocate for sustainability. This study explores how Tesco's achievement has been influenced by ethical standards and customer-centric approaches, with some sections delving deeper into complex topics while others examine

specific details through a more simplistic lens. Key points of the report include Tesco's mission, market performance, and historical development; the critical role of data collection, analysis, and evaluation in developing long-term relationships; and the impact of Tesco's marketing strategies, which include retail, pricing, differentiation, and sustainability. Tesco's efforts to achieve sustainable relationship marketing are also highlighted in the report, as well as the challenges it faces. To help Tesco improve sustainable practices, build customer relationships, and maintain a competitive advantage in the retail market, this study attempts to provide useful recommendations.

2.0 Findings

2.0 -Tesco's historical development, market share, mission statement

2.1 Tesco history

An Overview 1. Historical Development: Jack Cohen established Tesco as a modest market stand in East London in 1919. In a humble beginning, Cohen launched the Tesco brand in 1924, opening its first physical store just five years later in 1929. Tesco, which originated by specialising in inexpensive staples, swiftly expanded throughout the 20th century, introducing supermarket models for customers to browse aisles at their leisure while reducing labor costs. Additionally, Tesco brought forth an ingenious loyalty program known as the Tesco Club-card in the 1990s that not only rewarded consumers but also revolutionised how businesses collected valuable customer data. As part of its global reach, Tesco briefly entered overseas markets in Asia and Europe yet recently withdrew from several international regions including China and the United States, to concentrate on its core operations in the UK (Smith,D.,2023)

2.2

- **Present Market Share:** According to recent estimates, Tesco supports its position as the largest supermarket chain in Britain, commanding approximately 27-28% of the grocery market. Competitors such as Sainsbury's, Asda, and Aldi have been unable to dethrone Tesco from atop the industry.
- **Growth or Decline:** Despite cutthroat competition, especially from low-cost German arrivals Aldi and Lidl, Tesco's share of the market has held relatively constant. Moderate increases in both top and bottom lines demonstrate the

company's adaptability, expanding into online and convenience formats to offset minor variances in market share. Tesco's ongoing pioneering in digital services and home deliveries implies a strategy focused on preserving a competitive edge(Gan, W and Yan,C.,2023)

2.3

- **The Mission Statement of Tesco:** "Serving our customers, communities, and planet a little better every day" Tesco aims to navigate industry challenges and changing consumer habits and economic climates while experiencing modest increases overall in a difficult retail environment. The company offers quality goods at affordable prices, thereby gaining loyalty through value, convenience, and exemplary customer care.
- **Marketing Relationship:** This is a strategic technique that provides enduring value and individualised experiences, fostering loyalty and trust. It uses data and technology to understand client demands, providing tailored solutions that gradually improve and expand relationships (Hendricks, B. 2021)
- **Importance of Relationship Marketing for Tesco:** Relationship marketing is crucial for Tesco because it cultivates lasting bonds with customers, leading to increased brand loyalty and satisfaction over time. Understanding consumer needs helps tailored promotions and loyalty programs that ensure customer retention, reduce new customer acquisition costs, and strengthen Tesco's competitive position by increasing revenues as a result.

3.0 Data Collection, Analysis and Evaluation

Tesco, a leading global retailer, has a sophisticated system for collecting, analysing, and evaluating data to drive its business operations and enhance customer satisfaction.

3.1 Data Collection:



Data collection: it is the process of gathering information and data from a variety of sources to understand patterns and trends, make informed decisions, strategic planning, research, and other purposes. In addition, It's a crucial part of data analysis(Baker, 2023)

- Collecting data helps understand customer needs and preferences.
- Providing a personalised experience, i.e., customising offers and services to suit customers and make them feel special.
- Improving customer satisfaction, when data is used to understand customer problems and work to find solutions as quickly as possible, which in turn leads to improving customer experience and gaining their satisfaction.
- Building trust and loyalty, as the company understands and meets their needs effectively(Yawson, D.E. and Yamoah, F.A., 2022)

Tesco collects data from a variety of sources, for example:

- Online and mobile platforms. Via the online app
 - In-store sensors and cameras that identify customer trends and preferences
 - Social media and surveys through which Tesco can understand customers more and work to meet their trends and strengthen the relationship as well
 - Club card loyalty program, which is one of the most important points in Tesco.
- Where Tesco gets the most accurate information, details, and habits that make Tesco closer and more understanding to the customer, but on the other hand, it annoys the consumer due to a feeling of lost privacy, a feeling of insecurity, and also the risk of security breaches. Excessive targeting of customers by taking advantage of data collection to provide excessive offers and advertisements, which in turn annoys the consumer.

3.2 Data Analysis:



Data Analysis:

It is a process that aims to organise and interpret raw data and then transform it into applicable and executable information by applying different techniques and methods, such as statistics, graphs, and machine learning, to analyse the collected data and understand patterns and trends(Chen, J.J., 2022).

Data analysis is crucial for understanding customer behavior and preferences, enabling companies to improve their experiences, predict problems, enhance customer satisfaction, and increase loyalty. Tesco uses data analytics through its Clubcard loyalty program to tailor offers and products, improving customer experience and loyalty. However, over-personalisation can be annoying. such as over-personalisation, which makes consumers feel intrusive. Unwanted marketing, such as sending ads and recommendations repeatedly, can be annoying. Despite these challenges, data analytics is crucial to understanding customer needs and preferences and increasing customer satisfaction and loyalty(Peck, R., Short, T. and Olsen, C.,2020)

3.3 Data evaluation of Tesco:**Data evaluation :**

It is the process of checking and reviewing the validity of data and its sources to ensure that it is suitable for use, making right decisions, and achieving the company's goals.

The importance of data evaluation: improving the customer experience by understanding what customers want, enhancing customer loyalty, and increasing operational efficiency by identifying the most in-demand products and improving inventory management(Miller, A.2023)

Tesco relies heavily on its loyalty program, Clubcard, to assess data alongside other methods such as using real-time dashboards to improve marketing strategies and provide tailored offers. For example, data has shown that customers regularly buy gluten-free baked goods and, therefore, receive exclusive offers. While this helps improve Tesco's customer service, it can also lead to customers feeling annoyed

and over-surveilled. Tesco must, therefore, balance its use of data with respect for customer privacy.

4.0 Segmentation, pricing Strategies and differentiation



Tesco's marketing relationship with its customers is based primarily on market segmentation strategies, which in turn contribute to customising offers and improving customer engagement(Maharjan,S., 2020)

4.1 Segmentation strategies:

It is the process of dividing the consumer market into smaller groups with similar characteristics or needs based on several factors such as demographics, geography, and behaviours. To develop marketing strategies and make them more effective and customise products and offers to suit the needs of each group (Bagnall, M.2023)

The importance of segmentation for Tesco:

Segmentation strategy is crucial for Tesco to build and sustain marketing relationships by understanding customer needs, customising offers, and enhancing loyalty through loyalty programs, points, and rewards, thereby fostering continuous customer relationships.

●Demographic segmentation:

It targets customers according to their age, income, and social status to tailor offers to them. Demographic segmentation is effective in improving marketing and services, but privacy sometimes raises consumer concerns. For example, in areas with a high proportion of large families, Tesco offers a discount on family pack products, while this discount does not apply in areas with a high density of singles and retirees. This, in turn, causes consumer dissatisfaction and a feeling of being undervalued.

- **Behavioural segmentation:** Tesco's behavioural segmentation, which personalises offers based on purchase data, enhances customer experience and loyalty, but raises concerns about data privacy and trust if not transparently managed.(Taqatqa, A., 2021). (Taqatqa, A., 2021).

4.2

- **Pricing strategies:** These are the methods and techniques that companies apply to determine the prices of their products or services, to achieve competitive and material goals such as increasing the company's revenues and building a strong brand. It has an influential role in building the marketing relationship and working to sustain it through customer satisfaction resulting from fair pricing and building loyalty by applying seasonal discounts. This contributes to strengthening long-term relationships in addition to distinguishing the brand according to its quality and offering competitive prices and thoughtful discounts that attract new customers and maintain the loyalty of existing ones.

Tesco utilizes premium pricing and product line pricing strategies in relationship marketing, targeting luxury-seeking customers with everyday value. This pricing strategy enhances brand positioning but may alienate price-sensitive customers. However, maintaining clear differentiation between lines can confuse customers about value.

Hossain, M.I., Akter, N. and Muzareba, A.M., 2024)

4.3 Differentiation strategies



Differentiation strategies: it is one of Porter's general strategies, which focuses on offering unique products and services to attract customers. For example, Tesco's Finest product range offers high-quality products with excellent design and materials, which sets Tesco apart from competitors and targets customers who seek quality, increasing their loyalty to the brand. Furthermore, Tesco offers a Clubcard program, which allows points to be collected and redeemed for exclusive offers, making customers feel personally valued. Differentiation helps attract customer loyalty and justifies higher prices, but it requires ongoing efforts to improve quality and

experience. Over-reliance on customer loyalty through the Clubcard program may also put Tesco at risk of losing some customers if competitors offer similar programs or more attractive offers. Continuous adaptation is required to maintain its competitive edge.

5.0 Ethics and sustainability

Ethical and sustainability policies and practices:

Ethical, sustainable business practices are crucial to developing trust with key stakeholders over the long run. Prioritizing customer satisfaction and trust builds strong relationships that bolster a company's reputation for years to come.

Tesco is committed to ethical and sustainable business practices, aiming to become carbon neutral by 2050. The company sources staple products like coffee and cocoa sustainably, supporting farmers in developing regions. Tesco also partners with food banks and charitable organisations to address food waste. However, challenges include high costs of implementing carbon reduction policies, challenges in achieving transparency, and criticism that Tesco's food donations may be more for marketing than addressing social issues. (Bilińska-Reformat, K., Kucharska, B., Twardzik, M. and Dolega, L., 2019).

- **Customer Centrality;**

Customer Centrality means focusing on meeting the needs, preferences, and expectations of customers in all aspects of the business. Tesco seeks to achieve this through its various strategies; ensuring that products are available at reasonable prices (pricing), offering a wide range to suit different tastes (retailing), and providing high-quality services with a focus on sustainability and ethics, which enhances customer satisfaction and trust in the company(Fader, P., 2020)(Osakwe, C.N., 2020).

6.0 Conclusion:

The report shows that Tesco relies on effective, comprehensive, and customer-oriented marketing strategies to foster sustainable marketing relationships. We found that the most major areas of performance are

- Use of data and analytics: Leverages Club card loyalty programs to analyse data, personalise offers, and improve marketing.
- Use of segmentation, by segmenting the market and better customising offers and products.
- pricing strategy, attract customers with reasonable prices to encourage repeat purchases and increase sales.

- Differentiation strategies, through it, greater control over quality and customer loyalty.
- Focus on ethics and sustainability through Tesco's environmental and social initiatives and enhance its reputation as a responsible company.

However, improvements are required by Tesco's role in supporting a more sustainable marketing relationship.

Below, we will review some rich suggestions that will make a difference if taken into consideration.

●**Tesco store redesign:** Develop sustainable sections, such as a dedicated section for selling packaging-free products to buy grains and legumes. This will show Tesco's leadership in innovation.

●**Celebrity Awareness Campaigns:** Tesco partners with famous public figures to market sustainable products in an attractive way to customers.

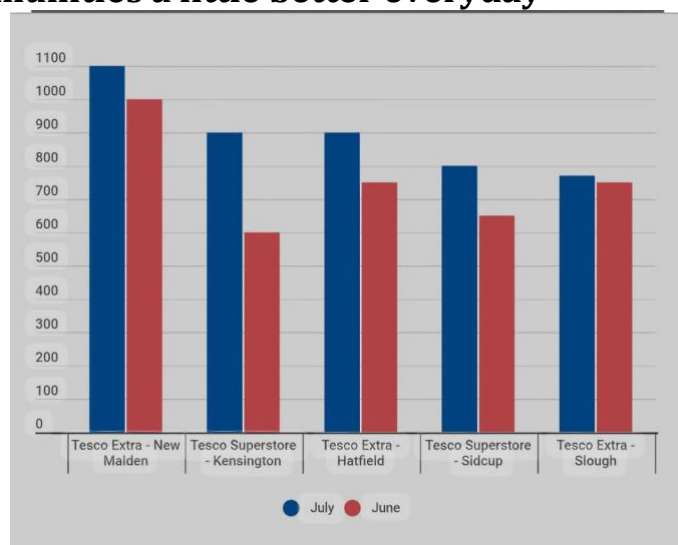
●**Offering dynamic competitive pricing:** It offers daily or weekly specials on essential products such as vegetables, meat, and dairy products, with advertisements that attract customers looking for value.

●**Recycling Rewards System:** Where machines are placed in the merchant that allow customers to return plastic and metal containers in exchange for reward points in loyalty programs.

●**In-store experience:** Attractive events are organised inside the store, such as the opportunity to taste new products, which makes shopping an enjoyable experience. These ideas make Tesco more attractive in terms of value, convenience, and personal experience. They also highlight Tesco's commitment to innovation and sustainability, which sets it apart in a competitive market.

7.0 Appendices:

Serving communities a little better everyday



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