

Digital Innovation and Transformation

Innovation and customer journey

2312240

Dhaamin Ahmed

LCLM6002

Lecturer- Dian Myarsari

Contents

Executive summary

Part 1 Asda analysis and assessment

Introduction

Key consumer and industry trends

Asda's approach to innovation

Innovation ambition matrix

Customer journey mapping (current)

Asda customer journey mapping

Part 2 proposed digital Transformation Initiative

Identifying the core problems

Core features of Asda Help

Integration of the Asa business model

Updated customer journey

Defining KPI to measure success

Strategic alignment and competitive advantage

Conclusion

Reference list

Executive summary

This report critically analyses Asda and how they manage and operate in their field. In addition, the main two components are how they use ambition matrix and customer journey mapping. These two frameworks give an idea of how the company moves and where their strengths and weaknesses come from and how it can be developed and managed into something bigger for the future. Including in this report new digital technology can help perform the brands challenge that they are currently facing as well as improve their customer service along the way.

Introduction

Asda analysis and assessment

Asda is a major British retailer and the third largest supermarket chain in the UK by market share. The company was founded in 1949, and its main headquarters was in Leeds, Yorkshire covering for two decades when a giant company called Walmart which is an American retail company bought Asda and changed its strategy to focus heavily on everyday low prices and efficiency.

The retail company Asda has operated a variety of different stores ranging from large superstores to small stores and petrol stations. Not to mention Asda's large online presence with its own website. Asda's main core principle that they abide by is value for money. As they produce a variety of products they sell, from groceries to a clothing brand called George, they offer a variety of products at a worthy price. Following its sale towards the Issa brother, Asda is now focusing on its accelerating growth and producing more products that can offer value for money. In addition, keeping up with its crucial position of being the leader of a low-cost leader in the highly competitive UK market.

Core strategy

Asda core strategy is to use their core saying value for money as a reminder to customers about the value they offer and the products and services for a price, using Walmart as their association accompanied with powerful driven EDLP strategy.

Operational strategy

To keep the EDLP strategy flowing, Asda must maintain world class logistics and supply chain. This is consistent with maximizing product flow, minimizing waste, and pressuring the suppliers to reduce and save costs.

Brand portfolio and diversification

Asda has been very successful in their other ventures such as their clothing brand called George, which has been a diverse success in the UK non-food retail sector. George has been a strong foot for Asda, especially in the diversified revenue part.

Own labels

Asda has its own labels which they invest in called smart price, which is a savers product and an extra special which is more of a premium option. Having invested in their own supply, this makes it easier for the company to control costs, improve the margins, and also cater for everyone in their audience as there is a range of products for everyone.

Competitors and market pressure

Asda competes with directly the big four, which are Tesco, Sainsburys and Morrisons. Which the big four, including Asda, are always fighting for market share.

Severe market pressure arises as Lidl and Aldi are using Asda's value for money approaches. Where Asda is always forced to change their prices to compete and this can cause problems with their profit margins.

Key consumer and industry trends

E-commerce- growth continues to rise as many people shop online for their groceries, and as the world is developing with technology, it makes sense. It has been reported that in the financial year ending in December 2023, Asda has reported a record online grocery sale of 3,2 billion having delivered 39 million orders. Asda does utilize other platforms that help with online orders such as UberEATS to use their services and their delivery couriers to deliver their products to the customers.

Price sensitivity- due to the world getting expensive and inflation it has made customers in general more cost worried and how much they should be spending when doing their grocery shopping and tend to purchase cheaper options. Asda has used this situation to benefit the consumer by purchasing smart price products, for example smart price tuna. This little swap can help the consumer save more on many smart price items. Making the consumer come back to the company.

Health and wellness- many people are becoming health conscious and are also wanting their foods to be more organic and natural with less sugar and artificial flavors.

Sustainability- climate change and environmental concerns cause a big factor in customers purchasing products with a rise of pressure towards Asda, getting their products fairly and making sure the products are sustainable.

Asda's approach to innovation

Asda has consistently used innovation throughout time to make sure they are ahead and to make sure that things are put in place to ensure customers' service is high.

Asda has used many innovations around their stores and their personal brands, such as investing in their products. Being smart price and Asda special.

Asda has also used George as another clothing sector to a different audience in the same store to make it easier to access.

Customer engagement using the Asda rewards loyalty app with discounts and points on your next shopping with features such as cash pot.

Asda uses the technology that is available with the internet being the face of the world; it is important. Asda uses their website and advertisement to show off the prices of products.

Innovation Ambition matrix for Asda

The innovation ambition matrix is a framework developed by nagji and tuff. It helps organizations balance their portfolio into three different segments.

The three categories are core, adjacent, and transformational.

Asda's core innovation activities are Centre around strengthening its everyday low prices. For its royal customers and customers who shop regularly, Asda has created a rewards app where you can earn money from shopping for products, this I am core innovation as it improves the existing value proposition low prices for returning customers. This drives loyalty and increases basket size by rewarding customers digitally with their basket size

however without needing to change the model too much. It is mentioned in the ambition matrix that 70 percent should be used for core innovation.

Adjacent innovation for Asda focuses on using its customer base and expanding from just a food product to another segment having the advantage of the customers transferring them over to a different business however still in line with Asda. Asda has already implemented this strategy as Asda has made a separate brand different from the grocery products, but a clothing line called George. Not only is George a clothing brand but also George home caters towards products for home. This type of innovation solidifies position and creates more opportunity. It allows more diversification of the business, but it still is aligned with Asda's principle. It also allows more different types of revenue generation.

Transformational innovation for Asda represents a high risk of high rewards. This is aimed at creating new capabilities and new business models for the company.

This is adding a new take on the whole business by introducing AI into the mix for the chance to look into the future and have an option there.

Customers journey mapping

Customer journey mapping is the process where customers go through when finding a product or service or organization. The meaning of customer journey mapping is often to understand what the customer is going through and how to navigate through their struggles and the moments of happiness that the company is giving them. (Lemon and Verhoef 2016)

Asda's customer journey mapping table

stage	Action(customer)	touchpoints	Thoughts and feelings	Pain points/opportunities
Awareness and need	Realizes its need for groceries and decides to shop at Asda	Asda advertisements, loyalty app	Time for weekly shop i can get rewards of the app	Use the reward app to get more coupons.
Consideration planning	Creates a shopping list for budget	Asda website checking for comparison	Which is quicker, online delivery or in store.	Uncertain about stock and the pricing
Pre purchase digital path	Places order for delivery or click and collect	Asda.com website use mobile or any other device	Delivery slot available in questioning	Cluttered website in history layout format wrong
Purchase and transaction	Customer pays the shopping intended	Self-checkouts, tills available, home delivery and click and collect	Good deal for shopping secure checkout however I wish it was quicker checkout with less crowd	Long queues slow checkouts opportunity to invest more in the customer service checkout department.

Touchpoints

In Asda it is important to go over the touchpoints and what the customer can physically use and see to benefit them. For example, the customer can go into the self-checkout with few items and it being very busy or the lack of staff making it hard for them to help the customers. Having more staff and more available checkout means the customers would be more pleased with the experience of self-checkout as it is quicker and easier for the customers' experience.

Another experience customers face when shopping is that the rewards app sometimes becomes slow or faulty due to the app being a problem causing customers to feel frustrated when using their loyalty app.

Customer gains

Customers are pleased with Asda's prices and the fact that it is notably cheaper than other competitors such as Morrisons. In addition, it complies with all types of customers as they have their own product line smart price. This makes customers feel at home and feel welcomed when shopping.

Customers pain points

Customers are very important, and their experiences should matter in business. Many customers feel annoyed and frustrated when they see long queues and see less staff. Having less staff correlates to customers seeing the management of the whole store not being good as the environment is messy and unclean and the low visibility of stock means customers can't get what they want at that specific time.

Digital opportunities

Using the power of technology and AI Asda can implement a 24-hour-a-day service where they can set up a chat line to help customers with frequently asked questions but with a more in-depth answer using AI. Also, Asda can monitor certain products that customers want and make sure they are available looking at patterns and what people purchase.

Another way using technology can benefit the company is they can implement a system where if anything goes wrong with the loyalty app it is fixed straight away as it becomes less of a problem to deal with in the future.

Pain points and opportunities for Asda

Customer journey mapping identifies many areas of ideas in which Asda can counter the pain points for example the use of AI when dealing with online issues and to make sure having extra reliable staff can help ease tension and make it more comfortable for customers if they need a hand.

Part 2 proposed digital transformation initiative

Identifying the core problems

The core problem when it comes to Asda and its customer service is its lack of reliability and consistency going back to the customer journey it shows Asda faces a lot of challenges when it comes to customers waiting for their products and their online orders to be completed checkout. This causes asda to have a bad reputation and make the customers feel frustrated losing customers due to poor customer service needs to change.

The reasons for the problems are due to many factors, for example a lack of self-checkouts and also a lack of staff which can manage and help with customers' problems. Customers are feeling deserted when shopping not only in the checkout aisle but also have low visibility of stock which causes customers to shop at other stores for it. Late or cancelled delivery times can put customers into having a bad day due to not having the right products that the customers are asking for. In addition, receiving poor quality items close to their past expiry date will force customers to force them to throw their hard-earned money in the bin. All of these problems that occur stem from operational and systematic issues. In the customer journey map, it highlights a few key points the customer must deal with and go through.

This document provides innovation and tactics with the help of technology and AI. It is called “Asda help” this unique new proposal allows the customer and the employers at Asda communicate with the help of artificial intelligence, technology and mobile satellite this can all come together to create an experience where all the challenges and problems Asda was facing can be solved. Also using real data from Asda's history and customers' wants and needs can help the customers have an amazing customer experience. This special idea will help customers and integrate with the business model itself.

Core features of Asda Help

1. Using the previous data from the loyalty app, Asda will use that information and give you recommendations based on your history checkouts and what you have purchased. This will be targeted to each individual customer so it will be tailored for each client with the help of the history of your products and also the special AI feature on the Asda help app.
2. With the problem of before, it is hard knowing the low visibility of products Asda help has you covered where it shows a trace on every product it has and the availability of it. This ensures customers aren't wasting their time as each product will be directly announced whether it is available and in which closest location it is for you. Real time updates and notifications will be handed out, and a live recording will be updated.

3. Customers can order and pay using the Asda help app as it offers its customers the chance to order and pay with a digitized receipt following its customers' email address. This makes it easier for the customers to have the option of using the app to order instead of another application, saving the customers time.
4. Asda help has a system in place where if a product is currently unavailable, Asda can update when it is coming back to the shelves, not only that Asda help will personally allocate a similar product that can help you and save you time.
5. This links in with number 4 as the app can help the staff understand which aisle needs restocking as their will be robots monitoring each aisle on which products are low giving out a notification towards the staff. Meaning quicker response time and quicker it is back on the shelves, the quicker customers can purchase the products.
6. Customers have a help section where automatically AI bot can scan and see the profile of the user and whether there is a problem with the order, quickly notifying the problem and giving a solution for the customer. Live 24 hours a day chat will be available for all indented purposes, giving reasonable answers and solutions to your problem.

Asda's help integration with the business model

The innovation will be linked towards everything Asda does and will benefit its systems that have been in place as the app is not only for customers but also for staff, making it easier to send notifications for delivery information and stock information. The operating system of the

Asda helps is helping the weakness of Asda's business model and strengthening it.

The reward system will still be in place just for the newer and better applications as well as a bunch of information and also giveaways that can be entered by giving away expensive gifts and family holidays. This can be an extra treat for the customers and allows them to see what they are looking for as Asda wants to make them feel at home and want the customers to feel special and to know how important their customers are to them.

Self-checkouts will be easy as customers can book what time to go into the store to come and collect their products. So, it will be quick and easy to grab your products as you can pay on the app. In addition customers will be glad to know that Asda has announced 100,000 new employees all over the UK who will be ready to support and be proud to serve the customers and help them with their needs. This will make the customer's experience a whole lot better and will make the management system and operational system improvement a whole lot better. Having an organized team that understands and knows their role and position is great for every store. It makes the process of customer journey map smoother with less errors and better compliments from the customers' end.

Having recording visibility of the stock ensures the staff can be notified and quickly restock the products it will also help the staff using the Asda help app as it will show real life data which products run out fast meaning delivery can up the numbers on certain products for example milk, bread and egg. This makes it easier and the stores run more smoothly whilst correlating with helping the customers.

Updated customer journey

Before table

stage	Action(customer)	touchpoints	Thoughts and feelings	Pain points/opportunities
Awareness and need	Realizes its need for groceries and decides to shop at Asda	Asda advertisements, loyalty app	Time for weekly shop i can get rewards of the app	Use the reward app to get more coupons.

Consideration planning	Creates a shopping list for budget	Asda website checking for comparison	Which is quicker, online delivery or in store.	Uncertain about stock and the pricing
Pre purchase digital path	Places order for delivery or click and collect	Asda.com website use mobile or any other device	Delivery slot available in questioning	Cluttered website in history layout format wrong
Purchase and transaction	Customer pays the shopping intended	Self-checkouts, tills available, home delivery and click and collect	Good deal for shopping secure checkout however I wish it was quicker checkout with less crowd	Long queues slow checkouts opportunity to invest more in the customer service checkout department.

This table shows the good but also the bad errors the customers face as they are facing the challenges of ordering and receiving goods from the store and even online delivery.

Table after the new Asda help innovation

Stage	Enhanced touchpoints	Customer	gains
-------	----------------------	----------	-------

		sentiments	
Consideration	Livestock recorded, robots searching through aisles	Ready, alerted happy satisfied confident	Easy planning no worries to be made
Purchase	Pay online option through the app receipt digital	Relived happy confidence.	No more frustrations at long and slow checkouts
Delivery	Updates live tracker on the app using gps.	Control of the situation , scheduled on time	Real time data when it's coming the drop off.
Post purchase	Royalty cash back and mega prize competitions	Feels at home valued cared for	Rewards for the customers, individual, and family rewards.

Defining kpi measure of success

This is a measure to show the impressive success the Asda help has on the Asda business with statistics showing.

On-shelf availability has risen to 15 percent in just 2 months of using the Asda help app as it helps the staff figure out which products go quicker and with the help of the AI robot assistance.

Reduce average task time by 15-20 percent; this shows the power of the Asda help and that labour is down, which means the shop is running smoothly and is operating at a faster pace since labour is not as needed as before.

Delivery operational timing has reduced from being late plus 3-7 minutes it has come down to being on time or early –2 minutes. This shows the importance of tracking and preparation. The survey of customers who have been home delivered was satisfied by 60 percent.

Product wastage has decreased by 12 percent as of understanding the products.

These statistics show the change of circumstance for the company and how it has been turned around from focusing on the importance of customer service using ai and technology.

Strategic Alignment and competitive advantage

Asda helps cooperate with digital transformation goals as it uses the special skills of technology and AI to plan together to focus on the customers' experience when shopping with Asda using their personalized experience and data collected it was important to make a change in the circumstances. By responding to the customers in a positive way and creating an opportunity to redeem itself from the challenges that are being faced, Asda has finally positioned itself into a digital company using its opportunities around it. Using Asda help it has allowed itself to create more opportunities with other tech companies like amazon and tesla to show it's not afraid to adventure out more with its high portfolio.

Asda can be a long-thinking company with the use of the new world usage of AI and can keep fostering new ways to make an impact on the world.

Conclusion

In conclusion Asda used the current strategy of customer journey map and innovation of the ambition matrix shows us that Asda had some nice strategy in place to try and keep their customers happy for example the use of the reward system app when purchasing from them and also the prices of the products and using their slogan value for money to lure the customers into buying from them it shows us there was good parts about the business. However it also shows errors they were making as well like the products of item not being available and customers not knowing and also the delivery driver being late and customers not knowing what time they would arrive this can mess up their schedule in addition products and items being replaced and being damaged can cause a bad reputation for the company at hand. This is where the innovation took place to remove the challenges and weakness of the company using AI tools and the technology it helped create a better

environment for the customers the staff and the whole organization creating fewer problems and more opportunities arising from it.

Asda can measure their success and see how much of an improvement through the KPI system where it shows the statistics of how much of an increase everything is.

Reference list

Herbig, P.A. and McCarty, C., 1993. The innovation matrix. *Journal of Global Marketing*, 6(4), pp.69-90.

Nagji, B. and Tuff, G., 2012. Managing your innovation portfolio. *Harvard Business Review*, 90(5), pp.66-74.

Nagji, B. and Tuff, G., 2012. A simple tool you need to manage innovation. *Harvard Business Review*, 5, pp.2-12.

Seyfang, G., 2008. Avoiding Asda? Exploring consumer motivations in local organic food networks. *Local Environment*, 13(3), pp.187-201.

Xie, Y. and Allen, C., 2013. Information technologies in retail supply chains: a comparison of Tesco and Asda. *International Journal of Business Performance and Supply Chain Modelling*, 5(1), pp.46-62.

Alhathal, F.I., 2024. *Enhancing the grocery shopping experience of customers aged 65 and above in the UK by using emerging technologies* (Doctoral dissertation, University of Southampton).

Micheaux, A. and Bosio, B., 2019. Customer journey mapping as a new way to teach data-driven marketing as a service. *Journal of Marketing Education*, 41(2), pp.127-140.

Rosenbaum, M.S., Otolara, M.L. and Ramírez, G.C., 2017. How to create a realistic customer journey map. *Business horizons*, 60(1), pp.143-150.

Xie, Y. and Allen, C., 2013. Information technologies in retail supply chains: a comparison of Tesco and Asda. *International Journal of Business Performance and Supply Chain Modelling*, 5(1), pp.46-62.

Binkley, J.K. and Connor, J.M., 1998. Grocery market pricing and the new competitive environment. *Journal of Retailing*, 74(2), pp.273-294.

Goldman, A. and Hino, H., 2005. Supermarkets vs. traditional retail stores: diagnosing the barriers to supermarkets' market share growth in an ethnic minority community. *Journal of Retailing and Consumer Services*, 12(4), pp.273-284.

Gielens, K. and Dekimpe, M.G., 2009. Global trends in grocery retailing. In *The Sage Handbook of International Marketing* (pp. 413-428). SAGE Publications Ltd.

Parasuraman, A., 1998. Customer service in business-to-business markets: an agenda for research. *Journal of business & industrial marketing*, 13(4-5), pp.309-321.

Juanamasta, I.G., Wati, N.M.N., Hendrawati, E., Wahyuni, W., Pramudianti, M., Wisnujati, N.S., Setiawati, A.P., Susetyorini, S., Elan, U., Rusdiyanto, R. and Astanto, D., 2019. The role of customer service through customer relationship management (Crm) to increase customer loyalty and good image. *International Journal of Scientific and Technology Research*, 8(10), pp.2004-2007.

Christopher, M., 1983. Creating effective policies for customer service. *International Journal of Physical Distribution & Materials Management*, 13(2), pp.3-24.

Seyfang, G., 2008. Avoiding Asda? Exploring consumer motivations in local organic food networks. *Local Environment*, 13(3), pp.187-201.

Akerkar, R., 2019. *Artificial intelligence for business*. Springer.

Loureiro, S.M.C., Guerreiro, J. and Tussyadiah, I., 2021. Artificial intelligence in business: State of the art and future research agenda. *Journal of business research*, 129, pp.911-926.

Chan, A.P. and Chan, A.P., 2004. Key performance indicators for measuring construction success. *Benchmarking: an international journal*, 11(2), pp.203-221.

Camilleri, E., 2024. *Key Performance Indicators: The Complete Guide to KPIs for Business Success*. Routledge.