



How to Innovate Click and Collect Operations for More Efficiency AND Profitability

Learn how innovations and effective training can save you
time, money, and resources.

If you're a brick-and-mortar retailer, you know the pressure is on to maximize profits, increase productivity, and lower the cost to serve customers.

But that comes with obvious challenges—especially if you're talking about click and collect.



By 2026, this increasingly popular shopping method is projected to [exceed 40% of grocery e-commerce sales](#). However, as grocers know firsthand, providing this option while also turning a profit remains a huge hurdle.

So what can grocers do?

In this white paper, we'll provide insights for innovating your click and collect not only to improve operational efficiency but also to generate profit and return customers. You'll also learn a systematic approach for determining the total cost of ownership for a click and collect innovation.

But first, let's explore why click and collect has become so crucial for brick-and-mortar grocers.

If you're not looking at ways to optimize your click and collect, your business is going to suffer. It's that vital.

- Jeff Stutz, a sales executive at [Cannon Equipment](#) and an expert in material handling with twenty years of experience

Click and Collect's Indispensable Role in Retail's New Normal

The Click and Collect Challenge for Grocers

Customer demand for buying groceries online and picking up at the store—aka click and collect—was already on the rise prior to 2020. But that demand surged during the pandemic, largely driven by safety concerns.

Today, as pandemic fears wane and retail gradually returns to normal, it's a *new* normal, with time-pressed shoppers embracing the convenience of grocery e-commerce and click and collect in particular.

Consider numbers like these:



With the growing popularity of click and collect has also come a new set of challenges for grocers. Although this purchase option creates an additional revenue stream, it also requires added operational costs.

In fact, many grocers are finding it hard to provide the service without losing money, an important point in an industry where profit margins hover around 1% to 5%.

As a result, in the current hyper-competitive grocery landscape, retailers are feeling the pressure to provide exceptional click and collect to customers while also minimizing the service's operational costs.

Let's turn to innovations that can help improve both the efficiency and profitability of your click and collect.



E-commerce grocery delivery and ship-to-home sales for July 2021 to July 2023 fluctuated. Meanwhile, sales for click and collect **increased from 43.6% in 2021 to 45.1 in 2023.**

Source: brickmeetsclick.com



37% of U.S. consumers in 2022 said they used click and collect at least monthly.

Source: pymnts.com



25% of customers cite curbside pickup as the most important online shopping feature, a greater share than any other response.

Source: pymnts.com



As of July 2023, monthly active ecommerce grocery shoppers using the click and collect method **increased by 7% from a year ago.**

Source: brickmeetsclick.com



How to Improve Click and Collect Efficiency and Profitability

1 Use Custom Picking Carts to Increase Efficiency at the Picking Stage

Most grocers today fill click and collect orders from stock on the sales floor, which requires store associates to pick items by hand. This has obvious labor cost implications.

Internal research conducted by [Cannon Equipment](#) indicates that mid-market regional grocers are in fact placing a priority on reducing labor costs at the picking stage.

Cannon Equipment's Jeff Stutz says having associates use custom-designed picking carts—as opposed to customer shopping carts, for example—can dramatically increase the efficiency of the picking process.



More specifically, it enables those associates to do the following:



Pick multiple orders at a time

Depending on what you need, custom picking carts can enable workers to pick multiple orders at a time into separate totes. Picking carts can work equally well if you're doing zone picking (e.g., picking only frozen items for multiple orders).



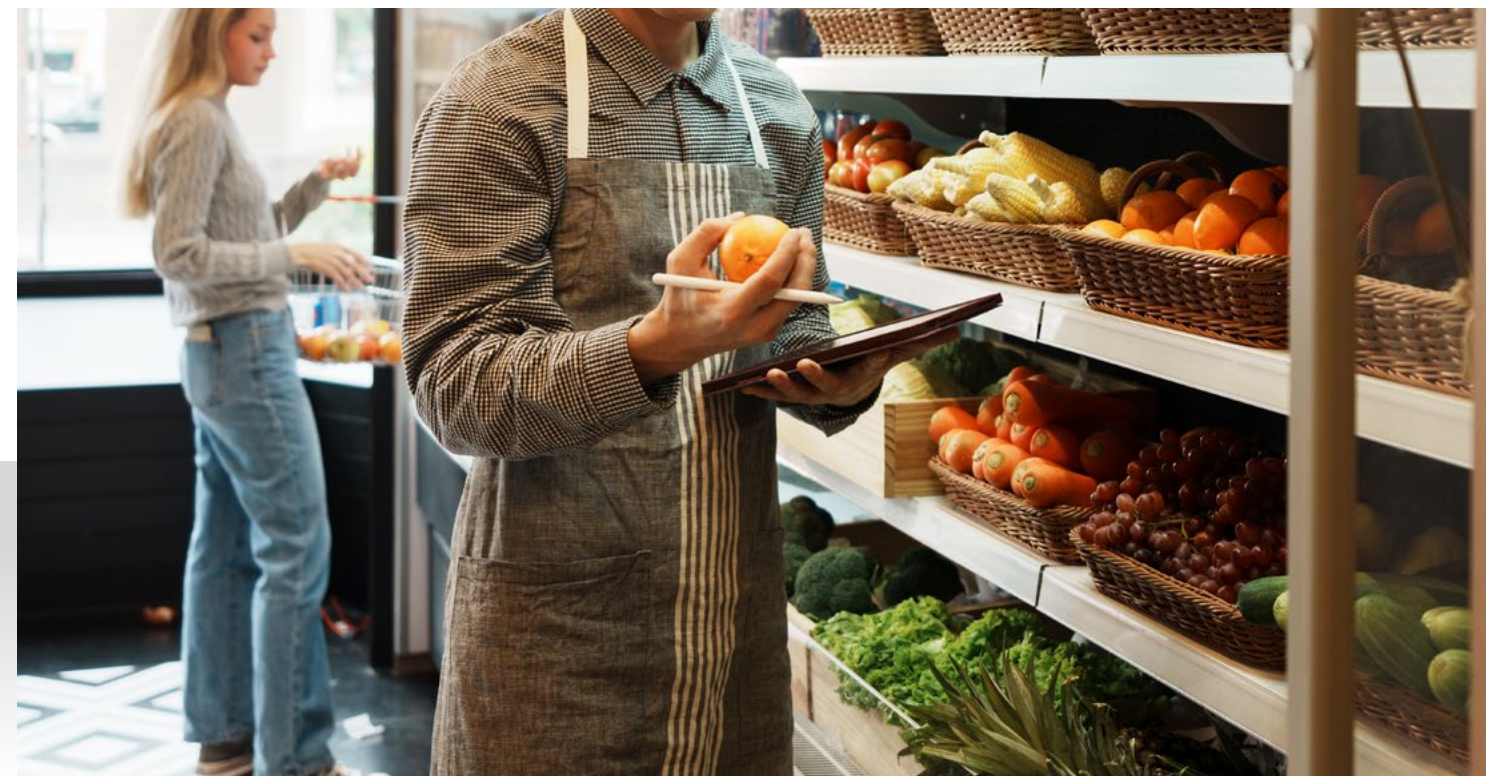
Pick faster and navigate more efficiently

With a picking cart's lower profile, it won't obstruct sightlines, making it easier to find items. Plus, having tote accessibility from both sides allows faster multi-order picking. Associates can also maneuver more easily through aisles, around shoppers, and in the back room thanks to a lightweight cart with a zero-turn steering radius.



Stay accurate, organized, and on task

You can minimize mistakes and interruptions in the picking process by having everything a worker needs right on the picking cart. Beyond totes, that can include a tool tray, bag holder, and a receptacle for a handheld scanner. You can also have foldable shelves for flexible tote storage and oversized items.

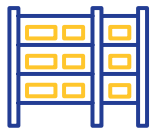


2 Find New Ways to Streamline Staging

Once items for a click and collect order are picked, grocers commonly struggle with where to stage them prior to actual customer pickup. And to add complexity to that challenge, typical orders include a combination of ambient and refrigerated products as well as frozen items.

Grocers are finding a variety of temporary solutions, including using coolers and freezers meant for in-store items. But Stutz says those areas weren't really designed for such a thing. "You could have employees running to three different locations to put together an order for pickup, which is extremely inefficient," he says.

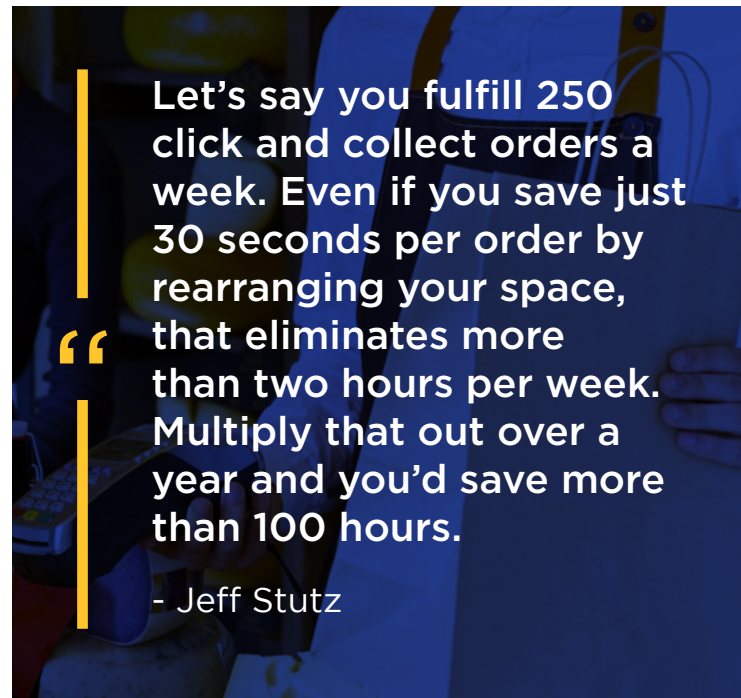
But with strategies like the following, grocers can improve their staging efficiency:



Repurpose space for more convenient staging

Has your backroom space remained unchanged for years? This could be a good opportunity to reorganize it so you can stage orders more efficiently—and get them out to customers more quickly.

And whether it's your back room or another possible area, see if you can relocate any available coolers and freezers to enable more convenient order assembly and collection.



Be open to innovative, cost-effective ways to find more space

Grocers should also be open to solving their space challenges in more unconventional ways.

Stutz points to an example where he worked with a grocer to create a branded temperature-controlled exterior storage container for order staging. "They simply didn't have the space for handling 160 pickup orders on a Saturday. But now they do, and it didn't require a major expenditure."

3 Expedite (and Enhance) Customer Pickup

Customers like the speed and convenience of click and collect, so when they arrive at the parking lot for their order, they generally want it, like, now.

"Grocers tell me all the time that they get negative feedback on pickup wait times," says Stutz. "A lot of them are shooting to have a customer in and out in five minutes or less. But that's not always easy."

Consider these strategies to improve both the collection process and experience:



Bring multiple orders out at once

At peak hours, it's common to have numerous customers waiting to pick up their orders. Unfortunately, as Stutz explains, a lot of grocers have associates bring out orders one at a time.

"If you improve your staging (see No. 2), you're going to be putting those orders together much faster. You can then go a step further and consolidate trips to the parking lot—say, one trip for three customers. That would obviously save time and improve your customer service," he says.

Custom-designed picking carts (see No. 1 above) could be used to transport multiple orders to the parking lot, suggests Stutz. Or, you could even have carts specially designed for the customer collection step.



Use smart signage

Eliminate any ambiguity in the parking lot by presenting clear, helpful signage to generate easy wayfinding.

"When you can get your customers to the right pickup spot quickly," says Stutz, "your team can increase efficiency and your customers will be more satisfied."



Encourage impulse purchases at collection

With the growth of click and collect and curbside pickup, there are more customers who no longer encounter impulse options—i.e., high-margin items like soft drinks, candy, and magazines near the checkout.

Stutz suggests considering specially designed click and collect carts that are equipped to hold impulse items. "You can have popular brands pay for impulse space on the cart, just like they do in store," he explains. "So when an associate brings a customer's order out, that customer can see impulse products right on the cart. And they could pay on the spot with a card."

4 Make Sure Associates are Ready (and Even Excited)

Let's turn from possible click and collect innovations to the workers who would use them.

According to Joe Rother, Director of Sales for [Cannon Equipment](#), retailers commonly struggle with process scaling, which involves implementing an innovation effectively across numerous stores. More specifically, it requires getting associates fully on board with using a given innovation.

Consider these insights to help you generate enthusiasm among your associates AND to scale successfully:



Make it simple but effective

Be sure the design of the new innovation is as easy as possible for associates to use.



Explain the why

Define the need behind the innovation while also emphasizing to associates how it will make their jobs easier and help them perform better.



Prepare them

It may not need to be extensive but be sure the training provided is adequate and then reinforce it with, for example, helpful signage. Also, rather than just assume, be sure to provide oversight to confirm your associates are indeed competent at applying the innovation.



Gamify the innovation

Generate enthusiasm by introducing a gaming component in which associates can compete with themselves and even each other.



How to Assess the Total Cost of Ownership for a Click and Collect Innovation

You want to innovate your click and collect with new equipment and processes in the hopes of improving your performance. But, of course, you're basing decisions on a lot more than just hope—or at least you should be.

To establish the potential total cost of ownership (TCO) for a click and collect innovation, you need a framework to help you balance the investment with the impact of the innovation.

To demonstrate what that looks like, we'll apply our TCO model to one specific type of click and collection innovation: custom picking carts.



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TCO Focus: Understanding the Cost vs. Benefits of Picking Carts

“Picking carts can help reduce both picking time and picking errors. Those are two significant ways to ease the overall cost burden of click and collect,” says Jeremy Opsahl, Director of Product Development at [Cannon Equipment](#).

They’re also factors—beyond the upfront cost—that you need to consider if you’re thinking about purchasing picking carts. That’s why understanding the TCO is so important. Let’s see how our model can help you determine the potential TCO for picking carts.

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- Jeremy Opsahl, Director of Product Development at Cannon Equipment

FACTOR 1 Your Upfront Investment

We start at the obvious place: the price tag. Since you’re likely already providing click and collect, that means you’re probably using existing shopping carts. Understandably, investing in picking carts can induce a degree of anxiety.

The size of a new fleet of picking carts will depend on the number of stores you’re purchasing for and your estimated click and collect volumes. You’ll also need to purchase the appropriate picking totes to go with them.

One positive note here is that, due to the nature of their use, picking carts take less abuse than shopping carts and therefore have a longer performance lifetime. Opsahl says with proper use and minimal maintenance, a quality picking cart should last many years.



FACTOR 2 Your Potential Gains in Efficiency and Overall Effectiveness

Factor 2 is where the real fun begins. First, quantify all the factors related to your current picking process. For example, how many orders do you pick daily? What’s your average pick time per order? How much do you pay a typical picker per hour?

You’ll want quantifiables like those established so you can compare the numbers with the advantages you gain using picking carts, such as the following:



Pick more
EFFICIENTLY



Pick more
ACCURATELY






Retain more
CUSTOMERS

LET’S DIVE DEEPER INTO THAT FIRST POINT.




EXAMPLE: PICK MORE EFFICIENTLY

To get an accurate picture of how picking carts can boost efficiency, Opsahl gives the following hypothetical scenario with estimated picking time minutes. Note that one order is equal to approximately three totes.

WITHOUT A PICKING CART

 **1 EMPLOYEE**
 **PICKING 1 ORDER**
 **INTO 1 SHOPPING CART**
= 25 MINUTES/ONE ORDER

WITH A SIX-TOTE PICKING CART

 **1 EMPLOYEE**
 **PICKING 2 ORDERS**
 **INTO 1 PICKING CART**
= 35 MINUTES/TWO ORDERS

The average picking time per order with a six-tote picking cart is now 17 minutes vs. 25 minutes the old way. Extrapolating those eight fewer minutes over, for example, 100 orders a day reveals 13 labor hours saved. “Now imagine the labor hours saved over an entire year,” says Opsahl.

You can also run the numbers with a nine-tote picking cart, which allows an employee to pick for three or more orders at a time, thereby yielding even greater efficiency.

(Go a step beyond the hypothetical numbers and start estimating your own potential TCO. Check out Cannon Equipment’s [picking cart calculator](#).)

FACTOR 3 The Big Picture Intangibles

As you estimate the potential TCO of picking carts, don't forget about important intangibles like the following:

MAXIMIZE THE LABOR YOU'VE MANAGED TO FIND

If you've struggled to find enough help, then you know just how important it is to make the most of your current labor. Opsahl says having pickers that are more efficient can free up time for other important store tasks.

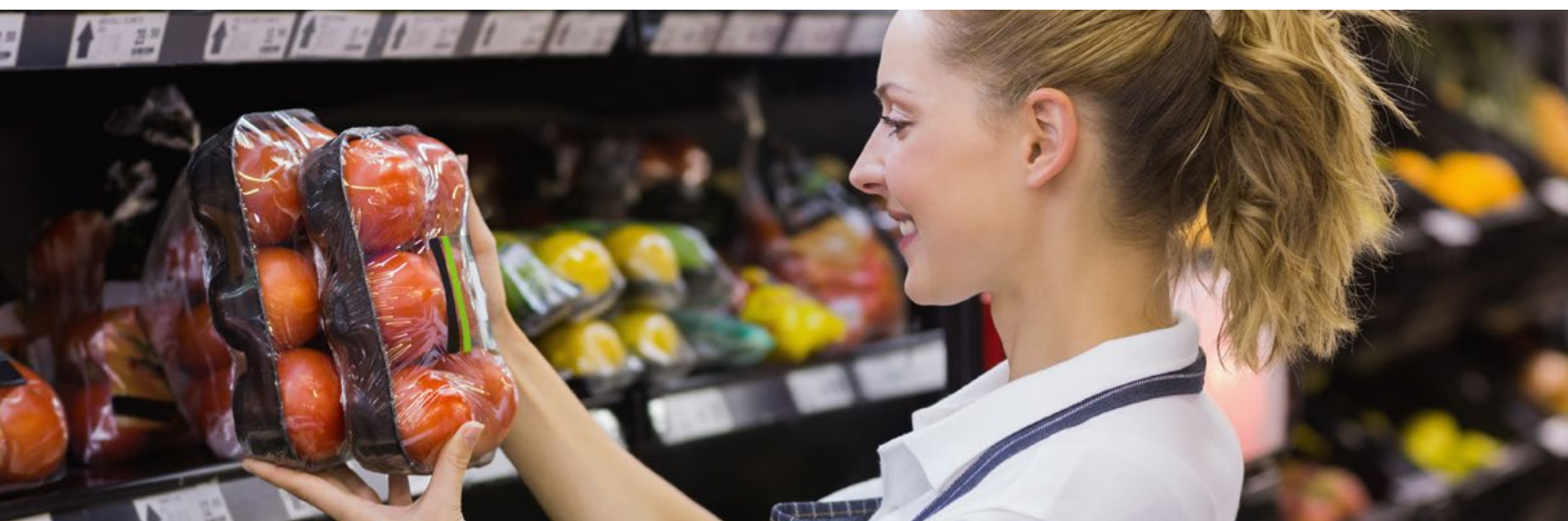
Let's say you had 15 employees dedicated to picking orders. But thanks to the time saved with picking carts, you can now devote three of them to straightening and restocking shelves—and, more generally, making customers happier.

- Jeremy Opsahl

CREATE "A POSITIVE RIPPLE EFFECT" TO GAIN MARKET SHARE

When you can outperform your competition by picking faster with picking carts, that ultimately leads to orders being available sooner for pickup. That's no small factor considering rising customer expectations for order turnaround, says Opsahl.

Also, factor in the reduced error rate that picking carts can help generate, and you're not just retaining more customers—you're making it more likely that they'll sing your praises to others. Keeping these points in mind, says Opsahl, will help you see the bigger picture.



Seek Support from a True Consultant (Not Just a Supplier)

Customized carts, other specialized equipment, smarter store layouts—these innovations can go a long way toward improving your click and collect operations.

But you also need to keep this in mind: If you're searching for a vendor to help you improve your click and collect, you'll want one that not only provides customized products but also conducts a thorough, systematic process to understand your needs.

More specifically, that process should involve key vendor factors like these:

Going on location for firsthand insights

It's crucial to talk on site with both management and the store associates who do the actual click and collect tasks. "The vendor should be asking about what's working and what's not, what you're hoping to achieve, and what your dream situation would be," says Cannon Equipment's Jeff Stutz.

Documenting important store details

Stutz also says factors like the following, to name just a few, must be taken into account: typical order sizes, dimensions of aisles and door thresholds, and special store features.

Quantifying performance

Look for a vendor who can help you accurately test and measure your current performance and also carefully compare it to your performance using the innovation.

Prototyping to guarantee satisfaction

Ideally, all the information gathered will help the vendor produce a product optimized for your needs. But Stutz says it's not enough to assume. "You want a prototype that you can actually use in store. Maybe it'll take multiple iterations, but the process should ultimately provide you with a tool that solves real problems."

Your Next Move

If you'd like to gain an edge as you attempt to innovate your click and collect operations, keep in mind that [Marmon Retail Solutions](#) and its family of retail-focused brands can help:

- We go on site to better understand the unique challenges of your stores.
- We bring helpful expertise and industry connections that go beyond the products themselves.
- We look for opportunities to partner for your long-term success.

For grocers who want their click and collect innovations to be more strategic, more cost-effective, and ultimately more successful, we believe we can help.

If you'd like more information, contact Marmon Retail Solutions today.

[CONTACT US](#) at marmonretailsolutions.com