



StrongPoint

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Click & Collect

How to make online shopping profitable for grocery stores

What can Click & Collect do for you?

The rapidly growing e-commerce is moving slower for the grocery industry than other retail businesses. That is because of challenges that only grocery stores face. The answer to those problems could be what is known as “Click & Collect”.

About 75 percent of shoppers in Western Europe use the Internet to purchase goods and services. The most common process is to get the goods delivered to your home. However, there is always a risk is that the delivery takes place when the customer is not at home, which means that the distributor must either find a new time or leave the goods at, the for example, the post office. This is inconvenient for customers and expensive for distributors.

The home delivery option seems to be especially difficult for grocery retailers. In fact, so much so that consumers hesitate to buy groceries online. A global study from Morgan Stanley shows that online grocery has a low market share of overall grocery sales: Around two percent in the US and six percent in European markets. This could be due to a vicious cycle that Europe’s online-grocery market has been stuck in, according to a McKinsey study: Poor supply drives low demand, which in turn justifies the poor supply. Also, retailers are put off by the economics of the business: selling groceries online means taking on additional costs in labour, delivery vehicles and fuel. These costs are typically higher than the fees customers are willing to pay for deliveries, so the retailers have to take these costs today. In countries such as France and the UK, the time it takes for a truck to move around busy cities combined with fuel cost are very expensive. And in Scandinavia, having truck drivers is a huge personnel cost. In the near future, that cost will have to be charged to the customers.

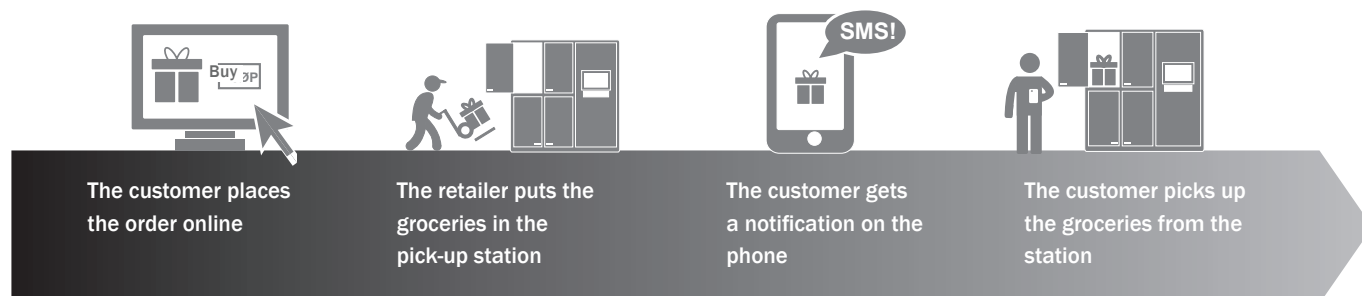
Click & Collect: A win-win for customers and retailers

“Supply, convenience and price are the most important drivers for e-commerce,” says Ove Teigen, Global Product Director for Click & Collect at Strongpoint.

“Families in Western Europe are often pressed for time, and could, if done the right way, welcome an alternative to pushing a shopping cart around in a crowded supermarket. But they also have a lot of activities to run to and don’t want to tie themselves down to having to be at home for a delivery. Especially since most deliveries work in slots, which means you have to book a whole evening for your weekly groceries. This is where Click & Collect comes in. It is the solution for today’s modern families.”

According to the McKinsey study, Click & Collect will result in as much as a 30 percent cut in cost, which makes the investment much more viable for retailers.

“A common rule of thumb that almost always applies is that the last mile is the highest cost. Click & Collect opens up for the possibility for profitable and convenient online shopping in the grocery segment as well,” Teigen says.



How does it work?

Click & Collect allows customers to order online and pick up their purchases at pick-up stations placed at convenient locations such as shops, supermarkets, post offices and public transportation stations.

Andrew Starkey, head of e-Logistics at IMRG, an organisation based in the UK that frequently publishes studies on online retail, says that the Click & Collect increase is about proximity.

“Shoppers will only use Click & Collect if the collection location is close to home or on a regularly travelled route. It also requires that the customers can combine the pick-up with other ‘high street’ activity.”

Starkey says that markets with large commuter populations and dense populations, such as France and the UK, will move faster to the Click & Collect solutions than other markets.

“It’s all about maximising the number of deliveries to the largest percent of population through the optimal number of locations,” he explains.

Be on top of your game by using technology

It is not that long ago that many consumers throughout Europe were totally fine with working from home on a day of delivery. And to stay put for a delivery that could come anytime between 8 am and 5 pm. Those days are over. Not only do customers want a more specific delivery time – or more realistically – a place to pick up their purchase, they also want to know the status of the delivery – preferably on their phone. So, retailers would be wise to prepare for providing all the digital services that come with e-commerce, such as providing customers with updated text messages or emails on the status of the delivery. Consider developing an app that will give your customers all the information in one place.

A challenge for the Click & Collect solution is to make it as easy as possible for the customer to find their locker at the pick-up station. An advice to the retailer would be to consider this from the beginning and provide a service desk for the customer to call if they have questions during the actual pick-up.



Benefits for all

A Click-and-Collect strategy with a network of pick-up stations comes with many benefits. Done right you can change your customers shopping habits and attract new customers. You are even making a contribution to the environment with fewer deliveries.



Benefits for the retailer

- ⊕ Many deliveries to the same location. Many consumers pick up their groceries from the same place.
- ⊕ Ensures the right environment for the groceries, for example, the right temperature
- ⊕ Smart solutions that integrate the retailer storage and logistics centre with what is stored in the pick-up stations
- ⊕ Click-and-Collect is a great method for encouraging customers to make additional purchases

Benefits for the customer

- ⊕ It is more convenient to pick up the bags on the way home than having to wait for deliveries
- ⊕ The customer saves on home delivery costs
- ⊕ The pick-up stations ensure safe handling of all groceries
- ⊕ The customer avoids issues with products being out of stock

The Amazon example:

Amazon in the UK has come very far when it comes to using Click & Collect for their customers. This is how they do it, step by step.

1. After a purchase is done and the customer selects Click & Collect as the delivery option, he or she chooses a pick-up location. The system knows if the parcel is too big for the chosen location and asks the customer to choose another location.
2. The system provides a list of alternative pick-up places with opening times, so the customer can be sure that the pick-up can be done at a convenient time.
3. After choosing the pick-up location an order confirmation is sent via email.
4. A message is sent to the customer with a code to the pick-up station. The customer can also use a barcode from a print out or the phone.
5. The locker that has the customer's purchase is shown after the barcode is scanned or the code typed in.

Further reading

The Forrester report: <https://go.forrester.com> or <http://www.mycustomer.com/selling/ecommerce/54-of-european-consumers-using-click-and-collect>)

Download the McKinsey and Company report, [The future of online grocery in Europe here](#)

<https://www.morganstanley.com/ideas/online-groceries-could-be-next-big-ecommerce-driver#>

<https://www.spotless.co.uk/insights/8-customer-experience-principles-for-click-and-collect-storage-lockers/>

StrongPoint transforms the way retailers do business.

StrongPoint is an integrated technology solutions provider specialising in the retail industry. We provide hassle-free and innovative solutions on retailers' terms. All StrongPoint solutions help retailers increase productivity and improve their customers' shopping experience. StrongPoint brings comprehensive experience, advice and support to our customers. StrongPoint is listed on the Oslo Stock Exchange. The company has 570 employees and is headquartered in Norway.



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