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In Retail



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Foreword

Consumers today are shopping more online. However, **the growth in online shopping is accelerating the decline of brick and mortar stores.**

Instead of competing against this, physical stores can take advantage by thinking in synergy – the question can be **how can eCommerce drive footfall to my store?**

Click & collect is one way to bring online and offline shops together.

This delivery option has evolved tremendously since its humble beginnings at the turn of the millennium, and has gained popularity among consumers and retailers especially in the last ten years.

With click & collect, retailers have a golden opportunity to **drive store footfall** and **enhance the buying experience** through relevant upselling and convenient try and return options.

From the consumer's perspective click & collect is convenient if they can't be home to receive their delivery, they can choose to pick up their parcel at a **PUDO** (Pick Up and Drop Off) point near them instead.

Retailers also benefit from offering a click & collect option in their online checkout, as it attracts consumers with its **free** or **reduced price** point due to lower freight costs.

They also have the opportunity to utilise their physical stores as **active fulfilment centres**. This gives retailers even more ways to fulfil orders, including the ability to offer their customers shorter delivery windows.

2020 has been challenging for both click & collect and retail as a whole. But as you'll read in this report, the pandemic has allowed retailers to evolve in this area, so they can continue to provide the best possible service for their customers.

Gary Carlile, Senior Vice President, Global Strategic, **nShift**



Introduction

Click & collect has established itself as a standard fulfilment channel in mainstream retail, but it continues to evolve.

As 'omnichannel' ambitions continue to dominate many retailers' strategies, click & collect is a tried and trusted way of connecting and harmonising stores and eCommerce. But with the advent of locker networks, the emergence of new solution providers, and burgeoning partnerships across the industry, this space refuses to remain still – continuing to present new opportunities for retailers.

Covid-19 fast tracked the closure of thousands of shops and temporarily closed thousands more, further disrupting the landscape in 2020. In terms of the fortunes of click & collect as a viable fulfilment channel, the global pandemic proved to be both a helping hand in its development as well a handicap all at once.

Dichotomy

IMRG research shows there was a drop in click & collect volumes in 2020 as stores were closed and people spent more time at home, ramping up their use of delivery to doorstep instead. However, there were several noteworthy click & collect stories during the year.

Aldi launched the service for the first time in the UK as it dipped its toes into digital waters, while Lidl installed third-party collection lockers outside its shops. Pets at Home unveiled one-hour click & collect as part of wider plans to use stores for fulfilment, and several DIY retailers and Halfords operated for a period of time as click & collect-only.

Over the next three chapters, we discuss how click & collect has evolved since its inception at the turn of the century, what happened to it in this most exceptional of years, and what the future holds.

Read on for insights, analysis, and hypotheses.

The what, why and how of **click & collect**

In January 2013, pre-eminent consumer goods journalist, Harry Wallop, wrote a piece for UK broadsheet The Telegraph under the headline *“Click & collect – the new way to go shopping”*.¹

He outlined how the e-tail revolution had *“taken a surprising turn”* towards one where happy independent traders might play a *“prosperous”* role in the growth of eCommerce. Click & collect *“holds the secret to the future of the high street”*, he wrote, as did many other trade publications, highlighting the service’s capability to drive otherwise digital footfall to a retailer’s own shops and those of third parties.

The article came as department store chain John Lewis and home and clothing retailer Next hailed click & collect as a key part of the armoury in achieving impressive festive sales uplifts in 2012. Consumers saw it as channel that provided fulfilment certainty, and commuters viewed it as a convenient way of building shopping into their days.

Even before Wallop’s article, general merchandise (GM) retailer Argos had leveraged its stores-as-warehouses model and arguably led the pack in the click & collect revolution.

David Williams, a UK-based eCommerce consultant, who has worked for Decker Brands, New Look, Hawes & Curtis, and Aspinall of London, says: *“Click & collect started with the companies which either already had integrated systems – allowing pick-up as soon as you’d ordered – or with those who procured items to stores once an order was made.”*

Argos and footwear retailer Schuh were among the first to put the dedicated infrastructure in place, and click & collect developed from there, according to Williams.

“Click & collect – the new way to go shopping”

Plotted history of click & collect

Click & collect has a long history in UK retail, but the sweet spot for its emergence, wider adoption, and mutation was 2012-14. Since then it has evolved into one part of a wider pick-up, drop-off (PUDO) fulfilment channel.

2000: Head of new channel development at Argos, Andy Morrey introduces a click & collect-style service as part of Argos’s fledgling eCommerce business. Today, as a digital consultant and advisor, Morrey claims to have invented click & collect in UK retail.²

2008: Argos establishes itself as an eCommerce trailblazer in the UK, with online sales – supported by a variety of fulfilment methods – passing £1 billion for the first time.³

2013: Argos, John Lewis, and Next herald the positive impact of click & collect on festive sales, and momentum for third-party pick-up points ramps up across the sector, with Amazon among the companies placing lockers in retail locations.

2014: Supermarkets such as Asda, Tesco and Ocado continue to provide new third-party pick-up locations for click & collect, as the fulfilment channel establishes itself in grocery, while Screwfix talks up its mobile order and collect capability as a DIY retail disrupter.

2015: Asda launches third-party click & collect in its own stores, providing a service for customers of online retailers such as Missguided, while dedicated PUDO operators emerge promising a convenient service for commuters and busy consumers.

2016: Sainsbury’s acquires Argos, talking up the potential it gave to expand its UK online parcel collection network and embed the GM retailer into its supermarket estate, which it duly did in the following years.⁴

2019: Stationery, books, and gifts retailer The Works says click & collect is its fastest growing channel.⁵ Indeed, click & collect is common parlance in retail marketing, with the channel now well recognised by customers and expected of major retailers.

The Mayor of London’s office, and Transport for London (TfL) unveil a plan to offer more click & collect points at Underground stations, and open parcel networks across the transport network, as part of ambitious plans to cut down delivery road traffic.⁶

But what about the last 12 months?

Click & collect **in 2020**

After almost a decade of rising to prominence, 2020 was certainly a challenging year for click & collect as a viable fulfilment channel, primarily due to the temporary coronavirus-enforced lockdowns impacting 'non-essential' shops across the UK.

IMRG research shows that while **94% of consumers** said they normally have **online orders delivered to home – an increase of 6%** compared to 2019 – the percentage of shoppers preferring click & collect dropped from 17% to 13% over the same period.

Some 72% of respondents said there is usually someone at their own property to collect online parcels, compared to 56% in 2019, illustrating why behaviour changed.

The percentage of people preferring to collect their order from a staffed convenience store/petrol station location was at a five-year low in 2020, dropping from 54% to 44% year on year. Those preferring an unmanned locker location for product pick-up edged up from 7% in 2019 to 9% in 2020, as pandemic consumers looked to limit interactions.

“...product pick-up edged up from 7% in 2019 to 9% in 2020...”



In times of disruption comes innovation

Despite facing significant challenges, retailers innovated in the face of Covid-19 disruption.

We've picked out **five noteworthy examples of click & collect deployments in 2020**, illustrating the fulfilment channel's flexibility in a global pandemic and its likely longevity beyond the health crisis.

Toolstation

Many of the Travis Perkins-owned Toolstation stores operated as click & collect hubs for a large part of spring 2020, to meet demand during the first Covid-19 national lockdown.

After helping the retailer to maintain sales levels at a difficult time, permanent click & collect format branches are being trialled. A drive-through model is one mooted for wider roll-out, if relevant planning permission can be agreed, echoing moves by B&Q, Currys PC World, and Dunelm, which deployed car park pick-up for online orders in 2020.

The White Company

As a clothing and home furnishings retailer dubbed 'non-essential' by the UK government, The White Company was forced to close stores temporarily in 2020. In November, it launched a 'call & collect' service, allowing shoppers to phone an order in to a local store, before collecting the same day once staff had prepared it.

Next

Next was an early adopter of click & collect, and it has also placed Amazon pick-up points in its flagship stores to encourage footfall, but new for 2020 were three collection pods in Morrisons car parks.

It is part of a growing trend for like-minded retailers to pair up to offer services that appeal to a crossover demographic. Many brands use supermarket chains as pick-up or returns locations due to their high footfall.

Clas Ohlson

Swedish home improvement and electricals chain, Clas Ohlson, ramped up its collect-in-store service with a new parcel locker pilot which automates much of the process.

Carried out in partnership with nShift and Quadient, in a first ever integration between delivery management system and locker vendor, the retailer introduced the pick-up points in Sweden and Norway.

When the stores scan parcels for the lockers, a message to the delivery management system is triggered containing the barcode, locker location code, pick-up code, and an event code. The delivery management system then sends a SMS to the customer with the pickup code to notify them their parcel is ready.

PostNord's Stockholmsmässan Drive Thru

In the build-up to Christmas 2020, the Stockholm International Fairs exhibition centre in Älvsjö, Sweden became a temporary parcel agent.

Due to the pandemic-related restrictions on shops and the record volumes of eCommerce orders, PostNord used the facility's car parks as a sizeable drive-thru parcel PUDO point to ease congestion in other parts of its network around Sweden.

Mathias Olsson, head of PostNord's agent network, said the vast space provided by Stockholmsmässan can handle a "large number of packages and at the same time offer our customers secure collection of packages and submission of returns".

The future of **click & collect**

Shops seemingly have a less prominent role in the overall retail ecosystem, illustrated by the decision by many businesses in the sector – including Boots, Argos, and John Lewis – not to reopen some stores that ‘temporarily’ closed in lockdown.

Meanwhile, brands such as Cath Kidston and TM Lewin also collapsed into administration in 2020, before reinventing themselves as online-only businesses under new ownership. Local Data Company, a research company, estimates 7,834 stores shuttered in the first half of 2020 and it predicts **18,000 high street units could be left empty in total in 2020** – nearly double the number of 2019.⁷

Despite the reduction in retail real estate, the case for click & collect is still strong for several reasons.

Stores are increasingly being used as part of the online shopping experience. Retailers such as Currys PC World, Dunelm, and Watches of Switzerland all trialled video services connecting online shoppers to store staff in 2020, and they have spoken positively about the impact it has had on their organisations in helping connect internal departments.

Click & collect is the ultimate link between digital and physical retail, and consumer

familiarity with it can only have strengthened because of events in 2020, including the array of hospitality premises that offered it as a service for the first time.

With Aldi rolling out click & collect in the UK for the first time in 2020, Pets at Home speeding up its fulfil-from-store options, and new tie-ups, such as John Lewis Partnership with Co-op, Sweaty Betty and Nespresso, retailers clearly consider it a part of their future, pandemic or no pandemic.

Click & collect questions

IMRG data shows 54% of consumers in 2020 were willing to travel between two to five miles to collect an online order from a store, which should give retailers confidence there will be demand from local shoppers if they offer it.

“...the case for click & collect is still strong for several reasons.”

Some 82% of consumers chose £0 when asked what they would be happy to pay for click & collect. It is rare for retailers to attach a cost to click & collect, but if it grows in popularity cost assessments will be required and, notably, new player in the space Aldi charges £4.99 for the service to cover operating expenditure.

With 67% of consumers saying they now have a safe place for a parcel to be left at their home, and work and non-essential travel curtailed, home delivery looks set to remain a dominant fulfilment channel for online retail for some time.

But consumer behaviour is notoriously difficult to predict.

Could home delivery fatigue

set in, or will concern about the

environment – which many indices suggest is growing among UK shoppers – have an impact on click & collect’s popularity?

Perhaps if home working establishes itself as the norm for more office workers, a trip to collect an item at a shop will become a good reason to leave the house. Maybe, the regular whirring sound of diesel delivery van engines on the driveway will prompt people to seek more eco-friendly fulfilment, in the manner organisations such as TfL propose.

Gary Carlile, senior vice president, global strategic, at nShift, says: *“More people working from home, means customers don’t need to leave the house in order receive their orders.”*

“However, with this comes the extra cost of home delivery and the increased environmental impact of lorries on the road. This is why in store click & click collect and PUDO services are still relevant both today in the current Covid-19 climate, and for the future.”

Williams adds: *“Click & collect is just one part of a suite of tools retailers’ stores must have – click & reserve is another important one.”*

“Stores have to evolve beyond retailers’ existing ‘four-wall profitability’ view. They are going to have to be more of an inventory hub as well as a physical location where people buy products.”

But what are the important things to remember?



5 key takeaways

Harmonise stores and online

From Majestic Wine temporarily closing stores to use them as online distribution hubs to Cotswold Outdoor launching an online booking service for in-store appointments, retailers merged channels like never before in 2020. Click & collect is part of that trend.

“One thing the pandemic has shown is that if retailers do not have a decent understanding of their stock management and are unable to fulfil a customer need from a store or online location they’re going to struggle,” Williams notes.

Consider retailer partnerships

Mature multichannel retailers like Asda, Argos, Next, and John Lewis are not afraid to partner with third parties to scale their click & collect reach. Others are taking note.

Communicate choice and convenience

Use of the PUDO fulfilment points is lower in the UK compared to other parts of Europe.

“The best way to promote it is by providing it as a delivery option through the online checkout,” explains Carlile.

“To make it more appealing, you could: rank it as the number one delivery option in your checkout; make it the only free delivery option; include a small free gift/sample with every collection; or promote it as the most environmentally-friendly option.”

Go with the flow

Independent retailers, pubs, restaurants, farm shops and even local waste management facilities – in addition to the wider retail industry – ramped up reservations and click & collect during the pandemic.

Consumers are now more used to engaging with brands or services in this way than ever before – arranging appointments for their shopping and other activities – making it an opportune moment to introduce new PUDO channels.

Give shoppers a reason to come to stores

For brands still wanting to operate shops or for those who cannot afford to depart long leases, click & collect is a way to encourage footfall and provide free ‘delivery’.

“We’ll see a lot more curated experiences, appointments to collect orders or to try things on before purchasing – that will be the future of click & collect post pandemic,” predicts Williams.

About nShift



Established in 2021, nShift is the global leading provider of cloud delivery management solutions enabling the frictionless shipment and return of almost 1 billion shipments across 190 countries. nShift’s software is used globally by e-commerce, retail, manufacturing and 3PL shippers. The company is headquartered in London and has over 450 employees across offices in Sweden, Finland, Norway, Denmark, United Kingdom, Poland, the Netherlands, Belgium, Romania and Switzerland.

To find out more and learn how you can create your own click and collect/ PUDO kiosk visit: www.nshift.com

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