



The Fundamentals of Click-and-Collect

SPEED, SUBSTITUTIONS, SUGGESTIVE SELLING ARE JUST 3 ESSENTIALS.

By Randy Hofbauer

It's one of the most-asked questions in grocery ecommerce today: Pickup or delivery — which do consumers desire most?

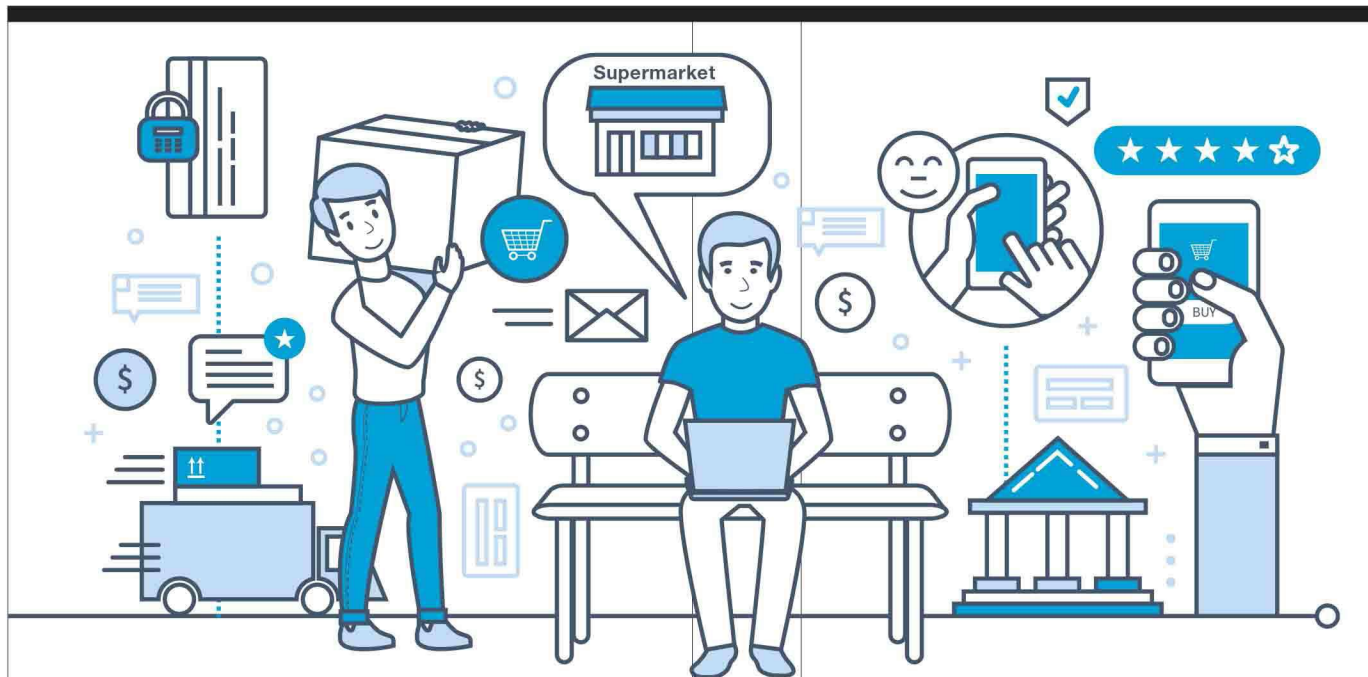
If last year's Thanksgiving season is any indicator, it's the former: Around the holiday, click-and-collect orders saw a 22 percent lift, compared with just a 2 percent lift in delivery orders, according to data from Toronto-based ecommerce platform provider Unata. Aside from the fact that a growing number of consumers are embracing online grocery shopping during the holidays, this stat suggests the importance of offering a click-and-collect feature, especially during the holiday season.

But planning and executing such a program isn't an easy feat, and can be quite costly fiscally and reputation-wise if any grocer introduces a lackluster click-and-collect service. Considering this reality, all food retailers looking to develop a winning buy-online-pick-up-in-store strategy should:

1 Ask "What's its Purpose?": After a grocer has taken the time to talk with customers, the customer service team and cashiers to see what the buzz — including whether clients really want click-and-collect, and which stores should offer it — it must ask itself whether the program is intended to be a loss leader or profit center, advises Dave Makar, director of marketing at Ithaca, N.Y.-based ecommerce solutions provider Rosie. Asking this will help determine how to price the offering and every part of the operation.

However, smaller grocers should avoid making their program a loss leader, Makar warns. Smaller chains and independents typically don't have the capital of a national chain, which often can afford to lose money on each order just to keep the customers.

2 Connect Ecommerce and Main Sites: Too often, grocers that launch click-and-collect programs set up a standalone website that serves



the specific function but isn't integrated with the main site. As a result, digital coupons, loyalty programs, editorial content, online catering and more aren't connected, notes Chris Bryson, Unata founder and CEO.

"This creates a choppy, disconnected and frustrating experience for customers where a feature, such as clipping a digital coupon, does not impact the ecommerce experience. It's important for grocers to think about their click-and-collect experience as a part of an overall digital strategy and ensure that it properly integrates from a customer experience point of view," he says, adding that he hasn't "really seen any grocers that have properly tackled this issue yet."

3 Put "Fast" Before Frills: While grocers can offer all sorts of bells and whistles through an ecommerce platform, such special features mean nothing without better browser speed, suggests Dan Dashevsky, COO of My Cloud Grocer, a New York-based ecommerce platform. To illustrate: Google asked users whether they'd rather receive 10 or 30 results in a given search. While users agreed that 30 sounded better, traffic to pages actually

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dropped 20 percent after Google implemented this option, because loading time was half a second longer than in cases where users were given 10 results.

Page-loading time has been shown to be a crucial factor in user retention, and it's also becoming a more important factor in search engine rankings, according to Dashevsky. Thus, grocers must avoid sacrificing shopping speed in favor of bells and whistles.

Speed also is critical to the picking process. According to Atlanta-based Coca-Cola North America's "Retail Remix: Click-and-Collect" report from August 2017, French hypermarket chain E.Leclerc follows an 80/20 rule, placing items in the highest 20 percent rotation at the ends of aisles to decrease picking time, with the remaining 80 percent in between. Moreover, in many of its fulfillment centers, the grocer has rolled out automated picking to increase speed and improve reliability.

4 Substitute Appropriately: Even with proper planning between grocers and their supplier partners, out-of-stocks are inevitable. While their occurrence is never desirable, what really turns off shoppers is how grocers respond to them: The No. 1 reason that shoppers don't make a second click-and-collect order is that they receive unexpected or unwanted substitutions, Unata's Bryson points out.

"That's why you need a good way to deal with substitutions and out-of-stocks as they arrive, such as informing the customer of an out-of-stock and providing them with a few alternative product options," he recommends.

Grand Rapids, Mich.-based retailer-wholesaler SpartanNash and Roche Bros., in Wellesley, Mass.,

both offer real-time substitution options that can be approved or denied by shoppers via text message, email or phone. By doing this, grocers lower the margin of error and disappointment, and shoppers appreciate the feasibility, Bryson notes.

5 Push for Incremental Sales: A major downside to click-and-collect sales is that impulse buys — and subsequently larger baskets — may be less likely to occur if shoppers aren't browsing a physical store. Grocers looking to develop a prime ecommerce program, including click-and-collect, must find ways to increase basket sizes, says Danny Silverman, chief marketing officer of Boston-based Clavis Insight. Two ways this can be done are to highlight past purchased items or to discount larger baskets to encourage shoppers to browse and add.

Other options in this area include merchandising front end products within click-and-collect destinations, and integrating checkout of additional in-store purchases the way drug stores allow payment of additional in-store products along with pharmacy orders, offers Nicole Peranick, senior director of culinary thought leadership at Stamford, Conn.-based Daymon. Moreover, grocers can incorporate complementary services inside click-and-collect pickup locations to encourage impulse.

For instance, E.Leclerc offers a drive-through pickup kiosk concept that combines grocery pickup with a food takeaway station, Peranick observes. This enables shoppers to get their groceries and meals all at once from the same place without leaving the car.

Another example from abroad is French grocer Auchan, which, according to the Coca-Cola North America report, operates kiosks at certain pickup locations for add-on purchases. Shoppers picking up their orders may also choose from more than 500 SKUs on-site, allowing for basket building even after the order is pretty much complete.

6 Get Past That Fourth Purchase: The fourth purchase is the threshold between click-and-collect triers and loyalists, Bryson asserts, suggesting that shoppers need not feel any risk associated with their first few tries of any click-and-collect service. Grocers already should be spending the dollars to market their click-and-collect service both inside and outside stores — and those efforts should include incentives that drive customers past that pivotal fourth order.

San Antonio-based H-E-B is one grocer that does this, offering no fees for any users' first four orders through its click-and-collect program. In a similar vein, Cincinnati-based Kroger, through its ClickList service, waives fees for users' first three orders. **PG**

Click-and-Collect: Start Now or Suffer Later

Any U.S. grocers doubting the future of click-and-collect need only look at their European counterparts to see how wrong they are. For instance, in France — which has similarities to the United States in terms of automotive mobility and population density — click-and-collect accounts for 94 percent of online grocery sales, according to "Retail Remix: Click-and-Collect," an August 2017 report from Atlanta-based Coca-Cola North America.

Furthermore, the format is a strategic fit for many retailers, as it enables them to leverage existing infrastructure while avoiding the high cost of delivery's last mile.

"While penetration is low today, we predict that click-and-collect could represent up to 40 percent of all online grocery shopping in the U.S. by 2020," the report notes.

That might not sound too impressive when one considers the small role that online sales play in overall grocery purchases in the United States. However, while current online penetration of grocery is just above 4 percent, analysts predict that it has the potential to grow to as much as 20 percent over the next decade, the report says.

And competition will continue to heat up in this area of ecommerce, according to the "2017 Grocery Tech Trends Study," done in partnership between *Progressive Grocer* and its sister brand *RIS News*. Currently, 38 percent of grocers are up to date with or have started developing a click-and-collect program, while 47 percent are planning to start building one within 12 months.

"Click-and-collect is the ultimate blending of bricks and clicks, and a pure expression of grocery's rush toward digital transformation," observes Joe Skorupa, editorial director of *RIS News*, in the study. "This high level of investment is one of the most significant takeaways in the study, because click-and-collect tech not only surpasses POS investment plans, but it also emerges as the top investment choice among all 58 technologies tracked in this study."

