

## SYSTEMETIC THINKING PROCESS

### WORKSHEET

**Team Name:** GROUP 17

Team Member Names	% to worksheet templates	% to presentation video
GOURISH DESHPANDE	20%	20%
JAEE JAIN	20%	20%
MIGUEL OLAYA	20%	20%
NIDHI SHARMA	20%	20%
UJJWAL MAKIN	20%	20%

## FOOD AFFORDABILITY AND QUALITY

Catering to the core needs of customers with regards to price and quality, across the financial spectrum for same store locations.

### **Why this initiative?**

1. Current financial landscape marred by soaring inflation & shrinking budgets is an austere one for a significant chunk of the population who struggle to make ends meet. A concise yet insightful report by Cáit Caden (2023) mentions that a third of the population finds their wallets awfully light at the end of month. While Irish grocery inflation stands at 2.8% for July/August 2024 (Clifford, 2024). Catering more effectively to the concerns of this part of the customer base could impact sales revenue positively.
2. EY's report by Colette Devey (2024) on Consumer Behaviour summarises that along with affordability being a key attribute for the general consumer, there is an incline in the number of health-conscious consumers. This claim is supported by the findings displayed on Statista.com in a report on "Attitudes towards food in Ireland as of March 2024" by Umar Bashir, where 62% people show an intent to consume healthy meals. Current catalogue could be tailored to ensure that the desired products are present & highlighted to the clientele.

In conclusion, this initiative will not only help strengthen customer trust by providing value without compromising on quality, but it also aligns with Tesco's commitment to promoting healthier lifestyles and supporting communities. By focusing on affordability alongside quality assurance, Tesco can reinforce its leadership in responsible retailing, without giving a reason to customers to shop somewhere else.

## STAKEHOLDER PERSONAS

Persona for: Customer

Key Decisions	Key Business Questions	Pain points
Budget	Can I afford to buy from Tesco?	Inflation and deteriorating financial health.
Nutritional value	Do I find products as per my nutritional needs at Tesco?	Absence of nutritionally acceptable products.
Availability	Do Tesco stores have the products that I want?	Lack of options for different customer wants.

Persona for: Strategic Team

Key Decisions	Key Business Questions	Pain points
Sales	How to uplift current projected sales on the existing store locations?	Reduced order value and rising churn rate.
Store performance review	How to effectively gauge and boost store performance?	Lack of understanding of consumer base as per geographic location.
Product catalogue	Are the goods available at the store as per customer's desire?	Ineffective procuring strategy.

Persona for: Purchase Team

Key Decisions	Key Business Questions	Pain points
Product attributes	What sort of attributes are desired by customers?	Ineffective procurement criteria.
Inventory management	What products to procure and supply to which location?	Lack of communication with store operations.
Supplier negotiation	Which supplier meets the criteria and compliance of affordable and quality products?	Negotiating with the right supplier who can provide high quality and cost-efficient inventory.

Persona for: Store Manager

Key Decisions	Key Business Questions	Pain points
Sale at month end	How to ensure growing sales at every month end?	Falling or flatlining sales graph.
Customer behaviour	How to gain cognisance of customer purchase patterns?	Missing customer connect.
Product catalogue	Are the goods available at the store as per customer's desire?	Ineffective procuring strategy.

## STRATEGIC NOUNS

- Customers
- Pricing
- Store Operations
- Catalogue Criteria

## DECISIONS ABOUT STRATEGIC NOUNS

Noun: Customer

Decisions
Choose grounds on which the customer base can be segmented and effective markings to demarcate the segments.
Decide pricing strategies and loyalty programs that will appeal most to the different customer segments.
Determine the customer's purchase patterns based on attributes like product selection, average basket size, purchase frequency and purchase scheduling.
Choose ways in which company can encourage frequent and larger purchases.

Noun: Catalogue Criteria

Decisions
Identify the policy based on which the products will be sourced and supplied to stores.
Decide inventory based on inputs from central and localised insights.

Noun: Pricing Strategy

Decisions
Craft pricing strategies that will maximize sales while enhancing profitability.
Determine which kinds of promotions can boost sales while maintaining long-term profitability?

Noun: Store Operations

Decisions
Decide how to gauge and uplift the average order value of customers at store level by gaining awareness about how it varies based on attributes of product and customer.
Select optimized store inventory based on purchase trends.
Choose the best personalized promotion for the customers based on the purchasing trends and demographic.
Deciding how store layouts can be revamped to improve the reachability of the products based on desirability & customer segments.
Decide revenue targets based on past sales and aligned with desired initiatives.

## Brainstorm Business Questions

Business Questions for: Customer		
What happened? [Descriptive Analytics]	What will happen? [Predictive Analytics]	What should I do? [Prescriptive Analytics]
Which products were desired by different customer segments?	What attributes of a product will be desired by different customer segments?	List attributes of different products in catalogue and tag them to different customer segments that desire them respectively.
What products were deemed healthy?	Which products will be distinguished as healthy?	Generate an effective healthiness score for the products on catalogue.
Which customer segment has shown the highest demand for health-conscious products?	How much increase in the previously mentioned customer segment can we expect?	[x] percentage of increase envisioned in Tesco's health-conscious consumer base, correspondingly more health-conscious products to be maintained in inventory.
What percentage of customer base has shown decrease in their basket size when nearing the month end?	What percentage of customer base will show increase in their basket size when nearing the month end?	Offering deferred payments and discount offers on essentials for the affected customer base.



Business Questions for: Strategic Team

<b>What happened?</b> <b>[Descriptive Analytics]</b>	<b>What will happen?</b> <b>[Predictive Analytics]</b>	<b>What should I do?</b> <b>[Prescriptive Analytics]</b>
What percentage of the total sales belongs to different customer segments?	What percentage of growth is expected in the targeted customer segment?	Conduct the customer survey at the store about overall purchasing experience and strategize accordingly.
What is the impact of the different pricing strategies on the overall revenue?	Will adjustments in the pricing strategies affect the demand of the product hence the overall revenue?	Implement a pricing model that maintains food affordability and revenue growth.
What is store performance and what measures boost store performance?	Will current metrics accurately capture a store's performance?	To determine various parameters in store performance and which parameters will align with the company's PR initiatives.
Which products were eligible for discounts or other promotional offers?	Will discounts or promotional offers on eligible products perform well?	Draft a strategy to determine eligibility of products for discounts or other promotional offers.

Business Questions for: Store Manager

<b>What happened?</b> <b>[Descriptive Analytics]</b>	<b>What will happen?</b> <b>[Predictive Analytics]</b>	<b>What should I do?</b> <b>[Prescriptive Analytics]</b>
Which products are not performing as expected?	Will the products in store perform as expected?	Planning an effective store layout and observing efficacy in inventory management.
Which customer intrinsic policy affects customers most?	How will customer loyalty (e.g., use of loyalty cards) vary across financial segments?	Leverage customer analytics to determine viability of customer intrinsic policy.

Business Questions for: Purchase Team

<b>What happened?</b> <b>[Descriptive Analytics]</b>	<b>What will happen?</b> <b>[Predictive Analytics]</b>	<b>What should I do?</b> <b>[Prescriptive Analytics]</b>
Which products are sourced and maintained in inventory?	How will the product desirability be determined?	Leverage data from customer surveys & previous purchase trends from central & local sources to note attributes most desirable.
On what grounds are products and suppliers evaluated?	Will product and supplier evaluation help optimize procurement?	Utilise data from sales align product value with pricing strategy and consequently negotiate with suppliers.
Are there any products that have deviated from central purchase trends?	What can be the reasons some products perform better in some stores while not in others?	To charter a store level purchase policy based on discussions with store operations teams.

## “By” Analysis

### CUSTOMER

Company wants to know the average **basket size** of the customer by **income level**.

Company wants to see the **order frequency per month** by **gender, marital status and number of children**.

Company wants to know **discount availed** by **income level and category (pensioners, students, employed adults)**.

Company wants to know the **monthly expenditure** of customers by **health consciousness**.

Company wants to plot **customer awareness of nutrition** by **education level and age**.

### PRICING

Company wants to plot **demand** by the **central and local pricing**.

Company wants to know **profits** by **seasonal pricing**.

### STORE OPERATIONS

Company wants to know the **predicted demand** by **customer feedback**.

Company wants to monitor **rise in sales** by **store layout**.

Company wants to register the **purchase frequency** by **point of sales transactions**.

Company wants to interpret **seasonal sales** by **markdown**.

Company wants to monitor **margin** by **customer footfall**.

Company wants to analyse **customer experience** by **store rating**.

### CATALOGUE CRITERIA

Company wants to identify **product catalogue** by **central purchase trends**.

Company wants to compare **promotions** by the **local purchase trends**.

Company wants to predict **demand and supply** by **product category**.

Company wants to interpret **customer segmentation** by **brand's age**.

Company wants to track **sales** by **affordability and nutritional value**.

## Actionable Scores

### Score - Customer Value Score

1. Average order value of customer over a month/6 months - 35%
2. Discounts availed - 15%
3. Purchase frequency over the month - 10%
4. Customer category - 15%
5. Gender, Marital status, number of children - 10%
6. Health consciousness - 10%
7. Nationality - 5%

Understanding customer behaviour is imperative for the company. To ensure that the purchase trends from customer's vantage point are adequately recognised and to maintain and grow business from each individual and grouped together segment company will rely on a combination of aforementioned factors with their respective weights in score.

### Score - Product Health Score

1. Caloric Value - 30%
2. Protein Value - 25%
3. Fat Value - 15%
4. Shelf life/number of preservatives - 20%
5. Organic Value - 10%

A plethora of internal and external sources mention that healthy consumer goods are the need of the hour. To promote products that impact customer health, first the company must understand which products are healthy. This score will play a part in determining how many customers are health conscious and in "Product Desirability Score".

### Score - Product Desirability Score

1. Packaging - 10%
2. Sales per store - 30%
3. Customer feedback - 15%
4. Price/margin - 20%
5. Brand age - 5%
6. Health - 15%
7. No. of nationalities that indulge - 5%

To maximise the sale and optimise inventory it is must to place a finger on the market's pulse with regards to products. These factors with their respective contributions offer a bird's eye view of the products desirability.

**Score - Store Performance Score**

1. Revenue - 30%
2. Customer rating - 15%
3. Churn rate - 15%
4. Customer footfall - 15%
5. Inventory optimisation - 20%
6. No. of nationalities served - 5%

The store happens to be the first point of contact for the bulk of our customers; therefore, it is an obvious call to make sure each store reaches its maximum potential in terms of customer satisfaction and revenue. Aforementioned factors paint a comprehensive picture of the clientele the store serves and nuances of their operations.

**Score - Strategy Success Rating**

1. Revenue growth - 20%
2. Revenue Ensured - 20%
3. No. of customers targeted - 15%
4. No. of stores where policy is promoted - 15%
5. No. of product Categories - 15%
6. Frequency of availed offers - 15%

Prior to committing any investment to any strategy, the company must gain the assurance that the strategy targets crucial segments and stands good on investments made. The score presented above tries to incorporate the factors that influence a policy's performance in the open market.

## Putting Analytics into Action – Recommendations Worksheet

**Persona:** Purchase Team

Decisions	Potential Recommendations	Potential Scores/Metrics
Identify the policy on which the products will be sourced and supplied to stores.	<ol style="list-style-type: none"> <li>1. General procurement will happen in relatively large quantities based on the product desirability score while products that cater specific communities will be catered as a part of localised initiatives.</li> <li>2. The Inventory delivery will happen in similar fashion as well.</li> </ol>	<ol style="list-style-type: none"> <li>1. Product Desirability Score</li> <li>2. Store Performance Score</li> </ol>
Decide inventory based on inputs from central and localised insights which will further assist in drilling down store specific sale patterns and in turn store performance.	<ol style="list-style-type: none"> <li>1. Leverage data from “Point of Sales” and Clubcard and blend this data with products desirability on central and local level to optimize procurement.</li> </ol>	<ol style="list-style-type: none"> <li>1. Product Desirability Score</li> <li>2. Store Performance Score</li> </ol>

**Persona: Strategic Team**

Decisions	Potential Recommendations	Potential Scores/Metrics
Craft pricing strategies that will maximize sales while enhancing profitability.	<ol style="list-style-type: none"><li>1. Product and vendor evaluation parameters will be aligned with store and centralised requirements with a focus on health consciousness and quality.</li><li>2. Nutri grading: Rate the food products from A-D based on its calorific value, making it easy for customers to understand and buy healthy products.</li></ol>	<ol style="list-style-type: none"><li>1. Product Health Score</li><li>2. Product Desirability Score</li></ol>
Determine which kinds of promotions can boost sales while maintaining long-term profitability?	<ol style="list-style-type: none"><li>1. Provide central and store specific promotions.</li><li>2. Provide personalised promotions based on purchase history.</li></ol>	<ol style="list-style-type: none"><li>1. Store Performance Score</li><li>2. Product Desirability Score</li></ol>

**Persona: Customer**

<b>Decisions</b>	<b>Potential Recommendations</b>	<b>Potential Scores/Metrics</b>
Choose grounds on which the customer base can be segmented and effective markings to demarcate the segments.	To outsource or allocate internal resource in order to conduct customer survey to grasp customer demographical details and consequently segment them.	Customer Value Score
Decide pricing strategies and loyalty programs that will appeal most to different customer segments.	Gain cognizance of purchase pattern via Clubcard transactions and promote frequent purchases via personalized discount offers.	1. Strategy Success Rating 2. Customer Value Score 3. Product Desirability Score
Determine the customer's purchase patterns based on attributes like product selection, average basket size, purchase frequency and purchase scheduling.	Promote Clubcard transactions and track the mentioned metrics on central and store level.	1. Customer Value Score 2. Product Desirability Score
Choose ways in which company can encourage frequent and larger purchases.	1. Offer deferred payments to customers whose purchase value drops at month ends. 2. Based on parameters collected via survey, we can utilise Clubcard to cross pitch products as a bundle. 3. Products with low desirability will be pitched to be bundled with products with high product desirability score based on customer category and nationality. 4. For customers who regularly purchase health-conscious groceries from stores can be given discounts for continuing the trend.	Customer Value Score



**Persona: Store Manager**

Decisions	Potential Recommendations	Potential Scores/Metrics
Decide how to gauge & uplift the average order value of customers at store level by gaining awareness about how it varies based on attributes of product and customer.	<ol style="list-style-type: none"><li>1. Conduct a localised survey regarding the community/locality served by Tesco stores.</li><li>2. Based on survey results optimise inventory.</li></ol>	<ol style="list-style-type: none"><li>1. Product Desirability Score</li><li>2. Store Performance Score</li></ol>
Select optimized store inventory based on purchase trends.	<ol style="list-style-type: none"><li>1. The inventory ordered by store will be based on data from prior trends and survey.</li><li>2. For perishable goods, price slashes and surprise bags can be introduced at day end.</li></ol>	Store Performance Score
Choose the best personalized promotion for the customers based on the purchasing trends and demographic.	Stores must maintain dedicated sections for new homeowners, expecting mothers and senior citizens etc., where certain discounts can be presented on purchasing a collection of products.	<ol style="list-style-type: none"><li>1. Product Desirability Score</li><li>2. Customer Value Score</li></ol>
Deciding how store layouts can be revamped to improve the reachability of the products based on desirability & customer segments.	Based on survey conducted, products that are usually purchased by prevalent community in locality will be featured in secondary shelves, with primary shelves being populated with goods with offers and perishable goods.	<ol style="list-style-type: none"><li>1. Store Performance Score</li><li>2. Product Desirability Score</li></ol>