



Name Paulette Canegan

Student Name: ID 2123588

Module Name: Understanding and Engaging in the Customer Experience
BMSW5003_LON

Lecturer: Mohammad Rahman

Table of Content

Executive Summary.....	1
Introduction.....	1.1
Company Background.....	2
CMR Models Review.....	2.2
IDIC Model Selection and Application.....	3
Conclusion.....	3.3
Recommendations.....	4
References.....	4.4

1. Executive Summary

This research is intended to investigate and expound on Tesco supermarket's customer relationship management and quality control systems, which are impacted by both internal and external pressures. COVID-19 Consumers' requirements and engagement strategies have changed because of the pandemic, and this analysis takes that into account. A thorough, well-considered leadership strategy must be used by every company. Examine the frameworks, concepts, methods, and tools associated with customer relationship management.

relationship marketing, and marketing in general. Two CRM Analysis models, IDIC and QCI, are being examined in this study. This analysis will look at the models' applicability, their benefits, and drawbacks, select one of the applications and recommend effective deployments.

1.1 Introduction

When it comes to customer relationship management, the capacity of quality procedures is to help firms in learning more about their clients, including who they are, why they buy your products, and patterns in their purchasing behavior. Businesses are therefore better equipped to

foresee and fulfil client requirements. By implementing customer relationship management properly, one could be able to gain a strategic edge. The ideal clientele is chosen for promotions and the introduction of new products thanks to well-prepared consumer data.

By providing products, most firms hope to meet the wants of the customers they serve. For both the staff and management, pursuing the highest quality should be a consistent priority. The enduring basis of quality management is the objectives and requirements of the customer. If a customer is satisfied with the products or services provided by a firm, their demands will likely be met. As soon as this occurs, customers will join in. Firms won't be able to keep track of how quality companies consider how to ensure that the crucial systems and processes they develop will provide high quality and essential value to their customers unless cutting-edge customer relationship management. the system is put in place. Quality has developed into a powerful marketing tool for organisations that understand the advantages it delivers.

The implementation of the quality policy frequently falls under the direct jurisdiction of marketing departments in small and medium-sized businesses.

According to data, the TQM model (Total Quality Management) was developed by (Bovée and Thill) in 1992 and by (Pekka Economou and Chatzikonstantinou) in (2009.) Each employee of the organization is meant to be instilled with a dedication to quality through the TQM models. Every business unit and worker may have a long-lasting influence on quality, according to TQM. In addition to those who are in frequent contact with customers, such as traders and marketers,

Total quality management considers that people engaged in various jobs, processes, and projects have an influence on management overall quality of the company and of the goods.

SERVQUAL The model is a multi-item scale with high reliability and validity that helps companies better understand customer expectations and perceptions of their services as well as how to improve their offerings. According to Parasuraman et al. (1988).

Detailed Report

The research will look at Tesco's PESTLE model and SWOT analysis components to assess the internal and external business environments and their influence on the We customer relationship management.

will carefully examine the IDIC model, the Analytical CRM model, and the QCI model before outlining how Tesco might address the CRM problem utilizing the appropriate model. employing it in line with the four phases of marketing, sales, product development, and support.

The analysis supported by data, will highlight its difficulties and possible advantages in resolving Tesco CRM issue,

then discuss how the CRM model is implemented using artificial intelligence (AI), the 7Ps of marketing (product, location, pricing, promotion, people, process, and physical evidence), and the communication mix.

2 **Company Background of Tesco Supermarket**

According to data Tesco is the biggest UK supermarket and is also the world's third-biggest supplier of groceries with outlets in other countries. The business began in nineteen ninety by name of a man called Jack Cohen started the company selling foodstuffs from a stand in London East End, his first day's earnings and sales were one pound, but he sold four pounds. Jack purchased extra tea stocked from a company called (T.E. Stockwell firm. when Jack first started, he gave the moniker, Tesco made by fusing the names Cohen and T.E. Stockwell. the opening of the first TESCO tea store, the first Tesco location opened in north London in the year 1929. Tesco's brand image was so bad by the end of the 1970s that experts advised the company to rename its outlets. It rejected this suggestion, however at the beginning of 2005, according to retail analysts' TNS Super Panel, it had a 29 percent share of the grocery market, making it the largest retailer in the country of England, compared to the 16.8% share of ASDA and 15.6% share of third-placed Sainsbury.

Since then, Tesco has grown through blending the purchase of new stores, the provision of retail services, and the fulfilment of customer demands. Tesco's main objective is to "serve the customer." As they are more likely to make another purchase, it is important to keep current customers satisfied. Compared to hiring new ones, this is more economical for the company.

Over 2,000 Tesco stores exist, ranging in size from the Extra-style megastores to the tiny Tesco Express high street locations. Tesco originally sold groceries and miscellaneous commodities, but it has since expanded its product line to include banking, insurance services, electrical goods, as well as phone equipment and airtime. One-stop shopping encourages consumers to fulfil all their demands for purchases in one location. The Tesco.com website, which receives one million regular visitors, has also helped Tesco grow its consumer base.

. **Context of Tesco.**

Tesco, an important distributor, has assembled an experienced leadership group to make choices on how products are made, managed, and delivered. The full management and CRM procedure at Tesco is summarized as follows:

Tesco has chosen to manage all the products from diverse sources as part of its manufacturing planning process. They investigate each source and deal with its finest alternate. Because of this, they can easily handle their products and services whenever customers require them (Larsson, 2016). They focus on making judgments that will affect the products they choose and buy.

Project administration: The corporation is mainly a service- and product-oriented one. Tesco offers several initiatives for both efficient management and the growth of services and goods.

Over time, people's growth and development are referred to as the process of human growth. Focusing on the capacity and commitment of employees to the company is crucial if Tesco wants to have a trained and professional workforce. Tesco focuses on staff productivity and performance efficiency to ensure greater performance both inside and outside the company

(Stamp, 1986). The selection and recruiting procedure used by the human resource department helps it identify the employees who are most suited for the company. They set up various training courses, practice exercises, and seminars to improve personnel. Ultimately, they assist the workers in reaching their maximum performance potential.

Culture's effect on Tesco: Being a major international retailer of groceries, Tesco attracts a wide range of people from many racial groups, religious groups, and cultures. The customer's needs and wants are emphasized, and the diversity of demand management is increased by the customers' variances in culture, behavior, and qualities (Stamp, 1986). By examining and comprehending the beliefs and cultural framework of its clients, the organization's management concentrates on meeting their demands. For a better understanding of the cultural influence on a community's and a country's purchasing behavior, surveys and consumer feedback on shopping may be highly helpful.

from any organizational functions of a given input. This talent is excellent for time, money, and energy savings. It is hard to assure better management of the time and money invested without understanding the cause and impact of every step in the work's input process (Trkman et al., 2015).

Tesco's main objective is to provide goods that are better and more valuable to its customers.

The five Porter's Forces analyses are used in the following way by Tesco.

- **The threat to Entrants:** Developing ways to stand out from the competition.
- **The threat of Substitutes:** They used alternative marketing for the benefit of their customers.

- **Supplier, Bargaining Power:** The company took a strategic approach to manage their competitive
- **Competitive Rivalr:** Their key approach is differentiation to stay ahead of the competition.
- **Customer and Supplier Bargaining Powers:** To be on top of the game to provide their consumers with what they need and to haggle over pricing.

The company plans to open more offices and branches all around the world. Tesco intends to make use of all its commercial potential in all its outlets. They desire fresh ideas, innovation, and effective execution to help their firm grow, they are utilizing all their leadership and management knowledge and abilities on a worldwide scale. In addition, Tesco's quality management strategy is based on the idea that every client should be completely satisfied and there should be no defects.

To ensure that customers receive high-quality goods that are also worth their money, every product is subject to quality testing. The whole supply chain is inspected for quality. till the product is put on the shelves, by the cultivators. Continually striving to improve, they are also looking everywhere for new possibilities and methods to better serve their clients.

One of Tesco's core operational management concepts is as follows: Zero flaws: Tesco's key goal is to make items with no faults or as few defects as possible when a product is sophisticated.

Tesco uses this idea not only in the manufacturing and operations division but also in other organizational business sectors such as advertising, human resources, and finance.

Constant growth is the constant pursuit of bettering both systems and goods. It utilizes the Lean management approach to do it. Employee involvement: This entails obtaining comments from the workers who are involved in the manufacturing and operation processes.

There is a great deal of fierce competition within the retail industry. Tesco's main competitors include Asda, Morrison, Sainsbury's, Lidl, and Waitrose. They are well-known businesses with a solid market position and a sizable fan base of satisfied consumers. Competitive opposition

Effective CRM solutions used by these merchants include emails, call centers, loyalty cards, magazines, and others. Moreover, one of the most effective ways for major retail chains to draw customers is by lowering their pricing.

Tesco struggles to employ reduced pricing; their CRM is essential to the success of the company. As a result, it is feasible to observe that competitive rivalry is another strong external force that has the potential to significantly affect an organization's development. As Tesco was among the first merchants to provide a loyalty card, this company is recognized as a pioneer in the field of CRM. This successful marketing tactic helped Tesco become the market leader in the UK. Tesco was successful in using the loyalty card program to build ties with its consumers through excellent communication.

The merchant was successful in gathering useful data on some characteristics of clients (age, gender, and so forth) as well as their purchasing preferences and capacity. Tesco was able to develop a tailored approach to its clients because of the collection and analysis of this data. identifies segmentation as a crucial component of a CRM's effective deployment. Tesco is regarded as a pioneer in the field of CRM since it was one of the first retailers to provide a

loyalty card. Tesco became the market leader in the UK because of its effective marketing strategy. With effective communication, Tesco was able to use the loyalty card program to create relationships with its customers.

It is possible to see that strategies other than the Clubcard system were used. At the time, it provided the framework and environment for the development of new CRM systems. One of the most influential and polarizing types of media is magazines. According to (Gargalas and Teall) (2010, p. 468), many companies have used periodicals to connect with customers, but Tesco was the first to "mass-customize" these materials. Customers get magazines that are specially crafted depending on the interests of a certain club inside Tesco's loyalty program.

Covid 19, Tesco's story

Tesco's CEO (Financial Officer) describes COVID-19 as "a struggle unlike any other." The CEO said that compared to the previous 10 years, the firm had undoubtedly changed more in the short months following the pandemic. He was very proud of how quickly and selflessly their coworkers had responded to put the needs of their clients first even though the strain had affected all their teams.

As an integral component of the company's quick reaction to the crisis, Tesco's finance department worked in tandem with other departments to enable the speedy adoption of important operational adjustments.

To augment the workforce that was already working on the manufacturing floor, in distribution centers, and as delivery drivers, Tesco hired close to 50,000 more temporary workers at the height of the crisis. Tesco's finance team had an influence on the business in more than just the

background; Team members also went on the factory floor. The finance personnel started employing remote working in the early phases of the crisis, joining many others doing.

so, across the nation. The relocation was already supported by the organizational culture, which had a significant role in how easily it proceeded. Stewart claims that the finance team has a very tolerant attitude toward flexible work arrangements to encourage a better work-life balance. Because they were already comfortable with the technologies required for remote work, this made it simple for them to communicate with their coworkers.

Because of the surge in online grocery shopping, Tesco has witnessed an improvement in revenues, but there have also been significant costs related to the pandemic, particularly in payroll. Stewart believes that to uphold their stringent attitude to costs and cash, they must promote and drive our coworkers into broader corporations.

According to Covid-19-specific marketing criteria, Tesco has a score of twenty-nine percent making it the greatest supermarket for doing the right thing." Sainsbury's seventeen percent comes next. thirteen percent for Morrisons and Asda at nine percent. Some ninety-two percent of customers are confident in its social distancing measures and ninety percent believe it is a safe place to shop.

SWOT Analysis of Tesco Update 2023

The advantages of Tesco. Tesco reported having earned five hundred seventy-eight hundred billion pounds in revenue for the fiscal year 2021 in its annual report.

Tesco, with a market share of twenty-one percent, is the market leader among Great Britain's top four supermarkets when it comes to the retail sale of food.

Tesco has more than four thousand six hundred, and seventy-three locations spread out over fourteen countries, giving them a huge worldwide reach.

An increase in the number of businesses; three thousand seven hundred fifty-one more Tesco outlets are currently operational than there were in 2008.

Having three hundred and sixty-one thousand seven hundred and seventy-one individuals as of the fiscal year 2021, Tesco offers employment opportunities all around the globe.

Weaknesses

Tesco was forced to quit the US and Japan in 2012 due to a lack of business in both nations.

Due to its poor export efforts, the company was forced to close stores in Japan after nine years and in the US after five years.

Accounting Scandal and Fraud Trial — In 2017, Tesco was fined for making fraudulent accounting declarations and misrepresenting its earnings.

operational profit decline - The company's operational profit dropped by twenty-one-point three per cent, one point seven billion pounds in the fiscal year 2021, which had a negative impact on the share price. In the first three months of 2022, its share price decreased by eight percent.

For selling 67 different types of food that were over their expiration dates over the course of three days, Tesco was recently fined seven points and five million pounds. Poor operational efficiency in some markets in some nations, there aren't many Tesco stores or supermarkets. In

the opinion of experts, Tesco ought to have conducted more market research before expanding into these areas.

It was just brought to light that Tesco has been preventing landlords from renting out their residences to rival supermarkets if they were near to their shops. It is unlawful and morally wrong to restrict competitors since doing so goes against the principles of fair competition.

Tesco's Clubcard system experienced a modification in January 2018 without alerting shoppers, with the potential for points to be doubled or quadrupled. Customers who were upset with it strongly objected to it.

Opportunities

Jacks, a brand-new discount shop that Tesco recently launched, has experienced remarkable growth. It has the potential to grow this business and can successfully compete as an affordable alternative to Aldi and Lidl.

ties with other brands on a strategic level - Tesco may have wonderful potential to benefit from developing connections with well-known companies. Tesco will be able to offer more products and entice more customers consequently.

partnerships that work together - In the regions where Tesco stores are struggling, partnerships that work together are an option. Local firms may offer in-depth market knowledge, which can help to improve performance in some sectors. Growing markets - Tesco operates in several

developing countries, but expanding into emerging countries like South Korea, Turkey, and Indonesia might be beneficial.

Threats

Tesco's December promotion in 2017 there was an allegation passed against Tesco from some religious people that they disregard their faith. Also, the risk of fake products

Due to the UK's decision to exit from the European Union, Tesco is now vulnerable to trade agreements.

Tesco's leading rivals, the retailer (with its takeover of ASDA), Carrefour, and Aldi, are growing and succeeding in the food industry and constitute a threat to Tesco's market share. Legal and financial concerns regarding the economy.

Tesco's PESTLE analysis for Tesco discusses its Business.

Political

The Global political variables have a significant impact on Tesco's success because the retail corporation is global in scope. Tax rates, laws, and, of course, the stability of the nation it works in are a few of them. Tesco contributes to the creation of jobs, which in turn improves consumer appetite for its goods and diversifies its workforce.

Economical

Given that they are most likely to have an impact on costs, demand, earnings, and pricing,

Tesco is most concerned with these factors. As a result, the company should be informed of any

policy changes, such as taxes changes or other factors that might affect the financing options. It is crucial to highlight that the corporation remains primarily dependent on the UK market, where it has a market share of over 30%, despite its international development.

Despite the saying, the company's success over the years has been largely attributed to its pursuit of globalization and diversification as a crucial business strategy. Furthermore, Tesco has shifted most of its attention to advertising because of the decline in household and disposable income levels.

Social influences

Because of several socioeconomic advancements, trends reveal that customers in the UK have switched toward bulk purchases and one-stop shopping. Tesco has increased the variety of things other than the food it offers as a result. Consumer attitudes and beliefs, which are in turn shaped by societal conditioning, have a significant role in the demand for products and services. Tesco is adapting to these developments by satisfying the demand for organic products as consumers' perspectives on food alter frequently as they become more aware of health issues.

Technical Aspects

The development of innovation has made way and opened many new opportunities for Tesco. The rise and widespread use of online shopping with the option of home delivery are two of the most notable. A drop in labor expenses has also been attributed to the convenience of use that self-service checkout terminals have given to clients. Tesco has also made large investments in energy-saving initiatives as part of its long-term goal of lowering its carbon impact.

environment.

Tesco has made it clear that it intends to minimize its greenhouse gas emissions by 50% by 2020, particularly considering the rising demand on businesses to address environmental challenges and implement practices that are socially responsible. By encouraging social consciousness among its consumers, Tesco is also reducing the amount of rubbish generated in its stores.

Legislative Elements

Tesco's success is directly affected by decisions made by the government. As a case in point, the Food Retailing Commission suggested in 2004 that a Code of Practice be established, which would forbid several current actions, such as raising prices without prior notice and demanding payment from suppliers. For these initiatives to work, Tesco gives discounts to its customers on the gasoline they purchase based on how much money they spend at its grocery stores. Additionally, there are a ton of price reduction offers.

2.2. CMR Models Review

The strengths of this model. Identifying the consumers of the company and developing a clear understanding of them; differentiating their customers to determine which have the most potential for the future and which have the most current value.

Using IDIC Model would help Tesco identify customers Surveys and customer feedback on shopping may be quite useful for better understanding the cultural effect on a community's and a country's shopping habits.

Differentiation: this can enable businesses to develop and implement client-specific strategies meant to meet each particular consumer requirement. Tesco Differentiate their consumer by the use of their loyalty card,

Interacting: Engaging with them to ensure that businesses are aware of their relationships with other suppliers and brands as well as their expectations from brands and suppliers.

The efficacy of businesses' interactions with customers must thus be increased.

It is important to consider all prior encounters with a consumer before having a subsequent engagement with them. Tesco engages with its customers by providing them with personalized magazines that are specially made based on the interests of a certain club inside Tesco's loyalty program.

Picking up where the prior discussion left off, a conversation with a consumer should. A better understanding of the demands of the client is gained via effective customer interactions.

Customizing: adjusting the deal and messaging to reflect client needs and expectations.

In fact, the business must modify some part of its behaviour toward a client in light of that person's requirements and worth. A business must modify its behavior to meet the demands of the client in order to engage them in a relationship. To maintain its position as the market leader

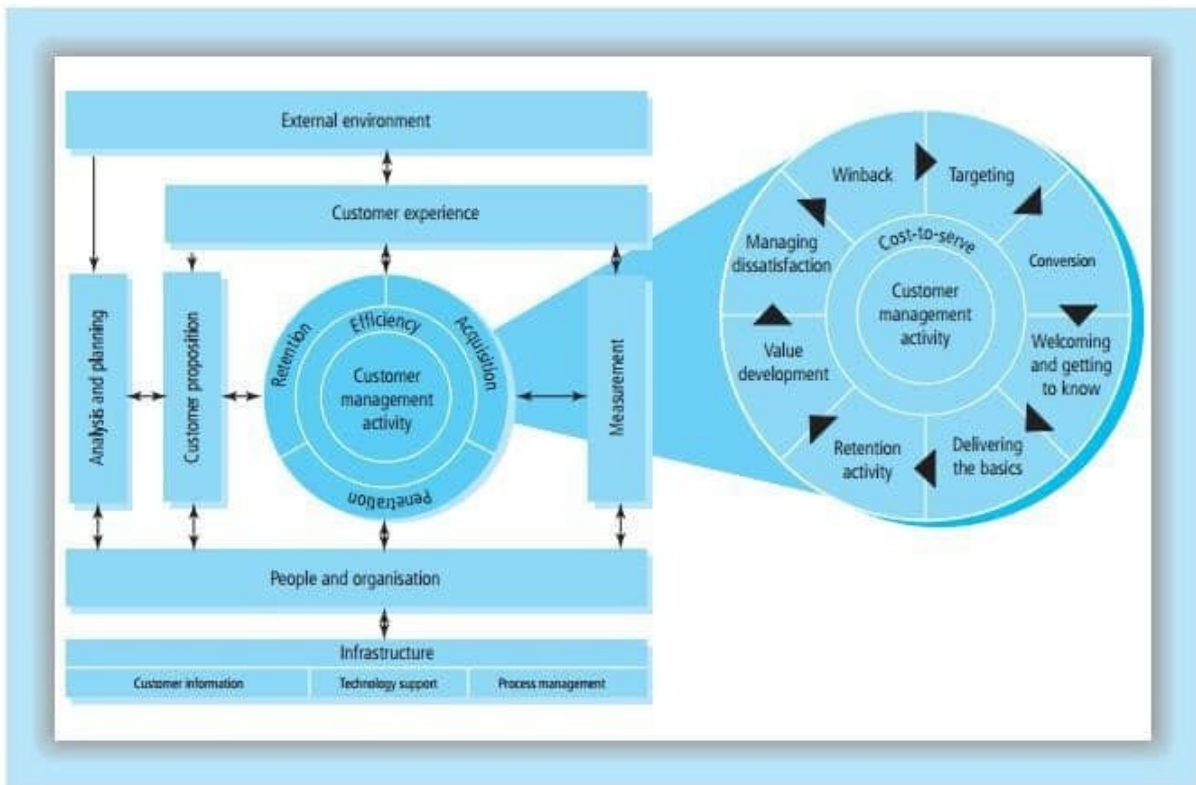
in the UK, Tesco must customise its customer experience by changing the offer and marketing to account for consumer wants and expectations.

QCI Model

The notion of the Quality Competitive Index (QCI) is one type of customer management methodology. This strategy requires a business to take particular steps to draw in new customers and retain existing ones (Starkey & Woodcock, 2002). Since the strategy places a higher emphasis on customer "management" than relationship development, it stands out from other customer relationship management models.

The goal of consumer management is to prioritize impulsive buyers.

Despite not wanting a long-term relationship with the business, they are crucial for generating income (Woodcock, Edwards, Tonne, & Armstrong, 2009). The QCI model assists in evaluating current procedures and developing a quantitative strategy to enhance the customer management process.



Analytical CRM

To improve customer satisfaction and retention rates, businesses that use analytical CRM gather customer relationship management.

For information on their interactions with customers. The client is not aware that the organization is recording and analyzing their interactions and activities with them; analytical CRM is a behind-the-scenes procedure.

Because of the data gathered on client behaviours, experiences, and the results of these experiences, businesses may foresee consumer behavior and offer things to which they are more likely to respond well. Managing customer relationships requires analytical customer relationship management.

Consumer data of numerous types are gathered and analyzed by analytical including customer relationship management.

ing Purchase and return history, preferred brands, and other sales information. Financial information: history of payments and credit, including payment method, credit ratings, and Marketing, for example, Tesco was among the first merchants to provide a loyalty card. This successful marketing tactic helped Tesco become the market leader in the UK. Covid-19 The data report shows that metrics show consumers see Tesco as the best supermarket for 'doing the right thing' with a score of twenty-nine percent.

3. Model Selection and Application QCI Model

Tesco company has complete trust in its executives' abilities to hire the best employees at any moment. Tesco discovers its future leaders and individuals with leadership potential to fill the roles of organizers and motivators,

The management approach used by Tesco, which is entirely in line with its purpose, vision, and goals, is also explained in this study. They are focusing on customer satisfaction scores and product quality control. Tesco's main competitive edge is its ability to provide top-notch products at costs that are less expensive than those of its competitors. Tesco is growing in recognition across the world because of implementing all the customer-friendly procedures. A useful tool for complete quality management is the QCI model. Considering Tesco's value,

3.3 Conclusion

Tesco must keep on developing its customer relationship management, avoid advertising fake products to its consumers.

They need to hold on to the values they say they have by understanding people—customers, coworkers, and communities—and what is important. They need to Use all the resources at their disposal, from Clubcard data to social media, it will help them listen to people, and then respond by adapting and inventing to meet their requirements. Because their fundamental principles are important to their company, they need to keep focusing on how to carry out their main goal. Their principles have been a cornerstone of their culture. It is good that Every employee at Tesco is made aware of what's crucial, including how their team works together and how their customers are at the centre of what they do.

4. Recommendation

- Based on the findings of its SWOT analysis, Tesco must focus on its threats and vulnerabilities.
- The QCI Model method is good to be used in all areas since it aids in analyzing current procedures and producing a quantitative strategy to enhance the customer management process.
- Put a high priority on customer management to draw in new customers and retain existing ones.
- In some markets, Tesco needs to improve its operational performance. Before entering some regions, they should do a market study.

4..4 References

Dunkerley. D (2002) *Leadership Styles and Effectiveness Personnel Review*.p.57-62.

Zeithaml V. A. L B. Parasuraman (1988) *Department Marketing*

Pratt K M *Total Quality Management TQM*

M Freedman (21 Feb 2023) *CRM models*

Mertens T. P. W., Viaene, S. and Gemmel, P. (2015) (*“Context of Business of TESCO - CIRCLE OF BUSINESS”*) *From business process management to customer*

Stamp, G. (2006). *Management Styles. Leadership & Organization Development Journal*, 7(3), pp.27-32 Slack.

Jones N. BA. (n.d.) *Operations and process management principles and practice for strategic impact.*

Shruti T & P Chetty (01/42019) *Understand the different elements of the. QCI model*

Stewart. A. *COVID-19 challenge (17 /07/ 2020)*

Gronroos, C. (1983). *Strategic management and marketing in the service sector.*

