

Marketing Management

Assessment 1

Name : Anto Mathew
Student id : 2237339
Lecturer : Tushara Balendran
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Introduction

Over the years, there have been significant shifts in marketing activities and strategies across industries due to the changes in consumer behaviours and competition (Hossain et al., 2020). One of the changes that has been consistent across sectors is the emphasis over customer satisfaction (Gotwald-Feja, 2017). Furthermore, technological advancements have also added new dimensions to marketing strategies, including how businesses interact and manage relationship with customers (Lee et al., 2019). For quite some time, businesses had been focusing on customer touch-points, which is still the case in many cases, but there has been a recent shift towards initiatives and strategies to make customer journey more enjoyable so that their brand loyalty can generate both short-term and long-term benefits for the company (Cadogan, 2009). In this report, the author analyses the quote that underpins this current shift in marketing, as stated by Neher et al (2016), “to maximize customer satisfaction, companies have long emphasized touchpoints. But doing so can divert attention from the more important issue: the customer’s end-to-end journey.” The objective of this report is to critically appraise how Tesco creates innovative marketing strategies for raising brand awareness and to manage and evaluate customer journey across a variety of communication channels to ensure current and future stakeholders’ expectations are fulfilled.

Shift from touchpoints to the customers’ end to end journey

“To maximize customer satisfaction, companies have long emphasized touchpoints. But doing so can divert attention from the more important issue: the customer’s end-to-end journey” (Nehar et al, 2016)

This statement highlights a shift in the way companies approach customer satisfaction. Traditionally, businesses have focused on improving individual touchpoints, which are specific interactions or points of contact between the customer and the company (Lee et al., 2019). For example, touchpoints can include customer service interactions, website navigation, product displays, or advertising (Merwe, 2018).

The goal of emphasizing touchpoints is to ensure that each customer interaction is positive and leaves a good impression (Rugel, 2014). However, the statement suggests that solely concentrating on optimizing touchpoints might not be sufficient for delivering a truly satisfying customer experience (Walden, 2017). Instead, the focus should be on the customer's end-to-end journey, which

refers to the entire lifecycle of the customer's interaction with the company, from the initial awareness of the product or service to the purchase, usage, and post-sales support (Gotwald-Feja, 2017). The end-to-end journey encompasses all touchpoints but looks at them as part of a broader narrative rather than isolated events (Merwe, 2018).

By examining the customer's entire journey, companies can gain a more comprehensive understanding of the customer's experience and identify potential pain points or areas for improvement (Cavlak & Cop, 2021). Sometimes, a series of positive touchpoints might not compensate for a significant negative experience at a crucial stage in the customer journey, leading to dissatisfaction (Cadogan, 2009). For example, a company might have excellent customer service and an easy-to-navigate website, but if the delivery process is consistently delayed or problematic, customers may still feel dissatisfied overall (Gotwald-Feja, 2017). By recognizing the importance of the complete customer journey, companies can better align their efforts and resources to create a more seamless and satisfying experience for their customers (Hossain et al., 2020).

Therefore, while optimising touchpoints is essential, it should not overshadow the significance of considering the customer's end-to-end journey to achieve maximum customer satisfaction. Taking a holistic approach to customer experience enables businesses to build stronger and more enduring relationships with their customers.

Tesco's marketing strategies

Tesco is the UK's largest retail brand with over 4673 outlets. Tesco also makes a name for being one of the most profitable retailers in the country. From 2021 to 2022, the company's profits jumped from £1.1bn to £2.2bn (Amin, 2023). The company's successful position in the UK's retail industry can largely be contributed to its effective marketing strategies and strong engagement with the customers (Harvey, 2016).

Tesco has historically focused on understanding its customers and their needs. The company gathers data through its loyalty program, Clubcard, and uses this information to personalise offers and promotions, enhancing the overall shopping experience (Amin, 2023). Furthermore, Tesco utilises a multi-channel marketing approach, combining traditional advertising (TV, radio, print) with digital marketing (online ads, email marketing, social media) (Shields, 2014). This enables the brand to reach customers through various platforms and engage with them at different stages of their buying

journey (Lauchlan, 2022). As it uses a combination of traditional and digital marketing communication channels, the marketing strategy of the company can be referred to as an integrated marketing strategy (Harvey, 2016).

A key aspect of Tesco's marketing strategies is its pricing strategy. The company maintains a commitment to competitive pricing and offering value for money (Amin, 2023). Regular price promotions, special offers, and discounts are used to retain existing customers and attract new customers, emphasising a balance between affordability and value (Lauchlan, 2022). The company's competitive pricing strategy is also facilitated with a range of private labelled products that allow the company to maintain greater control over pricing (Shankar et al., 2021).

To facilitate customer journey and purchase experience, the company has been investing in online platform and home delivery services in recent years (Amin, 2023). The company has expanded the delivery options and online shopping experience with its top-of-the-line website and mobile app to offer more personalised shopping experience (Harvey, 2016). The online distribution channel of the company caters to the changing consumer preferences and has increasingly become important in recent years (Shankar et al., 2021).

While Tesco's marketing strategies are known for their strengths, they are not without some limitations (Amin, 2023). It is reported in some accounts that despite the efforts to make marketing communication innovative, it sometimes lacks creativity to some extents (Lauchlan, 2022). One of the complaints about the brand's marketing strategy is that Tesco's strong focus on competitive pricing and value for money sometimes lead to a "race to the bottom" situation, where profit margins are squeezed, particularly in highly competitive markets (Harvey, 2016). This pricing pressure affects the profitability of the company and may also affect the brand's ability to invest in other areas.

Another shortcoming of the company's marketing strategy is its over-reliance on loyalty programme data (Lauchlan, 2022). Although Tesco's Clubcard loyalty program provides valuable customer data, there is a risk of overreliance on this information (Harvey, 2016). Relying solely on loyalty data arguably leads to tunnel vision, neglecting insights from potential customers or non-loyalty customers, which ultimately limits the company's ability to attract new customers and expand its market reach (Amin, 2023).

The lack of differentiation in the company's marketing strategy is another limitation that binds the full potentials of its marketing strategies (Shankar et al., 2021). It is argued that in today's highly competitive market, the company's marketing communication is sometimes perceived similar to that of other supermarket brands, leading to limited differentiation (Amin, 2023). In the retail industry that is a monopolistic competition market, effective differentiation is the key to succeed and create unique value proposition that would attract customers. Therefore, in this area, Tesco needs to put more emphasis.

Effectiveness of Tesco's current marketing strategies

Since Tesco uses integrated marketing strategy, therefore, the effectiveness of the current marketing strategies can be appraised using relevant analytics (Amin, 2023). Tesco achieved a 79% positive sentiment in its advertisements, reaching 11.7 million UK adults through print media within a week (Shankar et al., 2021). Additionally, in May 2021, the print ad campaign was recognized as the most successful, based on Kantar's report for The Works (Amin, 2023). Hence, the company seemingly performs quite well in generating high Return on Advertisement Investments.

The digital marketing strategies of Tesco across its social media pages are also quite successful. The company's website is visited more than 30.1 million times each month and the bounce rate are less than 40% (Amin, 2023). The average duration on the page is more than 5 minutes. Looking at these analytics, it is evident that the website does quite well in bringing and engaging customers (Hemsley et al., 2020). The male to female website visit ratio is 52:48, which is a good demographic balance indicator for a retailer. The Facebook page is the main social media account of the company, which has over 1.9 million followers (Hemsley et al., 2020). However, the company posts on social media on an irregular basis, which is something the company needs to improve for greater customer engagement (Shankar et al., 2021).

Customers' end-to-end journey

The customer's end-to-end journey, also known as the customer journey or customer experience journey, refers to "the entire lifecycle of interactions and experiences a customer has with a company or brand, from the initial point of contact to post-purchase interactions" (Lafrenière, 2019). It encompasses every touchpoint and interaction a customer goes through while engaging with a business, both online and offline.

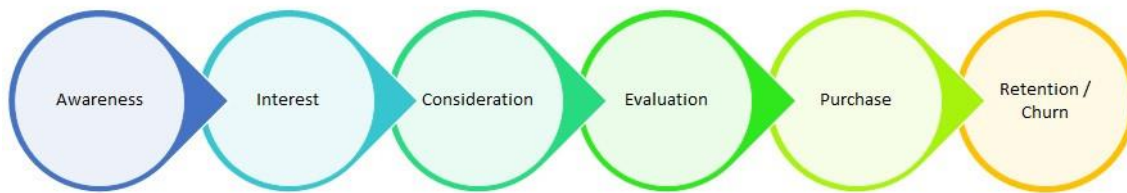


Figure: Customers' end-to-end journey mapping (Lafrenière, 2019)

Customers' end-to-end journey usually consists of the following stages- awareness, consideration, purchase, usage/experience, customer support and service, loyalty and advocacy, and post purchase engagement (Pini & Quaquarelli, 2023). Understanding the customer journey is essential for businesses since it allows them to recognise areas of concern/ pain points, areas of excellence, and chances for enhancing the overall customer experience (Lafrenière, 2019). By charting out the customer journey, companies can enhance each interaction and touchpoint at every stage, ensuring a smooth and enjoyable experience for customers (Merwe, 2018). This, in turn, leads to higher customer satisfaction, increased loyalty, and more advocacy for the brand.

Customers' end-to-end journey is important for a retailer because it plays a crucial role in applying a customer centric approach to marketing and operations (Lee et al., 2019). Given that a customer centric approach is necessary to gain competitive advantage in the industry, therefore, businesses should plan and implement strategies that would transform the customers' end-to-end journey to being more customer oriented (Lafrenière, 2019). Studies also suggest that to transform customers' end-to-end journey to being more customer centric, businesses can map customer journey, a process that "involves visualizing and analysing the entire customer journey to identify critical moments of interaction and potential areas of improvement" (Lafrenière, 2019). By mapping the journey, businesses can gain insights into what customers experience at each stage and develop targeted strategies. Based on these insights, a retailer can implement innovative marketing strategies that can improve customers' end-to-end journey, and by doing so, benefit from increased loyalty and customer retention (Hossain et al., 2020).

Innovative marketing strategies for Tesco to improve customers' end-to-end journey

To improve customers' end to end journey, Tesco can make some useful and innovative changes to its marketing strategies (Pini & Quaquarelli, 2023). These changes can be along the lines of personalisation and customer segmentation, omnichannel integration, creating augmented reality experiences, capitalising on AI enabled chatbots for customer service and relationship management, using Big Data and Data analytics to improve marketing strategies with the power data, and doubling down on sustainability initiatives (Walden, 2017).

First of all, the company can leverage data gathered from Clubcard Loyalty programme and from the social media interactions with customers to create more personalised offers and recommendations based on individual shopping preferences (Walden, 2017). Tailoring promotions to specific customer segments will allow the brand to further enhance the overall shopping experience and increase customer satisfaction (Pini & Quaquarelli, 2023). Although tailoring customer service, product recommendations and interactions are already customised by the company using the data gathered from the Clubcard programme, but the new strategy will involve further improving this aspect by broadening the scope and source of consumer data and incorporating data about potential consumers, from not only consumer touchpoints, but also from social media platforms, websites and review boards (Rugel, 2014) (Cadogan, 2009).

Tesco can adopt an innovative omnichannel integration strategy to integrate online and offline shopping experiences seamlessly. This involves allowing customers to start shopping on one channel and continue on another without any disruption (Walden, 2017). Amazon has already tested this concept successfully, and has made a name for itself for being the world's most customer-centric company, achieving unparalleled growth and customer centricity (Cadogan, 2009). Tesco can apply the same method to make customer experience easier. (Rugel, 2014) For instance, Tesco customers can browse products online and easily access the shopping lists once they visit physical stores. This omnichannel experience can also be enhanced with AR technology that will allow customers to virtually explore the items on the shelves that they would want to purchase (Gelashvili, 2021).

Part of the end-to-end customer journey is to provide responsive customer support (Hossain et al., 2020). Relying on human customer support staff may make it challenging since it brings

inconsistencies in how customers would experience the support and service from the company (Gelashvili, 2021). To make customer support and service more consistent and responsive for all customers alike, Tesco may consider investing in chatbots and AI powered customer support. Given that the AI technology is currently becoming mainstream across business sectors, therefore, there shouldn't be a reason for Tesco to not utilise this technology to its own benefits. Therefore, it is suggested that Tesco implements AI-driven chatbots to provide instant and personalised customer support. With modern advanced chatbot technology, the company's digitalised customer support system can address common and complex queries, assist with product recommendations, and offer real-time assistance 24/7 (Hossain et al., 2020).

Tesco may also consider optimising the click-and-collect service by providing dedicated collection points. This strategy will minimise wait times and offer contactless pickups. This strategy would be relevant in today's context for a number of reasons (Gelashvili, 2021). First of all, this strategy can make it easier for customers to purchase items that sometimes may reach the market with some difficulties due to supply chain issues. Secondly, it can also help Tesco to better regulate the supply and procurement of items that are sold rarely and disproportionately across different areas (Hossain et al., 2020). Last but not least, optimised click and collect service can make it smooth and efficient for customers to retrieve their orders.

The above improvements are intended to make marketing strategies and distribution channels more customer centric and dynamic (Lafrenière, 2019). To enhance the psychological and behavioural aspects of customer journey, the company can adopt sustainability initiatives, social responsibility campaigns and provide continuous customer feedbacks (Gelashvili, 2021).

Under these initiatives, first of all, the company should promote sustainability efforts throughout the customer journey, giving them a feel and satisfaction for being a part of contributions made to the social and environmental sustainability goals (Gelashvili, 2021). The company can implement this strategy by using packaging that eco-friendly choices, offer incentives for choosing sustainable products, and educate and inform customers about the environmental impact of their purchases (Hossain et al., 2020). Tesco should also launch campaigns that involve community projects and charitable initiatives. Engaging customers in these efforts can foster a sense of pride and loyalty towards the brand (Lafrenière, 2019).

Lastly, the company should implement mechanisms and hire a dedicated customer support team to collect feedback from customers regularly (Harvey, 2016). Using these channels for communication, the brand should actively listen to customer suggestions and concerns, and use this feedback to make meaningful improvements in the shopping experience (Pini & Quaquarelli, 2023).

By adopting these innovative marketing strategies, Tesco can enhance its customers' end-to-end journey, creating a more seamless and satisfying shopping experience that fulfils the expectations of both current and future stakeholders.

Appraisal of the suggested strategies

Highlighting two of the innovative strategies discussed earlier, including better personalisation of customer journey and omnichannel integration, the following data describes the potentials these strategies can bring to the company.

Better personalisation of customer experience throughout customer journey

First of all, according to a recent consumer research data published by SmarterHQ (2022), “72% of consumers say they will only engage with marketing messages that are tailored to their interests, with 78% of internet users saying that personally relevant content from brands increases their purchase activity”. Similar study done by Accenture revealed that 91% of consumers are more willing to engage with a brand if the recommendations are relevant to them (Lee et al., 2019).

The use of personalization strategy in marketing offers measurable ROI (Return on Investment). According to most marketers (90%), their personalization initiatives resulted in a positive measurable impact. Among them, 58% experienced an improvement of over 10%, and 15% achieved a significant improvement of more than 30% (Blicher, 2023). However, only 32% of the businesses actually get personalisation right, according to the market data (Media Reach, 2020).

Hence, on one hand, better personalisation can clearly increase consumer loyalty, satisfaction and increased sales for the company, whereas, it can also be a major source of competitive advantage for Tesco as most businesses fail to effectively implement this strategy.

Omnichannel integration

The company can also further its omnichannel vision that was initiated in 2022 to respond to the vaccine economy. Omnichannel integration has been proven to be a successful strategy to improve

customers' experiences throughout the purchase process (Cavlak & Cop, 2021). Another retail brand Target discovered that omnichannel consumers tend to spend four times as much as in-store customers and ten times more than digital-only customers (Gelashvili, 2021). After implementing the strategy in full scale in 2021, Target stores fulfilled with more than three-quarters of their online sales throughout the year (Pini & Quaquarelli, 2023). Marketers have also reported that businesses using omnichannel strategy in their campaigns earned 287% higher purchase rates than single channel campaigns. Furthermore, consumer purchase frequency was reported to be 245% higher on omnichannel than on single channels (Shankar et al., 2021). Even the size of average orders reportedly increased by 14% (Blicher, 2023). Therefore, investing in omnichannel integration across its operations will bring positive results for Tesco, and will also mitigate the risks of falling behind the competition if any other of its competitor does it first (Hemsley et al., 2020).

Implementation

To implement the personalisation strategy, the company needs to invest on Big Data and Data Analytics technologies that can collect and analyse large volumes of customer data and insights from the everyday interactions with customers at the stores, on the website, on social media platforms and the Clubcard programme (Walden, 2017). The Big Data enabled CRM systems can then process the data and disseminate across the major operations, marketing and sales functions in the organisation to curate these functions towards generating value for the customers (Lafrenière, 2019). The data gathered from different touchpoints can then create single customer view by integrating data from different channels into a unified customer profile (Shankar et al., 2021). This will enable a holistic understanding of each customer's journey and ensure consistent interactions across channels. This will lay the foundation for better personalisation of customer service and interactions across different consumer touchpoints (Gotwald-Feja, 2017).

The step that would follow is to use the personalised consumer data into the omnichannel integration strategy (Lee et al., 2019). To implement omnichannel integration at Tesco, the company should ensure that the online and offline shopping experiences are seamlessly integrated, allowing customers to access their shopping carts and wish lists across devices, and provide options like "click-and-collect" for online orders to be picked up in-store (Gotwald-Feja, 2017).

For effective implementation of the omnichannel marketing strategy, Tesco must maintain consistent branding and messaging across all channels to reinforce Tesco's identity and create a cohesive customer experience. This includes consistent visual elements, offers/promotions and tone of voice. (Pini & Quaquarelli, 2023)

Tesco can significantly improve its customer journey and marketing strategies by implementing an omnichannel integration approach that prioritizes personalization and seamless experiences (Shankar et al., 2021). To achieve this, Tesco should integrate its loyalty program across all channels, enabling customers to earn and redeem rewards effortlessly, whether they shop online or in-store (Lee et al., 2019). Additionally, real-time inventory management should be implemented to ensure accurate stock availability information, preventing customer disappointment due to out-of-stock products and enhancing the overall shopping experience (Gotwald-Feja, 2017). Optimizing the website and mobile app for mobile shopping with features like mobile payments, personalized recommendations, and location-based offers will further engage customers.

Other initiatives that Tesco must take along with these changes to effectively implement the innovative strategies in the company are the following.

Empowering and training employees to deliver a consistent experience across channels, equipped with knowledge about online and offline offerings, and adept in assisting with technology usage and customer queries, will reinforce Tesco's commitment to exceptional customer service (Shankar et al., 2021).

Transparent communication with customers regarding changes resulting from the omnichannel integration strategy is essential. Customers should be informed about new features, loyalty program updates, and improved services, promoting trust and understanding (Shankar et al., 2021).

Establishing key performance indicators (KPIs) will help Tesco measure the success of the omnichannel strategy. By tracking metrics such as customer satisfaction, repeat purchases, average order value, and customer retention, Tesco can continuously evaluate and optimize its efforts to ensure lasting customer loyalty and increased business success (Shankar et al., 2021).

Conclusion

In conclusion, Tesco should invest in greater personalization and omnichannel integration to enhance its customer journey and marketing strategies in retail operations. By leveraging customer data and insights, Tesco can deliver tailored experiences, resulting in increased customer satisfaction, loyalty, and advocacy. The seamless integration of online and offline channels will create a cohesive shopping experience, fostering convenience and engagement for customers. Moreover, the measurable ROI from personalized marketing efforts demonstrates its potential to drive business growth and competitiveness. Embracing these innovative strategies positions Tesco as a customer-centric brand, capable of staying ahead in an evolving retail landscape while meeting the ever-changing needs of its customers.

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