

**A report**  
**Development of a set of marketing recommendations, marketing mix campaign**  
**and customer care initiatives.**

## **1 INTRODUCTION**

Following on from part this report will develop a set of marketing recommendations for Safeway, based on technologies and the Internet.

Joanna Moon, the marketing Technology and Media requested this report as an assignment.

The prime purpose of this report is to develop an appropriate marketing mix for Safeway and to discuss the impact of emerging technologies, as well as exploring other technological developments.

Secondly, recommend with justification, which approach would or would not benefit Safeway in their marketing activities.

Finally, this report will recommend a customer care programme for Safeway customers. This section will include the consideration of technology driven CRM.

This report should give the reader an overview of emerging technologies in Supermarket sector and look at a new approach to customer care through technological driven CRM.

This report will be carried out by using following research material such as: books, journals Internet, keynote reports, lecture notes, newspapers and other research materials at LMU. This report will be submitted to our Marketing Technology and Media tutor, and the submission date is 6<sup>th</sup> January 2003.

## **2 FINDINGS**

During this assignment, Whole of Safeway PLC will be concentrated. In this assignment the old traditional marketing mix model will be used which is:

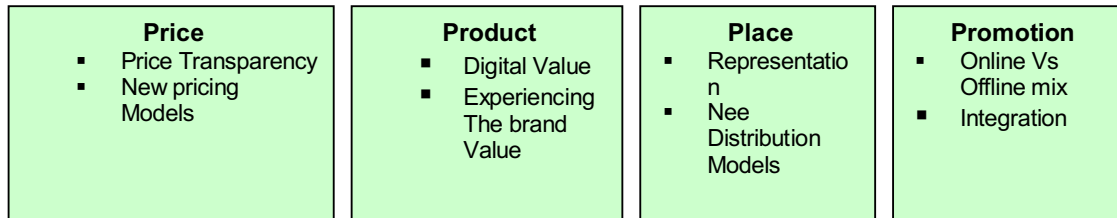


**Source:** ([www.marketingteacher.com](http://www.marketingteacher.com))

## 2.1 The Marketing Mix

E. Jerome McCarthy first introduced the idea of Marketing Mix, it is considered as the 4P's, which are considered as essential part of marketing strategy. It is used as a tool to achieve many of marketing objectives. (Chaffey, 2000)

The following diagram summarises the main elements of marketing mix and the key issues of how the mix is changed in the digital environment.



**Source:** Adopted from (Smith and Chaffey 2002, p.34)

The introduction of the Internet and other similar technologies provides new opportunities for the marketer to differ the marketing mix, so it is important for us as the marketers to consider what these are.

With regards to Safeway all of the above elements in the diagram are essential, but some have more significance over the others. The digital world affects every aspect of the marketing mix. All elements of the marketing mix are affected by this brave new world. This report will examine how the old mix is radically changed by the fast changing digital environment.

## 2.2 Price

According to Christopher and McDonald (1995) Pricing is an important area of marketing, with the potential of increasing profits. On the other hand if this is done wrong then it can also bring the business to great difficulties. In many cases businesses need to offer the lowest price to win the order, this may not be the case for businesses that are the market leaders. Quote from Christopher and McDonald (1995) ‘customers buy a ‘package’ of benefits the price ought to reflect the value of the total package.’

A good example is of housewife, who prefers to buy goods from the local shop, rather than the supermarket where she can get products at lower price. Apart from the convenience of going to the local shop, she may also get personal service from the shop. (Christopher and McDonald 1995, pp.26)

Due to the introduction of Internet and other technological development there is new market to establish your price. Using the Internet as new retail sales channel enables the price of products to be reduced since the number of items and the cost of distribution through a traditional network of shops can be decreased. Alternatively if businesses maintain their price point, the lower cost route to the market can be used to increase the profitability of the organisations. In term of prices Currently Asda is the first in the league of offering low prices, and Safeway is at the bottom of this table. Due to the advent of the Internet pricing and price models are being turned upside down.

Customer unions such [letsbuyit.com](http://letsbuyit.com) and [priceline.com](http://priceline.com) are facing marketers to drastically rethink their pricing strategies. Also the growth in competition, due to global suppliers and customers searching via the World Wide Web adds further pressure on prices. Also many other things such as technology transfer, licenses, auctions and reverse auctions are all putting downhill pressure on prices.

Due to the introduction of the Internet we have price comparison web sites, which are very useful for online customers, they save time, money and bother. These are some of the following web sites, which compare prices:

- <http://uk.shopsmart.com>
- [www.priceguideuk.com](http://www.priceguideuk.com)
- <http://uk.pricerunner.com>
- [www.onlineoriceguide.co.uk](http://www.onlineoriceguide.co.uk)
- [www.uswitch.com](http://www.uswitch.com)

(Guardian online, December 12<sup>th</sup> 2002, pp.4-5)

You type in the name of the item you want, it will immediately give you many hints, then you select one then it will compare prices. It will give you the list of prices and the name of the companies. These sites work by sending out shopping robots to scour the Internet for list prices. There is also the danger for using the price comparison web sites because they have affiliations with retailers and manufacturers. Some times the cheaper product may not get the same importance as the product from an affiliated company. Most of these web sites compare prices, on everything from, beauty products to cars. (Guardian online, December 12<sup>th</sup> 2002, pp.4-5)

Price transparency is also another factor. As most of the prices are published on the web, buyers are now comparing prices much more than ever before. Web sites like [shoppingbots.com](http://shoppingbots.com) and [searcgbots.com](http://searcgbots.com) are used to find the best prices. (Smith and Chaffey 2002, p.44)

Basically, the Internet technology is changing prices forever, the appearance of the Internet means that there is much more pressure on prices. The pricing structures and options are becoming much more complex. So therefore it is important for businesses to get their pricing right. It has become ever so important to review the new price structures through the range of online tools like shopping bots, reverse auctions, customer unions, and Cybermediaries etc.

Generally Safeway like other Supermarkets has numerous offers. Some products are reduced to half price, buy one and get one free, these offers are particularly familiar. Some Supermarkets are reducing prices of many products to attract customers and increase their market share.

- Name your price model at [priceline.com](http://priceline.com)

The Internet pricing system enables customers to achieve significant savings by allowing them to name their price for goods and services. For example the [priceline.com](http://priceline.com) database matches the supply against the requests, basically prices are based on the demand. A good example is airlines, which has empty seats [priceline.com](http://priceline.com) help them to fill them. .

- Electronic auctions: English auctions

This is where buyers make bids and sellers place offers. In an English auction the auctions continues no more bids are provided until the auction time is over.

- Electronic auctions: Dutch auctions

Here prices starts at a very high level and gradually the price is reduced and the bidders specify the quantity they want to buy the declining price. These are done quite fast these type of auctions are conducted in ebay.com.

- Electronic auctions: Reverse auction

Here bidders bid on the reducing price. If only the price is considered the winner is the one with the lowest bid.

### **2.3 Product**

According to Christopher and McDonald (1995) many businesses see the product or service to be at the heart of the firm's marketing efforts. It also important to keeping adding the benefits to products and services which customer may require. Should be asking the question: "Does each product or service we offer provide relevant and desired benefits for today's customers needs?" (Christopher and McDonald 1995, pp.25)

These are some of the factors that make up the product package:

- Before sales service
- After sales service
- Packaging
- Image
- Design...etc

(Christopher and McDonald 1995, pp.25)

Customers cannot be forced to buy the products, they must want the benefits the purchase will bring them. The knowledge of customers enables the company to offer a more striking package than its competitors. (Christopher and McDonald 1995, pp.26)

The features of the product can be varied: Due to the Internet customer service and brand values can be enhanced. Also the Internet can provide information-based products. Abstract services such as financial services, insurance etc could also be offered via the Internet. These types of services are most suited via this channel. .

Ghosh (1998) in Chaffey and Mayer (2000) suggests that companies should consider how to modify product and add digital value to customers. He urges companies to ask some of these questions:

- Can I afford additional information on or transaction services to my existing customer base?

Some companies provide online advisory service, they have FAQ and some sort of online service for their customers. Every product or service can find some kind of added

value online. Through the Internet these aspects can be considered in order to enhance the product value:

- Endorsements
- Awards
- Testimonies
- Customer lists
- Customer comments
- Warranties
- Guarantees
- Money-back offers
- Customer service

The Internet allows you to create a whole range of new versions, variations and even new products and services. It is important to have a distinctive competitive advantage. A good example of this is the Barbie Web site where you can create a your own Barbie with the dress style, hair style etc of your choice, this is a good example of adding service via the Internet. In the Case of Safeway it provides added value through the offering following services to its customers:

- Bag packing
- Gift Vouchers
- Saving Stamps
- Bulk wine discounts
- Customer service desks are provided in all stores
- Improved signs and layout information

(Safeway's customer initiative leaflet, 2002)

This mix determines the products differentiating factor or USP (unique selling proposition) over their competitors. Some companies decide to position their products on the strength of their brand. New entrants find that price may their only USP given the level of competition. Positioning of most product changes as a product goes through the product life cycle.

(Christopher and McDonald 1995, pp.25)

## **2.4 Place**

This particular element of the marketing mix deals with how products and services actually get to the consumer. According to Simkin and Ferrell (2001) In order to satisfy the customers, products need to be available for the customers at the appropriate time and at suitable location. The important thing for many businesses is to decide on distribution channels that give control at a reasonable cost. In some cases more than one channel may be considered in order to reach different customer segments. The choice of channels sometimes can be differentiating factor for a business. Further information on these can be found in section 3 and 4 of this report.

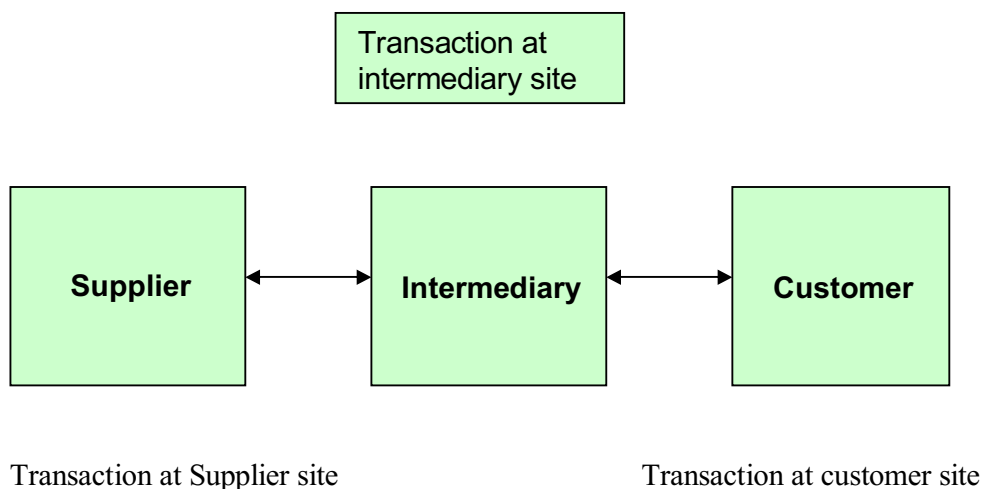
In the case Supermarkets Internet and other forms of direct channels are been considered for Tesco, Sainsbury's and Iceland. Safeway is also planning to have a strong online presence. The Online presence for Tesco has given the opportunity to further their dominance in the UK Supermarket sector. Some customers are moving away from the physical shopping experience and moving towards the Internet shopping, in relation

to the supermarkets, Tesco and Sainsbury's reach their customers through the Internet and win their current competitors. Those who have virtual presence are called the E-tailers. Customers tend to expect a fast delivery service from Internet shopping.

Also the introduction of EPOS systems, Supermarkets have put huge amounts of investment into these areas, this particular useful in providing businesses with detail information on sales. This system effects the supply chain and the channel for distribution. Technologies which are providing access to the Internet such as WAP phones and digital TV and handheld PDA's are all are changing the old traditional distribution channels. Supermarkets are giving serious consideration to these technologies.

Now the Internet also offers a new sales channel which is more fast and convenient for the customers through electronic commerce. The Internet has also provided the opportunities for companies to enter into overseas markets. Many companies don't just forget don't have a physical presence the benefits of this that it gives the organisations the ease and to build Customer relationship much more rapidly, this works out better for companies. The introductions of new technologies have brought in many changes to this part of the marketing mix, the Internet for example has brought dramatic change in information distribution, also the now the existence of virtual media has changed consumer expectations. Unlike before consumer now expect interactive, immediate communication anytime and anywhere in the world. The virtual market place has influenced these changes. (Chaffey and Mayer 2000)

Now all products and services can extend themselves online by considering their online representation for place of purchase and distribution. In the case of supermarkets they need place their products and services where there is the opportunity to attract buyers. Supermarkets now sell perishable goods such as food and flowers via online this is all preferred due to convenience and reduced cost of ordering.



This diagram shows the representation of online purchase.

**Source:** This diagram was adapted from: (Smith and Chaffey 2002, p.48)

The place in the digital arena is absolutely vital, due to technological changes new ideas have occurred in the online world of distribution. Here some of those:

- **Disintermediation**

This is the removing of the middleman in to deal with customers instead of through the agents, distributors and the wholesalers.

- **Reintermediation**

This is the introduction of new types of middleman who are brokers such as Bizrate that bring together buyers with sellers.

- **Informediation**

This is where the middlemen hold data or information in order to benefit customers and the suppliers.

- **Channel Confluence**

This takes place where distribution channels start to offer the same deal to the end customer.

- **Peer-to-peer services**

This is a service, which was introduced by Napster, where both the supplier and middlemen were removed completely, this was providing a grate threat and opportunity for the music industry.

- **Affiliation**

These programmes turn customers into sales people, the sales people are considered as part of the distribution.

(Smith and Chaffey 2002, p.48-49)

In today's business environment organisations it is important for organisations to think of multi-channels for distribution in order to ensure their products and services are available to as many ideal customers as possible.

As markets are developing the distribution is becoming more sophisticated, now companies seek to use distribution to achieve competitive edge. Good examples of distribution innovation include home delivery from many of today's fast food outlets and other companies. Drive-through windows at fast food restaurants, catalogues using telephone ordering and automated banks machines are all good examples of how distribution is changing and becoming much more innovative some of these factors are due to technological developments.

## **2.5 Promotion**

According to Simkin and Ferrell (2001) the promotion part of the marketing mix relates to communication activities used to inform one or more groups of people about an organisation and its products. Promotion is usually aimed at to increase public awareness of a business or their newly brought product. Promotions are there to educate product features to people. From the whole marketing mix this is the probably most interactive and influential part.

The Internet, Digital TV, M-commerce, (WAP and SMS) and digital radio, customer databases etc offer a new, additional marketing communications channels through which they can inform customers of the benefits of a product and assist them in their

buying decision. As the Internet becomes more wide spread more access devices are become available. These two are:

- **Interactive TV**

This has a dedicated Internet access set up boxes. So it gives opportunities for businesses to use this as its advertising tool, advertising on interactive is likely to increase.

- **Wep phones**

This enables mobile phones to access the Internet. This may be the technology for the future for shopping, advertising campaigns. Such developments will increase the use of the Internet.

- **Email could also be used**

Subscription emails, manufacturers collect personal information from competition and web site registrations, and send direct mails with information that is relevance to them. Emails also allow the use of viral marketing whereby consumers pass information on to friend's etc.

(Reuters Business Insight 2000, pp.74)

The overall promotion part has become much more sophisticated. The Internet in particular can be used to supplement the range of promotion activities such as advertising, sales promotions, PR and direct marketing. Advertising online is becoming more popular that ever before, businesses are spending forcefully to gain online presence and advertise on the net. The Internet offers many advantages and some disadvantages as an alternative promotional medium. Businesses are also using traditional advertising channel magazines, newspapers and radio etc. (Chaffey and Mayer 2000, pp.41) and (Reuters Business Insight 2000, pp.26)

**In terms of attractiveness, online advertising offers marketers benefits beyond those offered by traditional media. Some benefits include:**

- Generated brand awareness
- Encourages product preference
- Secure consumer loyalty
- Encourages consumers to think about the products

(Reuters Business Insight 2000, pp.26)

**In order to view the strength and Weaknesses of some of the advertising media please refer to article in Appendix 2.**

Advertising online Supermarkets are using their web pages to sell their products, as well as collaborating with other companies and placing banner ads on other companies web sites. All available methods are used to bring as many customers as possible. The banner ads can be very effective.

These are some of the online advertising methods that Safeway could adopt:

- **Banner Advertising**



Banners are small windows at the top of web pages, sold to advertisers in order to generate revenue, and allow browsers to click through to the advertising brand's web site. (Reuters Business Insight 2000, pp.41)

- Subscription emails

Form a key part of online loyalty reinforcing campaign and in the foreseeable future it is expected to become the most successful online advertising medium of the future.

Safeway does use TV adverts, but at this moment of time there is more emphasis on weekly promotions. Safeway distributes flyers to household near its stores to promote weekly offers and deep price cuts on some of its products. Safeway is using weekly flyers to promote its new price cutting strategy and are spending money on big cut-price deals and sales promotions. Each flyer has four main deal at the front. **(To see their weekly promotional flyer promoting this strategy please refer to Appendix 1.)**

- Loyalty Schemes

Safeway use to operate a loyalty card. This idea is that when customers collect points in exchange for money spent in the store, retailers build a database of important information on their shoppers spending habits, then that information allows them to understand their customer a lot better and offer promotions which are of interest to them

In May 2000 Safeway announced plans to scrap their loyalty cars ABC. A study, which was commissioned by Safeway, showed that customers would rather have more discounts than collecting points. Alternative to the loyalty card programmes Safeway decided to invest a further £50 million in a more aggressive programme of deep price cuts and concentrate more on weekly deals. Safeway suggested that customers got bored with collecting point and customers want to see money spent on price cuts. ( Longman, 12<sup>th</sup> May 2002 pp.8).

‘All the ten communication tools such as: advertising, selling, sales promotions, PR, Sponsorships, direct mail exhibitions, merchandising, packaging, and word-of-mouth can be used to promote in the online or offline world.’ (Smith and Chaffey 2002, p.49)

This table explains the online equivalents of these recognised communication tools:

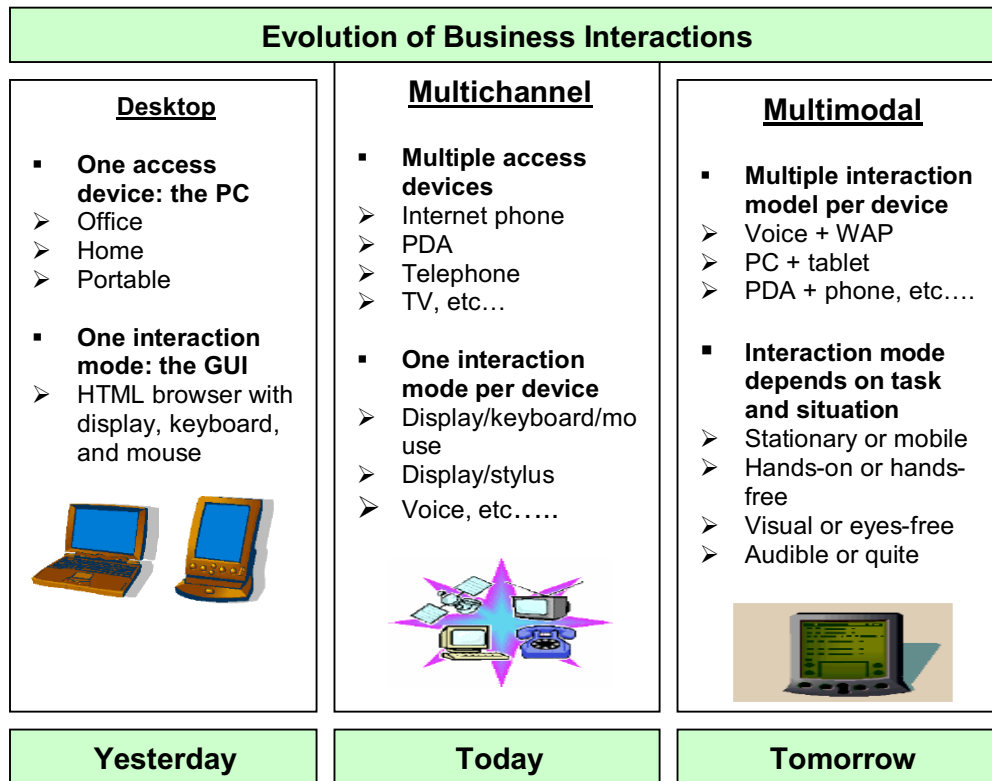
| Communication Tools | Online executions   |
|---------------------|---|
| 1. Advertising      | Banner Ads  |
| 2. Selling          | Virtual sales staff, affiliate marketing, web rings, links  |
| 3. Sales Promotions | Incentive rewards, loyalty schemes such as Beenz            |
| 4. PR               | Online editorials, newsletters, discussion groups, portals  |
| 5. Sponsorship      | Sponsoring online event, site or service                    |
| 6. Direct Mail      | Opt-in e-mail and web response                              |
| 7. Exhibitions      | Virtual exhibitions   |
| 8. Merchandising    | Shopping malls, e-tailing, the interface                    |
| 9. Packaging        | Real packaging is displayed online                          |
| 10. Word-of-mouth   | Viral affiliate marketing, email a friend web rings, links. |

The Internet allows us to facilitate all the ten essential marketing communication tools. Due to the Internet marketers can exploit vast amount of creative opportunities which are presented by the Internet. It is important that creativity fits into the overall communication strategy. Also there is the issue of global audience, web sites open the window to the world, in these cases cultural and business practices will need to be taken

into account. All the ten marketing communication tools can be adopted and enriched online. This will also help to build relationship based on permission and trust of the customer.

### 3 Emerging technologies and their impact on chosen organisation

This diagram shows how technology has developed or will develop over a period of time.



**Source:** This diagram was adapted from ( Computer World, 22<sup>nd</sup> January 2002, pp.32)

New technologies have changed the world, a lot of organisations have benefited from this. Emerging technologies have revolutionised organisations operations, without it organisations would not run as smoothly. Now computers control ordering from the suppliers, through to distribution and store design. Without this technology all this would have been difficult.

In the case of Safeway and the whole of Supermarket sector computer aided design is used to plan both stores, so no space is wasted and products are placed in the right position. This makes the whole customer shopping experience is easier and less stressful as all similar type of products are located in the same area. This is one of the technological advances, which helps customers but is not seen. There are also other technological advances taking place, which we see, and they help customers to speed up the whole shopping experience. These include monitors, tills and barcodes and scanners these also are connected to head office computer where new stock can be ordered and the overall store performance in general can be regulated.

These are some of the emerging technologies, some of which have impact on Safeway and the Supermarket sector, some of which are adopted and others which are likely to be considered in the foreseeable future.

### 3.1 iTV

This is interactive television (iTV) this one of the medium where many services can be offered to customers via NTL cable channel and Sky digital. This medium gives the opportunity to offer range of products that are available in high street stores.

This new technology is designed to make it easier for TV networks and producers to create iTV applications. The iTV digital technology allows television viewers to use remote controls to access interactive services, this allows the viewers to interact with advertisements. It will allow access to the Internet via the TV, Like the Internet this technology offers interactive means of doing business and offers the facility for placing advertising campaigns to its viewers. (Computer Weekly Journal by Thomas, 31st October 2002, pp.6)

### 3.2 M-Commerce

In the high technological environment, many companies are showing interest in using mobile devices. There are some intangible benefits such as improved brand image and competitive advantage. According to Richard Clifford, m-commerce analyst says:

“In the case of mobile technology, the intangible benefits are just as important as the tangible ones. Businesses also need to adapt the way they measure the return on investment from mobile projects.” (Computer Weekly Journal by Thomas, 22<sup>nd</sup> August 2002, pp.6)

The awareness of mobile business has not really moved in the past years, among the consumers there is still great deal of misunderstanding and confusion, even about important matters such as solution benefits, the probable costs and likely delivery channels. Mobile services need to be publicised to a much great extent. In the foreseeable future companies will see the increase use of mobile devices, as a tool for promotion, M-commerce will be ideally suited to the supermarket sector. (Computer Weekly Journal by Thomas, 22nd August 2002, pp.6)

### 3.3 TV Ads aimed at SMS

In the Guardian online, October 17<sup>th</sup> (2002), talks about the TV ads which are exclusively aimed at text messengers. This is another marketing technology, which is considered to be effective particularly among the teenage groups. Now we have text messaging (or SMS) used in TV ads, SMS makes TV ads more interactive. In October 2002 the first UK television ad with SMS as the only direct response mechanism was broadcast. It was stated that “the ad for Gossard G-strings, generated 20,000 replies.” Also the research company Gartner G2 says: “SMS interaction with television programmes is set to double in the next year.” Using SMS to interact with TV took off with ratings successes such as Big brother, where viewers could send SMS to vote for contestants. In the foreseeable future we are about to see programmes which are built around messaging. SMS has a much greater potential for TV. (Guardian online, October 17<sup>th</sup> 2002, pp.4-5)

It was also found from Guardian (2002) that text is also being used in conjunction with radio. "Capital radio listeners for example can get a copy of the music playlist by text. The users of SMS will be able to send text messages from their TV or mobile and get the replies back to their TV. (Guardian online, October 17<sup>th</sup> 2002, pp.4-5)

In the case of Safeway, it could really utilise this SMS as its marketing technology, they could ask their profit making customers to send their name and address in a return for a voucher providing £5 off a their next grocery shopping. This could be used create a dialogue with its customers and potential customers. In order to obtain further information on those people Safeway could send out questionnaire with the voucher, or send them follow up text asking them if they want to be kept updated on other offers within their store.

### 3.4 Mobile Matters

It was found from Guardian (2002) Due to the high technological developments taking place in mobile phones, a new Nokia 7650 phone has been made where you can watch video on a mobile phone, this is to be one of the killer applications of the third generation.

This new Nokia phone has already screened TV ads showing a person watching their favourite soap on the bus. There is also a deal made with FA Premiership where it will offer streamlined football clips when it is launched in spring next year. The article suggests that "Several companies have been working on offering streamlined video on a mobile. First to launch is Oplayo a Finland based company, which intends to deliver, streamed video clips to GPRS phones." It is stated that not all networks offer GPRS (Guardian online, December 12<sup>th</sup> 2002, pp.4-5)

The phone uses the Symbian operating system, which at present time it only reaches to Nokia 7650 handset. In order to view the video clips, "users first have to download an Oplayer player. They send an SMS to Oplayo, then after receiving a message, download the player via GPRS. It is about 45K it only takes couple of minutes to download. Users can choose the clips via handset" (Guardian online, December 12<sup>th</sup> 2002, pp.4-5)

The growth of SMS as a direct marketing tool is influencing the way retailers market their services. Many marketing organisations are beginning to realise this powerful medium and some are beginning to exploit it. This medium has impact, as it is very useful tool for reaching out to customers. Jonathan Plaskow, the business development director suggests that: "It's an anytime, anyplace, anywhere service." (MTM tutorial 10<sup>th</sup> October 2002, sending out an SMS)

## 4 Marketing recommendations

It is predicted that the Internet could prove to be the main battle ground for grocery retailing in the coming years. The UK in particular leads the world in online grocery with major players including Tesco, Sainsbury's and Iceland. It is predicted in the Internet news web site (2002) that by the year 2005 7% of all UK grocery sales will be web based. At the current time Tesco is the leading e-commerce grocer, this is also a prime opportunity for Safeway, to follow the footsteps of Tesco and become in the forefront in e-commerce trading.

Safeway operates in a very competitive industry, so therefore in order improve its position within the Supermarket sector it needs to do the following focus on some aspects where it can overtake its competitors. It should try to do the following:

- Safeway's aim should be to provide its customers with better quality information and to make the shopping experience more enjoyable.
- To provide customers with information through its use of latest technologies, and through using technology provide customers with solutions that are tailored to their needs.

Safeway could use the following technologies to achieve the above:

#### 4.1 The use of WAP phones

It important for Safeway to consider this technology for marketing and in order to improve its current business practices. In the future in the retail sector the role of mobile phones is set to increase. In particularly the wireless laptops and palm tops and the wireless application protocol (WAP) technology which allows the transfer of data between the Internet and the mobile phones could come into play. From BBC News web site (2002) it was found that using mobile phones to connect to the Internet is proving more popular with the consumers. It is also suggested that "there are 25 million WAP-enabled handsets in the UK, which account for around half of all mobile phones."

Source: (<http://news.bbc.co.uk/1/hi/technology/25464447.stm>)

"Over 11 million web pages are being looked at via phones every day according to the figures published by the Mobile Data Association. Despite the success of the WAP, its success is still dwarfed by text messaging. The MDA estimates that 1.43 billion text messages were sent during September 2002, approximately two million an hour."

Source: (<http://news.bbc.co.uk/1/hi/technology/2459945.stm>)

At this moment Tesco and Waitrose are consideration to use the WAP technology, so Safeway can also follow this route and introduce WAP technology. This technology will enable customers to buy groceries and other goods and also alert customers for promotions on special deals, which are tailored to their needs. This could be done in the form of text messages. The WAP will allow Safeway to deliver offers, promotions and other information through customer mobile phones and other Personal Digital Assistants. The use of such technology will bring many benefits to its customers and will meet their needs, because when relevant or service becomes available to a particular consumer segments. Then this facility will allow Safeway to deliver its description automatically to the user mobile phone. The user could react by simply pressing yes or no button to confirm or reject a particular product or service. This technology gives the opportunity for Safeway to bring special offers to the attention to its customers. The phone will be the popular marketing tool and will provide innovative shopping experience to customers. (Supermarketing Journal by Don, 10th March 2000, pp.8)

#### 4.2 SMS

Safeway could use SMS, this is considered as a strategic and tactical communication tool. Its interactivity increases personalisation, and is particularly effective in giving access to youth market. Young people are the most likely users of this. People in their

30s and 40s do not send as many text messages. SMS will give Safeway the ability to build an on going dialogue with customers. SMS is very useful in creating interaction with customers and it will bring customer loyalty. On the other hand SMS is not suitable for extensive marketing campaigns it is very expensive. Safeway could utilise this technology when it targets specific groups of customers. It is important for Safeway consider that this technology cannot be applied in every situation, Safeway need to select a target market. It is also important for Safeway to be concise about what messages they want to get across, as messages can only use up to 160 characters. Customers responses need be made simples (Yes or No) SMS could be used for advertsing. (Turban 2002)  
(Marketing Journal by Galenbe, 21<sup>st</sup> November 2002,)

#### 4.3 The use of 802.11b wireless technology can be launched

Safeway could offer 802.11b wireless technology to its most valuable customers, this wireless technology will provide high speed wireless internet access to Safeway's customers. This technology could be utilised in Safeway's e-commerce offering, at this present time Safeway does not have a strong online presence but it is considering to sell groceries via the Internet in order to compete with it's major rivals Sainsbury's and Tesco. This technology will be useful to their Internet customers.  
(Computer Weekly Journal by Thomas, 29<sup>th</sup> August 2002, pp.6)

#### 4.2 Safeway could Launch Pocket Shopper

Once Safeway holds a strong online presence they could launch the Pocket Shopper application, which will allow registered users with Microsoft Pocket PC-based mobile devices to submit their orders while they are on the move.

“According to research firm GartnerG2 the UK M-commerce market will be worth £2.63bn by 2005” (Computer Weekly Journal by Thomas, 1st August 2002, pp.8)

The pocket shopper will allow Safeway's customers to choose their shopping from approximately 20,000 items, and pay by credit card without having to connect to a network. Their order will be sent to Safeway's web site, which will deliver the goods to customers homes from their local store. This technology is particularly useful for people who regularly travel long distances from one place to another. This technology will offer them the convenience of being able to shop anywhere. This is the advantage, which many of the customers will want to have.

Thomas (2002) mentions that: “Mobile grocery shopping has a good chance of working as it is just another step on the evolutionary path from cards and online shopping.”  
(Computer Weekly Journal by Thomas, 1st August 2002, pp.8)

If Safeway get it right M-commerce has the potential to be very popular, M-commerce also needs to be very specific.

#### 4.2 Safeway could launch iTV service

Safeway could also consider in launching the interactive television (iTV) grocery service by offering iTV viewers many products and services. This gives Safeway the opportunity to offer products that are available in their stores. This service will allow customers to place their order via iTV and Safeway could deliver to customer's home at

suitable time. This and other new initiatives will help Safeway to boost their customer numbers in areas where it doesn't have many supermarkets. This service could be offered to either NTL or Sky digital both of these have many subscribers, also have a strong presence. Safeway could decide which of the two is most suitable for its business. (Supermarketing Journal by Longman, 10th March 2000, pp.5)

Safeway could also use interactive TV for its TV advertising campaign. Safeway could offer menu ideas, coupons and a free recipe book for example through the use of interactive media. Safeway could do this by allowing viewers to press a button during its iTV ad, then they can access a video and audio techniques to highlight recipes using Safeway products. Also it will also be effective to offer some kind of vouchers, interactive TV is used wisely by Safeway can be very effective as a marketing channel. (Supermarketing Journal by Longman, 10th March 2000, pp.5)

### **4.3 Mobile Epos System**

Safeway could pilot mobile electronic point of sales (Epos) system, which will cut their transaction time, customers often find this stressful and irritating. Whsmith has tried this out, in their case this cut their transaction time by 50%. Safeway could use the mobile system. Safeway could use the Casio wireless barcode scanning devices in its stores, these can scan the barcodes of all items in a customer's shopping basket and print a receipt for an immediate payment at the checkout. (Computer Weekly Journal by Thomas, 13th December 2001, pp.3)

Such solutions will help to cut customer's time dramatically. Often supermarkets are quite busy, this technology could be vital during busy periods especially during Christmas time when you find long queues at the checkouts, often in supermarkets queuing is probably an important issue which needs important consideration. In some cases, which many of us perceive queuing as a barrier to either entering the store or in the first instance or buying the goods once we are there. This mobile Epos system could only be used at the most peak times, or during busy period in the certain time of the year. (Computer Weekly Journal by Thomas, 13th December 2001, pp.3)

Capturing this type of data will enable Safeway to create strategic selling programmes that are timely, targeted and highly personalised to the customers. (<http://www.symbol.com/uk/News/01-17-00.html>)

This system will give the shopper satisfaction and experience they never came across before.

This particular system eliminates the one part of the shopping experience which the consumers hate the checkout line. Instead it offers convenience, control and fun shopping experience.

This system uses the hand-held scanner that customers pick up when they are entering the store. As they select groceries from the shelves, customers use PSS to scan and tally their purchases. When the shoppers are done, they simply pay for their purchases and they are on their way. There is no more waiting in queues, and they are freed up to spend more time shopping.

This system will offer Safeway's customers a whole new interactive shopping experience, by implementing this system Safeway will realise the opportunity for increased sales, which means higher profits and importantly improve efficiency while offering greater customer service. (<http://www.symbol.com/uk/News/01-17-00.html>)

Safeway could consider using these strategies in its marketing, they all have many advantages and appeal to different groups of customers, and also these strategies are very expensive to adopt. Due to Safeway's existence in a very competitive market Safeway would rather benefit from the benefits of these strategies and improve its position in the market sector rather than worry about the costs of implementing these strategies.

#### 4.6 The use of Autonomy Technology

One of Safeway's main competitors and UK's most successful supermarkets Tesco has started in using Autonomy Technology. Safeway can also use this technology to create "personal shopping assistants" on the Web, this technology can be used by Safeway as a way of suggesting products and services that are appropriate to it's consumer needs and interests. (Lynch 2002)

Safeway can adopt this technology and make full use of it, this is very useful as it understands customers interests automatically as they interact with the content on the site, therefore provides them with interesting and appropriate product suggestions and promotions, when ever they are online. A typical example of this technology is, a vegetarian consumer will be recognised and will avoid all the meat promotions. This takes away the hassle of users filling in online forms for specifying their particular interests. (Lynch 2002)

The use of this technology by Safeway will allow Safeway to automate the entire online shopping experience, enhance personalisation and this will turn one time visitors their site into regular users. (Lynch 2002)

### **5 Customer care programme for Safeway and discussion of technology driven CRM.**

In a very competitive retail industry in which Safeway operates, customer satisfaction rarely guarantees loyalty. Factors such as new sales formats, increased range of products, the new distribution channels, alliances between big co-operations and many other factors are Safeway and (other retailers) to find new ways to differentiate themselves and strengthen their market share. CRM has become is crucial in todays companies. (Business Intelligence 2001)

All the relevant information on customers is captured electronically, CRM is best managed by computer technology (eCRM). It can become can extremely difficult to make sense of the information otherwise. CRM basically covers everything from selling, marketing and servicing activities. Having customer service desks at every supermarket, and other customer support initiatives like, bag packing, having facilities for disable customers all these activities relate to CRM. Some of today's essential CRM activities are all Internet based.

As a result Safeway are trying to identify and retain their most profitable customers by using CRM. The whole point of CRM for Safeway is to build relationships with its



profitable and loyal customers. In using some of the technologies considered in this report, Safeway could try to develop such a close relationship with its customers, so that it allows them to anticipate customer needs, try to create a personalised communication and also to provide the right product to customers at the right price. (Business Intelligence 2001)

The use of Easi-Order system will be a good strategy for Safeway. Safeway could put important consideration to form a close relationship with their customers. For Safeway the ease of using the Easi-Order system will encourage their customers to do most of their shopping electronically with them. They can also use data mining techniques on a huge data warehouse of customer data to target their electronic marketing promotions to individual customers. The future plans call for the web enabling the Easi-Order system so customers can use a Safeway web service to access a variety of Internet services. In this way Safeway can generate increased sales, also the idea of creating switching costs to discourage their customers from moving to their competitors, and focus on bringing a strong customer loyalty. The Easi-Order System eliminates the hassle of logging on to PC or connecting to the Internet. It will allow customers to use personalised shopping lists and information on new products. This service is accessible in the home, work or wherever. CRM could be effectively combined with applications like Easi-Order system, in the example Easi-Order will use information from Safeway's CRM systems and information from their ABC loyalty cards. (Computer World Journal, 22<sup>nd</sup> January 2002, pp.46)

Safeway can further develop Internet and other information technology strategies in order to improve their relationship with both customers and their suppliers. Important consideration is placed upon developing the use of Internet and information technologies in Safeway. In future Safeway can form an alliance other business partners. By forming relationships with partners, suppliers, and customers, Safeway will be able to compete and respond to aggressive action by competitors.

By implementing systems such as PDAs, Safeway will foresee many strategic benefits. Benefits include how Safeway have been able to use this technology in order to implement a new and innovative competitive strategy. For example, strategies like giving away of PDAs will enable Safeway to differentiate themselves from competitors, and create customer loyalty through use of these devices. There is a disadvantage of this strategy, that these technologies are rapidly becoming available and affordably by many of Safeway's competitors. New technologies are being developed at a rapid pace so therefore the costs are greatly reduced. The use of PDAs in E-commerce is a new way of doing things for many organisations and their customers. Any organisation or Safeway, which implements and introduces a new form of technology, will stand to gain a substantial competitive advantage.

By using technologies like WAP, automation and personalisation Safeway is developing a good customer relationship with its customers. The WAP technology will enable Safeway to provide product and services to the customer, which is precisely tailored to their needs.

The marketing department benefits with the use of WAP, Personalisation and automation technology. They can send appropriate promotions via WAP, which is very useful and cheap way of advertising for the marketing department. This saves them tremendous amount of time and money. Also the Autonomy's technology allows them to assess how each of the customers interact with content of the site. This gives them the

opportunity to further enhance the site according to the way the customer interacts. All these technologies will be used to improve customer service.

Subscription e-mail is a key online loyalty reinforcing campaign, it is particularly good at maintaining the brand's position in the mind of the customer, and encourages them to interact with the brand. The interaction would be to re-visit the site. Like direct mail sits at the heart of relationship marketing in the offline world, direct e-mail sits at the heart of relationship marketing online. Subscription is highly regarded as an effective in reinforcing continued loyalty.

(Reuters Business Insight 2000, pp.40)

One strategy which direct email allows is the use of 'viral marketing', where the advertisers send something via email and hop that consumer will pass them on to others. This is also effective in raising brand awareness.

Every successful company like Safeway depends on its customers. Customer disloyalty can increase competition, through the use of technologies and other traditional methods Safeway uses to improve customer care. The introduction of technologies discussed in the report will enable Safeway to interact with customers in a new and better way.

The Mobile Internet, where mobile phones, PDA's and other wireless devices are linked to the Internet, all these are bringing ways in which businesses and consumers can interact regardless of location. Safeway needs to combine customer knowledge, which was obtained from its ABC card with the technologies in order to benefit in its approach to CRM. In order for Safeway to cross its products they must use sales history of their customers, this will increase customer loyalty. (Business Intelligence and Retailing Article 2002, p.4)

There are two CRM strategies that are primarily included:

- Operational CRM: Automating interaction with customers and sales force, and
- Analytical CRM: Sophisticated analysis of the customer data generated by operational CRM and sources like POS transactions, web site transaction, and third party data providers. Here business intelligence tools are used.

(Business Intelligence and Retailing Article 2002, p.3)

The Internet has become powerful channel for many retailers, Safeway could use this to find customer's browsing behaviour, purchasing patterns, likes and dislikes.

Web log analysis includes:

- Site Navigation:

Suggests the typical route followed by the users, while searching the site. Businesses can find the most popular pages visited, this could help business to provide solutions in their sites, which are more user friendly.

- Error Analysis

The errors encountered by the user navigating the site. This can help solving the errors and make customer browsing experience more pleasurable.

**With online marketing, sellers can create an element of personalisation with each individual, by using cookie files and other technologies to track customer browsing behaviour. From their create a marketing plan tailored to that consumers pattern**

**by showing items of their interest, offering some kind of discounts that appeal to what they value, or offering services that will attract them back to the site. These behaviours are observable over the Internet. (Turban 2002, p.107)**

**Innovative Web related such as personalised Web Pages, FAQ pages tracking tools, email and automated responses, help desks and Call centres are all important customer service tools which organisations can adopt, they also help to improve CRM. (Turban 2002, p. 140)**

All of these factors can lead Safeway or other organisation to improve their CRM strategies and understand their customers better in order to provide suitable solutions, which are tailored to their needs. (Business Intelligence and Retailing Article 2002, p.6)