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Introduction

Tesco PLC is one of the most well-known British multinational retailers and a supermarket chain in the United Kingdom. It was formed back in 1919 and now exists with more than 3,400 stores right throughout the UK, selling everything from groceries to general merchandise to mobiles and even financial services. The brand is associated with value, trust and customer convenience and the innovations of the Tesco Clubcard loyalty programme and the Tesco Bank. Strong supply chain and broad presence allow Tesco to cater to many millions of customers efficiently, further strengthening the market leader amongst others (Marshall and Johnston, 2019).

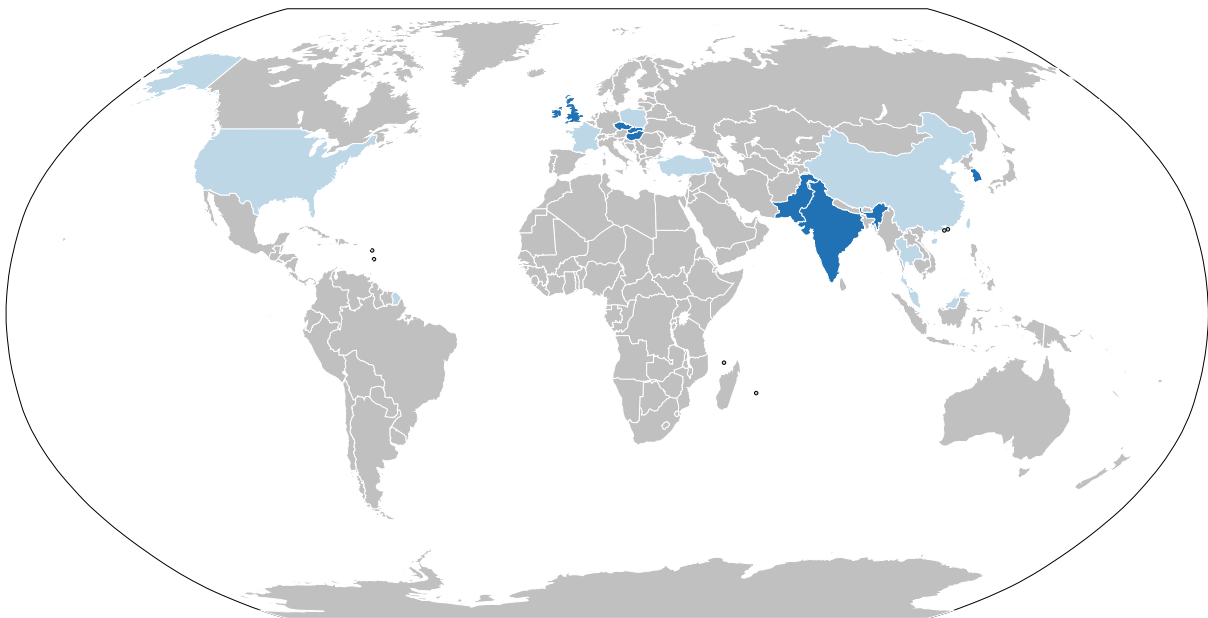


Figure 1: Countries served by Tesco stores: Currently operating is detected by blue, previously operated countries are detected by sky blue (Wikipedia, 2020).

This report aims to propose a new brand extension of Tesco Local Farm Boxes (Hyperlocal Edition). Customers can order seasonal produce boxes featuring items from locally grown farms within 50 miles of each store that participates in this service. It also helps satisfy Tesco's wider sustainability, carbon footprint, customer engagement and local communities commitments (Deepak and Jeyakumar, 2019). This report will investigate how this hyperlocal offering can serve as added value to Tesco and also enhance its competitive performance in the highly competitive retail field, through the use of key marketing management concepts such as segmentation,

targeting, and positioning (STP), customer persona development, and the 7Ps marketing mix.

Brand Extension- Tesco Local Farm Boxes (Hyperlocal Edition)

Product Description

A subscription-based service responsible for delivering fresh, seasonal produce directly to customers, Tesco Local Farm Boxes (Hyperlocal Edition) is a new Tesco service. All of the boxes are pulled from farms around 50 miles from Tesco stores. The service offers options of fruit only, mixed vegetables, organic, and kid-friendly boxes to customise for varied dietary needs and preferences (Berndt, Altobelli and Sander, 2023). Customers can choose weekly or fortnightly delivery frequencies, and there is full control and flexibility via the Tesco mobile app or website.



Figure 2: Local Farm box model (Constantinou, 2024).

Strategic Brand Alignment

This initiative supports Tesco's brand positioning in terms of being value-driven, innovative and also a community-oriented retailer. This ties in with Tesco's wider commitment to sustainability through being transparent and works to reinforce that trust with the farmers engaged and traceable (Febriansyah, 2019). The Local Farm Boxes extension plays on the strengths of Tesco's existing lines - Tesco Finest, for

example, and its organic lines - to enhance the relationships between Tesco and its local suppliers and those who have an eye on the environment.

The utilisation of brand packaging containing a QR code & origin story as a reason for being the authenticity tool has the emotional storytelling factor that creates an emotional connection and more brand loyalty (Do and Vu, 2020).

Addressing a Market Gap

The recent market research has also shown that the demand for fresh and locally sourced produce has been increasing in the last few years. UK shopkeepers are just over 70 per cent willing to pay more for locally grown food because it helps support their local community, is healthy and sustainable in that order. But this sort of independent farm box scheme has a reputation for being difficult to scale, price per product, and to establish reliable distribution.

Tesco is perfectly placed to bridge this gap. The company can provide consistent quality, flexible options and greater convenience than farm shops or farmers' markets by using its national infrastructure, Clubcard analytics and established supplier networks (Fatricia, 2017). The fact that Tesco is a scale and a trusted brand also gives it a competitive edge over the other smaller providers.

Strategic Opportunity

Tesco Local Farm Boxes are a strategic innovation that harnesses these changing consumer values to deliver real performance measures for local communities and the environment. This extension could become a flagship offering for Tesco Market, which supports the shop's leadership in ethical retailing as long as they have the right marketing support (Kaushik, 2018).

Market Segmentation, Targeting, and Positioning (STP)

Segmentation

Due to the diversity of Tesco's customer base, market segmentation is an important first step that Tesco must undertake before launching the Local Farm Boxes. Segmentation allows for the determination of which groups would most likely be positive to the product because they share some of the same characteristics. Four key variables were used for the segmentation of this brand extension.

Demographic:	It also features young professionals, families with children and retirees as its main demographic — adults aged 25 to 60. Middle to upper income earners with household incomes of £30,000 or above are in general, these users. A lot of them have discretionary income for spending on premier food choices and memberships (Hasan and Islam, 2020).
Geographic:	As a result, this product is more suitable for Tesco Extra in suburban and rural areas at locations which are more near to farm. For this reason these regions are very activated in community focused and environmentally friendly initiatives and are also good launch zones for hyper local farm boxes (Siripipatthanakul and Chana, 2021).
Psychographic:	The target psychographic profile includes consumers with awareness of the environment, health concerns and community involvement. Such preference is made purchases such as products that align with personal values, sustainability, traceability, and ethical sourcing. Healthy living and also plant based diet are also supports of many (Jain, Jain, and Jain, 2022).
Behavioural:	The customers who subscribe are identified as frequent club card users, shop regularly for fresh produce and know what a subscription to a service is. In particular, they think that convenience is important, but also are OK with paying a bit more for ethically sourced, top-of-the-line, sustainable food. They have a log of their preference for organic, local or seasonal items.

Table 1: Segmentation variables (Self-Made).

Targeting

Primary Target Segment	Secondary Target Segment
This is the core target market of eco-conscious families and couples living in suburban areas (Kinicki and Williams,	A secondary segment consists of health-oriented young professionals and retirees interested in locally sourced

2020). This is a highly engaged group with sustainable living, making regular weekly trips to Tesco and open to digital engagement through the use of apps and loyalty programmes.	produce. If these consumers are active online, they value convenience and are susceptible to curated premium quality offerings, then it is very likely that they will be a part of this group (Hemavathi and Shinisha, 2022).
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Table 2: Two Key Targeting Segments (Self-Made).

Targeting Strategy

Tesco will have a differentiated targeting strategy for each key segment, whereby the messaging and offerings will be tailored to them. In addition, Tesco is also able to track purchasing behaviour and promote and launch a personalisation marketing campaign based on the data received from the Clubcard analytics (Croes, 2021). Further, the stores we engage in would use community marketing tactics since there are strong local supply sources in statistics.

Positioning

Positioning Statement:

“Tesco Local Farm Boxes provide fresh, local produce from nearby farms at the convenience of Tesco, to support the local communities for the eco-conscious shoppers.”

Tesco is marketed as the mediator between local food and everyday convenience in this statement.

Competitive Advantage

The Product of Tesco Local Farm Boxes has different competitive advantages by coupling the authenticity of local sourcing with Tesco’s scale. Clubcard points can be integrated, and the delivery is flexible or pick up, making this an extra value to customers (Croes and Vermeulen, 2016). This product is unique as it is positioned in the market as a smaller farm box scheme which lacks consistency, infrastructure and engagement on a digital level that Tesco can provide. It’s also a customer base that is more likely to continue with the services via subscriptions.

Customer Persona

Demographic Profile

- **Persona Name:** Daniel and Priya Thompson – The Mindful Millennials
- **Age:** Daniel (34), Priya (32)
- **Gender:** Male and Female (Couple)
- **Income:** Combined £70,000 per year
- **Occupations:** Digital Marketing Manager & Primary School Teacher
- **Location:** Oxfordshire suburb
- **Household:** Semi-detached home, garden, car, hybrid and a married couple with a toddler

Psychographic Profile

Values:	Daniel and Priya believe in sustainability, health living and helping out their local community. Ethically sourced, organic and locally grown food are the things they prefer to eat and will avoid packaged food with a massive packaging or with excessive food miles.
Attitudes:	They are open to innovation that promotes eco friendly life. They prefer brands that are transparent and take social responsibility and in this regard, Tesco has a great reputation and practising these initiatives (Kotabe, and Helsen, 2022).
Lifestyle:	The couple leads an active, environmentally mindful lifestyle. They buy a lot of products in Tesco for weekly shopping, keep herbs at home and compost food waste. They follow green influencers and share sustainable living tips online (Tomczak, Reinecke and Kuss, 2017).
Buying Behaviour:	They are frequent Clubcard users and are tech savvy, they subscribe to digital services (Spotify and Netflix). Before they buy, they research and are attracted to solutions that are convenient and which are ethical and family friendly (Dibb, et al., 2019).
Aspirations:	They are trying to have a healthy and socially responsible lifestyle and socialise a child like that. Erbuğa and Atağan (2024) state that they aim to become an example in our community.

Table 3: Psychographic Profile of Customer (Self-Made).

These would fit with Tesco Local Farm Boxes.

For the Thompsons, Tesco Local Farm Boxes provides fresh, local produce with a digital touch. Their product is very aligned with their lifestyle and values, therefore, they are getting deeper in Tesco loyalty (Park, 2020).

Marketing Mix Strategy

Product

Tesco Local Farm Boxes are what the company describes as subscription-based packages for seasonal fruits and vegetables, which are 50 miles distance from the selected Tesco stores. The range encompasses all the household needs and dietary preferences with such options that are standard, organic, and child-friendly. Customers can choose what they want from their fruit box of veggies from these on the Tesco mobile app (Doole, Lowe, and Kenyon, 2019). Seasonal and availability-based, the contents rotate. However, each box comes inside a recyclable packaging, giving origin stories and QR codes straight to farmer profiles for full transparency and trust.

Price

A **three-tier subscription** offering: Small (individual), Medium (couple), and Family (larger household) for being able to read the stories (Czinkota *et al.*, 2021). Producers will price the products depending on the quality and the ethical means of how they are sourced, with the quality price reflected through freshness, convenience and traceability of the products. Exclusive introductory discounts are offered to Tesco Clubcard members in the hope of trial and reward for loyalty (Sheeja *et al.*, 2024). Customers will also have a pay-as-you-go option if flexibility is required. The boxes are quite significantly more premium priced than Tesco's standard produce, but remain competitive against local farm shops on convenience, backed up by additional digitisation.

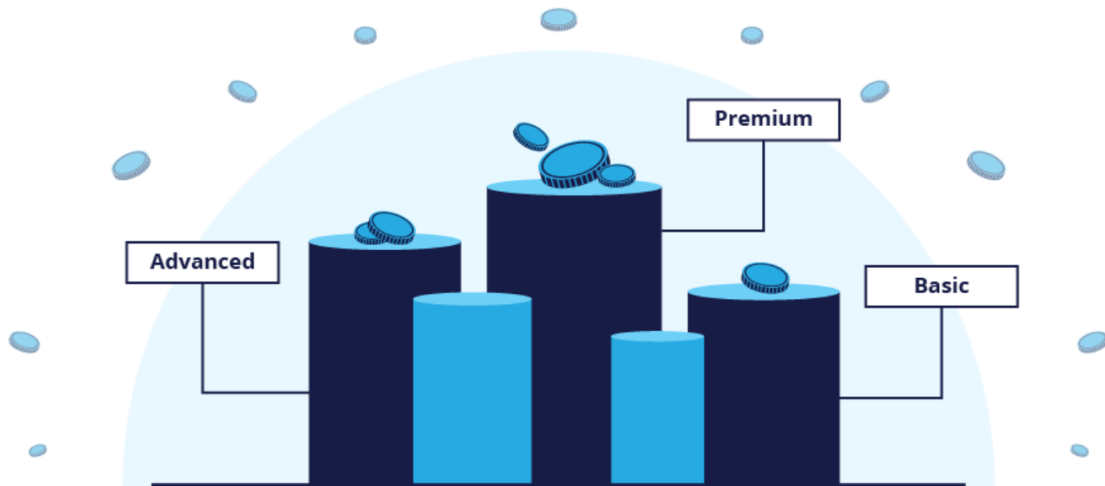


Figure 3: Tiered Pricing Model (Onyango, 2023).

Promotion

A blend of traditional and digital marketing strategies will be used for the promotion. The boxes will be promoted with in-store displays near produce aisles that include QR codes for instant sign up, product info or other promotions (Hooley *et al.*, 2020). Behind-the-scenes farm footage, customer offerings, and back story on sustainability will be promoted to showcase user-generated content and spread far and wide in social media channels. Clubcard data will be used by Tesco to run targeted email campaigns to customers who visit their store at least once a week to shop for fresh, organic or seasonal produce (Ennew, Waite and Waite, 2024). It will also improve authenticity and relevance to regional community events through collaborations with eco influencers as well as partnerships.

Place

Customers can purchase Tesco Local Farm Boxes on the Tesco website or mobile app and delivered to a customer's home or an in-store pickup. Tesco Extra sites in suburban and rural areas near partner farms are to be used initially for local roll-out, as customers want local produce (Minutes, 2015). The service will be gradually expanded nationwide as supply networks become larger to be scalable while also maintaining product integrity and freshness.

Process

It will be a simple and user-friendly ordering and subscription process. Customers can sign up through the Tesco app or website, customise boxes, select a delivery frequency (weekly or fortnightly), and make preferences. Pausing or skipping deliveries can be added as a feature. Tracking and e-receipts shall be made in real time for transparency and a smooth customer experience (Pepels, 2021). Tesco's post-purchase feedback loop through the Clubcard app provides customer ratings on levels of satisfaction and application of their feedback to improve offerings through direct consumer insight.

People

Customer experience delivery involves people. Tesco will feature local farmers through its marketing channels and printed inserts in each box to educate its customers about the origins of the food it sells. The customer service reps will be briefed on the boxes and their origin, and Tesco delivery drivers and in-store staff will be trained to help with subscription queries (Ray and Yin, 2019). This helps create touchpoints that enable the education of the customer through various digital and in-person touchpoints along the customer's entire journey, defining confidence and satisfaction.

Physical Evidence

Premium and ethical are qualities that are offered by Tesco Local Farm Boxes, partly due to the tangible aspects. Recyclable, rustic-themed card stock, along with box graphics, in a farm-to-table theme, will be provided for the boxes. In each package, the recipes, farmer introductions and produce storage tips are in inserts (Gryphon, 2022). There is a pricing strategy based on perceived value, sustainability benefits and flexible commitment options to widen the accessibility. The message will be reinforced with labels on individual items reading 'From Your Local Tesco Farm Partner.' To complete this branding, wooden fixtures, earth tones and natural imagery will be used for in-store displays as they signify freshness and eco-friendliness (Dianlin and Ruokai, 2025).

Conclusion

With changing consumer preferences and the organisation values of Tesco, the Tesco Local Farm Boxes (Hyperlocal Edition) are a timely and strategically valiant brand extension (Wood, Wrigley, and Coe, 2017). First of all, this initiative directly addresses the growing need to meet with sustainable, fresh and ethically sourced food options — and Tesco is not just satisfying the necessity for convenience and reliability. The brand capitalises on such emotional connection, offering seasonal produce fulfilled by local farms, which proves to be an ethically inspiring offer, contributing to Tesco reinforcing its identity as a responsible and community-driven retailer (Chen, 2022).

This brand extension is strategically perfect for the overall goals of Tesco to reduce its environmental impact, promote local supply chains, as well as aid small-scale farmers. Aligning with values of transparency, health, and environmental stewardship strengthens client loyalty, playing well particularly to Clubcard users and the eco-conscious demographics (De Felice et al., 2023). Teaching Software 1.0 is also facilitated by Tesco's existing infrastructure, digital platforms, as well as Tesco Corp's already extensive attachment to its clients and customers via its loyalty data.

If Tesco Local Farm Boxes are to become a flagship initiative, it needs the right level of marketing, technological integration and operational support (Chernev, 2018). They also fit with the rising demand of consumers for meaningful consumption, and provide Tesco with the opportunity to forge ahead and be in the lead in ethical, community-based food retail. By doing so, Tesco not only meets the expectations of customers but also sets a new benchmark in terms of grocery retailing in its overall sustainability and innovation perspective (Kotler, Keller, and Ang, 2018).

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