On Aligning Returns Management with the E-commerce Strategy to Increase Effectiveness

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Abstract
The returns management (RM) process has traditionally been seen as a value recovery process, which has resulted in an efficiency focus in the returns flow. This thesis presents the effects on a fashion e-commerce organisation, which is underprioritising or neglecting RM in general and consumer returns specifically. In the reported and described single-case study and through a real-life experiment, performed with the case organisation nelly.com, it is shown that the consumer returns rates are not only influenced by the product itself. They represent a complex problem that has its reasons and causes, whereby the product (size, fit, quality, et cetera) together with consumer buying and returning behaviour ultimately have a combined effect on the organisation. The results from the thesis are based on previous research and rest heavily on the research performed since the start of the research journey. Consumer returns form part of the value creation in e-commerce and therefore returns management is a strategic part of the business as such.

Handling consumer returns in a traditional or efficient returns system without knowing the reason for return and the state of the returned item is nothing other than gambling with resources. The proposed returns information system (RIS) framework in the thesis addresses this issue and facilitates the downstream application of the gatekeeping activity, near or at the end-user location; managerial attention is required at the strategic process level to build a proper returns system that is partly, and quite likely, decentralised.

Products, suppliers, customers and internal processes cause consumer returns and therefore a returns manager needs to address these with other functions and SC partners. This result is partly new and the proposed alignment of RM as a strategic process is new in the sense that RM is part of value creation. This thesis empirically supports the conclusion that “one size fits all” is outdated and does not fit with e-commerce business. The results imply that managers need to gain a profound understanding of consumers’ buying behaviour and also to create differentiated delivery and returns processes to be able to grow within the existing customer segments and possibly to attract new or non-customers who are out of reach at present. Seeing the RM process as strategic in e-commerce, as proposed in the thesis, facilitates the development of the process to become both effective and efficient. Returns management has the potential for revenue creation and cost reduction.

Keywords: Returns management, supply chain management, alignment, case study, experimental research, gatekeeping, avoidance, reverse logistics, strategy, e-commerce