

How Returns Management Helps your Sustainable Supply Chain



Introduction

The dramatic trajectory of online commerce has transformed nearly every industry in recent years. Whether your customer is B2C, B2B or a hybrid, their ability to buy items online is an expectation, not an exception.

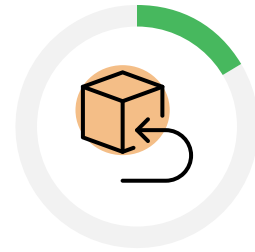
But most online purchases require guesswork from the buyer—and that can lead to the item being returned: A size or color isn't what was expected. Parts or equipment don't fit or work correctly. Industries are seeing an increase in product returns that goes hand-in-hand with the increase in online purchasing.

Product returns are costly and time-consuming for companies to process, and they have a negative effect on corporate sustainability goals. Any positive environmental impacts from the original sale are essentially wasted if the product is returned. In fact, there's a double impact on the environment and a two-way cost due to the product's journey to the customer and back again.

Meanwhile, corporate sustainability has come under fresh scrutiny from consumers, regulators, policymakers: and investors. For example, some 3PL firms refuse to take on clients with poor sustainability records, as it reflects poorly on the 3PL and its investors.

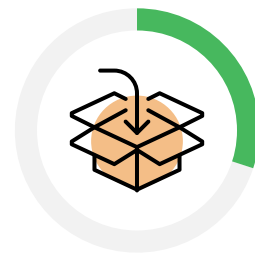
These audiences are looking at your total, end-to-end supply chain. Corporate leaders have rightfully focused on improving forward logistics for greening the supply chain, but the reverse supply chain has only recently gotten a closer look.

Returns technology is finally giving enterprises the right tools to green the reverse side of logistics. Read on to learn how returns management and visibility into returns data will drive corporate sustainability efforts.



16.6% of all U.S. B2C sales were returned in 2021, up from 10.6% in 2020.

(National Retail Federation)



Up to 30% of B2B sales may be returned.

(Forrester)



In the U.S., return shipping transportation creates the equivalent emissions of **+3 million cars each year.**

(Earth911)



An estimated **10% of all returns** end up in a landfill.

(McKinsey)

The biggest barrier to better returns management

The most sustainable product returns are those that never happen in the first place. A return means you are processing the same product that you just sent out the door. It's more packaging, more shipping miles, more labor and more materials for the same item—a negative environmental impact without a net sale to justify it!

In a world ever-more conscious of its buying habits, your choice to improve returns management will not only support your sustainability efforts, but lower costs and strengthen customer loyalty and brand longevity.



+50% of brands reported that consumers are driving the focus on sustainability issues in the fashion and textile industry.

(The Economist Intelligence Unit)



2/3 of consumer product execs believe a sustainable supply chain is a competitive differentiator.

(SAP)

One of the biggest barriers to improving returns management is companies' lack of focus on returns prevention; understanding why returns are made in the first place and how to minimize them. Better visibility into returns data, reasons, trends, costs, and sustainability impacts would help companies better understand how to prevent returns before they happen.

The reason for the lack of good data has been the lack of supply chain software capabilities specific to returns management. Companies have had to piece together ERPs, WMSs, and other systems in order to process returns and cobble together metrics.

The Circular Economy

A model for cutting waste and pollution by re-defining a product's lifecycle. Reduce product returns in the first place, and re-use or repair items whenever possible.

CIRCULAR ECONOMY



LINEAR ECONOMY



TAKE MAKE DISPOSE

Most retailers do not understand the full unit economics of returns, including markdown liability, how return rates and causes vary by product category, and what an expected level of returns may be for a given product line...Without this visibility, decisions are being made on an ad hoc basis, and the root causes cannot be addressed.

-McKinsey



Achieving sustainability goals with returns management technology

B2C and B2B companies now have a solution for understanding how return logistics effect sustainability efforts: A returns management system (RMS).

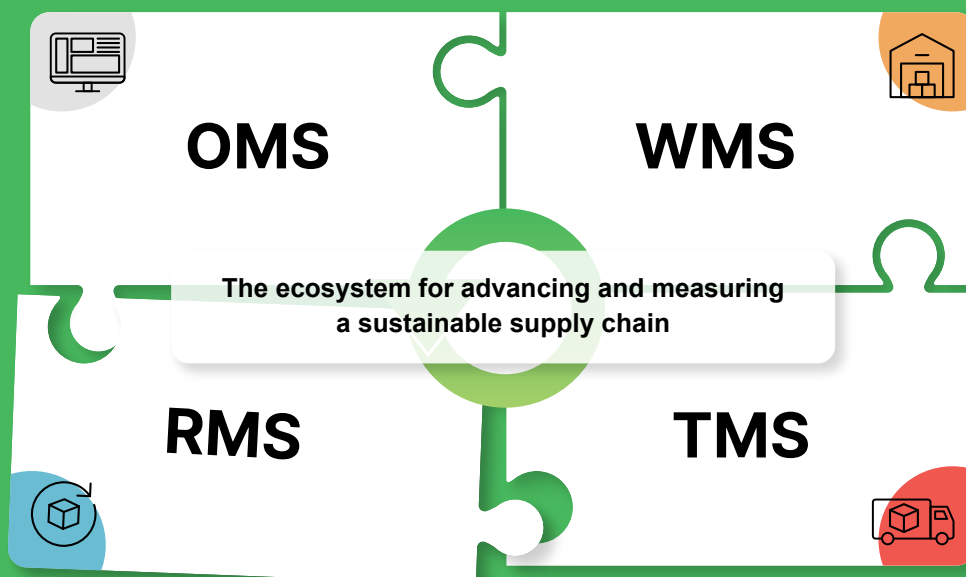
An RMS is the master system for more efficiently managing product returns, minimizing unnecessary returns, and for insights that help you make better informed decisions.

- ✔ Get insight into sourcing issues to minimize defects
- ✔ Identify items or brands that have high rates of return abuse or fraud
- ✔ Increase tracking visibility and processing transparency across a vendor ecosystem
- ✔ Configure workflows for sustainability priorities, such as rules for recycling or disposal

An RMS is the final piece of the supply chain puzzle, fitting neatly and completely into your tech stack. It facilitates, manages and reports on the complete returns lifecycle in B2B, B2C and hybrid environments - to help you minimize unnecessary returns. An RMS manages returns initiation, processing, repairs, and disposition, and everything in between. The flexibility of the technology allows you to configure rules, policies and workflows that align your sustainability goals with on-the-ground action, such as priorities around remarketing or recycling.

Reaching supply chain sustainability goals requires a global, accurate, real-time view of inventory and the ability to share data across your supply chain ecosystem in a trusted way.

-IBM



It's all in the data

Consumers are rightfully skeptic of corporate sustainability claims, often due to vague claims or promises. Data and metrics serve to both prove progress toward sustainability objectives and to allow your internal teams to track impacts and adjust as needed. Visibility into returns data aligns teams and stakeholders—internal and external—around the effects of your product returns on sustainability initiatives.

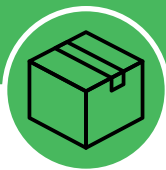
The power of an RMS is the quality of its returns data. It centralizes and analyzes information from your core supply chain systems. It connects directly to all business intelligence applications to deliver powerful BI and data analytics everywhere and to everyone.



58% of supply chain leaders are investing in transparency and traceability metrics to enable their strategy.

(Gartner)

An RMS helps you answer key questions about sustainability and the reverse supply chain.



Prevent Unnecessary Returns



Facilitate Re-Commerce & Restock Opportunities



Minimize Emissions and Packaging Waste



Prioritize Repairs & Recycling



Prevent returns in the first place

The greenest product returns are those that never happen. Use detailed metrics to understand and act on the “why” behind returns. The right access to the right data will ensure you meet customers’ needs the first time and avoid resource-intensive returns.

With reports about reason coding, we’re getting better control over the process and what needs to be improved to reduce the amount of returns in general.

-Amer Sports



- **Are customers reporting that a product is low quality?** Track reason codes and share this with your product supplier to ensure they haven’t switched materials or processes.
- **Are customers reporting sizing issues?** Consider virtual dressing rooms or better product descriptions to help customers find the right fit.
- **Are all returns legitimate?** With standardized returns initiation for distributors, you can track the activity and catch fake returns, identify those abusing the returns policy, and reduce overall returns volume.



Re-commerce and restock opportunities

Reselling a returned product can be one of the best choices for the planet: It reduces the need to manufacture or source an entirely new item, and it helps maximizing the return’s value to your organization. A global RMS platform guides decision rules based on reselling priorities, customer or seasonality demand, sustainability goals, processing costs and sell-through rates.

- Understand recovery costs and how to connect returned inventory to the right channels (including third-party marketplace sites) to reduce environmental impact.
- Increase the value of returned items in secondary markets.
- Maintain brand equity with total visibility into re-commerce and restock opportunities.
- Use data to make smarter decisions and avoid landfills.



Minimize extra emissions and waste

Incentivize local return locations to minimize emissions and gain higher resale probability based on seasonality and demographics.

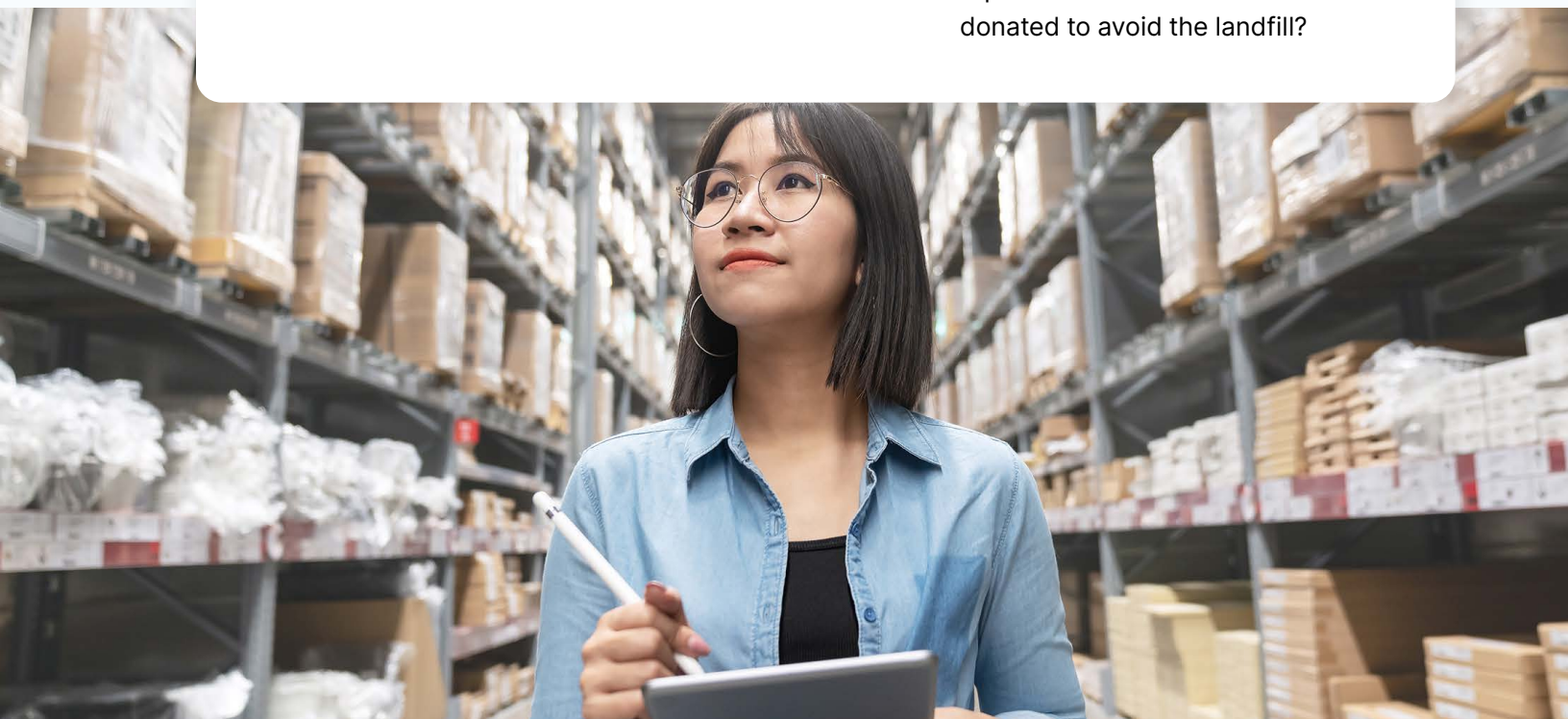
- Avoid transportation costs and mileage by tracking the impact of consolidating products and vendors shipments.
- Process returns faster and set rules for restock, so you get the most value out of returns and keep them out of a landfill.



Prioritize repairs and recycling

Track parts consumed in the repairs process. Know the environmental and cost implications to inform smarter decisions about repairs and recycling.

- Get actionable data on the costs of receiving, handling, repairing, replacing and shipping an item.
- Manage parts replacement, warranty-based repairs and testing integrations, and push that data to other systems.
- Set priorities and rules around repairs, refurbishing, recycling and disposal. Should repairs be a priority, or would recycling certain products and shipping a new one align better with your goals? Where should repairs be routed? Could items be donated to avoid the landfill?



ReverseLogix: An RMS for Smarter Returns and a Better Planet

The increasing volume of B2C and B2B product returns is impacting the planet and supply chains. There are many approaches to solving these challenges, whether it's prioritizing product recovery, reselling, reduced packaging or emissions, or minimizing returns in the first place. At ReverseLogix, we're committed to putting powerful and flexible tools into the hands of forward-thinking organizations that want to do better by their customers and the planet.



Across industries, ReverseLogix empowers brands that are serious about sustainability.



Carbon neutral operations by 2040 and innovating to reduce environmental impact.



Driving supply chain sustainability by taking ownership and working with suppliers to support goals.



Piloting ways to reuse unwanted luggage.



Minimizing returns by advising consumers on product care and providing repair services.



When a customer sends a product back, whenever we can we refurbish it and send it back out into the world for a second life.



ARC'TERYX

Used Gear is gear that is still good to go—keeping Arc'teryx products in action and out of the landfill.

Contact us to learn more about what ReverseLogix can do for you!

reverselogix.com