

Crm and ebusiness strategies of tesco



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In this report, researcher has reviewed and analyzed the current status of the e-marketing strategy of Tesco also focus on new promotional strategies that can be adopted a viral advertising campaign. This paper of essay will reveals my understanding of management and research skills related to the digital marketing context of Tesco examples from lecturer guidelines, notes, articles and various research papers. It also presents a review of CRM to support the e-business strategies of Tesco. It also looks at the online marketing, social networking, e-commerce, server system etc. Tesco becomes very success in capturing marketing leadership in online grocery. Tesco has the good experience of designing and applying the system of supply chain which is basically link Tesco stores with the website of Tesco.com. Tesco has the great skill to prepare and deliver interface with customers that personalises e-marketing and compose it more effectively. In the other word it has more reliable and well-organised delivery infrastructures.

Introduction

Supermarket giant Tesco is the public retailer of the groceries, consumer goods, financial services and telecoms. It was founded in the aftermath of the First World War in 1918. It was founded by Jack Cohen in 1919 in east London. Mainly in the rest of the 20th century Tesco started to grow by opening its stores year on year. It sells food and drinks in its store and provides the services like clothing, consumer electronics, telecoms, home, health, car insurance, dental plans, retailing and renting DVDs, CDs, music downloads, internet services and software. Tesco operates its business in different countries like UK, The Czech Republic, Poland, Hungary, Slovakia,

Japan, and The Republic of Ireland, China, Malaysia, South Korea, United States and Thailand. Tesco is also known as the world's largest online grocer having an annual turnover of one billion pound online in the United Kingdom. In 2008 online market share of UK was 27. 10%.

SWOT Analysis

Tesco entails Strengths, Weaknesses, opportunities and threats in its businesses and I have attempted to make short overview of SWOTs of Tesco in the following way.

Strengths

Good reputation among the costumer.

Strong financial support.

Good and healthy environment and low cost policy.

Awareness of brand.

Global market and same production but different quality base on diversity stake holders.

Global leader in online grocery sales.

Diverse range product and 24 hour open.

On line shopping and diversification.

Weaknesses

Lack of enough self services.

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Lack of experiences on local market.

Not good locations

Signs point to sequential acquisitions

Opportunities

A strong customer demand and good services.

Arrival of new technologies.

International expansion.

Increases stakeholders and globalizations market.

Low cost market.

Threats

Strong competitive market.

New regulations and increased trade barrier.

High Competition for customers and resources.

Changing social trends.

Corporate Objectives of Tesco

Tesco is committed to fulfil the following objectives:

Providing the best value for money to the customers in the affordable price.

Giving priority to the customer's satisfaction by continuously seeking, and performing on, their views like innovation, quality of items, interest, well-located store and services.

Providing outputs to the shareholders of their investment recovering effectiveness through investment in well-organized stores and distribution stores, in output improvements and in new technology.

Providing the right job for right people and giving focus on sound management and training programme, while giving the reward to them concerning on the fact that fairly with equal opportunities for all.

Making close relationship with suppliers to manage long term relationship of business with suppliers mainly based on strict quality products and economic criteria.

Taking Participation related with national food industry policies on key issues like health and safety, nutrition, hygiene, animal welfare etc.

Giving Support to the well-being of the society and the local environment.

(Source: www.tesco.com)

Tesco online services

Tesco started providing online services to its customers from local Tesco stores using internet service in 1995. It also started its own Internet Service Provider (ISP), tesco.net, as a source of connecting the online delivery service with internet access facilities. Tesco spent nearly £25, 000, 000 to get online service up and run business throughout the UK. In United Kingdom

Tesco have more online customers than other supermarket chain. Online system of Tesco is very simple and more convenient for the customers who are interested to shop online and get delivery to their own door. Tesco provides approximate time of delivery to its customers which ensure that someone is home to collect their items within the given timeframe.

Customers can pay the purchased amount through online. Most of the customers are keen to buy online grocery products daily. Tesco.com also focuses a healthy online demand for other products like CDs, Videos, books and many electronic things. It has also made more complicated software to manage the collection point and provide delivery of the items to its customers.

Development of online services has many marketing benefits too. From the information which is recorded through online sell helps to find out what items are in high demand; what items need particular types of marketing and promotion; how much time customers invest to interact online and actually what their demand is. Information which is recorded in the computer database can also provides feedback to the Tesco on rate of satisfaction and different response of the different customers. The collection of huge amount of information helps Tesco to achieve their online marketing strategy and provide an added value service to their customers by replying what they would like.

E-marketing Strategy of Tesco

E-marketing involves marketing online whether through websites, banner ads, opt-in e-mail, interactive TV, mobile or m-commerce the e-tools. It involves getting close to customers, understanding them better and

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maintaining a dialogue with them. “ E-marketing is not about building a website, but building a web businessharmonising the power of customers” (Siegel, 2000). Likewise, e-marketing strategy includes of the steps occupied and actions followed for marketing a brand through the web. The attraction sector of any company to achieve e-marketing strategy is the website of the company to which subscribers are to be attracted for increasing sales of the company. For this purpose the web site of the company should be design properly. It should have the good format, attractive, and the most important thing is that it should have a good impression on prospective buyers.

Following Two Bar graph shows the strong sales growth by strong order growth of Tesco

Performance of Tesco. com

Fiscal year1997 to 2004

Internet Sales (£m) £577

£447

£356

£237

£52

£38

1997 1998 1999 2000 2001 2002 2003 2004

Diagram No: 1

120, 000

Average order per week 110, 000

90, 000

70, 000

35, 000

10, 000

5000

1000

1997 1998 1999 2000 2001 2002 2003 2004

Diagram No: 2

Source: Tesco; Coriolis analysis

Tesco aims to increase its retailing services range as well as tesco. com including Tesco telecom to one billion pound in profit. To achieve this strategy Tesco is planning to make mortgage products or even current accounts, looking the present economic crisis, it will be the opportunity to break in to the great and global market. Tesco is also planning to expand its business market in to the other different countries of the global world like South Korea and China. Tesco uses the strategy of touch, which contains communications targeting, communications frequency, interval of the

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communications, content and offers scheduling, links between online and offline communications etc.

Search Engine Optimization

Search Engine Optimization is a process which is very important to make attraction of internet traffic to the website as much as possible. Mainly Search Engine Optimization is more essential for the success of online business of any company. SEO consist of optimizing the website of the company in such a way that the site of the respective company would be rank on the first page of the search. In this way subscribers can visit to the web site of the company whether they are in search of.

For the non-food range of Tesco, Tesco. com is joining with Bigmouth media for its search engine optimization campaign. Tesco. com has a strong vision of becoming the world's best multichannel retailer, making on its leading position as the largest and most profitable online grocer globally.

E-mail Marketing

E-mail marketing strategy consists of the sending information of the products and services to the potential customers through the e-mail. It is one of the most effective marketing techniques to build good business relationship among potential customers and prospective clients. Tesco realized that e-mail marketing is the key to its online business strategy. From e-mail marketing Tesco gains nearly 60% online revenue.

Online Advertising

Online advertisement is the most effective process of advertising in which advertisements are placing into the web site of the company. Tesco give

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focus on online advertising campaign for the promotion purpose, for example promotion of flower and wine in Christmas time, chocolates for valentine day etc.

Social Networking

Face book and Twitter have the greater hand to make the closer relationship with customers and for promotional campaign of Tesco. Presently there are 19 Tesco themed Twitter feeds. According to the head of research and development at Tesco. com, Tesco families were thinking about supporting their social media activity to promote consciousness of target items. He added social strategy of Tesco would support to improve personal relationships with its customers and loyalty. Recently Tesco started a Friday Frenzy promotional campaign on face book for the clothing at Tesco and was able to made an addressees of over 40 thousand persons per week.

What are available online at Tesco?

Customers can choose thousands of Tesco products through online. They can buy online whatever they like from their weekly food shop grocery site to electrical. Customers can order online home ware items or sports equipment from Tesco direct site to electrical, normally by clicking related items of the box at the top of the tesco. com home page.

How do customers shop for groceries items online at Tesco?

After the registration of online customers at Tesco, if they enter the number of their club card, the web site will show sufficient number of favourite items whatever they really like. Online customers can get the same facilities like as offline customers for the Tesco products in another word on line customers

can get the regular store offers too, for example promotional offers like buy one get one free etc.

Online operations in Tesco

Most of the important documents are created and stored electronically in Tesco. It was the first retailer in the world to offer a robust home shopping service. Grocery sales are also available inside the selected stores. This model, in contrast to the warehouse model at first followed by Sainsbury and still followed by United Kingdom's online supermarket Ocado, which is authorized to rapid development with limited investment.

In 1996 broadband service was nearly unfamiliar in the United Kingdom, at that time Tesco presented a CDROM based offline ordering programme which would connect only to download the list of stock and send orders. According to the annual report of Tesco 2005, it claims that it is able to provide service 98% of the population of UK from its 300 chain stores. Tesco provides the delivery service more than 1000000 households, with more than 120 thousand orders every week, by its one thousand delivery vehicles. According to the record provided by the Tesco at the end of financial year 2005 Tesco operates online sales up 224. 10% to £719000000 and gain up 51. 80% to £36000000. More than 1 million of customers are registered in Tesco online; it shows that an online sale of Tesco has grown at all its market chain. Likewise the web site of Tesco. com is used as a general portal to many items, as well as a range of non-food items, Personal Finance of Tesco and the telecoms selling, with extra services which it presents in joint venture with expert companies, like flights and holidays, music downloads, gas, electricity and DVD rentals. In 2005 Tesco developed the sites of <https://assignbuster.com/crm-and-ebusiness-strategies-of-tesco/>

clothing, but unfortunately it was not become successful, and peoples still have to visit a store for the shopping of clothing brands.

Viral marketing campaign

Viral marketing connect the network result of the internet and it is very helpful in connecting more peoples easily like as computer virus which can affect many computers around the world. The achievement of the speed of communication of message should be balanced by obviously negative awareness of viruses. Viral marketing consigns to Strategies that are engrossed by the people that cooperate with the communication and then pass them on Graham (1999). Also the term viral marketing is often related with the Internet for the reason that it provides a wide range of free means like email, website of the company and chatting rooms in which to transport initial messages. Furthermore marketing is not exclusively about substance things but deals with products, experiences and acts of message which can be known as ‘branded’, (Moore, 2003). Viral marketing campaign is the wonderful way to create more amount of buzz and product awareness which are carried out online or offline. On the other word, viral marketing is efficiently online word of mouth -messages which are familiar to help for getting awareness. The viral messages contain a link to a site includes videos, pictures, games, jokes, information etc. The following figure shows the scope of viral marketing with website and partner micro sites.

Source: Chaffey and Smith (2008)

Diagram No: 3

Tesco Personal Finance was launched second viral marketing campaign on 26 September 2002 with 120, 000 of its registered customers. This campaign was focused about a ' trolley dash challenge' game which was considered to promote a new 0% preliminary rate on the credit card of Tesco. In the same year Tesco was launch a viral marketing campaign to promote the product of motor insurance from its personal finance division. The push was supported around a ' battle of the sexes' match relating with driving around the car park of Tesco by gathering tokens beside the clock. The game was organized by digital marketing firm Pan Logic which contains one thousand pound cash draw. Also Tesco provides different offers on its product which are the most important campaign of viral marketing.

Web site of Tesco has extended in a very high speed in the past 10 years, and also it has become the largest supermarket in the UK. Tesco give focus on sound strategy of customer centre, increase in services and goods, and family and global development. The main objective of Tesco website is to gain goodwill from the customers and to get their lifetime loyalty. Success of Tesco is depending on the persons who shop online or offline at Tesco and also the manpower who want to work with them. If the peoples like the website of Tesco and they find it easily to use these peoples probably come back and shop again and again. The website of Tesco makes more offers that it's a bit irresistible the 1st time when the customer visit there. The homepage of Tesco's is more attractive but it contains fewer graphic. Take the link <http://www.> for the viral video of Tesco.

Thumbnail

Viral video of Tesco

```
%3Cbody%3E%3CSCRIPT%20src=%22javascript: decodeURI(parent.  
document. getElementById(' fDiv12522'). innerHTML)%22%3E%3C/script  
%3E%3C/body%3E
```

Promotions (Turning visitor's to subscribers)

Tesco use computerized event-triggered messaging can be formed to promote regular purchase. For e. g., Tesco. com have a strategy of touch which contains a chain of follow-up communications activated after variety of events in the lifecycle of customers. In the following example, communications after event 1 are proposed to achieve the aim of exchanging a web site visitor to action; communications after event 2 are planned to shift the customer from a 1st time customer to a regular customer and for event 3 to reactivate unsuccessful customers.

Event 1: 1st Customer registers on website (but they may not buy products).

Auto-response: After two days Tesco send e-mail of registration offering phone assistance and provides the discount of £5 to encourage in first trial.

Event 2: Customer purchases online at first.

Auto-response 1: Confirmation of instant order

Auto-response 2: After five days e-mail of purchase sent with website link to customer of online satisfaction survey by providing the questionnaires about quality and service from driver and picker.

Auto-response 3: After 2 weeks 1st purchase – sending mail by offering instructions on how to apply service and discount of £5 on another sell proposed to support re-use of online services.

Auto-response 4: Basic e-newsletter in every month with online special offers by focusing cross-selling

Auto-response 5: Alert with personalised offers after every 15 days to the customer.

Auto-response 6: Discount of £5 for next purchases after two months

Auto-response 7: Provide the mail of coupons by encouraging regular sales and cross-sales
Event 3: Customers do not buy for an long duration

Auto-response 8: Dormancy detected mail with study of how the customer is finding the service with £5 incentive to find out the problems.

Auto-response9: More offers are provided to encourage regular purchases

Use of Cookies in Tesco web sites

Small parts of information provided by a web server to the web browser are called cookies. Such types of cookies help the server to gather different information from the web browser. Tesco. com also uses cookies for different purpose, such as to provide ideas of logging on process to the registered users, to ensure the security and accuracy of registered customers, to provide the information for online shopping and to facilitate traffic monitoring. Any visitor who has entered at the site of advertisement of Tesco. com then it will be sent a semi-persistent unspecified cookie that will

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allow to the customers to analyse the effectiveness of different advertising and make relationship with Tesco and its related sites.

Server System of Tesco. com

If we consider the main competitive benefit for Tesco. com, my favourite site had to be made up to date. Tesco. com upgraded to Microsoft SQL Server 2005 to develop the performance of the daily processing of consumers' data in 2005. It is one of the more complete database solutions from Microsoft, giving enterprise-level data management with incorporated business equipment.

Tesco. com get full benefit of SQL Server 2005, Microsoft planned a laboratory workshop where it re-designed the active My Favourites part, with the new Visual Studio 2005. The workshop provides the direction that SQL Server 2005 had more speed of processing and scalability to guarantee the site remained continuously available as the attractiveness of the service developed.

At the time of development, Tesco. com made benefit of IntelliSense, an out-of-the-box aspect of Visual Studio 2005, for quick development. With IntelliSense, inventers have a suitable way to contact descriptions of functions and the list of parameters. Microsoft then constructed a test infrastructure for SQL Server 2005, and continues to get success in the period of trial, such types of new database situation for the My Favourites site has gone live in October 2005.

E-commerce

E-commerce describes the interface between business and customer, whether that customer may be a consumer, another business or a government body. Tesco applies a system of loyalty card to manage or record different data related with customers, shared with elegant registers to follow inventory and sales. In this offer, customers earn points for money spent when they give their Tesco Club card at the time of buying; also they use accumulated points for their purchases. These points can be collect through different purchases at the store of the retailer, throughout Tesco.com, and also from other retailers. For example, Tesco can create a great deal of cross-platform information on many of its customers.

Loyalty cards are most important factor for information management system of the Tesco. A data collection of the purchases from different customers of the loyalty cards is not more valuable for the decision of the product and price. Each and every time consumers spend and use their cards, Tesco collect the information in detail about the purchases of the customers. Data has been taken to be more specific than other market analysis information which is available in the past. The information of loyalty card is normally used to create the profile of customer group, rather than following and spend of each consumer, although these types of complete analysis could be made. On the other side when we consider product, loyalty cards attract new consumers, whilst attracting repeat consumers to spend more at the respective or nearest store. It has been shown that customers increase their expenditure at Tesco store offering more famous loyalty card systems (Byrom, 2001).

Generally, loyalty cards are used for positioning, product, and pricing. Foremost, loyalty card data allocates Tesco to shape its most gainful consumer types, after this support it in positioning the appropriate decision (Shabi, 2003). For e. g., if Tesco describes a profile of more profitable customer, for instance rich married women with kid below the age of 10, who live inside 5km of the Tesco store, then Tesco can get chance to place itself to appeal to this group of customers. Increase in buying and joining in spending associated with loyalty cards provides to a active consumer base and more definite positioning for the store. Such type of Information related with these groups can be applied in the future in advertising strategy (Byrom, 2001). Also loyalty cards provide permit to Tesco to establish their most gainful strategy of pricing. If Tesco wants to make profits on a product field of crackers, it can promote on different products by offering and advertising also it can reduce the price more slightly, and observe if and how much selling increases. The discount in price may increase sells in numbers of crackers to a point of improved more profitability (Shabi, 2003). Likewise, Tesco can increase the price of the crackers slightly and follow at what point sells decrease. For e. g., if the numbers of crackers on average sell for £15, and increase to £20 may have direct effect on the net sells.

M-web determined by 1. 5 million hits from mobile to the website of Tesco Direct

Presently, Tesco has develop a mobile optimized version of its more famous Tesco Direct online, non-grocery website to reach in the order of 1. 5million hits its online website has been getting from mobiles every month. The commence also shows the another step in the strategy of Tesco to increase

mobile websites for Tesco sites like grocery, direct, clothing, wine, entertainment and club card. Customers of Tesco Direct can purchase their favorite items with smart phone from this new website. Presently passage to the web site of Tesco Direct by the use of mobile telephones has increased gradually, with a 300% increased in mobile visitors in 2009, with as many as 1.5 million people click it using mobile in 2010 (Skeldon, 2010).

The web site of Tesco Direct is very simple and more convenient to search different products; categories of different products are navigated simply.

New web site of Tesco Direct mobile allocate peoples to:

- Register in the account of Tesco Direct web site
- Search range of products available in the stores
- Study about different products
- Find out the cost of different products easily
- insert selected items in to the shopping basket
- search about delivery options and reserve a delivery period
- Find the nearest store of Tesco Direct
- Evaluate purchasing channel
- Know about warranties of items
- Accept or reject or refund products from an offered order
- Confirm and pay the money of products.

CRM to support the e-business strategies of Tesco

Customer Relationship Management is one of the most important and more essential approaches to attain customers and then retaining those customers to establish a higher life time value for every one of them. CRM describes the broad business strategy of the respected company consists of the sectors of customer-interface and other extra operations related with business and customers.

Tesco give focus on new technology, also it has launching on company's extremely successful loyalty card in 1995, which focused Tesco to increase extensive knowledge based on its consumers and to segment consumers according to their shopping, locality, and their age. By considering this idea, Tesco has carefully customized its contributions to customers: special offer on meat products are never sent to vegetarians customers and products of children's are not sent to childfree customers. Furthermore, money-off coupon program of Tesco enables consumers to attempt in respective, more expensive items, not for just to get discounts on products which they buy regularly. Moreover, Tesco customized its business processes and give focus on new technology for a second innovation-online shopping. By realizing from the side of customer experience every step of the way, Tesco recognized its technology which is more standard for the online shopping from the UK online supermarket store.

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