

To Investigate The Effectiveness Of Tesco Loyalty Card Program

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Abstract

The aim of this study is to investigate the effectiveness of Tesco the loyalty Club Card programme, concentrating on five main characteristics noted in the existing literature: share of wallet (SOW), share of visit (SOV), purchase behaviour, satisfaction, and loyalty. Moreover, Tesco is a pioneer of the grocery retailing industry in the UK, and was the first to use a loyalty card programme in the sector. Today, the company has over 15 million Club Card members in the UK. This quantitative research study was conducted with randomly selected Tesco customers in Southampton. The findings underline that there is a positive correlation between Tesco Club Card membership and customers' SOW and SOV contributions, and purchase behaviour. Also, it was found that Tesco Club Card members tend to have less loyalty than non-members towards the competitors of Tesco. The study is restricted only to Tesco customers who are aged 18-70 and live in the Southampton area. Moreover, further research needs to be undertaken to include other main retailers in order to compare the effects of different loyalty programmes. However, it is seen that the Tesco loyalty Club Card programme encourages loyalty card members to make more repeat purchases and to become loyal towards Tesco. Nonetheless, this dissertation recommends that Tesco could develop its prices to retain the loyalty of lower-income customers toward Tesco, and its communication means should also be developed to increase the non-members' awareness about Tesco Club Card's advantages and rewards.

Keywords: Loyalty Card Programmes, Purchase Behaviour, Tesco Club Card

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