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CLICK AND COLLECT

Much has been made of click & collect-type services because they give traditional retailers the opportunity to wring some much-needed value out of their large estates of physical stores.

It was initially pioneered by Argos because it had the advantage of having great visibility of its stock as a result of much of it sitting in the back-rooms of its stores. In contrast, most other retailers were unsure exactly where much of their stock was sitting in the supply chain.

But as retailers have worked towards gaining single views of their stock the ability to use click & collect has become a possibility for a growing number of operators. It has become so powerful in fact that merchants like Halfords can have as much as 70% of its online orders collected in-store and it has become an important part of their burgeoning multi-channel proposition.

Retailers have become so enamoured of the service that they are now developing various derivatives of click & collect. These include the supermarkets adding drive thru's for collecting goods, secure lockers have also been added to a store of Waitrose, House of Fraser is rolling out click & collect stores, and Westfield London shopping centre has a Collect+ room that enables shoppers to collect goods ordered online from any of its retail tenants.

Since the facility has changing rooms customers can even try on their goods and if they don't fit they can be despatched straight back to the retailer thereby avoiding the laborious process of taking them home and repackaging.

These initiatives suggest an industry that is setting great store by click & collect, which could be a worry because maybe the service just happens to be the ideal solution for the present situation in the cycle of retailers moving to more multi-channel models. Does it have its limitations for the longer term?

We appear to be seeing the first signs of this. Consider the next step in the evolution of click & collect - the introduction of secure lockers within London Underground stations and rail hubs with the likes of Tesco getting involved.

Sounds like a good idea, but maybe this is where click & collect starts to run out of track. According to research from ICM a sizeable 61% of consumers would be very unlikely to want to collect their groceries from a train station, and 59% would not change supermarkets to one that offered such a service. This suggests there is little appetite for commuters to collect their groceries on their way home.

The story for click & collect is a little brighter for non-food as the survey found 47% would be unlikely to want to collect such items from train stations. But when you include the 12% that are quite unlikely to use such a service then it again looks like there is not a great deal of appeal among consumers for using click & collect in stations.

There are some other worrying aspects of Click & Collect that retailers must take into account. At Long Tall Sally it has been found that its click & collect customers are typically those people who shop in its stores whereas its online customers prefer to receive their goods at home and do not visit its shops.

This suggests it is questionable how many online shoppers click & collect actually drives into stores. This is a concern because over time the percentage of online-only shoppers will grow as the digital-natives age and gradually become the mainstay of UK shoppers. They look set to eschew click & collect and visits to physical stores.

This represents a growing body of evidence that highlights how click & collect is absolutely having a massively beneficial impact on retailers' businesses as they grapple with sales shifting online but that it is certainly not the silver bullet.

Click & collect should not be regarded as the solution that helps retailers deliver a multi-channel experience. Merchants have to be mindful of the fact that the service will only lend support to the stores base up to a point.

Rather, it has to be acknowledged that the percentage of sales online continue to grow and there is no alternative but for retailers to re-assess on a more aggressive/worst-case-scenario basis just how many stores they actually need to be trading from in the future - with or without click & collect.



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