

Buy Online Pickup In-Store: State of the Industry

Part 2: The Superior Online BOPIS Experience



Part 2

In Conjunction With



HARD DATA, **SMART** DECISIONS

INTRODUCTION

This report is based on a collaborative study between Secret Shopper and IHL Group. We sent 300 secret shoppers to research the BOPIS process for 10 top retailers across the US. The data included visits to stores in the Northeast, South, Midwest and Western US. In our previous paper "Buy Online Pickup In-Store: State of the Industry" we focused on ranking the different parts of the complete BOPIS experience by retailer.

For this paper we are focusing on what makes a superior online BOPIS experience. Our goal is to highlight the specific areas of the process that have the largest impact on the ratings of the buying experience and total experience.

The Retailers Surveyed Include:

- ✓ *Bed, Bath and Beyond*
- ✓ *Best Buy*
- ✓ *The Home Depot*
- ✓ *Kohl's*
- ✓ *Lowe's Home Improvement*
- ✓ *Macy's*
- ✓ *Nordstrom*
- ✓ *Staples*
- ✓ *Target*
- ✓ *Walmart*

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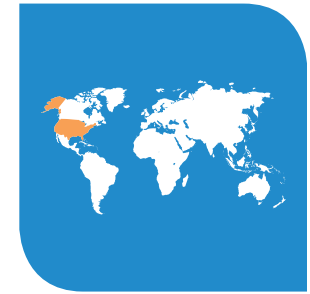
METHODOLOGY AT A GLANCE



300
Shopping Experiences



Oct - Dec 2018



United States

BOPIS EXPERIENCE SCALE

The metrics in this report are based on the ***BOPIS Experience Scale***, a survey instrument developed by Dr. Haroon Abbu, Vice President of Analytics at Bell and Howell. The scale measures and scores the four components of a BOPIS experience by asking consumers to rate their:

- Online purchasing experience
- In-store pickup experience
- Total pickup time from entry to exit
- Likelihood to recommend/use the service in the future

Each criterion is scored on a five-point Likert scale where 5 is extremely satisfied and 1 is extremely dissatisfied. The overall BOPIS score is calculated based on weighted scores of each component. The same scale can also be used to measure the impact of implementing in-store pickup technology and to assess any uplift in net promoter score.

WHAT MAKES A SUPERIOR BOPIS EXPERIENCE?

Our focus in this paper is to look at the specific areas that make a great online experience for customers. Overall the ratings were strong for the online order process with an average score of 4.36 with companies such as Lowe's, The Home Depot, Best Buy, Nordstrom and Kohl's leading in our metrics. Following is the breakdown of the online purchase process:

Method of Connecting Online



86% of mobile device shoppers reported a satisfactory or highly satisfied experience.

Ease of Finding Items in the Online Store



With Walmart, the rating for finding items was 22% higher on mobile than desktop.

Items Clearly Shown Available for Store Pickup



Lowe's tops all the retailers in the clearly marked BOPIS items category with a 5.00 rating.

Checkout and Payment



None of the retailers in the study went below a rating of 4.10 (highly satisfied) for payments.

Notification Time



69% of orders were ready for pickup within 2 hours, with 51% being ready within 1 hour.

Clear Instructions on Pickup



Overall shoppers were the least satisfied with the clarity of instructions for pickup (3.36).

METHOD OF CONNECTING ONLINE

Our secret shoppers split between using a PC/Laptop for their shopping experience and mobile devices. In total, 61% of our secret shoppers used a PC/Laptop for their purchase, while 39% used a mobile device (phone or tablet). Just a few short years ago, consumers were frustrated with the mobile experience. These struggles ranged from finding what they wanted in the online stores to the payment process. This has changed in a dramatic way. In fact, 86% of shoppers using the mobile device reported a satisfactory or highly satisfactory during the online purchase process, a factor even higher than the traditional desktop experience which was 84%.

Mobile Commerce Stepping Up

Shoppers found that using a mobile device provided them with a better online purchase experience, as **86%** of mobile device shoppers reported a satisfactory or highly satisfied experience vs the traditional desktop shoppers with **84%**.



PURCHASING PROCESS SATISFACTION SCORES

Device	Ease of Finding Items Online	Checkout and Payment was Simple	Items Clearly Marked as BOPIS Items	Items in Store if Shown Available Online	Clear Instructions on Pickup
Using PC/Laptop	4.31	4.62	4.34	4.70	4.42
Using Tablet	4.42	4.58	4.47	4.68	3.95
Using Mobile Phone	4.43	4.62	4.52	4.70	4.32
Overall	4.36	4.62	4.41	4.70	4.36

Rating on 1-5 where 5 is Extremely Satisfied and 1 is Extremely Dissatisfied

METHOD OF CONNECTING ONLINE CONT.

Overall, the online experience rated 4.36 scale for both the mobile and desktop online shopping experience. Lowe's Home Improvement was rated the highest at 4.72 for the overall online buying experience. Lowe's also rated highest for finding items, the best desktop purchase experience and second best for the mobile purchase experience. They were the most consistent of all retailers. Other retailers were particularly strong in one area and not as strong in others. For instance, Nordstrom rated a perfect 5.00 for the mobile shopping experience, but they did not place in the top 5 for the desktop shopping experience. Bed, Bath and Beyond scored very high on the desktop experience, but not as strong on the mobile purchase experience among our secret shoppers.

Top 5 Overall Online Purchase Experience



Top 5 Desktop Purchase Experience



Top 5 Mobile Purchase Experience



EASE OF FINDING ITEMS IN THE ONLINE STORE

As we break down the process of the online buying experience, we begin to see differences. In ease of finding items in the online store, we were surprised to see that shoppers who used a mobile device found it easier to locate what they were looking for online than those using a desktop (4.42 vs 4.31). This appears to be a “less is more” experience since most mobile apps and websites limit what is on the screen. Nordstrom (5.00), Target (4.75) and Lowe’s (4.60) were rated the three highest for mobile in easily finding items. Macy’s (4.72), Lowe’s (4.71) and Best Buy (4.48) rated the highest among the retailers when it came to finding things on the traditional website.

What we also found interesting was the big difference in customer experience between mobile and PC. Both Walmart and Staples have significantly higher ratings from their mobile shoppers than their desktop shoppers. In the case of Walmart, the rating for finding items was 22% higher on mobile than desktop, whereas Staples showed a 9.6% higher rating for mobile.

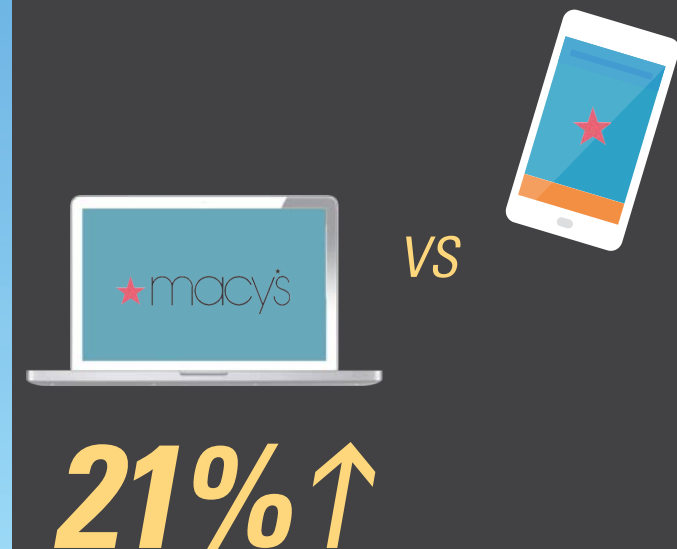
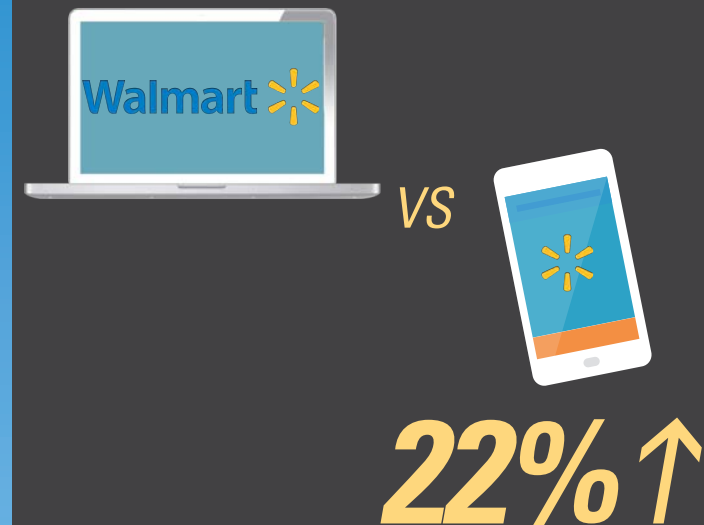
Macy’s, on the other hand, had the exact opposite problem among our shoppers. Macy’s rated the highest for desktop and lowest for mobile shoppers for ease of finding items in their online store. The rating for desktop was 4.72, 21% higher than the rating for mobile.

Less is More

It seems because mobile apps and mobile sites limit what is on the screen, it makes it easier for customers to find what they are looking for.



Retailers had a Big Difference in Customer Satisfaction Scores Between Mobile and PC



ITEMS CLEARLY SHOWN AVAILABLE FOR STORE PICKUP

The next step in the BOPIS process, after you find the items in the online store, is to measure if those items were clearly listed as available for pickup. Part of this process is for consumers to allow access to their location data or set their local store. In general, the retailers in our study are doing this well, with an average rating of 4.41. But we once again see that the mobile apps are better at this than the desktop sites. Whereas the PC website rates at 4.34, the average mobile site rates at 4.51 for showing items marked clearly for pickup. Further, we see a very strong correlation of repeat use of the BOPIS service - as the rating for this functionality on the site is nearly identical to the rating for likelihood of using the service again. So having this clearly marked as 'available', reinforces the consumer desire to use the service.

Our top retailers rated for desktop sites for showing items clearly available for pickup were Lowe's (5.0), Kohl's (4.95) and Best Buy (4.81). On the mobile sites, Target and The Home Depot shared the top score of 5.00 followed by Nordstrom (4.89).

Top 3 Retailers for Items Clearly Shown Available (Desktop)



Top 3 Retailers for Items Clearly Shown Available (Mobile)



Rating on 1-5 where 5 is Extremely Satisfied and 1 is Extremely Dissatisfied

ITEMS CLEARLY SHOWN AVAILABLE FOR STORE PICKUP CONT.

Once again, we see some strong differences between mobile shoppers and desktop shoppers when it comes to these metrics for Macy's, Staples and Walmart. For Macy's, the desktop rating is 20% higher than the mobile rating. For Walmart, the mobile app is rated 27% higher than the desktop site when it comes to seeing items clearly marked as available for pickup at their local store. As we mentioned earlier, this affects the overall rating of the site, BOPIS process and the probability of using the service again.

Clarity Means Everything

A strong correlation in ratings indicates that having items clearly marked as 'available for pickup' reinforces the consumers desire to use the service again.



DIFFERENCE IN EXPERIENCE: MOBILE VS PC

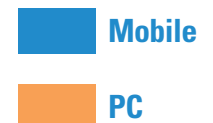
Walmart



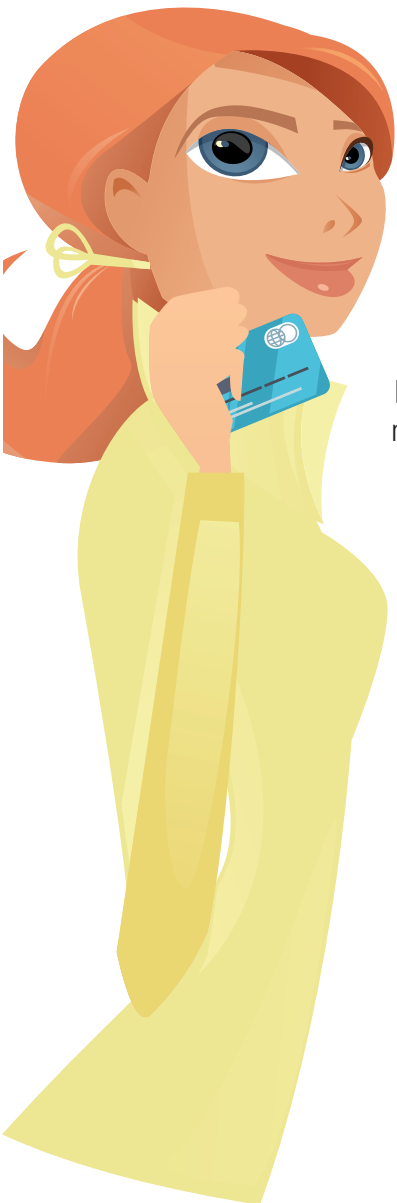
Staples



macy's



CHECKOUT AND PAYMENT



The next part of the process that we measured came down to the ease of checkout and payment. The specific question asked was “On a 1-5 scale, how simple was the checkout and payment process?” A few short years ago this was a tremendous struggle for consumers regardless of whether they were shopping on a desktop site or through a mobile app. High levels of cart abandonment due to the challenges of payments was the norm. We have seen great improvement with this part of the online process with an overall rating of 4.62. For payments the ratings overall were essentially the same at 4.61 and 4.62 for mobile and desktop sites.

As we look at the specific retailers in the study, there is a bit of a difference for payment satisfaction ratings among all of our shoppers. Target (4.87) rated the highest followed by Lowe’s (4.79). Best Buy, Kohl’s and The Home Depot each had a rating of 4.73 overall. For desktop sites, Lowe’s had the highest rating at 4.93 followed by Target (4.86) and Best Buy (4.86). For mobile, Nordstrom and The Home Depot were rated at 5.00 for the checkout and payment process, followed by Target at 4.88.

In our study, no single satisfaction rating for any retailer went below 4.10 (highly satisfied) for payments. Kudos to the retailers in our study for making huge strides in this area in recent years.



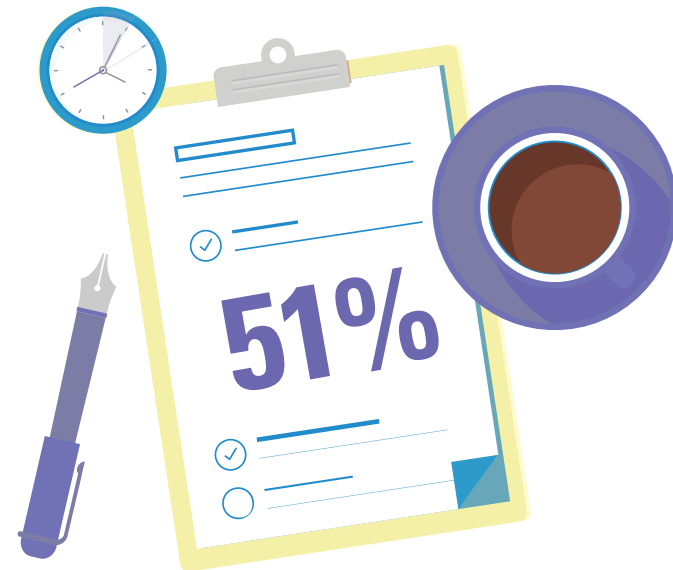
NOTIFICATION TIME

While we have had mostly good things to report about the online process across retailers, it is the 'notification time of orders being ready for pickup' where we see wide disparities between retailers. This is a critical area of opportunity for retailers, as it is key to keeping these consumers from simply purchasing items at Amazon or other retailers for delivery. Whereas consumers shop at stores directly because they "need the product now", BOPIS is used over delivery because the consumer has even less time to shop while at the store on that trip. Ratings here show the priority of store staff in moving on BOPIS orders and reflects overall inventory accuracy. It is one thing to show online that the product is available in the store, but it is another for the staff to be able to find it.

Overall 69% of shopper's orders were ready for pickup within 2 hours, with 51% being ready for pickup in less than an hour. When we look at individual retailers, however, we see some wide disparities. Without question, Bed Bath and Beyond and Kohl's were rated the strongest of all retailers in our study for speed of notification. Bed Bath and Beyond shoppers said 86% of orders were ready within 2 hours and 72% were ready within 1 hour, with an average time across all orders at 2.1 hours for notification. For Kohl's, 73% of orders were ready within 1 hour and a total of 83% were ready within 2 hours, with an average of 3.2 hours for all orders. Target had 76% ready in 2 hours, but the second fastest time for overall at 2.7 hours.



Orders Were Ready Within 2 Hours



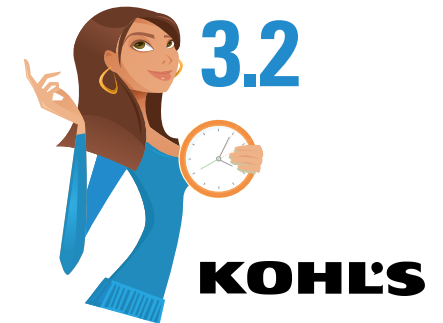
Orders Were Ready in Less Than 1 Hour

NOTIFICATION TIME CONT.

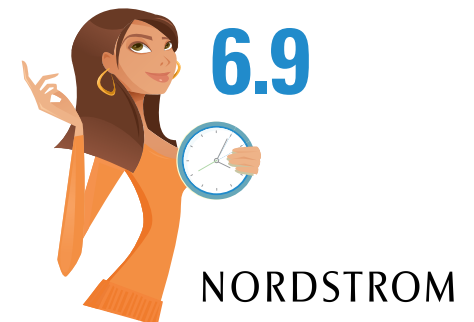
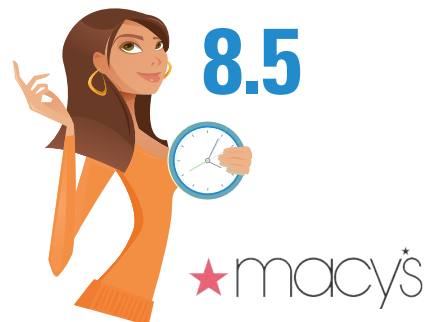
The retailers that were weakest in our study in notification time were Walmart (16 hours), Macy's (8.5 hours) and Nordstrom (6.9 hours). For Walmart, the notification process took over 4 hours for 54% of the orders. Only 36% were ready within 2 hours. For Macy's, while 53% of orders were ready for pickup in 2 hours or less in 27% of the purchases the notification process took 4 hours or more. And for Nordstrom, 77% of orders were ready within 2 hours and 23% took more than 4 hours.

For the retailers at the lower end of the ratings, the local stores were not prioritizing the verification of the orders. What is clear though, is that there is a very strong correlation between the notification time of the order being ready and the likelihood of the shopper using the service again, recommending the service to others, and buying additional items on their visit. So, if notification time was 2 hours or less, the metrics around repeat business and greater wallet share grew.

Top 3 for Notification Time (Average in Hours)



Bottom 3 for Notification Time (Average in Hours)



CLEAR INSTRUCTIONS ON PICKUP

The final portion of the online process that we looked at was the clarity of instructions for pickup once customers were notified that the order was ready. While this is one of the easiest parts of the entire process, it was one of the lowest rated parts of the entire study on average, with a rating of 4.36. In fact, our shoppers said it was easier to checkout and pay than it was to figure out where to go when their order was ready.

Now to be fair to the retailers, we did not measure the shopper's consistency in reading the complete message of the notification. But as we noted in our previous papers, knowing where to go in the store for pickup has a critical impact on total time and thus total rating of the experience. We recommend that retailers send multiple notices informing customers where to go for pickup, one that is included in the note that the order is ready for pickup and a second note (either via text or email) that is specifically about the pickup location. Further, if you have dedicated parking spaces for BOPIS orders, this second communication helps remind the shopper about the benefit as well.

Retailers rating the best in this area were Target (4.63), Best Buy (4.48) and Lowe's (4.48). Retailers rating the lowest in providing clear instructions were Staples (3.83), Walmart (3.97) and Nordstrom (4.23). As you can see there are big differences among the top retailers in this area to the lowest rated. And generally, these ratings correlate to the rankings of the overall process from online to store pickup.

The Missing Online Link

Although providing clear instructions on pickup is one of the easiest parts of the whole process, it was one of the lowest rated parts of the entire study. Shoppers thought it was easier to checkout and pay than it was to figure out where to go when their order was ready.



FINAL THOUGHTS

Retailers have really done a terrific job improving the online experience for BOPIS in recent years regardless of whether a desktop or mobile device is used to purchase. Compared to the pickup experience, the entire online process is way ahead of the store-level execution in terms of meeting consumer expectations. While most of the retailers in our study made the buying process easy for shoppers, the difference between top retailers and the bottom retailers were not the parts of the purchasing process, but rather what happens after the consumer finishes the payment and checkout. Things like, the amount of order readiness notification time and repeat instructions on where to pickup the order once they get to the store, separate the top retailers from those with lower scores in the 10 retailers we measured.

How Likely are You to Reuse the Service?



4.55

KOHL'S

4.53



4.43



4.43



4.40



4.34

NORDSTROM

4.23



4.07



3.90



3.70

Rating on 1-5 where 5 is Extremely Satisfied and 1 is Extremely Dissatisfied

FINAL THOUGHTS CONT.

How Likely are You to Recommend this Service to Others?

KOHL'S

4.60

BEST
BUY

4.57

LOWE'S

4.55



4.53



TARGET

4.43

NORDSTROM

4.37

BED BATH &
BEYOND

4.31

★ macy's

4.17

Walmart

4.10

Staples

3.80

Rating on 1-5 where 5 is Extremely Satisfied and 1 is Extremely Dissatisfied

Although it remains a small part of overall business for many of these retailers, BOPIS is the area of greatest sales growth year to year. There appears to be a big difference between those retailers who are prioritizing the process from end-to-end versus only parts of the experience so far. Most have optimized the online buying process regardless of the delivery mechanism. But to fully take advantage of the location advantage that BOPIS can provide, optimizing the entire end-to-end experience will have to become a top priority for these retailers to continue their growth.

What Really Makes the Difference?

The biggest differentiator we saw in the research was the in-store experience. How quickly and how well this process is done can make or break a retailer. Look out for Part 3 of the BOPIS: State of the Industry for a deep dive into the in-store BOPIS experience.



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Discover Retailers' Omni-Channel Capabilities

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Buy Online Pickup In-Store: State of the Industry

Discover Who is Getting BOPIS Right in the US

OrderDynamics and Bell and Howell partnered to explore BOPIS offerings from the top ten retailers across the US. Where are they doing really well or where are they falling flat? Find the answers to these questions in our latest Buy Online Pickup In-Store research, analyzing 300 secret shopping experiences.

Download today at bit.ly/od-bopis-state-of-the-industry



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OrderDynamics Corporation

Office: +1 (905) 695-3182

Email: Info@OrderDynamics.com

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Bell and Howell

Office: +1 800-961-7358

Email: Info@bhemail.com

Comprehensive Automation Solutions

3791 South Alston Ave
Durham, NC
27713
Tel: +1 (800) 961 7358
Info@bhemail.com
www.BellHowell.net

Distributed Order Management Systems

68B Leek Crescent, Suite 201
Richmond Hill, ON
L4B 1H1
Tel: +1 (866) 559 8123
Info@OrderDynamics.com
www.OrderDynamics.com

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