

Delivering Customer Value Based on Service Process: The Example of Tesco.com

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Abstract

A number of researches of customer value start in recent years, and the concept of customer value is increasingly used in management and marketing lately. Customer value is considered central to acquire competitive advantage and long-term success of the company. There are comparatively less researches on delivering customer value based on service process and lack of systematization as a whole about purchasing online. This article attempts to identify likely purchasers of a product by using evaluation shopping experience and service process in memory to make decision commonly. This study investigates how the retailing delivering customer value to attract new customers and retain previous customers. Through offering different service process for the customers, the company could deliver superior customer value. Here this article gathers information from sampling customers and analyses questionnaire which are handed out to customers in Tesco supermarket or in the shopping centre. The findings suggest that good service process and shopping experience have the same number of the customers in memory, and they can help many companies deliver superior customer value.

Keywords: Customer value delivery, Service process, Customer service, Tesco.com

1. Introduction

Today's retailing is becoming increasingly competitive. People have more chances to choose different retail outlets than before. In other words, shopping become easier for most people to swift between different retailing outlets. At the core of retailing is the development and maintenance of long-term relationships with customers achieved by creating superior customer value and satisfaction, which not simply a series of discrete transactions.[1]

In order to attracting new customers, retaining previous customers become every retailing runner's concern. Great company puts more focus on to provide customers best price and good shopping experience. And the company knows who its customer are and deepens its relationship with them over time. The importance of delivering superior customer value is acknowledged in most marketing strategy models for most retailing companies [2]. A clear understanding of the concept of customer value becomes essential for the success of value-based strategies [3]. In fact, superior value of products or services delivered to customers leads to customer loyalty. [6] At the same time retailing runner need to understand, anticipate what customers need, provide them superior customer value especially for the customers who purchasing online. These great companies would take measures and monitors what matters to customer, and these operations that focus on delivering superior customer value are keen on to ensure that they have a clear value proposition targeted at their core customer.

In effect, customer value can be delivered well through the firm's service delivery system, part of which has been designed in by management, and part of which is inherently variable due to the nature of services themselves. The result of service process is a customer outcome; that is, a customer is either satisfied or dissatisfied with the service delivery experience. Thus, service process should merit significant attention from both scholars and industry managers, since improving a firm's service process should readily lead to more satisfied customers. [4]

Therefore, in this article, it would mainly analyses how to deliver customer value by good shopping experience, how retailing runners manage their service process to ensure the value can be delivered to their target customers. And this article will research for the sample of Tesco.com

TESCO is a UK-based global supermarket chain with annual revenues of £20 billion. Tesco opened its first store in Edgware, North London in 1929. It gets its name from the combination of the founder of Tesco, Sir Jack Cohen and a partner in a firm of tea suppliers who Cohen worked with, T.E. Stockwell. Tesco is also the world's most successful and profitable online grocer. In November 1996, Tesco launched the internet superstore of Tesco direct. It has realised that customers would prefer to purchase online from the store in which they would normally shop in person. In that way, customers would receive the same price for each item online as the price in the store nearest their home.

2. Service process

2.1 Concept of service process

What is all about service process is to create the service experience. It is the way the customer, information and materials are processed and how they link together that create the experience. Excellent service, which satisfies the customer and meets the strategic intentions of the company.[5] According to the service process proposed by Roger Schmenner that services are classified into two dimensions –degree of interaction and customization.

The service process is the product, due to the direct participation of consumers in the service delivery. On the one hand, the service process plays an important role in retaining customers for the retailing. On the other hand great company views creating lifetime loyalty as part of company's core purpose as well. Thus, improving a company's service process has emerged as a strategic imperative.

2.2 Tesco.com service process

For this kind of service process, the challenges for managers mainly focus on: marketing; making service; attention to physical surroundings; training; methods development and control; employees' welfare; scheduling workforces; control of far-flung geographical locations; startup of new units and managing growth.

Tesco.com service processes can be defined as both front office processes, and back office processes which might provide personal interaction through technology such as organisation's website, customer play the important role in front office. The presence of the customer may have benefits in terms of providing an additional resource and better communication.

Tesco's customers participate in the service process occurs mainly in two ways. First, the customers interact directly with the Tesco's employees in the shopping process, which is defined as front-office process. In this instance, the customer has full sensory awareness of the service surroundings. Second, the customers participate in the process indirectly via Tesco.com in the customer's home of office, which is called back-office process.

3. Customer value delivery

3.1 Importance of delivering customer value

The theory of customer value is becoming increasingly used in strategy of management and marketing literature in recent years [6]. Customer value is considered central to achieve competitive advantage for the company. The importance of superior customer value is acknowledged in most marketing literatures. [7] According to Azaddin [8] customer value means that customers are in exchange with expected benefits by sacrificing certain amount of time, money and effort, only if their benefits are much more than their costs, which leads to a purchasing decision. In other words, customer value is directly related to the benefit that a product or service

It is important for a company to consider customer value when constituting marketing strategy. John [9] believes that customers decide whether to buy or not on the basis of the value they achieved. Most researchers agree that consumer value is fundamental construct in marketing theory. [10]

Because customer values are considered pivotal determinants of shopping behavior and product choice, [11] considering the expected profit, the leading and dominant firms continuously deliver superior value to customers as to stimulate market share, optimize profit and retain customers. In other words To win and retain customers requires an understanding of what those customers value and a focus on the process whereby that value can consistently be delivered.[12] Furthermore, customer value delivery can help customers achieve their goals in any situations.

Researches have discovered superior value delivery will concentrate on ways to meet or understand customer's needs, solve produce use problems and be pivotal in building strong customer satisfaction.[13] In addition, customer value delivery can satisfy customer demand, make customer satisfied and leads to customer loyal in consumption experience. Delivering good customer value can lead to higher customer loyalty and retention, higher market share and lead to reduced operating costs[14]Certainly customer value needed to be considered and its common for different customer to give different appraise, therefore different customers' opinions are

deeded considered together.

3.2 Tesco.com customer value delivery

Excellent service, which satisfies the customers and meets the strategic intentions of the organisation—is usually the result of careful design and delivery of a whole set of interrelated processes.

Tesco.com considers that customers are at the very heart of their business and they believe that they should come first with the Competition Commission too. Customers value and time savings of not having to drive to the store, do the manual labour of picking out the groceries, stand in line to pay for them, drive home and unload the car. Customers do, however, usually enjoy the opportunity to touch and feel the fresh produce and to make 'impulse buys'. Here's how Tesco's team worked to streamline the customer's shopping scenario while maintaining the attributes that customers value: getting the quality, the assortment, and the prices they want.

Early customers of Tesco can find the products via Internet they couldn't find in their local store. This would save the searching time and efforts for them. For the people who are familiar with the home shopping over the Internet and the single professional, a £5 delivery fee is well worth the time savings if not shopping themselves. In the same way, the people with small children will purchase the products from Tesco.com as well because it set their hearts at rest instead which is more worth than £5 delivery fee.

4. Methods and results

4.1 Data collection methods

First of all, gathering data will be crucial buildup. Primary data is helpful to obtain related secondary data. A significant issue is about collecting primary data. This article will use sampling way to gain primary data. Here, the population of sampling is defined, the sampling frame is specified, In addition customers in sampling frame will root in the Tesco supermarket, it will use random process to select members from this sampling frame in order to avoid some bias. There are 90 Tesco customers will be selected in this article.

Secondly, secondary data will be mainly gained from university's library and the internet. Secondary data as sales report, some annual report and some academic journals or magazines about Tesco would also have been analyzed.

Thirdly, this article will use surveys to gather information from sampling customers. These surveys are basically semi-structured questionnaire which are handed out to customers in one Tesco supermarket in the shopping centre.

4.2 Data analysis and results

Tesco regard customer value and customer satisfaction as values to the company, and then the company tries every means to deliver better customer value and satisfy its customers. Because customer value plays an important role in retaining customers, Tesco's core work of conduct is to create and deliver customer value through good service. What is all about delivering customer value is to build customer lifetime loyalty. Besides, Tesco also care about its employees, because it believes that satisfied employees always bring satisfied customers.

According to this research, it finds that Tesco has developed clear company purpose, values and plans which try to deliver better customer value through service process.

Tesco's plans are comprehensive company operations to ensure the company to deliver customer value and retain loyal customers. They provide basic guidance for delivering better customer values, which is significant.

In addition, Tesco's plans mainly include: the customer plan, the operations plan, the people plan, and the finance plan.

The Customer Plan, which contains projects which deliver real improvements in the year for our customers- to build their loyalty. The Operations Plan, which focuses us on developing the capability and commitment of people so we are able to reinvest savings in our customers and our people. The people plan focuses on developing capability and commitment of people. The Finance Plan ensures that the output from the customer, operations and people plans delivers value for shareholders. [15]

In research results, 67% of customers take Tesco as their favorite supermarket. It looks as if Tesco's segmentation and target strategy is successful in retaining and attracting customers, which is also effective in delivering customer value.

It is well known that developing new products is a good approach to deliver customer value. Tesco have added 200 new finest lines in 2006, over 100 new healthy living products, includes Kid's Healthy range, nearly 100

wholefoods natural snack and cupboard lines as well as hundreds more standard own-brand and value items.[16] At the same time Tesco's own label is founded in many new products. These all gave Tesco the competitive advantage to sell more goods and services than their rivals.

In research results, Tesco's improvement in product offering not only benefits their business expansion but also provides their customers with more range of choices. While according to these questionnaire surveys, there are 35% of customers strongly agree that Tesco's improvement has improved their product offering to deliver them better customer value, while 46% agree, 12% people disagree and only 7% people strongly disagree. While in this interview, Mrs Betty thinks "it's brilliant that Tesco has more non-food products" she said she also would like to try more non-food products from Tesco. Therefore, the result reveals that Tesco has improved its product offering, through which it has delivered better customer value.

According to these questionnaires, the outcome is that there are 71% people think that Tesco's price is reasonable, 13% people think the price high, while 11% people believe Tesco's price is low, and only 5% people think the price very high.

From the review above, the majority of these sample customers believe that Tesco's prices are just reasonable. And Tesco's target customers are ordinary people. So it seems that Tesco's price is suitable for its pricing objectives. In a general way, customer would like to spend certain amount of time, money, effort, and take certain expected benefits that outweigh his/her total sacrifices in his purchasing process. This is the aim of the ordinary people. So Tesco's maintaining its price reasonable ensures its customers just to sacrifice reasonably for their benefits, as a result, there are many old and new customers to the Tesco certainly.

In questionnaire result, there are 76 people out of 90 own Tesco Clubcard, while in Clubcard owners, there are 32% strongly agree that their values have been better delivered through Tesco's Clubcard, 53% agree, while 11% disagree, and only 4% disagree strongly.

In view of the above, those results indicated, customers had acquired pleasure with the returns from Tesco. And it is more and more popular of the Tesco's Clubcard. Tesco's Clubcard plays the role in treating customers respectfully as the God. The financial services including mortgages and travel insurance are offered in Tesco's Clubcard plus scheme. In these sampling customer questionnaire surveys, there are 41% of customers who strongly agree that their customer values have been better delivered by Tesco's more placement, 52% of customers agree, only 5% of customers disagree and 2% strongly disagree. While in the interview, Mr. John, a professional IT practitioner, believes Tesco.com is very helpful to him of these stores, and Tesco.com save him time to buy something everyday used. To sum up, of these different form stores, Tesco.com is paid more attention to by most customers. Because customers can buy what they need on the internet when they stay at home.

Nowadays Tesco's placement strategies increase the buying places and choices for customers, decrease their efforts and time to purchase, improve customers' convenience. Therefore, Tesco's placement strategy is effective in delivering customer value, and it does deliver better customer value.

5. Conclusions

Service process is important for enterprise to survive and develop in competitive market, and it is the surviving base for delivering customer value of a company. According to the results of Tesco.com presented here, the relationship of customer value and service process is significant and positive for the retailing. Service process Tesco.com provided is effect and convenient for customers, especially for customers of purchasing online.

That is to say purchasers of a product make decision by using evaluation shopping experience and service process in memory commonly. Through offering different service process for the customers, the company could deliver superior customer value. The findings suggest that good service process and shopping experience have the same number of the customers in memory, and they can help many companies deliver superior customer value

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