

Analysis of tescos online marketing strategy



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The Importance of online shopping in today's modern era is a fact that all organizations realize and amalgamate in their systems. The fast attractive, handy and approachable nature of online shopping is a revelation and must be said an incredible beginning to the innovations in the modern days.

People can find what they need easily while surfing from the convenience of their homes, and they can search for varieties as well as look for desirable discounts related to different products. However, it is important to realize that there are certain cons related with the idea of internet shopping as some people still believe that internet shopping is more risky than traditional shopping due to the lack of opportunity to physically examine the product and the lack of personal contact. Goldsmith and Goldsmith (2002); Phau & Poon (2000).

The immensity of the potential of the Internet in business transactions is undeniable in the modern age (Cheung and Lee, 2006). However, like all other technology, the pros and cons of Internet as a business medium are also widely accepted by consumers as well as marketers, as while buyers can shop literally around the clock they may also have to deal with enormous amounts of unwanted information about products (Huang, Chung and Chen, 2003). Hence, the need to critically examine the viability of this medium is crucially important for founding basis of future business environment (Clewley, Chen and Liu, 2009).

Indeed the most interesting feature of this new dimension of marketing and strategy-building is the behaviour of the consumers, which shows that online shopping the most popular purpose of Internet usage among common consumers (Forsythe and Shi, 2003). This has also increased scope of

research on the subject of strategies used by firms in retaining customers through the Internet (Reibstein, 2002; Jiang and Rosenbloom, 2005), which are now much important (Ellis-Chadwick, Doherty and Anastasakis, 2007).

Aim and Scope of the Research:

The focus and scope of this research will revolve around Tesco which is one of the UK's retailing giants and enjoys a huge presence in the UK due to its wide scope network of retailing activities. This research aims at identifying and highlighting the marketing strategy of Tesco and the way it can cope with the industry norms and standards. The focus of the marketing strategy will be on the e marketing or digital marketing framework applicable in the industry and how Tesco can use the internet to market and sell its product along with widespread promotional campaigns and identification of the buying behaviours. It is important to realize that Tesco being a huge retail industry in the United Kingdom has a huge responsibility on its shoulder in order to cater to the needs of its customers who are the key stakeholders in Tesco's marketing strategies.

SMART Objectives:

Specific

Measurable

Achievable

Realistic

Timed

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The Aim of this research shall be relevant to the SMART objectives

OBJECTIVES OF THE RESEARCH:

The Primary objective is to make the consumers of the Tesco products beware of the online marketing tool.

Another objective is to measure the performance of the online profiling through internet surveys and consumers analysis of the products.

Make efforts to increase the internet consumption through online marketing tools and advertising through a wide range of media players.

Making a timely and budgeted forecasts of the efforts needed in internet marketing and the tools that are required for the effective internet marketing.

Making realistic goals related to the efficiency of the marketing strategies and their effectiveness in bringing the internet to the consumer's door step.

Research Questions:

Following are the proposed research questions for the study:

How has IT helped Tesco in strategic customer retention over the years?

What are the key determinants of success for Tesco's online marketing strategy?

What are the fundamental elements of the e-marketing strategy of Tesco?

What are the future prospects of online marketing for Tesco?

Primary Research and Data Analysis:

The primary research will be done through interviews and questionnaires that will focus on how the consumers think about the online shopping and what motivates and influences them to shop online from Tesco. com. The data analysis will be done in order to gain influential insights into the marketing strategies of Tesco and online marketing strategies and what should be done to impact the international arena. Realizations of the buying behaviours is always crucial when doing the primary research as we will study in this literature that buying behaviours varies with respect to the demographics as well as it influences the external environment. This is also very significant due to the marketability of the tesco products as well as knowing that some people are not particularly confident while buying online while others prefer to buy online.

CHAPTER 2: LITERATURE REVIEW

Tesco being the leading food retailers in the United Kingdom and Ireland has its branches all over the UK. The company excels in the provision of quality food items and other retail households. The company's annual online sales exceeded an overwhelming \$ 5 billion where as Tesco. com is known as the world's largest online grocer. The customer base that is attracted by Tesco is a little less than 1 million and more than 250, 000 orders that are being completed each week. The company has a very effective and integrated supply chain that consists of 1900 vans that operate and approx. 300 stores and 9000 pickers. The company dominated in the offline and online grocery market and has looked for other areas that need expansion, with a market share of UK retailing being 12. 5%. The main competitor of tesco in the retail

industry network is Asda, Morrisons, and Sainsbury. The Asda, that is owned by the US corporation Wall Mart since the year 1999 is the only super market that has been a major competitor for Tesco. Wall Mart being the biggest food chain in the world has the annual sales that is eight times that of tesco, where as the clothing firm own by ASDA known as George provides a diverse range of clothing in the UK and there are plans for the company to takeover Matalan, i. e. the giant clothing and home furnishing store. The other major competitors to Tesco are Sainsbury that used to be the UK s biggest grocer until 1995, when Tesco emerged as the leading grocer. However, despite the drastic declines in the performances of Sainsbury it is known that ASDAs share being 16. 6% compared to Sainsbury's 16. 22% i. e. not far behind.

However, there are seemingly diverse growth opportunities for Tesco in the retail industry as Tesco believes that if there is any market share left there is also a potential for growth and expansion. In order to have a detailed and proper understanding of the online marketing policy as an analyst or a practitioner it is important to have a detailed study on the choices made by the organizations and also have an understanding of their behaviours.

Shapiro, J. C & hoque, K & Keesler, I & Richardson, R (2008). There are also some challenges faced by the company in online selling i. e. how to succeed without having huge expenses. The course of this literature will focus primarily on the online marketing strategies for Tesco, but it is foremost and important to discuss the technological drivers of change in the process. This is a fact that the UK internet penetration was almost 64% and the Ireland's internet penetration was almost 51% , however, these results make very clear statements for new and emerging online shopping markets. The

company also relishes creating a valuable and sustainable supply chain, however, the company didn't have to change its supply chain due to its new strategy, but there was a need for more to be done in the area of online marketing. Tesco also defined and redefined the customer needs and also expanded the range of products being offered online and fulfilment of the needs. This new strategy also helped tesco immensely in the expansion of the product line without making any drastic changes.

2. 1 Digital Marketing:

Tesco can use digital marketing with good effect to add value to the marketing strategies and promotional benefits. Although the company has a huge global presence but the growing age of the internet as a medium can be used much more effectively by the company. They can e-market and launch their upcoming products and sell it with a bigger and better effect. They must also look at the competitor's digital marketing strategies and analyse the pros and cons of e marketing as a tool. The global companies like ASDA, Sainsbury and Morrison are competitors of Tesco and they have a global presence as they use digital marketing with huge effect.

2. 2 Creative Marketing:

Marketing itself is a very creative and innovative field with various applications and implications. However, creative marketing is something different and innovative than any other type of marketing. Tesco being a global brand has a big brand name as well as a brand image. To maintain this company must influence its marketing team to be creative and innovative by bringing various dimensions into the marketing strategies. Creativity will bring more enhancements and attractiveness into the diverse

range of products that the company deals in. They can also bring competition in creativity by selling best ideas and rewarding those ideas accordingly. Creativity always influences the customer and selling strategies always lay a desirable impact on the sales and productivity of any firm. This literature will discuss how digital marketing and creative marketing aspects can be used by Tesco to influence the buying behaviour of their customers and target a huge audience.

Online marketing is the best way to attract customers and have efficient and effective marketing strategies that will be sustainable for the company's growth in future. Its important to realize that marketing is a very tactical and at the same time somewhat technical approach to bringing customers closer to the brand and creating a brand image as well as an influence in the eyes of the key stakeholders i. e. the consumers. Hence it is critical to understand the consumer behaviour and how the customer's influences are affected by the change in the company's strategy. A customer's loyalty is significant to achieve milestones and targets that are influenced by goals and agendas that are critical in the longer run and demonstrates a significant thinking of the behavioural aspects of the consumers.

The Importance of Brand Identity:

Brand identity is one of the crucial elements in the value that a brand creates in terms of its marketability, accessibility, and competitiveness.

Brand identity is a firm's most valued assets that it can capitalize on to have profits for long periods as an identity is the most basic investment that a company makes to establish its brand image. A brand identity has a lot to do with the online marketing and promotional aspects of the company like the

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calibre and stature of Tesco. Attracting customers towards a specific brand is not the only way a company can take advantage of its brand image; it has also to focus on a strong employer's brand. In totality it is important to realize that companies always capitalize on their initial marketing strategies, promotional campaigns and investments they make in their brand. Branding is a marketing strategy for creating, nurturing and even fostering the development of relevant and appropriate brand value propositions Abimbola, T & Kocak, A(2007).

Fig 1: Brand Image Model

Consumer Behaviour:

The ' consumer behaviour' is the relation with the consumer's responsiveness and their attitudes. It has to do with the consumer's reaction to the different products that are being launched in the retail industry (Tesco) and the products that are more famous amongst the consumers. There is a relation to the demographics of the environment i. e. the composition of the age, sex, age groups, location and cultural diversities. Companies these days have become more and more feedback oriented. Lerman, D (2006) with the help of customer satisfaction surveys and questionnaires. Consumer's perceptions may differ from loyalty because of ignorance or lack of salience of origin.

Consumer behaviour is basically the identification of consumer's attitude towards a specific brand and as according to MacInnis, H(2007) attitudes are important because they guide our thoughts i. e. the cognitive function, influence our feelings, i. e. the emotional intelligence and also affect our behaviour i. e. the cognitive function. Whatever the consumers of a certain <https://assignbuster.com/analysis-of-tescos-online-marketing-strategy/>

product or influencing class decides which ads to read, whom to talk to, where to shop and where to eat is all based on the attitudes and their personal likings. This fact is similar in the case scenario of the all important retail industry where the trust factor is important as people most often don't trust the least known or not well known brands in the industry. Online marketing can play a very significant role regards to the key aspects concerned with consumer behaviour and consumer dynamics and it is critical to realize how the consumers think of a specific brand and its branding significance related to the industry.

Market Segmentation:

Market segmentation is the defining and sub dividing a large common that into segments that are clearly identified and has similar requirements, and demand characteristics. These segmentations are made according to the diversities in the culture and the geographical norms. The four factors that has the most effects on the market are the clear identification of the segments, a measure of its effective size, accessibility through promotional efforts and appropriateness to the policies and the resources of the firm. The four basic market segmentation strategies are based on behavioural, demographic, psychographic and the geographical differences.

Behavioural Intentions

Behavioural intentions have a huge amount of significance regards to the behaviours of customers in terms of a brand's image and its significance. Attribution theory is concerned with all the aspects of assigning casual inferences and how these particular interpretations influence behaviours. Swanson, S. R & Davis, J. C(2003). The behavioural approach has a

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generalized focus on the market share, brand allegiance, exclusive purchase, and elasticity and/ or price until switching. Both the behavioural and the attitudinal approaches are have been given heavy criticism while the attitudinal approach has focused laid on the attitudes , the loyal and the disloyal acts , the brand preference of the consumers and the probability of purchase. White, C & Yu, Y. T(2005). In the paradigm of the online marketing tools it is desirable and most significant to realize that how the behaviours and marketability aspects of the Tesco online products are grasped, evaluated and monitored by the consumers.

Customer Satisfaction:

Customer satisfaction holds vitality regards to the branding strategies as customers are the end users of a product. Customer satisfaction can be achieved through absolute customer focus and customer retention that can only be achieved if the needs of the customers are catered keeping in mind the productivity and brand loyalty aspects. According to Caruana, A(2002) the expectancy/ disconfirmation in the process theory provides a vast amount of satisfaction studies that rely heavily on expectations, performance , disconfirmation and satisfaction.

Fig 2: Customer Satisfaction model

The above model for customer satisfaction shows the customer as the mediator between the service quality and the service loyalty aspects that are involved in a customer and their relationship with a company. Customer acts as a backbone to the branding strategies of a company as the customer are the opinion makers' regards to brand significance and its vulnerability in a market.