VIRTUAL RETURNS - REAL WORLD SAVINGS

national consumer electronics retailer improves return recovery rate to 95% and creates efficiencies in freight, storage and labor

AT A GLANCE

Company: National Consumer Electronics Retailer

Industry: Consumer Electronics

Key Challenge: Improve parts handling and inventory cost controls

Solution: Virtual returns solution

Outcomes:

- One leg of freight eliminated
- Reduced freight costs **by $500,000**
- Reduced labor by **30 FTEs**
- Eliminated need for **35,000 sq. ft.** of warehouse

"With Virtual Returns we eliminated a leg in the return process, gained greater control over our inventory and sped up the return recovery time. These improvements contribute to a better returns system which ultimately affects our ability to retain satisfied customers."

Parts Director
National Consumer Electronics Retailer

Background

From computers to flat screens and side-by-side refrigerator freezers to mobile devices and tablets, the products and devices we use every day to make our lives better have one big drawback—they are not indestructible. They break or fail and we sometimes need to get them repaired or replaced. If you're a major retailer with locations across the country, there isn't a day that goes by that you don't see a steady stream of customers with repair or replacement issues.

This client, a national leader in consumer electronics, was experiencing challenges with the repair and replacement aspect of its business due to field staff behaviors and systems. Return and recovery rates hovered around 70%. Something had to be done to improve the inventory carrying costs and inventory obsolescence. That's where FIDELITONE stepped in.

KEY CHALLENGE

Returning 150,000 parts annually from "carry-in" repair facilities and "in-home" technicians to a consolidated warehouse and then to 100 suppliers took time and created other problems—including challenges in record-keeping and tracking, excess inventory on shelves, inventory obsolescence, carrying costs and labor for handling.

SOLUTION

FIDELITONE offered this client a robust virtual return process, which not only served to rein in inventory control costs but also eliminated the first leg of the process by automating the system between the client and suppliers. The first step was to eliminate the consolidated warehouse as part of the returns process. This allowed the

returns to ship directly from the client repair facilities and technicians to the supplier. From point A to point B, the client can now track any return from the repair facilities and technicians to the suppliers because an electronic return label and shipping manifest is automatically generated and attached to each piece. The information is electronically updated and shared with both the client and supplier for confirmation.

RETURN RECOVERY RATE

BEFORE — 70%
AFTER — >95%
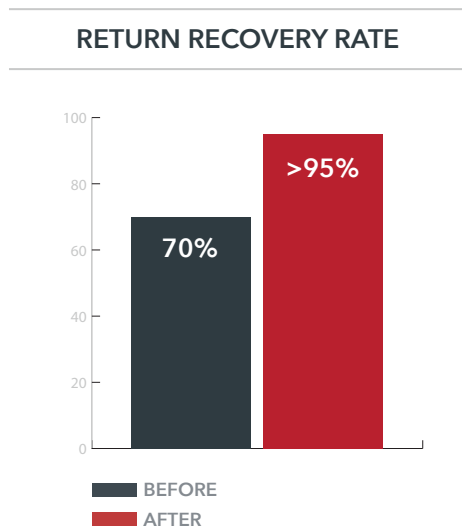
OUTCOMES

In a sense the system improvements created much higher visibility of product movement. One of the most obvious benefits came in the form of timely resolution. Additionally, the return recovery rate moved from 70% prior to the system improvements to over 95%.

Elimination of the first leg of the freight saw a direct savings of over $500,000. Additionally, the no-touch virtual returns process created efficiencies with 30 fewer FTEs and the reduction of warehouse space by 35,000 sq. ft. The improvement in reduced obsolescence yields millions of dollars to the client. Today, the virtual returns program has grown to more than 2.1 million parts per year.

In addition to an improved return recovery rate and cost savings, the system automatically opens an accounting record for both the client and the vendor. It generates 21-, 60- and 90-day escalation and resolution alerts. Suppliers can be given advance notice of returns through this virtual, electronic return process. Consequently, all returns (including core items) are now handled in a more expedient and reliable manner.

How can we help you meet your service and performance objectives? **Call 800.475.0917**

FIDELITONE

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FIDELITONE, a supply chain management firm, helps you earn your customers' loyalty through specialized services in inbound logistics, order fulfillment, last mile delivery, and service parts management.

We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability. At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.

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