

AN ANALYSIS OF TESCO PLC FROM THE PERSPECTIVE OF CUSTOMER SERVICE OPERATIONS AND CUSTOMER SATISFACTION

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ABSTRACT

With the objective of measurement of customer satisfaction this dissertation is discuss this point that what is the perception of customer's about the activities and operation services manage by Tesco. Tesco is one of the giant in the retail industry they have very good and very large customer base so it is very difficult to measure customer satisfaction level. This dissertation is measure customer satisfaction level by survey and personal interview of customers and with the help of some literature the data is implemented to find out the result of this study.

INTRODUCTION

Customer satisfaction can be described as a measure to the organizations' performance on the basis of reviews of the customers. The company is able to satisfy consumer's expectations or not, the Customer satisfaction is the measure of this intangible property. The satisfaction level of clients can be judged on the basis of re-arrival of the consumers on the same retail giant. If customer is coming to your store again and again, it means your consumers' services are efficient enough to attract them. The consumer rating surveys are also done to find out the satisfaction level of them. If consumer is loyal enough and he or she chooses you over your competitors that mean they are satisfied with what you are offering to them. Therefore loyalty can be considered as major factor to judge customer satisfaction. These key factors are very important for the companies because they can get competitive advantage with the help of these key factors such as customer loyalty and give them innovative products. The satisfied clients are the main source of revenue and profits of any organization. The word of mouth plays a vital role in enhancement of company's success and its huge customer base. If loyal clients of the company will do word of mouth marketing, this will create more clients in the company. (Gartner, 2009) Customer satisfaction is the emerging topic of marketing because through this company can judge about the satisfaction level of consumers with organizations' products or services. If organization is capable enough to meet the consumer's demand, it will satisfy consumers. To get the organizational goals, it is very necessary to satisfy consumers.

Background of the Company

Tesco plc is one of the biggest retailers in the world. It deals in grocery as well as general merchandise. Its headquarters are present at Chestnut, United Kingdom. The place of Tesco is third among retailers in the world. The Walmart and Carrefour is placed at number first and second respectively. It has stores in 14 countries across Asia, Europe and North America and is the grocery market leader in the UK (where it has a market share of around 30%), Malaysia, the Republic of Ireland and Thailand.

This company was started by Sir Jack Cohen in the year 1919 as a group of market stalls. The Tesco name first appeared in 1924, after Cohen purchased a shipment of tea from *T. E. Stockwell* and combined those initials with the first two letters of his surname, and the first Tesco store opened in 1929 in Burnt Oak, Middlesex. Till the year 1939, due to its rapid growth the company opened its 100 stores all across the United Kingdom. With its diversification strategy the Tesco is involved in globalization and opened various stores in geographically diversified regions.

OBJECTIVES

1. To find out satisfaction level of existing customers
2. To find out the reasons of dissatisfaction of customers via feedback obtained
3. To find the expectation of customers from a retailer
4. To investigate the operations of Tesco to find out whether current operations are capable of meeting customer expectations or not

RESEARCH QUESTIONS

1. What are the reasons of customer satisfaction at Tesco Plc?
2. What are the overall expectations of the consumers from a retail giant, such as Tesco?
3. Are the current operations of Tesco quite efficient to meet the consumer demands?
4. What are the reasons that make a consumer dissatisfied at the retail store?
5. What are the new innovations and additions can be done in the operations part of Tesco that satisfies the consumers?

LITERATURE REVIEW

Retail business is based on the fact that customer is supreme and their needs are to be fulfilled. Customer service should take care of all the phases of shopping experience. The three phases of the shopping experience include the phase pre sales experience, experience while shopping and the last one is the post sales experience. To achieve this customer satisfaction there are series of activities which are planned in the store. (Philip, 2002).

Retail store thrive on various formats to ensure customer satisfaction. The services or the product which are on offer decide the format which is most suited for the cause. Many stores have customer friendly policies such as they can return a purchased item if they are not happy the experience of the product in a given time frame. According to Lee (2003)

investing in the service quality is a long term business. It reaps benefit over a period of time. If provided properly it creates a healthy image of the company in the mind of customers. It is directly proportional to the company's top line.

When a customer is delighted by the service they are provided they may walk into your store every time repeatedly even if there is no promotional offer or scheme, but if the customers are unhappy with the services you provide then a store can try each trick in and off the book to attract customers but it may all go in vain.

Corporate Strategy of Tesco

Due to global competitions organizations are willing to take up any strategy, they involved in making competitive strategies so that they can grab the attention of its consumers. In this cut throat competition whoever gets his strategy right get success. He changes times lead to advent of globalization and now everyone wants to expand across geographies with a company strategy which is formed keeping vision and mission of organization. The corporate strategy of Tesco is given below:

1. To maintain a strong foot hold in UK they keep a close eye on the way of proceedings. So that the image there can be preserved as it is the major play ground.
2. The retailing process was done directly worldwide through internet. It plans to become a successful retailer worldwide through stores and online stores.
3. Tesco want to be a strongest retailer in food as well as non-food products and services.
4. In global era Tesco wants to capture worldwide market with an international Retail expansion strategy. It is this retailing it able to generate £583 million profits.
5. Its strategy takes of community and environment.

Who is the Customer?

Tim Hannagan (2002) stated in his book "Mastering Strategic Management" that a person who is in need of a service or product and is willing to pay for it is a customer. The customer can also be described as the ultimate beneficiary of the product of service it pays for. This may not be correct in all the circumstances. (Bernd, 2002)

Knowing the customers:

In order to understand target customer it has to have to identify their own business. Once the company knows what the business it is in, it will be able to figure out the essential elements of marketing and strategy to fulfill his/ her need as they now know what is to be done to satisfy customers need.

Customer Satisfaction:

Customer satisfaction is the most important thing of any organization. The company aims at earning profits but it can continuous keep on doing it only if company receives repeat sales which is in turn depended on if customer is satisfied with that product or service provided to them. Customer feels satisfied when he gets a better product or service at a cheaper rate than competitor's offerings. This then results I good and loyal customers..

Customers are always keen to get benefits out of services and products and they are always looking at these criteria to fulfill their need. If the customer has a choice between prices of similar kind of products it is quite obvious that the customer will choose the cheapest one. With this kind of a behavior of customer we can say that prices in a way help customer to get out of dilemma of choosing one product.

According to Mitchell (2009) the satisfaction level customer is the top priority. To calculate the same is a very difficult task. But there are some ways which are devised one of the ways is feedback from customer before, during and after the service or product experience. Following points are to be taken care while taking a survey:

- In today's changing times the customer needs do keep on changing so survey has to be reviewed and updated to cater to the needs of ever changing environment for customers.
- As human beings are social animals their preferences vary with the kind of company they are in, the same customer may not enjoy shopping alone but when accompanied by someone else the experience is altogether a different one.
- As the services are intangible and cannot be quantified so sometimes it becomes difficult to measure the service levels experienced by the customer.
- The parameters can only be improved upon if we can understand the reason why the customer is liking the service..

As per Frennea(2009) the customer always holds an expectation about the experience he/she is going to have in availing service and hence the customer will be satisfied only when that expectation will be met or overrun. So the experience depends highly on the initial expectations. This comparison only gives the outline to the overall customer experience.

What we need to measure?

The calculation of consumer satisfaction is imperative for organizations in today's business world. With this data the companies can find out what the reasons for customer dissatisfaction and then act accordingly to achieve the same. To understand the level of dissatisfactions simple ways like keeping log of number of complaints can be used. When in a process of developing new service or a product this data about customer satisfaction will do a world of good to strategize the launch.

Techniques to measure customer satisfaction are written below:

The customer satisfaction can be measured using following ways:

- Using Survey as a method;
- Making focus groups to discuss on customer satisfaction;
- There are few standard packages for measuring; and
- Using various computer software's for measuring the issue
- These methods have some limitations. Few of them to mention here are as follows:
- Analytical – These are concerned with formal procedures, techniques and systems

- Behavioral – These are concerned with the beliefs, attitudes, commitments, motivation, perceptions, and resulting behavior of the people involved in the process; and
- Organizational – This much formal concerned with the informational flows, organizational structure, management style and corporate culture (Piercy, 1996). (Ingrid Fecĭikova, 2004)

The level of customer contact depends majorly on nature of business for example a book store have a high business high customer contact which a content providers will maintain a low customer contact level.

When a high customer focus is clubbed with high customer contact, it yields high customer satisfaction. An organization with a high customer contact is bound to be a market leader. An internet presence also certainly helps an organization to maintain a high customer contact to enable ecommerce or brand awareness for that matter.

E-service quality

Online trading sites are also a new advent in the existing modern world it is a complex process so to better understand it we will divide the same in sub processes like retrieving or exchanging information and articles, or ordering books. All the service components can be explained in terms of process and outcome which further can be sub divided into sub-dimensions and quality determinants. A customer may like some part of the service offered by may also be dissatisfied with the other part of service and then it comes to how important each part in outcome of the service

METHODOLOGY

This section of report will throw some light on topics like research procedure, how to carry out a survey, designing of questionnaire, survey sampling, research paradigm, and other parameters. The subsections of this study helps to get the objective of this study and specially Research process, collection of data and methodology and the other subsection helps to other statistical tools, and helps to analyze the data and make it easy to understand.

Primary Data

Primary data is directly collected from the subjects therefore it based on the fresh and current incidents which a customer or an individual is facing in current scenario. It is based on concentrating the energies on one question or research topic. The process of collecting primary data is known as primary research. As primary data is more authentic so it is preferred to be used in a research project (Business dictionary (2008, online)).

According to Allen G., (1999) there are three methods of gathering primary data a) Survey, b) experiments, and c) observation.

Secondary Research

Secondary research is the method by which the researcher finds the data through different publishing literature like magazines, news paper, through internet and from different journals. There are some very good and considerable advantages of secondary data but yes there are some unbeneficial things related to secondary data collection.

Advantage of secondary data

- Secondary data is easily available through different medium
- Secondary data is less expensive in comparison of primary data
- Secondary data sources are journal, literature that is used in academic courses, business magazines etc.
- Secondary data is also collected through internet because some articles are only published on internet.

FINDING AND ANALYSIS

To get the objective of this study the researcher keep the ideal sample size in the mind and that was 200, the output of this study will be more relevant if the sample size will increase but due to constraints of time researcher have to complete it in this sample size.

- Target customers of Tesco are middle class and higher middle class people
- Most of the family has 2 earning member
- Target market age is 25-45
- Purchasing decisions of family are control by family head or expert

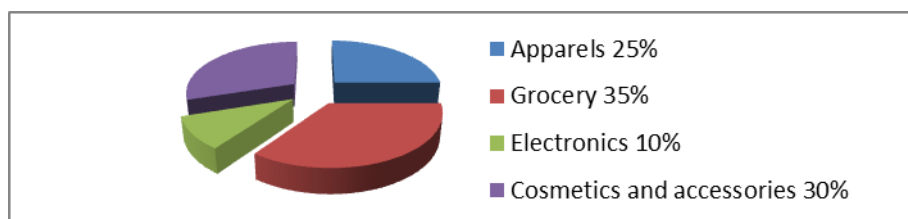
Quantitative Data Analysis Descriptive data analysis method use to understand the reason and objective of questions and the answer of the question will be analyse in detailed way to find the outcome of the replies of the respondents and what is the use of this out come for the top management of the Tesco.

The objective of the study is to measurement the customer satisfaction level and in future company may use this data to make some major changes in the welfare of the customer base. The data collect through this method is also helps to find the demographic information about the customer of Tesco, add on to this also helps to find that the customers are from target market or not. Objective behind getting basic information about customer is that to find out that the respondent is from target market or not, is the respondent have any control over the purchasing decision of family or not. The output of this question is to help to understand that is the target market is same when the product was design for the specific target market.

Question 1. Frequency of purchasing items from Tesco. The objective behind this question is to find out that the respondents are window shoppers or the regular customer of Tesco. This thing may happen that the respondents are not regular customer of Tesco and the replies form these customers are not appropriate to the goal of this study. The output of this question is that 50% of the respondents purchase more then 2 times in a month from Tesco, 35% of the respondents purchase twice in a month and around 15% of the respondents purchase only once in the month. The output of this question of is the that Tesco have good customer base and most of them are loyal customer towards Tesco. This is good news for Tesco Management.

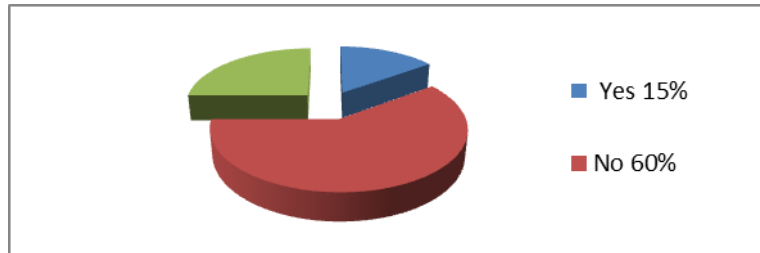
Question 2. Kind of material purchase form Tesco. The objective of this question is very easy to understand that Tesco wants to know that what items are the fast moving item for Tesco and which items customer not prefer to purchaser form tesco. Out of 200 respondents

35% purchase Grocery items form tesco, 30% purchaser Cosmetics and Accessories, 25% of respondents purchaser Apparels form tesco and only 10% of the respondents purchase electronic items form tesco. The output of this question is that customer prefer to but electronic items from the speciality store because at the speciality store they find all the possible options available at the basket. Good news is that most of the customer are use to purchase grocery items from tesco so at the strong point tesco has to work more to cater the market.



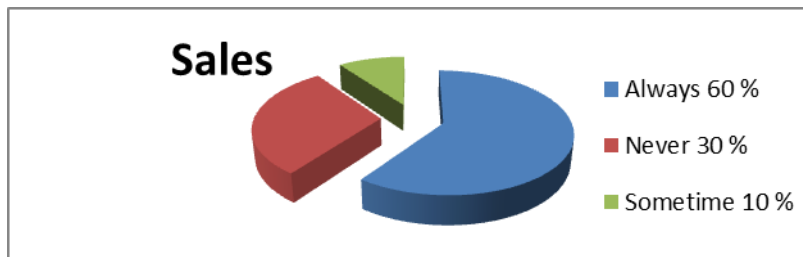
Question 3. Satisfaction with the billing counter at Tesco. This is one of the point which is still the big problem in the retail market, that the billing counter are full at the peak time and in the week ends. The objective of this question is to find that is the customer of tesco are facing problem with billing counter and they are satisfied with the billing counter. The output of this question is that 80% of the respondents are satisfied with the billing counters and only 20% of the customer are not happy with the billing counter. For over come this problem tesco people desing there man power in a way that at the peak season and in the week end days people not face the problem with the billing counter. Tesco has some extra counter but they don't use them in the regular days, because in the regular days foot fall is low so the permanent counter are sufficient and in the peak season and in the week end days they also use the temporary counters. So the queues at the counters are not very long and people don't have to wait more. Tesco hire part time job seekers in the week ends and in the peak seasons.

Question 4. Facing problem locating the items in the store. Tesco has big outlets and most of them are more them 1000 square feet and tesco also keeps large numbers of items in their store so it might happen with some of the customers that they face the problem to locating the items in the store. The objective of this question is that is the customer in the store facing the problem locating the items. Some time it happen that customer are facing problem to locating the items in the store because there are so many items in the store and their racks in the store and the store is to design that same type of category items are at same place but this is one of the trends in retail industry that at the outlet they will regularly change the layout of the store as per the movement of the items. Fast moving items are at the front of the store and slow moving items are at the back of the store. With this kind of strategy some time regular customer face the problem to locating the item at the store because they have a map in their mind. The output of this question is that 60% of the respondents don't face any problem in the location of the item in the store, 15% said yes and 20% replied some time. To over come this problem tesco use Signage's in their store and with the help of this customer find the desirable product and they don't face any problem, if after this customer face any problem salesman are their to help them out. This kind of problem leads to the customer dissatisfaction.



Question 5. Staff assistance useful for customer. The objective of this question is to find that is the customer is satisfied with the staff assistance. This is one of the points that is always in the mind of top management in the retail chain that salesman are the front line staff for them and they are the only one who comes direct touch with customers. And they make effect on the customer perception about the store. 70% of the respondents are replied that staff assistance is useful to customer, 20% said sometime staff assistance is helpful to them and 10% said no. the output of this question is very useful to tesco because they invest lots of time and money in the training of the ground salesman.

Question 7. Fulfilment of the promises. The objective of this question is to find out that is customer are satisfied with the promises by tesco towards customers. This happen in every industry that companies make fake promises to attract more customer or may be some companies are to success to complete the promises towards customers. The objective of this question is that what is the perception of customers in there mind about the fulfilment of the promises. The output of this question is that 60% people of respondents said that yes tesco fulfil all the promisee which they were made, 10% of the customers replied that they find sometime that tesco fulfil the promises and 30% of the customers said that tesco never fulfil the promises which they were made. Top management of the tesco use the output of this question in the manner that they can redesign the strategy by which they offer some offers to customer to attract more and more customer base but due to some constraint they are not able to deliver the promises. When the %age of the cutomer who thinks that tesco fulfil the promises which they made to their customers, number of loyal customers will increases and every company wants the loyal customer base is always increases so that their profit will not affected by the circumstances. Loyal customers are not very much affected by the price elasticity and that si the point on which all the industries are focused.



RECOMMENDATION

What keeps customers satisfied

1. **Knowledgeable and available staff:** whenever the customer at the store they have mindset of purchasing items, when the staff members have good product knowledge

they can convert customer in positive way and the assistance and the service provide by employee leads to higher satisfaction level in customers.

2. **Friendly people:** when the customer at the store the don't want man machine at the store who have only product knowledge but they want the people who are friendly in nature and give proper assistance to the customers so that the customer feel comfort while dealing with staff members.
3. **Good value:** most of the companies and industries have perception in there mind that the customer are looking only at the price but this is not the right fact some extend this is right but customer take it only one component which relate with the product, the also look at the services, information and the after sale services.
4. **Convenience:** now a days the definition of the convenience is change for the customers the want comfortable environment at the store, and this trend is increases day by day in the retail industry that the organization are make the shopping easy by using lights, colours so that the products presentation is good and attractive. This is very old and good says that easier you can make the shopping, the more money you can get.
5. **Encourage Face-To-Face Dealings:** This is one of the most dangerous and important task because while dealing with customer face to face is not a easy task, customer are very curious and they can ask any question about product that may be related with the product or not but they are always looking for some insightful reply form staff side.
6. **Respond To Messages Promptly & Keep Your Clients Informed:** In the era of competitive market each and every customer is very precious for companies to maintain this customer base companies has to reply regular t their customer and also has to handle feedbacks from customer side.

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