

TESCO



**DIGITAL AND SOCIAL
MEDIA IN CUSTOMER
RELATIONSHIP
MANAGEMENT
A CASE STUDY OF
TESCO'S CUSTOMER
RELATIONSHIP STRATEGY
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“DIGITAL MARKETING REFERS TO THE USE OF DIGITAL CHANNELS, PLATFORMS, AND TECHNOLOGIES TO PROMOTE PRODUCTS AND SERVICES, BUILD BRANDS, AND CONNECT WITH CUSTOMERS IN REAL-TIME” (CHAFFEY, 2022).



TASK 1: DEFINITIONS OF DIGITAL AND SOCIAL MEDIA IN CRM

Digital Media:

- Refers to any online platforms or technologies that allow businesses to interact with customers using the internet (e.g., websites, email, apps).
- In CRM, digital media facilitates the tracking of customer interactions, personalized marketing, and service automation.

Social Media:

- Platforms such as Facebook, Twitter, Instagram, and YouTube that enable users to create and share content.
- In CRM, social media is used for real-time interaction, community building, customer feedback, and brand engagement.

Reference:

Kaplan, A.M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of social media.





The Role of Digital and Social Media in CRM

Customer Relationship Management (CRM):

- The strategy of managing a company's interactions with current and potential customers.
- CRM tools and platforms use digital and social media to collect customer data, enable personalized communication, and automate customer service.

Digital and Social Media's Contribution to CRM:

- Facilitates real-time customer service and feedback.
- Enhances customer engagement and brand loyalty through personalized campaigns.
- Allows tracking and measuring of customer behavior.

Reference

Kotler, P., & Keller, K.L. (2016). Marketing Management.

TESCO'S DIGITAL MEDIA ENGAGEMENT IN CRM

Tesco's Digital Media Channels:

- Website & Mobile App: Used for e-commerce, loyalty programs (Clubcard), and personalized shopping experiences.
- Email Marketing: Targeted promotions based on shopping history and preferences.
- Online Chatbots: Provide instant customer service and answers to FAQs.

Tesco's Integration with CRM:

- The Tesco Clubcard system is integrated into its digital platforms, collecting customer data to personalise experiences.
- Digital channels enable Tesco to offer targeted promotions, personalised discounts, and tailored product recommendations.

Reference:

- Tesco Annual Report (2023)
- Chaffey, D., & Ellis-Chadwick, F. (2019). Digital Marketing: Strategy, Implementation and Practice.





Benefits

To gain customers loyalty Tesco uses digital marketing platforms, such as social media and its Tesco Clubcard app, with personalised offers. By analysing customer purchase histories, Tesco can recommend products and services that align with individual preferences, fostering stronger relationships.

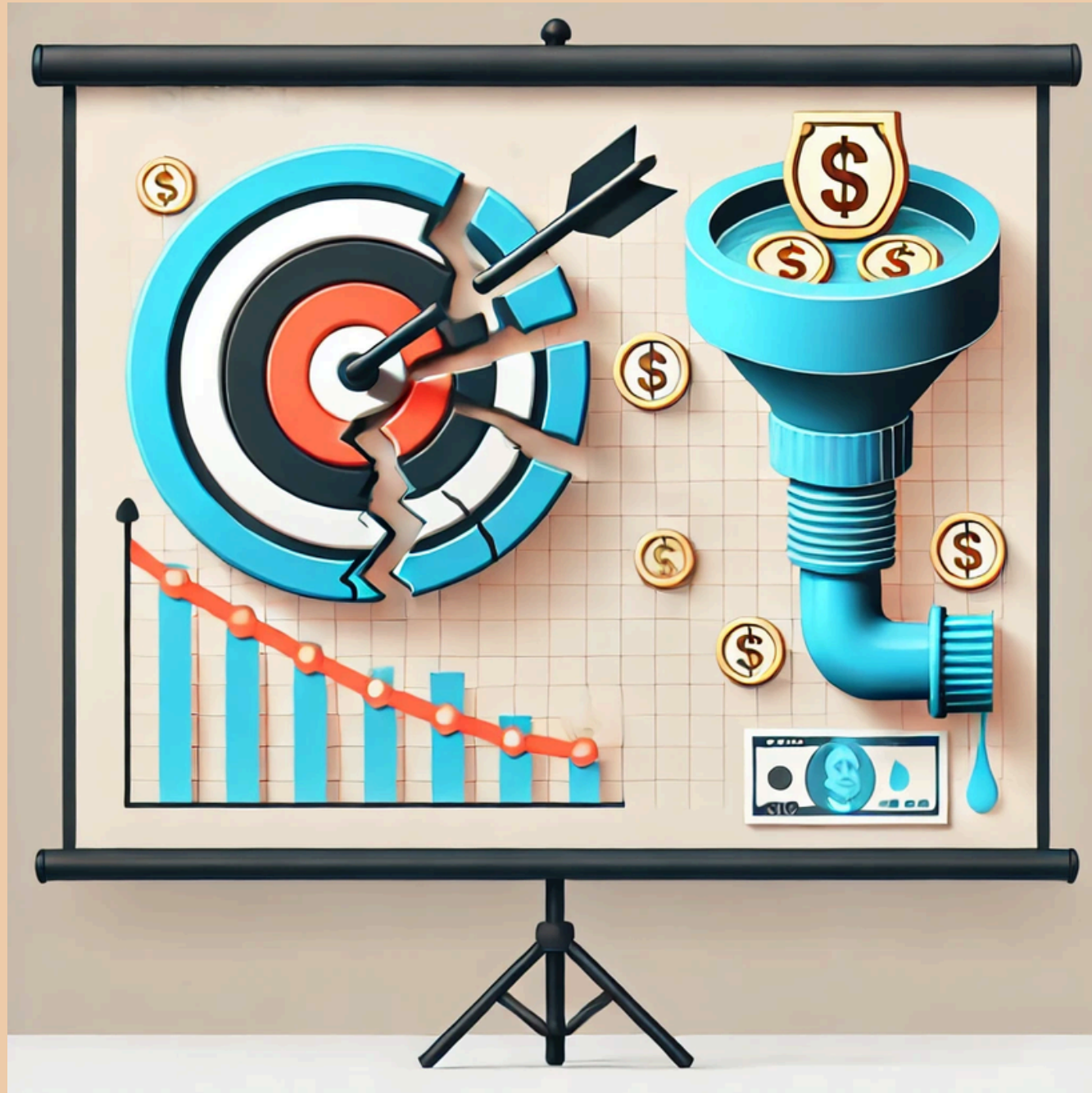
(Kotler, P., Kartajaya, H., & Setiawan, I. (2021)

Tesco's Clubcard loyalty program collects vast amounts of customer data, allowing the company to deliver highly personalised discounts and promotions. This data-driven approach enhances customer satisfaction and loyalty by demonstrating that Tesco understands and values its customers' needs.

Chaffey, D., & Ellis-Chadwick, F. (2022)

Tesco's online presence, including its website and mobile app, enables the company to reach a wider audience, including remote customers who might not visit physical stores. The digital platform supports 24/7 shopping, ensuring convenience and building stronger customer relationships.

(Rowles, D. (2022)



Challenges

1. Targeting Inefficiencies:

Despite the advantages of data-driven marketing, Tesco faces challenges in ensuring precise targeting. For example, when promoting its Clubcard Plus subscription, Tesco struggled to attract relevant customers in rural areas where delivery services were limited. This led to wasted resources and reduced campaign efficiency. Smith, P. R., & Zook, Z. (2020).

2. Data Privacy Concerns:

Tesco's extensive use of customer data raises concerns about data privacy and security. Mishandling or misuse of personal data can lead to customer distrust and damage the brand's reputation. Kotler, P., Kartajaya, H., & Setiawan, I. (2021).

3. High Costs of Digital Campaigns:

Tesco invests heavily in paid advertisements on platforms such as Google and Facebook. While these campaigns have high potential, the costs can escalate quickly, especially when ads do not generate expected ROI due to poor targeting or market saturation. Chaffey, D., & Ellis-Chadwick, F. (2022).

WHAT TESCO DID TO OVERCOME SOME CHALLENGES

1. TARGETING INEFFICIENCIES

IN 2021, TESCO LAUNCHED HYPER-LOCAL MARKETING CAMPAIGNS TAILORED TO SMALLER COMMUNITIES BY ANALYZING REGIONAL SHOPPING DATA.

2. DATA PRIVACY CONCERNS

AFTER GDPR CAME INTO EFFECT IN 2018, TESCO UPDATED ITS PRIVACY POLICIES AND MADE THEM MORE ACCESSIBLE, RESULTING IN POSITIVE FEEDBACK FROM CUSTOMERS.

3. HIGH COST OF DIGITAL CAMPAIGNS

TESCO'S 2020 CHRISTMAS CAMPAIGN COMBINED TV ADS WITH YOUTUBE AND FACEBOOK PROMOTIONS, DRIVING SIGNIFICANT ENGAGEMENT WHILE KEEPING COSTS IN CHECK THROUGH CAREFUL TARGETING.



CONCLUSION

Tesco demonstrates how digital marketing can significantly enhance customer relationships through personalised communication, broader accessibility, and data-driven insights. However, challenges such as targeting inefficiencies, data privacy concerns, and high campaign costs highlight the need for continuous optimization and ethical considerations in digital strategies.



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Thank you