

Retail Insights

SPECIAL
EDITION #2
2020

Covid-19: The Rise of BOPIS/BOPAC in Retail

The Covid-19 pandemic is causing dramatic and rapid change in the retail industry. Mandated quarantines and temporary store closures forced new urgency on the retail sector to re-imagine how products can safely be delivered to the customer. Two recent “click-and-collect” methods have swiftly risen in prominence for many retailers: Buy Online, Pickup In Store (BOPIS) and Buy Online, Pick up At Center (BOPAC).

THE ORIGINS OF BOPIS



BOPIS departments in larger retail or department stores vary in size and content. In some stores, the department may be a free-standing kiosk, partitioned area or small room with stock shelving and service counter. Luxury fashion stores such as Bloomingdale's have a specifically designed interior department with exterior entrance, stockroom, service counter, fitting rooms and lockers for after-hours pickup. Even online retailers such as Amazon have opened storefronts in malls, shopping streets and retail centers that serve the same purpose.

The concept of BOPIS itself evolved as a reaction by traditional brick and mortar retailers to the overwhelming competition of purely online retailers. BOPIS started slowly as retailers realized that, even though they did not have dedicated fulfillment facilities – at least not on the scale of their online

competitors, they often had large stockrooms of products at store locations nationwide. Retailers, especially large department stores, began to use portions of their existing shipping and receiving docks or large stockrooms for fulfillment purposes. Most shoppers can remember going to a store, finding a product they liked – only to be told that the color and/or size was not in stock. Hoping not to lose the sale, the sales associate possibly then made a phone call, checked a computer screen or looked at a hand-held device and stated, “We have the exact item you want at another location. We can have it here tomorrow or can ship to your home.” The growth of pure on-line sales capability by brick and mortar retailers was evolving and growing parallel to this type of in-store, buy here/ship from there, experience. BOPIS has been a logical next step in the development of the online and in-store multichannel sales. Retailers began to dedicate specific, customer-facing spaces: No longer were fulfillment operations relegated solely to the back-of-house. BOPIS also provided an opportunity to drive more customers into stores where they might make additional purchases.



The BOPIS movement gained ground as evidenced by an ICSC study reported on in Women's Wear Daily on March 12, 2019. According to the study, BOPIS was driving additional store sales. They found that 50% of shoppers used BOPIS. Of those, 67% report buying additional items

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when picking up online orders and 61% were using it once per month. Nearly half (47%) used BOPIS for more than a year. Another study, reported in March 2020 by Women's Wear Daily, found that the "click and collect" approach of BOPIS had grown 62% between February and March 2020. Some stated reasons for this growth included: no delivery fees (49%), receipt of purchased items more quickly than typical online sales (40%) and assurance that purchases would be available when arriving at the store (33%).

WHAT'S UP NEXT?

One of the impacts of COVID-19 is the fact that customers couldn't, or didn't want to, enter stores. BOPACs have developed as result of this situation. With BOPACs, stores establish a specific exterior pick-up area where online orders are brought to the customer. A BOPAC may take the form of a "curb side" pick up location adjacent to an individual store where an existing drop off lane can be repurposed or where existing parking spaces can be dedicated. Other common BOPAC areas may be a portion of a parking field either dedicated to single retailer (such as a grocery store) or shared with multiple tenants of a center where there is not sufficient space for each. BOPACs may be a temporary tent, a small freestanding storage structure, or a location with marked pavement. Could BOPACs become permanent structures located in shopping center out-parcels?

The end date and severity of the pandemic is uncertain; therefore, it is hard to predict BOPIS and BOPAC's growth, form and importance to brick-and-mortar retail. It is likely that their use and sophistication will increase in the near future.

