

The E-Commerce Hangover: Reverse Logistics

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The Reverse Logistics Association

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For Returns Solutions

The “E” Effect

Consumer behavior is shifting:

- Ecommerce growing 15% annually
- Ecommerce sales reach \$500B by 2018
- Returns are 2-3 times brick & mortar rates
- Buyers expect no hassle, cross-channel, free freight, unlimited return policies

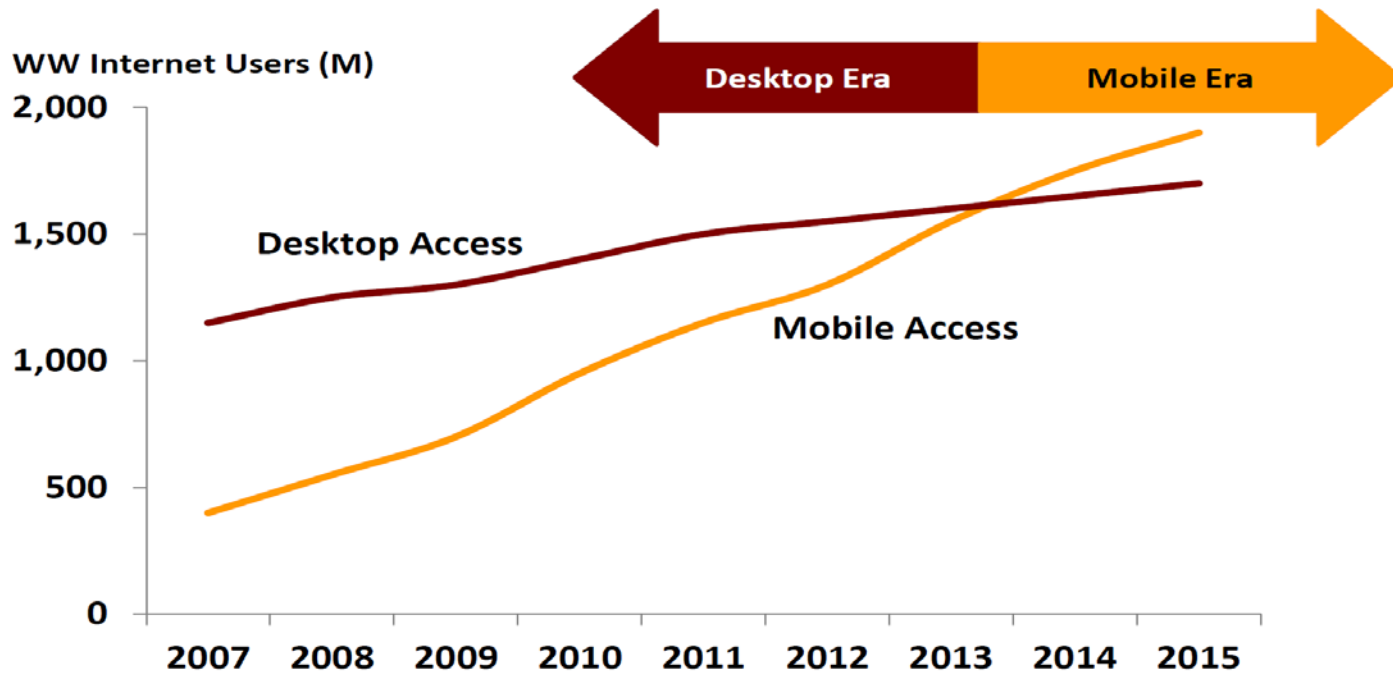
The “IoT” Effect

Consumer products are changing:

- IoT (Internet of Things) everywhere
- Data is king – and IoT tracks consumer behavior
- Interoperability and connectivity are critical
 - IoT has over 300 variations (IEEE standards)
 - Products may not talk to each other
- Returns are 3x higher or more with IoT products

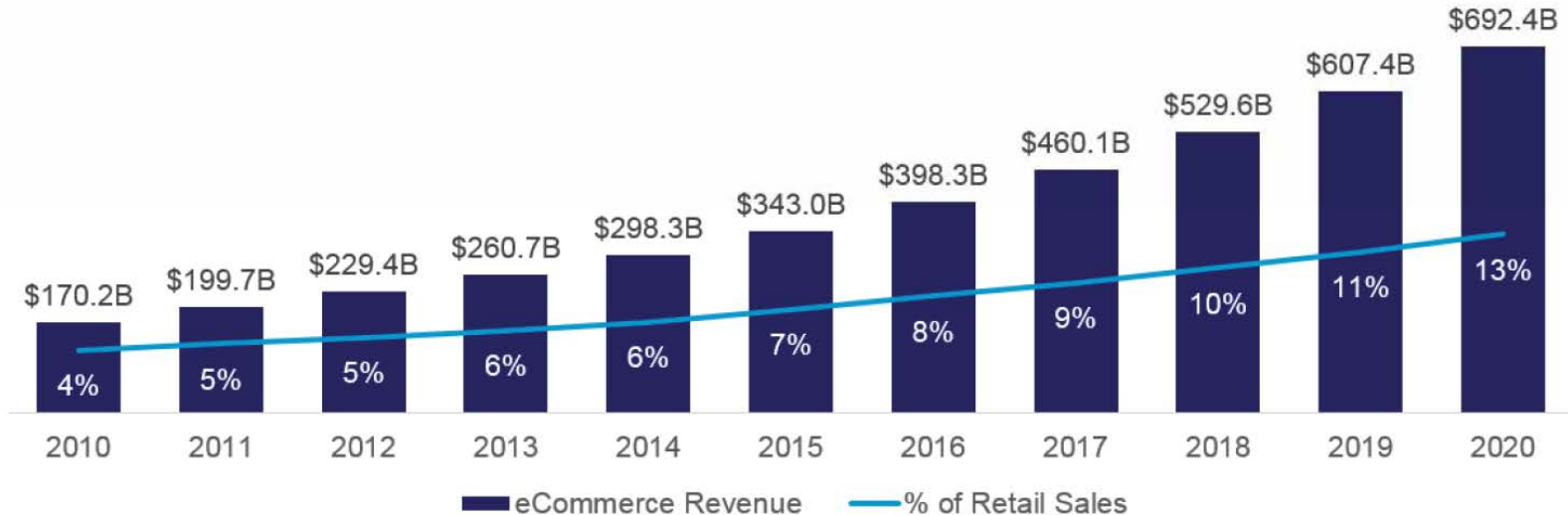
Market Trends

Internet Access – A New Era



eCommerce is the fastest growing segment of the retail sector, and as such B2C shipping has accounted for over half of shipping volume since 2014.

US eCommerce Revenue
\$Billions, % of Retail Sales



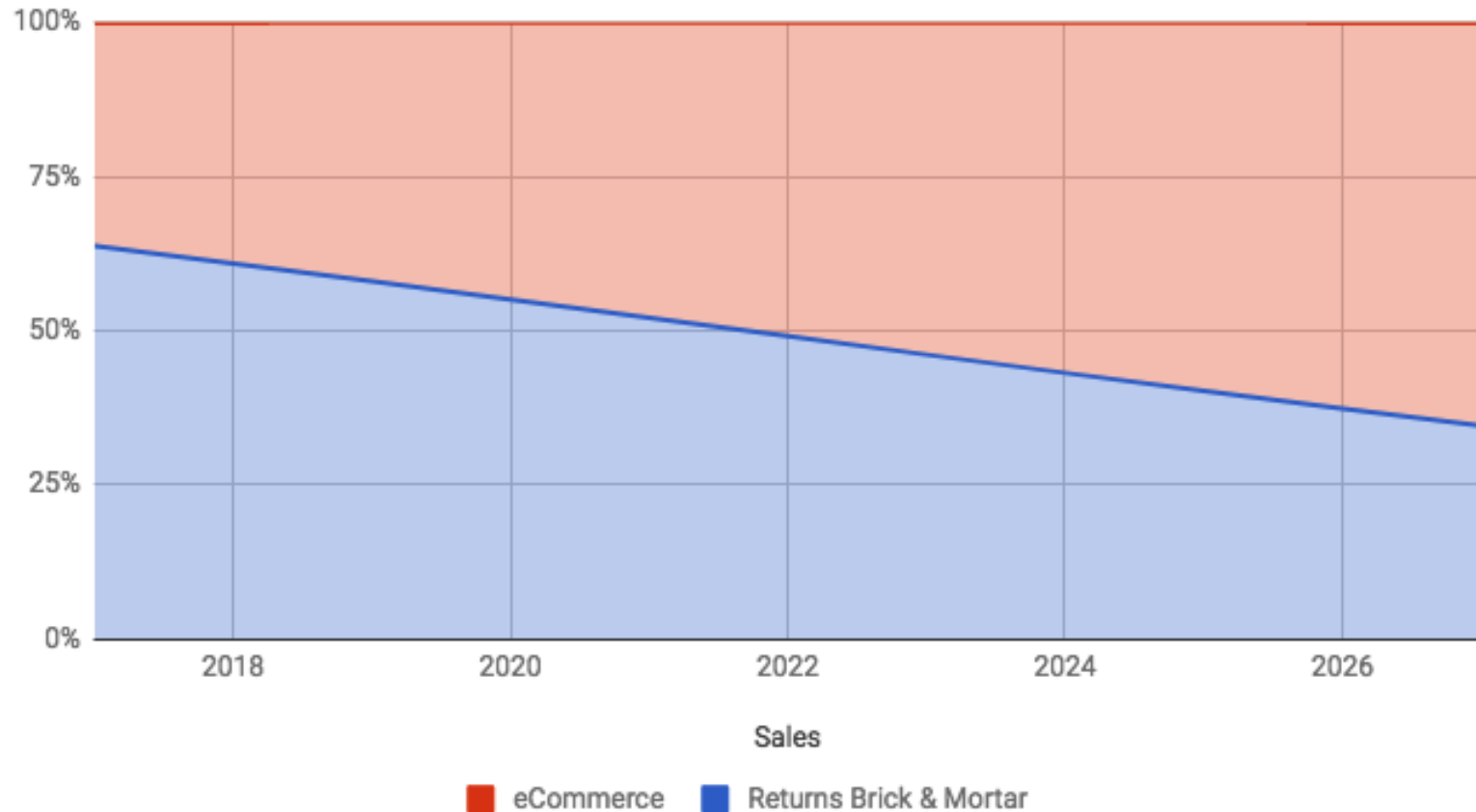
Trends Driving Online Sales Growth

- Increased returns
- Online grocery
- Online / mail-order prescriptions
- Ship-from-store growth
- Increased demand for small parts
- Increased B2B healthcare shipments



The Amount of Online Returns Will Overtake Brick & Mortar Returns Soon

Returns/Brick & Mortar and Returns/eCommerce



Reverse Logistics Market Need

- **Reverse Logistics Efficiency**
 - Receiving of returns – labor-intensive / non value-added service
 - Increase capacity and throughput per DC opposed to adding more DC's.
 - Traditional labeling is a limiting factor – SQRL label standard option
 - Must increase yield and asset recovery to remain competitive
 - DC's need to be increasingly flexible to serve E-Commerce and retail
- **Same day processing and disposition is ultimate goal**

Questions?