

# Shopping retailer in uk



**ASSIGN  
BUSTER**

Since 1994, Tesco has been operating an internet market being a first and robust home shopping retailer in UK. Over past years, it has been providing the highly diversified range of products making the range of choices to the customers. With the sustained growth of Tesco's e-business, Tesco is been operating through internet in 13 different countries including UK. In order to support the highly diversified business in these areas, Wade-Gery (CEO of Tesco. com) adopted the home delivering strategy prioritizing it as the DNA of Tesco. com (Howel, 2005). She also focused on improving the online customer experience decreasing the time of order completion up to 35 minutes in major sites (Chaffey, 2008).

In 2005, Tesco. com reached 30, 000 signed up members for DVD rental, through Partner Video Island. Over the next year, Gery targeted the goal of trebling the online customers making use of home delivery service (Chaffey, 2008). In 2003, Tesco. com paid 2 million in order to get license to eDiets. com in UK and Ireland under to URLs [www. eDietsUK. com](http://www.eDietsUK.com) and [www. eDiets. ie](http://www.eDiets.ie) promoting its partner eDiets through the Tesco Clubcard members mailing to 10 million members a year. Promoting these services Tesco. com achieved the expanded business of dieting business (Chaffey, 2008).

In order to keep the focus on home delivery services, Gery sold her own portal iVillage([www. ivillage. co. uk](http://www.ivillage.co.uk)) back to its US owners in 2004 explaining to NMA about the differences between providing services and products to the customer and the world of providing information. She also explained about the insufficient revenues from ads on iVillage as well as limited opportunities promoting Tesco. com (Chaffey, 2008).

Tesco. com also provides the broadband and dial up mobile services as the service is named as Tesco Mobile. With the invention of new mobile technologies like Internet Telephony such as Skype and Vonage, Tesco. com focused on more traditional and popular mobile technologies such as fixed-line services and attracted over a million customers in its first year. In 2004, Tesco introduced themusicdownload services with the estimation of around 10% market share within six months. Introducing this service also helped promoting the hardware sales like mp3 players (Chaffey, 2008).

In 2007, Tesco introduced an online price comparison site name as Tesco Compare. Wade-Gery, as the CEO of Tesco. com produced these strategies based on the analysis of customer demand. She believed and focused more on the customer needs as a result more popularity and enhancement of Tesoc. com. According to the 2011 annual report of Tesco, Tesco has evolved new strategy and preparing for its implementation. The strategy named as ‘Seven Part Strategy’ applies to five business segments of Tesco – the UK, Asia, Europe, the United States and Tesco Bank and aims to broaden the scope of the business to enable it to deliver strong sustainable long term growth. The Seven Part Strategy includes strategies for seven segments of Tesco including Tesco’s e-business aiming the goal to be an outstanding international online retailer (Tesco, 2011).

In the market of UK, Tesco e-business has been attracting attention for its ability to thwart Wal-Mart’s Asda division in UK and also looking for the strategies for competing with US Wal-Mart. Besides Wal-Mart, Sainburys is also considered as a strong competitor of Tesco. According to the Hitwise list of 2005, Tesco has been considered as the UK’s leading grocery retailing

holding the market share of 27.28% as Asda and Sainsbury was listed in second and third position.

Customer Relationship Management (CRM) Issues and Strategies Customer Relationship Management (CRM) is the process of building and maintaining relationship with customers. In order to maintain a good relation with customers, organizations usually implement the model of it based on the company's strategy. A normal CRM includes four core activities: customer selection, customer acquisition, customer retention, and customer extension. These four core activities are basically implemented in every organization CRMs. Tesco.com has also adapted these program considering these four main activities with the use of technology and has been successfully implemented these program over 14 years.

#### Customer Selection Strategy of Tesco.com

According to Clive Humby (Chairman of DunnHumby), CRM program of Tesco has been greatly supportive introducing the Tesco Clubcard in 1995.

Introducing the Tesco clubcard the customers were more encouraged to buy the products from Tesco.com as customer selection program of CRM was also been adapted with its uses. Tesco found that top 100 customers of Tesco.com was the worth same as bottom 4000 customers, as they realized about the importance of prioritizing the top customers. Tesco clubcard program adapted this customer selection program in such a way that in every swipe of the card, Tesco was getting valuable information of the customers including individual customer sales along with the product and

customer information. This information gained with the use of Tesco clubcard greatly helped categorizing and refining the top customers of Tesco. com.

#### Customer Acquisition Strategy of Tesco. com

Tesco. com has been focusing lot in marketing strategies in order to acquire more and new customers. More importantly, Tesco. com is trying hard to obtain customer loyalty providing higher quality products in comparable prices and also providing excellent services to customers. Their aim of providing the best possible value for their customer's money has been attracting the great attention towards new customers. As advertisement is the core strategy of every business in order to gain new customer focus, Tesco. com has also been in top social networking sites like Facebook and Twitter.

Customer Retention Strategy of Tesco. com With the customer prioritization schema gained from the usage of Tesco clubcard, Tesco. com offers many facilities to their existing customers from time to time. Based on the analysis of customers needs, likes and age obtained from the Tesco clubcard, Tesco. com offers the top customers the products that the customer would like to have and need. Tesco. com also provided the voucher of the items to their top customers according to their preferred product items and also offers to explore the other part of Tesco. com which the customer wouldn't had explored. Based on the top customer list of Tesco. com, Tesco started mailing the customer offering different products as customer likes in a cheaper price as well as some extra privileges and services. With the customer need, Tesco. com also provides the home delivery services even with the refrigerated truck if necessary.

Customer Extension Strategy of Tesco. com Tesco. com has always been focused on customer extension program. Through, the help of loyalty card program, Tesco always gets to know the customer needs individually. Based on the customer purchase information, Tesco could possibly analyze the customer needs and offer customers what they really need. The reselling, cross-selling and up-selling offers have always been adapted by Tesco to their top rated customers. Introducing the loyalty program as a part of the CRM program has greatly increased the customers of Tesco. com. With its use, Tesco. com had obtained lots of benefits that the competitor didn't expect.

#### CRM to Support its E-Business Strategy

Launching the Tesco. com and the loyalty card, Tesco's manage to build up the great knowledge of their customer with the prioritization based on the customers purchase, life stage and location. Based on the customer information, marketing strategies were built up stronger. The customers were given offers as they would like to as a result customer satisfactory was rapidly increasing day by day. Moreover, Tesco's money-off coupon program encouraged customer to buy higher priced products providing them a discount offers.

Tesco get adapted its business expanding more online retails and adding more efficient technologies based on the customers day by day experience. Tesco became the UK's one of the successful online retailer. Tesco facilitate the customer's of making the delivery time of their own choices in order to limit the inconvenience of waiting for orders and also customer can modify

their ordered items in a specific time before the delivery was to be made.

And now Tesco is known to be the world largest online retailer.

Legal and Ethical Issues of Tesco. com

The global e-business of Tesco has to make many legal and ethical implications when doing business. For example, selling tobacco and alcohol to under-aged customer is quite unethical and illegal terms of doing business. Trading online globally with the existence of different races and their own culture with different regulations within countries is quite exhausting doing the business terms. As with the importance of ethics and governance laws, Tesco has been fully aware of these two issues which are also reflecting on the e-business of Tesco. With its full awareness, Tesco has been conducting the ethical training relating in its every side of business.

Even buyer's are been giving training relating with the ethical consideration to buyers. But the e-business of Tesco being global, Tesco can face lots of ethical and legal issues as Tesco was charged 38m for selling tobacco in Scotland (Elliott, 2012). As for further selling tobacco globally online, this could harm their business, affecting with these kinds of laws of every countries they have as well as morally. With different races and their culture around the world, people could have different sense of humor regarding tobacco. This could affect the Tesco e-business image can affect by laws of different countries. So, products like tobacco could greatly affect their international business. But on the other side, Tesco has also invested 48 million on the new non-harmful cigarettes which is very impressive strategy of recharging the positive morals about Tesco within customers (Sherwin,

2011). As in the shopping site of Tesco, Tesco has also made age aware to the customer.

## Conclusion

In recent, Tesco's e-business has being the UK's leading internet market and its web site " Tesco. com" is now renowned as the fourth largest grocery store in the world behind Amazon, Dell and Argos. With their unique e-business strategies they apply, they provide products even in the geographically inaccessible regions of the world. The use of data and technology, Tesco has been grown very large in a very short period of time. Its e-business strategy is highly dependent on its website technology and the data they acquire. As successful e-business requires integration of all the applications that has to be built based on principles of effective strategy, retailers like Tesco need to make sure that technology is always concerned with improving the execution of existing business transaction oncommunication.

In a rapid changing businessenvironmentwith a high competitor's pressure, Tesco has to be focused on new strategies in order to sustain its existing market position. Its use of technology in its e-business must adapt the new technologies that they could face in near future. They must be aware of fast changing circumstances and they could be able to adapt in those circumstances as well. Quality strategy formulation are much of the fields they are need to be focused on as its top competitor Asda is been playing strategies in embracing Tesco's e-business.



Regarding Tesco's services to their customer, Tesco need to focus of their products prices. Comparing to other online retailers like Sainsbury, Asda, they have been delivering the products to their customer in much lower prices they could possibly deal with. Plus, they have been going with strategies of give high level of discount and saving strategies to their customers as customers always wants to buy best products in much cheaper prices. Being a large organization, Tesco need to apply different strategies based on their various levels of organization hierarchy. These different levels of strategy should be related and mutually supporting.

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