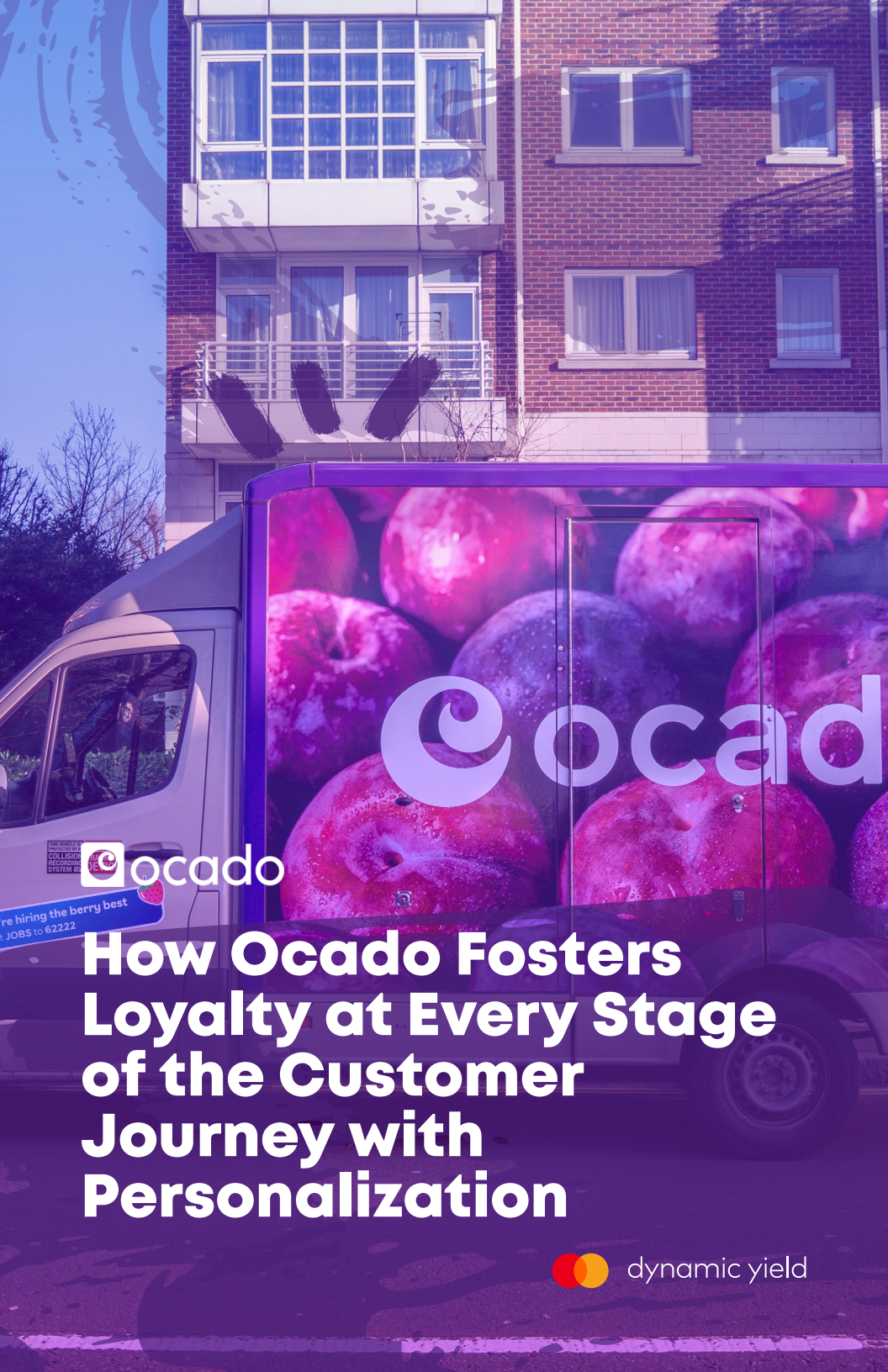

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How Ocado Fosters Loyalty at Every Stage of the Customer Journey with Personalization

dynamic yield

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See how the world's largest online grocery store created meaningful impact with testing to drive customer engagement at every stage, resulting in a +13.5% uplift in subscriptions.

Summary

Ocado is the world's largest online supermarket, delivering groceries to about 80% of the UK. With nearly one million active users as the UK's first rapid-delivery service operating out of seven distribution centers, it believes that innovation is the key to creating a swift, seamless shopping experience for customers.

To optimize the customer journey and drive loyalty, Ocado partnered with Conversio, a data-led optimization agency and a long-time partner of Dynamic Yield. In a period of eighteen months, Conversio has worked with Ocado to implement, strategize, and deliver its first personalization program aimed at encouraging customers through the funnel, from the first shop to loyal subscriber. Their data-driven strategy tests small website changes to determine the most effective experience and offers for every stage of the customer journey. Ocado and Conversio have proved that small, continuous improvements yield significant results and uplifts for core business KPIs, including a +13.5% increase in subscriptions to Smart Pass, Ocado's delivery membership program.

Results

+55%

uplift in add-to-cart rate by testing a more prominent placement of buy-in-bulk offers on the product listing page

+6.7%

uplift in conversion rate powered by multi-buy recommendations at check-out

+13.5%

increase in subscription sign-ups for Smart Pass with a promotional banner displayed to repeat shoppers

The core of what personalization is for us, it is just getting to the heart of those important customer segments, giving them a message that resonates with them the best in that time. With Dynamic Yield this concept becomes a reality.

Matthew Wilson, Digital Development Manager at Ocado Retail

Working with Ocado has been an incredible experience, especially seeing the positive shifts in customer behaviour that we've been able to achieve through our experimentation and personalisation efforts. At Conversio, we value the power of research and data-driven insights, which, combined with the capabilities of our partner Dynamic Yield, have allowed us to deliver exceptional customer experiences at exactly the right time.

Paul Wilkins, Co-founder & Director of Strategy at Conversio

Challenge

Ocado knows better than anyone that grocery shopping is, well, kind of a chore. That means an easy, empathetic, and time-saving shopping experience isn't just nice to provide — it's essential for creating repeat business. When evaluating its customer lifecycle, Ocado realized there are three main groups of shoppers that reflect key stages of their customer journey:

- First-time shoppers
- Fifth-time and up shoppers
- Smart Pass subscription shoppers

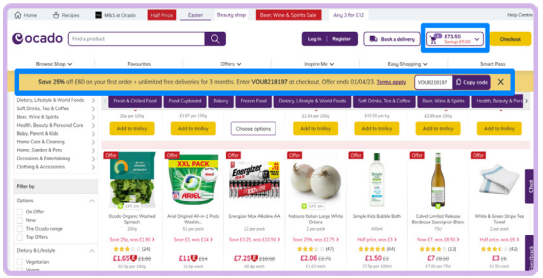
Ocado's goal through testing and personalization was to identify small, yet critical site changes that optimize the experience for each of these groups to create more effortless and meaningful shopping experiences, which the company hypothesized would drive loyalty over time and result in increased Smart Pass subscriptions.

Execution

Identifying first-time shoppers and streamlining their product discovery

Ocado knows that a customer's first shopping experience is likely the longest and hardest. But rather than try to simplify the experience too early — after all, at this stage it is impossible to know what types of products a customer truly prefers — Ocado's goal is to instead demonstrate the impressive breadth of products they offer. Ocado has a product catalog totalling over 50,000, and they have realized that this is critical information for first-time shoppers.

Therefore, the total product listing page for shoppers is ungated, allowing new customers to freely browse all available products and build a cart before they are asked to create a mandatory account.



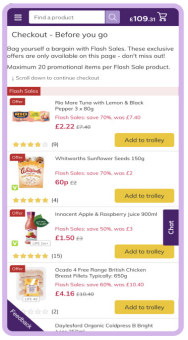
A first-time shopper sees the above homepage experience. They are able to browse all products and build a cart before creating a mandatory account. A promotional offer for first orders appears in the top banner, with the personalized amount displayed at the cart.

For first-time visitors, the Ocado product listing page looks like the above, showcasing a wide range of products and promoting an exclusive first-time discount banner at the top of the page. Personalized messaging in the cart shows the visitor the amount of money saved based on the current cart total.

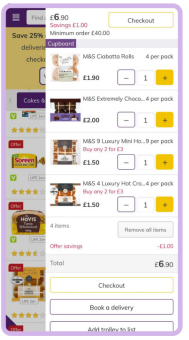
Notice that this experience is mostly unguided, allowing first-time shoppers to fully explore the product catalog. This experience yielded a +5.7% uplift in the add to cart rate.

Personalizing the checkout flow for first-time shoppers versus returning shoppers

Ocado hypothesized that while returning shoppers might be amenable to reminders, flash discounts, and exclusive offers before finalizing their cart, new shoppers might prefer a cleaner and less distracting checkout experience. During the checkout flow, returning users see a “Before you go page” before they proceed to payment. Ocado wanted to test a if a cleaner experience would perform better for first-time shoppers. They removed the “Before you go” page, like so:



Here, Ocado’s flash sales on select products appeared in one convenient page right before the shopper proceeded to check out. This experience appeared only to returning visitors.



First-time shoppers proceeded directly to the checkout page without diverting to an exclusive offer page.

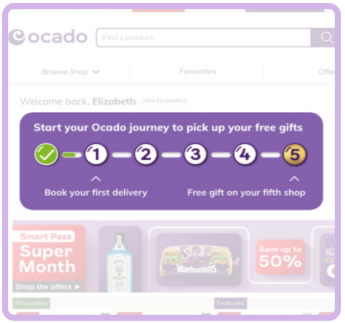
When the “Before you go” page was hidden for first-time shoppers, Ocado saw a +1.4% uplift in conversion rates, proving their hypothesis that customers prefer fewer distractions when placing their very first order.

Encouraging shoppers to reach the fifth purchase with personalized exclusive offers

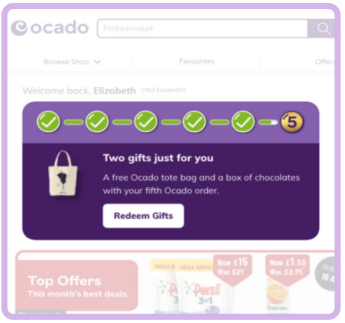
By looking at returning shopper data, Ocado realized that a key milestone in the customer journey is the fifth-time purchase. Shoppers who complete five orders with Ocado are much more likely to give long-term repeat business, and they are strong candidates for conversion to Ocado’s subscription service, Smart Pass.

Ocado is using Dynamic Yield to segment customers who have completed more than one order but less than five. This group is shown tailored messaging and exclusive offers based on their history, with the goal to incentivize them to complete their fifth shopping trip.

The experience contains an element of gamification in order to make grocery shopping feel more fun. Ocado displays a marker to indicate the customer’s progress towards the goal, tailored by the individual’s history, as shown here:

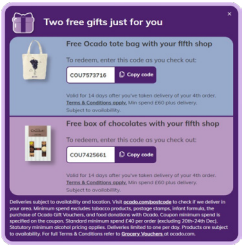


This returning shopper has completed one online order, as indicated by the personalized tracker that shows how many purchases are left to receive a reward.



This returning shopper is eligible to redeem their rewards with the completion of this trip, as indicated by the accompanying CTA showing a free tote bag.

Additionally, Ocado further segments this group to display final incentivizing offers to shoppers who have already completed four trips. This sub-group is shown exclusive rewards that can be unlocked with their fifth purchase. The concept was inspired by the coffee shop “loyalty punch card” — only in this case, Ocado offers gifts such as free tote bags or chocolate.

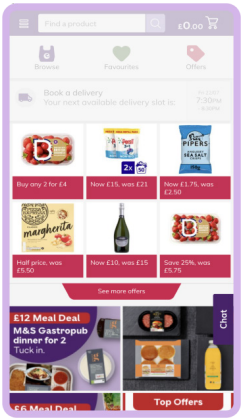


Dynamic Yield's audience segmentation capability allows experiences like this one to be shown to the right group of people at precisely the right time. Here, customers who have completed less than five shopping trips are educated on the unique rewards that come from completing their fifth purchase.

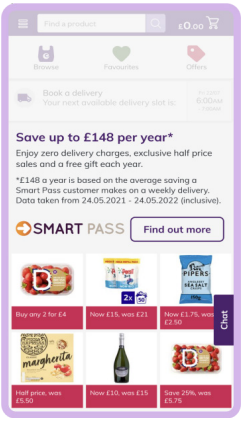
By displaying the progress marker and educational pop-ups to customers between their first and fifth purchase, Ocado intends to convert more shoppers to this fifth-time milestone.

Educating loyal shoppers to increase Smart Pass subscription rates

Once a customer has completed repeat trips, it makes sense to show them the benefits of Smart Pass, Ocado's subscription service that offers free delivery and exclusive prices. Smart Pass subscribers are more likely to become true brand advocates and incorporate Ocado into their routines, so Ocado deployed site experiences to educate customers on the benefits and raise awareness of the program.



Smart Pass customer experience



Non-Smart Pass customer experience

See above, the difference in the homepage experience for a returning customer who is not subscribed to Smart Pass, versus an existing Smart Pass subscriber.

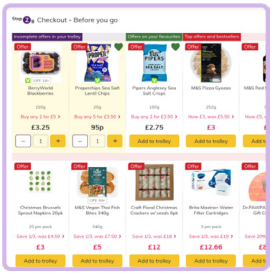
With a simple overlay message to promote the subscription service to non-Smart Pass customers with five or more completed shopping trips, Ocado achieved a significant **+13.5% increase in subscription rate.**

With this particular success, the Ocado team is eager to ramp up their tactics and build out additional targeted experiences for more nuanced customer segments, testing personalized messaging relevant to these groups. The Smart Pass experience is a win-win for both customers and the business, as it offers long-term advocacy benefits while genuinely saving customers money.

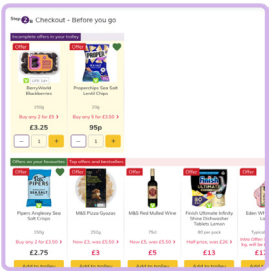
In the future, a bigger emphasis on the brand and the individual

With the successful optimization of the key customer funnel stages under its belt, Ocado wants to focus next on better understanding individual customer behaviors to create even more seamless experiences centered around brand interaction.

One example, and one of the company's newest tests, is the rearrangement of the product listing page to target regular shoppers with "multi-buy" product recommendations, displaying products that qualify for particular savings if purchased in bulk. The Ocado team realized that a customer pain point is the visibility of its cost-saving offers, so they ran a placement test to increase that visibility.



Control



Variation

In the control, products that qualify for a "multi-buy" promotion if bought in bulk appear in the same line with other products. In the test, these products appear in their own row to create more visibility.

When showing the variation, customers were **55% more likely** to add the recommended items to their basket, which in turn yielded a **+6.7% uplift** in conversion rate.

The team started with a customer insight, came up with a simple solution, validated their hypothesis, and now plans to iterate on the test to further improve the user experience. Working with Conversio, Ocado plans to embrace this data-driven process over the next year to test many more areas and experiences on the site, drilling down in particular on important brand interaction moments such as booking a delivery slot and creating a new account.

Key Takeaway

In order to improve customer retention and create a better shopping experience, Ocado identified these three insights:

First, it is important to understand customer data beyond the initial purchase. For example, Ocado realized that the fifth-time purchase was more important than the first shopping experience. Once these key insights and areas are identified, the team can feel empowered to test and provide more value that resonates with their audience group.

Second, complexity doesn't necessarily mean "better." A simple tweak on the website can be incredibly impactful to the customer experience, and sometimes less is more — such as the case of removing promotional offers for first-time shoppers in the checkout process. Overcomplication can sometimes create more confusion and dissatisfaction, so simplification is key to reach customer needs as quickly as possible.

Finally, creativity is key to maintaining customers' engagement and attention while keeping their grocery shopping experience as effortless as possible. This involves breaking down shopping experiences into smaller brand interactions, iterating on existing experiences, and changing customer perceptions of the brand.

By focusing on these key takeaways, businesses can create a customer experience that stands out in a crowded market, increase customer loyalty and retention, and ultimately drive growth.

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Dynamic Yield helps companies quickly deliver and test personalized, optimized, and synchronized digital customer interactions. Marketing, Product, Development, and Digital teams from more than 400 global brands are using Dynamic Yield's Experience Optimization platform as the technology layer that works alongside existing CMS, Commerce, and ESP solutions to iterate faster and algorithmically match content, products, and offers to each individual for the acecleration of long-term business value.

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