



Q&A: In-Store Pick-Up Making Retailers True Multichannel Players

July 1, 2008

Tim Parry

Store pick-up has become all the rage for consumers since retailers like Circuit City and Wal-Mart started giving Web buyers that option a few years back. But San Luis Obispo, CA-based e-commerce solutions provider Shopatron recently made that big-box craze a reality for smaller merchants as well. Chief Marketer managing editor Tim Parry sat down with Ed Stevens, CEO of Shopatron, to talk about store pick-up, and why merchants need to jump on the bandwagon.

Chief Marketer: Purchasing online used to mean placing an order and waiting for a package to arrive, just like traditional catalog shopping. How has in-store pickup changed the way consumers buy?

Stevens: Consumers want instant gratification or the fastest gratification possible. In-store pickup is faster in most cases than waiting for a shipment. For many types of purchases, getting it same day is more fun.

Also, there is no shipping fee when an order is picked up. While online retailers can offer free shipping as a promotion, they cannot change the economics underlying shipping costs. Consumers have a better understanding of economics than they get credit for, so they gravitate towards shopping experiences that would have better economics.

Chief Marketer: If I am a retailer, what kind of advantage, competitive or financial, do I gain by offering in-store pickup?

Stevens: First, you will see a significant lift in conversions at your online store. We have tracked this, and we are seeing checkout process conversion rates lift more than 10% when our in-store pickup service is offered.

Second, you will sell additional product to one in four customers who go and get the product in the store.

Finally, you are meeting a fundamental consumer service level demand. I don't believe you can have a modern offer to consumers without some kind of in-store pickup process in place.

Chief Marketer: When did in-store pickup start, and how has it grown since its inception? Are smaller multichannel merchants catching on, or is it still reserved for the JC Penneys and Wal-Marts of the world?

Stevens: In-store pickup started in mid to late 2006. Circuit City was an early pioneer. Most large retailers saw the data on its popularity and promptly began executing. Smaller multichannel merchants are challenged with smaller IT budgets, and process improvement can take time.

We provide a way for smaller multichannel merchants to accept in-store pickup orders from manufacturers' Web stores, and we also advise retailers on how to put in a simple in-store pickup process for their stores. We are doing this for a number of mid-size merchants currently.

Chief Marketer: What about manufacturers like Panasonic? How do they take advantage of in-store pickup when they don't have bricks and mortar operations?

Stevens: When integrated with the Shopatron in-store pickup solution, a manufacturer's online store can tell the consumer if an order can possibly be picked up, or if there is no chance at all. In roughly two business hours or less, we can tell the consumer where he or she can go pick it up. If it is not possible, then the order ships automatically.

Panasonic will use Shopatron to integrate its eCommerce fulfillment side with retailers all across the United States. They don't need their own stores because they are using the inventory at their retailer partners. And, of course, retailers tend to like this kind of partnership. Retailers sell more products.

Chief Marketer: We've seen guarantees of 24-minute pick-up by Circuit City, and Best Buy ran a promotion where the customer got a free gift card if the order wasn't received correctly within 60 seconds of reaching the customer service desk. With these kind of promises, how do retailers change the way they staff their stores?

Stevens: In general, our solution is designed to fit within the current staff of an existing store. There needs to be a place where consumers are told to go get their orders, and there needs to be a process in place for the staff. We have a \$20 in-store pickup guarantee. Our process is smooth, though, and we haven't given out too many of those.

Chief Marketer: One would think in-store pickup would be a popular option for consumers who live pretty close to a store. Is there any research that says otherwise?

Stevens: We are seeing a correlation where consumers are not as interested in going in and getting an order when it gets on the outside of the typical 30 mile circle. Generally, though, the need for instant gratification and free shipping are the driving forces we see. To save a bundle on shipping a large item, it makes sense to drive further.

Chief Marketer: How about timing? Is this something that a higher percentage of consumers are taking advantage of around the holiday season, or has it become a year-round action?

Stevens: We had 55% of consumers using our in-store pickup tool in the checkout process in the 100 stores tested in the holiday season 2007. Usage peaked in the final week before the holiday, but it remains at 55% or better in the first quarter.

http://chiefmarketer.com/Channels/online/store_pickup_0701/