OPTIMIZING RETURN POLICIES

Current Network :

After a return request is filed the following steps are followed :

1) The order is recollected from the customer and reshipped to that particular seller which shipped the order.
2) Seller checks whether he can fulfill the type of refund(money back/order of different features) that the customer wants. If they can fulfill the type of refund then they proceed to the next step.
3) Fulfill the request.

LOOPHOLES:

1) Loss of money in the reshipping process.
2) Extra requirement of space in every warehouse to store the goods that you will give in exchange.
3) Loss of customers as the time consumed in the whole process is quite large.

Proposed Network using Model:

Goals :

- Minimise time of the total process.
- Optimise Inventory.
- Optimise cost in the long run.
- Have better feedback from customers.

Assumptions :

- Organisations using this model must have physical presence in offline mode.
- They can be omnichannel organisations.
- They can have partners as physical stores.
- They can have pickup centers like amazon has.

Facts :

- According to a report by CNBC, 67% of people prefer physical offline(going to a nearby center) on time returns than on online returns.

Variables as input:

- Location of the customer.
- Product he wants to return.
- Mode of refund (money or other product).
- Mode of return preferred.

Output of the model:

- Best way to return the product, i.e, nearest physical place to return .
- What mode to opt online or offline.
- If the customer wants a refund as a new product , by which mode he can get that asap.
- Help a company to open new physical offline locations.

Working of Model:

Considering the location of the customer

Steps:

1) Search for both offline and online methods to collect the item returned keeping in mind that the time consumed is least and if offline mode is opted it must be away from the customer.

2) Credit money directly as soon as return is received.

3) If a customer wants a different product just search in a similar way for a store or online from where he/she can receive the product.

Optimising the Warehouse Performance :

Maintain a Warehouse/Service Center Performance Index :-

Variables :

- X = Ratio of Number of returns to Number of total shipping in a certain period of time.

- Y = Number of shortages as missing items from inventory in a certain period of time.
- Threshold values for X and Y after analysing these values for all the warehouses and offline centers.
- Customer Feedback.
- Workers Feedback.

Output :

- Warehouse/Service Center Performance Index.

Use of Warehouse/Service Center Performance Index :

- It will assist you to train your workforce in an organised manner.
- It will assist Audit Firms to do inspection in a particular manner.