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Retail Returns Management Strategy Guide

E-BOOK

The Challenge

As e-commerce continues to grow as a percentage of total retail sales, retailers will increasingly be faced with the challenge of managing e-commerce returns. While any type of product return is not ideal, store-bought items that are then store-returned do not typically cost a retailer additional product margin (let's exclude the labor cost of having associates at a return counter).
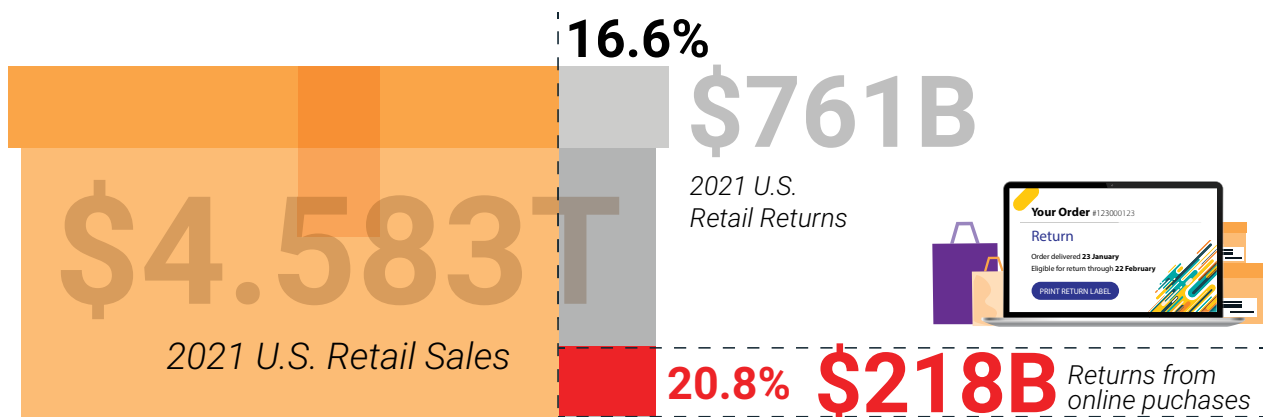
When it comes to online sales, however, returns can easily eat up any margin made on that order. The reason being that whatever margin remains (after the initial fulfillment and shipping costs are taken into account) is eaten up by the cost of shipping the item back and restocking it. In some cases, this can result in retailers losing money on orders.

Shoppers being shoppers will continue to buy multiple sizes to see what fits best or just decide to change their minds about what they bought. While it is difficult to stop returns from happening, retailers can find ways to mitigate risks and costs associated with product returns with the use of the right technology.
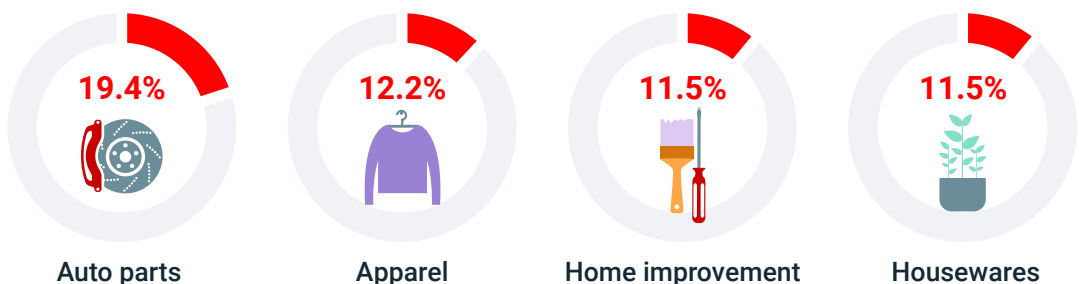
When it comes to online sales, returns can easily eat up any margin made on the order.

Breakdown of 2021 Returns Statistics from NRF[1]

$4.583T

2021 U.S. Retail Sales

16.6%

$761B

2021 U.S. Retail Returns

20.8% **$218B** *Returns from online puchases*

Your Order #123000123

Return

Order delivered **23 January**
Eligible for return through **22 February**

PRINT RETURN LABEL

[1] https://nrf.com/media-center/press-releases/retail-returns-increased-761-billion-2021-result-overall-sales-growth

The top categories of merchandise returned:

19.4%

Auto parts

12.2%

Apparel

11.5%

Home improvement

11.5%

Housewares

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The Solution

To successfully compete in an omnichannel environment, retailers must invest in an order management system (OMS) with advanced returns management functionality.

Returns fraud reduction

10.6% of online returns are fraudulent[1]

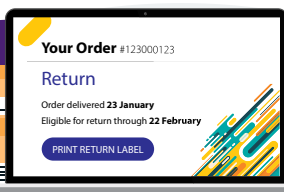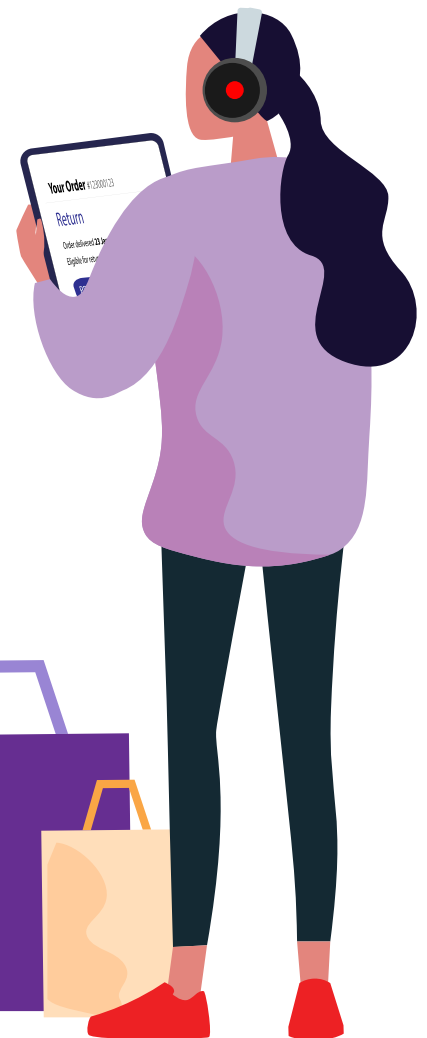### Decrease processing time

Restocking/ reshelving

Inventory visibility of items that were returned

[1] https://nrf.com/media-center/press-releases/retail-returns-increased-761-billion-2021-result-overall-sales-growth

A centralized system of record (OMS) enables associates with the ability to review customer records for a historical view of returns abuse. It also helps associates process customer returns more quickly by not requiring receipts.

Returns management functionality lets individual stores or the client service desk track and reinventory returned items deemed to be in good resalable condition. In this case, a return is added to the retailer's inventory as soon as the transaction is completed with the customer.

Real-time processing means the returned item can be reshelved immediately for resale. Quick reshelving of items in good condition means less need to discount, improving the chance of reselling the merchandise. Fast inventory system updates also allow other store associates and online shoppers to locate the returned item for repurchase.

Your Order #123000123

Return

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Effective returns processing results in increased sales potential, faster turnover, less pressure to discount products and improved margins.

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The Outcome

Favorable Returns Policy

Make it as easy as possible for the consumer. A positive returns experience results in returning customers and new sales.

- Accept in-store returns (for online sales).
- Let customers return without receipts.
- Allow for the refund before the item is received.

Increased Customer Satisfaction

Returns Monitoring

Track your returns to find opportunities to improve and reduce fraud.

- Report on returns abuse (chronic returners).
- Track high-value returns.
- Make category reports.

Enhance Risk Management

Speed Your Resale

With supply chain disruptions and product availability crunches, retailers need to leverage every piece of inventory they have.

- Monitor speed to reshelving merchandise.
- Update returns inventory in real time.
- Give customers inventory visibility (including freshly returned items).

Prevent Lost Revenue
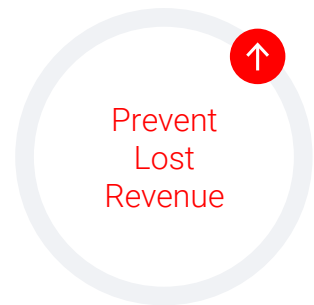
Buy Online, Return In-Store **(BORIS)**

Whether you call it buy online, return in-store (BORIS) or cross-channel returns, the concept is the same: items purchased online and shipped to the customer can be returned in-store.

BORIS has a two-fold positive impact on a retailer's profitability. It enables retailers to save on the additional shipping fees incurred by sending a return back through a courier. It also supports additional sales by getting a customer into a store to do further shopping.

When possible, retailers should promote and incentivize BORIS over shipping returned items back.

Speak to a Retail Supply Chain Expert →

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About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades — by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.

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