



CREDIBLE THINKING

# IS 'CLICK AND COLLECT' THE FUTURE FOR E-COMMERCE IN URBAN LOCATIONS?

WRITTEN BY



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Us Brits love to shop online, particularly when we can receive the products without even having to leave the comfort of own living room. However, will this soon become a luxury, rather than something the consumer can expect for free? As delivery costs and urban logistics rents continue to rise, alongside the volume of online sales, is it sustainable for retailers and third-party logistics providers to continue delivering direct to customers homes and workplaces? Or, will alternatives, such as 'Click and Collect' become the future for us online shoppers?

Turning high street stores into fulfillment centres

63% vs. 96%

2019

Predicted for 2028

Percentage of stores that will be able to fulfil 'click and collect' operations

According to the Financial Times, **UK supermarkets are losing approximately £300m every year from their online business at a rate of between £3 to £5 per delivery.** They can't be the only ones feeling the pinch when it comes to online deliveries and it's not surprising when you can purchase toilet roll for £2 on Amazon and have it delivered for free (with a prime account). On average Amazon Prime members order 24 items annually which equates to an average delivery fee of £3.33 against an £80 annual Prime subscription (Statistia.com).

So, does the future of online shopping lie with alternative delivery methods? I recently put the question of whether the future lies in 'Click and Collect' to Dominic O'Rourke (Group Property Director at Next) at an agents' forum, who confirmed that this is an area where Next have invested heavily. The push towards 'Click and Collect' has yielded substantial results, **with over 50% of Next's online orders in 2019 delivered to customers via 'Click and Collect'.**

Next are going one step further and utilising their extensive network of retail units to help with their reverse logistics operation. **Staff in shops are being used to process returns on the spot, rather than sending the products back to the warehouse facilities for processing, thus reducing pressure on warehouse recruitment, speeding up the re-marketing of the products and providing a captive audience for those high street retailers, particularly if returns are processed back onto cards at that moment.**

The success of Next's 'Click and Collect' offering and reverse logistic supply chain is bound to attract others to set up similar operations, **particularly with shoppers forecast to return approximately £2.6bn of goods in January 2020. Zebra Technologies forecast that by 2028 approximately 96% of online orders will use a shop to fulfil the order.**

We understand that Amazon are currently in discussions with several high street retailers seeking to team up and use the shops as 'Click and Collect' locations for their purchases. **If these sorts of partnerships help to drive footfall back to the struggling high streets, could this simultaneously help to save Britain's high streets?** How will the town centres cope with large numbers of people stopping by to pick up online purchases?

**My personal view is that this could compound the demand for urban logistics units, as it becomes even more important for retailers and their third party logistics operators to have last mile facilities close to high streets and town centres, to service 'Click and Collect' locations.**

The evolution of online deliveries has ramifications for several property sectors and it will be interesting to see how this plays out over the next few years... **especially when the drones arrive!**

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