

CUSTOMER ENGAGEMENT



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BMSW 5103

**Understanding and Engaging in the
Customer Experience**

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INTRODUCTION

Customer service can be defined as the interaction among the buyer and the seller of the product. Precisely, customer service refers to the assistance which an organisation offers to its customers before and after the purchase of the goods or services(Mouawad and Kleiner,2019). An important role is being played by the customer service as it act as a direct connect among the customers and the business organisation. It will also help in retaining the customer and will also extract more value from them(Kendall, 2019). It will assist them in cultivating a loyal customer base. The report is based on Tesco. In this report, a brief discussion has been given about the internal and external factor which are affecting the functioning and operation of the business enterprise. The way in which the business organisation can deal with the new customer demand and achieve its business objectives by developing as well as maintaining effective customer service 24/7/365 has also been briefly discussed in the report.

MAIN BODY

Company overview:

Tesco is a leading multinational grocery and retailer organisation which was founded in 1919 by Jack Cohen. The headquarter of the company is located at Welwyn Garden City, England , UK. The company has started its operations from UK but has expanded itself globally into 11 different nations all across the globe. The company has its stores at 5000 different locations and the company has provided employment to more than 350000 individuals all across the globe(Sleight, 2021). The business enterprise has also expanded its area of services such as retailing of clothes, furniture, toys, telecoms, internet, books, petrol, financial service and many others. The main aim of the business is to serve the customers daily with healthy, affordable as well as sustainable products and to assist them in enjoying a better quality of life and an easier way of living.

Introduce the key marketing theories

The marketing theories can be defined as the hypothesis which states about the process to maximise sales and states the way in which the company must position its commodities and services in the marketplace in a way that the consumer might understand the benefit of the

commodities (Grmelová and Zahradníková,2019). . In other terms, it is also known as creating a image or brand.

Marketing Mix

Marketing mix can be defined as the set of actions which are being taken by the business organisation to promote its products and services in the marketplace. A key role is being played by marketing mix as it assist the businesses in understanding the need and wants of the customers and it also helps the business in planning a successful offering of the product. The marketing mix in context of Tesco has been briefly highlighted below -

- Products – A wide range of products is being sold by Tesco which includes stationary, clothes, cosmetics, financial service and many others. In order to cater the diversified needs of the customers the company has expanded its product line.
- Price – Tesco uses cost leadership pricing strategy. Due to this the company tries to offers its products and services at the lowest possible prices without any compromise in the quality. It has helped the company in enjoying the economies of scale and the organisation continuously works with the suppliers to make the supply chain more effective.
- Place – Tesco opts for both online and offline channels to provide its services to the customers. The company operates a variety of stores which includes large supermarkets to small express stores. The online business of the company is also known as Tesco direct and the company uses different channels to reach out its customers.
- Promotion - The company has a strong brand image which helps it in its promotional activities. Diversified promotional channels has been used by Tesco such as radio, newspaper, social media etc. Apart from advertising, the company also uses other means of communication such as offers and discounts on the products etc.

Ansoff Matrix

The Ansoff matrix is also known as Product/ Market expansion grid. It is an two- by – two framework which is used by management teams as well as analyst communities to plan as well as evaluate the growth initiatives (Meldrum and et.al., 2023). The Ansoff matrix in context of Tesco has been briefly highlighted below:

- Market Penetration – It refers to the process of selling the existing products into the existing market. From an research, it has been witnessed that the competitive pricing strategies, ad campaigns etc. helped the company in implementing the market penetration strategies/ The company also comes up with special offers on different products to enhance their sales.
- Market development – It can be defined as the process of selling the existing products into new market. As it has been known that the company has expanded its operations to many different countries. In July 2019, the company has also announced to open 750 new stores in Thailand over the next three years.
- Product Development – It refers to the procedure of selling the new products in the existing market. Tesco has developed numerous products of their own labels. In order to cater the devastating needs of the customers the company use to come up with different innovative items as it helps it in reaching wide number of customer base.
- Diversification – It refers to the process of selling a new product in a completely new marketplace. Tesco has started its business from grocery business but has diversified its operations into many areas such as mortgagees, insurance, clothes etc. It has been witnessed that the company has been failed in some of its diversifications such as the company has bought 80% stake in the online video shop Blink box entertainment in 2011 but has to sell it due to the heavy losses in January 2015.

Communication mix

Communication mix is one of the most effective tool which helps the busies organisation to communicate with their potential customers. There are different type of communication mix tools which is use by the business organisations such as social media,sales promotion, personal selling, direct marketing, events, websites and many others. In context of Tesco, there are different types of tools and techniques which is use by the business organisations for promoting and informing the target customers about the products and services of the brand. Effective implementation of such type of tools provides ability to the business organisation informing the customers about the different types of products and services by which they able to meet their needs effectively (Lahtinen, Dietrich,and Rundle-Thiele, 2020). In addition to this, marketers and leaders of the company focus on adopting different types of communication tools which are accessible and approachable to all customers. E-mail marketing is one of the most effective communication tools which is consider by organisations for updating customers about new

products and solving their queries. Through such type of practices, it becomes important for the organisations to develop their relationship with the customers effectively and that leads positive impact on overall profitability growth of the business.

Porter Five Forces

It refers to the model which identifies as well as analyses the competition which shape every industry and it also helps them in determining the strength and weakness of the industry (de Swaan Arons and Waalewijn, 2019). These forces include competitive rivalry, bargaining power of the customers, threat of new entrants, bargaining power of the supplier and threat of substitute. These five forces have been briefly highlighted below in context of Tesco –

- **Competitive Rivalry** – It can be defined as the competitiveness among different firms. The competitive rivalry is relatively high in case of Tesco as the company has numerous powerful competitors such as Sainsbury, ASDA, Walmart etc. All these companies offer similar products to its customers at almost same prices.
- **Threat of Substitution** – It can be defined as the likelihood of the customers to switch over other alternative products and services. The threat of substitutes is comparatively low in case of Tesco as the company deals in wide variety of products as well as services and is one of the largest supermarket chain in UK. Another reason behind the low threat of substitution is that the company itself sells its majority of the products. For instance – Both margarine and butter, fresh, powdered and condensed milk is being sold by the company.
- **Threat of new entrants** – It refers to the threat which is created by the new competitors for the existing forms in the industry. The threat arises when the new company has started selling the similar commodities and services as of existing company. The threat of new entrants is very low for Tesco, because huge capital is required to enter in the market and it becomes very difficult for the new player to cater such capital. It also becomes difficult for the new company to compete with the strong brand of Tesco.
- **Bargaining power of the customers** - It refers to the concept in which the buyers use to pressurise the business organisation to lower the price of the products and services, enhance the quality of the product as well as provide a better customer base. In simple terms, it can also be defined as the negotiating power of the buyer to get the best

possible prices. Tesco provides its services to millions of the customers via its online and offline stores. The bargaining power of the customers is considered low because the company is offering products which caters the basic needs of the customers so it becomes very difficult for the consumers to bargain for such prices.

- **Bargaining power of suppliers** – It refers to the power of the supplier to get the best possible price from the businesses in return of their products and services. In case of Tesco, the bargaining power of the suppliers are low as the company buy its commodities from more than 2500 suppliers and in case of high negotiation the company can easily switch with another suppliers.

Customer relationship management theory

CRM plays a major role in success of an organisation in today's time. It is an old saying "customer is king". It is absolutely true as all the work carries by a business organisation is done for the satisfaction of customers and to retain them (Khan and et.al., 2022). Customer relationship management can be defined as the process of under which organisation interacts with customers and make efforts to keep them satisfied. It helps in improvising the relations and managing overall relations within the business organisation. There are **4 C's of customer relationship management** that are being followed by Tesco in order to manage the relation with customers and they are discussed underneath:

- **Currency**: There is key role of having up to date and current information so that all the customers are satisfied with the services. By using the information given by customers in proper manner effective solution to all their problems can be taken out and they stay satisfied with the services and are able to attain successful position.
- **Correctness**: There is need of analysing the difference between correct and incorrect information so that better results are attained. The use of best practices and using right software help in keeping the customer needs fulfilled (Setiawati and et.al., 2019). All this is necessary for taking correct decisions for benefit of company and their employees.
- **Consistency**: It helps in overall growth of the business and to maintain a positive environment that is necessary for all. Developing relations can be attained by being consistent and having regular interactions with customers so that they become loyal for the business.
- **Completeness**: Taking care about overall customer needs and wants come under completeness. It includes wishing them birthday and at the same time telling them about

discounts and offers and sharing each and every important information. All this is necessary to maintain the relation with customers and motivating them to stay loyal for business.

Customer relationship theory: This theory revolves around customer values as all the actions are taken to keep the customers satisfied. The idea is to integrate the customers and helping them to make right purchase decisions. Tesco works to identify the needs and wants of the customers and serve them in suitable manner. The customer focused solutions are given to them so that they are satisfied with the goods and services provided (Gil-Gomez and et.al., 2020). All the queries are solved and the expectations of the clients are fulfilled. There is need of managing the needs of customers and providing them better solutions for keeping them engaged for the customers. All this is necessary for attaining success and achieving good relations with customers.

Customer Relationship Management Pyramid



In the starting the use of technology is done by Tesco so that all of them are able to serve the needs and wants of customers by use of technology. There is key role of making use of CRM technology as it helps Tesco to know about overall needs and wants of customers. The use of marketing, sales and support services are provided so that Tesco is able to gain success. These services are important and helps in reaching most of the customers in most appropriate manner. The next level in pyramid is product offerings as this helps Tesco in managing the

portfolio. There is critical role of using the products and services in most effective manner so that it helps to develop the relations with customers. All this is necessary for the growth and development of company and reaching most of customers (Buttle and Maklan, 2019). It is seen that customers are at the top of hierarchy and due to this reason they are given utmost importance. All the actions are taken in such a manner that all customers are satisfied with the services and able to avail valuable services. Tesco is a multinational organization and use of software and technology helps them to serve the needs and wants of customers in effective manner and gain success. There is need of providing better services as per the need of customers so that they are able to keep them satisfied. This pyramid helps in satisfying the customers requirements and motivating them to make regular purchases.

Critically analyse internal and external factors that influence your organisations quality systems and controls for customers

There is key role of **internal environment** of the company as all the factors in internal environment have direct impact on the company's performance. In order to build relation with customers there is key role of having quality systems and controls for customers. The internal factors are in control of organisation (Dewnarain, Ramkissoon and Mavondo, 2019). The use of electronic CRM is done by Tesco and there is need of checking all the factors that have impact on their performance.

Management styles: The democratic management style is followed by Tesco and due to this reason they are able to manage the quality system in appropriate manner. They take all the decision after having proper discussion with the employees and this helps in attaining success and having better control.

Human Resources: There are highly trained staff members who work in Tesco and they have quality to managing relations with customers. This skill is necessary for carrying overall work in effective manner and engaging the customers in most suitable manner.

Financial Resources: They have good financial resources and this helps them to use technology and latest resources to manage the customers in effective manner (Orengo-Serra and Sánchez-Jauregui, 2021). This has positive impact on the Tesco and their relations with their customers.

Organizational structure: Tesco is a multinational organisation and they have product based structure. This causes problems in managing relation with customers as all the teams take care about own work. It becomes a complex activity to manage the CRM of business and carrying the activities assigned to them. The management has to make extra efforts so that they are able to carry on the work in suitable manner.

The **external business environment** of business is dynamic in nature and due to this reason they are not in control of business. These factors also impact the working of business, quality systems and controls for customers. External factors are stated below:

Political factors: The policies and tax rates given by government are part of this factor. In United Kingdom there is political stability and this helps them use the CRM of their choice. They are given freedom to work and manage the relation with customers and this helps in the growth and success of the business.

Economic factors: The economic condition of the nation has impact on performance of Tesco. The products and services provided by Tesco have high demand and the economic factors are in positive direction. Tesco assures that they use money in effective manner and are able to meet the demand of customers properly. The use of ECRM helps them to work in effective manner (Dewnarain, Ramkissoo and Mavondo, 2019). The changes in the economic condition of the nation has direct impact on working of Tesco and their relations with the customers.

Social Factors: There are regular changes in needs and preferences of society and due to this reason there is need of providing quality services and helping the customers to reach their best level. In order to serve the needs and wants of customers, Tesco regularly interacts with them and are able to serve their needs and preference in suitable manner. The company has to take care about the requirements of customers so that they are able to gain lead and manage the work.

Technological Factors: It becomes important to make use of technology in UK so that the business is able to gain lead over the competitors. The use of right tools and techniques are necessary for a company so that they are able to meet the changes in market. Tesco makes use of software and technology called Tesco Digital that helps them to carry on the work assigned to them properly. There is need of working in such a manner that all the customers gain best services and are able to maintain relation with the.

Legal factors: Taking care about laws and legislations is necessary for a company in order to maintain quality. There are a lot of laws and legislations that are applicable on Tesco in order to maintain and provide best customer services (Anshari and et.al., 2019). This enhances the burden on company as they have to follow the desired policies and they are able to work properly.

Environmental Factors: There is need of taking care about the environment and sustainability. The customers prefer the brand that has good contribution to environment and follows sustainable approach. This enhances their interaction with the customers and are able

to work in most effective manner. The use of policies by Tesco assist them in gaining successful position and having better control for the customers.

Identify the systems that support your organisations quality processes

Quality customer service involves providing quick, efficient, and friendly service to customers and building strong relationships with them. It also entails responding to customers' issues in time and handling any complaints effectively (Foltean, Trif and Tuleu, 2019). Overall work related to customer relationship is done by the company with use of Tesco digital. It is used by company to keep record of overall client journey. The details related to purchases made by customers are recorded. In order to manage the work, the use of data is done in effective manner. By the software and use of artificial intelligence the company is able to meet the needs and wants of customers in effective manner. By analysing the requirements of customers they are able to serve their needs in most effective manner. The quality management of customer needs and wants is important for Tesco and their success. The use of quality products and services is one of the effective activity carried on by Tesco. In order to attain success, the use of total quality management is done in such a manner better results are attained. The clients are satisfied with the company which provide better services to customers. This is necessary to build effective relations with the customers and manage their workings.

The use of artificial intelligence and Chat bot option on the website of Tesco helps to provide appropriate services. They help to solve the query faced by customer 24*7 so that they become part of company for longer duration of time. Having an application that keep record of customer needs and wants is necessary for their success. Digitalisation is followed in current era and due to this reason most of the businesses use latest application and software that helps to manage their work effectively (Chumwatana and Wongkolkitsilp, 2019). In order to manage the work at Tesco regular training is given to customers so that all of them are able to manage relation with customers. For example, if any customer faces issue within the organisation and store then it is duty of the customer relationship management team to solve the issue and satisfy the customers. The use of effective communication skills and better solutions helps in gaining success and making them loyal for company. Tesco assures that their customers do not face any issues but if there are issues faced by them then the company works on solving them

within right time. All this is necessary for enhancing the success rate of company and managing the relation with customers. The major benefit of using effective CRM helps the business to gain lead over the competitors and gain new customers.

The **benefits** of using quality customer relationship management are as follows:

- It helps Tesco to better understand the customers and know about their needs and preferences so that they are able to serve them in effective manner. This makes the company satisfy the customer needs in appropriate manner.
- It results in better customer retention and the organisation provides quality products and services to the customers that are specifically related to their requirements (Kerdpitak and et.al., 2021). All this retains the customers within organisation and work to serve them appropriately.
- Effective communication is the result of having good quality management system. All this helps in maintain good relation with customers and having proper interactions with them. This is advantageous for the business and their overall operations as they are able to gain and retain best customer around. The success of business is dependent on the way communication is used by company.

The **challenges** of developing and maintaining good customer relationships are listed below:

- It adds to the expenditure of company as they have to invest money on digital technology and software. This is one of the major barrier that is being faced by them. This is problematic for Tesco.
- Sometimes the company is unable to take decisions based on customer feedback. The negative feedback by customers causes problems for the business and they are unable to manage their workings in effective manner. The lack of motivation causes issues for all of them and their workings.
- The company is unable to add personalised touch to the needs and wants of customers. This also causes problems for the company and they are unable to deal with the situation and work. All this causes problems for the company as they are unable to meet the expectations of the clients.

CONCLUSION

From the above report, it has been concluded that customer relationship management plays a major role in success of business. It can be understood as process of providing quality services to the customers and retaining them within the organisation. The employees of the company must be given training so that all of them are able to develop and maintain relation with customers. The use of marketing theories is done in order to know about the performance of company in market. Afterwards the customer relationship management theory is carried as it helps the organisation to know about right way of managing relationship with customers. The use of effective software and technology helps the business organisation to manage relations with customers and attain better position. The quality system used by company and its benefits for the business organisation and the challenges are also part of the report.

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