**TRINITY COLLEGE**

**BUSINESS SCHOOL**

**"NEW FEATURES/IMPROVEMENTS**

**FOR TESCO CLUBCARD"**

**Module**: Strategy for analytics

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1. **Brief introduction.**
   1. Most important consumer-related data for Tesco.

Before starting with the analysis of the additional features to enhance the Tesco Clubcard, it is important to highlight what are the most important type of data for Tesco in relation to sales and the consumption.

The first thing that Tesco needs to know about its customers is whether they are shopping in one of its stores or whether they are shopping in one of its competitor’s stores.

In case the customer buys at one of its stores, it is essential for Tesco to know the customer’s personal data (name, email, phone number, age, genre, address, nationality), the type of product purchased, the store where he/she buys, frequency of purchase and average expenditure.

In case the customer is buying in a non-Tesco store, it is also very important to know which stores they are shopping in, what products they are purchasing, and how much money are they spending.

This is the data that Tesco needs to know about its customers to make decisions regarding its products, pricing strategy, location of stores, and distribution of products in the stores.

* 1. Strengths and weaknesses of the data-driven strategy of the Tesco Clubcard

Tesco has much of the data mentioned in the previous section thanks to the development and implementation of the Tesco Clubcard strategy (we talked about that in the group project). Nevertheless, in this analysis, we are going to focus on the data that it has so far been unable to collect and try to provide some solutions to make it possible to start doing so and generate value from it.

The data that we know Tesco currently collects through the Clubcard is related to customer profiles (name, email, phone number, age, genre, address, and nationality), type of products purchased, sore where purchased, frequency of purchase, and the average spend.

The data that is unknown to Tesco is related to the spending of the customers outside its stores, and the products that customers have been interested in inside its stores but in the end, they haven’t bought them. These are the main points and the ones that we are going to try to solve through the new features.

1. **New features and improvements to solve weaknesses**

The improvements and features that we are going to analyze in this point are; On the one hand, converting the Clubcard into a Tesco debit card, this strategy is related to the data of the customers outside Tesco stores, and on the other hand the incorporation of a barcode scanner in the Clubcard application with access to a database with detailed information of every product. These two strategies will be explained in detail in the next sections.

* 1. Convert the Clubcard into a debit card.

This strategy consists in transforming the Clubcard into a Tesco debit card, through this strategy Tesco would get data regarding the spending of its customers outside of its stores, that way Tesco could know what kind of products/services are generating more sales and consider the option of providing them themselves.

The development of a debit card requires a partnership with a bank, but it would be viable as long as Tesco agrees to provide coupons, offers, or discounts to customers who use the card (which it is already doing with the Clubcard in its stores).

In this way, the bank in question would gain customers interested in obtaining these benefits and Tesco would generate a huge amount of data that it could use both for analysis and decision-making, as well as to sell to other interested parties.

* 1. Aggregate the Scanner feature.

This strategy involves creating a scanner section in the Tesco Clubcard application with access to a database with detailed information on all the products in the store. This provides customers with product information so they can compare products, but also provides Tesco with information on which products are scanned, whether the customer ends up buying them or not.

This information may be relevant to Tesco for different reasons:

- Tesco can know which categories people care to compare, for example, if in a category the average products are scanned more, it means that customers have a higher concern for the specifications of that product and will not settle for just any of them.

- Tesco can perform analysis by comparing products that are bought, that are of interest but not bought, and that are of no interest at all. This information is very valuable because if it could detect the aspects of a product that cause it to be bought more or less, it could either implement them in Tesco's brand or sell that data to the other brands so that they start to include it.

1. **The environment into which this feature will be introduced.**
   1. Stakeholders impacted by the feature.

The stakeholders most affected by the development of these two strategies would be customers. In the first case, with the conversion of the Clubcard into a debit card, customers would move from using the Clubcard as a mere identifier in Tesco stores to using it as a payment method for all their purchases, which also leads to an even higher level of customer loyalty. In the second case, with the development of the scanner section, customers now have all relevant product information in one application and can compare products in the same category and make decisions based on specifications.

In addition, Tesco with the development of the debit card would generate a strong relationship with a new stakeholder, which would be the bank that agrees to partner, as this strategy would be fully linked to that entity.

Other stakeholders that would be affected would be Tesco's competitors, since thanks to the development of the debit card, as we have mentioned above, the level of customer loyalty increases a lot so competitors would be practically forced to develop some policies to try to match it.

Finally, brands selling their products in Tesco stores would also be affected. This is for several reasons; the first is that Tesco will now have data on what aspects matter most to customers when buying each type of product which will cause it to have a very large competitive advantage over the rest, the second is that customers will gain the ability to compare products very easily and will make the brands will have to improve their products in the aspects that customers consider most important if they want to maintain their market share.

* 1. The data collected and how the data will be collected.

As explained in previous sections, the development of the first strategy focuses on collecting customer spending data outside Tesco stores and the second strategy focuses on collecting data about customer interests.

Customer spending data outside Tesco stores are collected whenever a person makes use of the debit card, Tesco would have access to information on the amount spent and the type of store where the purchase was made.

The second strategy would focus on collecting data on the interests of Tesco's customers, not only by the products purchased but through the study of the products it scans.

The interest data would be collected through the app, every time a customer scans a product it is known that they are interested in it and subsequently analysis could be done taking into account the products they don't scan, scan, and buy to have a much more detailed and comparable customer profile.

* 1. The analytics to be performed.

Having discussed the data that Tesco will have access to thanks to the implementation of these two strategies, this section will explain the type of analysis that Tesco will be able to develop and what value it will be able to derive from them.

Firstly, with the data, it will collect from the implementation of the debit card Tesco will be able to know which product categories are generating the most sales and introduce them in its stores if appropriate. In addition, Tesco could know which product categories they already have in their stores but do not generate as many sales as in other types of stores and look at the sales strategy of the rest of their competitors to make decisions. Finally, Tesco could have much more information about the locations where people shop and could make decisions about new stores.

Secondly, thanks to the scanner section, as we have already discussed above, the analyses that Tesco could perform would be related to the interests of its customers. The objective would be to know which are the most scanned product categories since those are going to be the ones that customers would be most interested in comparing.

Another analysis that could be carried out would be within each product category, to know which of all the scanned products is the most purchased, to know which attribute is different and therefore to know which attributes customers give more importance to. This is essential because Tesco can either improve its brand thanks to these analyses or sell this data to different brands to increase its sales.

1. Critical milestones and implementation stages.

As for the different stages that Tesco would go through when developing its debit card, they would be:

* The most important milestone, essential to be able to develop this strategy would be to find a banking entity willing to partner with Tesco, numerous companies are beginning to take out their debit cards in exchange for benefits in their services to customers who operate with it, so it is quite feasible that a company like Tesco could find an entity interested in developing this strategy.
* The second stage would be the implementation stage, in this stage, the card would be presented and given to all the people who already have a Clubcar, as long as they agree to the necessary terms and conditions and agree to create a debit card backed by the corresponding banking entity. At this stage, customers would start using the card the most frequent Tesco customers and those who are most interested in taking advantage of the benefits.
* In the third and fourth stages, the enablement and leverage stages, the number of transactions made with the card and the number of users would begin to increase, and it is in these stages that Tesco would generate a large amount of data and be able to analyze, draw conclusions and generate value from them.

The stages that are related to the development of the scanner would be:

* First, implementation, the creation of a database with relevant and structured information so that users would have very easy access to that information.
* The second stage, the implementation stage, would be to give access to customers so that they can start using it, at this stage a very small percentage of customers would make use of this feature, only customers very interested in comparing very specific products.
* The last stage would be the enablement and leverage stage, the users would start to grow, as well as the number of products scanned, as with the previous strategy, in this stage is when Tesco would be able to perform analysis and generate corporate value from them.

1. Barriers that may be faced.

To conclude the study, we will briefly discuss some of the barriers that Tesco might encounter when developing these strategies.

The clearest barrier that Tesco will encounter is that changing the format of the Clubcard from a normal loyalty card to a debit card does not suit all of Tesco's customer profiles, for example, for underage customers, it could not be done as it is illegal for them to have a credit card, although a possible solution would be the creation of family plans and that their card would be supervised by a guardian (something that many banks are already doing), another example of this is that not everyone would be willing to have a debit card with a new bank, in this case, there is no choice but to keep the Clubcard as it was and at least have the in-store consumption data of this percentage of customers.

Another barrier is that Tesco's image would be closely linked to the image of the bank and if it had any kind of liquidity or solvency problem at some point it would be very detrimental to Tesco.