

A modular finance solution for a modular product

Founded in 2018, Cocoon was launched from a love of the versatility of sofa beds, while identifying an issue with the typically thin mattresses usually found. Cocoon's founders made it their mission to research, redesign and revolutionise the sofa bed. The goal was to try to provide improved sleep, encompassing a deeper, more luxurious mattress without compromising on the design of the sofa. Combining a deeper pocket sprung mattress and one-touch opening mechanism, within a choice of 2-3-seater designs and corner modular sofa bed options, Cocoon now boasts the best sofa bed range to market.

With a high-end product, market-leading delivery times and soaring customer satisfaction scores, Cocoon was growing at pace – and ready to expand its offering.

The Challenge

Having accelerated growth during the pandemic due to the uptick in remote working, Cocoon continued to scale post-Covid as hybrid working became the norm. Its quality sofa beds were particularly popular with first-time home buyers, who were operating on a limited budget and wanted to make the most of their space.

Cocoon decided to support and expand its consumer base by offering point of sale finance – but there were reservations around this.



“Cocoon was initially reluctant to look at finance options due to not wanting to saddle our customers with debt they couldn’t afford or high interest rates. ZOPA alleviated these concerns with its flexible, pragmatic and interest free solution. Our shared core values set ensures our customers get a fair deal.”



Phil Hankinson,
Marketing Director at Cocoon

Review-driven business:

Cocoon is currently the most-reviewed sofa bed company in the UK, with a 4.8 star rating and a 97% recommendation rating. With these stats in mind, Cocoon needed a POS finance provider whose ethics, customer service and value proposition would align with its own.

Aspirational purchase power:

A key driver behind Cocoon's decision to offer POS finance was to help customers, particularly those aged 25-35, to buy the sofa bed they really wanted, but was perhaps too much of a stretch. Cocoon wanted an interest free finance solution with a track record of high approval rates.

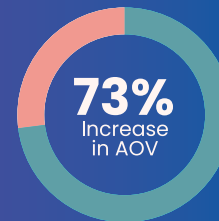
With these factors in mind, Cocoon began to put out feelers for a finance provider that fit the bill. When ZOPA appeared on its radar, Cocoon was impressed by its positive customer feedback and high satisfaction ratings across various platforms. In January 2023, ZOPA's interest free finance solution went live on the Cocoon website.

Benefits of ZOPA's approach:

- Excellent customer service provision
- 95% approval rate
- 73% increase in average order value
- Seamless customer journey and UX

The Results ✓

After 4 months with ZOPA, Cocoon's market-testing of other POS finance providers in its space showed ZOPA was delivering a 15% higher conversion rate. There was a 73% increase in average order values, and higher conversion rates from its target demographic of buyers aged 25-35 across their eCommerce platform – with a 95% approval rate for credit.



“When we looked at partners to come on this journey with us, we did a lot of research into what people were saying about different finance providers. We were glad to partner with ZOPA because their philosophy is very similar to ours. We’re growing 500% year on year and are confident that ZOPA is the right finance provider to support our future goals.”



Craig Ritter,
Founder & CEO at Cocoon

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