



# Click and Collect

## \$42B Opportunity in the US: Myth or Reality

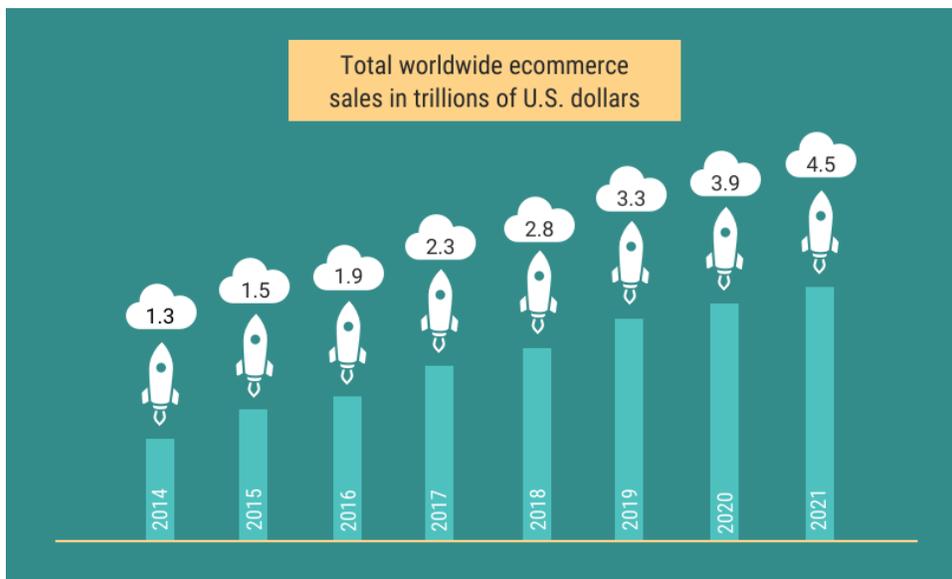




Digital influence on retail is becoming more obvious each year and is impacting the state of retail companies of any size. Retail Apocalypses, Retail Transformation, Brands Must Adapt, Digital Transformation are just a few of the many taglines that describe the industry changes.

While the operating environment for the brick and mortar retailers is brutal as evidenced by the number of stores going out of business, there is light at the end of the rough retail tunnel. It is critical to understand business models that are expanding in North America and globally now. More sales are shifting online, including both grocery and general merchandize. During 2015 and 2016 global online sales of consumer goods grew 26% annually.

## Global Retail Ecommerce Sales Will Reach \$4.5 Trillion by 2021



Statista.com

In order to stay competitive retailers must engage shoppers across digital channels and more retailers introduce options that are mixing online and in-store shopping experience. Digital channels allow retailers to increase customer satisfaction and customer service significantly. However, there is a need to optimize retail business for new digital reality.

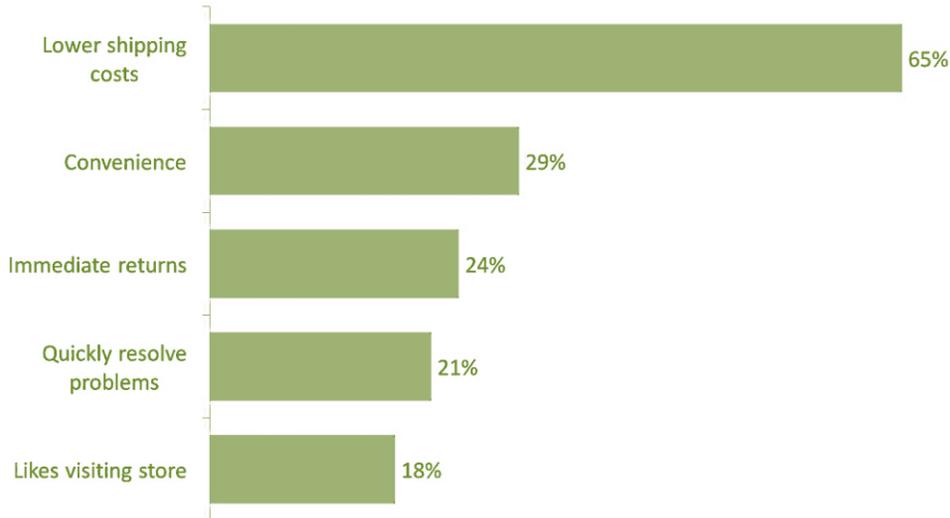
Click and collect business model is tested and rapidly growing in Europe. In the UK there was a significant increase in the number of multichannel retailers, who expanded into click and collect, from 15% to 43% during 2009-2015 time period (2).



Click and collect is gaining popularity in North America and is thought to be a \$42B opportunity (3).

### Why Shoppers Choose Click-And-Collect

North America



Source: iVent Retail, 2017 (n=1000)

There are three major ways to organize online retail:

- buy online, pick up in store
- buy online, drive up click and collect lockers
- buy online, delivery

Based on statistics, 61% of shoppers that used click and collect system, purchased additional items while picking up their order in store (1). Buy online, pick up in store model is most widespread and adapted by many retailers, including Amazon, Walmart, Home Depot, and Whole Foods.

Each variation has its own cons and pros, and exists to satisfy different customer segments.

Click and Collect model offers significant benefits for customers:

<b>Business model</b>	Buy online, <b>PICK UP IN STORE</b>	Buy online, drive up <b>CLICK AND COLLECT LOCKERS</b>	Buy online, <b>DELIVERY</b>
<b>Strength for customers</b>	1. Free service 2. Contact with staff in the store 3. Payment in the store 4. Flexibility in timing 5. Same day pickup	1. Free service 2. Time efficient 3. Flexibility in timing	1. Do not have to load or carry purchases 2. Time efficient
<b>Weaknesses for customers</b>	1. Have to drive to the store 2. Less time efficient 3. Have to load purchases to the car and carry it home	1. Need to drive to the designated location 2. No contact with staff 3. Have to load purchases to the car and carry it home.	1. Cost for delivery 2. Limited time flexibility 3. Payment before checking the purchases

Source Iddba.org

While US retailers are in the process of building infrastructure around buy online pick up in store model, the buy online drive up or click and collect locker model is the next big wave. With massive store retail locations closing and minimal investment needed to sustain such a light distribution system, it definitely offers a sustainable potential for both retailers and shoppers.

## References

1. Gartner's November 2015 publication on "Survey Analysis: Multichannel Retailing – A Transatlantic Comparison" by Tom Enright.
2. Online retailers offering click-and-collect in the UK 2009-2015 statista.com
3. Clavis Insight clavisinsight.com Click and collect in the US
4. Online Grocery Business Models. Click & Collect and Drive. Iddba.org



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