



University  
of Exeter

**“Applications of marketing communication strategies in Tesco and Marks & Spencer by evaluating their effectiveness”**

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## Overview of Marcom Strategies

Tesco is the UK market leader for grocery retailers. 2023, it had an estimated 26% of the market share (Mintel, 2023). It uses its size to focus on affordability and accessibility. This is emphasised by having 2918 stores in the UK. Their attempts at affordability are best highlighted by their Aldi price match scheme. Aldi is known for their value for money. According to John Dudovskiy, Tesco's customer segment consists of individuals 'interested in bargains, sales, and a wide variety of choices' (2016). With their large proportion of market share, Tesco's marcom strategy can be seen to be an emphasis on retaining customers, such as with their Tesco Clubcard, which offers personalised discounts and also plays onto their customer's desire for discounts and value.

M&S has a much smaller market share in comparison to Tesco, only having 3% (Mintel 2023). However, they have a much clearer and identifiable position. Over the past decade, M&S has struggled as their stock price plummeted and the brand image lost. But thanks to the efforts of Stuart Machin, CEO, and Sarah Cramond, marketing director for food, the company started to see a resurgence in the past few years. One of the ways is a return to the brand's original position when it was founded, which was providing customers with a hybrid of quality and value (Ritson, 2024). Their new focus is on a clear position, maintaining that their products remain of the highest quality. Their promotion is ahead of their competition by maintaining their excess share of voice. While also using a diverse means of media in its advertising.

## Identifying Target Audiences

Tesco's goal is to appeal to as wide of an audience as possible, which they are succeeding at, with 54% of the UK population using Tesco. This is also helped by their large cross-channel leadership in large stores, convenience and online. The latter continues to grow (Statista, 2024). Hence, their target audience is like a mirror for the general population. For example, according to Statista, 47% of Tesco shoppers have a university degree. Statista also ran a benchmark test in which 46% of all their respondents, which represents a sample of the UK population, have university degrees (Spearman, Gewiese, et al., 2024). This is also a result of their neutral stand in terms of price and quality. The age range, as shown in Figure 1, shows that most consumers are millennials (ages 27-43) at 34% and Generation X (ages 43-60) at 32%. Gen Z (ages 11-27) took up 22%, while baby boomers were 12%. Statista ran a test looking at the incomes of households and how that reflected on their choice of supermarket. Splitting them into thirds: high, middle, and low. Of which most Tesco shoppers identified themselves to be middle third at 36%, with high being 34% and low being 29%, as shown in Figure 2 (Spearman, Gewiese, et al., 2024).

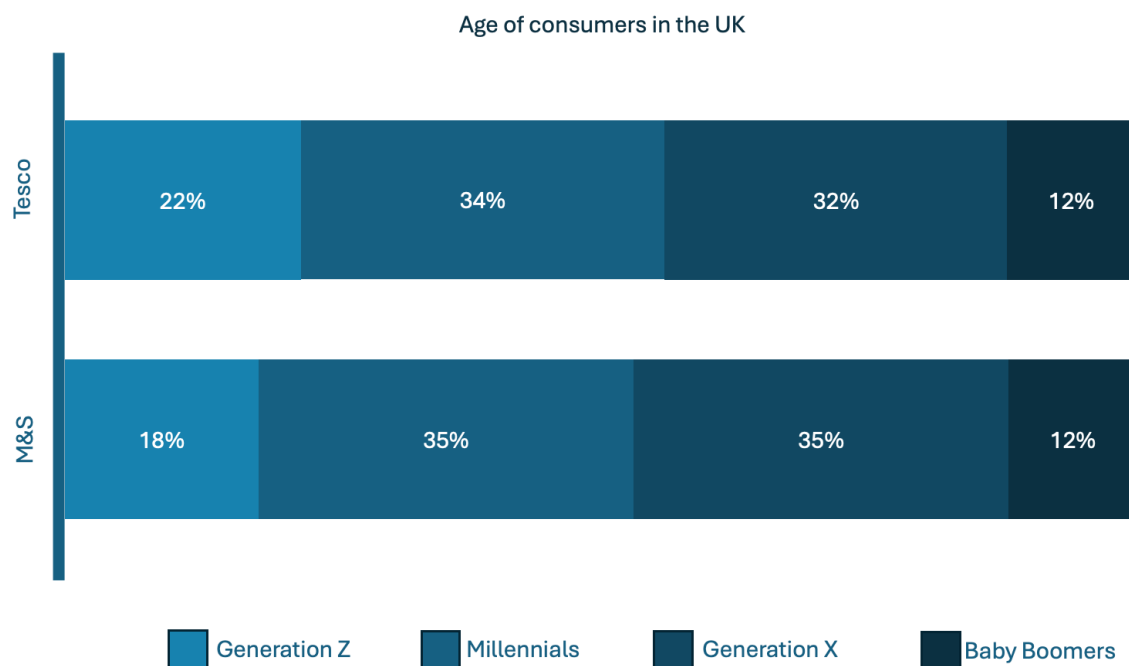


Figure 1 – Statista, 2024

In comparison, M&S is less popular, with its market share of 3.7% and only 17% of the UK population using the M&S food. M&S's target audience will differ from Tesco in large due to its more differentiated position in the market, according to a Mintel report in 2023 looking at consumer attitudes towards grocery retailers. Aldi and M&S are perceived as the most differentiated supermarkets, which is likely influenced by each being on the extremes of pricing (Carroll, 2024). 58% percentage of Marks & Spencer shoppers have college degrees in comparison to Tesco's 48%. Furthermore, there is a greater shift to older shoppers at Marks and Spencer, with only 18% Gen Z and 35% for

both Millennials and Generation X. The largest change is in household income. 47% of consumers stated that they were in the high segment and 20% in the low (Spearman, Gewiese, et al., 2024).

M&S is held in quite a high regard in terms of its brand image. A test was done by Mintel where internet users aged 16+ who have used the brand were asked to review grocery retailers. M&S is the leading grocery retailer in “customer service”, the second highest in “innovative”, and far ahead of other retailers in terms of “worth paying more for” (Carroll, 2024). It has just under 20% of respondents choose M&S as worth paying more for than Waitrose, which is the other grocery retailer that leads the market in terms of price.

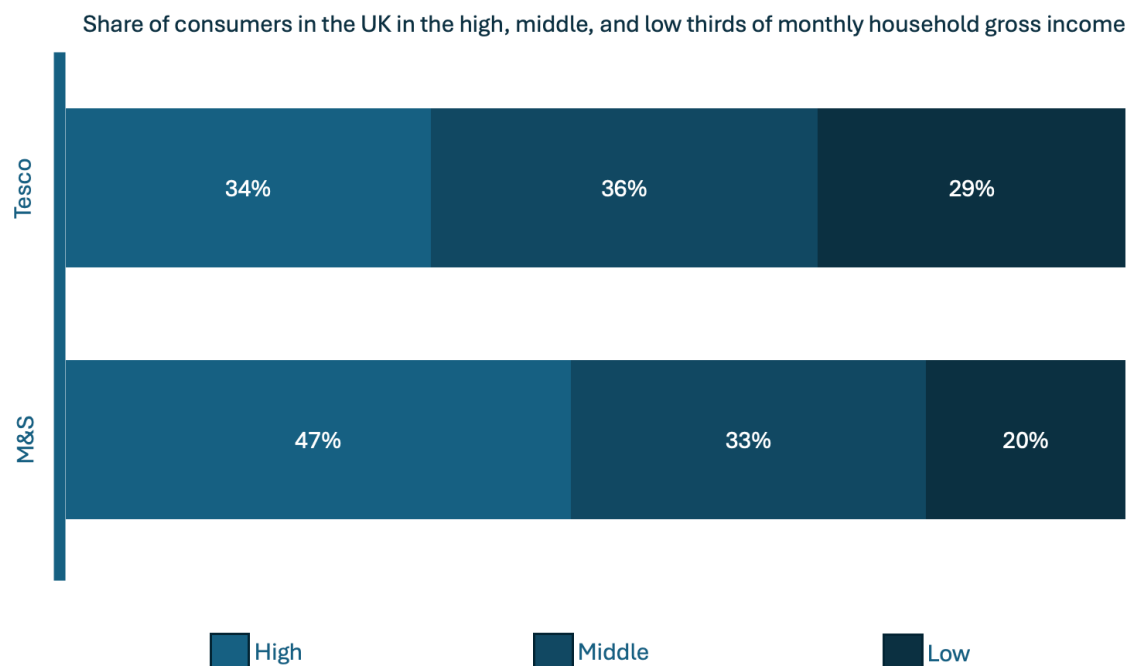


Figure 2 – Statista, 2024

The different audiences for each supermarket also have different social media uses. According to SimilarWeb, most of the social traffic garnered for Tesco comes from YouTube, Reddit and Instagram. In contrast, for M&S, it comes from Instagram, YouTube and Facebook. However, they hold a huge advantage over their competitors on LinkedIn. From this of website users, Tesco does mildly better with individuals between the ages of 12-44, and M&S does mildly better with ages 45-65+ (Similarweb, 2024).

## Audience Persona

### Tesco

Teresa, 27, is a busy working mum earning £42k/year. She needs a supermarket that is highly accessible but offers a variety of products. She likes saving money where she can. She makes weekly shopping trips and looks for items with discounts. Living in Hemel Hempstead and uses Instagram in her spare time. Loves the Clubcard for her need for savings.

#### Motivations

- Convenience
- Practicality
- Variety of Products

#### Frustrations

- “over-priced” goods
- Unreliable products

### M&S

Mark, 38, single, working man in London. Earns £120k/year. He values quality but also appreciates sustainability. Frequently checks on Linked In. Goes to the shops once every 3 days. He is slightly patriotic and likes supporting local farmers. But I also like exclusivity. Enjoys M&S premium products because it makes him think that he is eating decent food.

#### Motivations

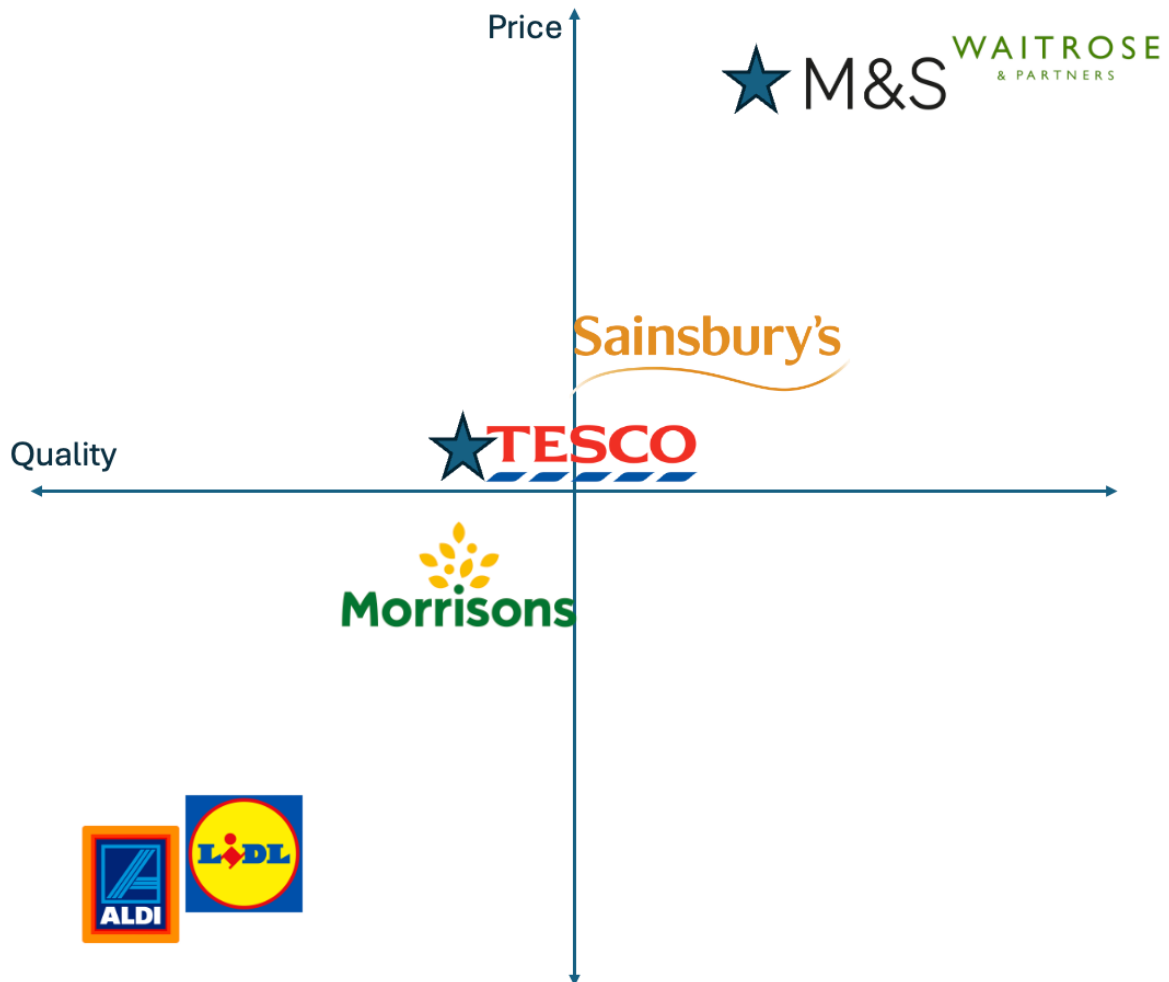
- Quality
- Ethical
- Exclusive
- Innovative products
- Customer service

#### Frustrations

- Overemphasis on Price Discounts
- Crowded shopping experience
- Inconsistent product reliability.

# Evaluate Marcom Mix Application

## Perceptual Map



This is a perceptual map showing the UK grocery retailers using the attributes of price and quality. These attributes are picked because they best represent consumer perception of a grocery store. As shown by the map, Tesco sits quite centrally, which is fitting with their wider target audience. This gives them reasonable affordability and quality in comparison to its competition. Furthermore, with their Clubcard and 'Aldi price match', they can expand their audience into those looking for cheaper prices. In contrast, M&S sits in the higher price and quality, which is reflected by their more niche target audience. They help to play into these audiences with bigger claims of sustainability and sourcing from local farmers, which helps create an idea of greater value for money.

## Loyalty Schemes

### Tesco

Tesco's loyalty scheme is their Clubcard. It is a point-based loyalty scheme that offers customers discounts and vouchers. This is a very effective strategy for reaching its target audience, as Tesco users typically like discounts and saving money where they can. The Clubcard provides this. Furthermore, the Clubcard points can be collected at all of Tesco's businesses, including Tesco Bank and Tesco Mobile. This allows them to reach as wide of an audience as possible. They have also released a Tesco Clubcard Plus, which costs £8 a month but provides extra discounts like 10% off two food shops a month. This is effective because it creates a sense of scarcity, making customers want to spend more during these trips to maximise their 10% discount. Tesco has spent £1 billion to increase Clubcard offers (Patel, 2023). Tesco's large investment into Clubcard shows how customer relationship management is key to Tesco's Marcom application.

### M&S

M&S's loyalty scheme is M&S's Sparks card. M&S Sparks doesn't give discounts but rather offers such as 30p of drinks at M&S café and occasionally gives free items to customers if they shop in-store. Once a week, they offer a customer a free food shop. The Sparks card's major pro is every time a customer uses their card, 1p is donated to a charity of their choosing, such as Macmillan Cancer Support. This appeals to their target audience as M&S's target audience is more altruistic and ethical. So, this would appeal to them more than discounts on their shopping.

### Comparison

Comparing the two loyalty schemes, it is hard to deny that the Clubcard isn't the most successful loyalty scheme. According to the Tesco annual report, 2024, ROI Clubcard had a sales penetration of 85%. This metric shows that Clubcard is highly successful at driving customer loyalty and repeat purchases. Increasing customer retention and generating higher spending. As shown in Figure 3, 2151 respondents were asked to review which loyalty scheme appealed to them. 65% of them said that Tesco Clubcard appealed to them, while only 21% said that M&S Sparks appealed to them. At the same time, it could be argued that this shows that Tesco is the more effective Clubcard. I think this is more indicative of the different target audiences the companies are focusing on. Tesco's Clubcard looks for a wider appeal, so it isn't surprising that more of the respondents are attracted to the Clubcard. M&S looks for a more niche target audience who are less concerned with saving money and more about using their money ethically. Hence, there is a vast difference in number of people it appealed to.



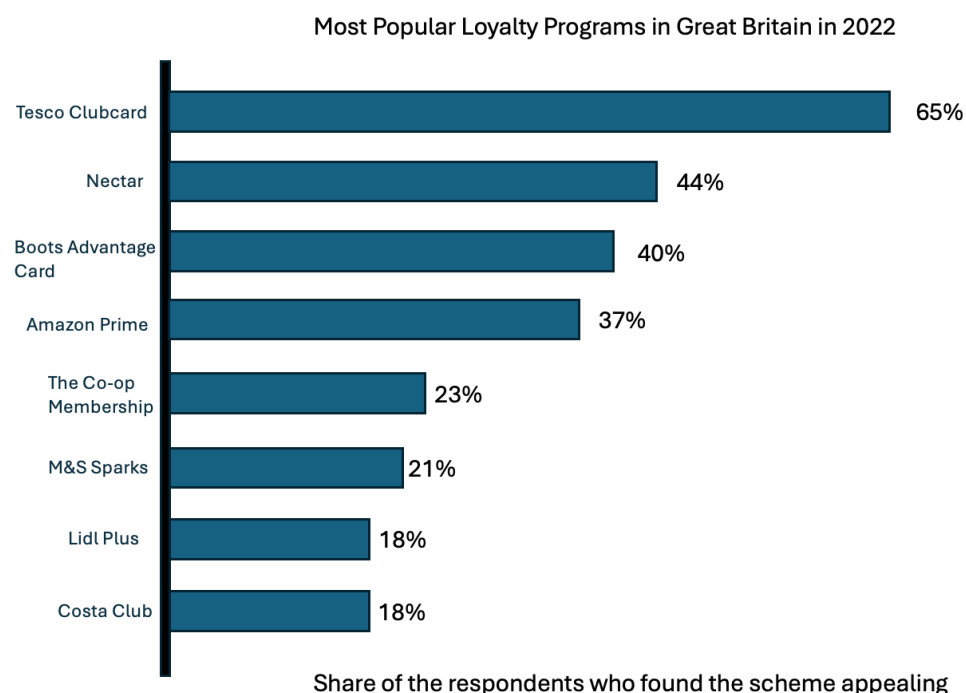


Figure 3 – Statista, 2024

## Traditional Media

When looking at traditional media used by grocery retailers. TV adverts during Christmas are very important as usually they have the most spending. In 2023, £9.75 billion was spent on Christmas advertising. In addition, they are broadcast during the most popular time for consumers and retailers. As a result, they have the most studies, which is important to find out the effectiveness of Tesco's and M&S's adverts.

Tesco has had the highest advertising spending for the past 4 years. In 2023, they spent £110 million in comparison to the second biggest retailer, which was Sainsbury's, with £61.1 million (Carroll, 2024). But just because they spend the most on advertising, it doesn't dictate its effectiveness. Kantar did a study on ESOV (Effective Share of Voice), looking at the Christmas adverts during 2023. As shown in Figure 4, despite being 6<sup>th</sup> in the share of voice, M&S ranked at the top of ESOV whilst Tesco was lower (Ritson, 2024).

One of the reasons Christmas Adverts are so effective is because they employ strong persuasion techniques, primarily storytelling. Usually, the ad that tells the better story does better. But it also depends on the audience. For example, the older target audience of M&S might appreciate the nostalgic Christmas ads more so than the younger consumers at Tesco. This is supported by a study done by Statista, where they asked 2000 people what characteristics they preferred in Christmas ads, and 46% responded, "remind consumers of better times" (Institute of Practitioners in Advertising, 2024). That is not to say that Christmas ads can't still be innovative. M&S this year utilised AI to allow consumers to put an image of their Christmas tree into the advert. By sharing it on social media, they would be entered into a competition to

receive real-life rewards. This shows how M&S is using the traditional media but with new technology to create more customer engagement.

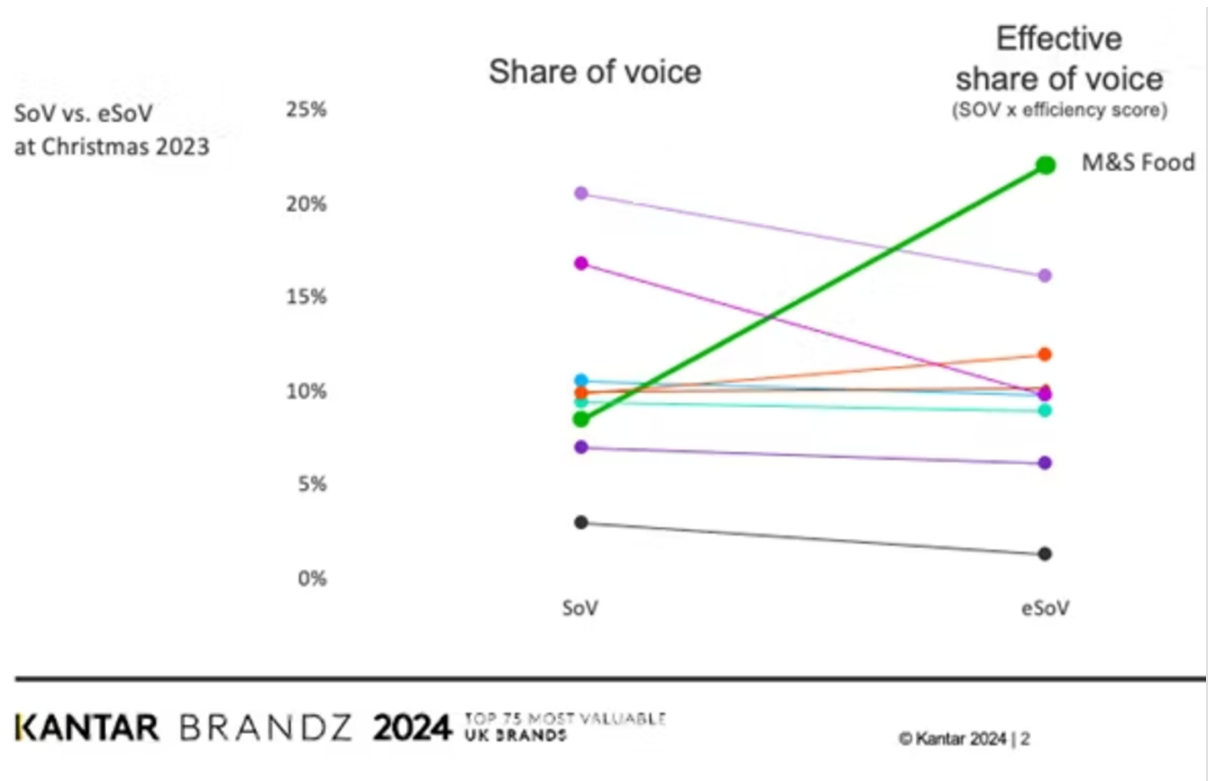


Figure 4 – Ritson, 2024

## New Media

New media is important as it can allow for greater customer interaction than traditional media and create two-way interactions. The most common new media is social media, and both Tesco and M&S have adapted their marketing strategy to incorporate social media. One of social media's greatest benefits is the immediacy of response. It allows for almost synchronous messaging. For companies, synchronous communication with their client is a great positive as it allows for the richest communication, which is essential for decision-making.

Tesco uses social media platforms in line with its audience, with Instagram being its most used platform. Looking at their Instagram, you will see varying content, but most of it is focused on money and value. For example, two of their most recent posts involve making a Christmas Dinner for just £40 and "how to get the BEST deals on wine at Tesco, using your Clubcard". This shows how they understand their consumers to be quite money-conscious, and that's why they highlight it.

M&S uses social media platforms like Facebook as expected, but they also use platforms like TikTok in an attempt to present diverse media. The benefits of TikTok allow M&S to do more creative advertising while staying true to its brand image. For example, they teamed up with three large creators: The InFeed, TopView, and Brand Premium. They found a 30% higher engagement in using influencers for their social

content (Gilliland, 2023). Influencer marketing isn't the only strategy used by M&S. They also use viral marketing. M&S have been using trends in hopes of making viral content to enter new audiences. Accounts like M&S Romford have 94,000 followers and have gained over 300,000 views on one video on TikTok (Gilliland,2023). They are increasing their reach in hopes of expanding their target audience.

## Measure and Evaluate the Effects

### Tesco

The most effective Marcom strategy of Tesco is their Clubcard, which, as shown by Figure 3, is the most popular loyalty scheme in the UK in 2022. Furthermore, as a strategy, it lends itself towards its target audience, who are price-sensitive and looking for discounts. This is shown by 75% of Tesco customers having a Clubcard (Patel, 2023). Their least successful strategy is their Christmas Ads. They are compelled to advertise during Christmas because of increased consumer spending. The traditional adverts are less effective. As shown by Figure 5, Tesco only had 106,000 views of their Christmas Ad on social media, a tenth of M&S. The reason for its limited effect is that Christmas Ads don't reach their target audience to the same extent as Clubcard offers. For this reason, their new media application is more successful because they use it to showcase discounts.

### M&S

M&S has had many effective marketing strategies. Their traditional media has proved very effective, such as their Christmas Adverts. Additionally, M&S marketing decided to bring back their most successful ad, "food pornography", from 2006. They innovated it, and it became more popular because they used real consumers and increased the humour (Ritson, 2024). They have also successfully used the newest social media to expand their audience by using the latest trends. If there were a weakness to their Marcom Mix, it would be their loyalty scheme. While it is sufficient to deal with their target audience, it isn't very successful if they wish to expand this audience. As shown by Figure 3, people aren't especially drawn to it as a loyalty scheme. This is likely because there aren't enough in-store effects. So, the consumer feels like they aren't getting anything from it.

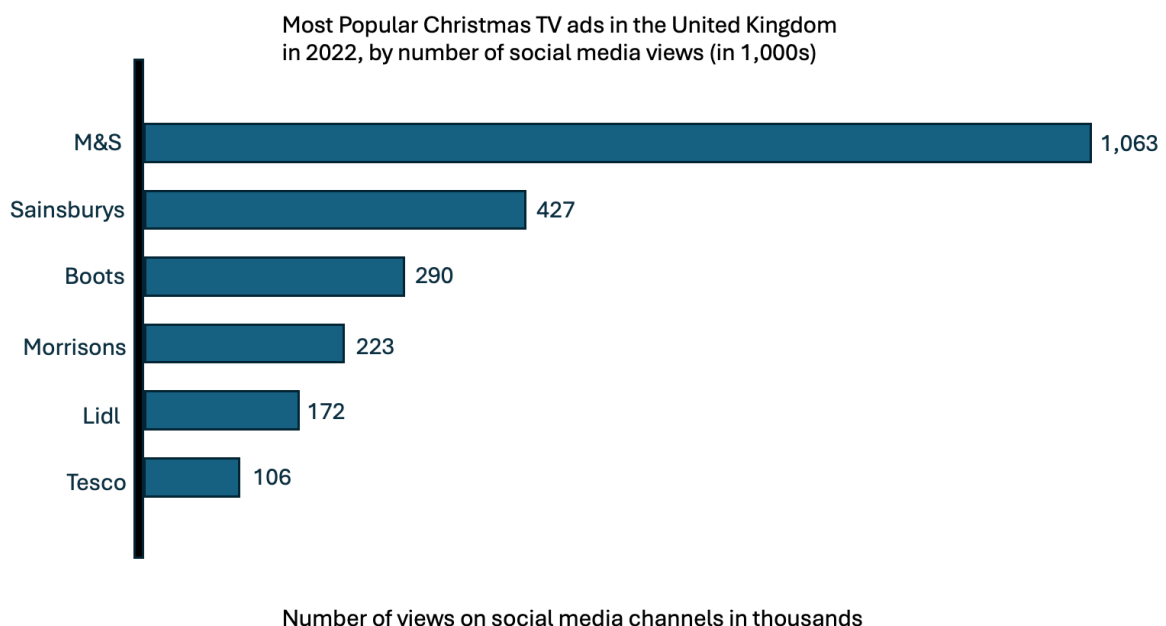


Figure 5 – Statista, 2024

## Practical Implications

Tesco should consider allocating more of its advertisement spending towards new media, of which Instagram, TikTok and YouTube would be the preferred platforms. They should limit their spending on traditional media. Tesco's brand position is its value and convenience. Hence, their Clubcard and many store locations give them an advantage over their competitors, especially over M&S. Maintaining their Clubcard discounts is essential for Tesco's CRM.

M&S has had much success with all their Marcom strategies. They should continue to do their Christmas ads as they have repeatedly done well over the past few years. Plus, with them incorporating the newest technology like AI, their ads will remain fresh in comparison to their competitors. Their new media has had a lot of success, so it should be maintained. However, using applications like TikTok and going for viral content means they are exposing themselves to a wider target audience. Improving their Sparks loyalty scheme so that there is something that customers experience during their shops would allow M&S to retain a lot of these new customers. Giving customers discounts on their shops after they've gathered a certain number of points would create more of an incentive to return.

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