

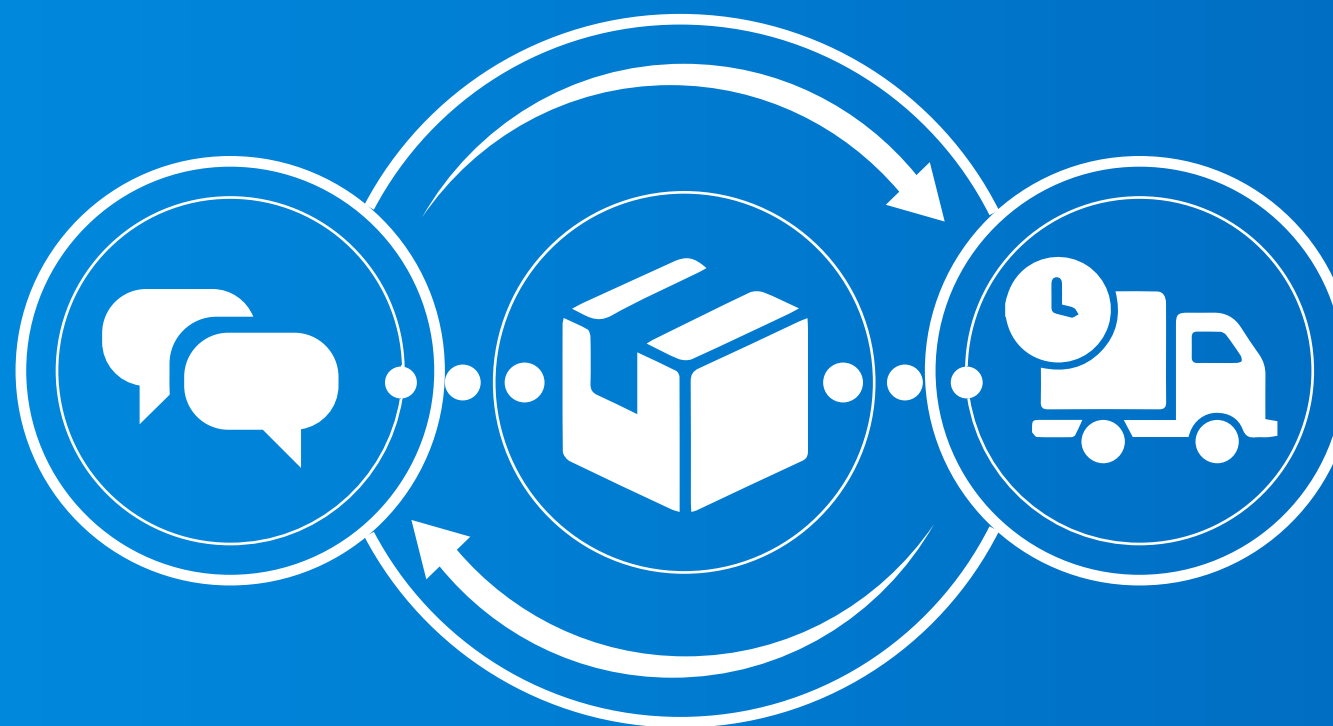
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Countering the Cost of Ecommerce Returns

This guide explores why online businesses are using returns as a critical part of their customer engagement, and how market leaders are successfully overcoming the challenges of returns with technology.

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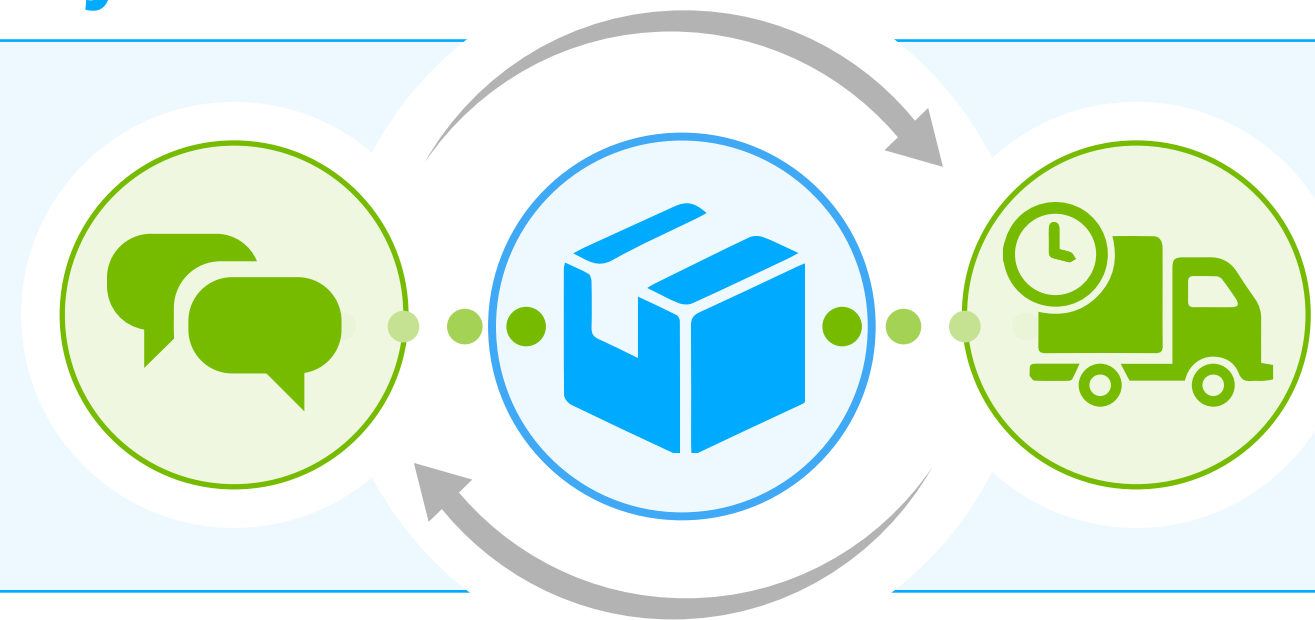
Leveraging Information for Lower Costs & Better Service

Returns are a fact of life in ecommerce. Many online businesses use returns as a critical part of their customer engagement model to drive competitive advantage. With high return rates for both large and small ecommerce sellers, mastering returns is essential to keep customers and remain profitable.

To achieve excellence in the returns supply chain, best-in-class businesses are optimizing the physical movement of returned goods and the transfer of data. Market leaders are deploying a two-pronged returns management strategy that covers:

Systems Connectivity

Integration between ecommerce platforms and business applications to simplify communication



Carrier Connectivity

Effective communication with carriers to ensure streamlined pick-ups and maintain low-cost rates

With these two factors working in tandem, online retailers are better equipped to manage returns and create a seamless process that enhances the customer experience.

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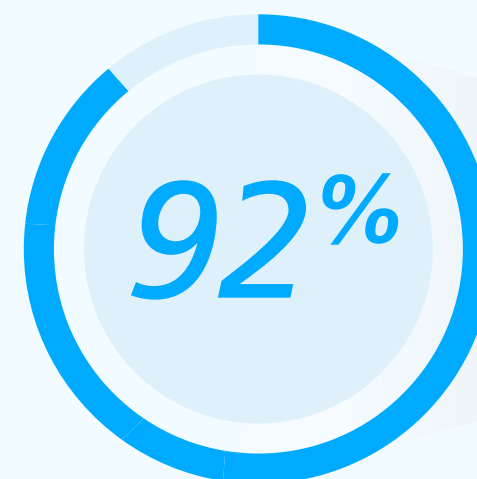
An ineffective, inefficient returns program can impact the top and bottom line. Not only do poor returns practices cost more to execute, they can impact customer relationships and reduce sales. During and immediately following peak season, the premium on returns processing is critical since this is when retailers make majority of their profit.

As shown to the right, it is clear that a seamless returns process is what buyers want. Those that cannot provide a streamlined experience can lose revenue.

OVERVIEW: RETURNS BY THE NUMBERS

- 10%** Of retail revenue is lost due to returns¹
- 50%** Of returned goods are later sold at full value²
- 43%** Of average product cost is lost to process returns³
- 49%** Of retailers offer free returns⁴
- 30%** Of products ordered online are sent back versus 9% of products sold in brick and mortar stores⁵

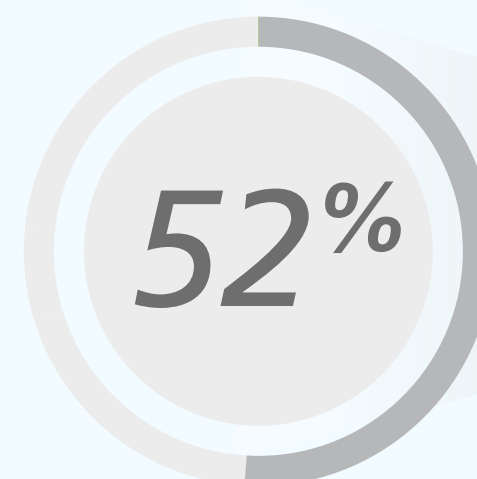
ONLINE CONSUMERS WANT EASY RETURNS



Of consumers would buy an item again if the online returns process were easier⁷



Of online shoppers check the returns policy page prior to making a purchase⁸



Of ecommerce consumers expect a return label right in the box⁹

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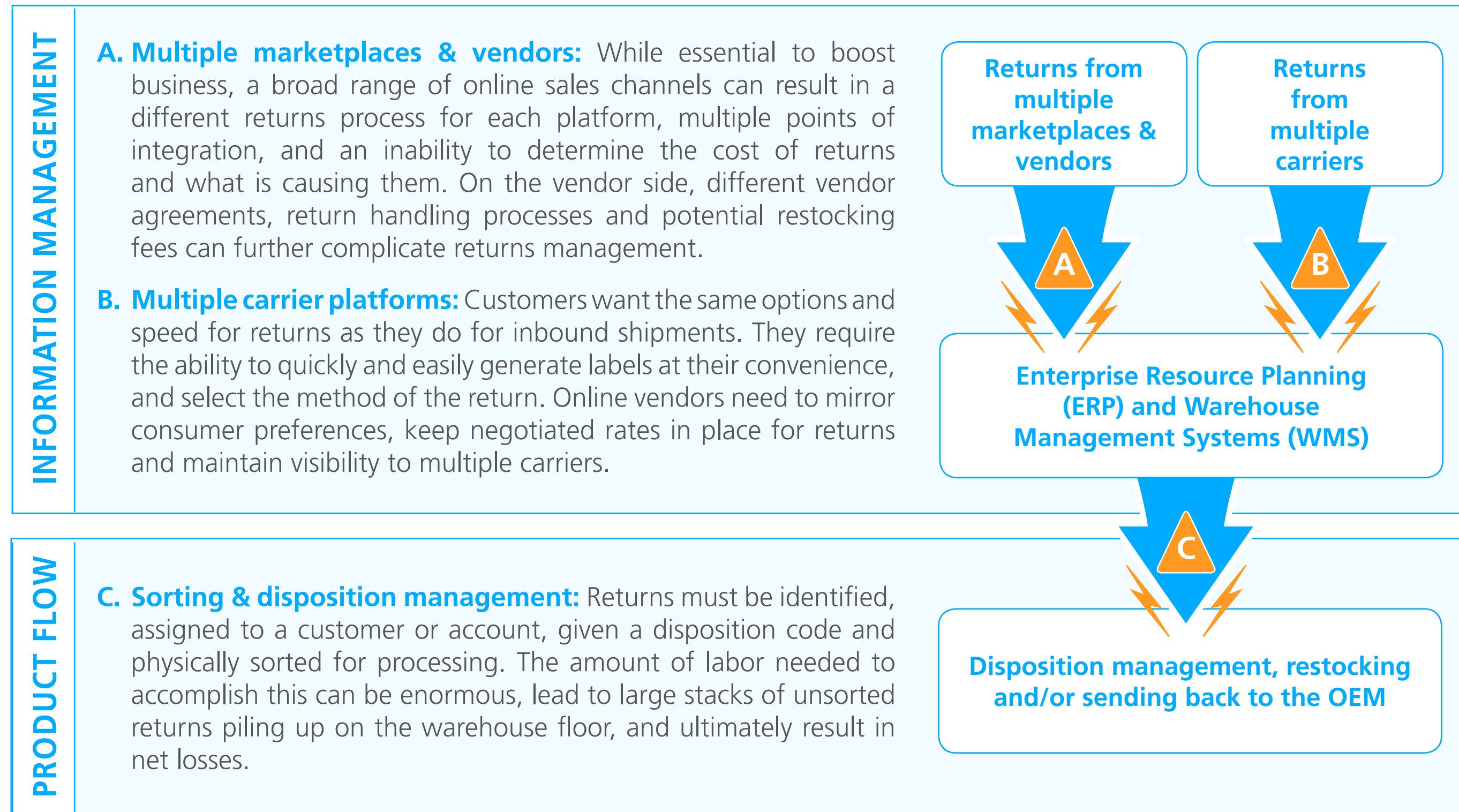
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Pain Points: Moving Information & Product

The primary causes of friction in the reverse logistics process falls into two primary categories: moving information and processing the physical flow of returned product.



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Getting It Right: Information Management

To achieve a “perfect” return, the warehouse, accounting, transportation systems and ecommerce platforms must work in lock-step. Platform agnostic solutions that can better consolidate returns under a **single system**, regardless of the underlying ecommerce channel, are critical to getting returns right. This means that returns management for eBay, Amazon and Shopify, for example, should be the same at the operational and systems level.

Also top of mind is the understanding that only articles available in inventory can generate revenue. Products placed back into circulation must be immediately updated by the warehouse management system, and details communicated to the online shop and all sales channels.

Because of the volume of returns, synchronizing carrier platforms with powerful ERPs is critical for many businesses. Solutions such as QuickBooks or NetSuite, for example, may require a connector to effectively communicate with carrier systems. With the right extension in place, businesses can minimize the cost of returns by leveraging negotiated rates, automating business processes and improving customer choice.

Small and midsize enterprises (SME) may simply need to consolidate multiple carriers into a stand-alone web-based platform and manage orders from multiple marketplaces within a single gateway.



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Getting It Right: Disposition Management

A substantial amount of labor is allocated to physically processing returns in the warehouse. Workers must unload the goods, unbox the product and determine what happens to the item. They must decide whether the product goes back into stock immediately, requires refurbishment or if it should be sent back to the manufacturer. Here is where customer-enabled disposition management comes in.


The solution is simple: Ask the customer to learn more about the status of the product prior to the arrival in the warehouse. This not only enhances customer service to gather feedback, but also provides a valuable service for the online business. **The customer serves to drive decision-making and pre-sort returns.**

Here's how it works:

Let's say a customer is returning a cell phone. Simply request additional details about the product and the reason for the return. Is the screen cracked? Is the product operational? Then assign logic based upon this criteria. If the product is operational, for example, assign it a disposition code that indicates that it could be repaired.

Savvy retailers have also layered-in business logic to enable customers to ship returned product directly back to suppliers and/or manufacturers under certain circumstances. This serves to substantially reduce labor, shipping costs and speed up the credit process.

CUSTOMER-DRIVEN DISPOSITION MANAGEMENT



Ask the customer
*about the status of
the goods based on
business rules.*

Cracked screen?
Send to the OEM.

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Lumens Case Study: Processing Returns & Doing it Well

Forward-thinking omnichannel retailers like Lumens Light + Living, a San Francisco-based lighting and interior design company, are turning to technology to tackle returns.

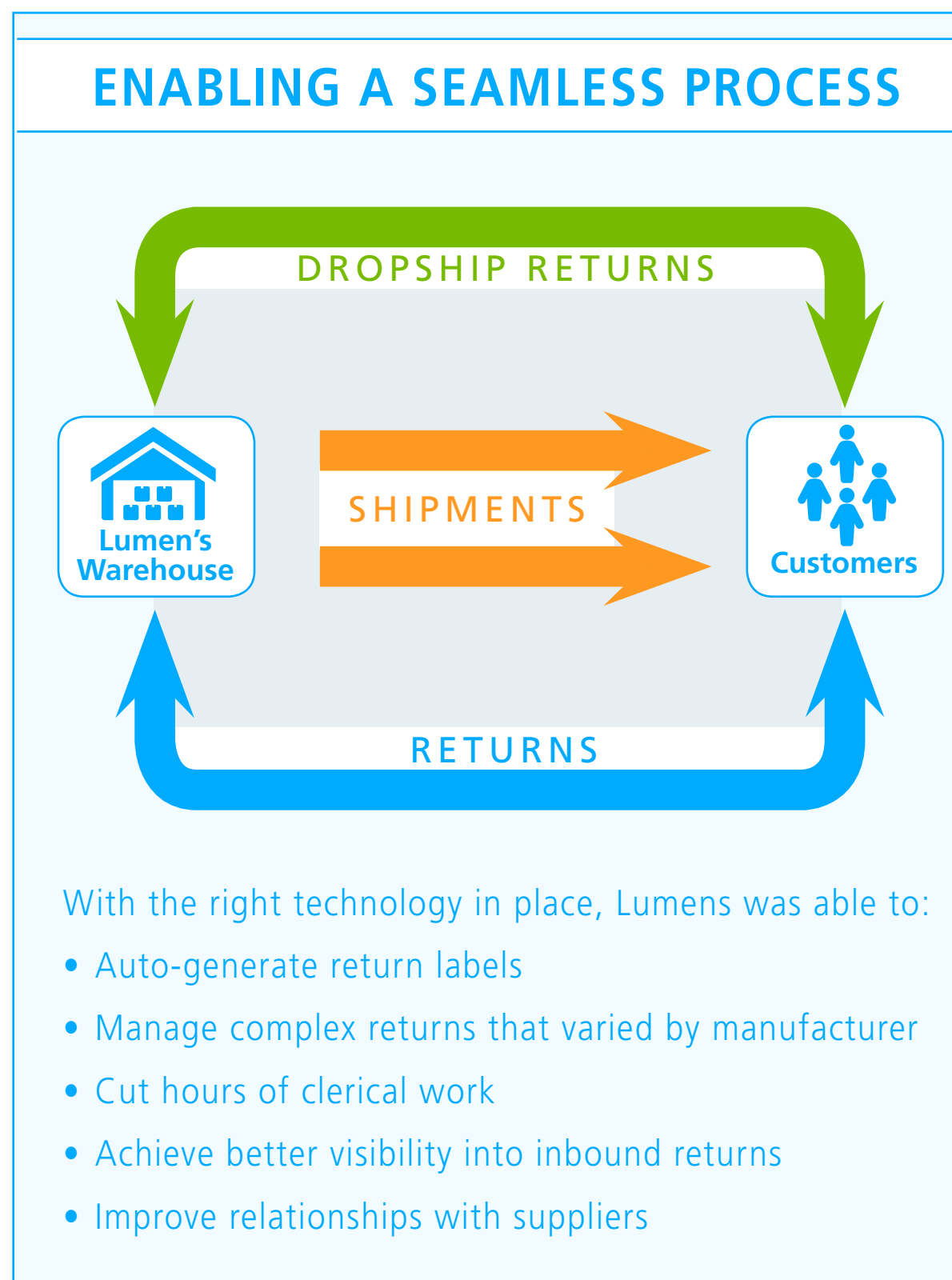


Like many retailers managing busy ecommerce channels, Lumens' Return Merchandise Authorization (RMA) process was not integrated with its warehouse procedures. Lumens had to contend with different vendor agreements, vendor-dependent return handling processes, and restocking fees. The company supports a broad range of vendors, and 80% of what they sell is drop-shipped.

The company streamlined its RMA process with technology that connected directly to its NetSuite ERP. As a result, Lumens was able to eliminate two to three hours of daily clerical work to process returns—a 96% improvement. Streamlining the returns process helped improve Lumens' customer service and add greater visibility to returns.

Now when an RMA is issued, customers can choose their return method: receive a return label via email; bring the product to a UPS store; or have a UPS driver pick up the item.

By integrating its warehouse and RMA processes, Lumens cut return time in half, saving the equivalent of \$17,500 per year.



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Identifying when a business is ready to move to more automated methods for returns management is critical to keep costs down and enhance customer service. Key questions to assess readiness to move to higher level of returns automation include:

- 1 *Are you struggling to find the best rates for returns for your customers?*
- 2 *Are you able to effectively select the right carrier for your returns?*
- 3 *Do you know the cost of a return?*
- 4 *Do you have different returns management processes for each marketplace or sales channel?*
- 5 *Do you have unsorted goods without disposition codes piling up in the warehouse?*
- 6 *How do you track returned goods and document return reasons?*
- 7 *Are you finding a disconnect between returns orders arriving in the warehouse and routing products for repair or resale?*
- 8 *Are you receiving returns by scanning bar-codes or relying on operations to correctly identify the item?*

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Online shoppers want easy returns and factor-in a returns policy as key decision point on their path to purchase. Best-in-class businesses know that carrier systems, accounting solutions, ecommerce platforms and the warehouse must work in lock-step to secure a seamless customer experience and safeguard the bottom line.

With the right solution in place, ecommerce businesses can reduce the time spent sorting returns, secure lower carrier rates for returns, tap-in to multiple online marketplaces, get returned inventory back into circulation more rapidly, better manage vendor requirements and integrate disjointed operations. Beyond this, market leaders know that they do not have to do it all at once and can deploy an effective returns strategy in stages.

Technology that can manage the flow of information and returned product is essential to offset costs, secure customer loyalty and achieve the “perfect return”.

Descartes Ecommerce & Returns

Descartes helps customers streamline returns by connecting leading Enterprise Resource Planning (ERP) solutions, supply chain platforms and carrier systems to ecommerce channels. Our intelligent warehouse management solutions, barcode-based returns processing, reason analysis and returns label creation can help online businesses simplify operations and adjust to seasonal returns fluctuations.

We offer a range of flexible options to match business requirements including a standalone platform to manage orders and returns from 75+ carts, marketplaces and systems from a single dashboard.

Our solutions help businesses more rapidly move returned items back into stock, consolidate returns from multiple sales channels, deliver better customer service and boost sales.

Click [here](#) to ask us how Descartes can transform your operations with our world-class solutions.

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Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community.

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

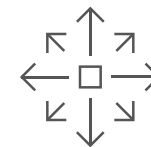
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Click [here](#) to ask us how Descartes can transform your operations with our world-class solutions.



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