

UNDERSTANDING AND ENGAGING IN THE CUSTOMER EXPERIENCE

By Daniel Genev, Student ID :2030037

Module code: BMSW5103. Understanding and Engaging in the Customer Experience.

Lecturer's name: Mohammad Rahman

Assignment- Academic report, Part 1, and Part 2

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS	2
EXECUTIVE SUMMARY	4
PART 1. INTRODUCTION	5
INTERNAL FACTORS AFFECTING QUALITY SYSTEM AND CONTROLS	6
Lack of reliable online presence	6
Human Resources	7
Technologies	8
Customer service feedback and complaints	8
SWOT ANALYSIS OF OCADO.COM	11
Strength	11
Weakness	11
Opportunities	11
Threats	11
EXTERNAL FACTORS AFFECTING QUALITY SYSTEM AND CONTROL FOR CUSTOMERS	12
PESTEL ANALYSIS OF OCADO	12
Political	12
Economic and Social	12
Technological	12
Environmental	12
Legal	12
THE ANSOFF MATRIX	13
CONCLUSION	14
REFERENCES	15
PART 2- INTRODUCTION	16
Reduce customer effort while improving user experience	17
Offers a variety of service options	17
Participate in social media	17
Creates reward programs	18
Learn from customers	18
Earn their confidence by:	18
Individualize interaction with customers	19
PORTER'S FIVE FORCES	20
Threat from new entrants	20

Purchaser bargaining strength.....	20
Supplier bargaining strength	20
Threats of substitutes	20
Supplier Rivalry among existing competitions.....	20
CONCLUSION	21
REFERENCES.....	22

EXECUTIVE SUMMARY

The following assignment is divided into two parts. The first part describes the internal and external factors influencing Ocado and its quality system and controls for customers to deliver 24 hours customer service. Whereas the second part describes how the company can deal with the new customer demand and achieve its business objectives by developing and maintaining good customer relationships 24/7/365.

PART 1. INTRODUCTION

About the organisation:

Jonathan Faiman, Jason Gissing, and Tim Steiner, three former Goldman Sachs merchant bankers, established Ocado in April 2000. Ocado launched as a concept in January 2000 and as a partnership with Waitrose in January 2002. Faiman, Gissing, and Steiner were the sole owners of the company when it first began. Ocado's proprietary solution for online retail operations is the Ocado Smart Platform. Ocado's website and apps, automated fulfillment, and delivery are all included in this "end-to-end" solution. Morrisons, a supermarket chain, is one of the customers. Since its launch in 2002, more than twelve million orders have been fulfilled (Garbis & Chapman, 2021).

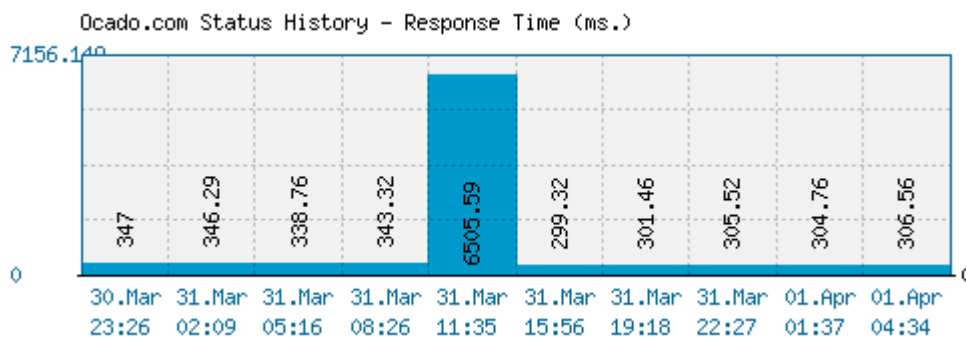
More than 1.5 million users have signed up. Ocado did a release of the first iPhone and iPod touch app by a UK food company. The average Ocado delivery leaves a smaller carbon footprint than going to their neighborhood grocery store on hand. Only available online, delivered entirely to customers' homes, and the largest grocery retail platform in the world. For more than 20 years, Ocado Retail (or Ocado.com) has provided service to customers. A 50:50 joint venture between Ocado Group and M&S has existed until 2019.

INTERNAL FACTORS AFFECTING QUALITY SYSTEM AND CONTROLS

Attitudes and expectations of customers are shifting. In the digital age, businesses that enable customers to communicate with them in a manner that best suits them are those that customers gravitate toward. They want to be able to communicate with businesses through the channels they prefer. This could be referring to the method of communication, such as via phone, email, live chat, text message, or social media. However, it also refers to the moment they contact the company. Customers shouldn't have to worry about how to reach you during business hours when life is already too hectic and stressful (Garbis & Chapman, 2021).

Lack of reliable online presence

If the Ocado site is frequently unavailable or takes too long to open, it will be difficult to draw in clients who aren't even confident in the reliability of the company's services. This is what happened in 2020 when their website stopped working for long time and that led to massive problem for both clients and the company. Many customers got their orders late due to the issue and a lot of others didn't even receive them.



The above graph displays service status activity for Ocado.com over the last 10 automatic checks. The blue bar displays the response time, which is better when smaller. If no bar is displayed for a specific time, it means that the service was down, and the site was offline.

The reason for this accident was that because of the pandemic a lot of people went instantly to online shopping instead of visiting physically a shop and it seemed like Ocado's website wasn't ready to receive that many customers at once. The company invested in more IT specialists', engineers and together with followed digital improved investments made the quality system better and to be able to stay always connected with all their customers. Ocado created the Orlo platform with which they managed to merge social, live chat and CRM into one place, that's their customer service tool. Customer effort was reduced this way, increasing their satisfaction, and reducing the spends. Mainly, due to the application of the live chat, those savings and costs were made possible. Live chat has given the opportunity to Ocado's service advisors to respond quickly to big numbers of i queries - reducing waiting times, giving the customer what they needs and providing a effortless experience for them.

When choosing a certain solution, it is crucial to comprehend the regular unscheduled downtime, comprehend the hosting requirements, and, if at all feasible, contact a trustworthy professional (Hamilton et al., 2021).

Human Resources

Undoubtedly one of the most important internal factors that affects the quality system of Ocado is its employees. The best example is with the IT specialists' and engineers who managed to solve the problem with their website making it secure for the future and 'saved' the business because this is a real nightmare for every company that makes same or similar type of business. The deliveries on time also depend on their drivers and how well they do the job. Unfortunately, more and more complaints keep rising against the company due to late or wrong deliveries etc. Many of the Ocado workers keep losing motivation because of a low pay and poor conditions for work. This is being led due to a lack of a solid commitment to their employees.

A firm's performance is greatly enhanced by satisfied workers, yet it can be challenging to keep them around if they feel unappreciated or unloved. Think of their staff as being just as crucial as their customers or investors. Hire the proper individuals and give each worker clear objectives to help them stay committed to their task. Always be grateful for their efforts, no matter how minor, and, wherever possible, raise their pay or perks. Companies must also be dedicated to staff training initiatives. This will make it possible for new hires to comprehend their jobs, the culture of the firm, and objectives (Putzier, 2011).

But not only the engineers and drivers are important for Ocado to be successful company. The whole staff has been doing great job for the time being. But one of the problems for them is financial. The company's delivery drivers have been paid "less than **£5 an hour**" after they introduced a new third-party delivery company. When they were hired to work for this company called Ryde, in August 2021, the drivers reported that they were earning less than the minimum wage. The drivers also said that they had to buy new clothes for themselves to deliver, and that the size of products that they have been expected to lift had increased. In September 2021, it was reported that they had been compromised that they will be dismissed when they disclosed their working conditions. A campaign against Ocado was launched by IWGB in response, and the majority of the company employees voted to take strike action. If the company continues to underestimate the power and importance of their staff, they might find themselves in a much worse situation compared to the bad ones they already had to pass through.

Technologies

The response to the strikes of their employees wasn't late and the company showed that is not scared to invest in technologies in order to minimize its wage costs in future.

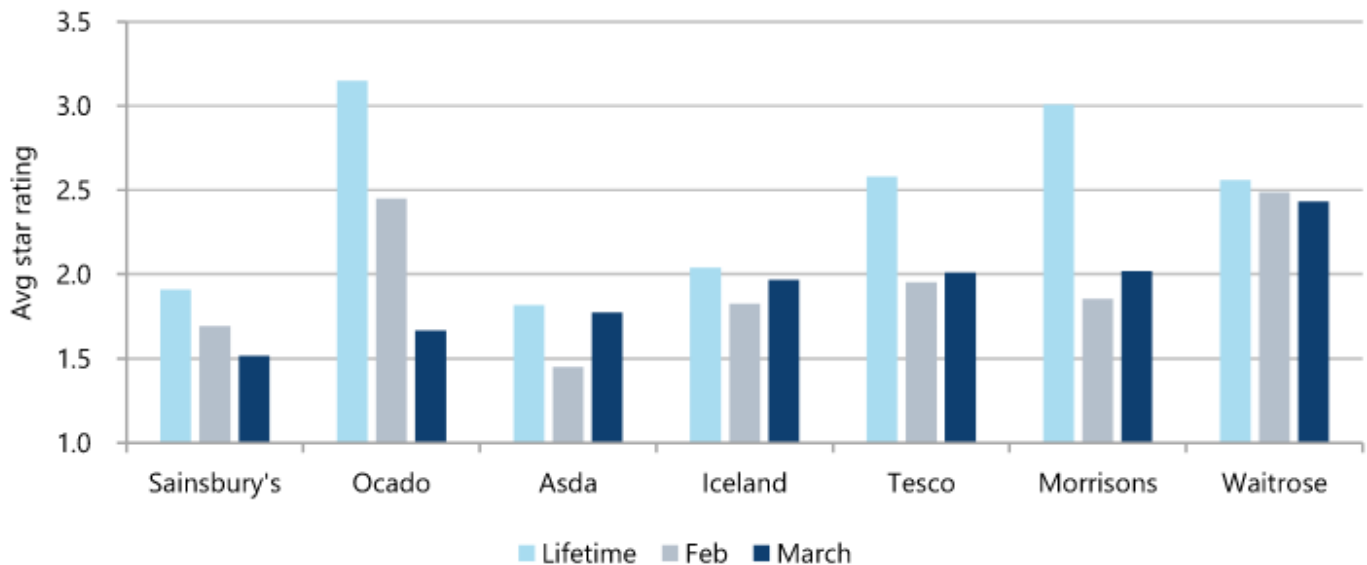
Ocado decided to spend over \$300 million purchasing other companies which make robotic arms and grabbing technology, in order to replace human employees at their warehouses. The company is willing to spend big amount of money to enhance the capacity and further investments in their solution platform. This matters, because Ocado has been attempting to change its status as an online grocer into a full technology company which to provide solutions to other supermarkets.

Ocado is the first UK grocery company which enables and develops Alexa voice-activated capabilities, for Amazon's Echo speaker. This way they hope to make the shopping easier.

The traditional bell-shaped adoption or acceptance of a new product or innovation is described by the technology adoption cycle. Organizations aiming for quicker delivery, lower costs, and improved customer experience must innovate. Since everything can now be kept and transferred as digital files, it also lowers the cost of storage and transportation. Whether they work in business, medicine, or information technology, technology may speed up and simplify their tasks (Petzinger, 2022).

Customer service feedback and complaints

The ratings company Jefferies analysed over two thousand Trustpilot reviews in March 2021 and Ocado's clients review scores "sharply deteriorated".



As it can be seen from the graphic Ocado is losing its reputation and the feedback from many of their customers is not as good as it used to be although its life reputation is still above their rivals, it's not going into the right direction and the reason for this is the lack of focus on the customer that the organization has. As it can be seen in the review/feedback section of their website many customers share that they have been their regular customers for very long time but now those people have stopped ordering food through Ocado.com because of all the issues the company has been having and the fact that many of their clients have always been left behind. Although customer satisfaction is harder to measure than it seems, the number of complaints rises day after day.

However here are four things that Ocado does to promote and deal with the complaints:

1. Getting in touch with them is now easy.

They have only one contact us page which makes it simpler.

They won't provide you forms with many useless questions, asking for order ID / dates / etc.

They acknowledge the questions.

It takes short period of time with no searching around for customer ID/ date of delivery etc. Other companies would ask for so much more information.

An automated response comes back quickly with the promise of a response within 24 hours.

2. They respond quickly.

The average waiting time for response is 6 hours.

3. Their respond is accurate.

Ocado shows good understanding of the problem and always tries to support their customers even though they often remain unhappy due to late or wrong deliveries. Ocado immediately apologises and posts refund statements when an issue has been established with their client.

SWOT ANALYSIS OF OCADO.COM

Strength

Ocado is one of the biggest and most used online supermarket company which currently has over a million regular customers in UK. The company is known for its big range of products and competitive pricing and the quality of the 24-hours schedule of their deliveries. This happens successfully because of the innovated and reliable technology platform and software. The company is also in a good partnership with the leading retail companies in Europe and UK.

Today, Ocado Retail reaches over 75% of British households, shipping over 381,000 orders per week – and is growing fast. Now as a valued and part-owned partner, Ocado Retail Limited will continue to transform online grocery shopping for customers in the UK. (ocadogroup.com/about-us/ocado-retail)

Weakness

The operation of the company depends on revolving credit facilities and debts. Also, having joined a single market and its small scale considering the grocery market in general.

Opportunities

Extending by imitating the business pattern in other European countries.

Technology investments to improve features and competitive assets.

Licensing of robotics allowed automated warehouse platform.

A large and growing opportunity for OSP.

Moving towards investments in Autonomous mobility.

Threats

Competition from online giants like Amazon Fresh, Morrisons, John Lewis, ASDA, Iceland etc.

EXTERNAL FACTORS AFFECTING QUALITY SYSTEM AND CONTROL FOR CUSTOMERS

PESTEL ANALYSIS OF OCADO

Political

At the moment Ocado operates in few countries, each one of them having their own political strains. Growing strains and instabilities in global political environment may affect the online sector growth and limit the growth opportunities available to Ocado.

Economic and Social

The company has to provide the best deals when it comes to pricing because due to the inflation a lot of people may change their mind of buying a product online through Ocado website and use another competitive one or by going physically to another shop if that product is cheaper somewhere else. Ocado must take in mind the fact that many people can't afford to lose a penny in these difficult times.

Technological

As mentioned above Ocado keeps updating their technologies. When they are operating only online, they can't afford to have another breakdown of their website and potentially lose customers, many of which are regular ones.

Environmental

Many of Ocado's customers care about the environment and there have been complaints by some of them about the fact that the company doesn't use electric cars when they do the deliveries. In order to satisfy their financial situation in future as well as their clients wishes, the company is willing to invest not only in environmental- helping vans and lorries but they are willing to initiate tree seeding actions together with some of their most regular customers.

Legal

Ocado follows different rules under different country regulation in order to bring the ordered food to their client in good condition. The company has invested in more vehicles which are orientated in keeping safe meat and other product that may go off date sooner than others if not kept properly

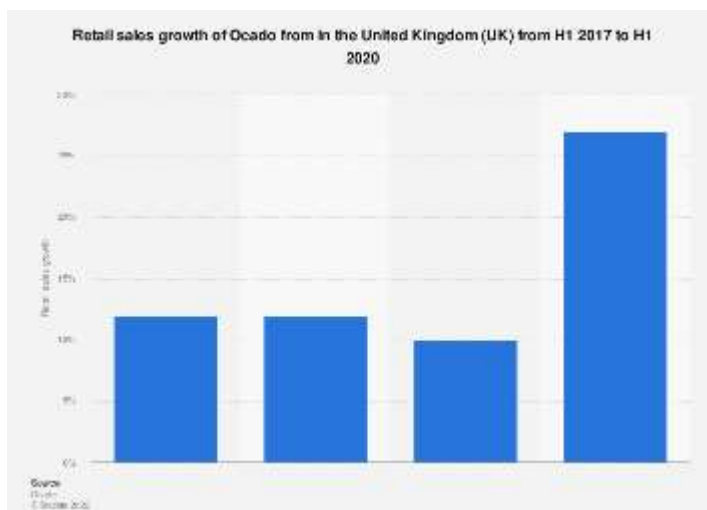
THE ANSOFF MATRIX

Ocado applies Ansoff Matrix theory to be competitive in this business area and to be able to provide 24/7/365 customer service.

Ansoff's market/product growth matrix suggests that a business' attempts to grow depend on whether it markets existing or new products in existing or new markets. The outcome from the Ansoff product/market matrix is a sequence of suggested growth strategies which set the direction for the business strategy. These are described below:

The four strategies are:

- **Market Penetration:** Ocado is using this theory as they are trying to sell more of their existing business to existing customers or existing markets. By the online company for statistics statista.com only in the years between 2017 and 2020 a massive growth of sales has been succeeded within the company.



The statistics after the year of 2020 are not so accurate compared to the average normal selling that the company has because the epidemic had a big influence of the numbers of orders which has now led to a completely different level.

- **Product Development:** Ocado keeps innovating in their software and technology development by investing in specialists in this area. By updating their website and the following delivery options and problem-solving management and decisions they are trying to stay connected 24-hours, 365 days a year with their customers. Also, they strategy is to provide a bigger range of products to their clients.
- **Market Development:** The company's strategy is to develop their business as much as they can. Expanding it outside UK across Europe will be the main idea in the soon and far future.
- **Diversification:** Ocado is willing to change the general concept and in the future by presenting new products in new business areas they will try to make the company more efficient in the massive demand of new customers willing to buy some of their products that they get in recent years.

CONCLUSION

Since its start Ocado has always been trying to satisfy its customers by giving them the chance to make an order and receive it at any time of the 24-hour continuing day and night. The above-mentioned internal factors and analysis of the organisation will be important part of their business all the time as they have always been. Ocado will have to keep updating its technologies and improve its employee's' working conditions and wages in order to stay competitive to other companies and also to stay successful as it has been since it launched in April 2000. The pricing will also have to be well managed as this is probably the most important part in their sector.

REFERENCES

Garbis, J. and Chapman, J.W. (2021) *Zero trust security: An enterprise guide*. Apress.

Hamilton, S., Charalambous, B. and Wyeth, G. (2021) *Improving water supply networks: Fit for purpose strategies and technologies*. London, UK: IWA Publishing.

Petzinger, T. (2022) *The new pioneers: The men and women who are transforming the workplace and Marketplace*. New York: Simon & Schuster.

Putzier, J. (2011) *"get weird!": 101 innovative ways to make your company A great place to work*. New York: AMACOM.

PART 2- INTRODUCTION

The significance of 24/7/365 customers

Nowadays, customers are properly educated due to the fast communication of data, that have increased their level of expectations from firms. You must acknowledge that exceptional customer services and helps are offered not only in business hours if you want to represent your company as to be one that respects its clients. Currently, your skills to supply continuous 24/7 services and advice to your customers that what is really important (Westgard, 2003).

For Ocado it's crucial to have customers at every time of the day as the company was originally created for exactly that kind of purposes. To make the life of their customers easier when they are having to do their shopping was the concept when launching the company and it was decided that they will have to accept orders at any time and deliver them also at any time, not only in business hours.

Clients have a good sense of reassurance and associated with brands when there is major areas of strength for a based on trust and open correspondence. Additionally, this connection may increase repeat business and customer retention. Consumers are spending less time browsing products and lingering in establishments, it is essential to use consumers' marketing platforms to engage them early. If a company has strong relationships with its customers, when they need to buy a particular item, they will first think of the brand (Sewell & Brown, 2012)

Reduce customer effort while improving user experience

Ocado's website is very easy and quick to navigate with. When customer is choosing a product, they can easily add it into their cart and keep looking similar items which the site has suggested to them. The paying method is also easy for the client. And if they have an issue Ocado provides a live chat box with their customer service employees ready to answer any kind of a question within minutes. This is the main way the company achieves its objectives and having hired more people recently helps them with the demand of new customers.

Ocado improves the personalization of their website by regularly analyzing their clients' search and purchase histories. They might see the things they've been investigating or taking into account thanks to web examination, which likewise assists them with understanding their buy propensities. Once they know what their customers' businesses need, they can come up with an up-selling and cross-selling plan to offer other products, accessories, and services. They can also advertise clearance and sales items as customer-specific promotions on their website.

Usability is essential for keeping visitors on a website. Make it easy for them to look up information, shop, and search for products online. Do provide a customer portal with quick access to account information, a wealth of educational content, and a user-friendly interface. Keep in mind that customers are probably viewing your website on a phone or tablet; consequently, you must also provide account information, navigation, and content via a responsive mobile site or native mobile app. If the information is clear and easy to find, customers will like you more (Sewell & Brown, 2012).

Offers a variety of service options

Not all Ocado's customers are the same. While some clients may prefer to shop online, others may still require assistance from customer service representatives to complete their purchase. By offering a variety of service and shopping options to meet everyone's needs, Ocado ensures that they meet all their customers' expectations.

'To appeal to younger professionals and other individuals who enjoy conducting research and making purchases online, create a self-service ecommerce site where customers can easily obtain all the information, they require with just a few mouse clicks. A self-service website ought to include pricing tailored to the customer, account information including order history and delivery status, access to reference materials, and punch out catalogue integration via an e-procurement system' (Sewell & Brown, 2012). Ocado has not only provided all but they made it easier in any possible way for their customers to make an order withing their site.

Participate in social media

Ocado has developed a very good connection with its customers through the social medial accounts in LinkedIn, Facebook, Twitter and YouTube. The company is being very active updating information and promotions there daily and making sure that this was they will stay as close as possible with their clients. In each social media they have hired customer service agents ready to answer an emergency question at any point. The feedback for the response clients gets is very good and that makes this company great by achieving

the most important part of an online grocery business- the availability of 24/7/ 365.

Now more than ever, it is smart business practice to be on social media; it is required. According to the Content Marketing Institute, social media is currently the second most efficient method for distributing back to back information. Advertise their products and services, share industry news and updates, and interact with customers by using social networking sites like Facebook, LinkedIn, and Twitter. Direct message chats on social media can help you build a personal relationship with your audience and show that you care about their concerns and feedback (Sewell & Brown, 2012).

Creates reward programs

Ocado has created a Smart Pass Membership to their loyal customers giving them free deliveries when making orders regularly. Big discounts and exclusive offers also apply if their customer holds the membership card.

Learn from customers

Businesses may be able to keep up with shifting customer demands and expectations by regularly soliciting their opinions and suggestions. Utilize social media platforms like Facebook and Twitter to solicit their suggestions; however, you must always respond and express gratitude for any suggestions, positive or negative. Send out customer surveys on a regular basis with specific questions about their product line, website operation, customer service, and other topics. After a customer has made a purchase, you should ask for a post-purchase review to get their opinion on the buying process (Sewell & Brown, 2012).

Ocado has a strong strategy for feedback from their customers. They have developed surveys all over their website and social medias in order to get their satisfaction level. As the company doesn't operate physically in a shop, the only way to get response from client is online. When someone is buying of a product from them they get the opportunity to describe whether they are happy with the product, or with the quality of service or even the quality of their customer service response where for most of the customers the speed is essential.

Earn their confidence by:

Among the many methods for gaining customers' trust are providing outstanding customer service and dependable goods. But trust goes beyond the basic products and services they provide; when deciding whether to remain loyal to the business and its brand, customers take into account all of their interactions with the company. They may inspire trust and dependability by providing a secure customer experience across all of their selling channels, not just online. You can provide your audience with access to content that is dependable and helpful by creating an online database of data about their products as well as industry trends, advancements, and regulations (Stringfellow, 2014).

To catch and keep their attention, Ocado publishes articles, blogs, and videos on a regular basis. They also often become a problem solver by comprehending their customers' issues and offering solutions. The company beliefs that if they put its customers first is more likely to gain their trust. Personalization is a great way to show customers that the company has taken the time to learn about them, and their needs.

Individualize interaction with customers

It is essential for Ocado to maintain customer satisfaction. They have established a personal connection with their customers in order to establish a reliable and long-lasting relationship with them. Customer loyalty grows, conversion rates go up, and sales go up as a result of personalization.

Marketers have developed segmentation strategies rather than creating an experience that is truly tailored because it makes sense that the path to personalization is difficult for some businesses (Stringfellow, 2014).

Ocado must consider the following steps if they want their brand to succeed and build lasting relationships with customers:

- Match their tone to the customer's personality. Some customers prefer in-depth conversations while others prefer brief ones. They can learn about their customers' personalities. Knowing how to speak with them and customize communications would be helpful.
- Make use of cutting-edge tools for interacting with customers Co-browsing and video chat are examples of live support tools that allow businesses to work with customers in real time and quickly identify issues. They might be able to offer customized, effective solutions right away. They can develop more amiable client relationships through direct contact.
- Be aware of the preferences of customers. Pay attention to their customers to find out what they need. Find out what they like to talk about and how they like to be addressed. Provide their customers with the option and permit them to opt out at any time. Knowing your customers' preferences helps personalize the experience and builds their trust in your company (Stringfellow, 2014).

PORTER'S FIVE FORCES

Threat from new entrants

The competition for Ocado keeps rising with new companies coming into the market. The company needs to cut the costs and create a good strategy to try keep their customers and gain new ones. The pricing strategy is the most important here because this is the customer's most important part when buying a product specially in these difficult financial times. If Ocado tries to make smaller profit from each customer compared to their rivals, their annual profit might still be bigger because of the many new clients that it will draw in time.

They need to innovate new products and services, to build capacities and spend money on development and research.

Purchaser bargaining strength

- When the quality of Ocado's products or their pricing is not good enough for their customers they can quickly move to the next company in the market and order from there. The power that the purchaser has is bigger than its sellers and that puts them into position to complaint and search for improvement. Especially if the client is regular one, companies like Ocado will always have to listen to them if they want to stay longer and successful into the business. Ocado can tackle buyers' strength by building a big number of clients. That will be helpful in two ways. It will decrease the bargaining power of the customers and it will give them an opportunity to rationalize its sales and process of production.

Supplier bargaining strength

Ocado's suppliers increase competition by intimidating the price of the goods or reducing their quality. Until 2020 Ocado was in partnership with Waitrose but then they ended it, and the company signed a partnership with Marks & Spencer's the same year in order to improve its financial statistics and provide 24/7 good quality service to its clients.

Threats of substitutes

Ocado can tackle this threat by being service not just product orientated, by understanding the needs of its customers and by boosting the switching cost for the clients.

Supplier Rivalry among existing competitions

- Ocado can tackle this force by building persistent distinction and cooperating with the competitors to enhance the market size instead than just concurrent for small market.

CONCLUSION

It has been concluded that external and internal factors have a high influence on the customer services. Every factor either internal or external can affect the organisational practices and procedures in a certain way. If the Ocado site is frequently unavailable or takes too long to open, it will be difficult to draw in clients who aren't even confident in the reliability of the company's services. When choosing a certain solution, it is crucial to comprehend the regular unscheduled downtime, comprehend the hosting requirements, and, if at all feasible, contact a trustworthy professional (Hamilton et al., 2021).

It has been evaluated that customer satisfaction is harder to measure than it seems. As an entrepreneur, they should always put the needs of their customers first. Client service is important, especially now that communication is so easy on social media. Keep in mind that a company can never do enough for its clients. It should always guarantee that they get the best deal (Sewell & Brown, 2012).

REFERENCES

Westgard, J., 2003. Internal quality control: planning and implementation strategies. *Annals of clinical biochemistry*, 40(6), pp. 593-611.

Sewell, C. and Brown, P.B. (2012) *Customers for life: How to turn that onetime buyer into a lifetime customer*. New York: Doubleday.

Stringfellow, K.J. (2014) *An analysis of why patients leave the emergency department prior to a provider evaluation*.

Hamilton, S., Charalambous, B. and Wyeth, G. (2021) *Improving water supply networks: Fit for purpose strategies and technologies*. London, UK: IWA Publishing.