Ocado blames driver shortages for sales slowdown

Online grocer says lack of delivery drivers in some locations has hit growth in the three months to 3 December

Ocado has been forced to increase pay for its delivery drivers after a shortage of 5 recruits hit sales at the online grocer. The company said it had put up pay by mid single digits in London and the south-east as it struggled to find new drivers to meet growing demand in these areas.

Duncan Tatton-Brown, chief financial officer of Ocado, said there was currently a tight labour market, partly caused by the boom in online shopping, generally high 10 employment levels in the south and possibly the fall in attractiveness of the UK to EU drivers following the Brexit vote and the plunge in the value of the pound.

“More people are buying products as soon as they want online and there are more demand for delivery services and a tight labour market,” he said. He said the company had resolved the matter by raising wages and changing the way it recruited and advertised for 15 its drivers, all of whom are direct employees.

Ocado employs about 12,000 people, half of them drivers.

Ocado is not the only company finding it hard to recruit. According to the recruitment company Manpower, some firms are offering bonuses and paying premiums of up to 20% on their standard rates to attract workers. Lorry drivers can earn more than £20 20 an hour as well as bonuses of £100 per shift.

Retail revenues at the online grocer rose 11.6% to £374m in the 14 weeks to 3 December, its fourth quarter, down from 13.1% in the previous three months. Growth in average orders per week slowed to 11.1%, to 280,000, while the average order size edged up 0.3% to £106.11.

Tatton-Brown, said without the driver shortage the sales increase would have been closer to 13%.

Ocado’s deliveries are also restricted by the capacity of its latest highly automated warehouse in Andover, Hampshire.

Sarah Butler and Julia Kollewe
(325 mots)