



# Reverse Logistics in Today's Digital Landscape

*Market Research*

August 2019

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# Detailed Findings

# Self Assessment

*How Companies are Doing  
in Regards to Returns*

A third of companies consider themselves leaders when it comes to reverse logistics. They see their company as **much better** than the competition.

- Larger companies and the manufacturing industry are more likely to say they are leaders in reverse logistics.
- Retail, technology, and smaller businesses are below the norm.



### Top companies

Self assessed reverse logistics process much better/better than the competition



### Not a top company

Self assessed reverse logistics process the same/slightly worse/much worse than the competition

# Benchmark: Leaders in Reverse Logistics

# 33

 Retail industry	29
 Manufacturing industry	39
 Technology industry	29
 1,001+ employees	36
 ≤1,000 employees	32

Benchmark score out of 100



## Reserve Logistics: Reasons for Superiority (1000+ Employees)

Prioritizing the customer, constantly innovating, and implanting efficiencies are key ways companies stay on top. Larger companies believe their experience in the field also helps.

### Tenure

*“Decades of experience.”*

*“Policies have been in place for years and all customers are extremely pleased, satisfied.”*

### Customer First Policy

*“We don’t have any rules with timelines , when the customer is not satisfied, we refund.”*

*“We make sure that the customer leaves satisfied with their interaction with us and strive to make sure they have the best possible experience.”*

*“Customer first will take back items even if worn or more than 6 moths after purchase.”*

### Consistently Innovating

*“We are always making constant improvements to our process.”*

*“My company tries to take risks and keep updating so we are much better than the competition.”*

### Efficiency

*“Very streamlined way of reverse logistics, easy to use and makes you want to keep shopping with them online.”*

*“We are fast and efficient.”*

Base: Companies with 1,000+ employees  
and reverse logistics is much better (n=31)



## Reserve Logistics: Reasons for Superiority (Less than 1000 Employees)

Smaller successful companies are also customer-centric and early adopters of technology.

What makes them different from larger companies is their ability to leverage their size to implement more flexible solutions, and process returns quickly.

### More Flexibility

*"We are way more flexible than larger companies."*

*"Because we're more flexible than many competitors. It's all about keeping the customers happy."*

### Customer First

*"Because we have an unlimited warranty on all of our products."*

*"We offer the best refund policy around."*

*"Because we ask no questions. We give a full refund to our customers."*

### Early Technology Adopters

*"We have the latest technology."*

*"Early adopters of most updated and new tech."*

*"I believe that the company is way better because we are ahead in technology."*

*"We are always a step ahead."*

### Process Returns Quickly

*"We process returns very quickly. We issue a refund within a few days of receiving the return."*

*"Because we use the most expedite form of transportation at our expense, aiming to achieve full customer satisfaction."*

Base: Companies with less than 1,000 employees and reverse logistics is much better (n=69)



## Reverse Logistics: Reasons for Inferiority (1000+ Employees)

The policies are typically standard and not unique when companies rate their policy as inferior.

### Policies Not Unique

*“We are really no better or worse than other competitors in our field.”*

*“They use the same technologies and methods we do.”*

*“We are all very competitive and trying to get the customers dollar and do whatever is necessary to keep customers.”*

### Standard Return Policy

*“Similar return, exchange policy.”*

*“Our process is the same as most others. Sales credits are issued when complaints are received.”*

Base: Companies with 1,000+ employees and reverse logistics is the same, slightly worse, or much worse (n=20)



## Reverse Logistics: Reasons for Inferiority (Less than 1000 Employees)

Competition is the most significant barrier for smaller companies to succeed in reverse logistics. Often the policy is based on what others have in place, and it is difficult for them to compete against larger companies.

### Trouble Dealing with Competition / Bigger Companies

*“Compared to big companies what we offer is substandard. It's nearly impossible to compete with larger companies return policies.”*

*“I am holding my own for now, but I think that over the next year or two, I will close my store. Sales are slowly declining.”*

*“Because we ask no questions we give a full refund to our customers.”*

### Practices Based Off of Competitors

*“It's a competitive world. We all have to offer exceptional customer service to stay in biz.”*

*“Most retailers offer the same to keep in competition with each other.”*

*“We keep up with the current trends.”*

*“We are a somewhat new company in a very niche field. This allows for companies to be able to work together without much fear of "aiding the competition" This has resulted in most of the companies in our field operating in very similar ways.”*

*“I am required by my third-party site to give a full refund no matter if the item is returned or not so I have no choice and suppose other vendors have the same restrictions and requirements.”*

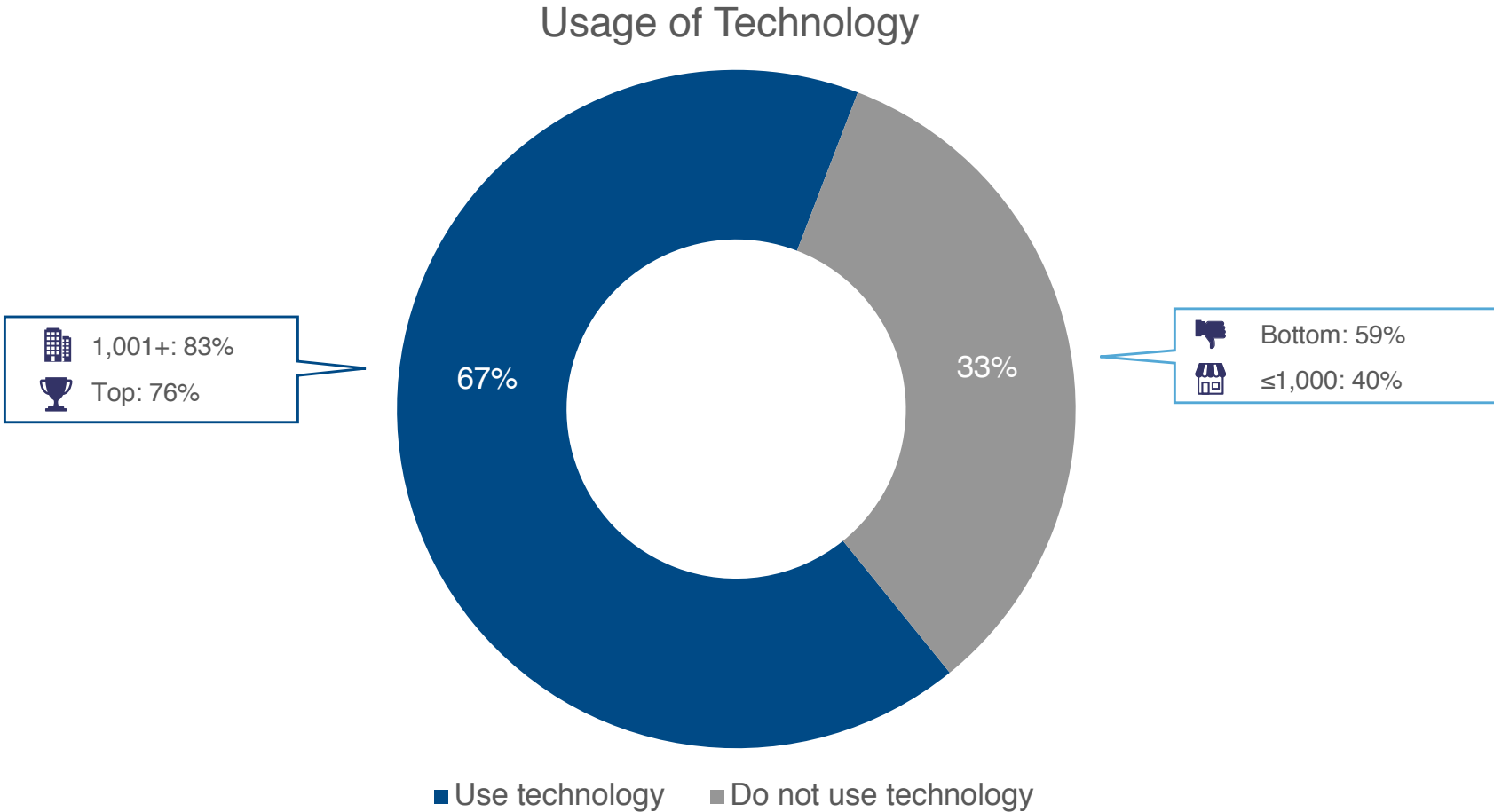
Base: Companies with less than 1,000 employees and reverse logistics is the same, slightly worse, or much worse (n=63)



# 67% of Companies Use Technology to Improve the Reverse Logistics Process

Two-third of companies use technology to improve the reverse logistics process.

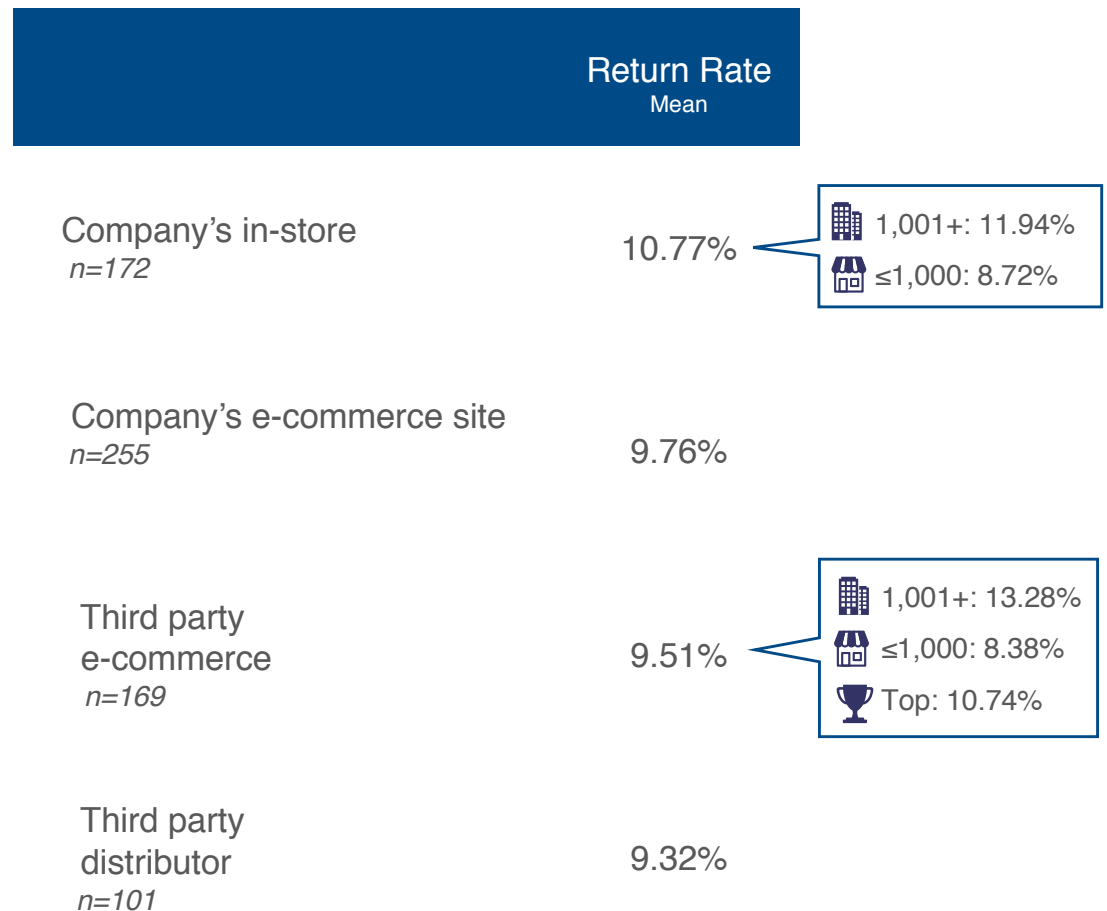
- Larger companies and top companies are more likely to incorporate technology.



# Companies are Seeing a 10% Average Return Rate

Regardless of retail channel and industry, companies are seeing an average return rate of 10%.

- Larger companies have a higher return rate in-store and on third party e-commerce sites.

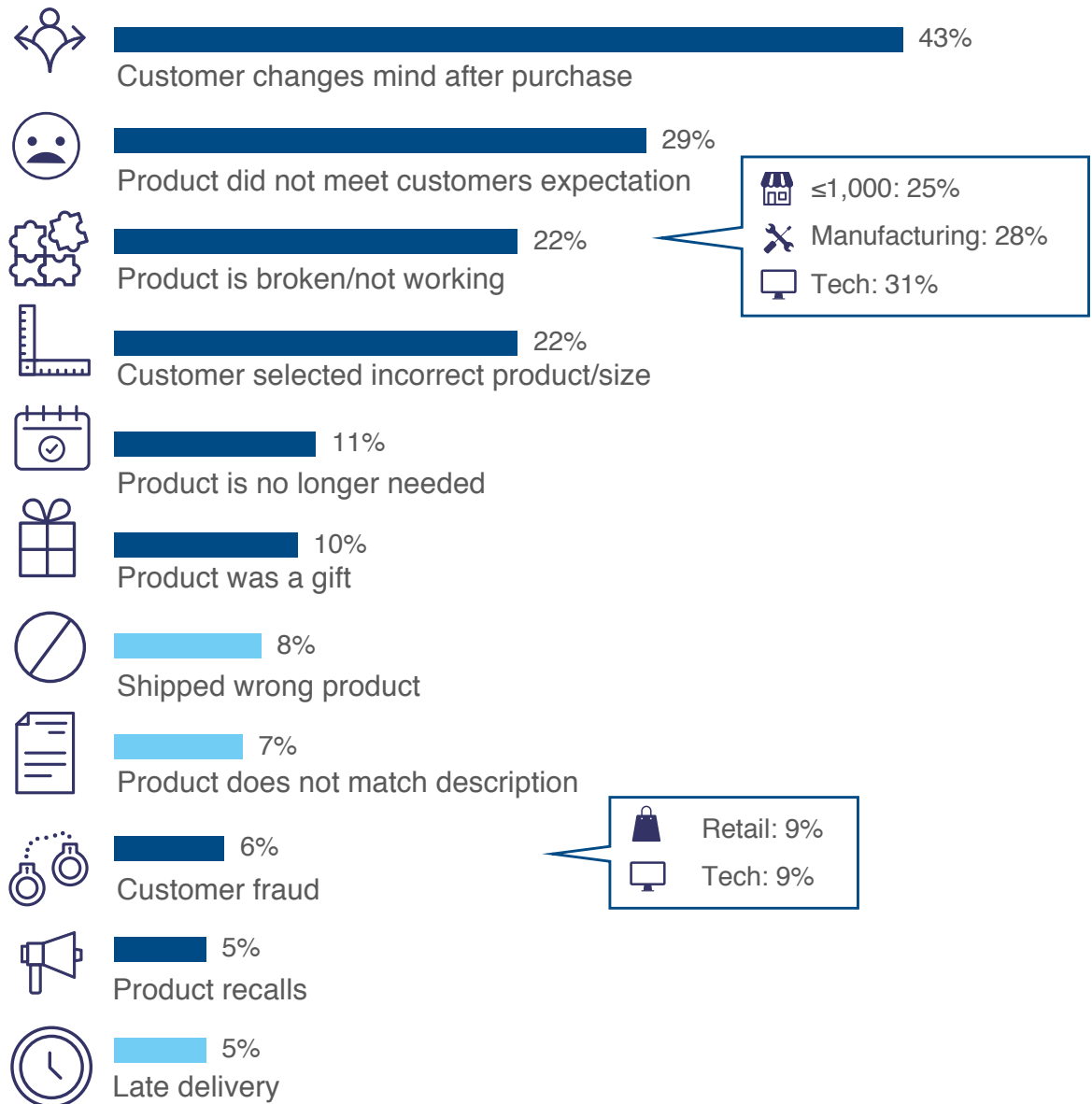


Company implements the following distribution methods. Base sizes vary

# The Most Common Reasons For Returns

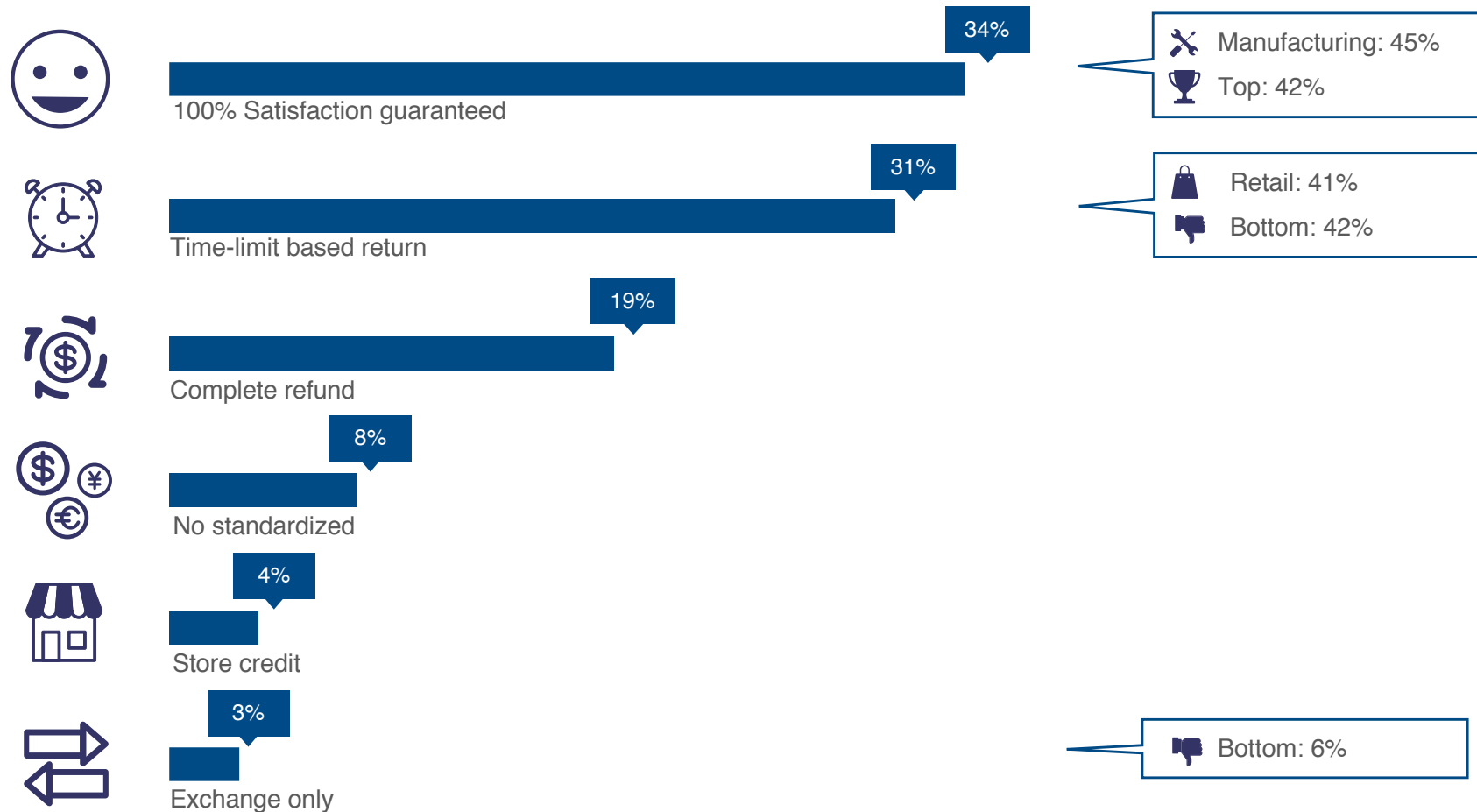
Customers changing their minds after purchasing an item followed by products not meeting the customer's expectations are the most common reasons for returns.

- There are areas that companies can improve to reduce the return rate – ship the correct product, make sure the product matches the description, and ensure delivery is on time.



# Here are the 6 Return Policies Companies Use

100% satisfaction guaranteed is the most common return policies used among top companies.



# 75% of Companies Include Return Labels in Packaging or Provide the Ability to Print Them Online

Half of companies provide print return labels online.

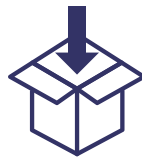
- Over 40% of companies include return labels in the packaging. Over half of large companies (1,001+ employees) and 47% of top companies include them.

## 75% have easily accessible return labels



49%

Return labels are printed online



42%

Return labels are included in the packaging



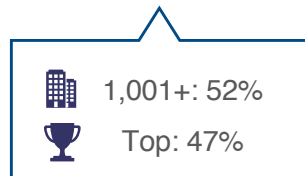
33%

Returns are handled via phone and then emailed to the customer



14%

Do not have a return procedure in place



# Here's How Companies Manage Online vs. In-Store Returns

## What Differs



### Logistics More Complicated Online

*"When you return it in store it's a lot easier to get it done. You have to wait longer if it's online."*

*Returning a product online takes longer to receive a refund or replacement because we have to wait until the product is returned and inspected."*

*"In store it's easy because it goes through the POS register. Online is a bit more complicated."*

### Policies More Accommodating Online

*"Online is given 15 more days to compensate for mail and delivery times."*

*"Return labels are only available for online purchases in comparison store purchases must be physically returned by by consumer no labels sent to retrieve timepiece."*

*"Longer return period when you purchase online vs in store purchases."*

*"Customers can return items purchased on online in the store."*

## What Remains the Same



### Many Companies Have the Same Policy Online & In-Store

*Both are full refund with a receipt. If no receipt customer can exchange for another item if equal value."*

*"Both are customer first and have very little restrictions on all returns."*

*"They work the same must have a receipt for refund."*

*"Online you mail it in, in store you bring it in."*

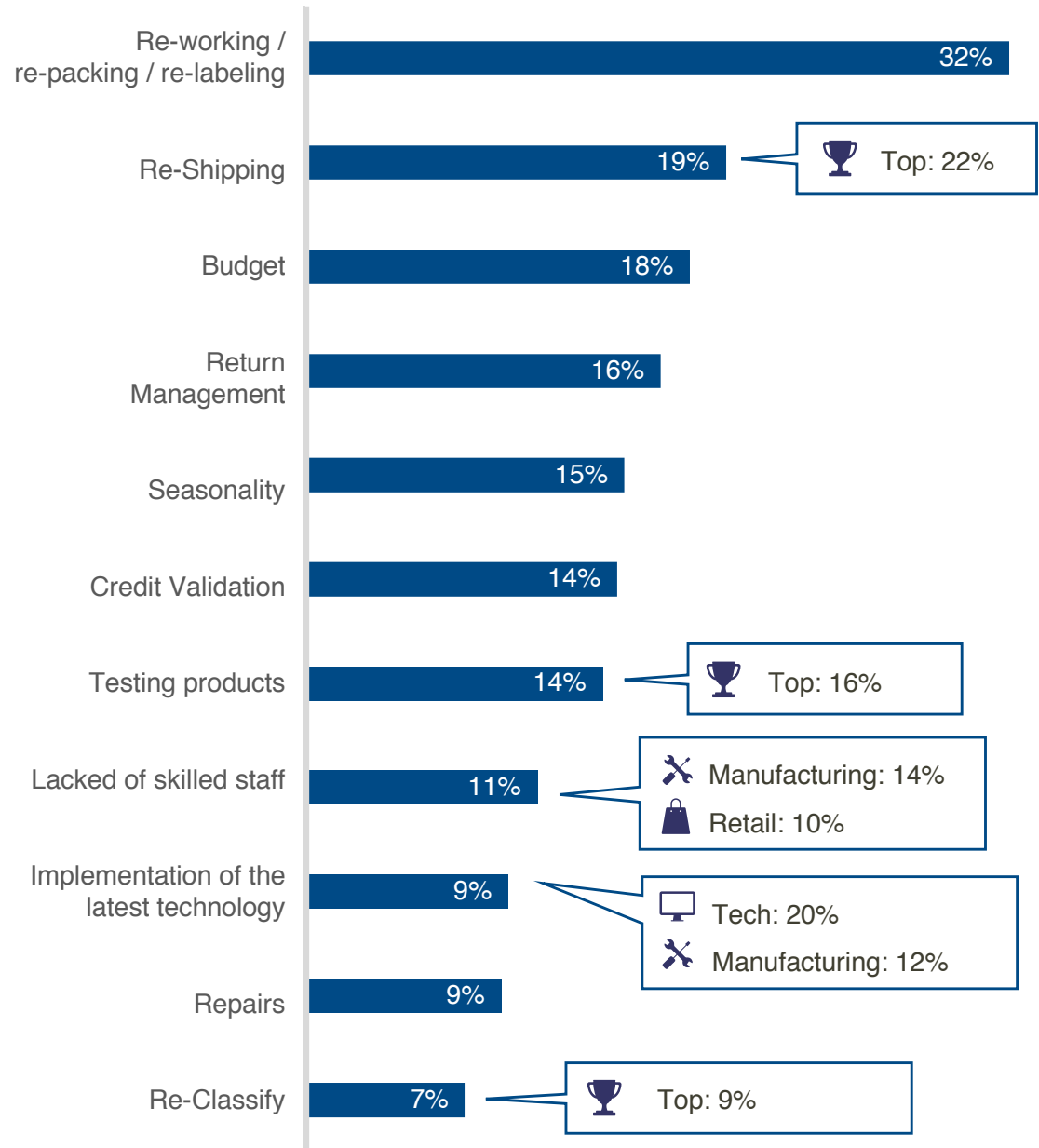
*"Nothing much different other than shipping."*

*"It maintains the same basic infrastructure. There are no notable differences."*

# Returns Challenges & Solutions

# Biggest Return Policy Challenges Facing Shippers

Re-working, re-packing, and re-labeling returns are the biggest challenge for companies when it comes to returns.

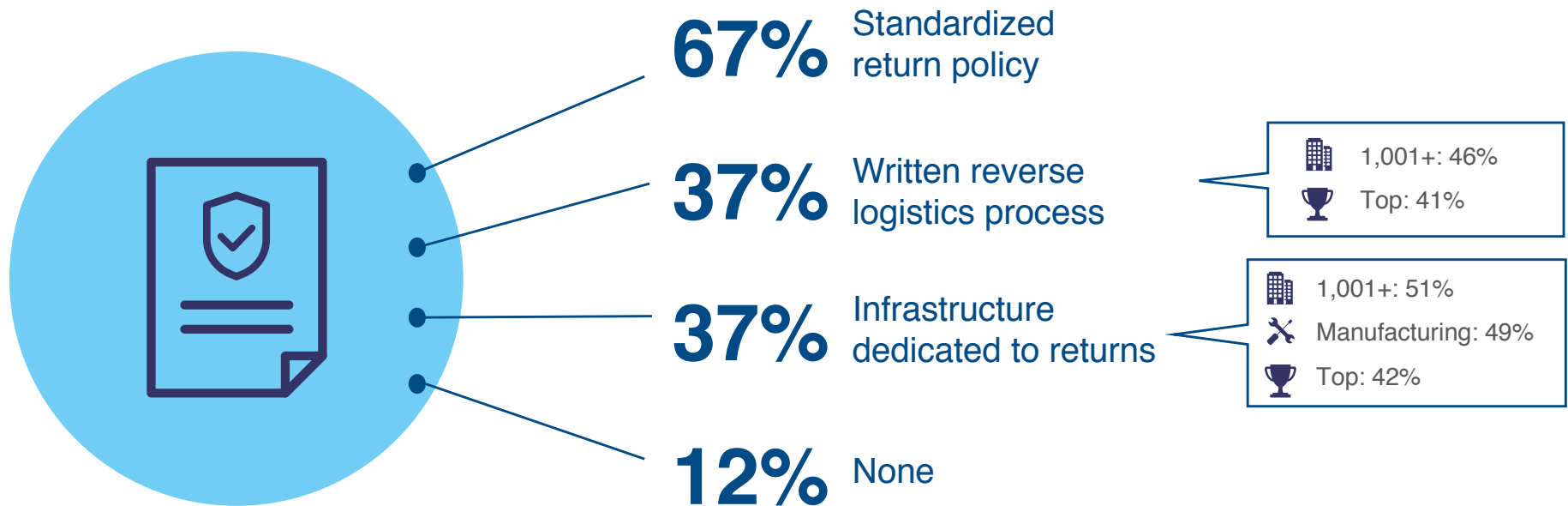




# Many Companies Are Lacking Reverse Logistics Processes

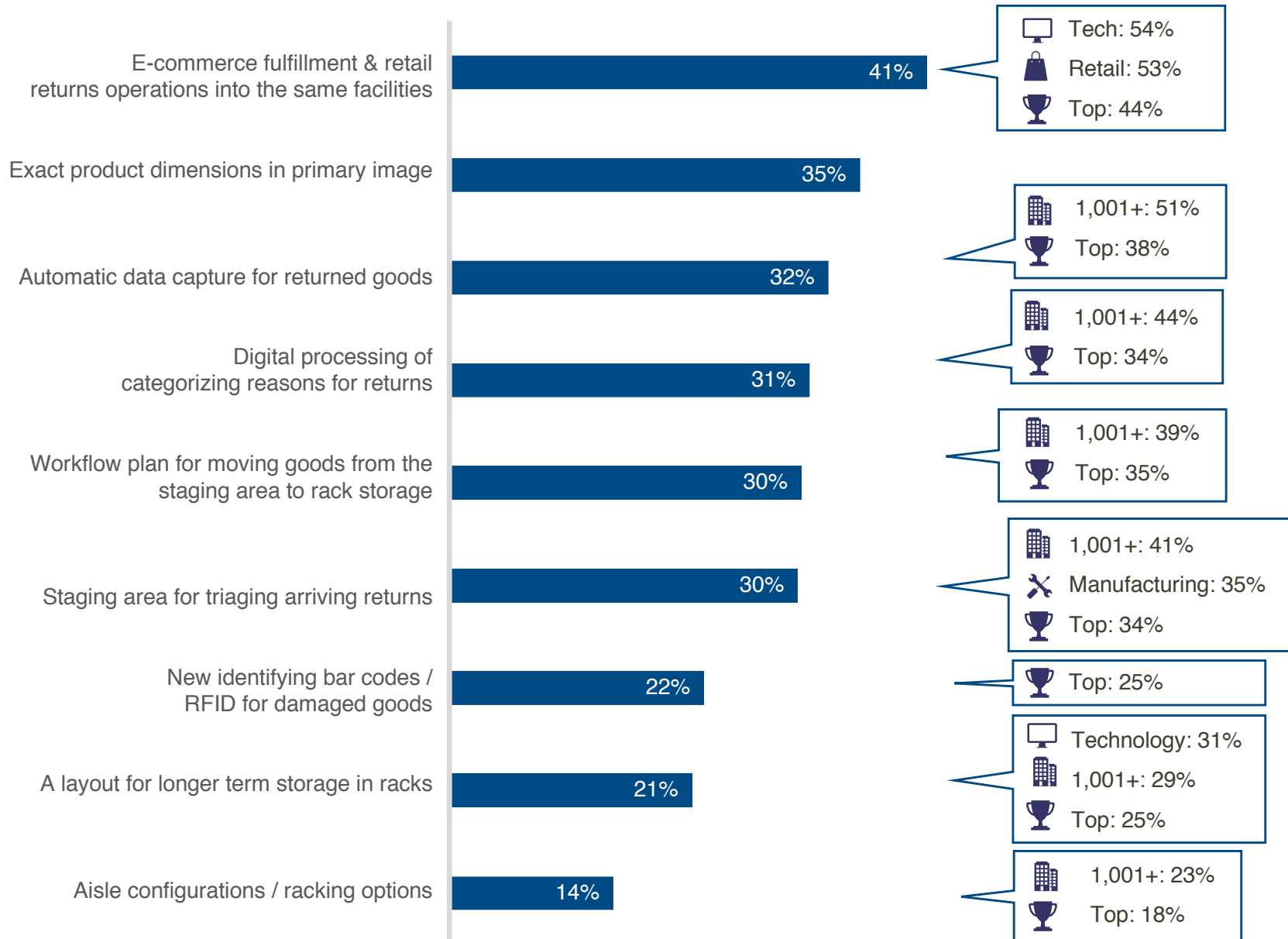
Twelve percent of companies do not have a reverse logistics process in place.

- Two-thirds do not have a dedicated infrastructure for returns.
- Only a third have written reverse logistics procedure.



# Return Policy Initiatives to Improve Efficiency


















Companies combine e-commerce fulfillment and retail returns into the same facility to improve efficiency.



# These are the Tactics Used to Lower Return Rates

Companies use thorough product listings to decrease return rates.

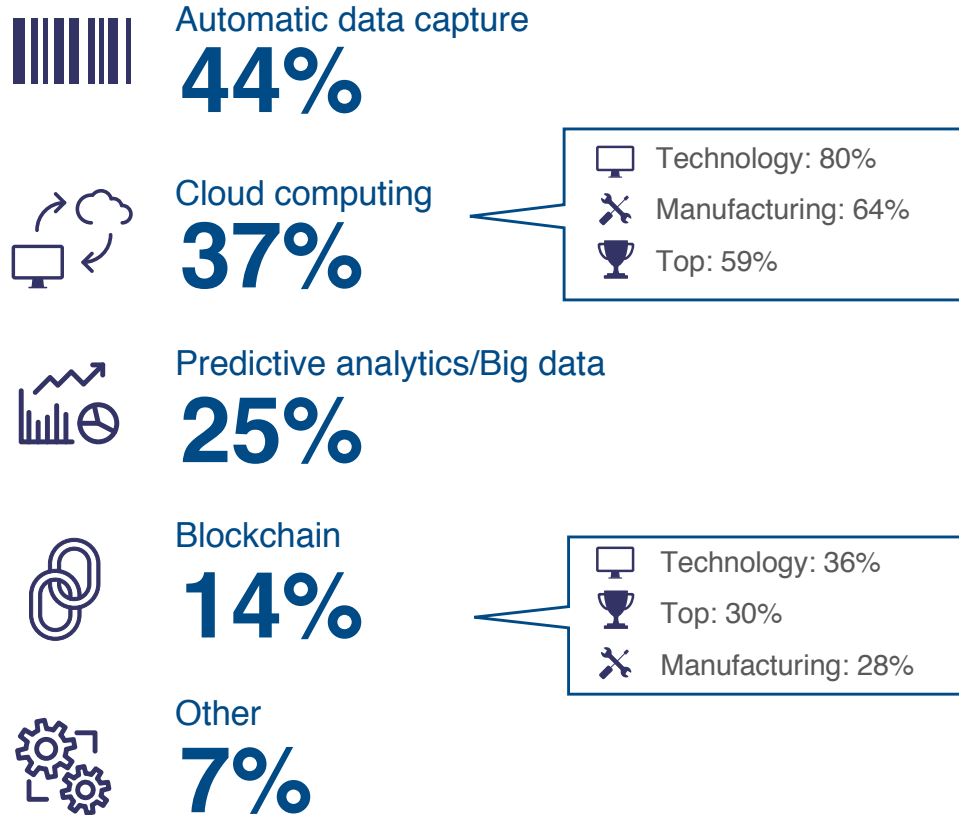
- Thorough product listing is an especially important tactic for the retail industry.

Tactics	%	
Thorough product listing/descriptions	52%	
Customer reviews	46%	
Packaging to prevent breakage during shipment	46%	
Accurate delivery times	40%	
Zoomable photos of product	38%	
Customer service phone number	36%	
Sizing guide	32%	
Exact product dimensions in primary image	31%	
Survey customers on sales process	28%	 
Clarity of small print	23%	
Live chat	23%	
Utilize data on product return rates	22%	 
Buying guide	21%	
Product video	20%	  
360-degree imagery	17%	 
Do not use tactics to lower return rates	3%	

# Technologies to Improve Processes

Automatic data capture is currently the most popular technology used in the reverse logistics process.

- A quarter of companies are already using big data/predictive analytics in their process.
- 80% of technology companies are using cloud computing, and 36% are using Blockchain.



## Other Technologies

### Automatic Return Labels

*“Automatic return shipping labels emailed to customers that submit a return request.”*

*“The simplest -- customer can just print a return label online.”*

### Smart Speaker

*“We use smart speakers like, Google home Max and Amazon echo show to speed up the whole process.”*

### Proprietary programs

*“Programs that helps use save time by inspecting items for defects.”*

# Most Important Technologies for the Future

Cloud computing and automatic data capture will be the most important technology for reverse logistics in the future.



Automatic data capture

**31%**



Cloud computing

**31%**



Predictive analytics/Big data

**23%**



Blockchain

**13%**



Manufacturing: 19%



Top: 15%



Other

**2%**

Base: All qualified respondents: N=300

# Top 10 Ways to Optimize Your Return Policy

## 1 Clarify the Return Policy

*“Elaborate conditions of return and acceptable reasons and time constraints”*

*“Set a clear definition of the return policy and let the customer know up front. Be likeable and transparent in your dealing with them.”*

## 2 Simplify the Consumer’s Process

*“Make it as easy to use as it is to get your product shipped to you.”*

## 3 Provide Detailed Descriptions of Merchandise

*“Always do a great product description and have size charts.”*

*“Verify to customers the product they chose through showing visual size, color, weight etc.”*

## 4 Maintain Efficiencies

*“Work hard to keep an efficient time and supply chain going.”*

## 5 Charge a Slight Fee For Damages or Late Returns

*“Charge a slight fee if they return it damaged or after a certain date.”*

## 6 Don’t Simply Repackage

Stop repackaging returns, and selling them as new

## 7 Have Quality Assurance in Place

*“To double check orders.”*

*“Do a good job of quality control to insure that product you are shipping is 100% right.”*

## 8 Keep Policies Consistent

*“Maintain a consistent policy over all channels.”*

## 9 Compare Shipping Solutions

*“Look for the best deal with cargo/shipping companies in order to avoid excessive logistic costs.”*

## 10 Put the Customer First

Customers always right. Strive to deliver the best possible product

# Respondent Profile



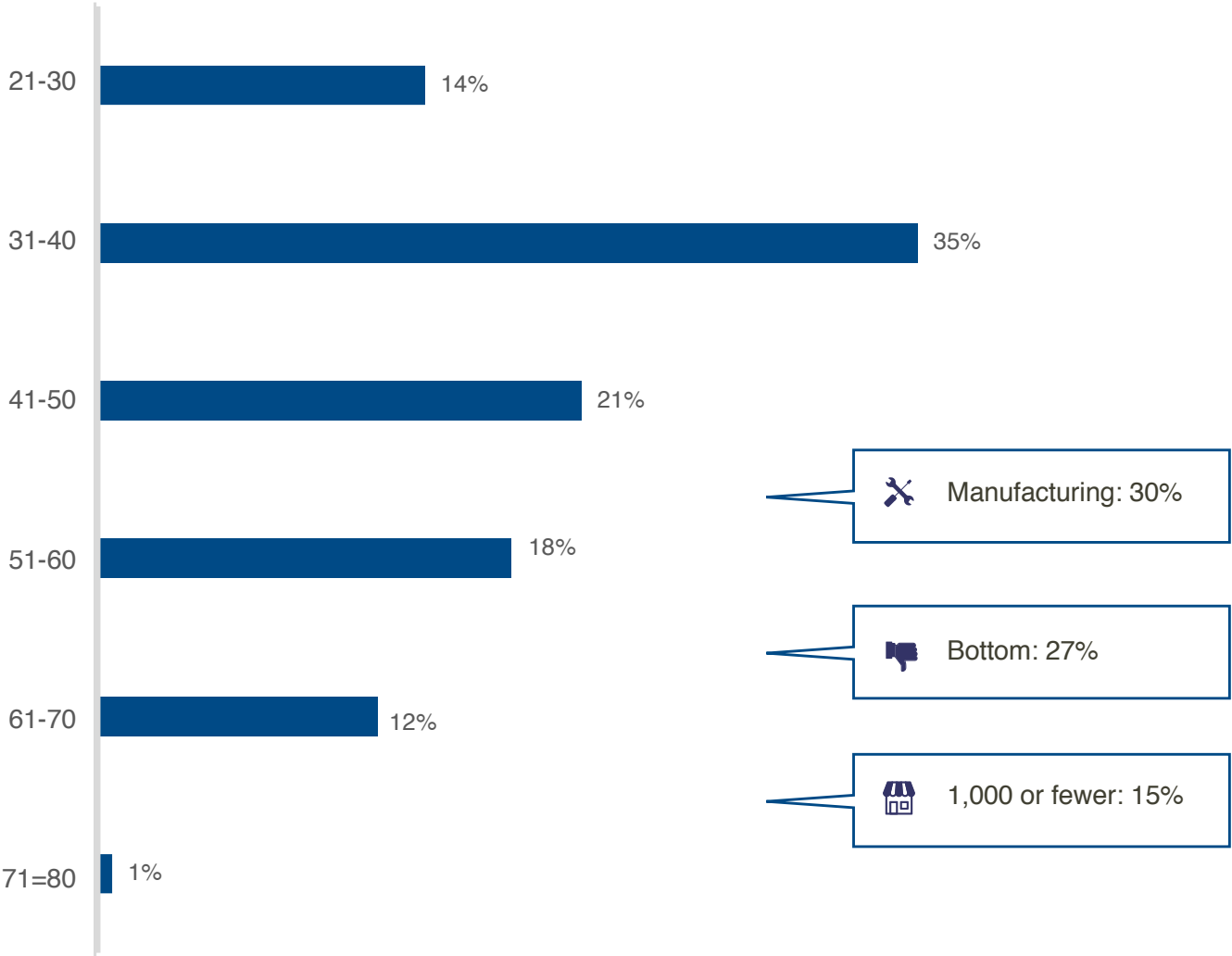
# Geography

State	
Base: (n=	300
Texas	10%
New York	10%
Florida	8%
California	7%
Illinois	6%
North Carolina	4%
New Jersey	4%
Michigan	3%
Ohio	3%
Pennsylvania	3%
Georgia	3%
Maryland	3%
Massachusetts	3%
Minnesota	3%
Tennessee	3%
Alabama	2%
Virginia	2%
Arizona	2%
Indiana	2%
Connecticut	2%
Missouri	2%

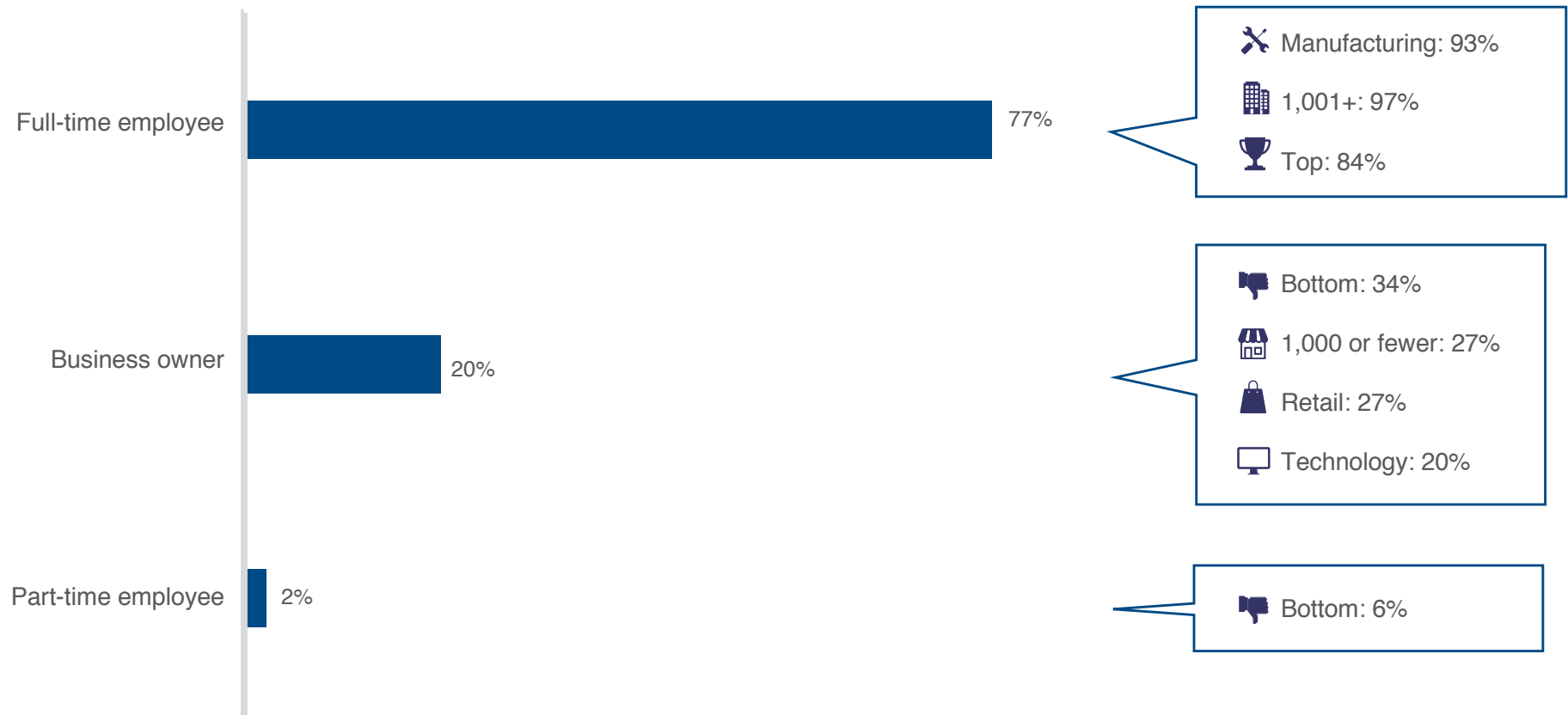
States with 1% or less representation are not shown on this table.



# Age



# Employment Status

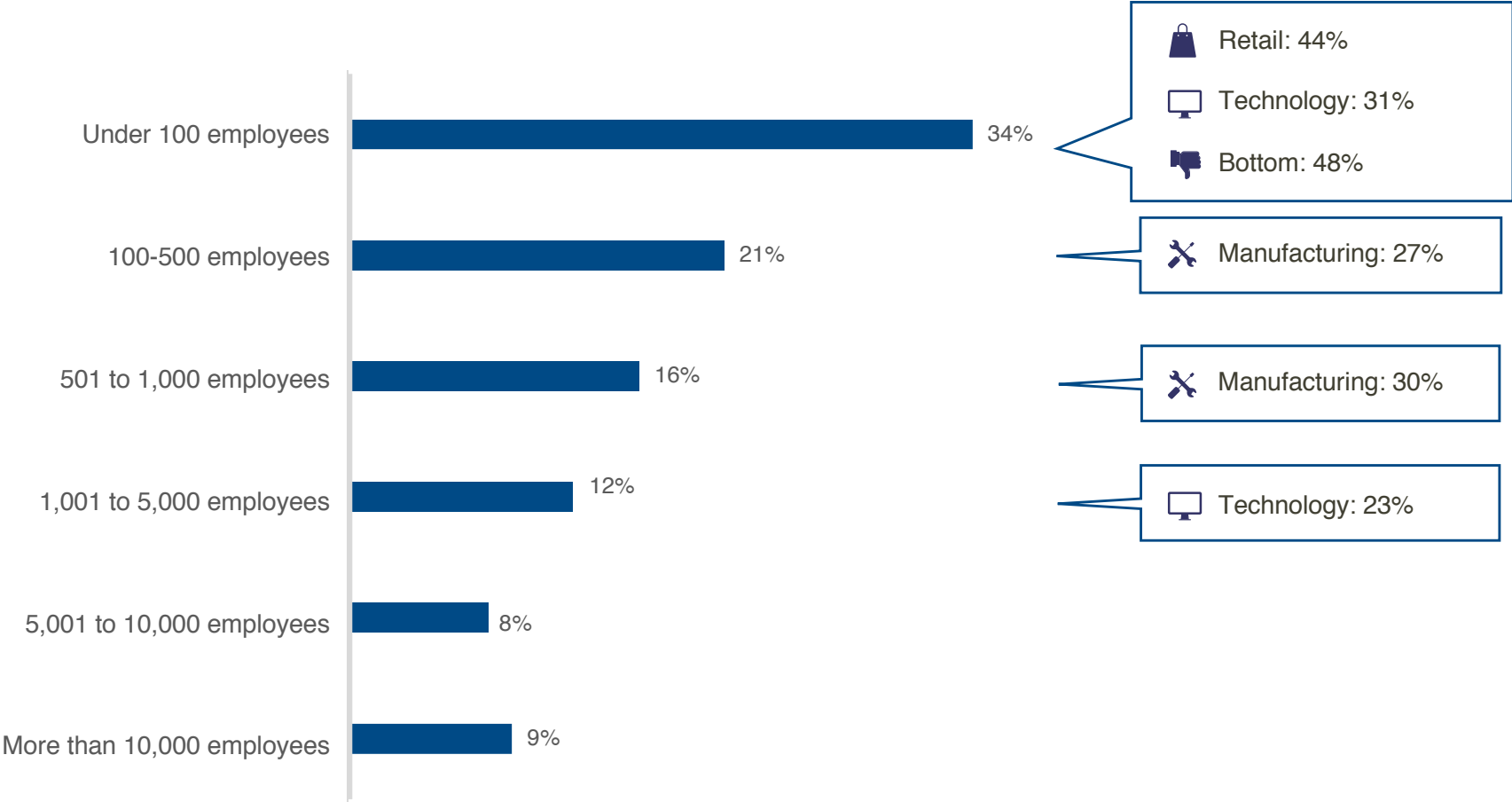


# Industry

Industry	
<i>Base: (n=</i>	300
Retail	33%
Manufacturing	25%
Construction	6%
Technology	4%
Wholesale trade	4%
Internet / web	2%
Media / entertainment	2%
Fashion / apparel / shoes	2%
Hospitality / tourism	2%
Automotive	2%
Computer software	2%
Computer hardware	1%
Marketing / sales	1%
Real estate / property management	1%
Agriculture / fishing	1%
Banking / financial	1%
Carpentry / electrical installation / plumbing	1%
Consumer package goods	1%
Printing / publishing	1%

*Industries with less than 1% representation are not shown on this table.*

# Company Size



# Company Sales Methods

