

# Why big-box chains' embrace of in-store click-and collect leaves money on the table

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Researchers from University of North Carolina-Chapel Hill and Tilburg

University published a new paper in the *Journal of Marketing* that explores the rise of click-and-collect services and examines their most appropriate settings.

The study, forthcoming in the *Journal of Marketing*, is titled "Navigating the Last Mile in Grocery Shopping: The Click and Collect Format" and is authored by Katrijn Gielens, Els Gijbrecchts, and Inge Geyskens.

Big box stores have spent years developing technology capabilities to compete with Amazon and other digitally savvy competitors. While no one could have foreseen COVID-19, these chains' investments in click-and-collect technology allowed them to cash in when the coronavirus pushed sales online.

Order fulfilment is a costly and difficult challenge that must be mastered for online grocery success. The rise of click-and-collect services help overcome this roadblock by having shoppers help fulfill the goods by placing orders online and picking up the goods themselves.

Click-and-collect services can be offered in different ways and through different formats, all of which come with vastly different levels of investments and cost structures. Not surprisingly, many retailers, rushing into the click-and-collect fray, are opting for the lower cash- and capital-intensive options such as in-store and curbside pickup. However, not all click-and-collect formats offer the same convenience benefits to shoppers. Sales outcomes may therefore widely differ. Retailers may thus want to contemplate how to organize these click-and-collect services in a sustainable and profitable way to safeguard the longer-run success and viability of the [format](#). The study offers advice to retailers on whether and how to implement click-and-collect. To that end, the researchers gauged how shoppers' online and total spending changes after they start using three different click-and-collect formats, specifically: (1) in-store, i.e. pickup at existing stores; 2) near-store, i.e.,

pickup at outlets adjoining stores, also known as 'curbside'; and 3) stand-alone click-and-collect, i.e. pickup at free-standing locations.

Do these click-and-collect types address the same needs? Gielens says the answer is, No! "The different formats address fundamentally different [shopper](#) needs in terms of fulfillment convenience."

Fulfillment convenience touches upon three different benefits offered to shoppers:

- Access convenience: the reduction of time to, at, and from a click-and-collect location.
- Collection convenience: the reduction of physical effort to collect the order.
- Adjustment convenience: the ease with which shoppers can adjust their online orders by adding, returning, or replacing items.

Depending on shoppers' needs for these different convenience benefits, click-and-collect results in vastly different performance outcomes. This calls for judicious alignment of the right click-and-collect format with local-[market](#) needs.

Overall, does click-and-collect increase shoppers' online and total spending? The study shows that click-and-collect can be an effective means to boost online spending at the retailer. Hence, click-and-collect may indeed be the long-awaited road to online success for grocery retailers, overcoming the last-mile problems associated with home delivery. Moreover, by blending the convenience benefits of home delivery and brick-and-mortar, click-and-collect can also enhance households' total spending at the retailer and thus constitute a profitable addition to the retailer's channel mix.

What is the best click-and-collect format for access-convenience-

oriented markets? In markets with high access-convenience needs, such as rural markets with many weekend shoppers, both in-store and stand-alone click-and-collect do well. The time-efficient pickup of stand-alones stimulates these shoppers to spend more at the retailer online. In-store pickup, in turn, leads to positive spillovers to the retailer's brick-and-mortar stores and, hence, an increase in total spending.

What is the best click-and-collect format for collection-convenience-oriented markets? Stand-alone click-and-collects best serve needs in these markets with a predominance of large-basket shoppers buying more bulky items. In these markets, the lower physical shopping effort combined with the time-savings of not having to drive to a regular store, make stand-alones particularly appealing—resulting in the highest extra total spending at the retailer.

What is the best click-and-collect format for adjustment-convenience-oriented markets? Stand-alone and near-store yield the highest total retailer sales in these markets where larger households that shop more for perishables and buy more on impulse tend to live. While in-store leads shoppers in these markets to spend more online, it also cannibalizes their brick-and-mortar purchases. Even worse, it may even decrease total spending at the retailer and should therefore be avoided.

What are the key takeaways for practitioners? Gijsbrechts explains that "We provide grocery retailers with insights on how to avoid costly mistakes when kick starting click-and-collect. As retailers race to build click-and-collects, they are mostly opting for fulfillment within existing stores for the sake of quick, low-cost roll-out. Indeed, since in-store click-and-collect can rely on existing infrastructure and processes, it is the easiest to implement. However, the pursuit of speed without knowing which type is best in terms of demand may lead to the demise of the format." Also, while most retailers tend to opt for one type of click-and-collect across all markets, a one-size-fits-all approach is not advisable.

Instead, the impact depends on shoppers' needs for fulfillment [convenience](#). This study helps retailers find the right mix.

**More information:** Katrijn Gielens et al, Navigating the Last Mile: The Demand Effects of Click-and-Collect Order Fulfillment, *Journal of Marketing* (2020). [DOI: 10.1177/0022242920960430](https://doi.org/10.1177/0022242920960430)

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