

COLUMNS

The next killer app: Stores

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By **Wilson Kerr**

Last week, I took in the "BIG" NRF (National Retail Federation) show in New York. As advertised, the show was massive and there was a lot to absorb. Still, some themes emerged.

Yes, integrated mobile commerce is big and getting bigger. Yes, omnichannel retailing is an essential concept to embrace. Yes, breaking down the silos between your ecommerce and marketing teams is paramount. Yes, fast delivery and accurate product availability data is key. NFC even peeked out of the shadows and, I think, will have its day in the spotlight soon. All these takeaways were important, but not necessarily new.

The single biggest new takeaway, at least for me, was how important it is for retailers to question the very definition of what a store is. More specifically, how physical stores can be leveraged as an asset for fast delivery, in a rapidly evolving retail environment.

As the Amazon online sales blitzkrieg marches onward, smart retailers should see their physical stores filled with merchandise as a key to meeting the needs of the mobile-connected "want it now" consumer.

This concept is anchored by "BOPIS," or Buy Online Pick-Up In-Store.

Lee Peterson from WD Partners gave a presentation on this I borrowed the title of his talk for this article backing up his assertions with numbers. A survey of 1,500 millennial consumers showed that 86 percent chose in-store pickup of online orders as the #1 retail innovations they would like to see. Drive-through pick-up and curbside checkout ranked 1 and 2, in subset ranking, under this topic.

Consider this: in 2013 only 4 percent rated Buy Online Pickup In-Store as more important than home delivery. In 2014, this number jumped to 64 percent.

There is a quantum shift underway; best illustrated by the fact that, according to WD, physical retail store visits have fallen in the United States by 15 percent every quarter for the last 2 years while online store visits have grown by 15 percent per quarter, in this exact same timeframe.

Retail decision makers need to ask not what they consider important, but rather, what millennials consider important. These "youngsters" are growing up fast, having kids, and fully embracing their smartphones as "stores in their pocket". Unlike the aging Gen-Xers like me who are still amazed by Amazon's two-day shipping, millennials want it now. Not in 2 days. Now.

In the presentation, WD showed conceptual mock-ups of drive up collection points that surveyed very well. Every parent in the room I have a two-year-old immediately understood the potential upside of not having to unstrap kids from their car seats and slog them into the store.

Of course, for BOPIS and ship-from-store to work well, retailers need to integrate store level "available to promise" inventory data into their online retail, tablet and mobile commerce sites.

This is happening and there are real examples to look at.

Tesco's "Click and Collect" program is live in 350 European Union locations. Staples offers two-hour in-store pick-up of many products and other U.S. retailers including Finish Line, Toys R Us, Kohl's, Target and Best Buy all have in-store pick-up programs under way.

A leader in this space, in my opinion, is Micro Center, as it has been successfully leveraging BOPIS under the radar for years.

If retail locations can act as regional fulfillment centers, as well as showrooms, traditional retailers might be able to get a leg up on Amazon, especially if they focus on millennials who want this instant gratification so badly, by integrating this feature into their mobile commerce sites.

THE STORE, as we know it, is going to change and smart retailers are testing and iterating now, to take maximum advantage.

Amazon might be building out their fulfillment operations, but they cannot come close to matching the power of traditional retailers, if these retailers can take advantage and transform their stores into get-it-now branded fulfillment centers.

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