

PRESS RELEASE**Date: 27/10/16****Ref: CSE565**

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How the right label printer can cut the cost of reverse logistics

Connectivity is empowering consumers

Worldwide online retail sales are expected to hit \$4.058 trillion in 2020, representing 14.6 per cent of all retail spending that year. Driven by recent advances in computing and telecommunications technology, the ecommerce sector is growing at a rapid pace, with research showing that approximately 54 per cent of people across the globe already buy products online weekly or monthly.

In particular, ecommerce is big business in Western Europe, where shoppers spent more than €250 billion online in 2015 alone. The United Kingdom led the way with 81 per cent of people making purchases online that year, followed by Denmark with 79 per cent and Luxembourg with 78 per cent. This trend looks set to continue and the European online retail market is expected to be worth €660 billion by 2018.

Elsewhere, we are told to look to China for a glimpse into the future of global consumer behaviour. There, almost one in five people already shop online daily and 65 per cent of consumers shop online via their mobile phone at least monthly, compared with only 12 per cent of people who say they have never done so.

Indeed, the trend for buying goods on a mobile device can already be witnessed in the retail market worldwide beyond China, although not yet to the same degree. The increasing capabilities of smartphones and tablets mean the mobile phone is becoming a powerful and

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popular purchasing tool as more and more consumers regularly shop online through apps and browsers on these devices. In addition, 34 per cent of shoppers worldwide said they expect their mobile phone to become their main tool through which to purchase items in the next few years.

Are ecommerce returns a ticking time bomb?

The shift in buying patterns is, however, coming with a more worrying change in consumer behaviour in the form of increasing returns – the number of which is rising at an alarming rate. The process of purchasing goods on a mobile smart device or computer can be completed extremely quickly, without too much thought and sometimes with a diminished sense of commitment or consequence, especially if the retailer offers free returns. In fact, statistics show that at least 30 per cent of all products ordered online worldwide are returned, compared with only 8.89 per cent of goods bought in bricks and mortar shops.

Research also shows that as many as 54 per cent of Europeans think about returning an item before they have even purchased it and consumers deliberately over-order when buying products online from retailers that offer free or cheap returns. This problem, otherwise known as “intentional returns”, is exceptionally prevalent in the fashion retail sector, where almost a fifth of online purchases include multiple items in different sizes or colours for return. Some retailers report a return rate of between 20 and 40 per cent for online sales.

The cost burden of this trend could eventually cripple some retailers, with experts putting the annual worldwide losses figure of returns at \$642.6 billion in 2015. It is estimated that internet shopping returns cost retailers £20 billion a year in the UK alone and as the rate of

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online purchasing increases, so too does the cost of processing returned items. As a result, retailers must find ways to reduce the amount of money being shaved off their profits by reverse logistics.

Scrapping free returns policies and charging customers would undoubtedly damage the relationship a retailer has with its online shoppers. Trouble-free returns are considered an important element of online shopping, with 60 per cent of UK consumers saying they would not purchase clothing online if the retailer does not offer free returns. Moreover, 37 per cent of global consumers view clear information about returns as especially important when choosing an online store and 92 per cent of shoppers say they would buy something again from a retailer if they are happy with the returns policy.

Limiting the negative impact of returns

Although returns are evidently an unavoidable and essential element of the retail sector, activities in controlling the losses caused by them can help to protect long-term business performance and sustainability. The logistics of the whole system needs to be evaluated to identify where improvements in efficiency can be made to limit the cost of handling returns. Precision at every stage of the process is crucial to ensure success, and implementing clear and logical procedures is especially important to boost efficiency.

Adopting new technologies to help handle the reverse flow of products has been highlighted as one of the best ways to cut costs and boost productivity as the workforce needs to have the right tools to complete the job in the most effective way. In particular, paying attention to

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what can seem like minor elements that often go overlooked will pay dividends, especially when it comes to labels and the devices used to produce them.

Indeed, high quality printed labels can play a major role in improving reverse logistics operations. For example, a retailer including a label in the parcel that the customer has to handwrite the return address on and stick to the front of the package with tape is not a particularly good idea. Even if the parcel does ever get back to the retailer's warehouse, the label can be damaged or hard to read and staff then have to open the package before it can be processed, with the customer details and reason for return often included inside the box with the product. The result is a labour intensive and time consuming task with many preventable steps.

This job can be simplified dramatically and accomplished in less than half the time with the use of packaging that is designed for returns and the inclusion of pre-printed, scannable adhesive labels with barcodes that contain all the information required to process the return. The consumer simply sticks the label onto the packaging and sends it back to the retailer, with no hassle for an enhanced customer experience. Once received, a warehouse operative scans the barcode to reveal all the details they need to complete the return in minimal time without even having to open the parcel.

Boosting efficiency with high quality, industrial desktop printers

For maximum efficiency the quality of the printed barcodes is critical, as poor reproduction can result in wasted time trying to find the correct information. Therefore, high quality industrial desktop or mobile label printers are vital. Market leading models, such as the CL-

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S521, CL-S621 and CL-S631 from Citizen Systems Europe, have been precision engineered and designed specifically for optimal performance in the tough warehouse environment. These robust and reliable devices with all-metal mechanisms offer output speeds as fast as 150mm per second, with minimal maintenance and easy media loading for consistently high quality barcode printing at up to 300 dpi.

Equally, these versatile printers provide maximum flexibility and compatibility, as well as easy integration into existing applications and networks within a warehouse thanks to standard on-board ZPL and Datamax emulations plus BASIC Interpreter programming support. They feature powerful 32-bit processors and plenty of space to store a range of logos and fonts for creating brand specific labels. They are also extremely compact and feature innovative anti-wrinkle and automatic tensioning systems for quick and trouble free ribbon loading to save yet more time.

With the number of global online shoppers expected to grow to a staggering 1.623 billion by 2018, returns are an unavoidable factor that the retail and logistics sectors must work to improve if firms are to make the most of the surge in internet sales opportunities. Ultimately, having the correct technology in place allows the company to pay as much attention to returns as it does to shipping to not only enhance the customer experience, but also boost business performance and reduce the negative impact returns can have on profits.