

Postal Vision 2020

Anatomy of a Return

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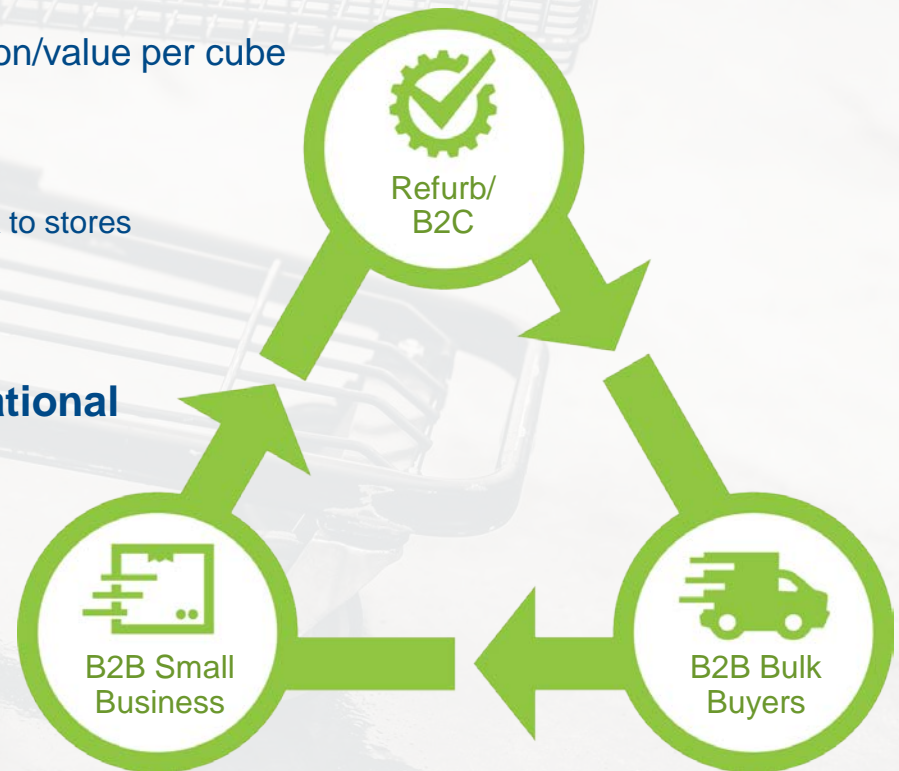
Objective - Sustainability

REUTILIZATION OF CONSUMER RETURNS

Extended useful life

Multi-channel approach driven by category/condition/value per cube

- **Refurb/B2C**
 - Use existing channels – e-commerce or back to stores
 - Weigh net recovery – B2C
 - Brand responsibility
- **B2B Bulk Buyers – Domestic/International**
 - Truckload
 - Lower per unit value
 - Scrap/Recycle
- **B2B Small Businesses**
 - Large parcel/pallet
 - Cost/benefit based on unit/values



Current - Inefficiency

ANATOMY OF A RETURN



Problem

Stores do not have same SKU online, so from the store, returns will end up going back to a DC/RC (and often a different DC/RC for stores and .com)

At DC/RC what happens?



Future - Efficiency

ANATOMY OF A RETURN – What it should look like

Develop the following capabilities or work with a partner who should be able to deal with the return directly from the consumer:

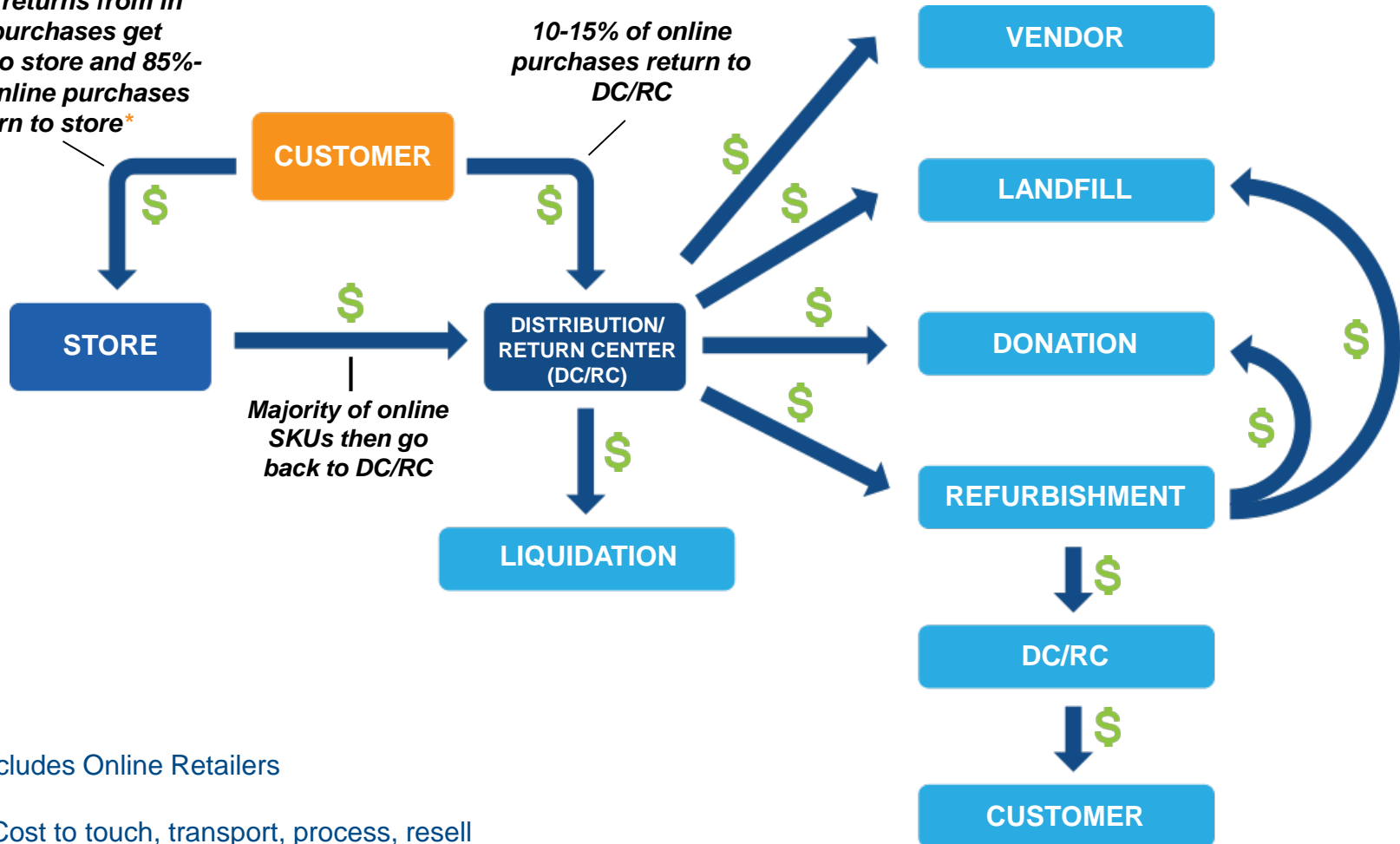
- **Reconcile a return – Consumer/Return to vendor**
- **Refurbishment**
- **Multichannel liquidation**
- **Dropship back through retail channels**
 - Online via retailer or other B2C marketplaces
 - Back through retail/outlet stores
- **Goals**
 - Zero landfill effects/costs
 - Reduced transportation costs
 - Streamline the process – Simplicity requires less management



Anatomy of a Return - Current State

100% of returns from in store purchases get returned to store and 85%-90% of online purchases return to store*

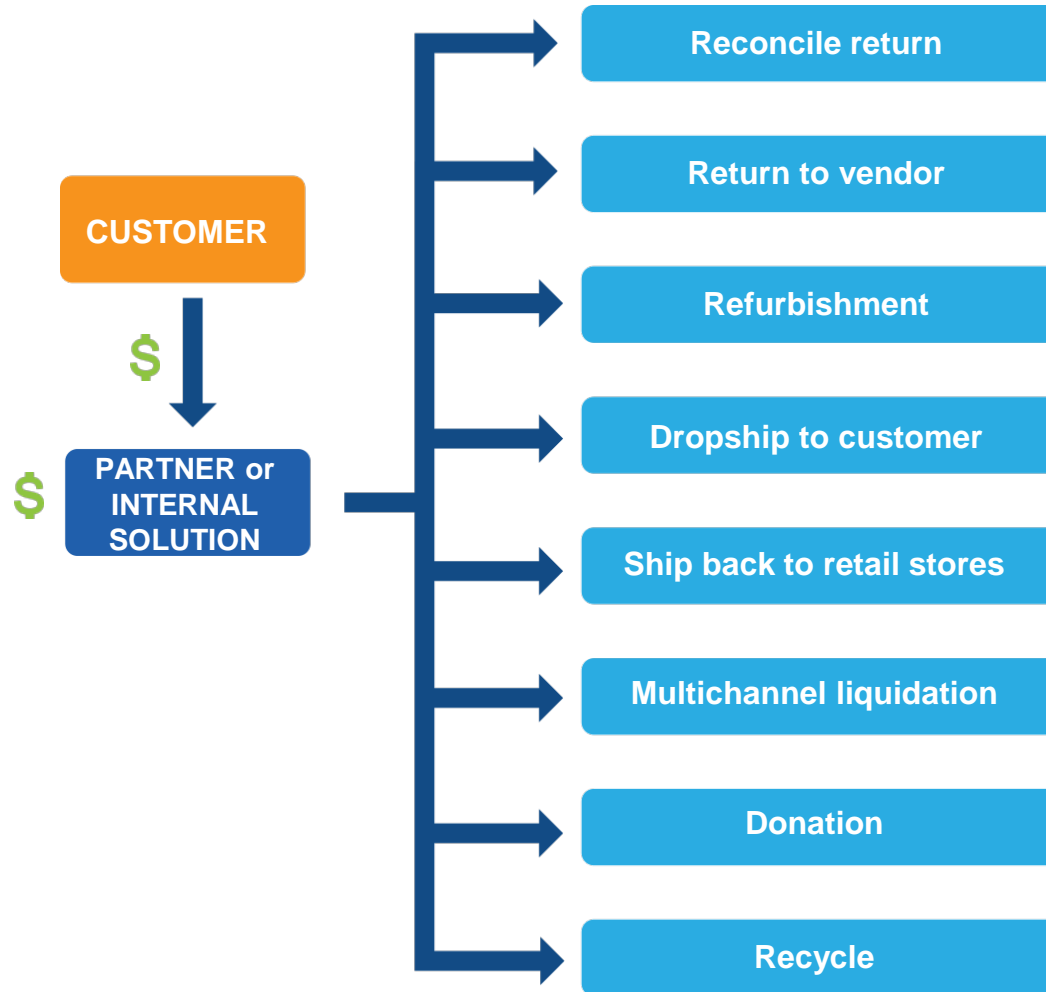
10-15% of online purchases return to DC/RC



* Excludes Online Retailers

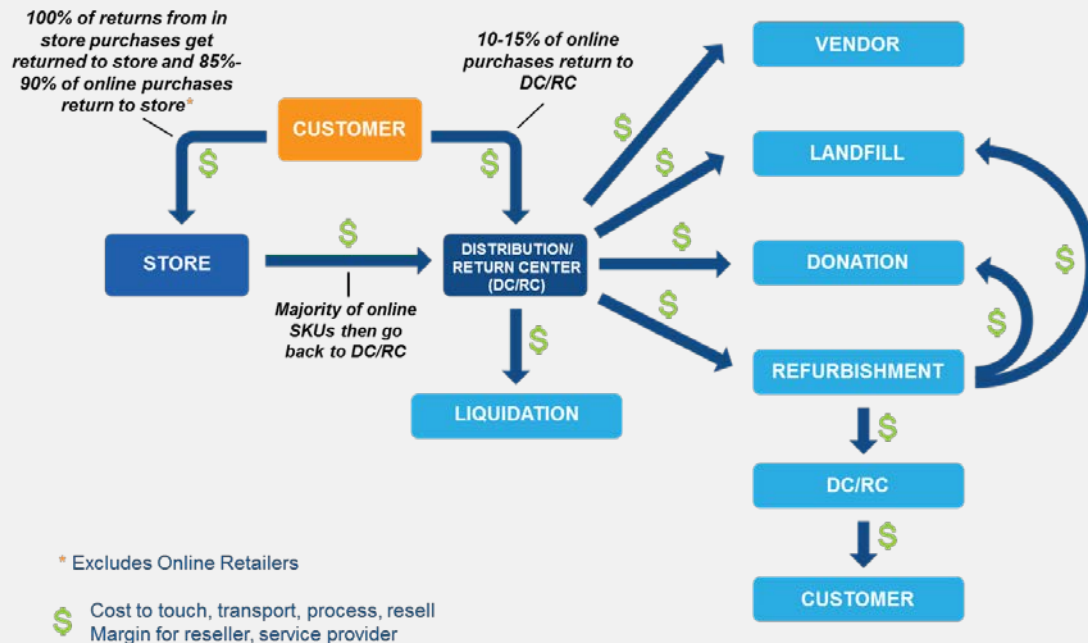
\$ Cost to touch, transport, process, resell
Margin for reseller, service provider

Anatomy of a Return - Efficient State

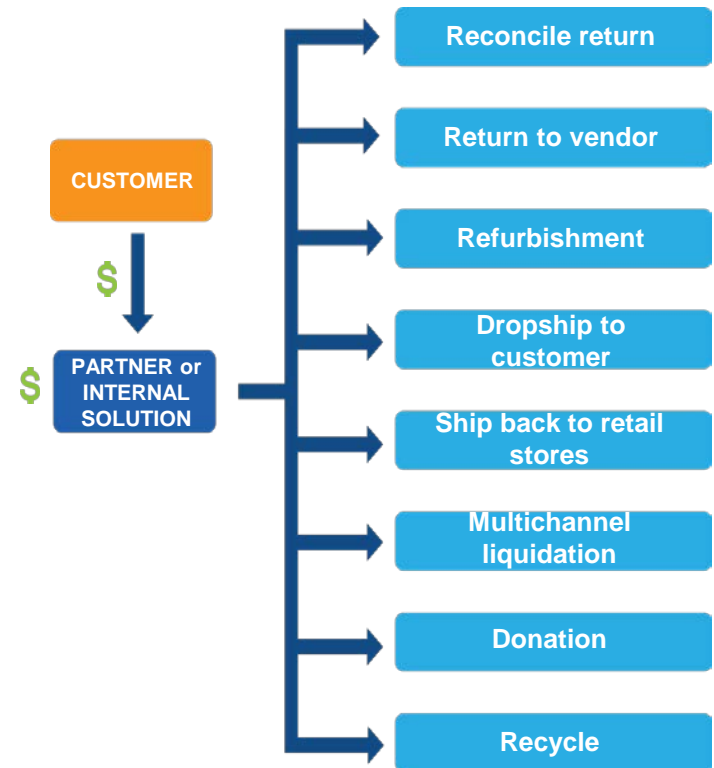


Anatomy of Return - Comparison

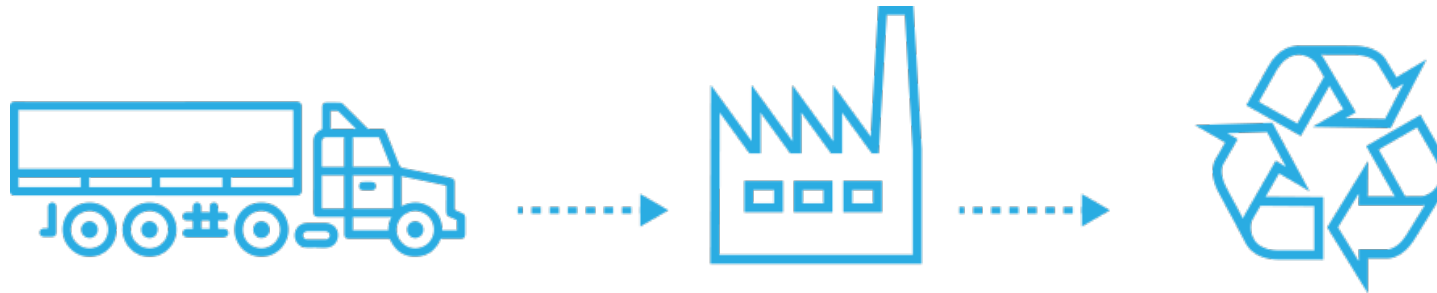
Current State



Efficient State



WASTE / NOT SUSTAINABLE



Transportation

- Huge costs, negative environmental impact
- Reduce mileage to partners, leading to lower network cost and better product condition

Landfill

- Huge costs, negative environmental impact
- Resale/Recycle/Parts Harvesting done to capture some value

Donation (Considerations)

- Consumer Electronics – can't donate unless wiped first
- Not all returns are in a condition to donate
- Community vs. rate of return
- Tax Changes/Accounting rules changing



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