Finding Value in Your B2B Returns

Not long ago, a business would look at a pile of unsold merchandise and assume there was no choice but to write off the entire lot as a loss. But not anymore. Thanks to innovations in technology and supply chain enhancements, there's a new world order in managing business-to-business (B2B) returns.

Integral to any returns process is a well-thought-out plan that is attainable and will serve both your interests and your customers' interests.

Understand Your B2B Returns

B2B returns are generally not as frequent as consumer returns but instead tend to be arranged events – often time critical – and usually involve large quantities that fall into one of the following categories:

- **Product Recalls.** Last year, there were more than 2,360 product recalls in the United States, roughly 6.5 recalls each day. While most businesses never experience a product recall, all must be ready to contend with the possibility.
- **Warranty Returns.** Products returned while under warranty have been described by at least one supply chain manager as a "huge pain point." Yet timely and accurate processing of warranty claims is a critical indicator of company performance. Once a warranty claim has been validated, time is of the essence.
- **Defective Returns.** Although estimated to be 20 percent of total returns, defective products can have a debilitating effect on business. "Just-in-time" assembly lines, such as that espoused by Toyota, have been idled while forced to wait until a shipment of defective parts can be replaced.
- **Excess Inventory/Obsolete Returns.** This refers to unsold seasonal merchandise, products that have been replaced by newer models, or products that have been discontinued. Unsold merchandise can be moved directly into a secondary market, such as an outlet or overstock store, where a portion of value can be recaptured.
- **End-of-Life Returns.** Automobiles and consumer electronics, including computer hardware, printers, televisions, and mobile devices, comprise the top categories of "end-of-life (EOL)" products. End-of-life products generally fall into one of three categories:
  - No longer operating and need to be disposed of
  - Still operational and eligible for resale
  - Option for parts/components to be salvaged for reuse/resale

B2B returns tend to fall into one of the following categories:

1. Product Recalls
2. Product Defects
3. Warranty Returns
4. Parts
5. Unsold/Obsolete Merchandise
6. End-of-Life Returns

The Changing Face of B2B Sales – and Returns

As B2B businesses try to manage their flow of returns, it's important to realize the way in which B2B transactions are changing. Similar to B2C commerce, the size and volume of B2B returns are growing. In terms of dollars, B2B eCommerce purchases are more than twice the amount of B2C purchases. This fact is causing many businesses to retool their B2B marketing and “outreach” efforts. Many companies are redesigning their websites and mobile outreach to provide B2B shoppers with retail experiences that more closely resemble B2C transactions.

Maximizing Efficiency and Finding Revenue

- **Secondary Markets.** The explosive growth of secondary markets has enabled many businesses to recoup lost revenue – and even turn a profit – from product returns.
- **Understanding Your Returns.** Businesses that see a spike in returns of a particular product can capture valuable information in order to address what may be a design flaw or product characteristic that is a turnoff to customers. Is a new piece of machinery or appliance too hard to operate? Are the instructions too complicated?
- **Reputation Enhancement.** Many manufacturers have seen their reputations enhanced – or destroyed – based on how they handled a product recall. Proper recall management requires planning that begins long before a recall is even a possibility!

Building an Effective B2B Returns Strategy

The first step is to choose a logistics partner. A business will need to shop around, do its homework, ask a lot of questions, and make sure the logistics provider it selects has the experience, capacity, and capability to perform as promised.

- **Flexibility in Scheduling.** Build a returns management strategy that gives you the level of service you need. Do you need a daily, weekly, or even biweekly schedule?
- **Centralized Returns Centers.** Where exactly do you want your returns delivered? A growing trend is to process returns at a dedicated returns center rather than via a traditional distribution center.
- **Border Consolidation.** If a border crossing is involved, consider having your goods consolidated at the border so that many small shipments are allowed to clear customs as a single unit. Border consolidation can facilitate the customs review process and reduce costs as well.
- **Integrated Returns Material Authorization (RMA).** A returns authorization label can be preprinted and sent to customers with the outbound shipment and the customer can fill in the RMA on that label. Or a web-based system can print a label after the RMA number has been assigned.
- **Multi-Channel Visibility.** Customers are demanding that returns be handled quickly and with complete visibility into the process. Allowing visibility into the process can give customers direct information about the process of their return and some degree of explanation should a delay occur. Web-based portals allow consumers 24/7 access to information about their return.
- **Sustainability.** It’s also important to incorporate sustainability wherever possible. An obvious place to start is by finding “second lives” for returned merchandise.

To learn more about these and other supply chain innovations, visit www.purolatorinternational.com/whitepapers to download Purolator International’s white paper: *B2B Returns: Finding Value and Opportunity in a Well-Managed Returns Process.*