How e-commerce is changing textile logistics

Online trade is booming and has long outgrown its infancy, writes Gursh Atwal, Sales Manager, AEB (International) Ltd

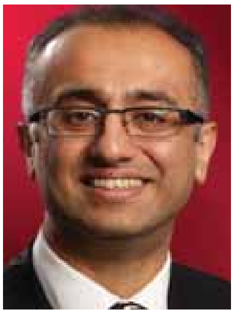
While traditional department stores complain about dropping sales, online textile sales continue to rise. Clothing is the best-selling industry in online trade; its e-commerce share in 2013 totalled €11.6 billion, and significant growth is expected in 2014.

One area of fashion logistics is particularly affected by the increase in online orders: return deliveries. Customers ordering fashion online expect convenient, simple return processes, and this can be a decisive factor for customer satisfaction. Fashion returns cost an estimated €20 per return on average, with at least one in ten returned products no longer fit for use. Understanding current trends and developments in consumer behaviour, forward-looking retailers have to optimise returns management while trying to reduce costs, and to keep a competitive edge.

Consumer behaviours are influenced by several factors. Trends, promotions, and seasonal events affect the type and volume of orders. Cultural differences are important, too: in some countries, including Russia, consumers are reluctant to return goods, especially from famous brand names. Elsewhere, they tend to order fashion items in multiple sizes and colours to make the final decision at home.

Retailers try to influence the amount of returns with various measures, including good product descriptions with exact measurements, material properties and shape, realistic pictures or videos, and detailed tables on colours and sizes. The use of new technologies such as 3D-scanning could lead to further improvements in the future.

To achieve better visibility of returns, some e-tailers require shoppers to log-in portals to print labels for the return package. While this is more inconvenient for the consumer, it is of significant advantage for the retailer and their logistics partners, providing transparency on upcoming returns and enabling them to plan resources.



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Another way for retailers to reduce the likelihood of returns are shopper's bonus systems. These facilitate analyses of purchasing behaviours, resulting in rewards for online shoppers with favourable order patterns and good payment behaviours, and penalties for "black sheep", e.g. delivery against advance payment only in case of late payment histories.

Some of these measures are quite helpful in lowering return rates. However, given the projected growth in e-commerce and the fact that no description can replace an actual fitting at home in front of the mirror, returns are here to stay and efficient returns management remains an important factor for customer satisfaction, operational performance and supply chain spending.

One of the biggest challenges is accelerating the processing of returned items and adding them back to existing stock for sale. The IT solution deployed to manage all relevant process steps is an important factor for success. Particularly challenging are cross-border returns involving customs procedures, and the efficient processing of such items has a direct impact on the balance sheet, through timely refunds of duties and taxes.

To enable such automated processing at accelerated speeds, close integration of ERP systems into the logistics and global trade processes is essential. To master the complexity of returns, logistics solutions require flexibility and seamless integration into existing IT landscapes in order to ensure efficient operational performance, but also to aggregate, define and prepare data from all relevant systems.