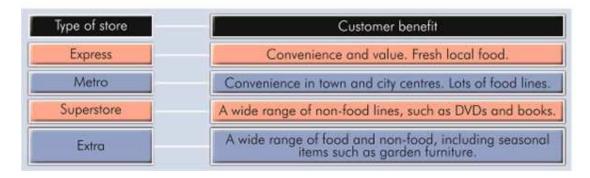**Case Study:**

Tesco is the biggest private sector employer in the UK. The company has more than 360,000 employees worldwide. In the UK, Tesco stores range from small local Tesco Express sites to large Tesco Extras and superstores. Around 86% of all sales are from the UK.

Type of store	Customer benefit
Express	Convenience and value. Fresh local food.
Metro	Convenience in town and city centres. Lots of food lines.
Superstore	A wide range of non-food lines, such as DVDs and books.
Extra	A wide range of food and non-food, including seasonal items such as garden furniture.

Tesco also operates in 12 countries outside the UK, including China, Japan and Turkey. The company has recently opened stores in the United States. This international expansion is part of Tesco's strategy to diversify and grow the business.

In its non-UK operations Tesco builds on the strengths it has developed as market leader in the UK supermarket sector. However, it also caters for local needs. In Thailand, for example, customers are used to shopping in 'wet markets' where the produce is not packaged. Tesco uses this approach in its Bangkok store rather than offering pre-packaged goods as it would in UK stores.

Tesco needs people across a wide range of both store-based and non-store jobs:

- In stores, it needs checkout staff, stock handlers, supervisors as well as many specialists, such as pharmacists and bakers.
- Its distribution depots require people skilled in stock management and logistics.
- Head office provides the infrastructure to run Tesco efficiently. Roles here include human resources, legal services, property management, marketing, accounting and information technology.

1) Talk about how three different organisations use their website for business purposes. In terms of 'different', you can think about the size or sector (manufacture, retail etc).
2) Determine how the functions, usability features and visual and media design of one of your organisations and how it meets the requirements of the target group.
3) Decide to the extent to which the functions, usability features and visual and media design add towards the achievement of the organisation's objectives.
4) Tesco, the giant and most successful supermarket chain in the U.K., has a CRM system that is the envy of many. Tesco found, while looking at its

David Paul

customer base for a typical retail outlet, that the top 100 customers were worth the same as the bottom 4,000. It also found that the bottom 25% of customers represented only 2% of sales, and that the top 5% of customers were responsible for 20% of sales. Like many other companies that have embarked on CRM programs, Tesco realized that all customers are not equal! Tesco now measures valuable customers by the frequency of p urchase and value of expenditure.

5) When Tesco says, "Every little helps", it really means it. Its CRM program is certainly one of the best in the world, and customers love it. Tesco has been principally a food retailer in the U.K., in a mature market that has grown little in the last 20 years or so. That Tesco has grown its business at all is a testament to consumer attraction, when the only route to growth is taking market share from competitors. Its CRM program started with the Clubcard in 1995, offering points on purchases and giving a small rebate to loyal shoppers. Dismissing the initiative as nothing new, competitors did not realize that Tesco was capturing valuable information with every swipe of the card and building a powerful database of customers, which it gained through card membership information.

6) The card provided Tesco with vital customer information such as what products they wer and were not buying, where they were spending their time in the store, and where they were not, as measured by spe nding. Customers received vouchers for items they liked to buy and offers to explore parts of the store that they hd not yet seen. Different lifestyle magazines were created for different customers, and high -value customers got calls from the manager of the store, valet parking when they came to shop, and other special privileges.

7) In 1996 Tesco created a student card and another card for mothers, with offers suited to their needs. Tesco then added a travel service through a partnership with Lunn Poly, givi ng discounts off high-street prices. It also combined its card with Visa through the Royal Bank of Scotland, and offered discounts on DIY goods through well -known home improvement chain B&Q. In 1997 it added a full range of financial services, and the Tesc o Direct service. Adding value was mandatory to these functional items so, for example, expectant mothers were given priority parking outside the store, changing facilities, and personal shopping assistants to help them. In 1998, after the U.K.'s deregulat ion of utilities, Tesco began to offer electricity and telecommunications products and services. Also in that year, clothing was added to the range through Next. By this time, Tesco had identified 108 customer market segments. This year, 2000, a joint unde rtaking with General Motors allows customers to buy cars from Tesco.

8) Noting the interest of some customers in the Internet, Tesco also sells online, delivering products to the customer's door, by refrigerated truck, if necessary. Visit the company's websi te (www.tesco.com) and you get the same friendly look and feel that people get in Tesco's physical stores. Everything is made easy, and you can buy groceries, books, CDs, furniture, videos, and other items, as well as arrange your personal finance. And, of course, every time there is a transaction, the points mount up. And as the points accumulate, more and more relevant special offers and privileges are given. All in all, the company offers great value and a great experience.

9) The company is now well on it s way to becoming a successful international brand, expanding into Asia by taking over the Lotus supermarket chain in

Thailand, where customers can now buy scooters (tescooters) and have them delivered to their homes. But adding value to the customer relat ionship is still the driving force behind Tesco's success.

10) As a result of Tesco's efforts to delight the customer, its profits and market share figures rose tremendously over time, making it a prime example of how technology, coupled with a human touch, c an provide customers with a great experience.

David Paul