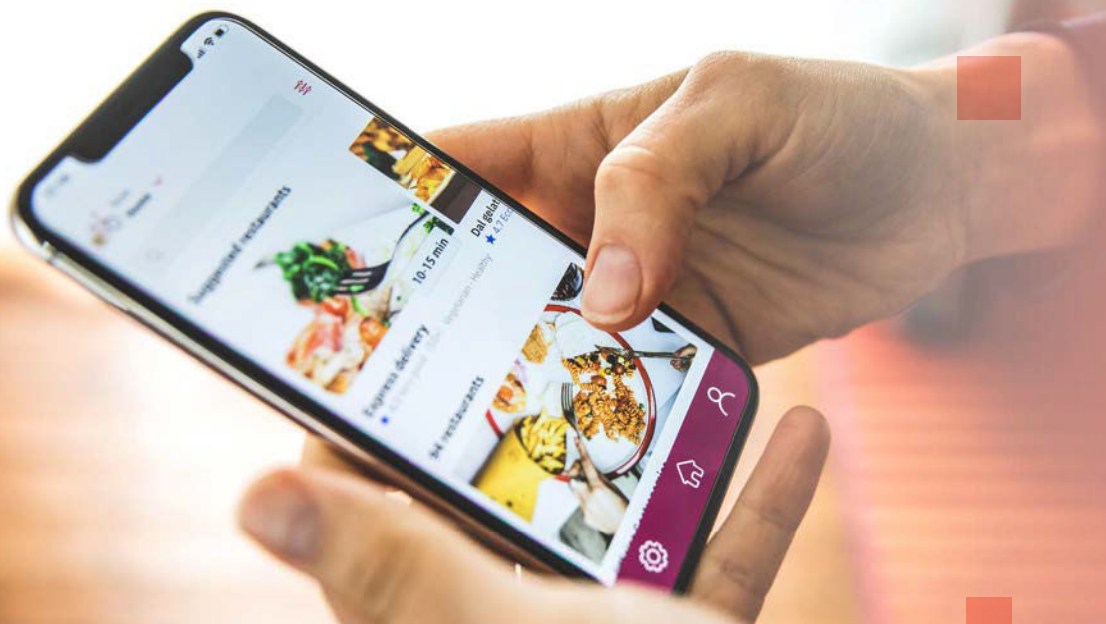


The Next Generation of Click and Collect



55%

of monthly online shoppers
used this service in May 2021.

Grocery e-commerce sales soared in 2020, and that has been both good news and bad news for grocery retailers. The added revenues have grown retailers' top lines, but the costs involved in fulfilling online orders impacts retailers' profits. Smart temperature-controlled grocery lockers have emerged as a viable solution to this challenge that many grocers have been examining more closely.

While click and collect grocery has emerged as the most popular option for customers and retailers in 2021 and is a more cost-effective solution for both than delivery to customers' homes, retailers continue to seek out ways to make it more efficient. The cost of e-commerce fulfillment "is a major issue," said Bill Bishop, founder and chief architect of grocery e-commerce consulting firm Brick Meets Click. "Retailers need a huge amount of help figuring out how to lower those costs." He found that 55% of monthly online shoppers opted for click and collect in May 2021.

New trends are emerging that help lower fulfillment costs including smart temperature-controlled grocery lockers which also provide outstanding customer experience and allow for faster grocery pick-ups.

Online grocery sales have remained elevated in 2021. According to research from Brick Meets Click and Mercatus consumers spent \$8.4 billion in April 2021, including \$6.6 billion on delivery and click and collect, compared with \$7.2 billion, including \$5.3 billion on delivery and click and collect, in April 2020.

In order to introduce efficiencies into their e-commerce fulfillment, some grocery retailers have been investing in various forms of automation, such as the construction of micro fulfillment centers (MFCs) that incorporate a high percentage of robotic picking. The MFCs do entail significant investments but do provide a compliment to in-store and dark store picking if they are serving a customer demographic that wants hyper-fast home deliveries (in a matter of hours) and are willing to pay for the service. In addition, although the grocery

robotics industry is growing fast, the vast majority of online grocery orders will be fulfilled via workers picking items by hand in stores or in dedicated dark stores.

“Reducing the time and labor that’s involved in assembling picked orders is one opportunity that retailers have to make their e-commerce fulfillment operations more efficient”, said Bishop. “Grocery retailers doing click and collect in-store or curbside pick-up need to place their picked products for storage in three different temperature zones — ambient, refrigerated and frozen — while awaiting handoff to customers. Then when the customer arrives, the store associate needs to go to three different places, assemble the order, make sure they don’t make any mistakes and then get the whole kit and caboodle out the door,” Bishop said. “That’s definitely an area where they have opportunity for improvement.”

Smart temperature-controlled grocery lockers have emerged as a viable solution to this challenge that many grocers have been examining more closely.

In Europe, click and collect grocery lockers have already proven themselves as a popular solution. In Sweden, for example, in 2020 click and collect has overtaken home deliveries as the most popular pick-up option, and lockers made by StrongPoint are the most widely used type. These are the same lockers distributed by Peak Technologies in the U.S.

Stop & Shop, a Delhaize/Ahold Company, has been testing click and collect grocery lockers at several locations in New England since February 2021, and is evaluating the potential for a wider rollout. Customers who place an order online select the pick-up locker option. They then receive a text message with information on where and when they can pick up their groceries and upon arrival can open the locker doors via typing a code on the terminal screen. Other methods available include scanning a QR code from their phones or opening each door directly via a weblink on a smartphone.



Key Considerations for Click and Collect Lockers

Following are some of the key considerations for retailers as they seek to position their click and collect services to best meet consumer demands going forward while achieving their own business objectives to make grocery e-commerce as profitable as possible.



1 Customer Convenience.

Grocery lockers provide a contactless, convenient solution for shoppers that is often priced by retailers at a lower cost than home delivery. In addition, rather than waiting at home for delivery, they can retrieve their groceries at their local supermarket at a convenient scheduled pickup time or at a mobile grocery locker. Mobile grocery lockers can be placed in almost limitless locations for maximum customer convenience.

Along with convenience, customers can also save time by retrieving their orders from lockers in under 2 minutes with many customers averaging under 1 minute, which is faster than either curbside or in-store pick-up solutions. In fact, grocery lockers have proven to be just as convenient as curbside pickup, if not more so, because they eliminate the need to wait for employees to bring orders out to customers.

Lockers also provide a safe environment that consumers can trust. Click and Collect Lockers from StrongPoint have complied with safety guidelines from the NSF (National Sanitation Foundation), and recently received full certification in the United States, indicating that the lockers have been thoroughly tested and confirmed to comply with the strict demands for food safety and health codes.

“People are buying groceries to feed their families, and the integrity and quality and protection of the food is important to them,” said Bishop. “When you have smart, temperature-controlled lockers, there is confidence that the food is being taken care of right up until it is in your hands.

For consumers seeking to minimize their interactions with other people, grocery pickup lockers provide a convenient solution.”

Bishop likened locker-based pick-up to using an ATM or pumping your own gas which many consumers have found preferable to waiting in line for a bank teller or waiting for an attendant to fill their gas tank. “We know that the expectations that customers have for different services are continuing to rise pretty quickly. There is pressure to innovate, and I think the lockers are an innovation that people are going to appreciate, because it’s a very personal solution.”

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Labor Savings for Retailers

The use of lockers can also provide great labor cost savings for grocery retailers.

Store employees can place multiple orders in lockers at the same time, which is more efficient than bringing orders to customers' cars or retrieving orders when customers arrive in the store. Lockers can also enhance order accuracy, especially during busy times when employees are multitasking.

Grocery lockers also provide a less stressful solution for store employees, by focusing on other tasks instead of meeting the unpredictable demands of in-store and curbside pickup.

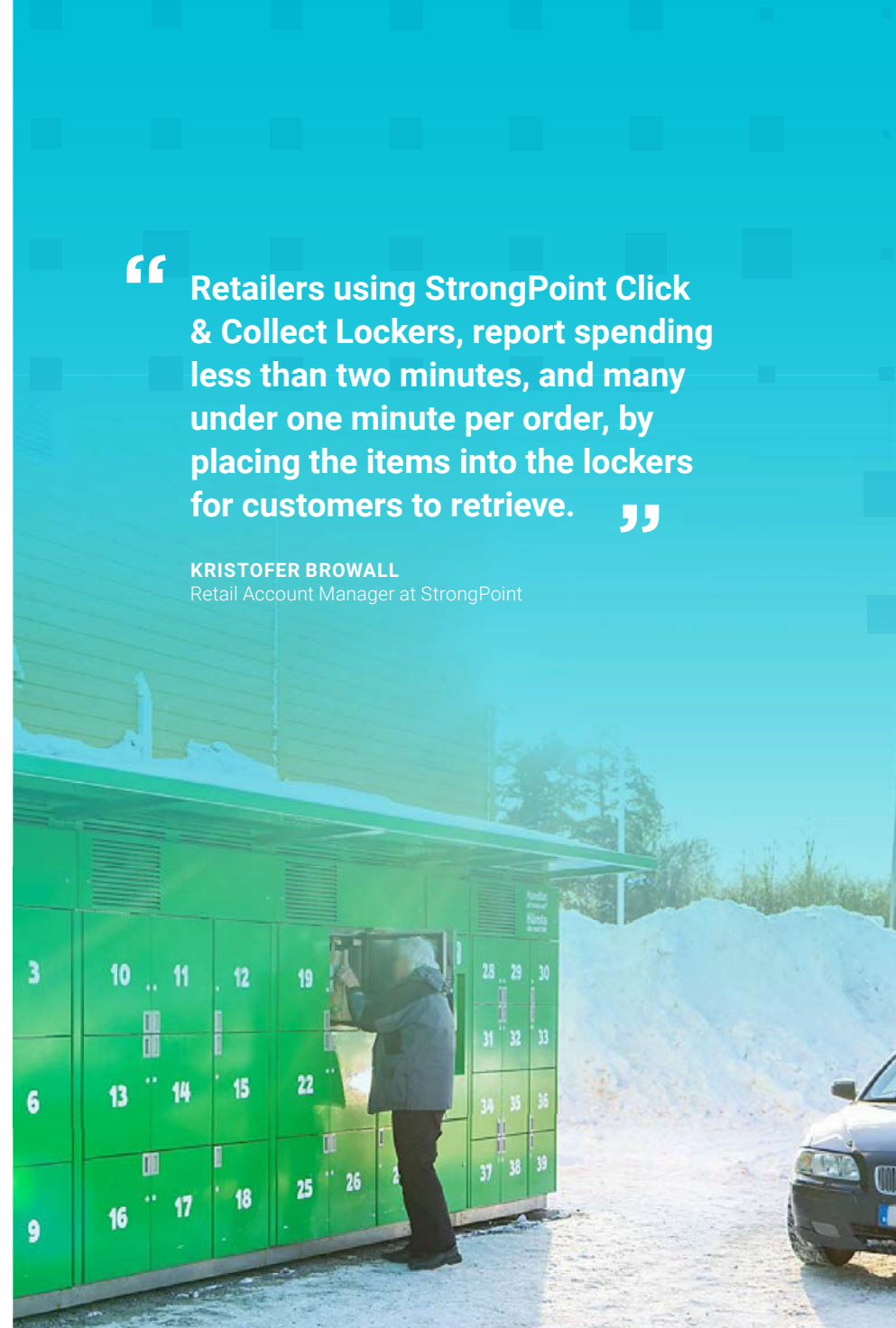
A typical click and collect operation with over the counter delivery, in which employees retrieve orders and hand them off to customers, takes about seven minutes per order to fulfill. "retailers using StrongPoint Click and Collect Lockers, report spending less than two minutes, and many under one minute per order, by placing the items into the lockers for customers to retrieve," according to Kristofer Browall, retail account manager at StrongPoint.

"Evidence from one European retailer indicated that by using a single relatively small locker setup, rather than handing over e-commerce orders to consumers directly, employees were saving at least two hours per day, which translated into about three months of full-time salary for just one employee over the course of a year. Consider if you have several employees working with delivery every day, scaled across hundreds or thousands of stores, that adds up to substantial labor savings," Browall said.

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Retail Account Manager at StrongPoint





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Economical Storage Solution

Offering click and collect solutions can pose storage issues for retailers, as orders require different holding temperatures while waiting for pickup. Retailers have commonly placed orders in three different locations, and then retrieved them when the customer arrives. Others have built dedicated storage rooms with freezers, refrigerated coolers and ambient-temperature shelving. Temperature-controlled grocery lockers offer a more economical and flexible solution to this storage challenge because orders stored in lockers can be retrieved by the customers themselves.

As third-party, app-based services expand to include companies such as Uber Eats and DoorDash, grocery lockers provide a cost-effective solution to meet this demand as well as rather than having the couriers pick the items and deliver them, they can just pick up the orders from a grocery locker when they are ready.

At ICA Group, the largest grocery retailer in Sweden and the market leader in online grocery shopping, one store manager, Patrik Johansson, said “using StrongPoint Click & Collect Lockers resulted in considerable savings.”

Johansson has been managing ICA stores for 20 years, and managed an ICA store in Lilla Edet, north of Gothenburg, for 11 years. “My first thought was to build another refrigerated room, but then I thought of the grocery lockers and that they could be a clever solution from an economical perspective — much cheaper than to build an extra room,” he said.

“With StrongPoint’s Click and Collect Lockers placed just outside the store, we managed to double our capacity for orders per time slot.”

“The temperature-controlled lockers allowed this retailer to save up to about \$120,000 compared to the cost of building another room for storing e-commerce orders, he added.

“Storage is one of the key business use cases for grocery lockers for retailers,” said Browall.

The costs of installing StrongPoint grocery lockers can be further reduced through leasing solutions offered by Peak Technologies.



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Placing grocery lockers outside frees up valuable real estate inside the store.”

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Retail Account Manager at StrongPoint

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Outside is the New Inside – Placement Beyond the Four Walls

Grocery lockers can be placed in or near store entranceways to optimize convenience for retailers and minimize disruption to traffic flow. Many are opting to have them outside as it means less pressure on store space and serves customers who, because of Covid-19, want to avoid having to go into the store. Highly visible lockers can also raise awareness of the click and collect service. And mobile lockers can be placed almost anywhere.

The trend StrongPoint has seen in Europe is for its grocery lockers to be placed outside, regardless if it's in the winter climate of Sweden or in the very hot sun of Southern Spain, where they have proven they can withstand the elements.

Placing grocery lockers outside frees up valuable real estate inside the store that can better be used for merchandising, and it also provides the added benefit of making grocery pickup available outside regular store hours. “That's the main reason we are seeing 90% to 95% of the lockers installed outside,” said Browall.

Placing mobile lockers at locations closer to the consumer to enable more locations for pickup is another advantage they provide for retailers, even more so with mobile grocery lockers. This not only offers efficiency advantages compared with home delivery, but also gives the retailer an expanded geographic presence at minimal cost. For example, lockers could be placed on university campuses, at commuter stations or at other third-party sites that might be convenient for customers. The placement of mobile grocery lockers at gas stations is often a preferred location as they often have the spare space and are deliberately located at a convenient site.

Grocery retailers can deliver multiple orders to remote lockers in batches as needed timed to serve designated pick-up schedules. An entire configuration of 20 lockers could be served by a single delivery instead of making 20 different stops at consumers' homes.

Browall cited three reasons retailers could benefit from placing mobile grocery lockers in remote locations:

- Capturing new customers in areas that are currently outside the retailer's core service area.
- Reaching customers in seasonal locations such as resort towns, where consumers might otherwise develop the habit of shopping with competitors.
- Testing new markets where they might want to establish a more permanent locker station, or where they might even want to consider the construction of a new store.

Using the new, mobile wheeled grocery locker solution from StrongPoint, retailers can easily deploy the company's grocery lockers as a temporary solution anywhere they can connect to a local power source.

Deploying lockers at both their stores and at remote locations effectively creates an efficient network of e-commerce fulfillment centers. This gives brick-and-mortar operators an instant advantage over pureplay online grocery retailers by leveraging their store network and make it easy for grocers to reach a larger customer base with an omnichannel offering. In addition, it allows them to implement an e-commerce solution at speed and offer customers local assortments at any location or store size.





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Innovative Technology

Smart grocery lockers that offer software-hardware integration and application functionality to enable touch-free operations for store workers and customers, combined with SaaS based solution, enhances operational efficiency. This functionality offers grocery retailers the ability to leverage tools, such as demand-based pricing, to incentivize locker use at off-peak times maximizing efficiency, and generating more orders per day.

In the case of StrongPoint grocery lockers, “the software is as important as the hardware. It has been purpose built to serve the unique needs of grocery retailers and their customers.” said Browall.

For example, the mobile technology that is built into the lockers allows retailers to communicate with customers about the status of their orders, send maps and provide other instructions for order pick-up. It also enables consumers with special needs, such as those in wheelchairs or who have other mobility issues, to reserve specific lockers located at the lower level.

Sensor technology in StrongPoint grocery lockers also provides retailers around-the-clock monitoring of the locker conditions. The lockers automatically send notifications to the staff operations team, or the grocery store manager, to alert them to various issues, minimizing the need for system check-ups or servicing.

Additional technological features in store for retailers include automated age verification using AI image recognition capabilities providing instant age verification without the need of a store employee to check identification. This enables customers to purchase all forms of age-controlled items including; alcoholic beverages, medicines, or particular types of household chemicals.

Lockers can be customized with site-specific configurations, and can incorporate retailers own color schemes and logos, providing another advantage that StrongPoint grocery lockers provide.

Conclusions

As grocery retailers seek solutions that make their click and collect e-commerce operations more efficient, lockers have emerged as an alternative pick-up that offers significant benefits for both consumers and retailers, compared with delivery or traditional curbside click and collect solutions that are staffed by store employees.

This is not to say that grocery retailers should choose one over the other, as most will deploy a multitude of pick-up offerings, even from the same store. The most successful e-grocery retailers today are using a mix of pick-up and delivery options to retain the loyalty of their customers' increasing demand for multiple options for maximum convenience.

Providing a full omnichannel experience for online customers is the way forward, and lockers purpose-built for grocery retailers are the latest addition to that pick-up variety, with additional efficiency savings and speed of pick up for customers.

StrongPoint grocery lockers offer a safe, flexible and durable solution that has been extensively tested over the past six years by retailers in Europe. As a company with 35 years of experience providing technology solutions to grocery retailers, StrongPoint has been able to design its lockers to meet the unique needs of both grocery retailers and their customers.

For more information about how StrongPoint grocery lockers can help your retail operation drive increased online sales at higher margins, visit www.peaktech.com

