

Navigating the Last Mile in Grocery Shopping: The Click and Collect Format

Abstract

To secure their piece of the online grocery pie, many retailers are rushing into the click and collect format, where shoppers place orders online and pick up the goods themselves later. We study different ways in which retailers can organize this format. Based on two unique data sets, each covering the introduction of two different click and collect order fulfilment models by a major grocery retailer in a large number of local markets, we compare the performance implications of In-Store order fulfilment (pickup at existing stores), Near-Store order fulfilment (pickup at outlets adjoining stores), and Stand-Alone order fulfilment (pickup at free-standing locations). We uncover substantial performance differences between the three order fulfilment models as a function of shopper and local-market characteristics – reflecting the models’ differential benefits in terms of convenience, control, and contact. Our results caution retailers not to take the easy (In-Store) route, and provide guidance on which fulfilment models to operate in which types of markets.