

HOW THE ENDLESS AISLE CAN LEAD TO HAPPIER CUSTOMERS

Using “BOPIS” to boost sales, strengthen brand loyalty, and meet customer demands.



INTRODUCTION

With the advent of super stores and powerhouse same day delivery e-commerce sites, today's consumers have elevated expectations about what they can buy and how quickly they can get that product in their hands.

"They want to know, in the moment, what their options are. If they see a beautiful sweater in red or green, be it in a mailer, email ad, or in the store, but want to buy it in a cerulean blue color, they want to know, 'Where can I buy it? How quickly can I get it?'" explains Jeff Bradbury, Senior Marketing Director, North America at Hughes Network Systems.

Kari Harkins, Senior Director of Sales, Marketing and Operations for Designer Shoe Warehouse (DSW) agrees, "Our customers don't want to waste time. They're saying, 'I want to order this product in my size, pick it up and wear it tonight,' So for retailers like us, convenience is king."

"This penchant for instant results has led to a long tail or endless aisle approach to shopping. If retailers can't meet that need immediately in a concise and streamlined way, they may lose the sale to their competition," Mr. Bradbury adds.

One strategy deployed by many retailers to meet this customer demand is "**Buy Online, Pick-up In-Store,**" or BOPIS (with no clear winner in terms of pronunciation, you may hear it referred to as BOE-pus, as well as BOP-us). In Europe, the experience has a much snappier name in "Click & Collect."

As one corporate executive from Kohl's described, BOPIS is a true omni-channel experience where a customer can not only place an order online but pick it up at a nearby store—often within an hour. They get the product they want, when they want it, rather than waiting several days for it to be delivered. BOPIS essentially extends a store's aisles from its brick and mortar location to wherever the customer may be.

In this article, we explore some common challenges associated with the BOPIS experience; and offer tips for retailers to refine their strategies, so BOPIS can be utilized to boost sales, strengthen brand loyalty, and meet ever-increasing customer demands.

Let's begin by exploring common (and somewhat related) challenges associated with BOPIS.

Leveraging BOPIS for More Sales and Brand Loyalty

“BOPIS lets consumers take action immediately, complete a task, check it off the To Do list, and move on,” says Mr. Bradbury.

For retailers, however, the challenge lies in deciding how to apply BOPIS as a strategy.

“BOPIS creates traffic that presumably would not ordinarily be there,” says Tim Tang, Director, Enterprise Solutions at Hughes Network Systems.

Some choose to use BOPIS to draw shoppers into the store and allow them to be immersed in the brand and surrounded by products. Others, like DSW, focus on the speed, efficiency and convenience that BOPIS delivers. The key is determining how to accomplish both: deliver the convenience that customers seek, while enhancing the experience in a way that might also entice additional sales. Regardless of which strategy is applied, BOPIS can provide all retailers with a way to save on shipping fees, which is particularly important since most have eliminated or reduced shipping fees altogether.

BOPIS by the Numbers

According to a survey of 2,000 shoppers in the US conducted by TotalRetail:

- Nearly 70% of shoppers have made multiple BOPIS purchases.
- 50% have said they've decided where to buy a product online based on whether they can pick it up in-store.
- 48% cited saving on shipping costs as a reason to buy online and pick up in-store.
- JDA Software found half of its survey respondents used BOPIS in the last 12 months, up 44% percent from a 2015 consumer survey.





According to TotalRetail, **85%** of shoppers have made an additional in-store purchase when they picked up items purchased online and **15%** say they do so “somewhat frequently.”

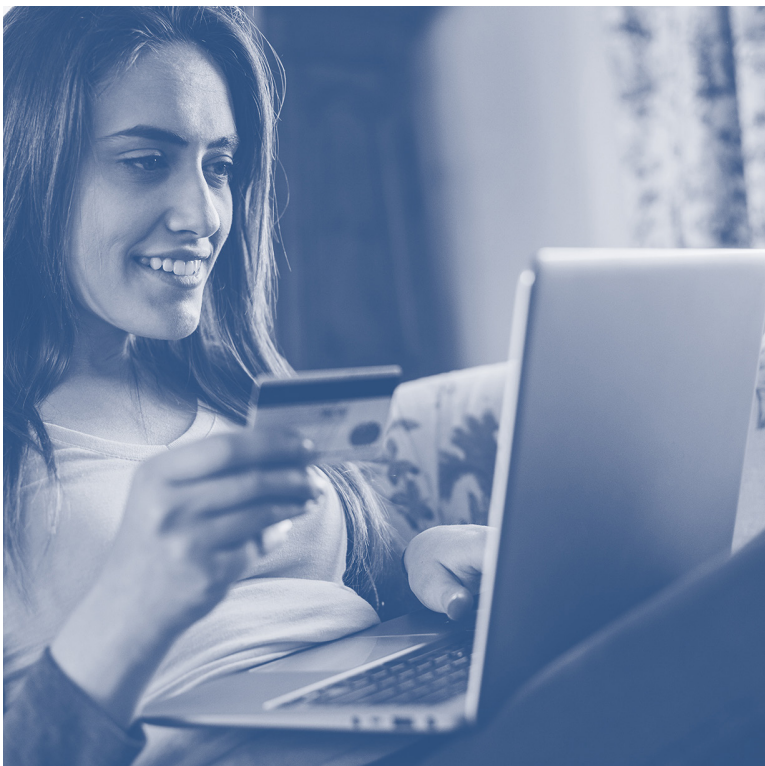
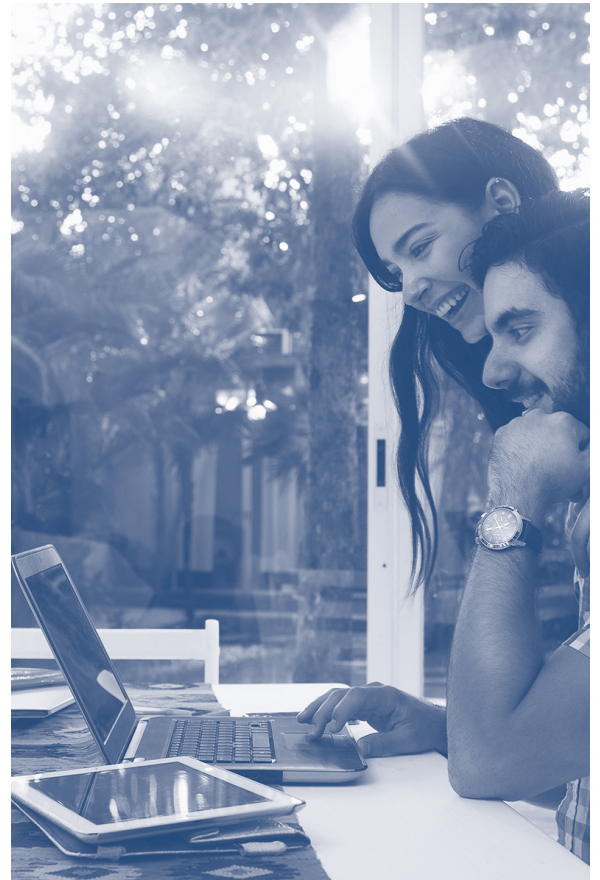
Research also shows that BOPIS is contributing to a substantial share of online sales, nearly **30%** of online retail revenue.

Meeting Elevated Customer Expectations

While convenience is king, retailers may underestimate what customers want from their BOPIS experience.

“BOPIS customers have even higher expectations than online buyers, precisely because they have gone to the effort of paying for a product and driving to the store to pick it up,” Mr. Tang says. “If you don’t have that product as expected, then you create a horrible customer experience.”

Of course, warehouse operations are designed to ship products to customers. Turning stores into warehouses is an added layer of complexity, prompting challenges associated with inventory, fulfillment, and staffing. For BOPIS to be successful, retailers must maintain real-time inventory counts; determine how (and when) to pull products for BOPIS customers; and decide how and where customers can pick up their items. Will it, for example, involve a dedicated space or assigned associates? Or perhaps a store-to-store transfer offering a more convenient pick-up location?



“At first, BOPIS may involve a few extra orders. And it might make sense to use sales associates or cashiers to fulfill those orders. As orders start to explode though, it becomes harder to manage, and it might make more sense to dedicate staff to BOPIS orders only,” he says.

Special circumstances, like Black Friday, can magnify these issues as customer expectations rise even higher. They want to avoid lines, secure the bargain, not have to worry about stock quantities, and get in and get out without delays or hassle.



Prioritizing Online vs In-store Customers

BOPIS is often discussed in the context of clothing or grocery retailers. However, even coffee shops and fast casual restaurants are exploring how to deploy BOPIS with customers submitting orders through mobile apps. In all instances, the same types of dilemmas unfold.

Do the Baristas make lattes for app orders first? Who serves the growing line of customers at the counter? What happens when it takes too long to retrieve or fulfill BOPIS orders?

“When BOPIS becomes a large part of a store’s sales revenue, you need to determine how to prioritize BOPIS sales against the consumer standing in the store,” says Mr. Tang. Again, seasonal traffic, hot products, and special sales events amplify the challenges, with retailers often leaving it to sales associates to make the determination in the moment. It is not hard to imagine that the more demanding customer—the one who vocalizes their displeasure loudest—might be served first. Such scenarios have the power to cause ripple effects, ruining the experience for multiple customers simultaneously.





23% of consumers reported that it took store staff a long time to retrieve their order or staff were unable to find it in the store system, and 16% noted that there were no dedicated staff for BOPIS orders, according to the JDA survey.

5 Tips for Better BOPIS

As we've seen, deploying BOPIS effectively is no small task. But there are concrete steps that retailers can take to clear such hurdles and improve the experience for all involved.

1. Assess your Digital Infrastructure

With BOPIS, online customers are shopping and making purchases 'round the clock. That requires complicated IT systems to suddenly access and share data; systems that may never have "talked" with one another before.

"It's the convergence of sales systems with merchandising systems, and logistics and inventory systems, and even staffing systems," says Mr. Bradbury. "These systems weren't typically built from the ground up to do this, so the first challenge is a technical one."

"You can't build a sophisticated solution on a suspect foundation," he cautions. "If you're going down the path of any meaningful technological development in your retail environment, you've got to be sure your digital infrastructure is in place. The last thing you want is to build upon an inadequate infrastructure. You're going to need this solution for several years."

To begin, identify where data exists, where transactions happen, where calculations and computing processes are applied, and where artificial intelligence comes into play.

"When we talk about digital infrastructure, it's not just a network. It's a combination of network, security, and the data processing practices; where the data resides, where the data analytics are applied, and where data moves; plus the Application Programming Interfaces (APIs) needed so that applications can take action," says Mr. Bradbury. "A lot of companies wrestle with this. It's easy to be surprised by what you haven't thought about."

When looking at making changes, experts advise taking a step back.

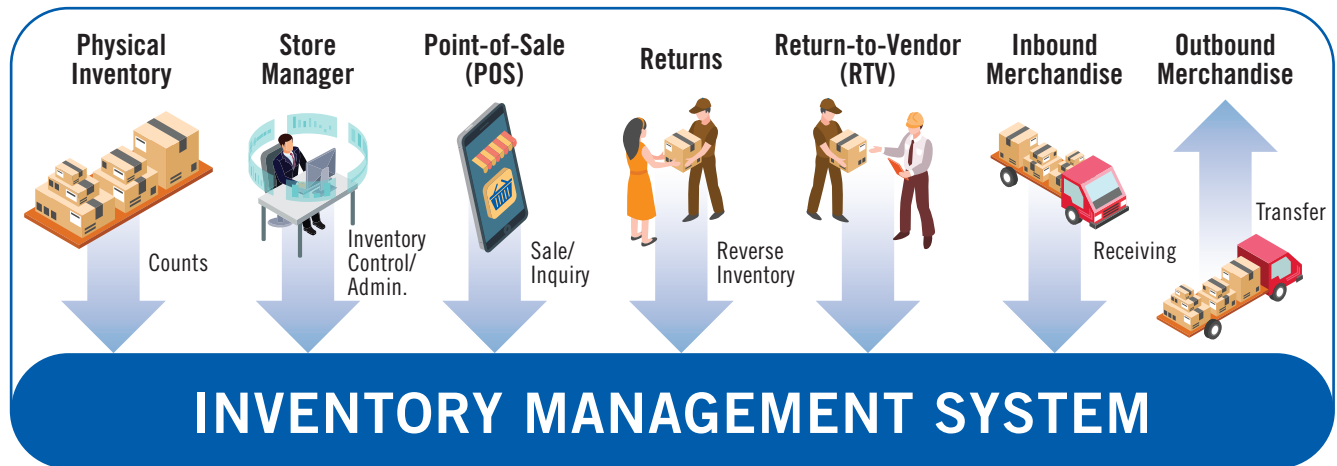
As Luke Mueller, Senior Internal Communications Platform Specialist at Thomson Reuters, explains, "When introducing new technology or processes, you have to think about the customer. Consider how the technology or the transactions work from the customer's point of view. If it adds time to the transaction, or it's hard for employees to use and it affects their attitude, that ruins the customer experience."

But don't make the mistake of waiting until the ideal solution can be conceived. Addressing digital infrastructure is not a one-time event. Instead, strive to create a network environment that is flexible enough to accommodate change. Because Mr. Bradbury says, change is to be expected—whether it's in what the customer demands or in the technologies that help to meet those demands.



2. Consider Inventory Management and Processes

Assessing your digital infrastructure involves delving deep into internal systems and data processes before making any decisions related to new technologies and practices. Perhaps the most pivotal of which is to consider inventory management. As Mr. Tang cautions, without maintaining accurate, real-time inventory, BOPIS will quickly turn disastrous.



The process of inventory management starts when staff members enter product information into the system. Product shipments must be matched accurately to that input on the receiving end at individual store locations; and then tracked to monitor sales—both online and in-store—so that inventory can be updated with adjustments made to account for shrinkage or product loss. At DSW, Ms. Harkins says there is a lag-time of 48 hours built into their process between the time that inventory is loaded onto the floor and confirmed into the store and when it becomes available for purchase online.

In addition to determining the flow of inventory processes, retailers must also decide the timing and frequency of when updates should take place. Smaller retailers or those with fewer BOPIS sales may choose to maintain separate inventory for BOPIS orders only. Or, they may pull inventory off the racks as orders occur. Either approach hinges on a store manager’s ability to use staff time effectively, to schedule when items are pulled for pick-up, and to determine when inventory should be counted and updated in the systems. That may involve daily batch or manual updates. Always the question remains: Will that approach provide accurate enough inventory counts to support BOPIS sales and ensure customers are satisfied? Larger retailers may quickly discover they require minute-by-minute inventory updates. Again, special events, such as Black Friday will impact all aspects of inventory management and operations as will practices, such as frequent store-to-store transfers, which few inventory systems and shipping departments are equipped to manage at high volume.

“Getting your inventory right is a really big deal,” says Ms. Harkins. “Retailers that struggle have typically not defined their processes or properly deployed technology, which can be a big barrier to entry.” Order and inventory management software with the ability to update by location is key. “You want to know exactly where to get the product so the staff associate can find it in a smooth and easy process, otherwise you waste time.”

One aspect of getting the inventory right is proper allocation to the stores. Retailers need to rethink which products belong at which stores and how best to strike the balance between store and e-commerce inventory. Too much inventory in the stores results in markdowns while too little hinders the BOPIS strategy itself.

According to the Kohl's executive, "We can look at historical trends to plan for the future, but we also need to become better at predicting how customer preferences for specific merchandise and how and where they want to receive it will evolve."

Ms. Harkins stresses another important consideration, "If you decide to deploy BOPIS, you have to staff it. I've seen many retailers where there's a pick-up desk, but no one is there. I understand that if you only get 10 orders a day, it's hard to staff for that. But to do it well, you have to bite the bullet. Even if you merge it with another function, like the cashier, there has to be an available staff member who can get the order for the customer."

When DSW first deployed their BOPIS strategy, they armed an associate assigned to BOPIS orders with an alert device that notified them of an online sale. As soon as they received the alert, they located it and pulled the item from the shelf. Their confirmation then generated an email to alert the customer that the item was ready for pickup at the desk. Today, DSW no longer uses alert devices, but rather has integrated the task of checking for and pulling BOPIS orders into the regular workday, on an hourly basis.

Critical to this equation is how information is conveyed to customers. From online inventory counts (Only 2 items left!) to push notifications (Your items are ready for pick-up!), clear messaging can be used to strategically shape expectations and reduce disappointment. Of course, as retailers offer more services in-store, pick-up wait times may increase. That points to the need to consistently assess and revise systems, processes, and messaging as necessary. Doing so ensures a seamless customer experience to match expectations, even as a business grows and evolves.

3. Create a Customer-Focused Experience

Once the digital infrastructure processes and systems are in place, the next task is to determine how to adequately capitalize on BOPIS. That begins by understanding exactly what the customer wants.

"You have to know what your customer really wants. We did extensive research, spoke with other retailers who were doing BOPIS well, but it was our customer—thousands of our customers—who told us exactly what they wanted," Ms. Harkins says. She and her team were actually surprised by survey responses. Initially, they envisioned a pick-up experience complete with a seating area where the customer could try on their shoes. They learned, however, that the DSW customer wants to get in and get out, and to have the ability for someone else, like a spouse, to pick up the order.

Other retailers may choose a higher-touch, higher-service BOPIS model, depending upon what customers demand. In these cases, the retailer may focus on providing added value to the experience while also determining how or whether to leverage BOPIS for more sales.

"BOPIS gives you more chances to expose the customer to more products. If I can get you in the store to touch a product to put it in your hand for even 5- or 10-seconds, that's a great indicator

of an additional sale opportunity. Retailers should think about how this process can increase ticket totals, suggesting two or three other products when the customer comes in to pick up their order,” Mr. Bradbury says.

“Deliver the full brand promise, the service, quality, and visual presentation of new materials,” he says. “Think about promotions and loyalty rewards. Do all that you can do for the customer while they’re in your store. Take time to think about what your brand has to offer.”

This may involve training sales associates to be more knowledgeable about products, or to become more adept at upselling and cross promotion. A skilled employee knows how to pivot from retrieving an order to recommending other relevant products or reminding customers about additional promotions or coupons they may receive as a result of their BOPIS order. Overlooking the need for proper employee training is a common failure in fully extracting the value associated with the BOPIS experience.

There is also merit in assessing how and where customers must pick up their orders. Some retailers place pick-up locations at counters in the front of the store; others locate them deep within the store, forcing customers to walk past hundreds of products along the way. Others have enabled in-store returns of online purchases, once again requiring customers to meander through their product aisles. No matter the solution, it must be driven by what a retailer’s customers demand.

4. Stock (So They Shop) Local

As big data and algorithms have shaped how e-commerce retailers serve up product recommendations to customers, brick and mortar stores are getting in on the action as well. Today, more and more retailers are carrying products specific to their local market.

“The layout of stores is evolving as retailers change how they’re holding inventory and which products they’re stocking. Five years ago, products were the same across all stores in a chain or franchise. Now it’s localized based on the population. You can go to the same store only 15 miles away or down the road and the product lines will be very different,” Mr. Mueller says.

That localization happens because there is no incentive for shoppers to go into the store if it is not catering to what the market wants.

“To keep your brick and mortar store thriving, you have to serve the local market,” he says. Analyzing and projecting BOPIS activity by store location then becomes central to having a strong merchandising strategy.

The Flipside of BOPIS

There is also a flipside to BOPIS. The ability to “Buy Online, *Return* In-Store: or **BORIS**.”

Research found that:

- 33% of people surveyed said they decided to return their online purchase in the store to avoid delivery hassles.
- 18% used BORIS to receive faster refunds or exchanges.
- JDA Software found that 30% of respondents used BORIS in the last 12 months, up 50% from 2016.

5. Think Outside the Box (or Locker!)

According to the Kohl's executive, BOPIS strategies are continually shifting. Many retailers are promoting BOPIS pick up in 2 hours or less, offering a faster option than even Amazon offers. That requires thinking outside the box in terms of pick-up options. Offering drive-up or curbside pick-up and self-service lockers to increase the convenience factor further and introduce a greater degree of flexibility is a driving factor. Currently, DSW is testing pick-up lockers and considering whether self-checkout options might have merit. Again, the key is to ensure that it echoes the retailer's service model and meets expectations.

Nordstrom initially launched a high-service, high-touch model to echo their culture, recognizing that even their BOPIS deployment might benefit from white glove treatment. They equipped their sales associates with the product knowledge, efficient pick-up processes, and inventory management systems to deliver concierge style services. Now, Nordstrom is adding curbside as an option. After placing an order for pick-up, the customer uses the Nordstrom app to request curbside pick up. When the customer arrives, a sales associate walks the order out to the car. It's high touch...curbside.

“My advice would be: Do your best to understand the problem you're trying to solve and the way that solution fits into your culture and satisfies customers,” Mr. Bradbury says. “As more and more industries go through this transition, the customer will learn that four walls do not define where they shop, or where they pick up their goods.”

By keeping these tips close at hand, retailers will be well-positioned to guide customers—no matter where the retailer's endless aisle may start or lead.

**For additional information, please call 1-888-440-7126
or visit www.hughes.com.**



www.hughes.com