

Streamlined Buy Online, Pick Up in Store Solution

Prepared by Edward Liriano for Liriano Idea Advisors

Executive Summary

The current BOPIS workflow creates inefficiencies and misaligned incentives between ecommerce and retail stores. Stores are required to perform additional logistical, administrative, and customer service tasks without compensation, while ecommerce benefits from the completed sale. This proposal introduces a **commission-based model** to reward stores for their role in BOPIS fulfillment, aligning incentives, improving customer experience, and ensuring fraud prevention.

1. Current Challenges

- **Logistics Burden:** Stores must receive, hold, and process ecommerce shipments.
 - **Inventory Strain:** Pulling from store stock reduces local sales opportunities.
 - **Administrative Work:** Time spent on inventory management, order processing, and communication.
 - **Fraud Risk:** Stores handle customer identity verification without compensation.
 - **No Incentive:** Stores invest time and labor but do not share in the ecommerce sale benefit.
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2. Store Responsibilities in BOPIS

- Receive and record shipment into inventory system.
 - Store and organize item securely until pickup.
 - Contact and coordinate with the customer.
 - Verify identity and mitigate fraud risk.
 - Deliver high-touch customer service during pickup.
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3. Commission & Compensation Model

Base Commission (all BOPIS orders): - Flat **5% of order value** credited to the store of pickup. - Covers administrative overhead, service, and fraud prevention tasks.

Scenario A – Warehouse → Store Fulfillment: - Item shipped from ecommerce warehouse to store. - Store earns **5% commission** for service and handling.

Scenario B – Store Inventory Pull Fulfillment: - Item sourced directly from store inventory. - Store earns **10–15% commission** to offset lost sales opportunity. - Ecommerce “buys” item from store’s budget so the store retains sales credit.

Fraud Prevention Bonus: - **\$10 bonus per order** for successful fraud prevention verification at pickup. - Aligns fraud risk with store accountability.

4. Implementation Guardrails

- **Automated Tracking:** Commissions calculated in POS/ecommerce backend.
 - **Sales Attribution:**
 - Warehouse-sourced: Ecommerce credited; store receives commission.
 - Store-sourced: Ecommerce credited; store receives revenue + commission.
 - **Performance Review:** Commission model reviewed quarterly; adjusted for volume, profitability, and store impact.
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5. Sample Financial Scenario

Example Order: \$2,000 diamond ring purchased online, customer selects store pickup.

Case A: Warehouse → Store Fulfillment: - Order Value: \$2,000 - Store Commission: 5% = \$100 - Fraud Prevention Bonus: \$10 - **Total Store Compensation: \$110** - Ecommerce retains \$1,890 in net revenue credit.

Case B: Store Inventory Pull Fulfillment: - Order Value: \$2,000 - Store Commission: 12% (average of 10–15%) = \$240 - Fraud Prevention Bonus: \$10 - **Total Store Compensation: \$250** - Store also retains sales credit for the \$2,000 item, ensuring they are not penalized for losing inventory.

This scenario highlights how the model balances store effort and lost opportunity with fair compensation, while still preserving ecommerce’s share of revenue.

6. Handling Customer Returns

Customer returns can introduce complexity in sales attribution and compensation. To ensure fairness and consistency:

- **Warehouse-Sourced Returns:**
 - Item returned in-store but sourced from ecommerce warehouse.
 - Ecommerce absorbs return value.
 - Store retains **50% of the original commission** as compensation for handling the return logistics and customer service.

- **Store-Sourced Returns:**
 - Item originally pulled from store inventory and returned to the same store.
 - Store absorbs inventory back into stock.
 - Store retains full sales credit reversal but keeps **50% of the commission** for processing effort.
- **Fraudulent or Damaged Returns:**
 - If a store prevents or identifies fraudulent returns, an additional **\$10 bonus** is issued for protecting revenue.

This ensures stores are compensated for the time and resources required to manage returns while aligning financial responsibility with the original source of inventory.

7. Benefits of the Model

- **Fair Compensation:** Stores are rewarded for additional responsibilities.
 - **Increased Alignment:** Ecommerce and retail collaborate instead of competing.
 - **Fraud Protection:** Stores motivated to carefully verify orders.
 - **Improved CX:** Customers experience faster, smoother, and friendlier pickups.
 - **Revenue Balance:** Store participation increases without penalizing their local sales metrics.
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Conclusion

This commission-based BOPIS model creates a **win-win solution**: ecommerce secures sales and fulfillment efficiency, stores are fairly compensated for their role, and customers receive seamless service. With automated tracking and periodic review, the model ensures scalability and long-term alignment across all business units.

Next Steps:

1. Align ecommerce and retail leadership on commission percentages.
 2. Integrate commission tracking into existing POS/ecommerce systems.
 3. Pilot the program in select stores for 3–6 months before scaling.
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