ReverseLogix

IMPROVING RETURNS MANAGEMENT IN E-COMMERCE

You can't create an exceptional customer returns experience using traditional warehouse management systems, spreadsheets and paper, but you can elevate that experience and streamline the e-commerce returns process by using a modern, integrated returns management system.

GLOBAL ONLINE SALES JUMPED BY 24.1% IN 2020 AND ARE EXPECTED TO GROW BY ANOTHER 14.3% IN 2021.

Worldwide, nearly 8 million companies are selling products through their own websites and/or via marketplaces like Amazon, Walmart and eBay. Serving more than 2.14 billion online buyers—up from 1.92 billion in 2019—these companies include e-commerce-only enterprises, brick-and-mortar companies, brands and B2B organizations (among others).[1]

"Every major company is transacting business online, which by default makes all of them e-commerce players," said Gaurav Saran, founder and CEO at ReverseLogix Corp., a leading cloud-based returns management platform that automates reverse logistics for 3PLs, e-commerce brands, and manufacturers. "Whether it's a brand selling exclusively online, a physical store with a website or a manufacturer selling direct, pretty much every company can be considered an e-commerce brand at this point."

Every one of these e-commerce brands deals with a high volume of product returns. It's just a fact of life in the virtual selling space, where consumers will buy five dresses and then keep the two that they like the most; B2B buyers order too many spools of cable for a jobsite; and event planners send back packages of unused party supplies. And where brick and mortar stores typically experience return rates of around 9%, for online sellers that number is closer to 30%.

These double-digit return rates call for serious action, and particularly as e-commerce becomes an even bigger force in both direct-to-consumer and business-to-business (B2B). Global online sales jumped by 24.1% in 2020 and are expected to grow by another 14.3% in 2021.[2] As this growth trend continues, companies that attempt to manage the reverse logistics flow using traditional warehouse management software <u>not</u> designed to handle returns—or, with a combination of spreadsheets, paper and manual processes—will quickly find themselves behind the proverbial eight ball.

This white paper explores the top challenges that both B2B and B2C companies face when they try to manage a high volume of returns <u>without</u> the right technology platform and shows how an integrated, modern returns management system (RMS) can handle the process with ease, take this escalating problem off of companies' plates and allow them to focus on corporate growth.

Creating an Exceptional Customer Returns Experience

When the COVID-19 pandemic emerged, e-commerce became the go-to source for a wide range of goods. But the rapid rise of e-commerce has come with a disproportionate increase in product returns. In fact, easy and free returns have become a siren's song for customers, many of whom take these points into consideration before hitting the "buy" button. Consider these numbers:

- In 2020, U.S. consumers returned about $428 billion in merchandise to retailers, or nearly 11% of all retail sales for the year.

- For every $1 billion in sales, the average retailer incurs $106 million in merchandise returns.

- Consumers returned roughly $102 billion of the total $565 billion in merchandise that they purchased online.[3]

Sellers often fall short when it comes to managing the high volume of products that are sold online and guaranteed to come back to their warehouses, distribution centers, retail stores or third-party logistics (3PL) providers. With no end in sight to the e-commerce boom, the race is on to find the most efficient and effective way to process the mountain of product returns that retailers, distributors and manufacturers are grappling with right now.

Using technology, these companies will not only be able to better manage the receiving and processing of returned goods, but they can also create an *exceptional customer experience* in a world where their next competitor is just one screen tap or mouse click away. "An excellent returns experience ties directly to customer satisfaction," said Saran, who estimates that e-commerce brands will see a 15%-25% lift in customer satisfaction simply by offering a seamless returns experience. Here's why:

- Most customers are trained to look for a "seamless return," mostly due to their interactions with Amazon.

- 92% of consumers will buy from a merchant again if the product return process is easy

- 79% of customers want free return shipping

- 67% of online buyers check the returns page before placing an order

- Nearly half of retailers currently offer free return shipping[4]

"AN RMS HELPS COMPANIES INCREASE CUSTOMER SATISFACTION BY ANYWHERE FROM 15-25% THANKS TO EASIER RETURNS PROCESSING, FASTER CREDITS, AND OMNICHANNEL CAPABILITIES."

In a buying environment where customers are returning more products than they ever have in the past, companies that don't offer an easy, hassle-free returns process could wind up damaging their brands, not meeting customers' expectations and driving those buyers to a competitor. They also waste valuable internal resources—namely labor, time and money—attempting to manage this crucial link in the supply chain manually or with outdated, inappropriate technology.

"With the explosion in e-commerce, everyone is spending more time online and making more purchases online," Saran pointed out. "This, in turn, is leading to a massive volume of returns that can't possibly be managed with traditional returns approval and processing approaches."

Point and Homegrown Solutions Won't Cut it

Right now, most e-commerce brands either don't have a returns portal, rely on homegrown solutions to manage the process or invest in cheap point solutions to handle this important aspect of their businesses. Each of these options comes with its own limitations and none is robust enough to handle the onslaught of returns that e-commerce companies are grappling with right now.

Handled improperly, returns processing can directly impact customer service and lead to reputational damage (i.e., when a customer spreads the word on social media about a poor returns experience with a specific company). By streamlining the entire process from start to finish, an RMS speeds up the time between when someone sends an item back and when you can resell it and issue a refund or credit. The sooner you can complete the returns process, the less it will impact your bottom line and customer satisfaction levels.

Using an end-to-end, centralized RMS that kicks into gear when the return is initiated and doesn't stop until the return is fully processed, companies get complete control over returns, rich data analytics, and better decision making. They also get better product feedback and an improved process. Once in place, an RMS helps companies increase customer satisfaction by anywhere from 15-25% thanks to easier returns processing, faster credits, and omnichannel capabilities.

And because they're using a single, unified platform to recover the products, e-commerce companies have a clear view of what's coming back, when it will arrive, and what needs to happen when it gets there. They also know that they're not losing money on those returned items. Combined, these "wins" help companies improve their overall profitability by about five percent.

An end-to-end RMS also supports omnichannel, which can't be managed effectively by a basic returns page or point solution. Whether the goods were sold online, via a marketplace like Amazon or at a physical store, companies must be able to offer a similar returns experience across these and other channels. ReverseLogix, for example, offers a returns initiation portal that's highly configurable and brandable, and that gives companies many different options in how they present themselves via the returns experience.

ReverseLogix's Returns Management System (RMS) platform is:

• Highly configurable and role-based, allowing users to interact with the system based on their specific roles.

• SaaS-based and runs on the Microsoft Azure platform.

• Ready to handle both B2C and B2B returns across the full returns process, including shipping, receiving, triage, and returns.

• Built with a Repairs Module and WMS functionality (for those who need it).

• Supported by rich analytics and reports to provide deeper insight across the returns management process.

Dynamic, Brandable and Configurable

Not all RMSs on the market are the same. When making the choice, the first question should be: is this solution just a page or is it a portal? You definitely want a portal, but you also want one that's dynamic, brandable and configurable. If required, it should be able to manage both B2C and B2B return transactions, with the latter requiring a different set of capabilities

designed for large-sized orders (e.g., pallets or truckloads) and relationship-based sales (versus individual B2C consumers).

The RMS should also be able to manage the end-to-end returns process, and not just the creation of a return merchandise authorization (RMA). "If all it does is create an RMA then you're looking at a page and not a portal," Saran warned. "That should be the first red flag for anyone selecting an RMS."

At the other end of the transaction, the RMS should be able to close out the RMA, integrate with third-party platforms (e.g., your WMS, OMS or ERP plus any platforms that your 3PL uses). Skip this important shopping tip and you'll wind up adding more point solutions to the returns process, create more headaches for your IT team and spend more than your initial investment maintaining the system.
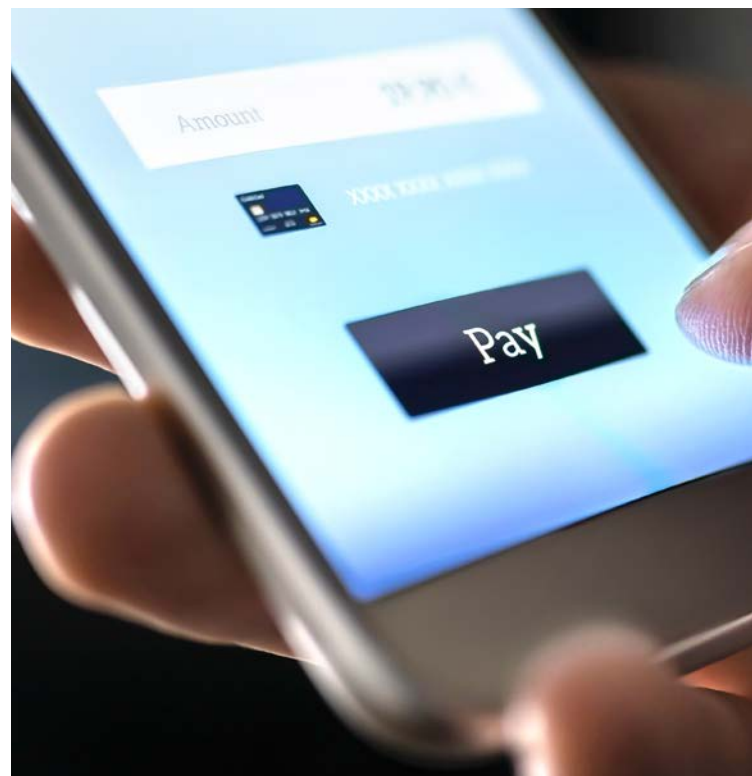
"VERY FEW CUSTOMERS USE SOCIAL MEDIA TO TALK ABOUT THEIR GREAT BUYING EXPERIENCES, BUT THEY START MAKING NOISE ABOUT A BRAND THAT DOESN'T HANDLE RETURNS PROPERLY AND PROMPTLY."

A Competitive Imperative

There was a time when having an Amazon-like returns experience on the front end was a competitive advantage, but now it's table stakes. Consumer behavior has been molded to the point where everyone expects to be able to return their e-commerce purchases—and get their accounts credited or exchanges made—quickly and easily and without hassle.

Companies that don't embrace these realities and implement the technology to support them will lose out on sales, customer loyalty and customer satisfaction. "Very few customers use social media to talk about their great buying experiences, but they start making noise about a brand that doesn't handle returns properly and promptly," Saran said. "That one negative remark can be detrimental to your brand, and something RMS helps you avoid at all costs."

Information sources:
[1] www.etailinsights.com

[2] www.digitalcommerce360.com

[3] nrf.com and www.emarketer.com

[4] www.invespcro.com

About ReverseLogix

ReverseLogix is the only end-to-end, centralized and fully integrated returns management system built specifically for retail, e-commerce, manufacturing and 3PL organizations. Whether B2B, B2C or hybrid, the ReverseLogix platform facilitates, manages and reports on the entire returns lifecycle. Organizations that rely on ReverseLogix deliver a vastly superior customer returns experience, save employee time with faster workflows, and increase profits with 360° insight into returns data. **For more information, visit www.reverselogix.com**

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