

6 THE SIX BIGGEST MISTAKES

RETAILERS MAKE DEPLOYING
"BUY ONLINE, PICK UP IN STORE"



TABLE OF CONTENTS

Introduction: The Brick-and-Mortar Advantage	3
#1: Inconveniently Located	7
#2: Insufficient Signage and Graphics	9
#3: Poor Service	11
#4: Disorganized Processes	13
#5: Inefficient Queue Management	15
#6: No Scalability	17
Conclusion: BOPIS Requires Commitment	19
Works Referenced.....	21



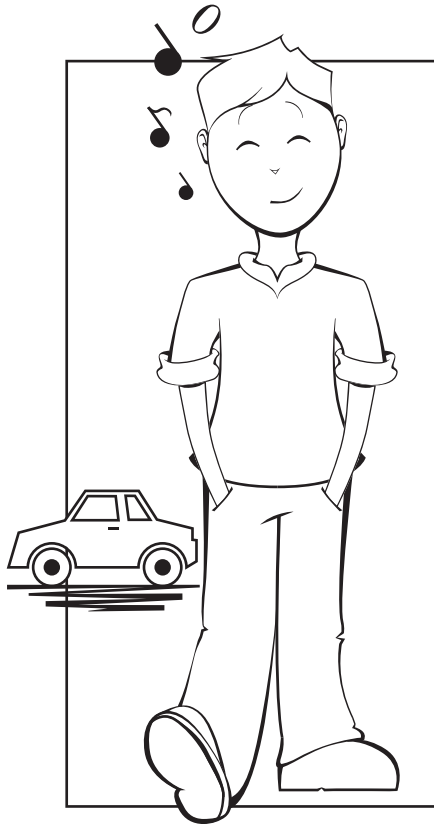
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INTRODUCTION:

THE BRICK-AND-MORTAR ADVANTAGE

Once upon a time, the retail industry was a lot less complicated. Before the internet, before mobile phones, before the plethora of technological innovations available today—there was simply brick-and-mortar. Customers shopped physical stores, bought merchandise in physical stores, and left physical stores with their purchases the very same day. Brick-and-mortar was the retail industry; while supplementary sales channels were available (i.e. catalog orders), most transactions occurred in-store.

Nowadays, there is a large, complex network of channels retailers must consider when targeting customers and pushing sales. “Omnichannel retailing,” the ability to interact with and provide products/services to customers on virtually any platform, has become the new industry standard. With so many digital solutions available, consumer trends have shifted away from cost-consciousness and the need for traditional, face-to-face customer service; instead, there is an overwhelming demand for convenience and near-instant shopping gratification.

Unsurprisingly, internet retailers are capitalizing on this new consumer mindset, while some brick-and-mortar retailers are struggling to stay relevant. After all, how can a physical store compete with the convenience and accessibility of online shopping? What would get customers offline and back into stores?

The answer lies in order fulfillment. While shopping online is convenient, shipping is expensive—for both the customer and the retailer. It is also a time-consuming process. With the way distribution networks are organized, orders may be shipped from warehouses on the opposite side of the country, taking anywhere from three to seven

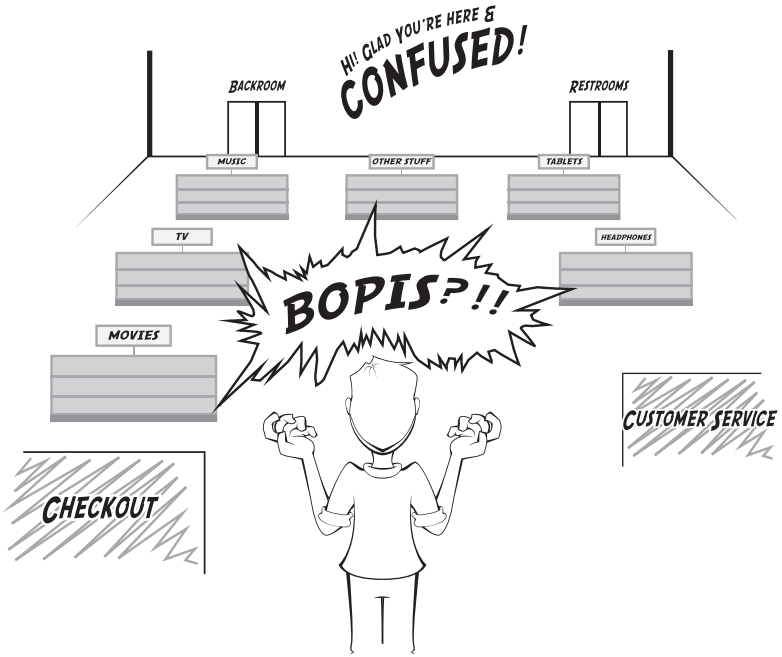
business days (or longer) to arrive. Expedited shipping is available for faster turnaround, but at a higher price most customers and retailers are reluctant to pay.

“Buy Online, Pick Up in Store” (“BOPIS”) is the proposed solution to this problem. “BOPIS is one of the most effective ways retailers can differentiate from, and compete with, Amazon and other major online stores,” says Lee Peterson, Executive Vice President of Brand, Strategy and Design at WD Partners (6A). A BOPIS strategy uses the retailer’s physical store locations as miniature fulfillment centers, eliminating any need for cross-country shipping relays and making order delivery almost instantaneous. Customers place an order online as they normally would, but they are able to claim their purchase at the nearest store location, sometimes as quickly as half an hour later.

Not only does BOPIS cut shipping costs for all parties involved, but it also lures customers back into the store. Studies show that those who shop both online and in-store tend to buy more, particularly during the holidays: “Omnichannel shoppers were poised to spend about 75 percent more than store-only shoppers this season on gifts, entertaining and other purchases” (Halzack, 2015, para. 26). In 2014, the Target Corporation reported that about 35% of their BOPIS customers did additional shopping when they came in-store to pick up their order; similarly, Kohl’s noticed that after adopting a BOPIS strategy, about 20% of their omnichannel shoppers made additional in-store purchases (Romell, 2015, para. 28-29).

However, BOPIS is not without risk. Industry news is inundated with horror stories about failed BOPIS implementations and the subsequent decline of sales and customer satisfaction rates. Among the most common complaints, the additional/unnecessary labor involved with maintaining BOPIS is probably the largest deficit, followed closely by all the inventory-management complications that can occur.

These disadvantages might seem off-putting, but they are mostly a result of fundamental mistakes retailers make when introducing a BOPIS strategy. The good news is that there are easy, cost-effective ways to fix these errors and optimize BOPIS performance.



“ WHERE DOES BOPIS FIT INTO THE STORE LAYOUT AND HOW ? ”

#1: INCONVENIENTLY LOCATED

A major hurdle retailers face when implementing BOPIS is the location of the pickup area itself. Store design is a major concern, as real estate is already limited. Front end, center store, perimeter, back end—where does BOPIS fit into the store layout and *how*?

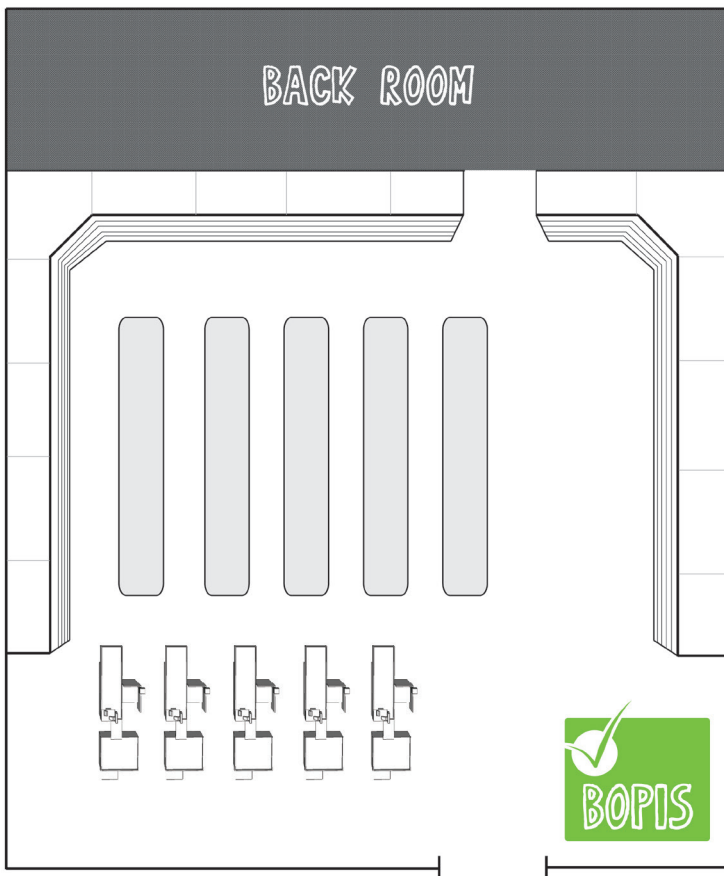
Recall that as an aspect of omnichannel retailing, BOPIS aims to provide a seamless, convenient shopping experience for the customer. Yet most stores are designed around the opposite of convenience, with the intent to drive customers from one end of the store to another, hoping to pick up additional sales (Peterson, 7A). In keeping with this strategy, and out of an effort to conserve sales space, retailers often choose to place the pickup counter near or at the back of the store, using the stockroom as a holding area for online orders on top of regular inventory.

While this decision may seem cost-effective and practical from a logistics standpoint, it could actually cause a deficit in the long run. For one, placing the pickup at the back of the store is inconvenient for the BOPIS customer. He or she has to navigate the full expanse of the store (twice!) rather than getting in and out as quickly as possible, which should be a key goal in any BOPIS strategy.

Second, keeping the prepared orders in the stockroom means the store associate assisting the BOPIS customer must disappear for several minutes, leaving the customer unattended. Any established rapport is broken, and time that could be spent encouraging additional sales is wasted on the commute back and forth, as well as searching for the appropriate order.

SOLUTION

Retailers should attempt to position their BOPIS pickup within the front-end area of their stores, placing it as near to the entrance as possible. BOPIS customers should have immediate access to the pickup location upon entering the store without having to search around or walk too far. Likewise, prepared orders should be directly on hand to avoid delays and missed sales opportunities.



#2: INSUFFICIENT SIGNAGE AND GRAPHICS

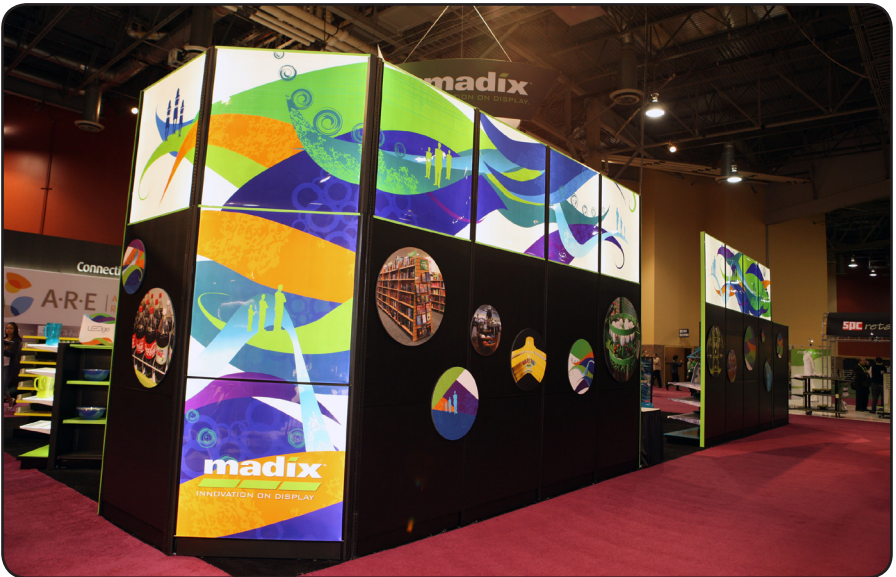
“The snag with in-store pickup is that it can be difficult for customers to know where to go to pick up their purchase... Often [the pickup location] is not clearly indicated, which can mean wandering around or finding an employee to ask...” (Harper, 2015, para. 3).

Many online shoppers report that one of the reasons they are hesitant to try BOPIS is because they are unsure of how to go about actually claiming their order via in-store pickup. Likewise, many first-time BOPIS users say that their experience with the service is greatly affected by usability, including whether the pickup counter is easy to find and operate or not. Unfortunately, most BOPIS areas simply do not incorporate enough signage and graphics to facilitate customers.

SOLUTION

“Really make things easy!” says Chris Cunnane, a researcher on omnichannel fulfillment and writer for Logistics Viewpoints. “The customer should not feel lost when they arrive at the store to pick up their order. Clear signage and a designated pick-up area will go a long way towards customer satisfaction” (2015, para. 6).

Graphic elements not only serve a functional purpose, but for BOPIS fixtures on the sales floor, they also contribute to the store’s overall aesthetic appeal. Particularly in the front end—known for colorful, alluring, point-of-purchase (POP) and seasonal displays—graphics can help BOPIS fixtures, which are primarily storage units, blend in with the environment.



Signage and graphics are necessary for both functional and aesthetic purposes.

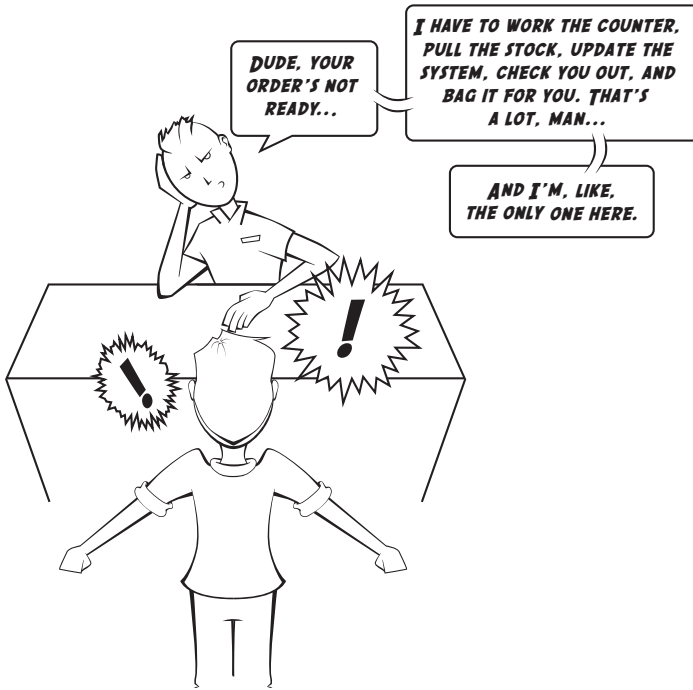
#3: POOR SERVICE

A lot of kinks in the BOPIS process seem to derive from store-personnel issues. The biggest, most consistent problem? Not enough staff to assist customers. Many retailers who have already introduced BOPIS have failed to accommodate the extra work involved with fulfilling BOPIS orders. Instead of building a specialized BOPIS team of associates, the job is often tacked on in addition to standard brick-and-mortar operations. There is also a lack of incentive for store associates to perform on the level required to make BOPIS successful.

“You’ve got low-paid people, in a store footprint that wasn’t designed to support it,” says Kevin O’Marah, head of research for SCM World, which specializes in supply research (Morris, 2015, para. 9). He points out that if service is anything less than “lightning quick,” then customers will be almost instantly upset.

SOLUTION

The pickup area needs to be staffed with enough associates to greet customers and make them feel welcome, locate/finalize the BOPIS order, and capitalize on opportunities to upsell. All store employees should also feel motivated to make BOPIS effective, whether through training programs, team building activities, or other incentives.



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#4: DISORGANIZED PROCESSES

Here are two scenarios guaranteed to turn a customer off BOPIS for good:

1. The customer arrives at the store, and the store associates cannot find his/her order
2. The customer places an order, receives notice that the order is ready for pickup, arrives at the store... only to be told that his/her order is unavailable due to an inventory mix-up

Simple, human error is often the primary culprit in such cases, but disorganization is another contributing factor. Normal, daily store operations are hectic enough; throw in a whole new process, and the result tends to be chaos... which is why BOPIS needs to be highly organized to work.

Dump bins are a popular “storage bay” solution for processed BOPIS orders, as they are cost-effective and easily removed when not in use. But bins are also highly inefficient. Ultimately, more time and money is wasted as store associates hunt through a mess of orders than if retailers were to invest in a more advanced system of organization.

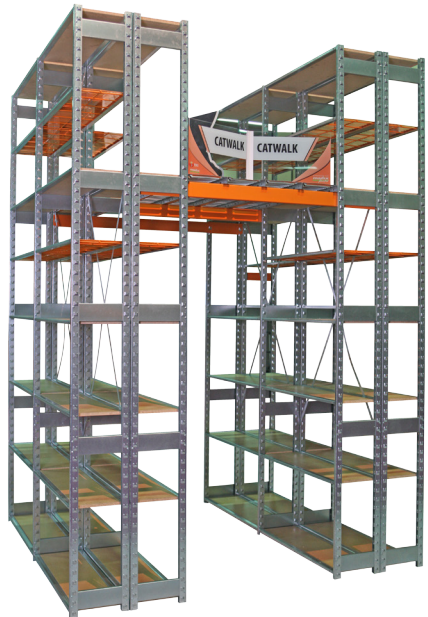
SOLUTION

Since BOPIS orders are usually fulfilled from an individual store’s main inventory, there are two major points where mix ups can occur: the BOPIS pickup area itself, and the back room. Keeping these two locations well-organized can eliminate many of the mistakes that contribute to inventory-management issues. Storage units designed to systemize a large assortment of merchandise function much better than dump bins/drawers or general-application shelving.



Mobile Storage System

A systemized back room and pickup area can prevent mistakes in the BOPIS fulfillment process. Madix offers a variety of storage product lines that help organize both inventory and prepared orders, while also creating additional storage space.



Catwalk System

#5: INEFFICIENT QUEUE MANAGEMENT

An opinion piece published on Computerworld.com offers interesting insight into one consumer's experience using BOPIS. In summary: It was horrible.

"It may have been an anomaly," the author concedes. "And yet— isolated experiences often lead to consumers making choices for the future. They can be prejudicial. If I didn't quite decide never to try this sort of thing again, it did make me think that it's a more delicate process than is generally thought" (Schuman, 2015, para. 3).

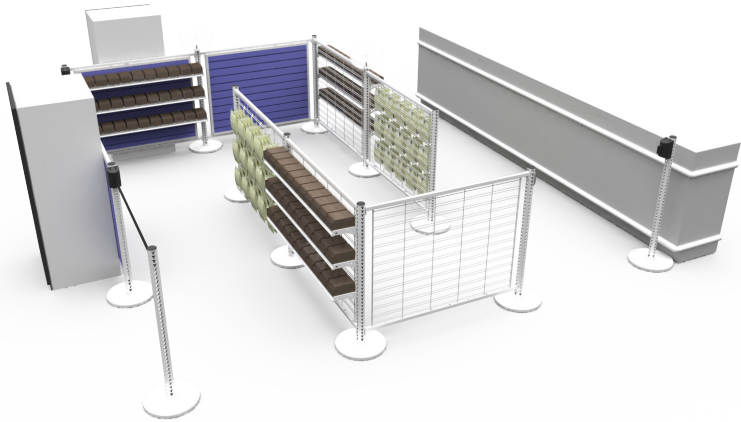
He goes on to describe how he had to stand in line at the customer service desk—"Which struck me as ironic, given that the whole point had been to avoid waiting in line"—only to find out that he had been misdirected and needed to go to the back of the store... where he was made to wait in yet another, longer line (Schuman, 2015, para. 8-10).

"The message to me was clear: First, I should have just gone to the store myself... And second, [the retailer] just sent a powerful reason to think Amazon" (Schuman, 2015, para.16).

SOLUTION

Unfortunately, lines are inevitable, even in the most efficient of BOPIS implementations. However, retailers can create the illusion of little-to-no wait times with good queue management. Designating a clearly defined queue area helps control traffic flow and prevent customers from cutting in front of each other, a prime contributor to "queue rage." Also, since waiting is a psychological battle, retailers should provide plenty of distractions to keep customers occupied. Retractable-belt stanchions—such as the ones found in airports and fast-food restaurants—are convenient because they are low-maintenance and easily repositioned, but they provide no platform for graphics or impulse-merchandise

display. A queuing solution with plenty of flexibility, functionality, and aesthetic appeal will help mitigate customer frustration, making the BOPIS experience positive and more likely to be revisited.



A single line feeding to multiple registers/counters has proven to be the most effective method for regulating queues and wait times. Madix's new Luxe Queuing offers retailers an ultra-flexible, creative platform for expediting the BOPIS fulfillment process, improving customer satisfaction, and boosting impulse-merchandise sales.



Luxe
QUEUING SOLUTIONS



#6: NO SCALABILITY

Just as regular, in-store sales fluctuate by season, BOPIS popularity will experience peak and low periods. An average day could see anywhere from five to twenty BOPIS customers, depending on the store and targeted demographic—a fairly manageable amount. But the holiday season presents an extra challenge: On top of the logistics for regular in-store and e-Commerce demands, retailers must struggle to stay on track with BOPIS orders, not only in terms of inventory levels, but also in-store traffic.

SOLUTION

Remodeling or reconstruction of a store's front end to accommodate a BOPIS area might be required in some cases, but usually the same effect can be achieved with space-saving storage units specifically designed for BOPIS support. Scalable applications are ideal, as they are able to grow or shrink according to service demand.

Scalability Examples



Light-duty, steel-storage shelving on an expansile track provides the mobility and flexibility to grow or shrink according to BOPIS demand.

AESTHETIC APPEAL



No solution is universal to every retail environment. Madix is proud to introduce several new products designed to help retailers create and maintain a successful BOPIS implementation.

CONCLUSION: BOPIS REQUIRES COMMITMENT

BOPIS is a viable strategy, and a necessary one for brick-and-mortar retailers to compete with growth in internet sales. However, BOPIS is not a self-sufficient plan that can be haphazardly executed and expected to succeed in the long run. Investments in the forms of time, money, manpower, and space must be made in order to gain a profitable return:

1. *Time* – Before proceeding with a BOPIS implementation, take the time to plan and run simulations to find the best approach. BOPIS is not universal to every store: Store location, customer demographics, time of year—all are factors that can affect a BOPIS strategy, making implementation an ongoing process
2. *Money* – Integrating BOPIS into existing omnichannel retailing operations does not have to be an overwhelmingly expensive venture, but it will require some costs, such as third-party consultation, new store-fixture purchases, store-layout reconfiguration, hiring additional/training existing store personnel, etc.
3. *Manpower* – BOPIS cannot be treated as an additional in-store job responsibility; it needs its own team to work efficiently. The fulfillment counter must always be sufficiently staffed with enough associates to greet each customer, find the order, and capitalize on upsell opportunities where available—all in a timely manner
4. *Space* – Just as BOPIS needs its own dedicated team, it also needs its own dedicated space. Instead of trying to integrate the pickup area into an existing customer service or other occupied station, designate a clearly defined, easy-to-locate area of the store, ideally in the front of the store

The fixture experts at Madix, Inc. are available to consult with retailers who wish to explore fresh, progressive ideas on how to implement and optimize BOPIS services, creating a convenient alternative for online-order fulfillment that drives profit. For more information, please contact John Clontz, Director of Marketing and e-Business: jclontz@madixinc.com or (214) 515-5400.

RELATED READING

- 10 Ways to Lift Front-End Sales
(<http://www.madixinc.com/assets/pdf/white-paper/center-store-web.pdf>)
- Why Wait? Improve Impulse Sales and Customer Satisfaction Now with Queuing Solutions
(http://www.madixinc.com/assets/pdf/white-paper/Queuing_WhitePaper.pdf)

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SYNOPSIS

Most retailers are already familiar with “Buy Online, Pick Up in Store” (“BOPIS”). As an essential aspect of omnichannel retailing, BOPIS gives brick-and-mortar an advantage in today’s internet-oriented retail industry. Unfortunately, very few retailers have experienced success with the strategy due to poor implementation. Find out the six common mistakes made while deploying BOPIS... and the easy, cost-effective solutions to get BOPIS back on track!

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