

# Our Retail Business

## Ocado is online only and 100% home delivery

Ocado offers consumers a different proposition because we are built differently. We are built to be online and home delivery only. But more importantly, we are built to offer an outstanding shopping and customer service experience, based on doing the right things for our customers and offering them the best place to shop.



# £1.6bn

sales, +12%  
in 2017/18



# 14%

share of UK online  
grocery market



# 721,000

active customers,  
+11% in 2017/18



## Dispelling the myths

Ocado Retail has demonstrated that it is possible to make money in online food retail, that fresh food delivery can thrive, and that online grocery is used across all demographics:

- Ocado Retail is profitable, with an EBITDA<sup>®</sup> margin of 5.6%.
- Approximately half our sales are fresh goods, and at 0.8%, our waste figures are significantly below the industry average.
- Today, 6% of the UK grocery market is online, and those who use Ocado are increasingly representative of UK population demographics.
- We continue to grow even in catchments where more than 25% of households shop with us regularly.



## Our compelling, market-leading proposition

We're changing the way the world shops, with our service, range, value and ease of use all focused on offering our customers a superior service.

- Industry leading service – with 99% order accuracy and 95% of orders delivered on time. Customers choose 1-hour delivery slots, available every 30 minutes between 5:30am and 11:30pm.
- The widest range – 54,000 separate items available on ocado.com, including Ocado own-label, with freshness guaranteed.
- Attractive prices – price matched with Tesco.com to keep us competitive, with regular offers.
- Ease of use – simple shopping interfaces, with continually improved functionality, via the app, website and Alexa voice ordering, on a customer's chosen device.



## Awards

Ocado's proposition has been recognised in many awards:



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## The benefits our unique model brings to our consumer proposition

# 1.

### Centralised hub and spoke network

From four CFCs and 16 “spokes” we reach over 74% of UK households. Around 30% of deliveries are made directly from CFCs. The centralised network of large CFCs allows us to offer a wider range and fresher products than supermarkets. It also results in lower wastage and better economies of scale.

# 2.

### Proprietary automated fulfilment

With our order fulfilment system, our planned sales capacity for our Andover and Erith CFCs is £1.5 billion, which would mean over 280,000 orders per week. Total labour hours used to fulfil an order (including inbound delivery to CFC but not delivery to customer) runs at 14 minutes, which we believe typically saves up to one hour of labour when compared with store-based fulfilment used by supermarkets.

# 3.

### End-to-end software capabilities

The customer interface, fulfilment, and delivery are all dynamically interlinked, with advanced analytics optimising the entire process. This enables a personalised and accurate customer experience through real-time inventory monitoring, slot booking, guaranteed product life, and much more.

Everything is tested in a live environment, with real-time feedback and experience from 700,000 customers, allowing us to learn, iterate and improve quickly.

### Supplier relationships

The ability for suppliers to deliver in bulk to our CFCs brings them a huge advantage, especially for small suppliers. Our four CFCs offer them over 74% UK coverage, so our model means we can support smaller suppliers. We promote this, supporting those quality suppliers who are unable to supply other supermarkets, in our search for the next new wave of high-quality products.

➔ Read more about **Responsible Sourcing** on page 53

### General Merchandise

Alongside our traditional grocery range we also have a growing general merchandise business, which now contributes over 7% of our retail revenue<sup>®</sup>. This includes categories you may typically find in supermarkets, either available within our Ocado.com hypermarket, or at our specialist sites. These sites include Fetch, our specialist pet shop; Sizzle, our kitchen and dining ware store; and Fabled, in partnership with Marie Claire, our beauty store. These options allow us to vastly extend our range beyond that of conventional supermarkets, while also providing existing and expanding high street brands with an online outlet.

➔ Read more about **General Merchandise** on page 28



<sup>®</sup> See Alternative Performance Measures on pages 229 and 230