

## PARCEL RETURNS AND REVERSE LOGISTICS SOLUTIONS:

# A 5-STEP GUIDE

Shippers can increase revenue and customer satisfaction by developing an efficient returns strategy.





## 1 Parcel returns continue to rise.

As online purchases continue to climb, so does the number of parcel returns, leading companies to scramble for efficient ways to process these products. In the past, businesses would dispose of returns in landfills regardless of their condition or tell customers to keep the unwanted item instead of sending it back.



## 2 There are revenue opportunities in parcel returns.

While eliminating the need to have the product shipped back may seem like a good economical choice, it really just puts the onus on the consumer to dispose of the products. So, while you might save on return shipping costs, you will lose the opportunity to regain revenue on the returned item and strengthen your relationship with the customer. That's why companies should embrace inevitable parcel returns and make the most of them.



## 3 Working with a 3PL can streamline reverse logistics solutions.

Shippers like you should partner with a third-party logistics (3PL) company to create a holistic **parcel return service and reverse logistics strategy**. In particular, look for a 3PL that has direct access to a parcel carrier, a deep knowledge of your industry and the expertise to help run an efficient supply chain. A 3PL provider can also advise you on creating a strategy, like outlined in this e-guide, to turn reverse logistics into a competitive advantage!

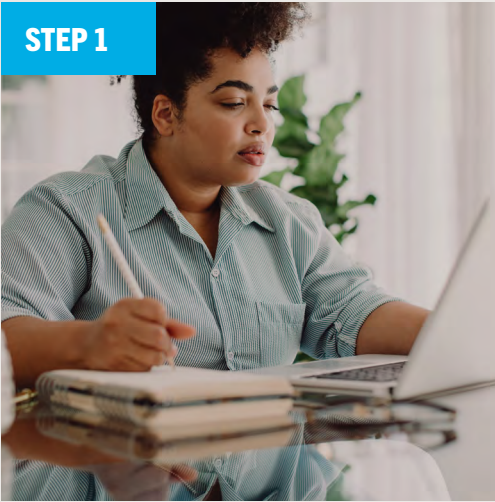
**IN 2022, U.S. CONSUMERS RETURNED 16.5% OF MERCHANDISE PURCHASES, COSTING RETAILERS AN ESTIMATED \$816 BILLION IN LOST REVENUE.<sup>1</sup>**





# Your Guide To Effective Parcel Returns and Reverse Logistics

## STEP 1



### CREATE A PARCEL RETURNS POLICY.

Determining how to manage returns is the first step in reverse logistics. It's not a decision to handle lightly since it can impact your bottom line and be a deciding factor in how loyal a customer is to your business. A 3PL company can help you create a parcel returns policy that works for your business and provide the logistics solutions needed to put it in place and keep it running smoothly. Once you finalize your return policy, advertise it on your website, post it in your store and insert notice of it in your shipment.

#### PRO TIP:

Letting your customers know about your parcel express returns and exchanges policy (especially before they make a purchase) will help set expectations from the start. You should also communicate your policy to your employees and any third-party entities you work with so everyone along your supply chain is aware of how you handle returns.

## STEP 2



### COLLECT AND ANALYZE RETURNS DATA.

Part of your reverse logistics policy should include gathering information from the customer to determine the reasons products are returned. A returns management system (RMS) can help you accumulate data to identify the root cause of product issues. If defects run high on certain products, check with your supplier or manufacturer to uncover the reason and solve it. Products that are damaged during delivery may be the result of poor packaging or negligent carriers.

#### PRO TIP:

A 3PL expert can guide you in making improvements to your packaging and help remedy issues with carriers (including claims) as needed.

## STEP 3



### SET UP RETURN LOGISTICS.

Working with a single parcel carrier to deliver replacement products and pick up parcel returns in the same transportation cycle can help cut shipping costs and reduce carbon emissions. A 3PL provider can help coordinate this arrangement. Once returns make their way back to your warehouse for sorting and storage, consider setting aside a designated area to store the products. Using a warehouse management system (WMS) and working with a 3PL can help determine strategies for returns storage.

#### PRO TIP:

Be careful not to hang on to products too long. A product's value decreases over time, particularly for outdated technology, expired products and out-of-fashion or out-of-season styles.



**91% OF RETAILERS ARE SEEING RETURN RATES GROW FASTER THAN REVENUE GROWTH RATES. <sup>2</sup>**



#### **ESTABLISH A WAREHOUSE PROCESS.**

As your shipments arrive at the warehouse, a gatekeeper should inspect the parcel returns to assess their condition and determine their usability. Products in good condition that can be resold should be scanned into your system and stored in the warehouse. Working with a 3PL that has warehouse access and staff and a WMS simplifies this process. Integrating an RMS with a WMS will make your reverse logistics process more efficient and cost-effective.

**PRO TIP:**

The data gathered in an RMS at that identified the reason for returns also directs warehouse staff or robotics technology to where the products belong on the shelves until they're picked again for another order.



#### **DETERMINE NEXT STEPS BASED ON PRODUCT USABILITY.**

Companies with parcel returns that are damaged or outdated most likely won't be able to restock these items. Luckily, you still have options, including:

- Selling outdated or out-of-season products at discounted prices.
- Shipping products in need of repair or refurbishing to the manufacturer or supplier. When the repair is complete, products can then be shipped directly to the customers.
- Selling the products for parts or for recycling them at the end of their lifecycle. For safety reasons, you may be mandated to destroy products such as expired pharmaceuticals and dangerous goods.

**PRO TIP:**

A 3PL with expertise in reverse logistics can help you assess where the product is in its lifecycle and determine next steps.

**69% OF RETAILERS DO NOT HAVE A GOOD UNDERSTANDING OF THE ROOT CAUSE OF RETURNS. <sup>2</sup>**



## A 3PL Can Help You Create Effective Reverse Logistics Services

Most returned products hold at least some value, no matter where they are in their lifecycle. Establishing a solid returns policy and efficient reverse logistics services can help your business reduce losses from returned items and even gain some revenue.

Working with a 3PL like Worldwide Express can make your reverse logistics process seamless. We have more than 30 years of experience helping businesses with their most pressing shipping and logistics challenges. That includes creating reverse logistics strategies that help them get the most out of their returned products. Ready to speak to an expert?

**REQUEST A FREE CONSULTATION TODAY**

### Citations:

<sup>1</sup> Harvard Business Review, "How Retailers Can Capitalize on the 'Refund Effect'"

<sup>2</sup> Appriss Retail, "2022 State of the Industry: Returns as an Engagement Strategy" as reported in Business Wire

[wwex.com](https://www.wwex.com)