



UPS screens returned goods at one of its facilities in Louisville, Ky. Those requiring only a cosmetic fix save a costly trip overseas.

# REVERSE LOGIC

## UPS streamlines logistics during the returns process, turning unsatisfied buyers into loyal customers

Even as a sale is completed, the process of customer satisfaction is really just getting started. No matter how flawlessly a company delivers a product, it risks losing a repeat customer if it takes the returns process for granted. “A lot of companies see the reverse logistics component as an afterthought,” says Charlie Covert, vice president of customer solutions at UPS. “They’re so focused on top-line revenue that they wind up giving a lot back through an inefficient returns process.” But it doesn’t have to be that way. By pairing its existing distribution network with industry-specific reverse logistics, UPS helps its corporate clients stand out from the competition.

With an estimated \$40 billion worth of retail purchases returned annually in the U.S., precious capital often finds itself on the sidelines. “The inventory is not available to be sold if it’s tied up in transit,” says Covert. “There’s only a short period of time when those products can be sold at the top revenue tier before the price point starts to deteriorate.”

The returns process often starts at home, where the customer can simply print a mailing label and take the package to one of 4,726 UPS Stores nationwide, hand it off to a UPS driver or place it in a UPS drop box. (If the shipper uses UPS Returns® Flexible Access, the returning product can be left right in a mailbox for pickup.) The UPS Store stocks all the appropriate packing materials

and offers fast service—a crucial first step in an operation that values the customer’s time.

Repairing returned electronic products as quickly as possible is critical. To assist manufacturers, UPS is equipped to conduct repairs in a facility near its international air hub in Louisville, Ky. This means that a damaged laptop, for example, could land at the airport (located next door) at 4 a.m., be under the knife by 6 a.m., and ship on an outbound flight by midnight for delivery the next business day.

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March Networks, a global company based in Ottawa that supplies video surveillance equipment to everyone from megastores to your local bank branch, recognizes the value of the UPS method. After suffering inventory loss due to process gaps and poor tracking methodologies, it set out to create a new supply chain. “We operate in 48 countries, and we struggled to find a reverse logistics and integrated repair organization that could deal with the complexities of our import and export requirements,” says Jeff Range, March Networks’ vice president of global operations. “We wanted to offer a two-day advanced replacement capability to anywhere in the world. That’s what UPS was able to help us achieve.”

Together, UPS and March Networks crafted an approach that utilizes UPS’ full suite of services. “We’ve already invested in these assets, so companies can take advantage of the infrastructure we have in place,” Covert explains. “We’ll basically configure what we’re doing to execute their strategy. And when we prove that we’re going to drive up revenue and drive down costs, they’ll typically allow us to work on other parts of their business.” Indeed, March Networks is now teaming with UPS to establish triage capability in Europe that will service failed hard drives and DVRs from the European, Middle Eastern and African markets.

It’s this mastery of the “returns” piece of the customer experience that allows UPS to create a one-of-a-kind competitive advantage. “Our business expands when our customers are successful,” says Covert. —Mike Olson



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