

OPTIMIZING IN-STORE PICK UP THROUGH LOCKERS SERVICE

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Introduction

In store pick-up is one of the service provided through Target's Flexible Fulfillment plan. While in the original case three solutions were presented to optimize the process from ordering the product, backroom processing, and customer interaction, the focus of this poster will be on improving the efficiency of in-store customer pick-up process.

Problem

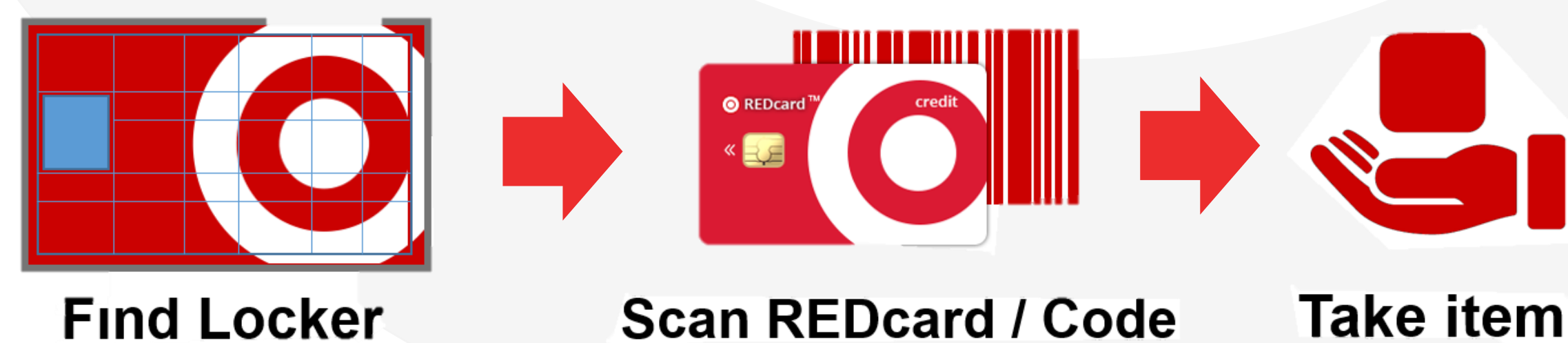
Customer need to wait 10-20 minutes to take their in store pick-up purchases due to **insufficient manpower** and **inefficiency**.



Midlothian Target Guest Service Area – Photo is provided by I G. for Yelp

Recommendation

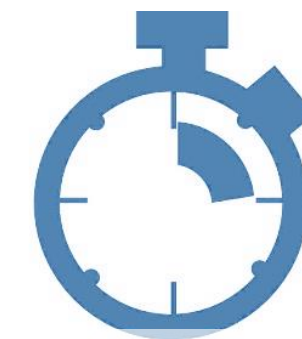
Implementing automated self pick-up locker is a cheap solution to the problem. Instead of having to que customer have the option to go straight to the locker and scan their REDcard or given pin to directly take the purchased goods.



Benefits



Affordable



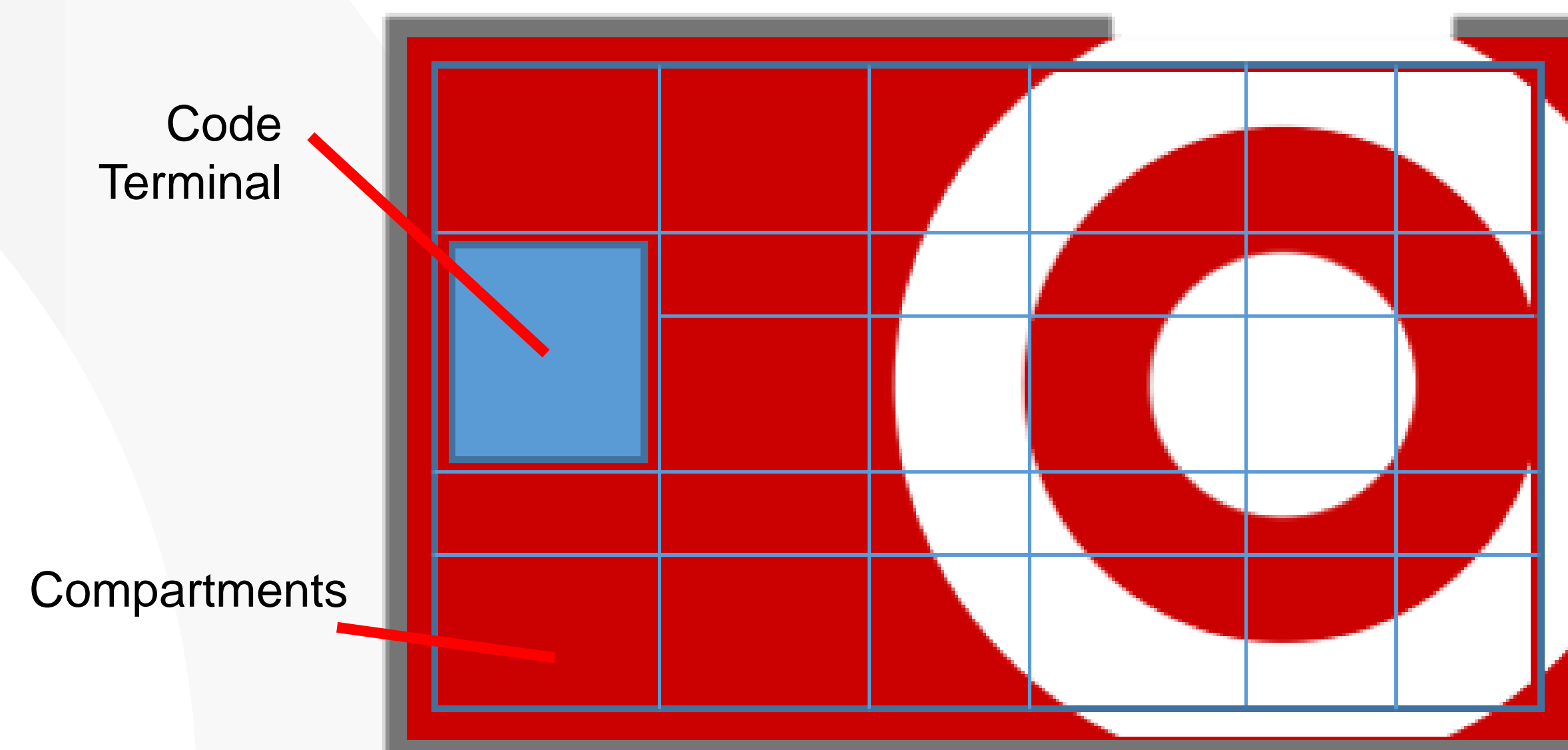
Save employee hours



Higher Satisfaction

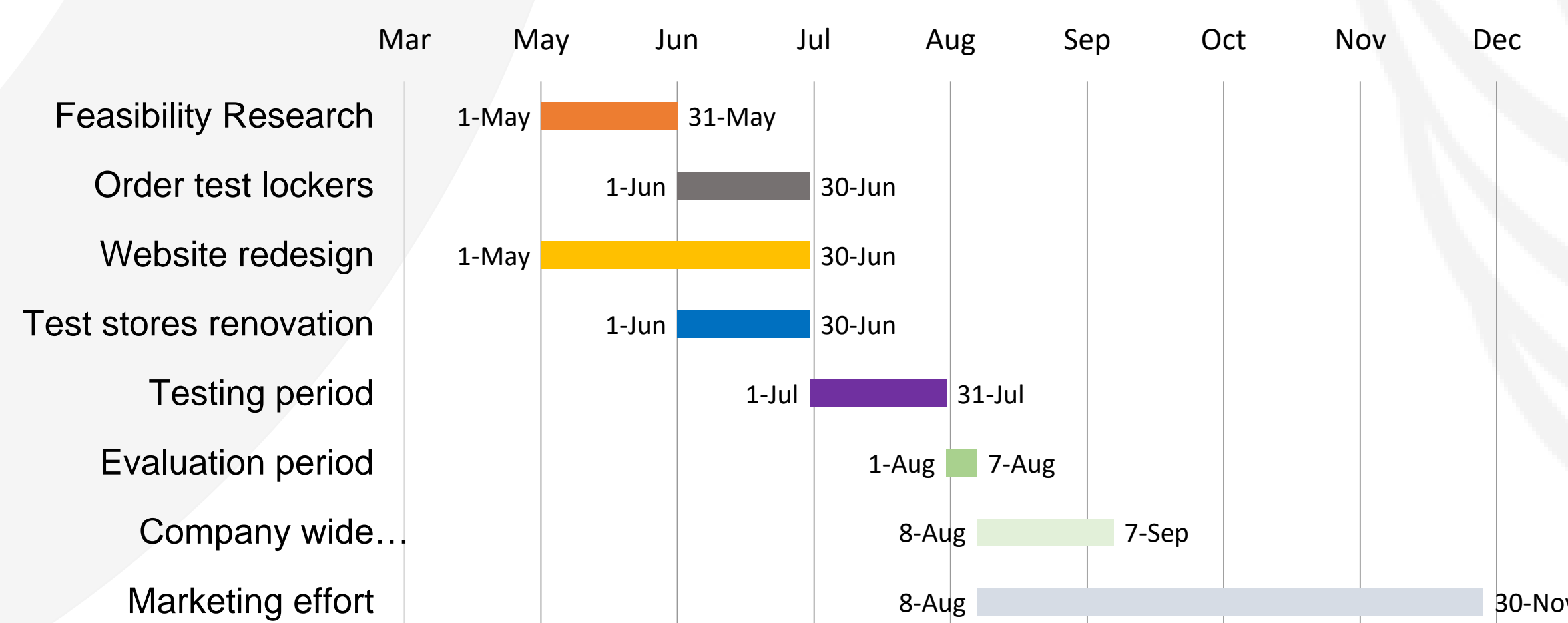
Implementation

A locker will have a terminal where customer can input the code and individual compartments which will open once a customer enter the respective code.



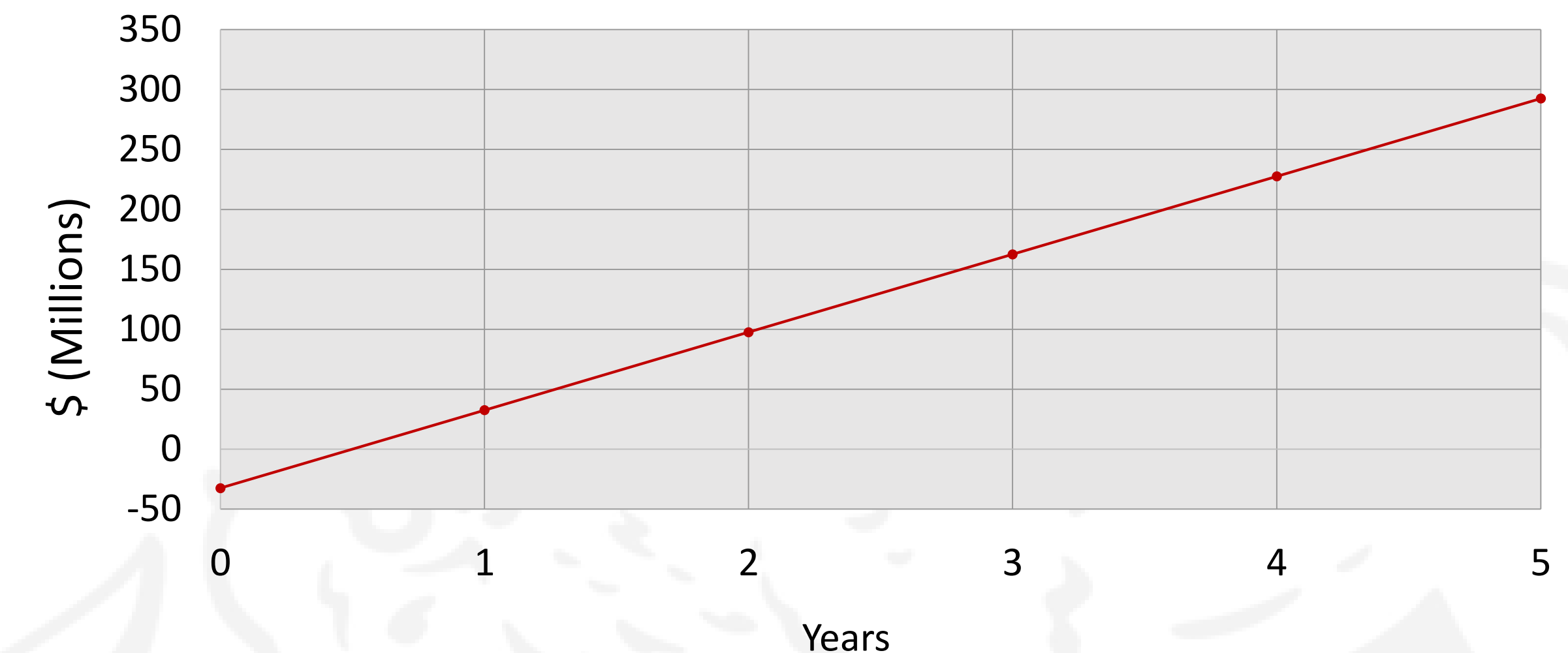
Assuming a Target store receive on average 100 in-store pick-up, a store will need about two of this locker. They will be placed next to the guest service area, taking the place of the old storage room where items were placed before pick-up.

Timeline of Implementation



Finances

5 Years Company Wide Cost Saving



Initial Cost	Per store	All stores
Manufacturing Cost	\$ 7,500	\$ 13,545,000
Renovation Cost	\$ 3,000	\$ 5,418,000
Marketing Cost	\$ 7,500	\$ 13,545,000
Total Initial Cost	\$ 18,000	\$ 32,508,000

Cost saving per year	Per store	All stores
Employee cost saving	\$ 36,500	\$ 65,919,000
Maintenance expense	\$ 500	\$ 903,000
Total cost saving	\$ 36,000	\$ 65,016,000

Conclusion

Target have always been a leader in retail guest experience quality. This recommendation not only provide potential cost saving for Target, it also save customer valuable time spent waiting on the guest service line without sacrificing customer interaction. Considering the expense for experimentation is small for a company the size of Target, Target should not hesitate in trying this idea to stay on top and deliver their motto, "Expect more, pay less".

Honors

1st Place – 2017 Target Undergraduate Case Competition