Customer Relationship

Management Emerging Themes

VHV.RS (2019)

Student Name	Deon Rose Lobban
Student I.D	1919079
Module Name	Understanding and Engaging in Customer Experience
Module Code	BMSW 5103
Lecturers Name	Nauman Ali

ocado

The online supermarket

ocado

TECHNOLOGY

Introduction

In today's world, using the tech-touch strategy to communicate with customers have become very popular with supermarkets.

This report will explain the main benefits and disadvantages of using the tech-touch system compared to the natural human touch within the Ocadogroup online supermarket and the impact it has on its employees/staff and customers.

A critical discussion of two quality models/theory that may assist in improving customer relationship management (CRM) also the concept of quality and its links to measuring and improving customer relationship management.

Table of Contents

Current theme of Ocado online supermarket..... 5

The Tech Touch system.....6

Customer fulfilment centres.....7

Human touch.....8

Tech touch V Human Touch.....9

Ocado customer experience.....10

The impact of customer experience and brand experience.....10

Ocado Brand experience.....11

Ocado customer CRM policy and customer impact customer impact.....11

Customer relationship management and how it's connected.....12

Sustainability in customer relationship management.....12

Quality business models.....13

W. Edawards Dening.....13

Joseph M. Juran.....14

Conclusion.....15

Recommendation.....15

References.....16,17,18

.

The current theme of Ocado online supermarket

The UK's Ocado is regarded as an exception in the e-grocery sector due to its pioneering position in robotic automation and Artificial Intelligence (AI), its ongoing transformation to a global solutions business as well as extraordinary share performance, recently making it the most valuable grocer in the UK**. (Bierganz, 2021, P.1)**

Ocado is a unique e-commerce online supermarket with a sophisticated logistic operating system, founded in April 2000, based in the UK, which distributes its products using a technology-led global software and robotics platform, for the most part, improved quality is offered by delivering orders directly from a manufacturer or distribution centre rather than from a store. The advantage is that it removes a link from the supply chain. **(Boyer, Hult, 2005, P.3)**

Ocado became Ocadogroup after merging with Marks and Spencer (M&S) Becoming joint venture ownership, 50/50 equal partnership in 2019. The company employs over 3000 people in various roles, one-third are customer service and team members. The COVID pandemic has encouraged people to do more online shopping where they can feel safe at home, saving time and worry free from waiting in line or sitting in traffic; online shopping has become the new normal as Ocado accelerates by using cleverly simulated design warehouses to accommodate and produce their products. Simulation is the key factor behind the Ocado supermarket theme,

Ocado has established a unique first-mover advantage in online grocery retail that will be difficult to supplant. **(Mason, 2019)**

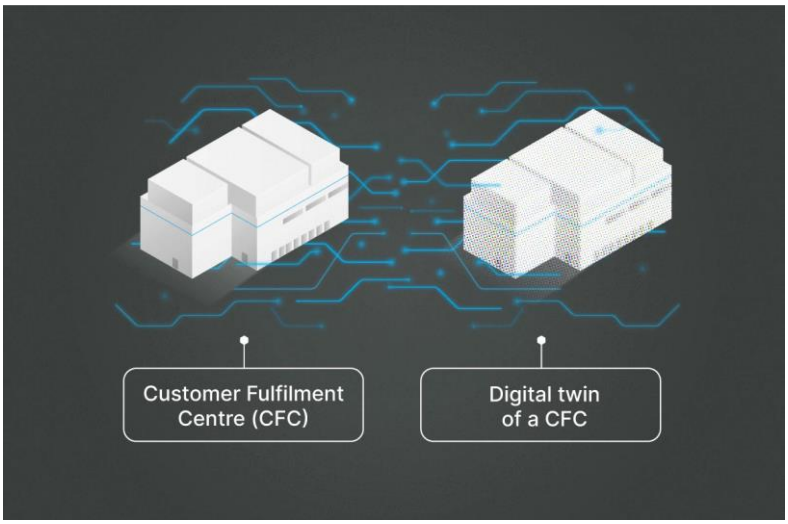
Ocado Group (2021)

Tech Touch theme

Tech Touch is a software system designed to increase company growth and improve customer satisfaction. The ideal tech-touch strategy delivers automated value-driven communications that have a positive impact on multiple customers at a time. The Ocado group masterfully developed its own state of the art cloud-based tech touch platform which tests new features and allow integration to analyse future scenarios in the real world of the warehouse, processing orders with 99% accuracy, enabling the Ocado tec-touch system to save valuable time which increases the value, quality and freshness, producing a versatile online range for their customers**. (Northfield, 2020, P.4)** Ocado's Erith warehouse became a 'Living Lab' – constantly evolving while shipping millions of customer orders.

The company designed/created a parallel universe of warehouses [digital twin] for each model constructed in the physical world, ensuring military precision for the company. This sophisticated system produces thousands of simulated virtual design warehouses, Customer fulfilment centres (CFC) which house the company product.

It became clear that Ocado achieves cost-decreasing and differentiation advantages by building a value matrix, enabling it to profitably serve the market. **(Bierganz, 2021, P.2)**



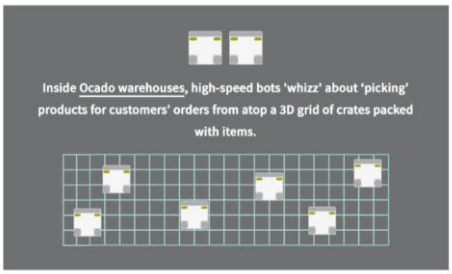
Ocado Group 2021

Technical definition: *A digital twin is a digital replication of assets that mirrors the physical world. It is a virtual double of a physical asset, system, or process.*

Customer Fulfilment Centres

Customer fulfilment Centre are the heart of the company. CFC are situated in various countries around the globe; each one is a generic replica of the original warehouse, masterfully brought to life by the Ocado technology team who provide a sophisticated smart platform ecosystem ready to supply a demanding customer base with relevant orders made online. The system uses data stored by robots attached to a mobile grid which slides along the floor organising/moving/sorting and storing products, calculate how many, or which product needs to be stocked ready to be shipped to customers. Simulation is also used in the supply chain to route/reroute the company delivery vehicles.

Ocado operates several automated warehouses in which robots operate grocery orders on the 24-hour basis, to help reduce shelf life, handling of the goods for quick storage. **(Sykes, Keighren, 2018, P.1)**



Ocado group Sophisticated robotic systems

When it comes to online shopping there are many diversions/ processes taking place between the customer making orders and the arrival of the item/s Arriving at the customers door. This would not be as quicker process if Artificial intelligence (AI) was not involved.

Several companies, however, are expressing dissatisfaction with their attempts to add technology to frontline service encounters. **(Giebelhausen et al. 2014, P.1)**

The Human touch

Technology can be effective but often fail, when this happens customers just want better service, respect, flexibility, empathy, and understanding. It is imperative and necessary for humans to have physical contact whether it be touching, talking, or actual contact.

(Fulkerson, 2014, P.6) through touch we are able to interact directly with the world around us feeling a wide variety of dissent properties, including warm, solidity, roughness and elasticity.

Human beings are a complicated race, and as humans, we do not understand ourselves, feelings, emotions, or why we think the way we think, even if humans managed to incorporate human senses into artificial intelligence, questions would still need to be asked whether these robots would be able to possess the human conditions.

Humans are far more likely to make mistakes than artificial intelligence units and can be replaced, but it can be difficult finding highly qualified people for replacement. It takes a level of human understanding and experience to deliver technology which in time will help make a difference in the future.

Technology do not control humans, humans control technology!

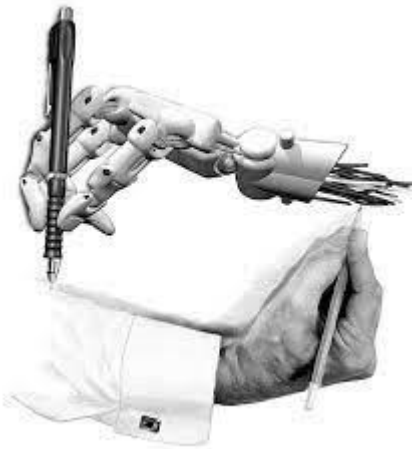
A.I is not only displacing human activity; it is changing the very concept of the firm. **(Iansiti, Lakhani, 2020, P.4)**

Tech touch V Human Touch

Humans refer to robots as artificial intelligence (AI), but robots can only have the amount of intelligence programmed by humans, whereas human being has no limits on how much the brain can store. Society today is more concerned about making profits, spending less on wages which is the biggest overhead for nearly all organisations.

Technology is involved everywhere simple because AI have a higher degree of accuracy, saving time and money encourages online supermarkets to improve their services and pursue global economic growth, sustainability which contributes towards helping the environment.

The disadvantage for AI, a robot cannot tell if a person has a disability or learning difficulty and need assistance unless told the tech touch system has minimum interaction with the customer, allow the customer to feel devalued and unsure where to go to solve the problem, which is usually sooner rather than later when the machines malfunction. Artificial Intelligence is a bonus as it helps humans achieve amazing things but would cease to exist without human involvement, skilled engineers and operators used to work alongside A.I, creating new advancements for the future. Technology is far from perfect and make mistakes and breakdown.



A.I is becoming the universal engine of execution. As digital technology increasingly shapes "all of what we do" and enables a rapidly growing number of tasks and processes, AI is becoming the new operational foundation of business—the core of a company's operating model, defining how the company drives the execution of tasks. **(Iansiti, Lakhani, 2020, P.4)**

Ocado Customer Experience

Ocado s offers over 58,000 available products online to customers and process around 320,000 orders every week taking into consideration the importance of the customer's experience Ocado implemented live chat service advisors to allow customers a quick response to any inbound queries. Business are capturing what they know about the customers rather than what a customer thinks and feel about the firm. **(Hodgkinson, Jackson, West, 2021)**

The company also added to its customer service.

- Multiple online shopping channels which include Ocado web shop
- A wide range of customer choice
- Flexible delivery time slots
- The Amazon Alexa voice assisted app
- The iPhone app" Ocado on the go"

Understanding customer's journey and their experiences throughout the year is essential for the corporation. customers now engage with companies through contact with social media and various channels, making them more sociable by nature. (**Lemon, Verhoef, 2016.P.1).**

The impact of customer experience and brand experience

Ocado provides services for up to 580,000 customers daily using high-tech e-commerce in order to accommodate the huge demand for online shopping. The company developed/built its own unique hardware and software designed specifically for the company's needs. Ocado was one of the first to include Alexa, a virtual assistant technology app developed by Amazon to help customers make online shopping easier and more convenient. As such, the first truly dramatic implications of artificial intelligence may be less a function of simulating human nature and more a function of transforming the nature of organizations and the ways they shape the world around us. **(Iansiti, Lakhani, 2020, P.4)**

Ocado Brand experience

Ocado has produced a very impressive online shopping experience for the customer, to ensure quality service continued offline. The company focused on the drivers (customer service team members) an extension of the customer service, to demonstrating the same quality value service during delivery while representing the Ocado brand:

- First class personalised customer experience
- Notifications when the driver is on the way
- Delivering into the customer home
- Reduction in response time
- Drivers go above and beyond to deliver the best experience to the customer
- All drivers would be background checked.

(Bierganz, 2021, P38) In After-Sales, it is key to retain customers through constantly high service and quality levels, in other words, fast delivery of fresh, undamaged goods at the right point in time, at the right price

Ocado Customer Relationship Management Policy and Customer Impact

According to Ocadogroup Incorporate their policies to protect the customer's privacy and sensitive personal details. This information is heavily encrypted and backed up by the customer's personal security code number. The company endures the strict government policies alongside their own. We contractually require all third parties to respect the security of your personal data and to treat it in accordance with the law. We do not allow our third-party service providers to use your personal data for their own purposes and only permit them to process your personal data for specified purposes and in accordance with our instructions**.** **(Ocado, 2019)**

We have put in place appropriate security measures to prevent your personal data from being accidentally lost, used or accessed in an unauthorised way, altered or disclosed. In addition, we limit access to your personal data to those employees, agents, contractors and other third parties who have a business need to know. They will only process your personal data on our instructions, and they are subject to a duty of confidentiality. **(Ocado, 2019)**

We have put in place procedures to deal with any suspected personal data breach and will notify you and any applicable regulator of a breach where we are legally required to do so. **(Ocado, 2019)**

The **Data Protection Act 2018** controls how your personal information is used by organisations, businesses or the government. The **Data Protection Act 2018** is the UK's implementation of the General Data Protection Regulation (GDPR).

Everyone responsible for using personal data has to follow strict rules called 'data protection principles. Gov.uk.

Customer Relationship Management and how it's connected

Customer Relationship Management is not a person or intangible product, it involves technology that is used to manage customers, potential customer data, and information within the company this helps improve relationships with the customer. It also monitors and controls the production in delivering products, quality, and services. The customer is the heart of the business, no customer no business.

Sustainability in customer relationship management

Ocado's commitment policy to sustainability is being, committed to meeting the needs of customers without compromising quality of life for future generations **(Ocado, 2021)** by focusing on four core areas

- Food waste: ensuring the company producing less food waste by taking inedible foods breaking them down, and converting it's into reusable energy, at present just 0.04% (that's 1 in 2,600) products being converted into energy. 95% of unsold foods are sent to food banks.
- Carbon impact: Ocado are part of the British retail consortium (BRC) and are committed to helping other retailers, stockholders and the government towards achieving a net zero target carbon UK over the next 20 years by introducing electric/hybrid vehicles, gas powered LGV delivery vans.
- Packaging waste: the Ocado online Eco shop houses thoughtful packaging, greener lifestyle products and responsible contents for customers to help build a sustainable economy.
- Modern slavery: Ocado policy stipulates that all goods must be produced lawfully, through fair and honest trading, in decent working conditions, and without exploiting the people who made them.
- Responsible impact: gender equality, decent work & economic growth, industry innovation and infrastructure, life below sea and life below land. **(Ocado, 2019)**

Ocado has an extensive life guarantee police explaining purchasing and terms & conditions which is easily accessible through the home page.

Quality Business Models

Companies use business model theories to help design organisational structure and determine future development. Below are two well-known quality model theories developed by reputable theorist that could assist in helping Ocadogroup in improving customer relationship management, we propose the business model as a key conceptual tool for driving the design orientation in management. **(Beynon-Davies, 2018, P.3)**

W. Edwards Deming is highly credited for starting "total quality movement" which compares an extensive list of a 14-point system and 7 deadly sins of management with how companies/organisations conduct business and treat their employees. "We must preserve the power of intrinsic motivation, dignity, cooperation, curiosity, joy in learning, that people are born with." **(Deming, 2001)**

Dening's innovative 14-point theory consisting of employees all working together as a team, the aim being to improve quality within the company and the products, hence making a happier and more trust worth customer base by following this system according to Deming.

"My 14 Points for Management follow naturally as application of the System of Profound Knowledge for transformation from the present style of management to one of optimization." (**Deming, 2021)**

1. Consistency: Create consistency of purpose toward improvement of product and service, eliminate short-term solutions.
2. Adapt the new philosophy: Encourage quality throughout the company, design products and service to meet the customer's needs, put the customer first, implement vision and prepare for change.
3. Cease dependence on inspections: Inspections are unreliable, costly and do not improve quality.
4. End the practise of awarding businesses on priced alone; instead minimise total cost by working with a single supplier.
5. Improve constantly and forever every process for planning, production and services
6. Institute training on the job for managers and employees.
7. Adapt and institute leadership
8. Drive out fear
9. Breakdown barriers between the staff
10. Eliminate the slogans exhortations and targets for the workforce
11. Eliminate numerical quotas for the workforce and numerical goals for management
12. Remove barriers that rob people of pride and workmanship, and eliminate the annual rating of merit system
13. Institute a vigorous programme of education and self-improvement for everyone
14. Put everyone in the company to work accomplishing transformation. (**Deming, 2021)**

Joseph M Juran founder of a range of key quality management programs. The Juran control phase determines what needs to be measured and sets the goal for performance by obtaining feedback and measuring the performance and act on the gap between performance and the goal. **(Juran, 1992, P.13)** Quality planning is the activity of a) establishing honestly goals and b) developing the products and professes required to meet those goals.

1. **Quality planning (quality by design)**

The Juran quality by design model is an established technique used to create progressive layout compatibility that responds to the customers' needs, by referring to the product or services development process in organisations.

This exceptional method permits innovation to take place through designing products [goods, services or information] collectively to produce the final output.

2. **Quality improvement (Lean six sigma)**

Improvements occur every day in each company; even amongst the poorest performers, this is how companies continue to exist within the short term. Improvement is a important Activity Which every company should include out of obligation To the customer.

Making incremental improvements to discover what may prevent the Current level a performance from meeting the customer's needs.

3. **Quality control (Process control and regularity)**

Companies have invested heavily in training programmes for personal areas such as quality awareness, statistical progress control, and QC circles. **(Juran, 1986, P.6)**

Conclusion

The information provided in this report concludes how good quality customer relationship management is imperative for the company to succeed. Customer loyalty depends on customer experience, which in turn, depends on brand experience and the fact that customers like to know companies show integrity and competence in storing their personal information securely. Good quality service portrays a positive impact to customers, being a sustainability company means committing to meeting the needs of customers without compromising quality of life for future generations and staff as people still need that human touch to work alongside artificial intelligence, allowing the customers to receive the best of both worlds, hence customer satisfaction!

Recommendations

Ocado has done an amazing job and invested millions of pounds into technology and improving the economy, incorporating the two chosen models alongside their present model within the company to add extra motivation, more time and attention to hard-working employees would benefit the organisation to continue have amazing success far into the future.

Ocadogroup would benefits even more or gain favouritism from the customers by adding loyalty cards and membership discounts to further improve customer service.

In the future people will appreciate the services and continue to shop with Ocado if the company continues to provide, fresh good-quality products and focuses on improving their delivery time, also continue to reduce waste, package, and business pollution to help improve sustainability.

References:

Beynon-Davies, P., 2018. Characterizing business models for digital business through patterns. *International Journal of Electronic Commerce*, *22*(1), pp.98-124.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=Ocado+business+model+theories&btnG=

Bierganz, M., 2021. *Delivering virtual value: the role of virtual value creation in e-grocery business models and resulting implications for today's grocery retail firms* (Doctoral dissertation).

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=Ocado+business+model+theories&btnG=

Bierganz, M., 2021. *Delivering virtual value: the role of virtual value creation in e-grocery business models and resulting implications for today's grocery retail firms* (Doctoral dissertation).

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+technology+harvard+business+review&oq=ocado

Bierganz, M., 2021. *Delivering virtual value: the role of virtual value creation in e-grocery business models and resulting implications for today's grocery retail firms*

https://scholar.google.com/scholar?start=10&q=Ocado+Tim+steiner+&hl=en&as_sdt=0,5

Boyer, K.K. and Hult, G.T.M., 2005. Welcome home: innovating the forward supply chain. *Business Strategy Review*, *16*(2), pp.31-37.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+supply+chain&oq=

The W. Ewards Deming Institute, 2021 https://deming.org/explore/sopk/

Fulkerson, M., 2014. *The first sense: A philosophical study of human touch*. MIT Press.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=the+human+touch+&btnG=

Giebelhausen, M., Robinson, S.G., Sirianni, N.J. and Brady, M.K., 2014. Touch versus tech: When technology functions as a barrier or a benefit to service encounters. *Journal of Marketing*, *78*(4), pp.113-124.
https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=What+is+a+tech+touch%3F&btnG=

Hodgkinson, I.R., Jackson, T.W. and West, A.A. (2021), "Customer experience management: asking the right questions", *Journal of Business Strategy*, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/JBS-07-2020-0158

Juran, J.M., (1992). *Juran on quality by design: the new steps for planning quality into goods and services*. Simon and Schuster.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=Joseph+M.+Juran&btnG=

Juran, J.M., 1986. The quality trilogy. *Quality progress*, *19*(8), pp.19-24.

https://scholar.google.co.uk/scholar?q=joseph+m+juran+quality+management&hl=en&as_sdt=0&as_vis=1&oi=scholart

Iansiti, M. and Lakhani, K.R., 2020. *Competing in the age of AI: strategy and leadership when algorithms and networks run the world*. Harvard Business Press. https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+technology+harvard+business&oq=ocado+technology+harvard+bus

Iansiti, M. and Lakhani, K.R., 2020. *Competing in the age of AI: strategy and leadership when algorithms and networks run the world*. Harvard Business Press. https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+technology+harvard+business&oq=ocado+technology+harvard+bus

Iansiti, M. and Lakhani, K.R., 2020. *Competing in the age of AI: strategy and leadership when algorithms and networks run the world*. Harvard Business Press. https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+technology+harvard+business&oq=ocado+technology+harvard+bus

Lemon, K.N. and Verhoef, P.C., 2016. Understanding customer experience throughout the customer journey. *Journal of marketing*, *80*(6), pp.69-96.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=abbot+1955+customer+experience&oq=abbot+1955

Mason, R., 2019. Developing a profitable online grocery logistics business: Exploring innovations in ordering, fulfilment, and distribution at Ocado. In *Contemporary Operations and Logistics* (pp. 365-383). Palgrave Macmillan, Cham.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=developing+a+profitable+online+grocery+logistics+business%3B+exploring+innovation+in+ordering&btnG=

Northfield, R., 2021. 2020 E&T innovation awards: The winners E&T: Now in its 16th year, our annual awards are the ultimate celebration for people, projects and organisations revolutionising our world through excellence in engineering and technology. Engineering & Technology, 16(1), pp.46-50.

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+tech+touch+system&btnG=

Ocado (2021) https://sustainability.ocadoretail.com/

Ocado Group 2021 https://www.ocadogroup.com/about-us/what-we-do/digital-twins

Ocado (2019) https://ocadoretail.com/website-privacy-cookie-policy/

Dr Deming 2000. Out of the Crisis (Book 2000)

https://deming.org/wp-content/uploads/2020/06/One-Pager-14Points.pdf

Sykes, D. and Keighren, G., 2018, May. Industrial-scale environments with bounded uncertainty: a productivity maximisation challenge. In *2018 IEEE/ACM 1st International Workshop on Robotics Software Engineering (RoSE)* (pp. 29-32). IEEE. page 1

https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=ocado+technology&oq=oc

VHV.RS (2019) https://www.vhv.rs/viewpic/Tixomhm_transparent-crm-icon-png-customer-relationship-management-png/

W. Edwards Deming institute (2018)

https://deming.org/wp-content/uploads/2020/06/One-Pager-14Points.pdf