Ocado

Estimated UK e-commerce retail value
($ billion, 2021) 2.6

Headquarters
UK

Number of employees
–

Type of ownership
50:50 joint venture between Marks & Spencer and Ocado Group

Score 0.5/10

Governance (12.5%)
0.0

Nutrient profiling - defining ‘healthy’ products (10%)
0.0

Product formulation (20%)
0.0

In-store promotion, pricing and placement (27.5%)
0.3

Media and on-pack advertising (7.5%)
1.1

Accessibility of nutritional information and labelling (10%)
2.5

Engagement with stakeholders and policymakers (5%)
1.9

Infant and young child nutrition (7.5%)
0.0

(%) Weight of a topic

Commitment
0.2

Performance
1.0

Disclosure
0.3

The bar graph to the left shows company scores across the eight Index Topics and scores are shown for each Topic. The circles provide an alternate view on the company’s overall results, showing the score per indicator type.

Note: Ocado’s business model is unique among the retailers, as it is the delivery partner for one of the other major chains: from 2002 to August 2020, Waitrose products were delivered by Ocado, but in 2019 Marks & Spencer bought a 50% share in Ocado Retail, so it is now jointly owned by Ocado Group and M&S – and since September 2020 it is M&S own-brand products, not Waitrose own-brand products, that are sold by Ocado.
Scores and ranks

- Ocado has not submitted data to the Access to Nutrition Initiative for this Index and so only publicly available data was used to carry out the company assessment.

- Ocado ranks last in the UK Retailer Index with a score of 0.5 out of 10 (the average across all retailers is 3.3), highlighting the need for continued progress towards achieving nutrition commitments amongst UK retailers.

- Ocado achieves its best score in Accessibility of nutrition information and labelling with a score of 2.5 out of 10. Some reporting was found relating to Media and on-pack advertising and Engagement with stakeholders and policymakers. Limited information or no information was found on the other Topics.

- Ocado's reporting on its contribution to improving the diets and health of its customers in the UK is among the most limited of the 11 retailers assessed. The company is urged to substantially improve its disclosure, which will aid stakeholders (including investors, policymakers and customers) to gain a better understanding of the extent to which the company is addressing the business risks and opportunities associated with the high and rising levels of obesity and diet-related diseases across the UK.

Governance

- No mention was found in the public domain of an Ocado nutrition strategy and/or targets.

Areas of improvement

- Ocado is encouraged to integrate nutrition considerations into its commercial business functions by developing a specific strategy, objectives and activities to improve access to and affordability of healthy foods, and to address malnutrition in all its forms, with a specific focus on helping customers to reach the UK dietary guidelines.

- Ocado is advised to develop a comprehensive multi-year plan for delivery of this nutrition strategy, applicable across the whole company.

- Ocado is encouraged to improve transparency of its approach to nutrition through public disclosure of its strategy, targets and objectives, and the plan to deliver on these.

- Ocado is encouraged to establish leadership and accountability for nutrition and health at executive and board level, ensuring that nutrition and health are prioritised.
Ocado is encouraged to reference business risks explicitly linked to rising rates of obesity and diet-related diseases in a publicly available risk register.

Ocado should set clear and timebound targets to increase sales of healthy products and/or decrease sales from less healthy products, and to increase sales of fruit and vegetables – and publish these targets and report on the achievements of those targets (including achievements relative to other products).

There is significant scope for Ocado to improve transparency by providing reporting for the last financial year on:
- the percentage of products in its portfolio that are healthy;
- the percentage of sales generated by healthy products with respect to its overall sales;
- the percentage of sales generated by fruit and vegetables;
- the ratio of sales growth of healthy products versus overall sales growth; and
- the ratio of sales growth on fruit and vegetables versus overall sales growth.

It is not clear whether the percentage of sales volumes of soft drinks (both own-brand and manufacturer-brand) subject to the Soft Drinks Industry Levy (SDIL), decreased or not in the last financial year. Ocado is encouraged to report publicly on the percentage of sales volume and value of soft drinks that are subject to the SDIL.

Ocado should aim to use independent research to deliver on its nutrition strategy, specifically addressing the nutrition needs of priority population groups at higher risk of diet-related disease or food insecurity.

Nutrient profiling - defining ‘healthy’ products

Ocado does not publish any information about the use of a nutrient profiling model (NPM) or criteria to measure the nutritional quality of products.

Areas of improvement

- Ocado is encouraged to start using nutrition criteria and specifically to adopt the Food Standards Agency (FSA) 2004/5 NPM to guide decisions on the healthiness of its portfolio, applying it to all products and product categories within both manufacturer-branded and own-brand products.
- Ocado is encouraged to disclose its NPM in full on its website, including scores, criteria and where and how it is applied.
- Ocado is advised to use the FSA 2004/5 NPM to inform its efforts to develop new healthy products and reformulate existing products to make them healthier, as well as to guide decisions on the pricing, positioning, promotion, marketing and labelling of healthy products.
Product formulation

- Ocado does not publish any information about product (re)formulation.

Areas of improvement

- Ocado should develop clear and timebound targets with a baseline (as a minimum, aligning with the government’s latest voluntary targets on salt, sugar and calories) and track progress on commitments to decrease levels of negative nutrients (salt, sugar and calories, and saturated fats and industrial trans fatty acids (iTFAs)) and increase levels of positive nutrients and food components (fruit, vegetables and wholegrains) in own-brand products.
- Ocado should develop standardised reporting frameworks for tracking progress on product (re)formulation efforts, including the percentage change in positive food components as well as negative nutrients added to or removed from products, and report regularly and comprehensively both online and in annual reporting.
- Ocado is advised to make a commitment to offer smaller-sized portions on products that do not meet the company’s healthy standards as defined by the FSA 2004/5 NPM.
- Ocado is encouraged to engage in dialogue with brand manufacturers to increase the healthiness of products sold through its platforms, and publicly disclose commentary on these efforts.

In-store promotion, pricing and placement

- The Ocado Retailer Sustainability Page states, a commitment to the wellbeing of customers is made by having at least 400 fruit and vegetables ranges ‘on special’ every month.

Areas of improvement

- Ocado is encouraged to make a commitment to address the affordability of healthy products (with specific reference to low-income groups) and to provide evidence of the impact of this being carried out.
- Ocado is advised to introduce a ‘price promise’ that the healthier option is never more expensive than the less healthy option.
- Ocado is encouraged to commit to stocking healthier variants for all products and with as many facings as the original products, as well as increasing the number/percentage of healthy products in the most prominent online locations (e.g., the online equivalents of store entrances, aisle ends, checkouts etc.) compared to less healthy products.

- Ocado could commit to and show evidence of using pricing and price-based promotions to drive sales of healthy products including fruit and vegetables and wholegrain varieties of products.

- Ocado is encouraged to use marketing, promotional techniques and/or volume-based promotions to drive the sale of healthy products.

- Ocado is encouraged to use the FSA 2004/5 NPM to drive its online product positioning and promotions, and to publish information about how it guides product positioning of both own-brand and manufacturer-brand products (including products produced by M&S and sold via Ocado).

- Ocado should be transparent on progress against targets and the impact of promotions, trials and campaigns, including regularly reporting on targets for the proportion of promotions for healthier products and providing data on the impact this has on prices and sales.

- Ocado’s website indicates that it partners with Vitality insurance on a reward mechanism to incentivise the sale of healthy products. However, this scheme is only available to Ocado customers who have purchased health or life insurance with Vitality. The company is advised to use loyalty schemes to encourage healthier purchases by all its customers.

- Ocado is encouraged to commit to not to run any online promotional campaigns/activities directed at children that involve any HFSS products.

Media and on-pack advertising

- Ocado has not published a responsible marketing/advertising policy for all consumers including children.

- Ocado, along with the other retailers, provides evidence of sponsoring initiatives promoting children and/or adults’ healthy eating. Ocado is one of the retailers on the Child Food Poverty Task Force of the #EndChildFoodPoverty campaign started by British football player Marcus Rashford during the COVID-19 pandemic, and also sponsored the 2018 Young Pea Chef of the Year, a nationwide competition that challenged schoolchildren at both primary and secondary level to invent a recipe using peas (over 200 children entered the competition and over 2,000 people voted to choose the winning three entries).
Areas of improvement

- Ocado is strongly encouraged to develop and publish a clearly articulated responsible marketing/advertising policy, covering all consumers including children (defined as being those aged under 18), including all marketing communication channels, and is applied to all products and across the website. This could be done through alignment with M&S, with which Ocado is partnered, which does have a responsible marketing policy.

- Ocado is advised to go beyond the UK Code of Broadcast Advertising (BCAP Code) by committing not to advertise HFSS products at all, on any forms of media on which it markets to children.

- Ocado should publicly commit to go beyond the UK Code of Non-Broadcast Advertising and Direct & Promotional Marketing (CAP Code) by committing not to use child-oriented characters on HFSS products, either on pack or online.

- Ocado is encouraged to commit to market its products using appropriate portions, as specified in products’ on-pack nutritional information.

- Ocado is encouraged to commit not to sponsor materials, people or activities popular with children and/or adults unless in conjunction with healthy products or products low in sugar/calories/salt/fat.

- Ocado is encouraged to report on the impact of the initiatives it sponsors.

- Ocado is encouraged to commit to increasing the proportion of advertising spend on healthy products relative to overall advertising spend and publish a commentary outlining the changes to the company’s advertising spending in support of healthier eating.

Accessibility of nutrition information and labelling

- Ocado displays front-of-pack (FOP) and back-of-pack (BOP) labels for some online products but no evidence was found to confirm whether this applies to all products sold by the retailer.

- Ocado uses traffic-light labelling on some own-brand products but did not provide accompanying explanatory information, and the traffic-light information does not seem to be included in the nutrition information provided for own-brand products on the company’s website.

- Ocado’s website includes a filter for soft drinks that are exempt from what the company describes as the ‘Soft Drinks Sugar [i.e., Industry] Levy’.

Areas of improvement

- To improve the quality of accessibility of nutrition information and labelling, Ocado is encouraged to use colour-coded labelling on the front-of-pack of all its own-brand products, fully applying guidance from the Institute of Grocery Distribution (IGD) on ‘gold standard’ labels.
- Ocado is encouraged to publish its position on FOP labelling and disclose the percentage of its portfolio that is compliant with this approach to FOP labelling and accessibility of nutritional information online.

- To make online nutrition information as accessible as possible, Ocado is advised to display BOP and FOP labels in tabular format alongside the product's online picture. Currently, FOP information is shown online in the second image for some products and only BOP information is displayed underneath the product image, below an advertisement banner, but it is unclear whether this is for all products. Clearer labelling could also be combined with the use of nutrient-based filters such as for low-salt or low-sugar products.

- Ocado is specifically encouraged to set a clear, comprehensive, and publicly available shared policy with its partner M&S for the display of BOP and FOP nutrition information of M&S products through the Ocado platform.

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**Engagement with stakeholders and policymakers**

- Ocado has an Anti-Bribery Statement, setting out a ‘zero tolerance approach to bribery and corruption’. The company's Code of Conduct also outlines its policy for gifts and hospitality.

- Ocado is listed on the Veg Power website as one of the supporters of this national campaign.

- On the Ocado Retail Sustainability Page, the company states ‘we will be reviewing and inputting into the government inquiries and consultations as the Obesity Strategy plan unfolds’.

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**Areas of improvement**

- Ocado should publish a clear and comprehensive lobbying policy or code of conduct in line with the Responsible Lobbying Framework, in which it commits to:
  - only engage with government, political parties, policymakers and policymaking bodies in support of measures to improve health and nutrition, aligned with public-health interest as identified by government;
  - only engage in lobbying activities that support an evidence-based approach to policymaking, with the emphasis on independent, peer-reviewed science; and
  - ensure that its lobbying activities respect UK public policy frameworks and standards.

- Ocado is encouraged to participate in more initiatives that are working towards addressing the UK’s nutrition challenges.
- Ocado is encouraged to disclose its policy position on government consultations on issues relating to nutrition or with relevance for supermarkets, explicitly whether it would welcome (or not oppose) regulatory measures to address diet-related health issues in the UK. Ocado provides a statement on reviewing and inputting into the government inquiries and consultation, stating: ‘We believe there is a need to improve the information available on public health. We will be reviewing and inputting into the government inquiries and consultations as the Obesity Strategy plan unfolds’, but any such submissions to date are not linked to the Ocado website.

- It is recommended that Ocado strengthens its transparency on lobbying practices by disclosing a comprehensive list of its memberships of industry and trade associations and its lobbying positions on key nutrition topics – currently, Ocado’s Annual Report 2020 simply states that it is a member of ‘the British Retail Consortium and other trade associations’.

- Ocado is also encouraged to engage with stakeholders (including nutrition experts) in developing its nutrition policies/programmes and to disclose the consequences of this engagement for company strategy.

**Infant and young child nutrition**

- It was not confirmed at engagement phase for this Index whether Ocado manufactures breast-milk substitutes (BMS: infant and follow-on formula and growing-up milk, also known as toddler milk) or complementary foods for infants and young children under three years. However, the company does sell both BMS and complementary foods, and Ocado has not published any policies in this area.

**Areas of improvement**

- Ocado should put policies and procedures in place that comply with the World Health Organization’s (WHO) International Code on the Marketing of Breast-milk Substitutes and subsequent World Health Assembly resolutions, which also provide guidance on the marketing of complementary foods, going beyond national regulations covering the marketing of infant and follow-on formula (which include only the advertising, point-of-sale promotions and labelling of infant formula, and include some labelling requirements for follow-on formula).

- Ocado is advised to follow WHO guidance in restricting the marketing of all snacks high in sugar, sweets/confectionery, fruit drinks and juices, and sweetened milk to infants and young children under three years of age.

- In particular, Ocado Retail is a joint venture with M&S, and it was confirmed to ATNI at engagement phase that M&S does not manufacture or sell infant and young child nutrition products. However, the Ocado website was found to describe M&S’s Taste Buds range of foods for children aged 4–10 as being ‘specially made with your toddler in mind’. ‘Toddlers’ are generally children aged 1–3 years, so Ocado is urged to take particular caution in ensuring that the Taste Buds product range is not inappropriately marketed for a younger age group for whom the products are not intended.
General disclaimer

This company scorecard has been based on research carried out by ATNI based on publicly available data and company engagement between March and August 2021. Any action taken by the retailer after 29 August 2021 has, therefore, not been included in the scoring. The findings of this Index regarding retailers’ performance rely to a large extent on information shared by the companies themselves, additional to information available on the company’s website. Several factors beyond the retailers' control (such as the COVID-19 pandemic) may have impacted their capacity to collate and share the information (publicly or directly with ATNI) that is needed for this Index. Particularly where retailers have been involved in only limited or no engagement, this Index may not represent the full extent of these companies' efforts.

As a multistakeholder, collaborative project, the findings, interpretations and conclusions expressed in the report may not necessarily reflect the views of the retailers, of members of the different stakeholder groups consulted for this research (including the Expert Group, industry associations and investors) or the organisations they represent, or of the funders of the project.

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