

Student Name	Mirica Teodor-Ion
Student Number	1808623
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Lecturer Name	Kenny Tang

Understanding and Engaging in the Customer Experience

This paperwork will contain information and comparison between different supermarkets. How they attract their customers and under what methods they do that with, which are the methods of keeping and understanding the customer value and demand. The same products from different sellers will be compared, as to which baskets of goods will determinate who has the best quality of products, price tag and of course what range of products they offer.

Additional to the above, this paperwork will analyse the ways supermarkets are selling their product. Ethical, belief and values, the sustainability of the business and what is the relation with their suppliers. How supermarkets should comply with environmental protection policy by taking the right action.

The Five dimensions of customer value will be present in the analysis of the supermarkets along with how customers judge the five dimensions of service and product quality. The nowadays effect of buying online rather than going to the supermarket and physically assess products, which involves tangibility and visualising the product quality.

In the last five to seven years the food market has changed and bent over the customer demand. The main question is why and how these changes were made; this will be another analysis displayed in this paper.

Customers behaviour is another point this paperwork will cover. What are the reasons customers are making changes in their goods supplier and what benefits this action will contain?

Related to customers behaviour is the relation between technology and the individual who is using it. What benefits can technology can bring, what disadvantages it has and most importantly, why technology interaction can have such a great result when dealing with customers.

Furthermore, this essay will provide ranking based on appearance, service quality and price. The main brands to be evaluated and scored, they will be the ones who are in the top of the grocery market. How do the brands maintain their positions in order to perform and deliver at the same rate with customer demands?

Paper Core.

The main information of this essay will start here were a giant like TESCO is introduced and evaluated. Who established it, what does it provide and how sustainable can it be, will be the main questions to ask and find the answer for, along with the company's beliefs and values.

We all know what Tesco provides nowadays, but where did it start and what it used to be back in the day.

Tesco was established back in 1919 by a man called Jack Cohen.

A young man who returned from war and used his money to create a market, where everyone can afford its products at the best quality range.

In 1924 the first Tesco store was open in north London, which had a great performance by selling dry branded products called Tesco Tea.

In 1934 Jack bought more land and created the first modern food warehouse in the country, by 1937 the business expanded across London. (*Tesco. PLC, 2020*)

Nowadays Tesco operates 3,961 stores across London and the Republic of Ireland, and the total amount of stores around the world is estimated at 7000. In 2014 the company had the most increase in store numbers, compared with the previous financial year, 246 stores were opened under Tesco's brand.

Being a leader is not always easy, keeping up with change is crucial in order to remain on top.

Tesco has three major competitors in grocery market which are Asda, Sainsbury's and Morrisons.

According to different statistics from 2015 to 2020, Tesco holds 30% of the market share grocers in UK, together with Sainsbury's 43.1% of the market is considered to be the largest share, over a period of five years. *Nils-Gerrit Wunsch, (2020)*

Tesco has 10.000 own products in the UK, offering a great value and having a positive reaction of its customers.

Tesco's beliefs and values are to provide a better quality of life and an easier way of living, by making every visit unique along with high quality service.

By providing great products at the right price and of course easy to access in order to attract customers to revisit and to ensure a lifetime consumer. (*Tesco PLC, 2020*)

Tesco provided and it still does, a high-quality product and service care which are delivered day by day in Tesco supermarkets. However, it does not mean Tesco does everything perfect, by analysing the company, gaps will appear.

The Five Dimensions of Customers Value.

Customers Value is required to be accomplished by companies in order to ensure long time success and longevity.

I. The five main points are:

- ***Conformance and Requirement***
- ***Product Selections***
- ***Price and Brand***
- ***Value-added Service***
- ***Relationship and Experience***

Conformance and Requirement> stand for the ability to provide the needs of customers and it has three major principles:

- **Choosing the communication Loop** > Tesco has different ways to communicate with its customers, like informing and advertising through mobile phones.

A different way to interact with its customers is the Tesco Clubcard which allows the company to know its customers better and to understand their needs.

Technology plays a major role in monitoring the customers, a short example will describe how it works.

When applying for Tesco Clubcard a customer needs to complete a form giving personal information, Tesco will accumulate that information and will send you the Clubcard to your home, by doing so, Tesco has already acknowledged you as a customer.

Every time the Clubcard is used to assimilate points for you, it will provide Tesco with information in regards of each customer's needs and peace of mind.

Tesco Clubcard works based on the amount of points a customer will accumulate over a period of time, they will receive a voucher in exchange for its points.

The voucher can be used in any Tesco stores or Tesco gas stations. In order to give a better understanding of how it works, a short example will follow.

An Individual who is shopping in Tesco and spends £150 of value in a basket of goods they will receive 150 points on its Tesco Clubcard, sounds great indeed. (*Tesco PLC, 2020*)

However, 150 points will give back a voucher of £1.50 which is about 0.92% of the value the individual spend in Tesco. In order to get £150 worth of voucher, a customer has to spend ten times the value of £150 which is a huge amount of money to spend and goods to be bought in order to get a reasonable value back.

On the other hand, Tesco's rival, Sainsbury's approaches its customers in a slightly different method. Their Nectar Card offers £1 over every nectar point collected, so in order to get £2.50 off shopping, customers have to get 500 worth of points, every point on exchange is worth 0.50p, (Sainsbury's, 2020)

Under the loyalty scheme and according to Love Money website a graphic will be displayed in order to provide concrete evidence of which company offers more, and which offers less.

By taking an average individual grocery bill over a week period of time which is £58 and then make a total of 12 months in order to visualise how much can be saved and earn in points over a year period.

Assuming that Tesco and Sainsbury's has 90% of their prices similar, excluding the tobacco price which does not gain points over it and no credit cards interest are present in order for a clean bill to be paid they reach that Tesco's savings can be up to £30 and Nectar saving are half of it which is £15.

Sam Richardson, (2018)

Tesco and Sainsbury have their own bank, a small comparison by using Sainsbury's credit card on their supermarket will help to save in a year time up to £67.50 and by using their gas station will top up that amount with an extra £10.

Tesco on the other hand will have a lower amount which is £46.50 over a year period, with an extra of £8 on their gas station.

A small conclusion of the above is that Tesco will help their customers to save money and to motivate a continuous loyalty. Sainsbury's on the other hand have a lower rate than Tesco of providing their customers with help in saving.

- Sticking to a rhythm across the supply chain > In relation with the above and customer needs, and demand is that the company is willing to spend money and supply with anything that will bring prosperity.
- Leveraging capital assets to increase the flexibility of the supply chain. > Tesco is not anymore just a supermarket where grocery and different items are sold, Tesco is also a bank, an insurance company and a gas station. Different assets with the same brand can be a game changer in the company's profits.

Product Selection > companies like Starbucks or Subway which are specialized on selling one type of product are much different than mega stores like Walmart or Tesco.

Tesco not only that provides food supplies, but it also has a range in clothing, gardening items, pet's food, birthday cards and electronics.

Price and Brand > Are two main points which will be describe in this paperwork by taking a closer look at what Tesco's prices are compared to other grocery markets and what importance makes the brand so valuables and reliable for its customers.

- **Price** > First of all, what is the price, and under which circumstances the price may differ.

A price is valued and used to purchased goods or service, by having commerce as a main topic, three main points will stand out and be determined by:

- 1. A buyer which is willing to pay
- 2. A seller willing to accept
- 3. A competition which is allowed to be charged

Promotions and mix market value are key factors in a business which allows the organizations to have some control over the price. However, it is criminal offense to manipulate or change prices and offer misleading information like raising the price of an item and then adding it on sale as the original price or even rising the price of item which is much higher than the market value. *Siam Luu, (2017)*

In 2019 a survey from The SUN came up, comparing “the big four” which are Asda Morisons, Tesco and Sainsbury's and included 42 everyday items in order to reflect which supermarket offers the best price value.

The item range variety of the item starts from fish fingers, beef, eggs, chicken to bathroom products like toilet paper and cleaning products.

Only 25 products were displayed as an example and comparison between supermarkets price created and reviewed on personal experience.

	ASDA	MORISONS	SAINSBURY	TESCO
➤ EGGS	84p	80p	£1.10	85p
➤ BUTTER .500G	£3.75	£3.00	£3.75	£2.75
➤ MILK. 2PTS	79p	79p	80p	80p
➤ ORANGE JUICE. 1L	69p	£1.00	80p	80p
➤ ONKEN YOGURT. 450G	£1.40	£1.60	£1.00	£1.50
➤ NAPOLIA SPAGHETTI.500G	£1.00	75p	£1.30	£1.28
➤ POTATEOS. 1KG	80p	85p	£1.10	£1.00
➤ CHIKEN BREAST.1KG	£5.50	£5.72	£5.50	£5.50
➤ BEEF MINCED. 1KG	£3.75	£4.80	£5.00	£2.97
➤ BANANAS. 5 PCT	£1.00	94p	90p	90p
➤ PRINCES TUNA. (4X145G)	£3.50	£3.50	£3.50	£3.50
➤ KITCHEN ROLLS. 100 STHEETS	£2.00	£2.00	£3.00	£2.00

➤ HEINZ BEANS	£2.00	£2.00	£2.70	£2
➤ PLAIN FLOUR. 1.5KG	45p	80p	60p	60p
➤ SILVER SPOON SUGAR. 1KG	£2.15	£2.30	£2.15	2.15
➤ ICEBURG LETTUCE	50p	60p	60p	60p
➤ FRESH TOMATOES. 6PCT	75p	70p	65p	75p
➤ RED ONION	70p	£1.00	85p	85p
➤ NUTTELA	£2.90	£2.90	£2.90	£2.50
➤ HEINZ TOMATO KETCHUP. 650G	£2.00	£2.00	£2.00	£2.00
➤ COCA COLA. 1,5L	£1.95	£1.95	£1.50	£1.95
➤ GIN. 70CL	£10.50	£11.00	£10.00	£11.00
➤ NESCAFE ORIGINAL INSTANT	£5.00	£8.00	£5.00	£5.00
➤ DOVE HAND WASH. 250ML	£1.00	£1.00	£1.00	£1.80
	£54.92	£60.00	£57.70	£55.05

A short reflection upon the graphic displayed above is that some of the supermarkets have similar prices overall. However, some charged a difference of £1 or even £2, which is a huge overprice into the customer budget, as you can see in the red highlighted numbers.

Ranking

- 1. **ASDA** > ★★★★★ 4.50 out of 5
- 2. **TESCO** > ★★★★★ 3.50 out of 5
- 3. **SAINSBURY** > ★★★★★ 2.50 out of 5
- 4. **MORISONS** > ★★★★★ 1.50 out of 5

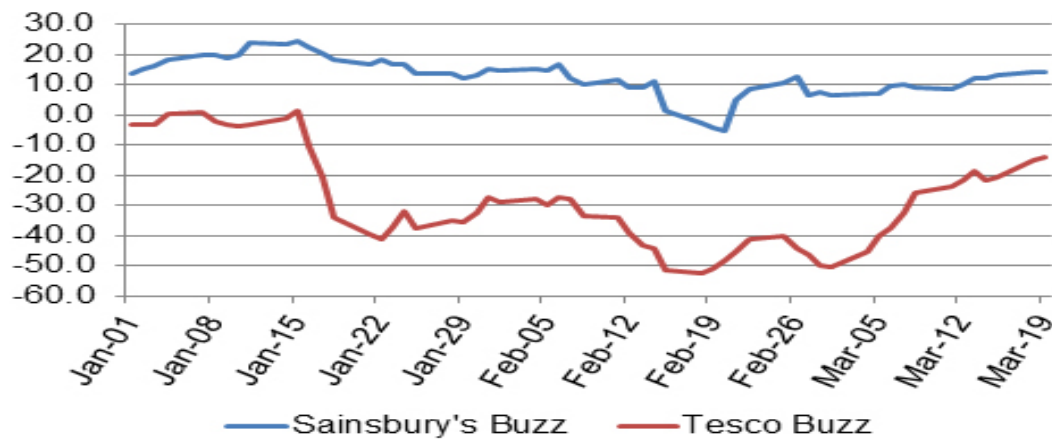
Brand.

In an article written by Jerry McLaughlin in Forbes magazine, says that Brand is a name given to different items which can be a product of even a service in order to increase popularity and the market value.

A different approach of the definition is the name of the product which stands for recognizing a product from others and mark it as a brand where customers can distinguish the difference. *Jerry McLaughlin, (2011)*

- Talking about Tesco and Sainsbury's in an article written by Harris MacLeod in YouGov website it shows that customers understanding of brands daily purchased which measures the positive and negative reactions.

Also, it shows Sainsbury's party criticism, and accuses Tesco of misleading the customers by claiming Salisbury's own brand products are much cheaper to what Tesco is offering in the "cut price version".



As shown in the graph, Sainsbury's score is at 14, while Tesco is behind at 13.9.
Harris MacLeod, (2019).

Value-added Service > Stands for upgrading a product or service in order to offer better value to its customers.

It comes with couple of characteristics like:

- It provides synergy and attributes to the product.
- It creates extra income.
- It is profitable, this means that the investment put into the product will be returned.
- It can generate extra requests of products and service.

What is synergy and what does it offer when we are talking about a product or service being updated or improved.

Shopping in Tesco, we can see employees organizing shelves and minding their own "business", well, as customers what do we expect from them? First of all, to be informative and polite right? However, if they are actually being active and bringing the products you are missing or can't find, to you, that's an extra value added to the service as well as smiling with politeness, that is synergy, which is the third element that brings improvement to the service.

Tesco trains their staff in this manner in order to provide a unique experience to their customers service. **TESCO** personal rating: **3.5 out of 5** ★★★★★

SAINSBURY'S personal rating: **1.5 out of 5** ★★☆☆☆

Making a product better can be performed in different ways, for example it can be the price range which compare to the other supermarkets, this could be lower. The visuals of the product can attract the buyer, the way is displayed and so on. All of the points mentioned, are synergy's to different products.

- In 1997 Tesco implemented certain customer values, which some are
 1. No one tries harder for customers.
 2. To understand customer better than anyone.
 3. Be innovative and be first for the customers.
 4. Deliver unbeatable value to the customers.
 5. Treat people how we like to be treated.

(UKessays, 2017).

Relationship and Experience

A different term for Relationship and Experience is CRM (Customer Relationship Management) which stand for the ability of a supplier to ensure longevity of the business by creating a relationship with its customers. It is a strategy adopted by companies in order to achieve the customer needs and objectives.

The main question as a customer experiencing supermarkets like Tesco and Sainsbury's, is that, "what made me shop again in here" that's where the relationship between the management and customer takes place.

Presuming that I shop in one of these two supermarkets and at the end of the day I'm happy with the goods I bought, what will be the third aspect of synergy to make me shop again in the same place.

Different factors can be enumerated, for example the location of the supermarket, the appearance, and services.

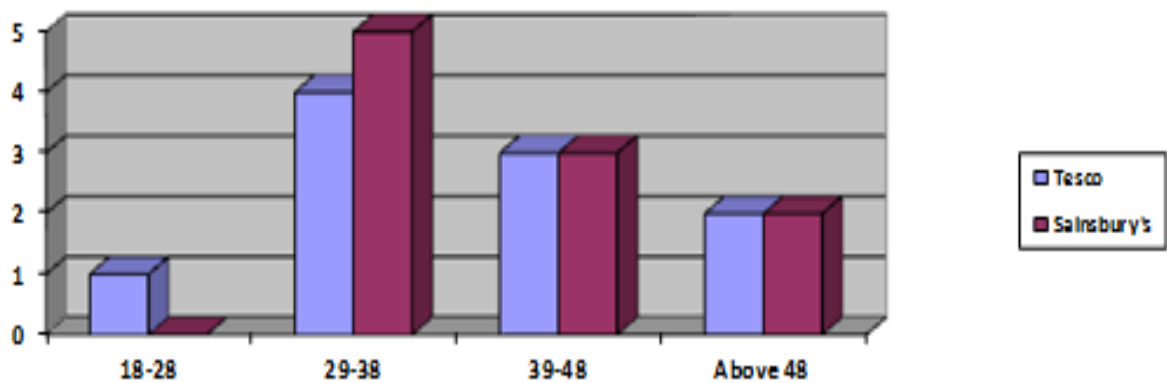
As someone said, "First Impression Always Counts" right?

One of the key factors we discuss earlier and its related to the present subject is that the loyalty scheme is a part of CRM, in understanding every individual's needs.

Technology plays a massive role nowadays in customer relation and market strategy.

According to the graphic age, Tesco has a slight advantage in front of Sainsbury's.

The reason I have presented the Age graph is to visualise the effect of long tail customers from a young age, only if Tesco continues to offer high standers service and products.



My Personal **RATING: TESCO** > 4.50 out of 5 ★★★★★

SAINSBURY'S >3.50 out of 5 ★★★★★

II. Service Quality

Service quality stands for how good a service is delivered in order to meet customers expectation. There are five dimensions that customers acknowledge when testing or interacting with service quality. *Savannah Samoszuk (2018)*.

Tesco and Sainsbury's offer high standards of customer services by the simple fact that they provide a clean shopping environment, keeping a high standard appearance of the facilities and of course displaying a large variety of products at reasonable prices.

- **TANGIBLES;** Which stands for physical interactions with different facilities, equipment and items.
As mentioned early, tangibility stands for interactions with different services. Tesco provides a higher standard in regards of humans and price interaction providing a good customers service by having informative and experienced employees.
The products sold by Tesco are on a mediocre level in regards of price value and range of products.
Sainsbury's on the other hand, offers a better quality of products, coming at higher price than Tesco.
- **RELIABILITY** stands for the ability to perform and provide the service promised with accuracy.
Tesco promises to understand customers' needs and to make their life smoother by serving 66 shoppers every second and ensuring everyone encounters a better service by each visit. (*Tesco PLC 2020*)

Sainsbury's on the other hand proclaims that the heart of their business' are its customers, in order to ensure success and future growth of the company, Sainsbury's will continue to deliver what the customer needs. (*Sainsbury's 2020*)
- **RESPONSIVENESS** Stands for rapid service and the will to help customers.
Both of the companies have the will and motives to help their customers, but how fast will they do it.
Recently Tesco launched "Same day delivery service" where customers can order their products at lunch time and have them delivered by dinner. The service has a delivery fee of £3.99 and £ 7.99 for unlimited home deliveries, which are worth £40 or over.

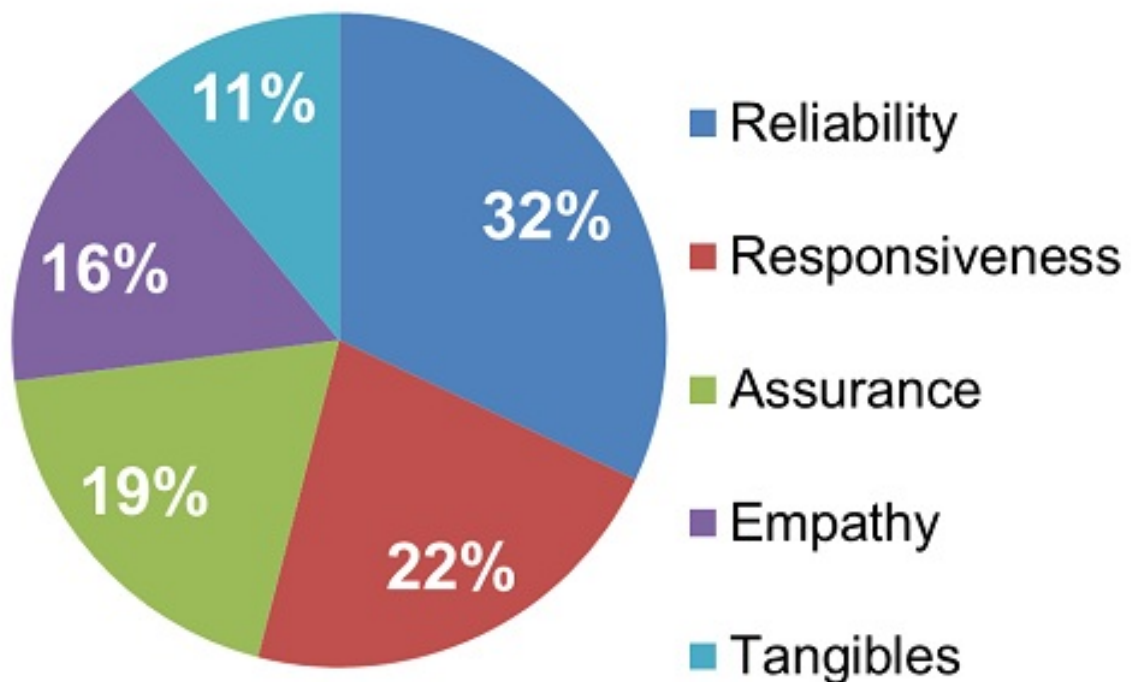
On the same topic Sainsbury's proclaims that they do delivery in 1h time period, which is impressive, Sainsbury's says that on orders over £100, the delivery is free.
- **ASSURANCE** Is the 4th dimension where employees need to offer trust and confidence, throughout their knowledge and experience.

Tesco assure its customers with the highest quality products which are safe and comply with all the laws and regulations. Labelling and packaging are essential in order to communicate valuable information like ingredients and to ensure allergen safety.

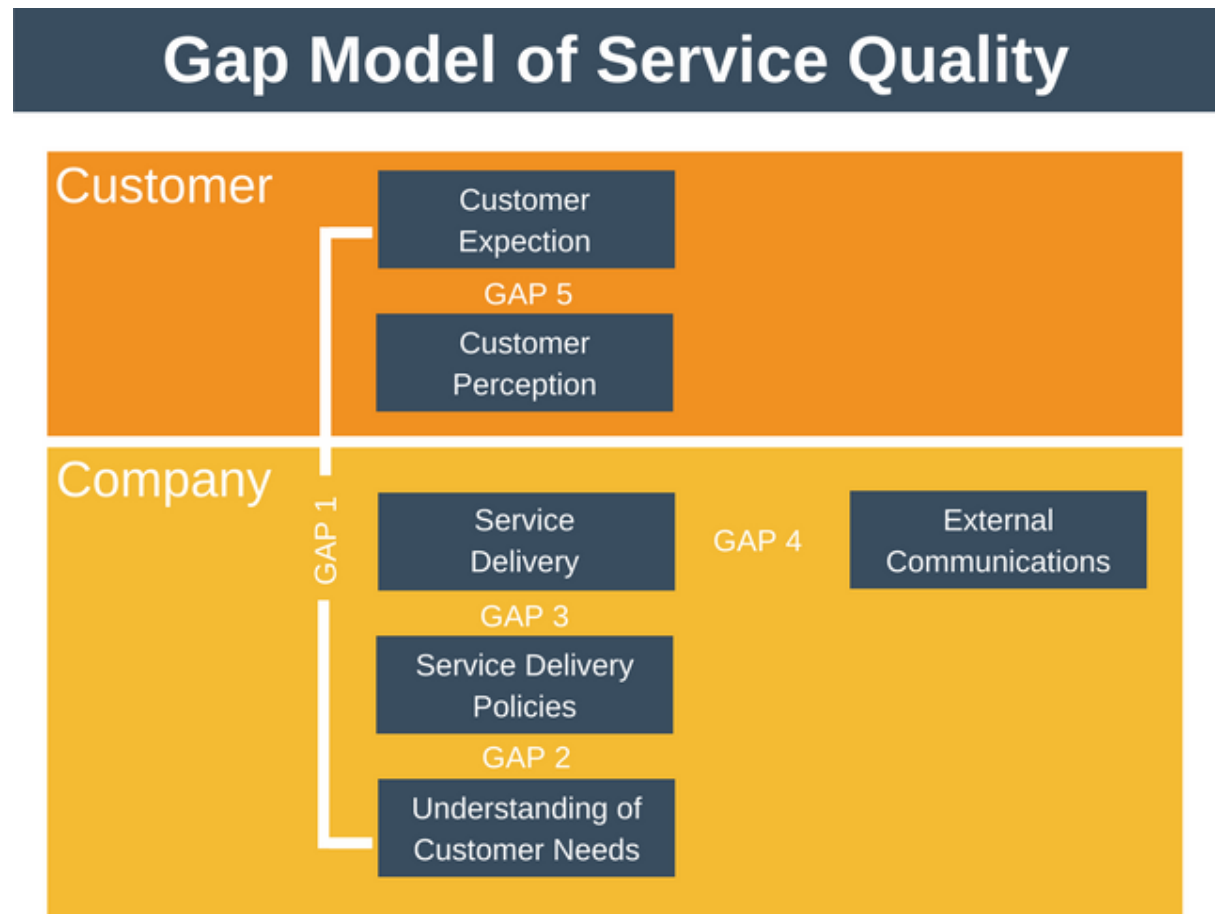
- **EMPATHY** Attention that the firm provides for its customers.

Caring about customers as much as caring for service is something that may be forgotten sometimes. However, a personal experience in Tesco made me feel that they care and pay attention to every customer, employees are smiling, are helpful and informative, which set a good example for a high-quality service.

As displayed below, The graph will be a guide for a better understanding and importance of 5 dimensions of Quality Service.



SERVICE GAP



In a blog created to develop products and customers love, *Phil Dobbie* discusses with the cofounder of **Brainmates** website *Nick Coster*, the 5 dimensions of customer gap which stands for what customers expect and what the company provides, are not on always on the same level.

The gap relates to a product or service that is expected to get more then the company offers, that when the term of GAP comes along, creates issues which therefore services are harder to sustain in a competitive market. *Nick Coster (2016)*.

- **The gap between customer expectations and customers perceptions.**
Customer expectation is what they expect to receive in exchange of capital, and it can be easily influenced by cultural background, personality and family lifestyle.

Customer Perception is based upon its interaction with the product or service which can bring satisfaction out of a specific product and the quality of the service delivery.

Tesco manages to fulfil customers' expectation by delivering fresh products, by displaying them in an attractive manner and by offering high service to all social classes.

- **The Knowledge Gap.** The second-dimension form Service Gap stands for a misunderstanding between customers and providers. The customers' expectations of a specific service and the provider of the service view is different. In this example, when the managers are not visualising the real customers' needs and expectations, by providing wrong articles, products and service.

In my opinion Tesco does a great job, as mentioned previously, Tesco know how to monitor its customers' needs by applying different methods via club-card and technology.

- **The Policy Gap.** The 3rd dimension stands for the intent and the actual process. Managerial activities and policy, not meeting or communicating to the customers' expectations. Many companies proclaim that they are offering the best service and products for the customers', but actually their internal design is much different.

In my opinion Tesco proclaims that they will offer a great price value, great products and service, which it does, by putting the customer needs first.

- **The delivery Gap.** If the company manage to perform well **The Policy Gap** and to deliver what they stand for then this is where the Delivery Gap takes places. The ability to deliver information's and service which can result in a poor customer experience. The main reasons might be lack of product knowledge by the employees, by having difficulties expressing and explaining customers questions and issues.

In 2018-2019 Tesco expose gender gap report which conclude the difference between men and woman's average pay, regardless of their role or work level. They are hoping to set a clear and positive message by covering three core areas which are: supporting and attracting talented woman, equipping and empowering their leaders and sustaining an inclusive culture.

- **The Communication Gap.** Some companies advertise promises throughout media and different other methods, which are made to rise customers' expectations. The gap comes when over promised advertising does not match with the actual service, there for, it creates regret and disappointed customers, which alternately will seek for a different provider.

In regard of advertising Tesco does a great job, and successfully meets the customer demands. However, in 2019 Tesco realised an advert which had a little girl coming home from school and saying to her father that she does not wish to eat "animals" anymore. Well the advert had pros and cons coming from different types of

consumers, either way criticism was brought on Tesco by the National Farmers Union who believed that the message was demonising meat as a food group.
Maria Chiorando (2019)

Taking into consideration the above subject and going back couple of years, in 2013 The *Guardian* published an article with the title “*where the 29% horse meat in Tesco burgers, comes from?* “. businessman called *Willy Selten* ran a meat cutting plant in south of Rotterdam, he was arrested for fraud and false accounting, by labelling meat boxes as beef which actually contained horse meat.

An interview taken to one of the workers says that they were cutting and mixing horsemeat with defrosted beef that was several years old, along with relabelling of horse meat, that had been going for at least five years.

ABP being the meat supplier for high-street markets like Tesco, Aldi and Burger King which were tested positive for horse DNA in their meat. (*Felicity Lawrence, 2013*)

Tesco did apologise by hiring Farmers Voice in order to restore the trust in the heart of customers. National Farmers Union Tom Hind, director of agriculture has been assigned to improve Tesco’s relationship with farmers and suppliers.
(*The Guardian, 2013*).

Conclusion

The study shows that market strategy plays a major role in achieving the success, advantage and satisfying customers. The promotions, prices, service and the role of the organization are making a huge difference in overcoming the rivals, as well as technological innovations are crucial in order to attract new clients.

The case study shows the importance of recognising gaps as well as the facts that they have in the company, the efforts and the business is making to overcome them.

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