

Marketing Management



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Intro of Tesco

Tesco was established in 1919 at Hackney, England by Jack Cohen in truly British fashion. The brand name was given by merging initial two letter of TE Stockwell who was Jack's partner in tea business, and first two letter of Jack's surname Cohen, so the name of the company emerged as TESCO. First Tesco store served their customer in North London started the business by selling dry goods. With the passage of time the business holds its strength and expands itself by opening additional stores in North London and its suburbs. In 1947 Tesco emerged in London Stock Exchange for the very first time (Campaignlive, 2018). Tesco serves its customers across the globe with its headquarters in Hertfordshire in England. It emerged as one of the leading retailing company. In terms of profit, in 2014 it was third largest retail company in the world and in terms of revenue was second largest (Arslan et al. 2014). Tesco appeared primarily as grocery retailer, over the period of time Tesco learn to diversify in many ways and start dealing its operation in various products like telecommunication, electronics, petrol, apparels, software, books, toys, furniture, financial services (Tesco Bank), health related and internet related products and services. With quarterly sales up 2.2% year on year, Tesco was at strongest position in 2017 of the supermarket (Gwynn, 2017).

Mike Watkins head of retailer and business insight of UK says about the Tesco's strategy to engage maximum number of customers and to satisfy them. He said 'Tesco's re-focus on the customer and their changing needs, such as simplifying ranges and promotions, has meant they've not only attracted new shoppers but encouraged them to visit more often (Gwynn, 2017). One of the major features that play vital part in success of Tesco was the use of data via ClubCard loyalty programme which was launched in 1995 and developed by Dunnhumby. Through this ClubCard Tesco use information of millions of customers to get their demographic, psychographic and behavioural information, and with the help of that information Tesco segment, target and position its product and personalise the communication accordingly. During its journey to success it faced lots of competitors like Aldi , Azda and Sainsbury. At one stage in the price war among these Tesco brand value was begin to fall, and shopping experience of the customers was neglected, that happened when people started shopping from their rival brands Lidl and Aldi. Tesco displayed its biggest loss in UK market in 2014, dropping 6.5 billion pounds into the red following an accounting scandal. After that Tesco decided to prioritise customer experience by reviving its tagline 'Every little helps', and this strategy to priorities customer experience shift the brand's luck (Campaignlive 2018). The accounting scandal gives an opportunity to Tesco to take a hard look in the mirror and fix, to cover the losses. Tesco changes their strategy and involved tackling several deficiencies, and of these strategies can be seen as supporting towards firming up the brand (Staff, 2016). for this purpose we are moving on to the Brand equity model by Keller to clarify that how Tesco position itself into the market and build up an image in customer's mind. As a leading retailer 79 million people around the world enjoys their shopping trip at Tesco with the interaction of Tesco's 440,000 colleagues and 6,809

shops around the globe. Tesco's operations in the UK are leading within the Group, with the help of over 310,000 colleagues in over 3400 stores. Over 38 million customers are enjoying Clubcard facility which results in offering tons of incentives to the customers and provides Tesco a detailed insight of the customer's shopping habit, preferences and trends. Tesco uses this information to personalize its offer and to maximize the customer satisfaction while their shopping trip (Tesco plc, 2018).

Branding

According to American Marketing Association brand is a symbol, sign, term, name or a combination of any of them shaped to recognize the goods or services of sole retailer or group of retailers and to differentiate them from competitors. It can also be defined as creating precise consciousness and uniqueness in marketplace with distinctive qualities representing an organization selling their product or services (Keller, 2002).

Brand equity

A set of belongings such as name awareness, customer loyalty, quality perception, and association linked to brand and add or subtract value of product or services that has been offered (Aaker, 1996)

Brand equity model

Brand equity model has been presented by Keller in 2002 where his main purpose was to enable the companies to go through a process where they have to give high level awareness to their customer about their product or services, and mark its positive image in customer's mind and unique and strong brand association in customer's memory (Keller, 2002). He has presented a four step pyramid that those fundamental questions about brand can be asked by customers subconsciously. Here it is discussed briefly:

1. **Brand Identity**

In this step company's goal is to create 'brand salience', which means company has to make sure their customers are aware of them, recognize them and they stand out as a brand.

2. **Brand Meaning**

In this step organization has to communicate what the brand stands for and what does it mean. 'Performance' and 'imagery' are two blocks that build this stage. In performance organization has to identify how finely their brand fulfills needs of the customers. Whereas imagery refers how well product or service meet customer's need on a psychological and social level.

3. **Brand response**

This is the most crucial stage where half of your business is assessed. In this stage customer's response is divided into two categories 'judgment' and 'feelings'. In judgment brand's quality, credibility, consideration and superiority is been evaluated.

4. Brand resonance

It is the most difficult as well as most desirable stage to achieve. It is reached when customer of your brand feel a deep association and psychologically connects with your brand. Keller (2002) defines it as a stage where customer bonding is achieved and it is measured that how much loyal he is to the brand.

If we see Keller's brand equity model in context of Tesco, then Tesco as giant player possess strong brand equity. Due to its wide timeline and its position in UK's market people are much aware of it, but to aware them with Tesco's new products or services Tesco take support of integrated marketing communication to spread the word. Tesco communicate to its customers through various channels indirectly and as well as directly through mobile phone text message, e mail, websites, online adverts, database marketing, promotional letter and catalogue distribution through database acquired from loyalty card (McElhatton, 2009). And through loyalty ClubCard information, behaviour of the customer is being noticed and to analysed. It allows consumers to track their buying with the help of their online account, in turn Tesco is able to cater and monitor the consumer's preferences (Lee, 2016). Then the customer's response is being observed by several communication channels like social media, websites, feedbacks forums and many other channels where people share their review about Tesco products and services. And resonance is assessed by Tesco Loyalty ClubCard as the frequency of coming back for shop is also been stored in the record (Lee, 2016).

Tesco's Brand Strategy

Tesco's brand strategy in the past to maximize their profit by giving their customer lowest price on most of the products in comparison with their competitors like Aldi and Lidl made them rule the market for longer period of time but after the few scandal of horse meat and accounting scandal Tesco reveal 236million black hole in the retailer's profit and was at the loss of 6.5 billion pounds. After this Tesco's chief executive Dave Lewis took serious notice of where they are going wrong, Tesco in the price war was losing its number of customers who were shifted to their competitors due to damaged brand image of Tesco after the scandals. Tesco strive to make Tesco great again and make it again champions of people's heart. Tesco strengthen the brand again by tackling several shortcomings and sold various businesses not who were not benefiting Tesco brand including Giraffe restaurants and Harris + Hoole coffee shops.

Tesco resets its strategy by shifting its focus from profit maximization to maximize customer satisfaction. They focus on convenience and value service instead of re-associating the brand with quality retailers. They started ensuring that they have sufficient number of staff in-store, and the staff who are good in welcoming and making the customer's journey better must be on frontline. Tesco became the pioneer supermarket to partner technology podium IFTTT offering automatic online shopping

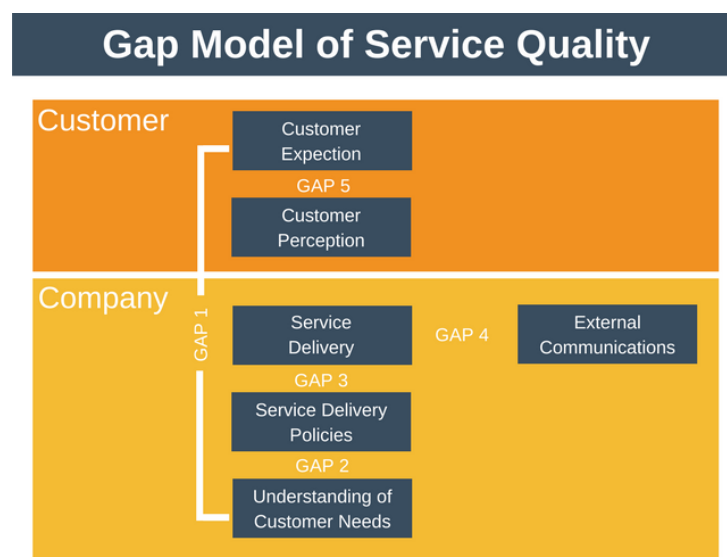
by introducing same day Click & Collect services to all of the customers. This way Tesco started rebuilt its value in the UK market.

Tesco took a bolder step than its competitors, by introducing series of fresh product from their own farms to the customers, comes up with name of farms Tesco follow all the standards of National Farm Union in their trade. The Brand's TV campaign by marketing team was effective and hearts of many consumers during Christmas 2015. There was much other campaign later come into interact with millions of customers through various channels to make customer aware of Tesco brand innovative moves in the market again (Staff, 2016).

Service quality gap model

A framework which helps many companies to understand customer satisfaction is generally known as The Gap Model of Service Quality or The 5 Gap model. Model was presented in 1985 by A. Parasuraman, Valarie Zeithaml, and Leonard L. Berry, while pursuing to meet customer experience the gaps which organization has to consider are demonstrated in this model. Customer satisfaction is hard as well as essential to measure; it is mainly a perception function. If the customer thinks that the product or service meet their expectation they will be satisfied, other way they won't be satisfied. To measure those gaps to satisfy the customer this model helps plenty of companies to

sort the shortcomings (Zeithaml et al., 1990).



Perception of customer expectation by organization and actual expectation of customer is considered in gap1.

Gap 2 deals with perceived customers need and service quality specification difference.

Gap 3 deals with the way employees deliver services and service quality specification

Difference between service delivery and external communication with customer is discussed in gap 4.

Gap 5 deals with difference between customer's own perception and own expectation.

Tesco strive to minimize all the gaps between company and customer to make the customer's journey easier to maximize customer's comfort. Tesco sometimes miss the mark in fulfilling the customers' needs in time. It takes a long process to fill the gap 1, but Tesco tries it best to note the behaviour of customer with the help of loyalty

Clubcard. Tesco is a giant company giving number of goods and services so it will be unjust to assess it at once. Sometimes the perceived service and the actual services do not align. But with the help of Tesco's Research and Development department they are trying to fill all the gaps but one of the hardest gap they find is gap 5 where customer's own expectations and perception align in different direction (UKEssays 2013). Tesco's approach to minimize these gaps is that they don't need one leader, they want thousands of leaders who initiate to execute their strategy. For this Tesco encourage their employees to be an excellent citizens of the communities they work and live in. To ensure the relevance of customer preferences that keeps on changing rapidly in dynamic environment and Tesco's objectives, the company does an extensive consumer research to act upon the strategy to remain concrete in the market.(Kaplan, 2018).

Tesco and Communication

Core importance of Tesco brand is to keep its customer satisfy in every possible way. Tesco hire different agencies to help them in satisfying their customers by using different communication strategies. In 2015 there was need to use cohesive approach to promote Tesco brand. Tesco ensure that they are using integrated approach to communicate with customers, whether in advertisement campaign or through direct communication via email, newsletter, mobile text message or in store. Tesco engage with daily through social media platform, newspaper, television and through own media modes. Group of planning and creative experts are part of Tesco's marketing communication team who ensure to understand when how and what customer wants to hear and see, to encourage them to shop at Tesco whenever possible (Tesco-Career, 2018). Tesco is using multiple channels for promotions to encounter with maximum of the customer in more effective way. Tesco spent 78 million British pounds on advertising in 2015, which was down 24 million on spending in 2014 (Statista, 2018).

Advertising

Tesco's most effective promotion technique is to advertise and aware maximum number of consumers of their product and services. They advertise through commercial, leaflets, posters, and billboards, social media which are proved to be effective in delivering message of their product or services to the consumers. Tesco believes in quality of advertisement instead of quantity of it. Tesco promotes passion for food in an effective move that will touch heart of many consumers in the campaign 'Food love stories brought to you by Tesco'. This campaign has long term plan of engaging customers throughout the year to give them a comfortable images of family bonding and gathering. Beyond the television advertisement this campaign will also launch a recipe card with ingredients for the featured meals. The advertisements was also seen in outdoor, radio, and print (Vizard, 2017).

Personal selling

Tesco ensure the costumer journey to be more comfortable by personally selling the products and services in-store or online. Interpersonal contact between buyer and seller is effective way to shrink the gap between customer expectation and Tesco services. Tesco uses their staff in stores to advise customers on what to buy to fulfil customer needs; this is also done with leafleting in populated areas which may have exciting deals on it to attract the customers.

Sales promotion

Tesco in the price war was very much conscious to retain maximum number of customers. To make it up to the mark Tesco use club cards to intimate maximum number of customers to make them aware of on-going promotion on Tesco's product and services. 'Buy one get one free' is one of the most common and popular strategy for promotion.

Public relations

Activities arrange by Tesco like conferences, open seminars, social events and community services prove to be productive in establishing and maintain mutual understanding between Tesco and public.

Sponsorship

To support any social cause Tesco sponsor the activists for improvement of society. One of the famous sponsorship was the Marie Curie Campaign that was a move to fight against cancer in which 5% profit would go to this campaign.

Direct marketing

Tesco use direct marketing by getting information from Clubcard and sending them e-mails, letter, and messages on phones to the customers to aware them what new Tesco brings for them.

Digital Marketing

For using social commerce in 2014 Tesco has ranked among the best retailer. Tesco competitors were failed to convert social marketing in profit building but Tesco was leading due to strong content and responsive experts on its entire digital media (Chapman, 2014). The content Tesco created has made them second food brand most frequently 'googled' in the UK. Tesco solely reach the third population of UK (Tesco-careers, 2018).

Tesco brilliantly use digital media as a channel to engage their fans and provide one of the best customer services. Fan following of 1.6 million of Facebook Tesco shows its large presence to encounter with customers. They provide customer with best solution of their queries on their timeline. Not only queries but they also educate them by sharing recipes and blogs for healthy eating with the help of organic and healthy ingredients in their stock. Not only Facebook but Twitter, Google++ and Pinterest also

dominantly help customer to be aware of Tesco products and services_(Economie, 2018).

Customer journey Mapping and touch points

Tesco always strive to maximize pleasure points of customers by minimizing customer effort or pain during customer journey in-store and online. The company make it possible across multiple devices and touch points provided to customers and gain competitive advantage by revealing exceptional opportunities and quick success to serve and sell. Starting with co-operation of R&D experts gain clarity about gaps in services and expectations of customers, then highlight customer's intrinsic motivators' picture customer's accurate actions by innovating a customer experience framework. Tesco has now moves from multi channelling to Omni channelling where customers journey will be more convenient than ever. The procedure starts when expert put themselves into customer's show and start their shopping journey with the stage of awareness (NewtIdea, 2018).

To maximize customer satisfaction Tesco has redefined customer journey in Swansea all the touch points from car park signage to shelves everything was defined in artistic and attractive way. Predominantly the interior design was recreated in non-traditional manner, a lot of unique and attractive visuals were present for customer to feel good while experiencing in-store journey. It ranked 12 among 25 in a contest 'Top of the Shop 2017' (Sherlock, 2018). Customer touch points includes mobile devices, newspapers, TV, magazines, billboards, leaflets and various other channels

Not only customers need change and advancement but suppliers, and employees also want advancement in businesses. Tesco F&F has made an innovation to make customer experience more fun and convenient by introducing smart changing room concept and help to make it a vital part of unified omni channel selling practice. This new concept of smart room redefines the experience of customers in fashion retail. This will be one the most innovative touch point for fashion lovers, customers can see their preferences in isolation in front of a screen where the product will be shown in different colours (Prospect, 2017). It results as competitive edge for Tesco and its Stake holder in fashion retail.

Tesco and stakeholders

Tesco understand the issues that matters to all of their stakeholders whether primary or secondary, in specific they try to focus on local communities and customers. They listen to understand and to take action on the issues that bother Tesco's stake holder. Most importantly Tesco listen to its customer who tells them about their business. They respect their feed backs and practically apply them in their business to perform up to the expectations of the customers (Tesco.plc, 2018).

The CEO and Chief Product Officer frequently visit suppliers personally to know what advancement they are expecting from Tesco, and to fulfil this purpose Tesco has taken on board a new supplier Helpline to ensure the suppliers that Tesco is there to

cooperate and respond immediately to any issue. Not only suppliers but Tesco also listen to their colleagues to resolve any issue (Tesco.plc, 2018).

They believe that open and honest exchange of words between colleagues can lead them to next level in competitive market. Tesco has been giving lots of chances to their colleagues to discuss the direction of the company's business internally. They prefer face to face communication with their colleagues to ensure all colleagues are valued and heard(Tesco.plc, 2018).

They effectively speak to the communities where they want to move in and when communicate do not give approval to open the store in their site then Tesco always respect their opinion. Their Experts are another very important stakeholders who are known as Expert Advisory Panel, and they give voice to their activities they are be doing in the future by learning the shortcomings from past experiences. Expert of Tesco are environment sensitive they want Tesco to be more environment friendly and for that encourages environment strategies. For that Tesco collaborate with many non-governmental organizations and industry group to help Tesco be a corporate social responsible firm and to build a sustainable business (Tesco.plc, 2018).

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