

Strategy: addressing the market, preparing for the

We continuously focus on improving the service we offer our customers. In doing this we focus on three key elements: product, price and service. Combined efficiently, these elements are drawing new customers to Ocado.

› Activity in 2011

Priorities	Key achievements	KPIs
<p>Customer Offer</p> <p>Range, price and freshness</p> <p>We aim to provide a wider range than traditional store-based channels, with a price competitive offer and superior freshness with product life guarantee.</p>	<ul style="list-style-type: none"> › Rolled out own label range › Introduced specialist ranges › Launched Ocado Saving Pass › Tesco price match c.7,000 SKUs (at end of 2011) › Significant work with suppliers and substantially increased number of promotions 	<ul style="list-style-type: none"> › At year end stocked c.20,000 SKUs, including over 600 Ocado own label SKUs
<p>Service and usability</p> <p>We aim to provide market-leading levels of service, availability, accuracy and ease of use for our customers.</p>	<ul style="list-style-type: none"> › Completed roll out of the latest version of our Webshop › Launched apps on BlackBerry, Windows Phone 7 › Introduced a number of new customer features 	<ul style="list-style-type: none"> › Faster shopping times › 18% of check outs on a mobile app by year end (20% by January 2012) › Orders delivered as ordered 98.3% › Deliveries on time or early 92.3%
<p>Operational & Capacity</p> <p>CFC1</p> <p>We continue to invest in greater capacity at our existing Hatfield CFC. We implemented a series of changes in 2011 to enhance the future capacity and efficiency of CFC1, while impacting on short-term operations.</p>	<ul style="list-style-type: none"> › Added significant MHE › Added c.5km of conveyor and new smart control software › Introduced new ambient zone pick with latest generation conveyor 	<ul style="list-style-type: none"> › CFC1 efficiency at 111 units per hour; vs long-term target of 180 › Average orders per week over 110,000, peaking at over 131,000
<p>CFC2</p> <p>Our new CFC development in Dordon, Warwickshire planned to open in early 2013.</p>	<ul style="list-style-type: none"> › Significant progress at Dordon with building, services and ancillary infrastructure largely complete and MHE installation started 	
<p>Spokes</p> <p>The majority of orders are relayed from CFC1 to spoke sites for onward delivery to customers.</p>	<ul style="list-style-type: none"> › Bristol and Wimbledon spokes opened during period, Oxford spoke opened in Q1 2012 	<ul style="list-style-type: none"> › London area capacity increased by 17,000 orders per week with Wimbledon spoke opening
<p>Van fleet</p> <p>Our customer service team members deliver direct to customers' kitchens using our fleet of bespoke vans.</p>	<ul style="list-style-type: none"> › Tracking and routing technology upgraded 	<ul style="list-style-type: none"> › Deliveries per van per week increased to 145 (peaking at 165), vs long-term target of 175

future and driving efficiency

Simultaneously, we are investing in our infrastructure to service this growth and driving efficiency throughout the delivery cycle. We have set out the key initiatives from the past year, and the key priorities for the year ahead. We would also refer you to the risks section on pages 18 to 23 in looking at these initiatives.

› Our priorities for 2012

Key initiatives	Effect on KPIs	Execution risks
<ul style="list-style-type: none"> › Further develop own label range › Introduce more specialty food lines › Increase promotional activity › Expand non-food lines 	<ul style="list-style-type: none"> › Significantly increase the number of SKUs stocked by end of 2012 	<ul style="list-style-type: none"> › Expected capacity increases from new MHE may come on line more slowly than anticipated › Disruptive price moves by competition could impact margin
<ul style="list-style-type: none"> › Continued use of technology and innovation to improve the customer offer and service levels 	<ul style="list-style-type: none"> › Improvement in % of orders delivered as ordered › Improvement in % of deliveries on time or early 	<ul style="list-style-type: none"> › Unforeseen operational challenges occur as we increase capacity at CFC I
<ul style="list-style-type: none"> › Start operation of new MHE installed in 2011 › Remove the remaining inefficient trolley pick operation 	<ul style="list-style-type: none"> › Improvements to CFC efficiency, and together with other CFC improvements, will drive KPI efficiencies, order and delivery service levels 	<ul style="list-style-type: none"> › MHE implementation is delayed › Unforeseen operational challenges occur as we increase capacity at CFC I
<ul style="list-style-type: none"> › Complete all work with testing and commissioning commencing mid 2012, ready to go live Q1 2013 		<ul style="list-style-type: none"> › Testing and commissioning schedule delayed
<ul style="list-style-type: none"> › Maximise throughput at each spoke with increased CFC capacity 	<ul style="list-style-type: none"> › Delivery KPIs improve 	<ul style="list-style-type: none"> › Current spokes become capacity constrained
<ul style="list-style-type: none"> › Expand van fleet as capacity increases 	<ul style="list-style-type: none"> › Delivery KPIs improve 	<ul style="list-style-type: none"> › Legislative and environmental factors impact on the mode of operations › Unforeseen impact of Olympic Games

Strategy: addressing the market

OUR PERFORMANCE

ABOUT OCADO

OUR RESPONSIBILITIES

OUR FINANCIALS