

Do supermarkets use loyalty cards to exert power over 'unruly' customers?

June 28 2013



Are customers always right, or do their choices – when captured by the technology of loyalty cards – in fact enable producers to gain subtle forms of control over them?

That is the paradox revealed by Antony Beckett's analysis of loyalty cards and of the balance of power between customers and retailers.

Antony is a Senior Business Lecturer at UWE's Bristol Business School and his paper 'Governing the consumer: technologies of consumption' has just been awarded best paper by the international *Journal of Consumption, Markets and Culture* (CMC).

He said, "I find issues of consumption and value fascinating as they provide valuable insights into modern society.

"For example, Clubcard has been described in the Financial Times* as 'Tesco's most potent weapon in the ongoing battle for market share'. By listening to its customers through an analysis of their Clubcard data, Tesco can respond by making marginal improvements in the provision of products. But this is ambiguous – marginal changes in customer behaviour can be potentially hugely beneficial in driving sales and profitability."

Antony's paper outlines the way producers' relationships with the consumer have evolved since the days when the customer was seen as 'always right' and therefore in charge of the relationship.

He explores theories of power, domination and governance, looking at the interaction between consumers' patterns of consumption and the retailer's strategy to create value - and where the power in this interaction ultimately lies.

Clubcard connects each consumer with a set of purchases and allows Tesco to identify why they purchased them by focussing on the nature of the product. The data allows Tesco to group sets of products and their purchasers according to attributes such as budget, low-fat, time-poor, bulk or adventurous.

Antony continues, "This significantly alters traditional mass marketing segmentation methods. Rather than surveying small groups of customers and projecting the results onto a larger population using location, age group or gender as variables, they identify market segments on the basis of actual purchases. Millions of consumers and acts of consumption can be classified and understood - the hitherto unmanageable consumer becomes analysable and knowable.

"This is the key to revealing any variation between an individual's behaviour and that of the group of consumers of which they are part. That difference, or 'headroom', is what gives opportunities to encourage purchases through targeted coupons of those areas of the store (such as wine or toiletries) that they do not buy but other consumers in their segment purchase.

"In this way, individuals are governed rather than dominated – they are not forced to comply but their possible field of actions are shaped and constrained. Power is exercised by the producers, while individuals make choices within that limited range of possible actions.

"I'm delighted to win the award for my research because this is an international journal with a worldwide audience."

More information: Rigby, E. 2006. Eyes in the till, *Financial Times*.

Provided by University of the West of England

Citation: Do supermarkets use loyalty cards to exert power over 'unruly' customers? (2013, June 28) retrieved 24 April 2024 from <https://phys.org/news/2013-06-supermarkets-loyalty-cards-exert-power.html>

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