Exploring the Hidden Potential of Reverse Supply Chain

At Quadrant Knowledge Solutions, we define a reverse supply chain as a discipline that provides a holistic view of all the processes involved in returns, be it B2B and B2C processes, and encompasses all industries beyond just retail.

A reverse supply chain is the unsung hero of today's supply chain processes. With the rise of e-commerce and the increasing demand for sustainable and responsible business practices, companies focus not only on the forward movement of goods but also on the reverse flow of products, materials, and information. A reverse supply chain market is all set to play a major role in the upcoming years, with the forecasted figure of $958 Billion before the end of this decade. Reverse supply chain is concerned with managing returns, repairs, refurbishments, and end-of-life products, making it more complex. This complexity is because unlike the forward chain, where all products follow similar processes, for reverse, all these follow their own chain. Various popular reverse supply chains terminologies exist today. These are returns management and reverse logistics, and often these terms are used interchangeably. While the usage is not inaccurate, it covers only some aspects of the entire process.

Reverse logistics deals with the physical movement of goods back from the consumer or distributor to the seller or manufacturer. It doesn't only refer to the return of purchased goods but also unsold goods or empty pallets, containers, or packaging materials. In some cases, reverse logistics is also understood as just the logistics part of the return supply chain, which entails moving products from their final destination (usually the customer) back through the supply chain to the origin. Returns management refers to the

overall process of managing returns from the point where the customer initiates the return, the refund process and ease, to a place where the fate of the product gets decided - whether it is fit for resale, needs repairs, or has to be recycled. It mostly deals with the technology aspect of the business.

With the growing importance of reverse supply chain in the market, it is apparent that industries are stepping forward to efficiently manage their reverse supply chain to reduce costs and promote sustainability. In a B2C scenario, the supply chains are geared to end when customer receives the goods. The reverse supply chain processes existed for processing scraped products. B2B did have a reverse concept for recalls, recycling, refurbishing, and resell. But in those cases, often the volume and variety were lower, making it seem less complex. In today's context reverse supply chain is more demanding, especially in B2C scenarios, where there is much at stake for brands – the financial impact of returns as the volume goes high, compliance regulations, diverse product portfolio making it difficult to track, ESG declarations, and the topmost being customer satisfaction. But, it almost takes double the time and labor to process a return compared to a shipping order.

While "reverse supply chain" has become a trending topic because of heightened customer expectations and increased environmental awareness, the process is still witnessing very limited adoption. One of the biggest reasons for low adoption is the unavailability of a mature solution to take care of the end-to-end reverse supply chain diligently. Often reverse supply chain software vendors are evaluated against Order Management Systems (OMS), Warehouse Management Solutions (WMS), or Transportation Management Systems (TMS) vendors. These solutions allow organizations to manage a part of the reverse supply chain process but are yet to provide a complete end-to-end solution to manage the entire reverse supply chain process. With the e-commerce boom, reverse supply chain solutions are being offered within the retail industry, but the capabilities are limited only to the returns portal

and updating customers on payments. The returns cycle gets quite complex post this stage because the true value of the goods can only be realized by careful evaluation of its next step in the supply chain (whether it should be resold, altered, and put up as a refurbished product or be scrapped) after appraising its quality.

In addition, very few technology vendors provide an exclusive reverse supply chain solution to manage the end-to-end reverse supply chain process. On the other hand, it's a demand and supply problem where the customers or organizations are not aware or educated enough on the problems that can be handled via a certain tool or a set of tools and do not seek such a solution. Many organizations are not aware of the importance of efficient management of reverse supply chain. There is an underappreciation of the cost associated, such as transportation, handling, and packaging cost with returns.

However, the situation will improve drastically as organizations realize that the cost of not adopting a solution to streamline and process returns will soon surpass the cost of its impact on warehousing, holding costs for the goods that can be resold, ESG disclosures for the end of use and scrapped products, and heightened customer satisfaction. Even so, it is also important for organizations to identify vendors who can offer a comprehensive reverse supply chain solution that can cater to different industries and should possess the ability to provide customized solutions with respect to different use cases. One such vendor that Quadrant Knowledge Solutions has come across is ReverseLogix.

ReverseLogix's Returns Management System (RMS) platform suite consists of tools that streamline the returns process and automate customer communications, track Inventory, process refunds, and address sustainability requirements. The company was built on a foundation of addressing the challenge of returns management and how efficient returns management can be a differentiator for businesses. ReverseLogix caters to a variety of use cases in both the B2B and B2C space. It also has a diverse industry

presence across different company sizes. The platform is designed to integrate seamlessly with most e-commerce platforms, such as Shopify, SAP, Oracle+NetSuite, and Magento, to enable faster deployment and gain ROI faster. Depending on the nature of the organization and its policies, the returns process may vary. Thus, ReverseLogix gives its customer flexibility to configure their solutions to fit specific needs via its adaptable and flexible workflows and customizable logics.

Some capabilities of the ReverseLogix solution are as follows:

- Efficient and Streamlined Returns Process: The ReverseLogix RMS solution streamlines the returns process, making it efficient and easy for customers to return items.

- Increased Customer Satisfaction: By providing a hassle-free returns process, the solution helps increase customer satisfaction and build customer loyalty.

- Improved Inventory Management: By tracking returns and managing inventory, the solution helps businesses to improve their inventory management and reduce costs.

- Increased returns processing efficiency: By supporting unique workflows to process each type of return, efficiently and accurately, ReverseLogix increases overall units per hour (UPS) processing within warehouses.

- Faster Refunds and Exchanges: The ReverseLogix RMS solution ensures faster and more accurate processing of refunds and exchanges, which helps businesses to meet customer expectations.

- Better Analytics and Reporting: The solution provides comprehensive analytics and reporting that helps businesses

to better understand the returns process and make informed decisions.

- Support for Sustainability: The solution helps businesses to manage their returns in an environmentally responsible way, reducing waste and supporting sustainability initiatives.

With the above-mentioned returns management capabilities, ReverseLogix has significantly helped its clients manage their returns management process by reducing the processing time, improving forecasting accuracy, reducing the throughput time by leveraging the built-in sorting system, and leveraging elevated visibility in the returns process.

Samsonite, one of ReverseLogix's customers, uses the RMS solution to run a self-activated warranty and repair portal to get detailed insight into specific parts and products being returned.

DHL uses the ReverseLogix platform as their standard platform for receiving, inspecting, and processing returns and exchanges to customize its offerings for its end-users specific requirements.

Actegy Health uses ReverseLogix for its entire returns lifecycle to gain real-time visibility into in-transit goods up to the SKU level, helping the company to better understand return reasons, trends, costs, and other KPIs.

In conclusion, the adoption of a comprehensive reverse supply chain management is no longer a choice, but a necessity for organizations seeking to differentiate in today's hyper-competitive market. Effective reverse logistics not only enables companies to recapture value from product returns and improve customer satisfaction, but also promotes sustainability and drives operational efficiency. Therefore, organizations need to integrate reverse supply chain management into their overall supply chain strategy and unlock the full potential of this essential business function. Solutions offered by

ReverseLogix RMS are perfectly geared to address the returns challenges and exploit the reverse supply chain's negative footprint capability to its much-deserved potential. Industry leaders should create a consortium for reverse supply chains to help create a certified, agile, and fully-developed solution.

Authors

Neelam Singh
Practice Director

Sujan Thomas Mathew
Analyst

Nithin Bhaskaran
Analyst