



 ITALIAN CHOPPED
TOMATOES

Ocado own brand

4.4 Own Brand – Food

For publication

Ocado

© **jones knowles ritchie** 2013

July 2013

Before



Executive summary

In 2010, Ocado began to offer 600 lines under their own brand. Although the first year's performance was satisfactory, the business aspired to do better and set themselves a target of 75% of baskets to contain Ocado own brand.

Since introducing a new packaging design in November 2011, significant improvements in brand perception, basket penetration and sales have been recorded while price relativity, marketing support and quality standards have remained comparable.

Customers say the new design elevates their perception of the Ocado standard-tier products and that they now recognise the quality and value for money that they represent.

Currently, 84% of baskets contain Ocado own brand and while the business turnover has grown by a quarter, sales of their own brand have more than doubled.

This turnaround represents a return of £129 profit for every £1 invested in design.

Project overview

Business objectives:

- To establish Ocado as a credible grocery brand.
- To get 75% of customer baskets to contain Ocado own brand.

Marketing objectives:

- To use own brand to drive customer affinity for Ocado.

Design objectives:

- Create an eye-catching, aspirational design that customers want to buy.
- Create a design system that is easily implemented at parity cost to its predecessor.

Description

Founded in 2000, Ocado is a hi-tech, online grocery shopping service that delivers food, drink and domestic goods directly into a customer's home. Sales are on target to exceed £800m in 2013.

In addition to stocking a large number of manufacturer brands, for 9 years Ocado was the exclusive online / home delivery service for Waitrose. However, in 2009, Waitrose decided to launch a rival service.

In 2010, Ocado launched their own brand in a functional design. Since November 2011 a new design, created by jkr, has been applied to all Ocado own brand products.

Overview of the market

In 2012, the online purchasing and delivery of grocery products accounted for less than £6bn of £163bn British grocery sales, but the channel is growing at about four times the rate of the grocery market as a whole. Ocado currently takes 14% of online groceries.

Project launch date: November 2011

Size of design budget: Confidential



Outline of design solution

Unlike other grocers, Ocado's products are only ordered online, then delivered straight to the door. The brand is in a unique position that means the conventions of self-selection at the shelf need not apply.

The original design failed to inspire customers because it followed the tired template of logo – product name – generic image. We saw the opportunity for the design to be bold, decorative and simple, to give shoppers the confidence to choose Ocado products in preference to branded and Waitrose own brand products alike.

The design uses the Ocado swirl to create patterns of bright colours to identify and unify a diverse range of products. Each design uses one big swirl to hold the product information and a smaller swirl in an accent colour to aid navigation and evoke a specific quality of the product. The salad pack for example, has a small blue swirl to suggest water and infer freshness.

This system means the individual packs are not limited to a single design lock-up, allowing for endless combinations of pattern and colour.

Without the need for food photography, the new design also meets the need for low cost and rapid implementation for the busy in-house design team.



The results

Sales increase

Since launching the new livery in November 2011, Ocado own brand products have grown almost ten times as fast as the business as a whole.

This enhanced growth is being driven both by the recruitment of new customers and by customers purchasing more items per basket and/or items of greater average value.

Penetration

In the launch design half of customer baskets contained Ocado product.

With the new design the comparable figure jumped to 79% in 2012 and 84% in 2013.

Brand affinity

Building brand affinity was one of the marketing objectives for the redesign. Its reception has been overwhelmingly positive:

Customer feedback posted on the Ocado website:

- 'I love the boldness of colours of the design.'*
- 'Makes the Ocado own-range distinct – on site and in the home.'*
- 'I love the simplicity of the design.'*
- 'It makes it easy to see on the website.'*
- 'I find identification of similar products easy on return shopping.'*



On Facebook:

- ' I love the simplicity of the design of the canned foods.'*
- ' I like Ocado no-nonsense packaging.'*
- ' Like the packaging, like the colours, like the food in it.'*

On the doorstep:

- ' Customers tell us on the doorstep that they love the bright colours and simplicity of the design.'*

Customer Service Team Driver

In head office:

- ' Ocado own-label is an exciting and important venture for us. The packaging needs to work hard, not just to reflect the simple, honest quality of the produce, but to stand-out on the website and in our customer's cupboards and fridges. Well, it ticks all the boxes – I'm thrilled with it.'*

Jason Gissing, Co-Founder & Commercial Director, Ocado

- ' jkr were handed an almost impossible brief – create a beautiful yet simple design for our own range without having control over the actual packaging material. The end result is an iconic design system that can only be from Ocado. The combination of our new colour palette and the pattern made from the Ocado swirl is a solution that has not only taken pride of place on our own range but across other branding activity as well.'*

Tony Rivenell, Head of Product, Ocado

- ' The new Ocado own brand design has given more customers the confidence to buy our own brand products, which are all good quality, sensibly priced and responsibly sourced.'*

Alison Rhodes, Head of Own Range, Ocado

- ' It was a potentially tricky brief; an identifiable, original, proprietary Ocado label, on a huge variety of grocery products from shower cleaner to fish – with no illustrations or photography.'*

The result is bright and confident, simple in design and execution, and undeniably Ocado, which is fantastic for our affinity. It's proved immediately popular with our customers and the business.'

Kristian Brughts, Head of Brand, Ocado



Return on Investment

In the absence of any significant specific marketing activity behind Ocado own brand, incremental like-for-like growth, i.e above the underlying performance of the business as a whole, can only be attributed to the impression made upon shoppers by the new design.

This incremental increase in sales over the growth in the total Ocado business produced a profit of £129 for every £1 invested in the re-design.

Other influencing factors

These results have been achieved with no own brand specific advertising or marketing activity, simply by presenting the design on screen and offering individual product price promotions and inclusion in the Ocado Low Price Promise, as for their previous design.

On the contrary, the number of other SKUs competing for attention with Ocado own brand on their website has increased by 33%, from 21,000 to 28,000. In the absence of the redesign it is quite possible that the Ocado own brand share of sales would have been diluted as a result.

Research sources

All data supplied by Ocado.

Grocery market and online shopping data from the Institute of Grocery Distribution (IGD).

