

## APPROVAL

I hereby acknowledge that I have read this thesis and in my opinion this work sufficient in terms of scope and quality for the award of Bachelor of Technology Management (High Technology Marketing)

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THE RELATIONSHIP BETWEEN MARKETING STRATEGIES AND  
CUSTOMER SATISFACTIONS OF TESCO IN MALACCA CITY

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This report submitted in accordance with requirement of the Universiti Teknikal  
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## DECLARATION OF ORIGINAL WORK

“I hereby declare that the work of this research is mine except for the questions summarizes that have been duly acknowledged”

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## **DEDICATION**

First at all, I would like to thank to my beloved family who had always supported me and encouraged me with good advices in order to complete my final year project (PSM) within 2 semesters to fulfil my Bachelor of Degree requirement.

I would like to express my greatest gratitude to my parent, who had sent me to UTeM to complete my Bachelor of Technology Management (High Technology Marketing). I am sincerely would like to thank them for willing spent money to complete my final year project (PSM). I am felt proud to complete my PSM by fully support and encourage by lovely family and parent.

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## ABSTRACT

The purpose of this study is to identify the relationship between marketing strategies and customer satisfactions of Tesco in Malacca City. A strategy is a long-term plan to achieve certain objectives. A marketing strategy is therefore a marketing plan designed to achieve marketing objectives. For example, marketing objective may relate to becoming the market leader by delighting customers. The strategic plan therefore is the detailed planning involving marketing research, and then developing a marketing mix to delight customers. Every organisation needs to have clear marketing objectives, and the major route to achieving organisational goals will depend on strategy. It is important, therefore, to be clear about the difference between strategy and tactics. The aim of the present investigation is to study the relationship between marketing strategies to the customer satisfaction of Tesco in Malacca City. The findings reveal that, in increasingly competitive markets, consumers have a greater choice over where they buy their goods and services. For an organisation to meet its business objectives, it has to find out what consumers require and then identify the best way in which it can satisfy these needs and wants. Creating a competitive advantage can be difficult. A unique marketing strategy with clear objectives is vital to ensure effective promotional activity.

## **ABSTRAK**

*Tujuan kajian ini adalah untuk mengenal pasti hubungan antara strategi pemasaran dan kepuasan pelanggan Tesco di Bandar Melaka. Strategi ialah pelan jangka panjang untuk mencapai objektif tertentu. Oleh itu Satu strategi pemasaran adalah pelan pemasaran yang direka untuk mencapai objektif pemasaran. Sebagai contoh, objektif pemasaran boleh berkaitan dengan menjadi pemimpin pasaran dengan menggembirakan pelanggan. Pelan strategik itu adalah perancangan terperinci yang melibatkan penyelidikan pemasaran, dan kemudian membangunkan campuran pemasaran untuk menggembirakan pelanggan. Setiap organisasi perlu mempunyai objektif pemasaran yang jelas, dan laluan utama untuk mencapai matlamat organisasi akan bergantung kepada strategi. Ia adalah penting, oleh itu, untuk menjelaskan perbezaan antara strategi dan taktik. Tujuan penyelidikan ini adalah untuk mengkaji hubungan antara strategi pemasaran untuk kepuasan pelanggan Tesco di Bandar Melaka. Dapatan kajian mendapati, dalam pasaran yang semakin kompetitif, pengguna mempunyai pilihan yang lebih besar ke atas di mana mereka membeli barangan dan perkhidmatan mereka. Bagi sesebuah organisasi untuk mencapai objektif perniagaannya, ia mempunyai untuk mengetahui apa yang pengguna perlukan dan kemudian mengenal pasti cara terbaik di mana ia boleh memenuhi keperluan ini dan mahu. Mewujudkan kelebihan persaingan boleh menjadi sukar. Satu strategi pemasaran yang unik dengan objektif yang jelas adalah penting untuk memastikan aktiviti promosi yang berkesan.*

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## LIST OF ABBREVIATIONS

H <sub>0</sub>	= Null Hypothesis
H <sub>1</sub>	= First Hypothesis
H <sub>2</sub>	= Second Hypothesis
H <sub>3</sub>	= Third Hypothesis
H <sub>4</sub>	= Fourth Hypothesis
H <sub>5</sub>	= Fifth Hypothesis



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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

Retailing industry in Malaysia has been transforming from traditional grocery retail shops to supermarkets and expanded into hypermarkets. Hypermarket retailing is a common industry to everyone regardless of social status, income and even background. The emergence of hypermarket retailing in Malaysia since 1993 has changed the whole retailing industry to be more efficient and effective. The five main hypermarket players in Malaysia are Carrefour, Eonsave, Giant, Mydin and Tesco. In 2012 there are 296 hypermarket outlets throughout Malaysia. 40.88% of the total hypermarket outlets are located in Selangor which is one of the highest population growth states. Continuous strong pushes that have been given by the consumer have influenced the hypermarket retailers to continuously move ahead through high intense competitions to compete and sustain in the industry.

Tesco Stores (Malaysia) Sdn. Bhd. was established on 29 November 2001 as a result of a strategic alliance between Tesco Plc UK and local conglomerate, Sime Darby Berhad. In February 2002, Tesco Malaysia officially commenced operations with the opening of its maiden hypermarket in Puchong, Selangor. Tesco Malaysia has an employee size of approximately 15,000 and it currently operates 46 outlets in 2 formats following the acquisition of Makro Cash and Carry in December 2006.

Tesco Hypermarkets offer customers a holistic shopping experience under one roof. From fresh produce to groceries, from household items to apparel, shoppers can find everything they need in Tesco Hypermarkets. Tesco Hypermarkets carry over 60,000 lines of products, including nearly 3,000 Tesco Brands food and non-food products.

Innovation in Tesco is seen as key for its customers and also to its business. As such the company focuses equally on product as well as process innovation. Core to Tesco's innovation success has been its focus on managing margins. Right from the start the company's obsession with efficiency has been used to keep prices low and, in 2007, Tesco managed 1.8% deflation across its product lines. The company has also focused on making the shopping experience as easy as possible for customers – be it in hypermarkets, small stores or online.

Like some of its peers, Tesco also aims to improve service and provide better value rather than concentrate on pricing alone. These principles are carried across the business into non-food, services and its international operations. To enable this, the company pays considerable focus on harnessing the creativity of its workforce and encourages staff to come forward with ideas. The company's prowess in process management applies just as much to its idea management as it does to logistics and store layout.

A key ingredient to Tesco's growth is the use of well-targeted own-label brands including the up-market „Finest“ and low-price „Value“ labels. To drive this Tesco has led the field in market insight. Its Clubcard, the most successful loyalty card in the sector, provides Tesco with a class-leading ability to spot emerging trends, attract consumers and influence the behaviour of secondary customers to bring them into the fold.

Another influence has been a coherent strategy for international expansion. As well as expanding into emerging markets in S.E. Asia and Eastern Europe, Tesco is now also tackling the US where its first Fresh & Easy stores opened in 2007. The company's innovative format differentiates it from existing,

homogenous American supermarkets, whilst capitalising on a gap in west-coast grocery retailing. Tesco's expansion of its Fresh & Easy business is hard to go unnoticed. The promise to deliver its 'Every Day Low Price Plus' strategy is set to ensure that Fresh & Easy is well placed to capitalise on US customer's search for quality and value, especially as consumer spending decreases. As it drives growth in new territories and dominates its domestic market, Tesco sees that innovation success is down to four issues - trying new things; not being complacent; being prepared to change; and being determined that no other business will achieve more for customers.

## **1.2 Problem Statement**

Consumers formulate their experience based on satisfaction that is affected by several factors including product variety, assortment, quality, and pricing policy (Morschett et al., 2005) thus evaluating the whole retailer offering by combining all the attributes in order to decide their degree of satisfaction (Pan & Zinkhan, 2006; Finn and Louviere, 1996; Kasulis & Lusch, 1981). The above notions clearly indicate the importance of understanding consumers' need for hypermarket operators. Several studies have examined the way that many of the fresh food attributes (quality, price, and availability) affect customer satisfaction (Gail & Scott, 1995; Bloemer & De Ruyter, 1998; Hackl et al., 2000).

Therefore, the researcher has chosen to carry out a research to indicate the relationship of marketing strategies to the customer satisfactions of Tesco in Malacca City.

### **1.3 Research Questions**

The research question that related to this research are:

1. What is the relationship between product strategies of Tesco and their customer satisfactions?
2. What is the relationship between promotion strategies of Tesco and their customer satisfactions?
3. What is the relationship between price strategies of Tesco and their customer satisfactions?
4. What is the relationship between place strategy of Tesco and their customer satisfactions?
5. What is the relationship between place strategy of Tesco and their customer satisfactions?

### **1.4 Objectives**

The research objectives in this research are:

1. To identify the relationship between product strategy of Tesco and their customer satisfactions.
2. To identify the relationship promotion strategy of Tesco and their customer satisfaction.
3. To identify the relationship between price strategy of Tesco their customer satisfactions.
4. To identify the relationship between place strategy of Tesco and their customer satisfactions.
5. To identify the relationship between customer service (facilities) at Tesco and their customer satisfactions.

### **1.5 Scope and Limitations**

This research have been conducted in the Malacca City, Malacca. Respondents in this study were civilians such as, residents in the city of Malacca, college or university students in Malacca City, public or private employees, housewives and customers of Tesco in Town area of Malacca City. The researcher focus only the objectives of this research.

### **1.6 Importance of the Study**

The study of marketing is perhaps the most important activity in a business because it has a direct effect on profitability and sales. Larger businesses will dedicate specific staff and departments for the purpose of marketing. It is important to realize that marketing cannot be carried out in isolation from the rest of the business. For example, the marketing section of a business needs to work closely with operations, research and development, finance and human resources to check their plans are possible. Operations will need to use sales forecasts produced by the marketing department to plan their production schedules. Sales forecasts will also be an important part of the budgets produced by the finance department, as well as the deployment of labor for the human resources department. A research and development department will need to work very closely with the marketing department to understand the needs of the customers and to test outputs of the R&D section.

The importance of studying marketing strategy in academic is strategy is the key to successful marketing. Marketing is a management discipline, and it is equally a part of organizational and management philosophy, reflected in attitudes and approaches across the whole organization. Marketing provides the focus for successful organizations. The starting point lies in recognizing the fact that

„Marketing deals with identifying and meeting human and social needs.(Seetharama,1990).Further, marketing is a management process because it identifies the customer need and then meets customer requirements product/services efficiently and profitably, and in the whole process strategy plays more important role, so successful marketing depends upon good strategy.

### **1.7 Summary**

This chapter describes about the background of research, the research question, research objective, scope and limitations of research and the importance of the research. Based on this research topic, Tesco Hypermarket are the company and hypermarket that has a strong brand in Malaysia. Malaysians prefer this hypermarket for shopping particularly household item. Consumer had their own reason to choose the Tesco Hypermarket for shopping. Tesco Hypermarket needs to attract the consumers to increasing their sales performance. Marketing mix is one of the strategies that Tesco used to attract customer. So this is why this research was made for. This research will conduct in the Malacca City, Malacca and the respondents were civilians such as, residents in the city of Malacca, college or university students in Malacca City, public or private employees, housewives and customers of Tesco in Malacca City.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter is discussed about the overview of the title of this research which is the impact of marketing strategies to the sales performance of Tesco.

#### 2.2 Marketing Strategies

Marketing strategy requires decisions about the specific customers that the firm aims to target and marketing mix the firm may develop to appeal to that target market by positioning it suitably in a superior way (Kotler, 2005). In this context, the study of the effectiveness of the marketing tools is essential for an appropriate marketing strategy. The appropriateness of the marketing strategy may be judged by assessing the difference between the customer's perception of the market and the firm's market offering (Perreault and McCarthy, 2002; Cravens, 1997).