

Open Research Online

The Open University's repository of research publications and other research outputs

'Click and collect'; how will this affect e-tailing?

Conference or Workshop Item

How to cite:

Roby, Helen (2014). 'Click and collect'; how will this affect e-tailing? In: British Academy of Management (BAM 2014), 9-11 Sep 2014, Belfast.

For guidance on citations see [FAQs](#).

© 2014 The Authors

Version: Accepted Manuscript

Copyright and Moral Rights for the articles on this site are retained by the individual authors and/or other copyright owners. For more information on Open Research Online's data [policy](#) on reuse of materials please consult the policies page.

oro.open.ac.uk

‘Click and Collect’; how will this affect e-tailing?

Summary

This development paper will explore the findings of a set of semi-structured interviews with grocery retailers and an industry body that support these retailers. The interviews were aimed at exploring the disruptions in the form of changing business models that were occurring primarily within the grocery sector, how the grocery sector was responding to these changes and what they saw as the future developments. The paper will focus on one of these business models, the development of ‘click and collect’ and whether this has the potential to overcome some of the perceived barriers to an increase in e-tailing.

Track – E-Commerce and e-government

Word count (excluding tables and references) **1814**.

Introduction

Disruptions in our everyday lives can be a way to change behaviour and deliver change to practices. In recent years there have been a number of disruptions in the grocery retailing sector from the recession to the developments in 'e-tailing' that have led to alterations to shopping practices. At the same time there has been a shift to more local shopping in convenience stores with the rise of 'local' or 'metro' stores run by the large supermarket chains.

This development paper will explore the findings of a set of semi-structured interviews with food retailers and industry bodies that support these retailers. The interviews were aimed at exploring the disruptions in the form of changing business models that were occurring primarily within the grocery sector, how the grocery sector was responding to these changes and what they saw as the future developments. One important development raised by the interviewees was the development of 'click and collect' business models, which has the potential to overcome some of the perceived barriers to an increase in e-tailing.

Literature

There has been debate about the extent to which e-tailing will take over from physical shopping trips with estimates in 1997 suggesting that as much as 55% of all purchases will be made online by 2015 (Murphy, 2003). Current figures show that these estimates for online retail shopping in the UK were optimistic, with online retailing currently accounting for 10.4% of retail sales (Office of National Statistics, 2014). This lack of realisation of the potential stems from a number of possible reasons including, (particularly for purely online retailers), 'a lack of name recognition, familiarity, and trust', concerns about the ease of product returns, the inability to try before you buy and the lack of instant gratification from the immediate purchase (Murphy, 2003, pp1175). Shopping is also seen to have a socio-recreational function (Lyons et al., 2008) which is lost in online shopping, but new business models that include 'click and collect' could overcome some of these barriers and could lead to a step-change in the use of e-tailing as a shopping means.

It has been suggested that as grocery shopping trips are those most frequently made, these are seen to be the ones most likely to be impacted by e-tailing (Papola and Polydoropoulou, 2006). However, surveys show mixed results when people are asked about their willingness to substitute grocery and non-grocery trips. The results showed that 25% stated that they would be *least* likely to substitute a physical grocery shopping trip for online shopping, but at in the same survey 23% stated that they would be *most* likely to substitute a grocery shop (Krizek et al., 2005). Comparable results were obtained for non-grocery trips, with 16% of respondents stating they would be *least* likely to substitute a physical journey and 13% stating they would be *most* likely to substitute a physical journey (Krizek et al., 2005).

Purely looking at people's willingness to substitute a physical shopping trip for an online shop is perhaps too simplistic and there are in fact a variety of possible behaviours from e-tailing that could affect a person's willingness. Online shopping could result in four likely impacts on shopping and travel behaviours; i) substitution, (ii) complementarity, (iii) modification, and (iv) neutrality (Mokhtarian, 2002; Salomon, 1986). Substitution refers to e-

tailing replacing a physical shopping journey. For example, online shopping for groceries can reduce the ‘hassle’ of shopping freeing up time for other activities (Cairns et al., 2004). Complementarity, is where the shopping practice is either enhanced or made more efficient. For example, the process of ‘click and collect’ where online purchases can be collected from a physical store or pick up point, thus combining online shopping with an existing journey and speeding up the shopping process. E-tailing can also modify the physical shopping process. For example, a hybrid process of shopping has developed, where purchases are researched online, evaluating the physical product in store and then purchasing online (Lyons et al., 2008). These processes of complementary and modification of practices can lead to a fragmentation of the shopping process in time and space, which can additionally add greater flexibility (Lyons et al., 2008). Finally, Neutrality is where e-tailing makes no difference to physical shopping and vice versa. Research has shown that both through substitution and modification, online shoppers spend less time on shopping trips and travel shorter distances (Weltevreden, 2007), suggesting that e-tailing at the very least modifies travel, possibly reducing the number and duration of trips.

However, the impacts of e-tailing are not limited to the travel and shopping practices of the consumer, they also have impacts on the retailers. Hart et al 2000, suggest that as retailers add e-tailing as an additional method of shopping to their existing store-based activity, the physical ‘bricks and mortar’ stores could close as the operations shift more to e-tailing (Hart et al., 2000). Indeed, closing stores may reduce some overheads, but non-digitised e-tail goods are inherently place-bound and need to be physically delivered, requiring the development of delivery networks, fulfilment centres and delivery vehicles. The use of a ‘click and collect’ has the potential to complement rather than substitute the existing models, using current delivery networks and infrastructure to stores and supporting the footfall to make keeping the physical store open a more economic prospect.

Findings

The findings outlined here are part of a larger study looking at the potential of disruptive events to change behaviours and practices. This part of the study was carried out using face-to-face semi-structured interviews, all lasting approximately an hour. The participant selection was purposive, aiming to interview retailers or retail bodies that were exploring new business models as a result of e-tailing. Three retailers and one supporting body were interviewed. All the interviews were recorded and transcribed, then analysed using a project wide coding framework, followed by a more specific thematic framework relevant to this topic. This was a small study therefore the results cannot be considered representative and care should be taken in generalising the results. However, the results do show trends in new shopping practices and highlight some issues for further research and discussion.

The grocery retailers’ development of different business models is a reflection of the changes in shopping practices. The retailers interviewed commented that one of the changes in shopping practices as a result of the recession was the reduced the size of the weekly grocery shop, with people doing more top-up shops in the local stores. This was accompanied by a general trend towards smaller stores as there was a growing realisation that the existing large hypermarkets were no longer required and that new uses for the space needed to be found. The reason they gave for the reduced space requirement was that where previously white and electronic goods were sold in store, shopping practices had changed so that these purchases

were now largely being undertaken online. Not quite the prediction of Hart et al (Hart et al., 2000) of the closure of ‘bricks and mortar’ stores, more of a modification in the use of the physical stores.

This awareness of the need to find new uses for shop floor space was not just limited to the large stores. One grocery retailer was developing a new ‘click and collect’ model. The stores were small high street supermarkets, larger than ‘local’ stores, but much smaller than the out of town supermarkets. To improve the sales density for the stores, they were renting space to a third party non-grocery online retailer for lockers used by to drop off and store customer deliveries. Customers were then able to collect these deliveries at their convenience.

Click and collect was an area of interest to all the grocery retailers interviewed, as they saw this as the biggest growth area for e-tailing. This is still an experimental area with a range of different ‘click and collect’ models being developed, including the one described above. These models fall into four types;

- On line purchase and collection of goods purchased from the same retailer e.g. Marks and Spencer and supermarkets
- On line purchase and collection of goods purchased from a third party retailer e.g. the example described above and Collect + in small local stores such as Londis.
- On line purchase and collection of goods purchased from other retailers in the same chain e.g. collecting John Lewis purchases from Waitrose stores.
- On line purchase and collection from lockers in non-retail outlets e.g. London tube stations

There are obvious benefits to retailers in the development of ‘click and collect’. Whether the collected goods are from the same retailer or a third party retailer, it encourages people to visit the stores increasing footfall. This gives rise to opportunities to pick up some additional shopping and be given details of offers that may encourage the customers back into the store. It is perhaps strange that with the obvious benefits of attracting people into the store that may not have otherwise entered, Tesco have decided to develop a drive through model of ‘click and collect’ model where the customer does not even need to get out of the car. In addition to the benefits to the retailer, there are some potential environmental savings by reducing the number of failed delivery trips made by couriers. It is debatable the extent to which the model reduces the number of customer trips, although some of these models have been developed exclusively for the urban setting where the opportunities to walk or cycle to the stores are greater. This coupled with the increase in the smaller amounts of shopping that people are doing, for which a car is not always necessary, could be a move to less carbon intensive shopping models.

Paper development

This paper is an early look at how new business models around ‘click and collect’ are developing for grocery retailers. There are several directions this could be developed. An important angle would be to look at how ‘click and collect’ affects consumer’s propensity to shop online. To what extent do these models get over some of the trust and socio-spatial boundaries associated with online shopping? As technology becomes more pervasive in our everyday lives through ‘always on’ forms of communication such as smartphones and tablets will the convenience of collecting goods on the way to or from work or other activities lead

to wider scale adoption of e-tailing. If this is the case, what does this mean for the retailers? Will more space be given over to these transactions in store, possibly sharing space with third party retailers? The paper will be further developed by a more extensive desk research of commentary in the retail media of the subject of e-tailing, specifically how 'click and collect' is seen and the ways it is planned to be developed. The author would like to discuss the potential of this area for more in-depth research and hence the opportunities to develop the paper.

Bibliography

- Cairns, S., Sloman, L., Newson, C., Anable, J., Kirkbride, A., Goodwin, P. (2004) Smarter Choices - Changing the Way We Travel. Department for Transport.
- Hart, C., Doherty, N., Ellis-Chadwick, F. (2000) Retailer adoption of the Internet: implications for retail marketing. *European Journal of Marketing* 34, 954-974.
- Krizek, K.J., Li, Y., Handy, S.L. (2005) ICT as a substitute for non-work travel: A direct examination. *84th Annual Meeting of the Transportation Research Board*, Washington DC.
- Lyons, G., Farag, S., Haddad, H. (2008) The Substitution of Communications for Travel? , *The Implementation and Effectiveness of Transport Demand Management Measures: An International Perspective* eds Ison, S., Rye, T. Ashgate, London, pp. 211-232.
- Mokhtarian, P.L. (2002) Telecommunications and travel. The case for complementarity. *Journal of Industrial Ecology* 6, 43-57.
- Murphy, A.J. (2003) (Re)solving space and time: fulfilment issues in online grocery retailing. *Environment and Planning A* 35, 1173-1200.
- Office of National Statistics (2014) Retail Sales - Value of Internet Sales London The Crown 2014 14-2- http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?cdid=J4MC&dataset=drsi&table-id=INT_SALE
- Papola, A., Polydoropoulou, A. (2006) Shopping-related in a rich IT era: A case study on the impact of e-shopping on travel demand. *85th Annual Meeting of the Transportation Research Board* Washington DC.
- Salomon, I. (1986) Telecommunications and travel relationships: a review. *Transportation Research A* 20, 223-238.
- Weltevreden, J.W.J. (2007) Substitution or complementarity? How the Internet changes city centre shopping. *Journal of Retailing and Consumer Services* 14, 192-207.