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DEVELOPMENT OF CLICK AND COLLECT SERVICE

– Case company: Bauhaus Espoo

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BACHELOR'S THESIS | ABSTRACT

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- Case company: BAUHAUS, Espoo

The thesis examines the Click and Collect service in BAUHAUS department stores with the focus on Espoo department store. Due to the increasing demand of the service, the department stores have at times experienced difficulties in answering the demand and maintaining the expected level of service. The aim of the study is to explore the main pain points that currently exist in the delivery of the Click and Collect service including internal processes and customer experience. Consequently, the intention is to find a way to propose for logistical changes including a new Click and Collect area inside the department store.

To determine the factors in need of further investigation or improvement, interviews were carried out with all the department stores in Finland, including the executive management in each department store. With the findings from the interviews a questionnaire was formed and was carried out among the same respondents. The objective of the questionnaire was to further rank the pain points and to decide which of these the thesis would focus on. In addition to the qualitative and quantitative research, the authors own observations regarding the Click and Collect service in Espoo department store were included in the research. To find the correct approach to propose solutions to the identified problems, literature regarding service design was reviewed. Additionally, studies regarding customer preferences and expectations regarding Click and Collect service were reviewed.

Since the company already had relatively good knowledge of the customer profile and expectations of the customer, a service blueprint that focuses more on the internal processes was chosen as the method to approach the issues. A blueprint was created for the current service delivery process and areas where both internal resources and the customer's time is wasted were pointed out. Consequently, a new blueprint was made showing the process delivery with the new Click and Collect area, which evidently indicates the fact that time could be saved in both internal processes and the customer experience could be enhanced.

KEYWORDS:

Click and Collect, service design, service blueprint, e-commerce, online shopping, multichannel retail, omnichannel, retail, customer journey, department store, customer experience

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CLICK AND COLLECT PALVELUN KEHITTÄMINEN

- Yritys: BAUHAUS Espoo

Opinnäytetyössä tarkastellaan Click and Collect -palvelua BAUHAUS-tavarataloissa ja keskitytään Espoon tavarataloon. Palvelun kasvavan kysynnän vuoksi tavarataloissa on toisinaan ollut vaikeuksia vastata kysyntään ja ylläpitää odotettua palvelutasoa. Tutkimuksen tavoitteena on tutkia tärkeimpiä haasteita, jotka tällä hetkellä ovat olemassa Click and Collect -palvelun toimittamisessa, mukaan lukien sisäiset prosessit ja asiakkaan kokemuksen. Näin ollen tarkoituksena on löytää tapa ehdottaa logistisia muutoksia, mukaan lukien uusi Click and Collect -alue.

Lisätutkimuksia tai parannuksia tarvitsevien tekijöiden selvittämiseksi haastateltiin kaikkia Suomen tavarataloja, mukaan lukien jokaisen tavaratalon johtoryhmää. Haastattelujen perusteella muodostettiin kyselylomake, joka toteutettiin samojen vastaajien keskuudessa. Kyselylomakkeen tarkoituksena oli luokitella esille tulleet ongelmat ja päättää mihin näistä opinnäytetyö keskittyy. Laadullisen ja määrällisen tutkimuksen lisäksi tutkimukseen sisällytettiin tutkijan omat havainnot Espoon tavaratalon Click and Collect -palvelusta. Palvelujen suunnittelua käsittelevää kirjallisuutta tarkasteltiin oikean lähestymistavan löytämiseksi löydettyihin ongelmiin. Lisäksi tarkasteltiin tutkimuksia, jotka koskivat asiakkaiden mieltymyksiä ja odotuksia Click and Collect -palvelusta.

Koska yrityksellä oli jo suhteellisen hyvät tiedot asiakasprofiilista ja asiakkaan odotuksista, valittiin menetelmäksi lähestyä asioita sisäisiin prosesseihin keskittyvällä palvelusuunnitelmalla. Nykyiselle palvelun toimittamisprosessille luotiin suunnitelma ja tuotiin esiin alueet, joilla sekä sisäisiä resursseja että asiakkaan aikaa hukataan. Tämän seurauksena tehtiin uusi suunnitelma, joka esitteli prosessin toimituksen uudella Click and Collect -alueella. Suunnitelma osoittaa, että aikaa voitaisiin säästää sekä sisäisissä prosesseissa että asiakaskokemusta voitaisiin parantaa.

ASIASANAT:

Tilaa ja nouda palvelu, verkkokauppa, verkkoliiketoiminta, service blueprint, palvelumuotoilu, palvelupolku, monikanavainen vähittäiskauppa, monikanavainen, vähittäiskauppa, tavaratalo, asiakaskokemus

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LIST OF ABBREVIATIONS (OR) SYMBOLS

C&C	Click and Collect
MoT	Moment of truth

1 INTRODUCTION

1.1 Motivation

As a part of the executive management of Bauhaus Espoo, the authors experience from the company and the Click and Collect service is considerable. The author is also familiar with the fact that the service design of Click and Collect service is somewhat inadequate for the growing demand of the service. In 2020 the Click and Collect service grew by 263.8% in Espoo department store and in the spring the increase per month could be up to 372.1% compared to the previous year (BAUHAUS, 2021). The main motivation for this research is to find solutions to make the in-store service design better and to maximize the resources used as well as being able to keep to the customer promises such as collection time of 4 hours (BAUHAUS, 2021). Another considerable motivation for the thesis is to simultaneously plan a new service area designated for Click and Collect, that could be located near the entrance of the department store. With the findings from this research, the changes can more easily be implemented in Espoo department store and some of the findings could be helpful to other department stores should they choose to make changes in their way of delivering the Click and Collect service.

The thesis subject has been requested by the company and there is no previous research done regarding the subject within the company. The author has a great interest in the functions of the Click and Collect service and Espoo department store previously proposed an investment for a rebuild of the department store to make a designated area for Click and Collect. This investment has been approved and the intention is to finish the thesis before the rebuild is set to action within the department store. The aim is to build a new area, that would include a new customer counter and new storage area for the Click and Collect orders, although the area will need approval. Since the layout is different in each department store, the aim is to make a plan for only Espoo department store. Although the rebuild plan is for Espoo, the objective is to research best practices from each department store and to find some ideas for improvement on the in-store processes that could be helpful for other department stores as well.

1.2 Company information and background

Bauhaus is a hardware department store retail chain that was founded in 1960 in Germany. The first department store opened in Finland in 2001 and today there are six department stores located around the country, and in the metropolitan area the department stores are in Vantaa and Espoo. The department store has a selection of over 120 000 products for home improvement, building, home décor, workshop and gardening for both B2C and B2B customers. (BAUHAUS, 2021) In 2015 Bauhaus introduced its online store (BAUHAUS, 2021) and a few years later the Click and Collect service was added as a new service channel. Each department store has five sales departments, goods reception department and till department.

E-commerce retailing has been on the rise for the last years, which has led to retailers taking into use new services to make it more convenient for the customer to do their online purchases (Milioti, et al., 2020), (Trenz, 2015). Click and Collect service is an alternative for customers to purchase items online and choose a Bauhaus department store as a pick-up location for their order. At Bauhaus the customer's order will be collected by the department store within 4 hours of the order and thereafter the customer will be able to pick up the order from the department store. The items available for purchase by Click and Collect method, are only items that are in stock at the chosen department store, whereas regular online orders with home delivery or delivery to a nearby postal service are sent from a separate warehouse. (BAUHAUS, 2021) The beforementioned fact is the main factor that separates Click and Collect orders from regular online orders and therefore this thesis will focus on purely Click and Collect model and not all online orders. Each department store can decide how to operate their Click and Collect service in-store and the processes can vary between the stores. Such factors as which department is collecting the orders, where the orders are being stored and who is responsible of handing over the orders on, can be structured differently.

At the beginning of 2020, the Covid-19 epidemic spread worldwide bringing restrictions to the daily lives of people and in March 2020, the Finnish government decided on the restrictions that would come into effect in Finland. These restrictions included closing all public services such as museums, cultural venues, libraries, and sports leisure centers. (Government Communications DepartmentMinistry of Education and CultureMinistry of Social Affairs and Health, 2020). The above-mentioned recommendations and restrictions resulted in inevitable changes in the way of life for many Finnish people and

this could be seen in their consumer behavior as well. Not only were people spending more time at home with many even working from home, but the use of several services and venues remained restricted, social gatherings were recommended to be avoided (World Health Organization, 2020) and social distancing became a reality for many. These changes could have been the reason behind an urge of sales of home improvement material and a higher amount of Click and Collect orders. According to (Dalin-Kaptzan, 2020), 2020 was a year when the demand for Click and Collect surged and it became of the most popular trends within retail.

1.3 Research questions and objectives

The increasing demand of Click and Collect service has resulted in the department store facing challenges with keeping the service at the required level at times. These challenges include issues such as not being able to collect orders on time, not having enough space to store the orders and keeping the customers waiting when they come to pick up their order.

- What are the main pain points in the internal store processes of Click and Collect concerning used resources and delivery of the service experience?

- How can a service blueprint be used as evidence to support a proposal of a new Click and Collect area and processes?

The objective is to discover the main pain points that are existing today in the delivery of Click and Collect service and that might have a negative impact on the customer experience, as well as creating waste of internal resources. The findings of these pain points will aid in the process of planning a new Click and Collect area, which intention is not only to improve the level of service towards the customer, but also to improve the in-store processes. Additionally, the purpose is to use the outcome of this thesis to aid in the proposal of the new Click and Collect area for Espoo department store.

1.4 Thesis structure

The thesis contains four main chapters including literature review, research methods, data analysis and conclusion. In the literature review the author will introduce multi- and omnichannel retail and Click and Collect service and thereafter investigate general customer service expectations especially towards Click and Collect service. Thereafter the literature review will cover how service design can be used to improve services and introduce the service blueprinting tool often used in service design. In the next chapter, the author will explain the research methods chosen for the thesis, how the data was collected and reflect on the reliability of the thesis. In the data analysis chapter, the author will introduce the findings from both the qualitative and quantitative data collection. Thereafter the chapter will include a current state service blueprint that the author has created for the purpose of the research, along with a future-state service blueprint proposal. Finally, in the last chapter the author will conclude the research and propose future improvements for the case company.

2 LITERATURE REVIEW

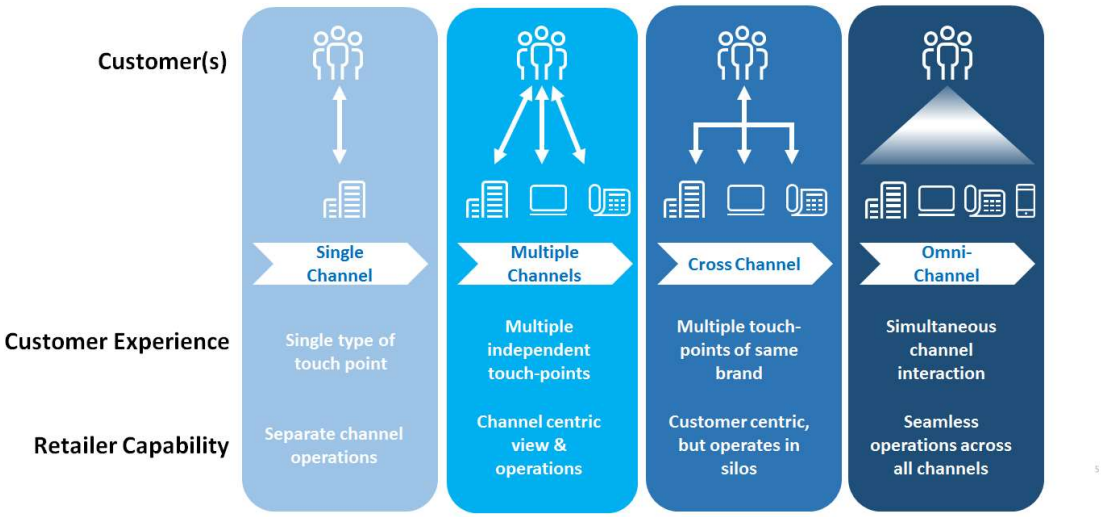
2.1 Multichannel commerce

2.1.1 Multi-, cross- and omnichannel retail

Earlier, businesses would use a single channel through which they would often target a single market segment or a single market. As a result of the increase in customer segments and the abundance of networking channels, more and more businesses have embraced the multichannel delivery systems to reach more than one customer segment. (Kotler & Armstrong, 2017) Retailers use multiple channels to make their products and services available to the customers and this is referred to as multichannel retailing. These channels can as an example include the traditional brick and mortar store and ecommerce website. Within multichannel retail there can be a lack of connections between the different channels, which means that while the customer can purchase an item through any of the channels, they are not necessarily connected and same conditions or even prices might not apply. Omnichannel retail refers to multiple channels that are all available to the customer and that integrated with each other. The customer can for instance purchase an item using one channel and return it to an alternative channel. (Berman, et al., 2018)

Due to the characteristics of Click and Collect, where the service is clearly integrated between the online store and the physical store, it can be characterized as a great example of omnichannel retail strategy. In their research Piotrowicz and Cuthbertson (2019) state that omnichannel retailing is a source of strategic advantage that is completely reforming the retail sector. However, integrating channels requires coordination and cooperation between the channels, which is an important factor for services such as Click and Collect to work. One of the main objectives of omnichannel retail is to give the customer an effortless experience whatever channels they might choose to use (Berman, et al., 2018). According to Kotler and Armstrong (2017), todays customer is an omnichannel customer, who might do all the shopping online, check for all the information about a certain item on their mobile while in-store, check for reviews or even compare prices online while in store.

According to Beck and Rygl, (2015) there are different categories in these retailing strategies and between the multichannel retail and omnichannel retail, falls the category of cross-channel retailing strategy (see Picture 1). In cross-channel retailing, there can be some integrations between channels but not complete integration as in omnichannel. Hence retailers that have not fully integrated all their channels, share all the data or have completely shared inventory data, fall into the category of multichannel or cross-channel retailing. (Beck & Rygl, 2015)



Picture 1. Comparison of Single Channel, Multi-Channel, Cross Channel, and Omnichannel (Visser, 2017)

2.1.2 Click and Collect

Generally, within retail, there has been an accelerated growth in all areas of multichannel operations, with the emphasis on empowering customers to order goods and to obtain them as they want (Fernie & Sparks, 2014). One of these channels that has emerged and is being used by many retailers is Click and Collect. Nowadays customers are frequently demanding more flexibility when it comes to services offered by retailers and therefore adding Click and Collect as a channel can provide the customers with additional service such as no costs of delivery (Fernie & Sparks, 2014), (Dalin-Kaptzan, 2020). Another important factor is that the customer can often collect the order within the same day of the purchase, whereas with a regular online order it can take several days for the customer to receive their order. One of the reasons that several retailers have

chosen to include Click and Collect in their logistical strategy, is that they are able to promote related items to the customer either online or when the customer visits the store to collect their order (Berman, et al., 2018). When picking up an online order from store, the customer will need to visit the store, which can lead to in store purchases in addition to the original order (Berman, et al., 2018). Bauhaus is one of the retailers that have taken the omnichannel approach and offer their products through various channels including brick and mortar stores, online shop and Click and Collect.

As mentioned earlier, customers are gradually integrating multiple channels into one shopping experience including brick and mortar stores, websites, mobile outlets and even social media. This indicates that an entirely new way of shopping has emerged as a result the internet and digitalization. (Kotler & Armstrong, 2017) According to Finnish Commerce Federation, there has been a great increase in online purchases made by Finnish people in the last few years and between 2018 and 2019 the increase was 11%. A recent survey made by the Finnish Commerce Federation additionally reveals that the online sales in retail sector including construction, yard, garden and pets have increased by 7% between 2018 and 2019. (Finnish commerce federation, 2021) This increase indicates that the e-commerce channels such as Click and Collect are likely to continue to increase in popularity as well. With this increasing popularity, retailers such as Bauhaus need to reflect over the service design of the Click and Collect service in order to answer the growing demand of the service itself and the increasing expectations of today's customers.

2.2 Service expectations

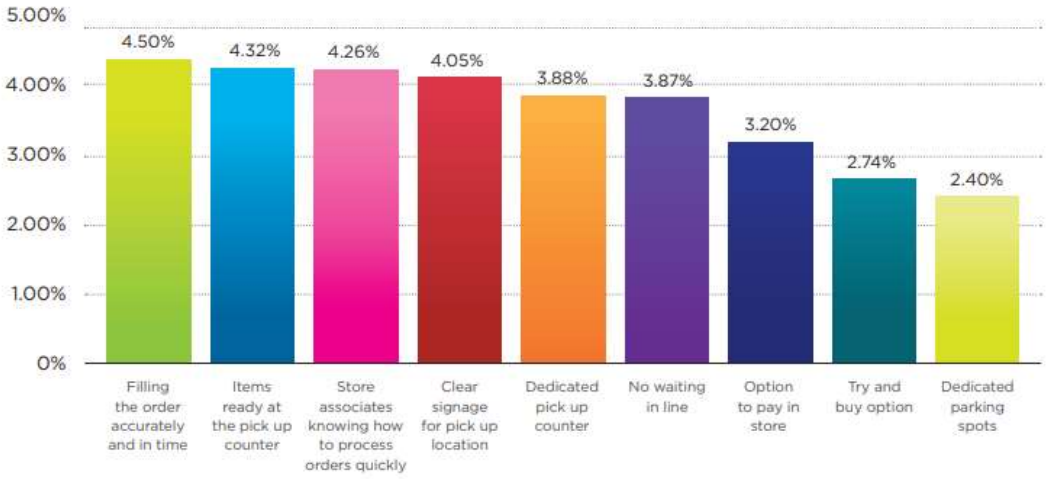
As a result of the digital revolution, customers today have more choices on where to buy their services and products, which makes the demand for good quality of the beforementioned even greater (Hormess, et al., 2018). It is similarly effortless for consumers to use multiple platforms to find information and compare the services, which will subsequently influence the choice of said service. This creates a new kind of competition for companies, who now need to focus on creating services and customer experiences that support them in making long lasting relationships with the customers (Bolton, 2016). According to Bolton (2016) many businesses have chosen to focus on the quality of the service instead of merely the quality of goods, since they have realized that it is one of the essential requirements to stay competitive in today's marketplace.

Moreover, customers enjoy service experiences that are well designed (Bolton, 2016). To achieve their goals, customers can use other channels as a replacement or substitute to the original service. The customer expects all channels to provide them a consistent service experience (Bolton, 2016), hence it is essential for retailers to ensure that their services are delivering customers coherent value.

In a research completed by Milioti, et al., (2020) they find that some of the main motivators for customers to use Click and Collect services are: consistency of delivery time, convenience of delivery time, low delivery cost and saving time. Another study by Jara et al., (2018) examined the main nominators that add perceived and created value for the customer. One of the main variables to stand out was the pick-up station and the central feature that gave customers good perception about the station was the timeliness of the service (Jara, et al., 2018). In a report by Bell and Howell, (2017) several attributes of customer preferences regarding Click and Collect are discussed. In their study 70% of respondents had used Click and Collect at least once and the respondents were asked to rank what they perceived to be most important for them when using the service.

Ranked as the most important quality of Click and Collect was a quick in and out experience and 80% expected to be able to collect their order under 10 minutes. The main motivators to use the service were to be able to save on shipping charges and to be able to collect the order on the same day. (Bell and Howell, 2017) According to (Dalin-Kaptzan, 2020), the customer using Click and Collect service is expecting to get their order within 5 minutes.

Picture 2, from the study by Bell and Howell, (2017) shows additional features that are important to Click and Collect customers, particularly what they are expecting to call the service excellent. When examining the results, it seems evident that the main expectations for Click and Collect service are that it is fast, it is easy and that it is accurate, with saved time being one of the main motivators in all the research. Dalin-Kaptzan, (2020) argues that in 2021 many retailers will have included Click and Collect service in their retailing strategy and one of the challenges will be to stand out between the competition.



Picture 2. Key Attributes of an Excellent Click and Collect Retail Consumer Experience (Bell and Howell, 2017)

2.3 Improving services through service design

When companies feel that they might have issues with satisfying their customer, they need to take a close look at what experiences they are offering to the customers and how each experience could be improved (Reason, et al., 2015). According to Lemon and Verhoef, (2016), there are mainly two different approaches to viewing the customer journey, one which is through the service design point of view and the other is the multi-channel approach. He argues that the multi-channel perspective is a more comprehensive and detailed method to the entire customer journey, while the service design minded approach is more internally oriented that builds on the idea of what the customer wants more than research of what the customer wants. Hormess et al. (2018) also states that service design is merely one way of designing services and does not include all design of services. Whatever approach might be used, according to Bolton (2016), when creating a service design, it is necessary to create a complete description of the customer's needs and wants and discover how to satisfy these with the designed service.

The customer journey can include several touchpoints (Lemon & Verhoef, 2016) that mainly focus on the customer experience, but according to Hormess et al., (2018) the service blueprint takes a deeper look at the customer journey including not only the front-

stage processes, but also the back-stage processes and physical evidence that can be both tangible and intangible. The customer journey includes various steps, touchpoints and moments of truth (MoT) and can be based on the experience of any chosen actor, for example the customer or an employee or any other user of that service. Touchpoints in a journey map include all the actions where the customer interacts with the brand and these can be direct or indirect, while steps are the actions that the actor is taking in the journey. The MoT is the impression that the actor in the journey is ultimately receiving about the service and the brand, and the impression is being compared to the expectations that the actor had prior to the use. (Hormess, et al., 2018) When it comes to the customer journey in a multichannel environment, there are both advantages and disadvantages of the additional channels and additional touchpoints within the customer journey. One advantage is that the customer will get several opportunities to communicate with the brand or company and vice versa. On the other hand, one of the disadvantages or perhaps difficulties are that the customer will expect same level of experience and service between all the channels. (Piotrowicz & Cuthbertson, 2019) Customer journey is a great way to find out what the customers' expectations are, but if the company already has a good knowledge about what their customers want and are merely in need of improving the internal processes to support these expectations, then creating a service blueprint can be a considerable option. The service blueprint can concentrate on a specific pain point in a customer journey and build on the processes that create that problem. (Visser, 2017)

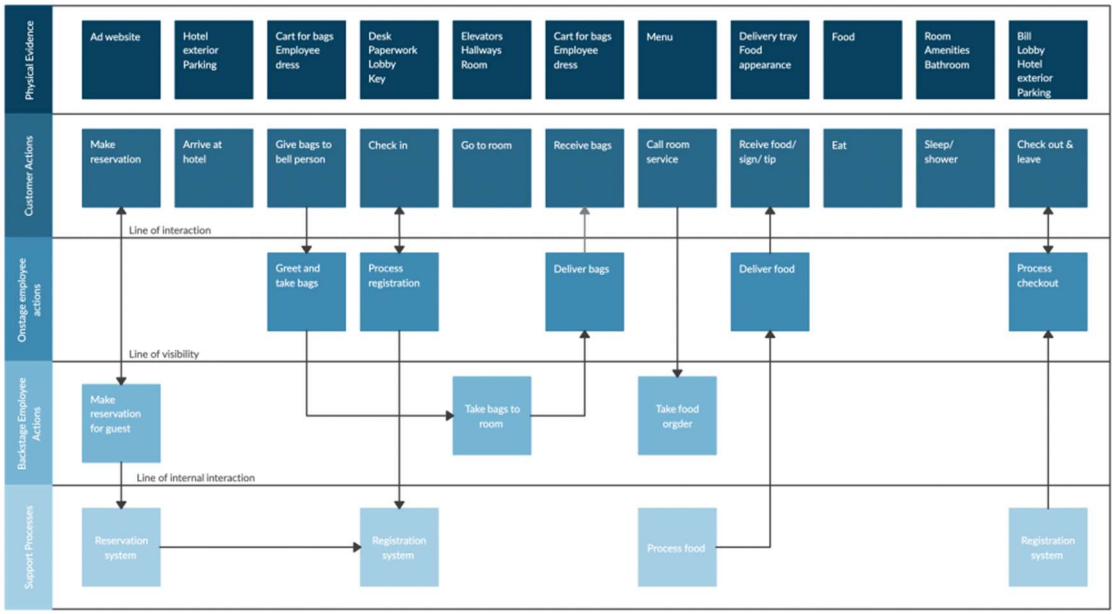
2.4 Service blueprinting

Service blueprinting was first introduced by Shostack (1982, 1984) who argued that to successfully enhance a service, all the building blocks of a service must be investigated and laid out and mapped to see the bigger picture. Shostack (1982) suggests that this could be done by creating a service blueprint, nevertheless for any service a variety of options exist for the service scenario and therefore developing several blueprints may be necessary.

Through service blueprinting, organizations can get a good visual overview of the service that will help them to understand how each step can affect the overall quality of the service. The starting point of doing a service blueprint is to look at the customer journey. (Reason, et al., 2015) According to Stickdorn and Schneider, (2011) blueprinting can

reveal the key processes that have an impact on a specific user action and were the entire experience can be defined. The blueprint is built on the user journey which can for example be the customer journey or the journey of an employee. It thereafter goes deeper into all the different layers that build up to that journey, both visible and invisible for the user. (Hormess, et al., 2018) For the purpose of the thesis, doing a service blueprint is a good way to look at specific pain points in the user journey and to understand how the underlying processes can be improved to relieve some of these pain points. Consequently, one blueprint may not be sufficient to find a solution for all the problems surrounding the service, therefore the first blueprint will need to focus on the most critical attributes of the user journey or the most critical user journey.

The service blueprint is generally divided into five components including physical evidence, user actions, onstage or frontstage actions, backstage actions and support processes as shown in Picture 3 (Athuraliya, 2020).



Picture 3. Hotel Service Blueprint (Athuraliya, 2020)

2.4.1 Physical evidence

The physical evidence can include both tangible and intangible objects that the customer encounters during any of the actions in their journey (Hormess, et al., 2018) and in the Click and Collect service these can include such things as confirmation text message or a sign at the order pick up desk. In addition to the Click and Collect example the Picture

3 (Athuraliya, 2020) shows the multiple forms of physical evidence in a hotel service experience that appear in both digital and physical forms. The common denominator for all physical evidence according to Hormess et al., (2018) is that they are all connected to the service, nevertheless not all physical evidence are intentionally added and some can even lead to negative experiences for the user. Hence, the physical evidence should be reviewed to determine if they add value to the service (Hormess, et al., 2018). The physical evidence is the first layer of the service blueprint, even though it is generally the last one added to the blueprint (Pugh, Undated).

2.4.2 Customer actions

The second layer of the service blueprint is often referred to as user actions or customer actions although in this thesis they will be referred to as customer actions. According to Bitner, et al., (2008), this part is in a central role in the service blueprint and therefore the customer actions are generally mapped out first in a blueprint. The customer actions follow all the acts carried out by the customer in a service providing process (Bitner, et al., 2008) and Hormess et al. (2018), describes how these steps can prompt a frontstage or a back-stage action, or correspondently one of the processes can result in a customer action. Bitner, et al., (2008), additionally argue that keeping the focus on the customer actions in service blueprinting allows service designer to dig down to the service processes without sacrificing the connection to the customer.

2.4.3 Frontstage and back-stage processes

According to Bolton (2016) and Hormess et al. (2018), it is important to overview the frontstage and back-stage processes and distinguish these two in a service blueprint. Front-stage processes are the processes that are clearly visible for the customers, whereas back-stage processes are not, even though the customer may be in contact with the employees that are taking care of the backstage processes (Bolton, 2016). Front-stage processes include customer interactions such as face-to-face contact with a sales assistant, a phone call with the service center and using the company's website, meanwhile the backstage processes include IT systems and routines that make the front-stage processes possible (Reason, et al., 2015). As previously mentioned, a regular customer journey does not go into the back-stage processes, but merely concentrates

on the frontstage processes that are visible for the customers. According to (Hormess, et al., 2018), service designers need to look at the backstage processes, since they are what make or break the success of the frontstage processes. Backstage processes include all the processes that are performed outside the visibility of the customer, and these can be performed by either frontstage employees or backstage employees (Bitner, et al., 2008).

2.4.4 Line of interaction and line of visibility

The service blueprint can be divided by lines that separate either activities by different actors in the blueprint or divide the backstage and front-stage processes and these are referred to as the line of interaction and line of visibility (Hormess, et al., 2018); (Bitner, et al., 2008). The line of interaction is generally used twice in a service blueprint, first where the customer actions meet the employee actions and second when the employee is in contact with support systems, in the latter this can additionally be referred to as line of internal interaction (Hormess, et al., 2018). According to Bitner, et al., (2008), every time an interaction occurs at the line of interaction a MoT occurs. The line of visibility separates the frontstage and backstage processes and includes all the actions in the service blueprint that are not visible to the customer (Bitner, et al., 2008). Hormess et al., (2018), states that actions under the line of visibility are performed by frontline employees, these actions are just simply not visible to customer. Other sources include actions both by frontline employees and backstage employees in the backstage processes as long as they are performed under the line of visibility (Gibbons, 2017). Perhaps one of the preeminent definitions is given by Bitner, et al., (2008), who state that below the line of visibility are all the actions performed by any contact employees that have an active role in ensuring the delivery of a service.

2.4.5 Support systems

The blueprint's fifth crucial aspect is support systems or support processes, which are isolated from contact workers by an internal line of visibility. All the tasks carried out by individuals and units within the organization who are not contact employees but are needed in order for the service to be rendered are included here. (Bitner, et al., 2008)

Nevertheless, the support systems can similarly include actions provided by external partners as well (Hormess, et al., 2018).

Customer actions, frontstage actions, and backstage actions may all be activated by support systems or the other way around (Hormess, et al., 2018). The support processes are necessary for the service process to happen and therefore these are a crucial part of the service blueprint (Bitner, et al., 2008).

2.4.6 Custom lines or lanes

Hormess et al., (2018) suggests that additional lines or lanes can be added to the service blueprint to give a better visual of certain crucial factors in the blueprint. These lanes can include technical framework lists, relevant rules and regulations, or even a line of external interactions to emphasize interactions with external stakeholders and organizations (Hormess, et al., 2018). Some blueprints can also include timeframes for certain activities or KPI´s to be able to evaluate the success of certain steps (Pugh, Undated), (Gibbons, 2017).

3 RESEARCH METHODS

3.1 Research approach

This chapter will discuss the methods and techniques that were used in the thesis to collect, process, and analyze data. Due to the complexity of the research and for the purpose of obtaining a comprehensive overview of the issues, multiple methods were applied. The research included both qualitative and quantitative study and as Saunders et. al., (2016) suggest, that is a common way for companies to conduct their research, due to their need of both these data. Data will be collected through interviews, questionnaires, and observation.

3.2 Research tactics

3.2.1 Interviews

First part of the research was conducted by performing semi-structured group interviews for the executive management of each Bauhaus department store in Finland, consisting of the sales manager, facility manager and department store manager. In addition to the executive management, the department manager of goods reception department was included in the interview since goods reception is in taking care of Click and Collect in each department store. According to Saunders et. al., (2016) managers are more likely to agree to be interviewed, particularly when the subject is seen to be interesting and important for their current work. The reason for conducting these interviews, was to get a view inside the numerous ways to approach the Click and Collect within each department store and to find the specific pain points in the service delivery of Click and Collect in each department store. Due to the independent structure of the department stores, there are some distinctions in the procedures together with diverging challenges, hence the second objective of the interview was to find out if shared challenges could be identified between the department stores.

The interview consisted of pre-determined open-ended questions that were initial for the purpose of the research, however these questions inevitably lead to further discussion and additional questions. A few of the questions asked in the interview are not being

used in the thesis nevertheless were asked for the purpose of gaining wider information that is needed for other purposes of the author. All the department stores were interested in being involved in the research and it was evident that the topic was relevant for all the department stores.

3.2.2 Questionnaire

The quantitative part of the research was conducted by a self-completed questionnaire with both rating questions and open questions and was sent as a hyperlink to the same participants that took part in the interviews. For the ranking questions, a Likert-type rating of 1-5 was used. The questionnaire was sent out to a total of 22 members of Bauhaus Finland in the positions mentioned earlier and the purpose was to find the key pain points in the Click and Collect service. The questions were divided to focus on the three key processes in Click and Collect service: collection of orders, storing of collected orders and customer order pick up. Furthermore, each section included a possibility for the respondent to add open comments regarding the section in question. In addition, the three parts mentioned, the questionnaire was utilized to ask questions regarding other aspects of Click and Collect that were not used in this thesis, nevertheless were collected for other important research purposes within the company. Due to the timing of the questionnaire outside the high season sales, the respondents were asked to consider events during high season sales, when replying to the questionnaire.

All questions in the questionnaire were mandatory including the open comment sections, therefore it was necessary for the respondent to answer each question to complete the questionnaire. The respondents were asked to choose their department store, but they did not need to reveal their position to give the respondents anonymity. The response rate to the questionnaire was 86%, meaning that 19 out 22 possible respondents answered the questionnaire.

3.2.3 Observation

Considerable part of the research was conducted through participant observation in the role of participant-as-observer. The author took part in the daily Click and Collect activities and observed the functionalities and disfunctions of the routines in the daily work. According to Saunders, et al., (2016) with the chosen method the author can

partake in the activities without the need to hide the purpose of the participation. During the observation, the author will maintain a diary and wrote down important learnings received from the observations. Observation technique was used to look into all the processes regarding the Click and Collect service and in addition some of the activities were timed. The observations were conducted during the research period between January and February and included shorter time periods observing the Click and Collect team, as well as observation of the main information desk and customer order pick up. Furthermore, earlier observations and experience from the previous high sales season were taken into consideration, since the timing of the observation for the thesis occurred outside the high sales season.

3.3 Validity of the research

The research is relevant due to the increasing popularity of Click and Collect service and the observed challenges that have arisen in the department stores. These challenges have been a topic that has emerged in various discussions within the company and therefore the subject was suggested by the company for the thesis.

The participation from the department stores was very satisfactory, with all department stores partaking in the interviews and having prepared for the interview questions beforehand. Additionally, the response rate for the questionnaire was remarkably high, with three department stores having a response rate of 100% and the other stores having a participation rate between 67-85%. The high and even response rate between the department store is very satisfactory and gives the research higher validity and reliability. To receive a higher response rate, the respondents were sent a reminder to respond to the survey resulting in additional responses.

Some of the difficulties faced in the research phase included finding a way to limit the scope within the time resources of the thesis. During the research phase of the thesis, the author was requested to partake in a larger project regarding Click and Collect which had a much wider scope than the thesis itself. When conducting research for two separate projects, challenges included deciding on the research methods that benefit both purposes, as well as deciding the chosen participant that would partake in the interviews and the survey. The chosen participants have distinct roles in the department stores, with the executive management having responsibility of the entire department store, meanwhile the department manager of goods reception responsibility is more

limited to the goods reception department. Consequently, when responding to the questions this can be seen as a limitation especially regarding questions related to factors outside the goods reception department. However, the goods reception department manager has a close role in the delivery of Click and Collect service and therefore the author decided to include them. The fact that the respondents did not need to reveal their role in the department store, resulted in the factor that the responses could not be divided by the role of the respondent.

4 DATA ANALYSIS

4.1 Interviews – department store management

To collect the qualitative data for the thesis, interviews were carried out with all the six Bauhaus department stores in Finland. The interviews were conducted in person by a video meeting using Microsoft Teams and all the interviews were recorded. The aim of the interview was to collect data for the thesis as well as collect data concerning a project regarding Click and Collect that the author was simultaneously preparing for. For the purpose of the thesis, the objective of the interviews was to find the main pain points that each department store was experiencing regarding various parts of the Click and Collect service concerning both internal processes and the customer experience. For that reason, these are the parts of the interviews that will be discussed in the data analysis.

Attending the interviews were members from executive management of each department stores and in some cases the department manager of the goods reception department. In some interviews, all the members were not present, nevertheless in these cases the questions had been discussed between all the members beforehand. The interview consisted of three parts with the first part looking into the current situation of the service, the second part looking into potential future improvements and the third part regarding the support systems, marketing, and communications.

4.1.1 Current state of Click and Collect

The first part of the interview concentrated on the current situation of Click and Collect in each department store, (see Appendix 1). As mentioned earlier, there are differences between the department stores regarding several factors such as layout of the department store, customer flow, storage space and amount of Click and Collect orders. For the amounts of Click and Collect orders in 2020 (see Figure 1), Lahti department store opened mid-February and are therefore missing data for 1,5 months compared to the other department stores. All these factors may have an influence on the perception of the Click and Collect service and the possible pain points in the service delivery. It was necessary to get a good overview of each department stores current processes and to get familiar with the abovementioned differences. Without, it would have remained

challenging to understand the different perspectives and to be able to analyze the collected data correctly.

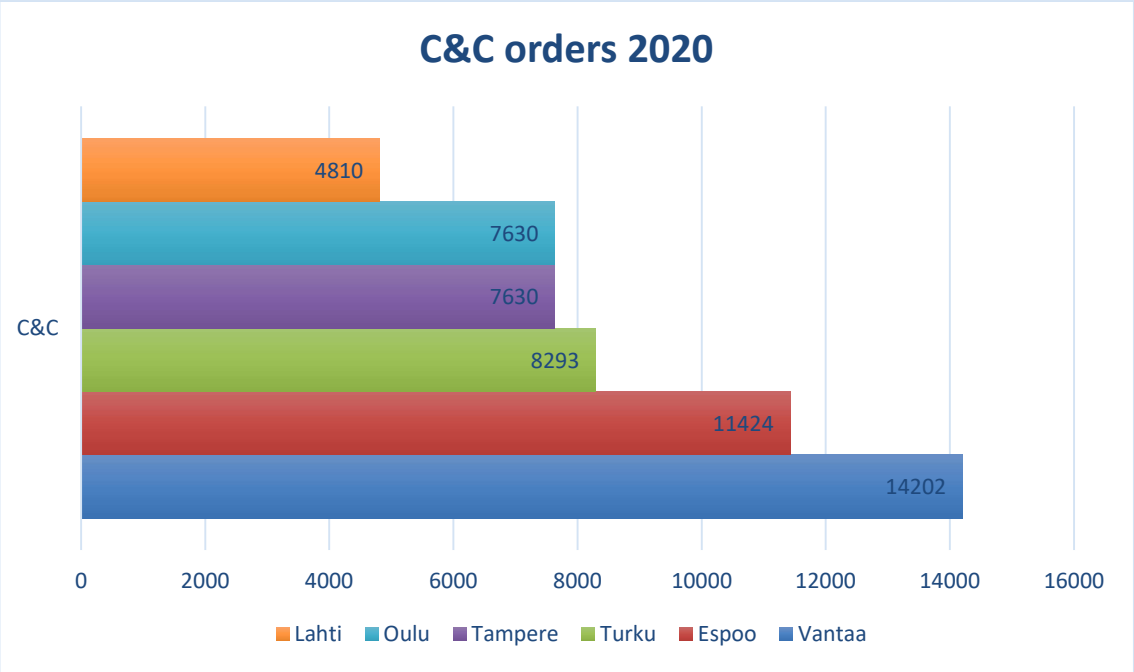


Figure 1: C&C orders 2020 department stores

4.1.1.1 Current processes

Answering the question: *Which department is currently taking care of Click and Collect operations?*, all the department stores answered that the goods reception department was responsible for the Click and Collect service, including collecting orders, storing collected orders, and handing out orders for the customers, although there were some differences. In four out of six department stores all the employees working in the goods reception department were taking care of Click and Collect operations, as well as doing goods reception, but in two department stores there were some employees in the goods reception department that were only taking care of the Click and Collect operations, but even there the other employees at the goods reception department would help with Click and collect operations when necessary. However, all department stores agreed that in addition the sales departments are helping, when necessary, with the collection of orders, especially more complicated orders including e.g., impregnated wood or other bigger items.

4.1.1.2 Customer promises

When asked: "*Have you been able to track your success in following customer promises: 4-hour collection time and fast and easy pick up of collected order for the customer?", three out of six* department stores implicated that they have been able to always keep the promised time limit. Two department stores believed that they have at very few occasions exceeded the collection time and one department store explained that if there was a risk of exceeding the limit, they would contact the customers beforehand. There is no automatic follow up on the success of the 4-hour collection in the forms of reports, although in many department stores this was followed closely by experienced members of the Click and Collect team. The department stores that stated that they at times get very close to the collection time limit or have even exceeded it, were the ones with largest amount of Click and Collect orders.

The second part of the question included more of a perceived customer promise, which would be a "*fast and easy pick up of orders*". This is not a stated customer promise, but as can be seen in section 2.2, the general customer expectation of Click and Collect service is a fast in and out experience. When asked this question there were more variations in the responses, with few department stores experiencing that the customer is repeatedly not getting the service experience that they should. In all department stores, the customer would first come to the main information to pick up the order and in some cases the customer would be sent to another part of the department store to pick up the order, only one store stated that almost all the orders were brought to the customer. All the department stores had noticed the following issues:

- The customers needed to wait long time in line to the main information to ask for their order
- The customer needed to wait long time for the order due to a difficult placement of the order
- After waiting to the main information desk, the customer was sent to another location in the department store to pick up their order

One of the issues that emerged in the interviews, was the customer waiting time at the main information desk at their arrival to the department store. Five out of six department stores indicated that especially during high season in spring and summer, the main information is at times crowded and the waiting time for Click and Collect customers is too long. One department store had measured the maximum waiting time to be up to 45

minutes. The reason for the long waiting times to the main information, was according to the department stores, that there are too many matters handled through the main information desk including customer returns, maintenance requests, general customer inquiries and Click and Collect order pickup requests.

Four out of six department stores additionally stated that one of the reasons that the customer might need to wait longer time for their order, is since the orders are stored in several places in the department store. The reason for the orders being stored in several places, was the lack of a designated storage area for Click and Collect orders. One department store state: *"The problem is generally with the storing of the order. We have several places where we keep the orders, so getting them to the customer does not always happen by the click of the fingers."* In addition, some of the department stores stated that the Click and Collect collector responsible for delivering the order to the customer, can be anywhere in the department store collecting orders and it can take time for that person to go and get the collected order and bring it to the customer.

All the department stores stated that especially with larger orders, including orders with large size items, the customer might be sent to another location to pick up the order, after they had first arrived at the main information. One department store stated: "*In the worst-case scenario the customer first needs to wait in line at the main information desk and then is directed to Drive-In arena to pick up their order and then they need to wait in line to get out from the Drive-In."* This can be seen as a valid example of an unwanted customer experience that goes against the customer expectations explained in section 2.2.

Some department stores noticeably experienced more issues related to the customer experience at order pick up, with perhaps most problems appearing in the department stores with the largest number of Click and Collect orders. Correspondingly the department stores with larger number of Click and Collect orders have also higher customer flow, which can increase the number of customers at for instance the main information. However, all department stores indicated that improvements could be done to make the customer pick up experience more efficient and fast for the customer.

4.1.1.3 Challenges regarding delivery of effortless customer experience

Next, the department stores were asked: *"What other challenges is your department store facing when it comes to delivering an effortless customer experience?".*

Interestingly, the challenges in customer order pick up emerged yet again in this section of the interview, but in addition one pain point that all the department stores mentioned was the problem with faulty balances. Faulty balances refer to the instances when the customer can see items available in the online store (see Picture 4) and purchase them, but the items cannot be found in the department store, therefore they are referred to as faulty. Faulty balances in the system can lead to an unsuccessful fulfillment of the customer's order or parts of the customer's order. Several factors can lead to the faulty balances including e.g. simultaneous purchases at the department store and Click and Collect, theft, mistakes in inventory and other human and administrative errors.

Picture 4, Balances of items on bauhaus.fi

The second issue regarding to the faulty balances, was that the department stores were not able to do fast corrections on the stock balances, since corrections done one day appears in the system next day after the overnight run of the specific system where the corrections are made.

4.1.1.4 Challenges in store processes

The last part of the interview with focus on the current state of the Click and Collect service, included a question regarding internal processes. The department stores were asked: "*What are the challenges that your department store is facing with Click and Collect when it comes to store processes?"* and four out of six department stores

mentioned problems concerning storing of collected orders. These problems included lack of space, the need to store orders in sales areas and difficulties storing odd sized orders. One department store commented: *"To store any orders in the sales areas is challenging. In a worst-case scenario, a Click and Collect order is being stored in the sales area and another customer picks up the item and buys it"*. Another department store commented the lack of storage space saying: *"Space is the bigger challenge. For example, when there is a campaign, we have all the hallways full of orders".*

Other challenges included collecting large size items especially from the Drive-In arena, collection of wood sold by meter and collection of seasonal products during off-season period. Due to the limitations of this thesis, it is impossible to get into detail with all the above-mentioned concerns, although they will be included in another further research about the Click and Collect service.

4.1.2 Future improvements

The second part of the interview focused on possible future improvements in the store processes and how the department stores would plan and implement potential changes in their department store, including e.g., a Click and Collect area. This part of the interview will not be covered in full detail, excluding a few main discoveries that are of interest for the purpose of thesis.

One of the main discoveries from the interviews was that there are considerable differences in the layout of the department stores and therefore any changes regarding e.g., a new Click and Collect area need to be looked at on a department store level. Most department stores implied that it would be beneficiary to have a similar model in each department store, but nevertheless they understood that this would be difficult to implement. Some of the layout differences include e.g., different current placement of the loading doors, different possibilities to build a separate storage for Click and Collect and differences in the potential placement of a Click and Collect desk.

Most of the department stores pointed out that the ideal placement of the Click and Collect area would be near the entrance and near the main information including a service desk and storage area for the collected orders. Other ideas included a separate area, where the customer would be able to drive with the car, take a number and get the

order. However, in many cases the desired changes would not be possible due to structural hinders.

4.2 Questionnaire – department stores

4.2.1 General

The questionnaire was sent to the same respondents that participated in the interviews including 22 managers across 6 department stores in Finland. In all department stores except Lahti and Espoo the questionnaire was sent to 4 persons including the department store manager, sales manager, facility manager and the department manager of the goods reception department. In Lahti department store there are only two members in the executive management including department store manager and facility manager and therefore with the addition of goods department manager, number of possible participants were 3. The author is currently in the position of sales manager in Espoo department store and to avoid bias the author did not partake in the questionnaire. Out of 22 possible participants 19 participated in the questionnaire in the end and for weight of participation per department store (see Figure 2). As we can see from the figure, the participation is relatively even between the department stores.

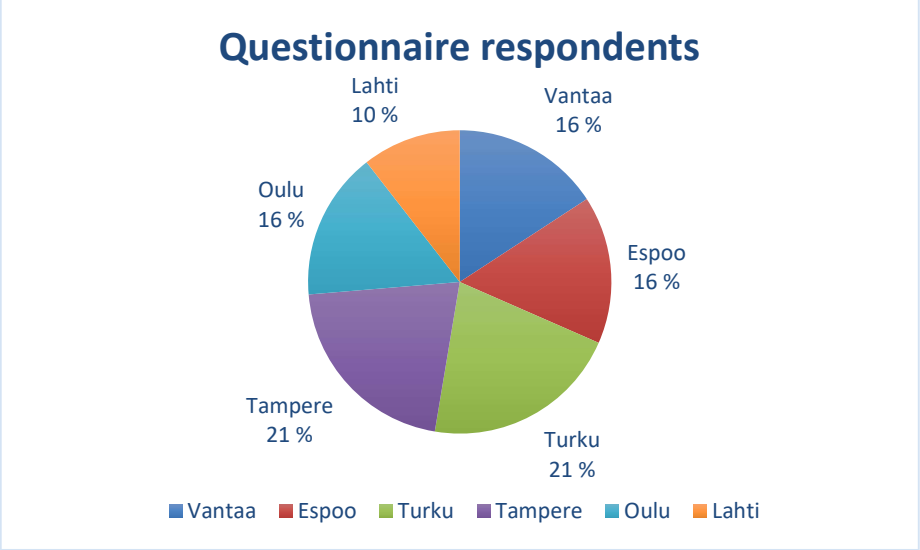


Figure 2: Overview of participation of department stores

The data reliability was discussed in section 3.3, however Figure 3 additionally shows the high participation level of responding to the questionnaire. From three department stores the participation was 100%and from the other three department stores it was between 67-75%. The total participation to the questionnaire was 86% and the high and relatively even participation between the stores was very satisfactory for the purpose and the validity of the research. The participants were not asked to reveal their position in the company, permitting them to remain anonymous with the expectation that this would generate in more participants and candid answers.

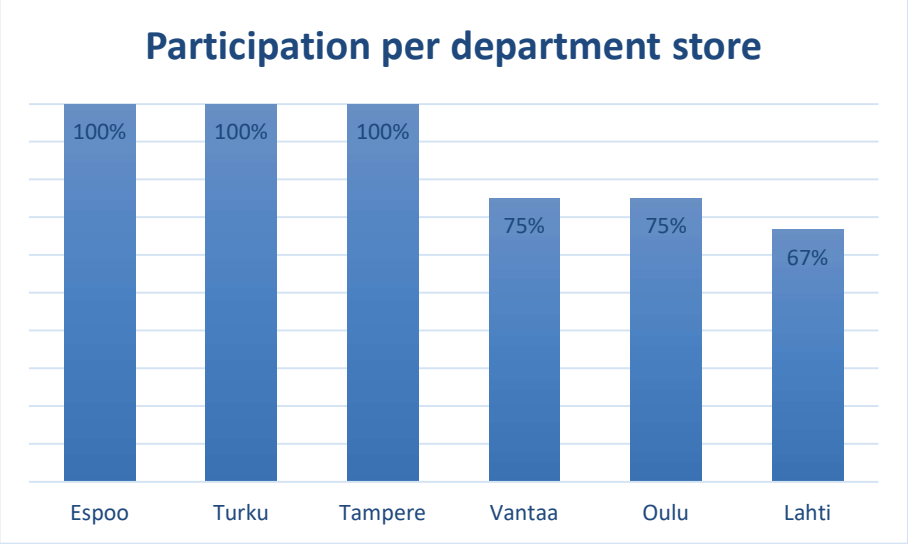


Figure 3: Participation per department store

The questions were chosen after the interviews had been conducted with all department stores and the focus was on three main processes regarding the Click and Collect service including collecting phase, storage phase and customer order pick up phase. Each section consisted of three statements that the participants were asked to rank in a scale 1-5. In the questions regarding collection of orders and storing of collected orders, scale 1 implied “not a problem” and scale 5 implied “substantial problem”. Regarding the questions about the customer experience when picking up their Click and Correct order, the respondents were asked to rate from 1-5 how likely the statements were to occur, where 1 implied “not likely” and 5 “highly likely”.

4.2.2 Collection of orders

The first part of the questionnaire focused on three pain points concerning the collection of Click and Collect orders. These pain points emerged from the interviews conducted with the department stores. As seen in Figure 4, the main concern that was creating difficulties in the order collection process was faulty balances, with the average score of 4,16. As discussed in section 4.1.1.3, the faulty balances can lead to problems in fulfilling the customer orders and therefore result in an undesired outcome of the service delivery.

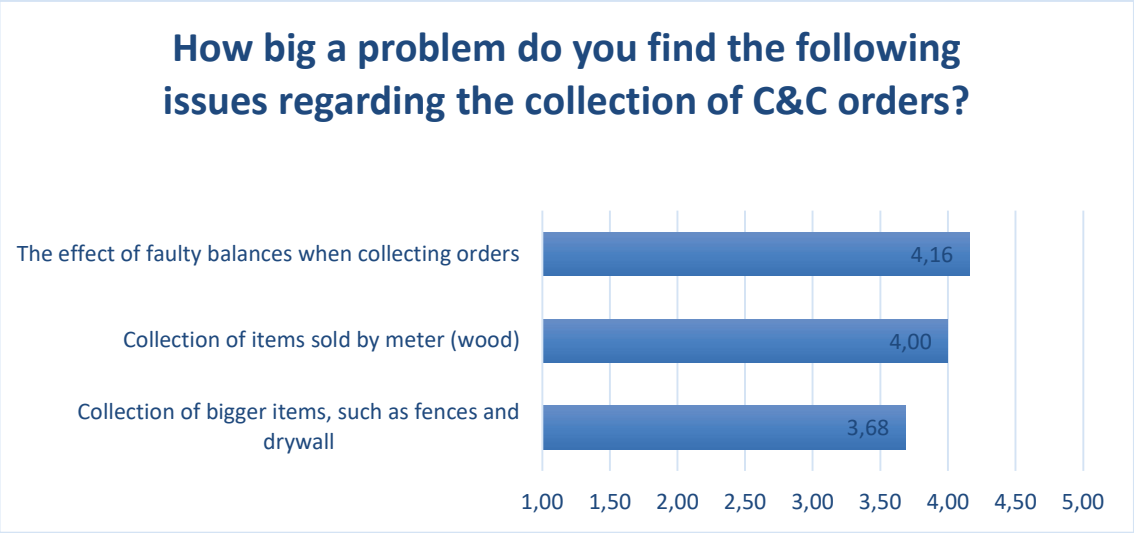


Figure 4: Issues regarding collection of C&C orders

The next two concerns were mentioned in section 4.1.1.4 concerning other store processes and especially collection of wood by meter was an issue brought up by many in the interviews, therefore it was not surprising to see the statement receive a relatively high score of 4,00. Last issue relating the collection of other bigger items received a score of 3,68, which is the lowest of the three statements even though it is still a relatively high score.

The results clearly indicate that there are certain problems regarding the collection of the Click and Collect orders. These are important concerns that most certainly need to be looked at, nevertheless this thesis will not try to find a solution to these problems. Regardless, all the concerns that arise from the research will be collected by the author for a project regarding the improvement of the Click and Collect service in all department stores, as mentioned in section 1.1.

4.2.3 Storing collected orders

The second part of the questionnaire concentrated on the storing issues of collected orders. To inform the reader, the physical size of the orders can vary from items that can be carried by hand, to exceptionally large orders including up to 3-meter-long wood boards on pallets that can only be operated with forklift. Majority of the orders are collected on 80x120cm pallets or in heavy duty carts, due to the nature of the items sold in the departments store including e.g. size and weight.

The smallest orders are generally stored on small shelves at the main information desk, but the storage area here is extremely limited in all but one department store. The larger orders are stored in the goods reception areas, Drive-In arena, sales areas, outside areas or other additional areas depending on the department store.

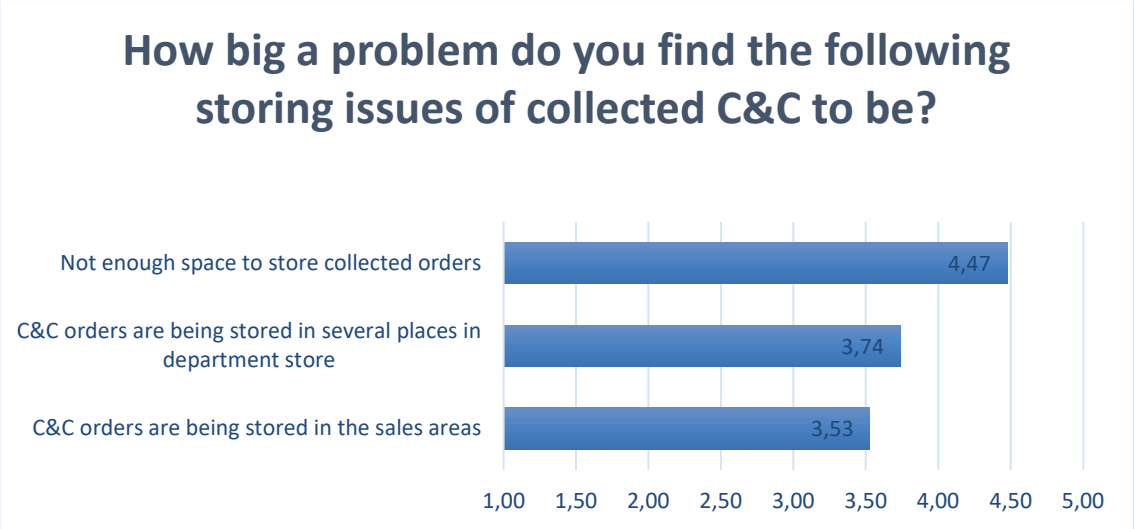


Figure 5: Issues regarding storing of collected C&C orders

Figure 5 illustrates the respondents' opinion to three statements concerning storing issues of collected Click and Collect orders. The result shows that the respondents find lack of space to be the greatest concern with an average score of 4,47 out of 5, The scorer ranged between 2 to 5, with 68% of the respondents scoring the problem with 5, see Figure 6. With the second statement there was greater variation in the scoring of the problem and one of the reasons for this can be the different layout in the department stores. Even though the scoring was more spread between the respondents, the average remains relatively high at 3,74. Third statement asked the respondents to score how big problem it is to store orders in the sales areas of the department store. With this

statement there was wider spread of the scores and interestingly even within specific department stores. In two department stores the response ranged between 1-5, meaning that in the same department store the issue was seen differently. As discussed in section 3.3, the response to certain statements may be influenced by the role of the respondent in the department store, with certain positions being more focused on the sales and therefore sales areas.

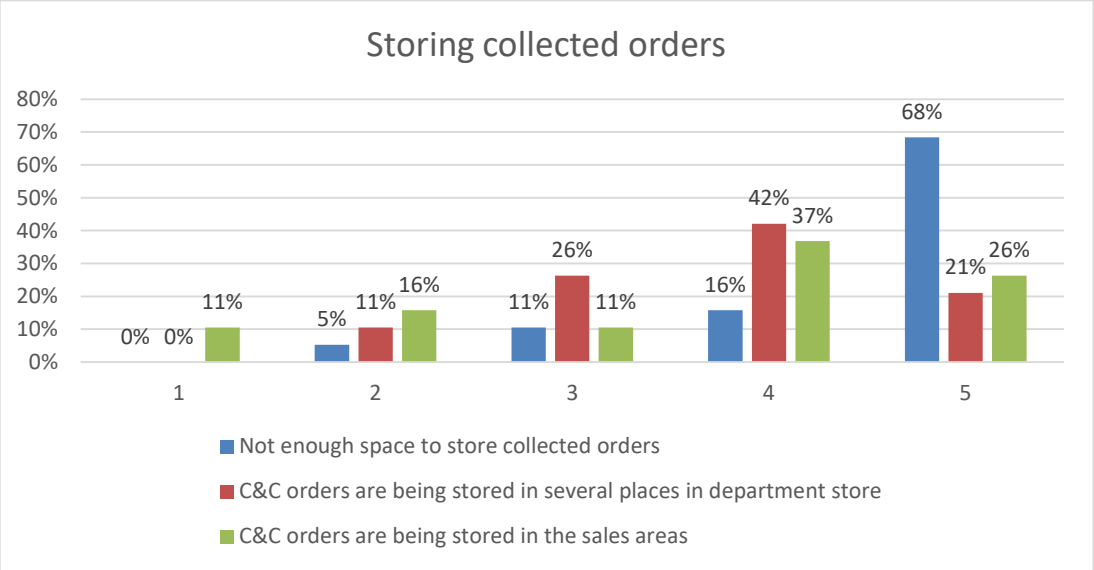


Figure 6: Storing collected orders

4.2.4 Customer order pick up

The third part of the questionnaire included the final step of the Click and Collect service delivery that includes the customer picking up their order from the department store. As explained in section 4.2.1, these statements were formulated differently, asking the respondents how likely the statement were to occur, 1 implying “not likely” and 5 implying “highly likely”. These statements received more even score than the previous parts, with the score between 3,42-3,47, as shown in Figure 7. As discussed in section 3.3, the responses to these statements could have been influenced by the position of the respondent, with regards to different amount of experience in the customer pick up phase. However, with the maximum ranking of 5, all the statements received relatively high scores.

To score these statements the respondents were asked to use their estimation of the likeliness of these problems, which can be harder than to state how they perceive the

seriousness of a problem. Perhaps if the statements in this question had been formulated in equivalent manner as in the other questions, the outcome could have been different. As mentioned in section 3.2.2, the questionnaire took place outside the high sales season, which perhaps made it even harder to estimate the likeliness of these events.

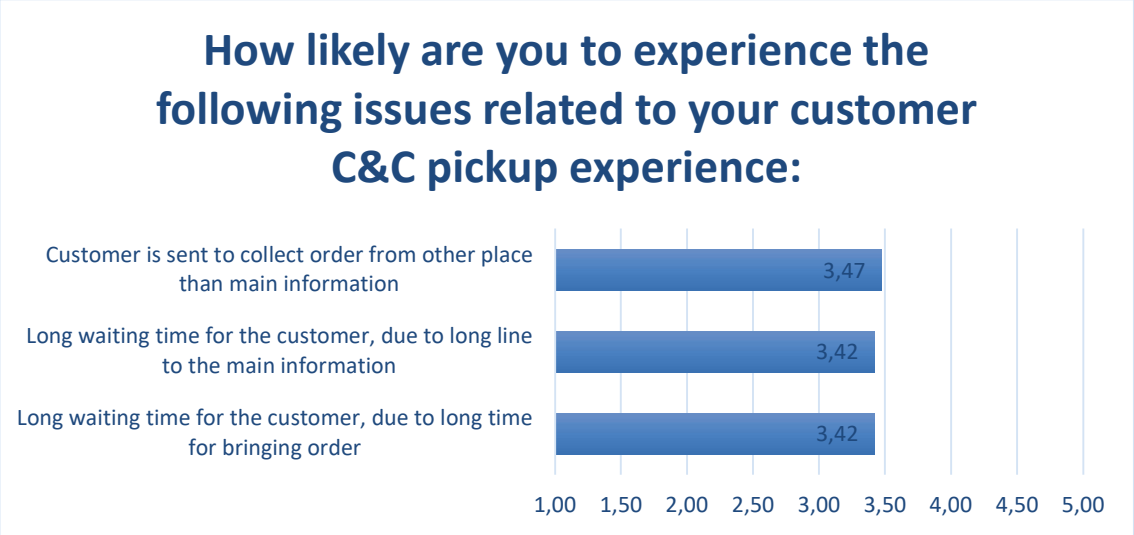


Figure 7: Issues related to C&C order pick up

4.2.5 Overview and outcome

Figure 8 shows a full overview of the questions and how they ranked overall, with *"not enough space to store collected orders"* seen as the most considerable concern. Interestingly, some of the factors that were discussed largely at the interviews were lowest in the ranking, such as the issues regarding the customer order pick up. Marked with red are the concerns that will be covered more extensively in this thesis and that have been chosen as the main development areas in this research. The pain points include the issues degrading storing of collected orders and the customer waiting time when picking up their order. Even though the issues regarding customer order pick up are not highest ranked in the questionnaire, these could be seen as some of the most crucial factors that can create customer's last perception about the Click and Collect service.

The storage issues are not only on top of the list, but additionally they are interconnected with the customer pick up experience. Storage issues can result in longer time needed

by the collector to find the order and bring it to the customer. Additionally, storage issues can result in waste in Click and Collect resources and the time used for looking for storage places could be used to collect new orders faster or other areas in the Click and Collect service.

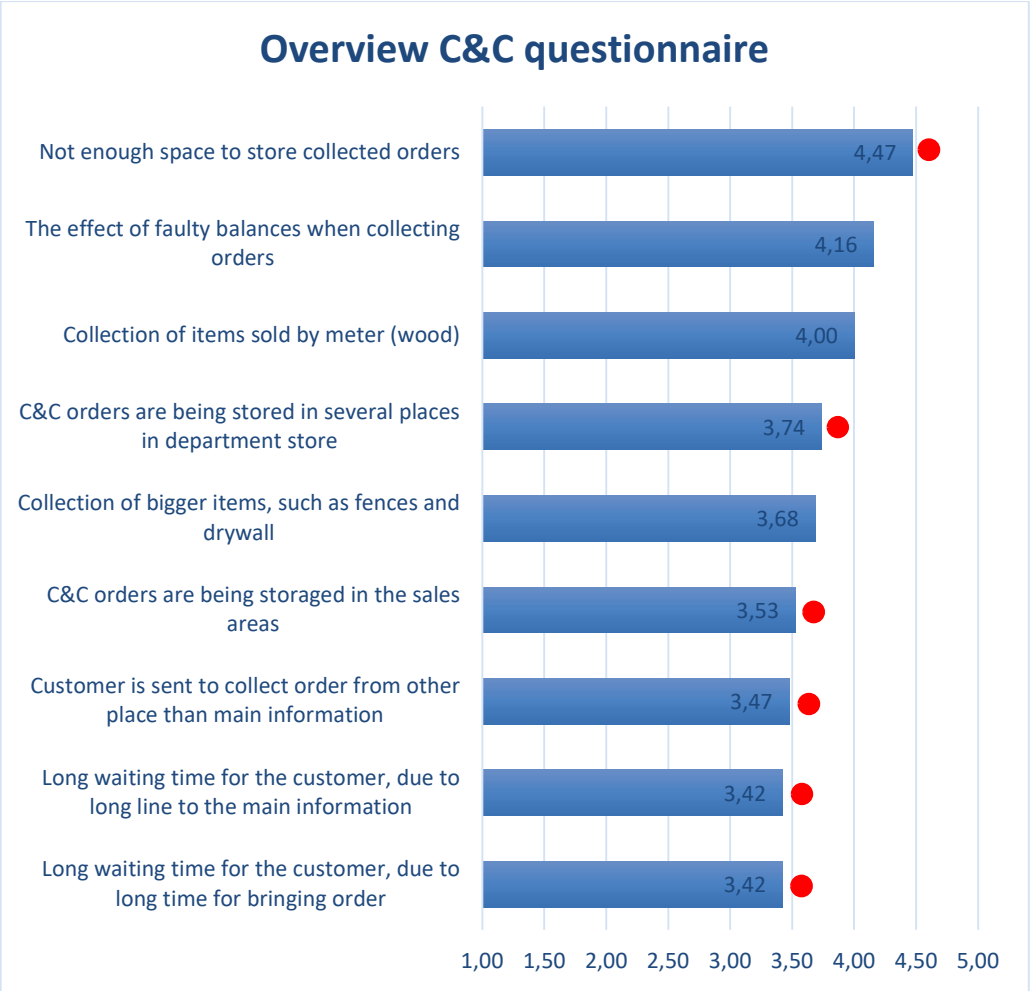


Figure 8: Overview of survey and development areas

4.3 Service blueprint Click & Collect

4.3.1 Introduction to blueprint

As mentioned in section 2.3, the service blueprint can be used when the company has a good knowledge of what the customer wants, but they need to improve their internal processes in order to achieve that. In this case, the company has a good idea of what the customer wants, and the need is to look more into to the internal processes and

therefore service blueprinting method was chosen for the thesis. The first step was to look at the current situation of the Click and Collect service and create a service blueprint based on the author's observations and measurements. Additionally, as explained in section 2.3, a service blueprint can be used to concentrate on a specific problem in the customers journey and investigate the processes that create that problem.

Described in section 2.4.2, the customer actions are an important base for the service blueprint that are generally mapped out first in a blueprint and therefore they were the starting point of the Click and Collect service blueprint. Additionally, all the layers mentioned in 2.4, including physical evidence, front and backstage processes and support systems were included in the blueprint. However, the main focus will be on the front and backstage processes in addition to the customer actions. Mentioned in section 2.4.6 was also the possibility of adding custom lines or lanes to the blueprint and the author decided to add these to show times for certain actions in the blueprint where MoT´s occur. The times visible in the current-state blueprint are based on observations in Espoo department store.

As previously mentioned in part 4.2.3, there is a wide variation of possible order sizes, however most orders are of the size that they fit on a pallet. Depending on the order size and items, the journey of the customer can look quite different therefore one specific order size was chosen for the blueprint. The chosen order size is a pallet size order that cannot be carried by hand and that does not fit in a heavy-duty cart. The employee that is collecting Click and Collect orders will be called the Click and Collect collector.

4.3.2 Current-state blueprint

To make it easier for the reader to follow, the blueprint has been divided into two parts and the timeline of the blueprint will be followed instead of explaining each lane individually, for full blueprint see Appendix 2. All the boxes in the blueprint will not be explained in detail but can be seen in Figure 9 and Figure 10, and the focus will remain on the most important steps in the blueprint.

The customer actions start with the customer browsing the website and choosing items to buy, thereafter the customer chooses the department store where they want to pick up their order from. After the customer has paid for the order, they receive a confirmation message, meanwhile the Click and Collect collector receives a text message notification

about a new order. Now the customer will need to wait for the collection of the order, meanwhile a set of backstage processes will take place in the department store.

The collector prints out the order from the Click and Collect system and depending the size of the order chooses what collection aid to collect the order on, in this case a pallet. The collection process starts either immediately when the order arrives, or later depending on the number of orders that are ahead of the order in question. Depending on the number of orders ahead, the size of the order and the complexity of collecting and finding the items, the collecting time varies between approximately 15 minutes to 4 hours. However, it is essential that the order is collected within 4-hours as promised to the customer on the website.

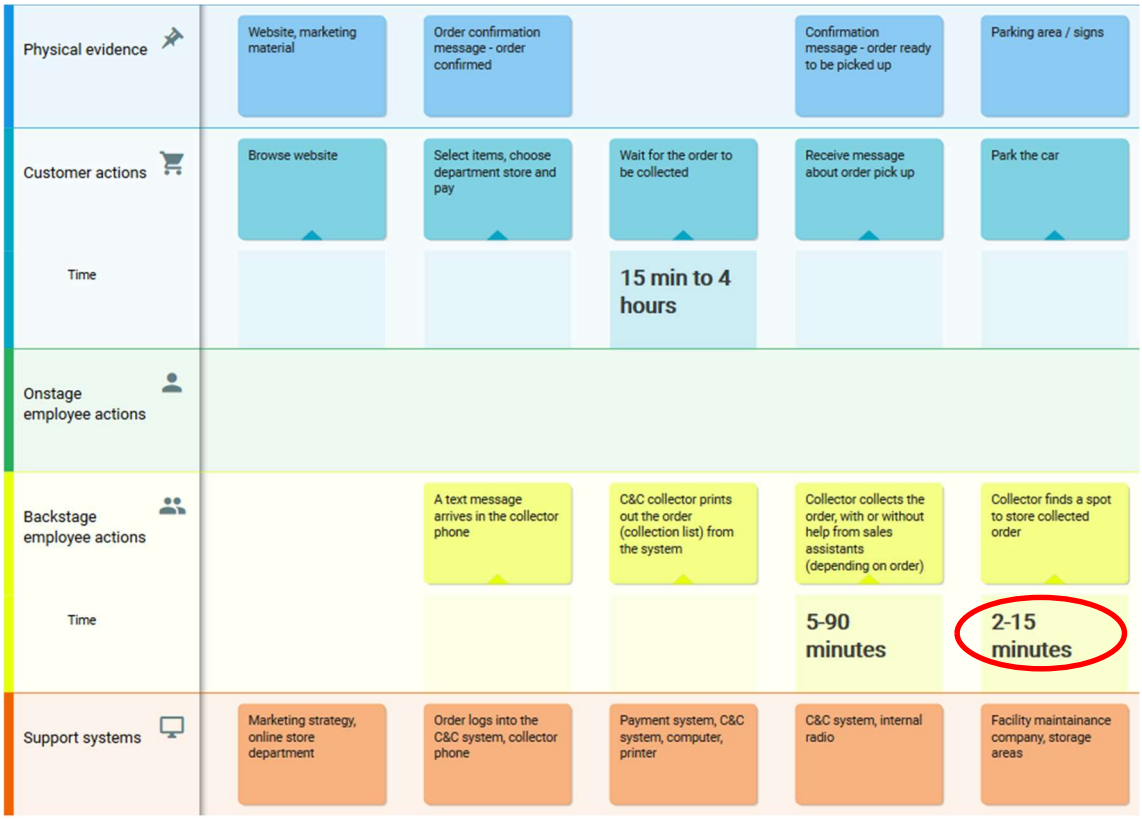


Figure 9: Current-state blueprint, Part 1 (Erkkilä, 2021)

After the collection has been completed, the next step for the collector is to look for free space to store the order, currently between several locations within the department store. At times this can be unnecessarily time consuming, especially when there are many orders waiting to be collected. When the order is collected and stored, the collector will enter in the Click and Collect system that the order is ready for pick up and an automatic

message will be sent to the customer. The customer must pick up their order within two days from the time that the order has been collected, hence the customer can come and pick up their order immediately or later within the two-day period. When the customer comes to the department store to pick up their order, they usually come by car and therefore a car is chosen as the method of transportation for the blueprint.

In the next part of the blueprint (see Figure 10), the first front stage employee actions can be seen, and this is also the part where most of the MoT's relevant for this thesis occur. As explained in section 2.3, MoT's (Moment of Truth) are the moments when the customer interacts with the brand or service and the service expectations are either met or there is a possible service failure.

Figure 10: Current-state blueprint, Part 2 (Erkkilä, 2021)

When the customer enters the department store, some of the physical evidence that the customer will notice are possible signs for the Click and Collect pick up area and the area itself. In the current state blueprint, the area is the main information desk, located at the entrance of the department store. In section 2.2, we looked at a few general service expectations for the Click and Collect service and one of factors that seemed important

for the customer was the Click and Collect area. At the arrival to the main information desk, the waiting time has been estimated to be approximately 0-30 minutes by the author, depending on how many customers are waiting in line and what kind of issues they have once reaching the desk. When it is the customer's turn at the desk, the employee working at the desk enters the customer's order number in the Click and Collect system and contacts the collector to inform about the order that is being collected.

The customer is informed to wait at the main information desk, or to bring their car to the loading area right next to the main information desk. Now we move to the backstage processes that include the collector looking for the order, which depending on the placement of the order takes between 2-12 minutes. Thereafter the collector will bring the order to the customer, who is either waiting near the information desk or at the loading area and this will take additional 2-4 minutes. The order is put in the customers car and thereafter logged in the system as "collected".

4.3.3 Conclusion

As we can see, there are a few moments in the current blueprint where there is a possibility of a longer waiting time for the customer, as well as unnecessary time that is used in backstage processes, see red marks in Figure 9 and 10. The total waiting time for the customer can be between 4-46 minutes and the time used for internal processes that happen after the order collection can be between 4-16 minutes. Previously explained in section 2.1.1, is the assumption that the customer expects an effortless experience across the channels in omnichannel retail. Therefore, the effortless experience should not stop when the customer moves from an online channel to the department store and the customer actions in the department store should be investigated. If the customer expects and quick in and out experience while using the Click and Collect service, explained in part 2.2, the waiting times of the customer should be cut to a minimum. When the customer's waiting time exceeds a certain time limit, it could be argued that the expected benefits of using Click and Collect service are diminishing.

In the next part we will look at how a new Click and Collect area including a service counter and storage area for the collected orders, could change the outcome of the blueprint.

4.4 Future-state blueprint proposal

4.4.1 Click and Collect area

The proposed Click and Collect area could be built in line with the main information desk and the tills that are located at the entrance/exit of the department store and where the current customer loading area is located. There would be a separate counter for Click and Collect customers, with a storage area of 80-100sqm behind the counter. For the largest orders that cannot be stored inside the department store, there would be a fenced area next to the loading area, which would mean that the customer could get all the orders from the same place. To propose the beforementioned Click and Collect area, the new blueprint would be used as evidence to show how the service would work better compared to the current model.

4.4.2 New blueprint

A possible new Click and Collect area would not change the entire blueprint, so in Figure 11 we can see the blueprint starting with the step were the order has been collected and the collector needs to look for storage space, for entire blueprint see Appendix 4.

In the original version of the blueprint the Click and Collect collector needed to use estimated 2-12 minutes to look for a place to store the collected order, while in the new blueprint the collector would only need 1-2 minutes to put the order in the new storage. The reason for the time being shortened significantly, is the fact that there would be a designated storage area built for the Click and Collect orders. Hence, the Click and Collect collector would not need to waste any time by looking for storage space or moving orders to create more space.

When the customer arrives at the department store, there would be clearly visible signs that direct the customer to the Click and Collect desk. This step is important to ensure that the customer does not spend unnecessary time waiting in line to the wrong desk, since there would now be two separate desks including the main information desk and the Click and Collect desk.

Figure 11: Blueprint proposal, C&C area (Erkkilä, 2021)

After the customer arrives at the Click and Collect desk, the waiting time should be reduced compared to the original blueprint for a few reasons. First, the customers that were previously waiting in line to the same desk for several reasons would now be separated and only Click and Collect customers would be waiting to get service at the Click and Collect desk. Second, the employee at the desk would not need to spend time to contact a collector, since they would be handing the order to the customer themselves. Finally, one of the most crucial time savings would come from the fact that the orders are in immediate proximity to the service desk.

4.4.3 Conclusion

To conclude, the current customer waiting time can be at an estimate between 4-46 minutes and with the new area the waiting time could be as low as 2-14 minutes. With the customer expectations explained in section 2.2, the new times would be much closer to what is expected of the service. Not only would the customer get their order faster, but the Click and Collect area would save time in the backstage operations as well, due to the new storage space created for the orders. Currently, the time used for looking for storage space, looking for customer order and bringing the order to the customer, can

take 6-31 minutes per order. With the new service area, the estimated time for these actions would be between 2-6 minutes per order, suggesting that 4-25 minutes could be saved per order. Considering the yearly number of orders of 11424 in 2020 in Espoo department store, the time saved in internal processed could be significant.

The physical qualities of the orders in the department store, including large size orders that need use of forklift or other mechanical equipment, will always take somewhat longer time to handle. Thus, with these orders the time required to hand the order to the customer will always be longer than with small sized orders. It should be remembered that the time saved is per order, meaning that even in one day the time saved could be remarkable. Especially during high sales season, when the number of orders in Espoo department store can be between 40-150 orders per day, this could bring noticeable difference to the service delivery and customer experience.

5 CONCLUSION

The world of retail is changing at a fast pace, with omnichannel retailing becoming the new norm and services such as Click and Collect being expected from retailers by the customers. Not only do customers expect to interact with companies through various channels, but they also count on a seamless experience throughout their journey. In the recent year there has been a surge in the demand of Click and Collect in Bauhaus as well as within retail in general. The growing demand has resulted in certain challenges regarding the internal processes and the ability to keep the quality to match the customer expectations regarding the service. With the help of service design, services can be designed, but also redesigned would they not meet the service expectations.

To determine how the Click and Collect service could be improved, the first step of the research was to identify the main challenges or pain points in delivering the service. These challenges were identified by conducting interviews with managers from all the department stores in Finland and with the findings creating a questionnaire for the same respondents. The research showed that there are several aspects in the service delivery that would need some improvement, mostly concerning the internal processes and logistical issues. Lack of space was found to be the most substantial pain point, followed by issues regarding the collection of order such as faulty balances and collection of certain difficult items. Additionally, highly ranked in the research were concerns related to the customer experience when collecting their order and especially these issues received wide attention in the interviews conducted with the department stores. As a result of the rather extensive list of pain points uncovered, the research needed to be narrowed to focus on few chosen concerns. Nonetheless, all the issues found while working on the thesis would be used in a separate project regarding improvements in the Click and Collect service that would include the entire chain in Finland.

The next objective of the research was to find out how a service blueprint could be used as an evidence in proposing for logistical changes including a new Click and Collect area. Due to differences in the layout between the department stores in Finland, the proposal needed to be narrowed to Espoo department store. The current state blueprint exposed areas where time could be saved both in the usage of internal resources and the waiting time of the customer. The beforementioned factor together with the findings from qualitative and quantitative research indicated that there is a need for sizeable change,

such as a new area for Click and Collect. In order to implement larger changes that would affect the layout of the department store, the changes would need to be approved by departments outside the department store. Therefore, the next step was to create a future-state service blueprint, that would show how a new Click and Collect area could aid in reducing the identified pain points. The future-state blueprint shows a considerable deduction in the customers waiting time, while picking up their order along with the time saved in internal resources. Consequently, the time saved by making the internal processes more effortless could be used to improve other areas within the Click and Collect service. As mentioned earlier, customers expect well working services as well as a seamless experience between all the channels that they use when they interact with a company. These expectations apply for the Click and Collect service, where it should be remembered that the quality of the service should not change when the customer is no longer interacting through an online channel, but changes to a physical channel when visiting the department store. If ordering via an online store is easy, the customer will generally expect the remainder of the service to be easy including the pick-up of the order from the department store.

With the service blueprint it is possible to get an overview of the service and find the problematic processes withing the service delivery. Similarly, the blueprint can be used to propose possible changes to processes within the service. One of the restrictions of the service blueprint that was found during the research, is that for example when used to map services such as Click and Collect, several blueprints would need to be made to map the entire service. The reason for this is that there are multiple scenarios depending on the type of order including order size. Would all the scenarios be mapped; it could be shown even more clear that there is a need for improvements. However, even with one type of service blueprint it can be shown that it would be beneficial to create a storage area and service counter for the Click and Collect service.

5.1 Validity and limitations of the study

Early in the research, it became evident that there are several types of concerns regarding the Click and Collect service and to focus on all the concerns would have been beyond the time limitations of the research for the thesis. Therefore, the research needed to be limited to focus on specific processes. Similarly, due to the differences between the department stores, the final focus remained on Espoo department store.

Nonetheless, another project regarding the Click and Collect service was initiated simultaneously with this research, which gave the author an opportunity to create the foundations for that project.

The qualitative and quantitative research for the thesis was conducted internally with remarkable success in participation in both interviews and questionnaire. The subject raised high interest within all the department stores, which made the collected data reliable considering the high participation rate from each department store. Through the interviews and questionnaire, the author was able to collect important data regarding internal processes. The last part of the interview regarding the new Click and Collect area did not give the author the expected ideas in respect to the service area, however it demonstrated the various physical limitations of each department store.

5.2 Development suggestions and further studies

To gain even wider understanding regarding points of improvement in the Click and Collect service, it could be recommended that Bauhaus would make a customer survey. Due to the special characteristics of the hardware department store and the items purchased from there, the expectations can be different than on the surveys made about other Click and Collect services. With the help of this survey, additional adjustments could be made. Consequently, it could be beneficial to continuously send each Click and Collect customer a brief survey of their Click and Collect service experience.

Finally, even if the suggested Click and Collect area would not be possible to create in each department store, Espoo department store could be made into a prototype that could be used in the future when opening new department stores. By creating the service area, more data could be collected to find out if the service can be delivered with less resources and if the customer experience would improve. Therefore, it is essential that a possible customer survey would be conducted before and after the implementation of the Click and Collect service area.

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Interview management

Interview – Bauhaus Department Store Management
Current state of Click and Collect in store
1. Which department is currently taking care of Click and Collect operations?
2. How much resources are being used to Click and Collect daily including collection of orders and giving out orders to customers? How many hours and how many persons in a week?
3. Have you been able to track your success in following customer promises, 4-hour collection and fast and easy pick up of orders for the customer?
4. What other challenges is your department store facing with Click and Collect when it comes to delivering an effortless customer experience?
5. What are the challenges that your department store is facing with Click and Collect when it comes to store processes?
6. Overall, how would you assess the current customer experience and functionality of the Click and Collect service today?
Click and Collect counter / area
7. How would you plan and implement a new Click and Collect area/counter? (For example: Location, size, storage area and equipment)
8. What services would be handled through the counter?
9. Would it always be manned? If not, how would it be used?
10. How would you ensure that the store resources are used efficiently and yet keeping in mind the customer experience?

11. Which department(s) would take care of the new Click and Collect counter?
12. Where will you store the larger orders such as board bundles?
13. How will the customers be directed to the new counter?

Other questions
14. What kind of support or co-operation do you need from the marketing department and online store to make the Click and Collect service better from the customer point of view?
15. What kind of support or co-operation do you need from the marketing department and online store to aid in the in-store processes of the Click and Collect?
16. What is needed from IT (for example: changes to IT systems or new equipment) to make the Click and Collect service better from the customer point of view?
17. What is needed from IT (for example: changes to IT systems or new equipment) to make the Click and Collect service to aid in the in-store processes?
18. What reports or data would you need to be able to follow and manage the productivity of the Click and Collect processes?
19. What other reports or data would you need (for example: customer satisfaction)?

Questionnaire

Click and Collect kysely - Tavaratalot

Kysely koostuu seuraavista osiosta: keräily, säilytys, nouto ja markkinointi/viestintä.
Lisäksi viimeinen osio sisältää lisäkysymyksiä liittyen tulevaa Click and Collect projektia.

Vastatessanne kysymyksiin, pohtikaa asioita kiireisimpien ajankohtien kannalta.

Kyselyn tuloksia käytetään Click and Collect projektin kartoituksessa ja opinnäytetyössä.

*Pakollinen

Siirry kysymykseen 1Siirry kysymykseen 1

Click and Collect tilausten keräily

Kuinka isoksi ongelmaksi koette seuraavat keräilyyn liittyvät asiat:

1. Isojen tuotteiden kerääminen (esim. kipsilevyt, aitaelementit.) *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

2. Saldovirheiden vaikutus tilausten keräilyyn *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

3. Metritavaran kerääminen (puu) *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

Keräiltyjen Click and Collect tilausten säilytys

Kuinka isoksi ongelmaksi koette seuraavat säilytykseen liittyvät asiat:

5. Click & Collect tilausten säilytystilan puute *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

6. Click and Collect tilauksia säilytetään useassa paikassa tavaratalossa *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

7. Click and Collect tilauksia säilytetään myös myymälätiloissa *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei ongelma	◯	◯	◯	◯	◯	Merkittävä ongelma

Siirry kysymykseen 9

Click and Collect tilausten nouto (asiakas)

Kuinka todennäköisenä koet seuraavat ongelmat liittyen asiakkaan noutokokemukseen:

9. Asiakkaalle muodostuu pitkä odotusaika tilausta noutaessa, koska tavaran hakeminen asiakkaalle vie aikaa *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei todennäköistä	◯	◯	◯	◯	◯	Erittäin todennäköistä

10. Asiakkaalle muodostuu pitkä odotusaika tilausta noutaessa, koska tavaratalon pääinfoon jonottaminen vie aikaa *

Merkitse vain yksi soikio.

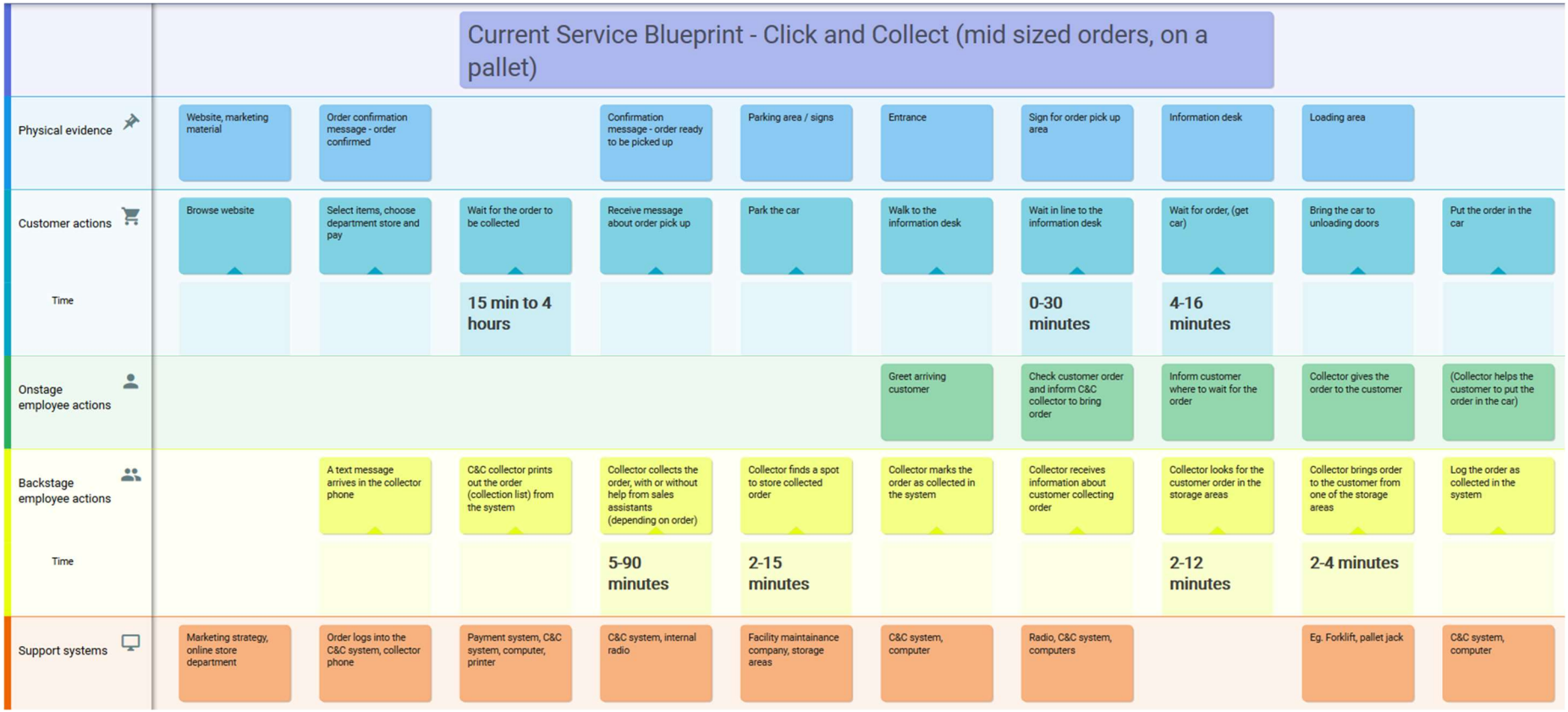
	1	2	3	4	5	
Ei todennäköistä	◯	◯	◯	◯	◯	Erittäin todennäköistä

11. Asiakas saapuu pääinfoon, mutta hänet lähetetään hakemaan tilaus muualta kuin pääinfosta *

Merkitse vain yksi soikio.

	1	2	3	4	5	
Ei todennäköistä	◯	◯	◯	◯	◯	Erittäin todennäköistä

Current-state blueprint



New Click and Collect blueprint