

# Reverse Logistics: The Front Gear for Success in E-commerce



In the new normal of retail, convenience and speed have become the common denominators for customer satisfaction across the end-to-end buyer journey starting from discovery and purchase to delivery and returns (or exchange). In a survey amongst frequent online shoppers (in the age group of 21-30 years) who buy fast fashion, 60% felt that ease of returns and replacement is a dominant factor while choosing a shopping destination.

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**F**or brands, up to 10 per cent of costs are attributable to reverse logistics in comparison to the cost of goods sold. Customer satisfaction, contrary to popular opinion, is not the only reason brands work harder to get their reverse logistics in place. Beyond customer convenience, reverse logistics helps brands get the most from products at the end of their lifecycle. For brands there is a clear opportunity to recycle, refund with credits, replace and repair where possible - all helping to enhance the product's lifecycle.

**When a buyer asks for a return, the brand or seller has several ways to recapture value of the returned items:**

- If the goods are returned on account of mismatch in size or colour, the seller is able to recycle the inventory for purchase by another customer and offer the original customer a replacement.



### Things to Note While Deploying a Reverse Logistics Structure

- > Returns & exchange with a clear KPI on the rate of return. If the rate of return is high, there is need to focus on product specifications and quality
- > Reselling of returned products with a KPI on amount of products returned or sold
- > Repairs with a KPI on cost of repair or refurbishment versus dissolution to a discount reseller
- > Recycling or disposal with a KPI on percentage of materials recycled
- > Replacements with a KPI on percentage of products or parts replaced

- > If the goods are to be returned and money is to be refunded to the customer, the seller again gets to recycle the inventory for purchase by another customer and refund credit to the original customer, thereby guaranteeing future purchase for use of credits.
- > If the goods are damaged, brands can recycle the product post repair or sell it to a discount liquidator.

In reverse logistics, technology is playing the role of being an enabler in optimising the return process. It enables interventions at each step, keeping the customer's ease central to the process. Things like 'buy online, return in store' (BORIS) is a growing trend for omnichannel brands providing a seamless customer experience that is channel agnostic. Likewise, in an online journey, brands facilitating exchange at the same visit when the delivery partner is going to the customer's location to pick up the return item ensures that replacements are done with no delays to the customer and logistics costs are saved.

/// Only 10% of in-store purchases are returned as compared to 30 per cent of online. As channels blend and customers become omni-shoppers, brands no longer have a choice to offer reverse logistics. ///



### High Cost of Return: Reasons & Solutions

> **CONVENIENCE:**

Providing the customer with a platform that gives convenience and choice for a preferred date and counters no-shows, playing a key role in bring down logistics costs

> **LOSS IN TRANSIT:**

Tracking of return of goods to ensure items do not get lost or missing in transit

> **DAMAGED RETURNS:**

Brands can give advance instructions to customers to ensure return of goods in proper condition

> **INEFFICIENT NETWORK OF PARTNERS TO MANAGE RETURNS THAT INCREASE THE LOGISTICS COST OF PICK-UP AND REPLACEMENT:**

It's therefore important to build a widespread network of pick-up service that is transparent, reliant and agile to customer needs

> **ABSENCE OF A PLATFORM THAT ENABLES ALL STAKEHOLDERS (CUSTOMERS, DELIVERY PARTNER, MERCHANTS) IN THE LOGISTICS ECOSYSTEM TO COORDINATE REVERSE PICK-UP AS SEAMLESSLY AS POSSIBLE:**

State-of-the-art technology can help brands save up to 40 per cent of the processing costs when done right



Robust technologies track customer location and inventory on a central dashboard, thereby helping address visibility of product information at an SKU level, which is the biggest advantage, while complying with reverse logistics. This, overlaid with information of pre-integrated hyper local delivery partners, connects fulfillment centres closest to customer location for speedy pick up and returns.

/// As brands fight a fierce battle to woo customers in Tier-II and III cities, the ability to manage returns can go a long way in market penetration and retention. ///

Interestingly, only 10 per cent of in-store purchases are returned as compared to 30 per cent of online. As channels blend and customers become omni-shoppers, brands no longer have a choice to offer reverse logistics. It has core benefits that go beyond customer satisfaction, namely repeat purchase, improved brand image, increased market penetration and, ultimately, increased product lifecycle.

While brands have hitherto not come all out to talk about their returns journey, in fact, one does not see it often in their brand promise, as a service, it's a front gear in providing customer confidence and building momentum for the brand in increasing its reach. It helps break the inertia for first-time shoppers to go online and start shopping, thereby helping in customer acquisition. As brands fight a fierce battle to woo customers in Tier-II and III cities, the ability to manage returns can go a long way in market penetration and retention. In effect, reverse logistics is not just a method to build a relationship with the customer but constitutes the complete process of planning, implementing, and controlling the efficient, cost-effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or for proper disposal. ●●

