

# The Analysis of Return Reverse Logistics Management Strategy Based on B2C Electronic Commerce

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**Abstract.** Under the circumstance of B2C e-commerce, return reverse logistics has become the bottleneck of logistics management, so both businesses and consumers have to establish a sense of return. On the one hand effective return management can improve the business's reputation and image, on the other hand it is an effective way to reduce costs. This paper mainly expounds the concept of reverse logistics, analyzes the reasons for return reverse logistics in B2C e-commerce model, counts and obtains the main reasons for return with questionnaire, and gives a useful return management strategy.

## 1. Introduction

As e-commerce is widely used in the development of Internet and information technology, people can stay at home to buy their favorite products, so the online transactions gradually occupy an important position in people's minds. "The 35th Statistical Report on Chinese Internet Development" released by China Internet Network Information Center (CNNIC) in February 2015 shows that as of the end of December 2014 online shopping users in China reached 361 million, increasing by 5953 million compared to the end of 2013, a growth rate of 19.7%<sup>[1]</sup>. The growing online consumers will lead to increased online transactions. Monitoring data from China Electronic Commerce Research Center (100EC.CN) show that B2C transactions reached 1.2882 trillion Yuan in Chinese online shopping market in 2014, reaching 45.8% share in the overall online shopping transactions, an increase of 5.4 percentage points compared with 40.4% in 2013. In terms of growth rate, B2C market is growing rapidly. Chinese B2C online shopping market grew 68.7% in 2014, far higher than the growth rate of 35.2% in the C2C market, B2C market will continue to be the main driver of online shopping industry<sup>[2]</sup>. But this also has a problem that cannot be ignored -- return. In the B2C e-commerce model, the online business should put the return management of reverse logistics in the first place, because it relates to the interests of businesses and consumers. So, what is the main reason causing consumers to return? What strategies should be adopted to effectively manage return? Effective return management can reduce costs, increase revenue, and improve customer satisfaction and so on.

## 2. The Concept of Reverse Logistics

In the B2C e-commerce model, the definition of reverse logistics given by American Reverse Logistics Executive Committee: to retrieve the value of the product or make it handled properly, the process of moving the product from the consumer to the source<sup>[3]</sup>. Return reverse logistics is that the product trading online are returned to the seller or manufacturer due to their own problems or consumers' dissatisfaction.

## 3. Reasons for Return in B2C E-commerce Model

(1) Online Shopping In B2C e-commerce model, businesses show goods to consumers by the model's show, playing videos on goods, text and so on. But consumers can not personally feel the real

situation of goods and determine whether the information about goods is true. Qu Xiaojuan has pointed out that in this case the seller has the absolute advantage of information, consumers are in complete information disadvantage. The great differences between the real goods information and the description of business cause consumers to return<sup>[4]</sup>. There are other reasons for return. For example, Sellers deceive consumers by selling fakes; ordering, distribution and business are separated<sup>[5]</sup> and so on.

(2) Online Business With the development of e-commerce, the competition among online stores is becoming more and fiercer. In order to attract more consumers and make more profits, businesses launch various preferential return activities, such as "no reason to return", "dissatisfaction and return" and so on. Although it can reduce the worries of consumers, it caused a lot of return reverse logistics<sup>[6]</sup>. Some businesses have weak return awareness and do not have the sound return system. Consumers can not receive the delivery notice a few days after submitting orders, delivery is not timely. In the case of a large number of orders, the online businesses' mistakes cause the wrong delivery.

(3) Consumer all kinds of promotions launched in "double eleven", "anniversary" result in the irrational behavior of consumers. It causes a lot of return phenomenon that consumers find the goods useless after receiving. Zhang Hua also mentioned similar problems. In e-commerce transactions, some impulsive customers may buy unnecessary goods in the case of various online promotions or price reduction<sup>[7]</sup>. The rapid changes of consumer preference cause return. Some consumers very like the goods at the time of the selection, but they lose interest in the goods when receiving the goods, since the distribution will take some time. Some consumers are too picky in the selection of goods.

(4) Logistics and Staff some of the goods were sent to the wrong consumer due to the mistakes of delivery staff. Some of the goods were damaged due to improper operation of couriers. The transportation time is too long due to weather, traffic and other reasons.

(5) Manufacturer Some manufacturers have a poor sense of return, and think that return will result in increased costs. It is difficult to develop a unified standard because each manufacturer has its own return standards. The quality of goods is unqualified.

For the above five points, draw the Fishbone Diagram of the reason for return in B2C e-commerce model. This paper uses the Cause Fishbone Diagram, as shown in Fig. 1.

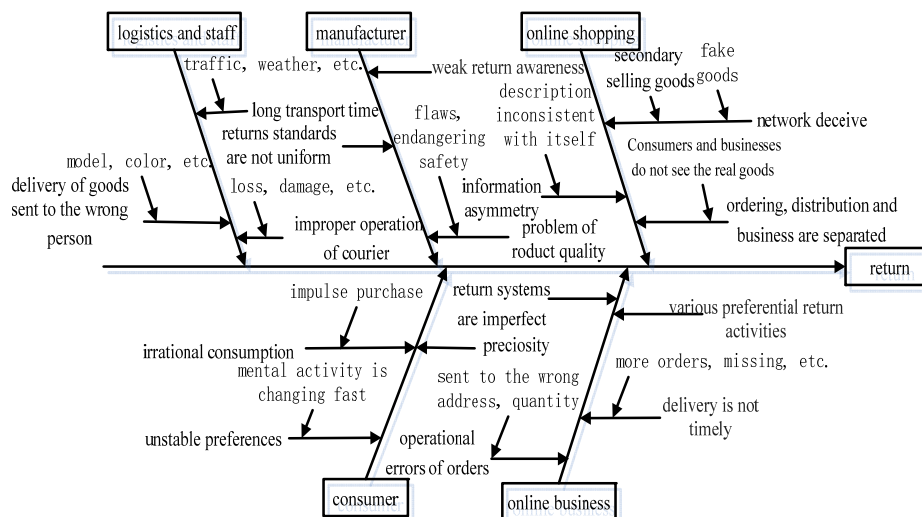


Fig. 1 The Fishbone Diagram of the reason for return in B2C e-commerce model

#### 4. Questionnaire Design and Data Analysis

##### 4.1 Questionnaire Design

According to the B2C e-commerce model for the reason for the return with the survey to do the statistics. the questionnaire included online shopping itself (network deception; information

asymmetry; ordering, distribution and online merchants separation), online merchants (endless promotions return activities; return systems are imperfect; not timely delivery; order processing errors), manufacturers (return consciousness is weak; the return standards are not uniform; product quality problems), consumers (irrational consumption; too picky; preferences instability), logistics and staff (long transit time; distribution of goods sent to the wrong person; improper courier operations) in five areas, a total of 16 reason for the return.

#### 4.2 Data Collection

Questionnaire primarily for the 22-30 age group, the young men and women have online shopping experience, and personally issued by myself and fill the spot to recover 150 parts, its total of 140 valid questionnaires, excluding 10 invalid questionnaires, the effective rate was 93.3%.

#### 4.3 Data and Analysis

Using the Microsoft Excel tool and the statistics to return reason at B2C e-commerce model respondents selected made the following graph drawing, shown in Fig. 2.

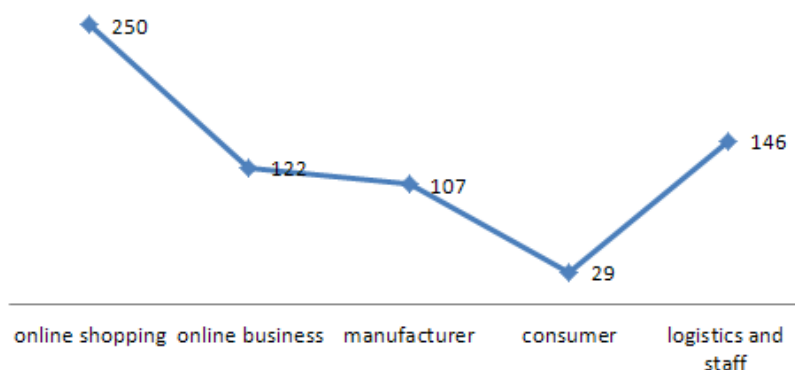


Fig. 2 Five statistics of the reason for return in B2C e-commerce model

From the above chart shows the reason for the return of five of their own share of online shopping in the first place, logistics and staff, online merchants and manufacturers have a smaller difference between the lowest level of consumer influence. The proportion of the specific reasons as shown in Fig. 3

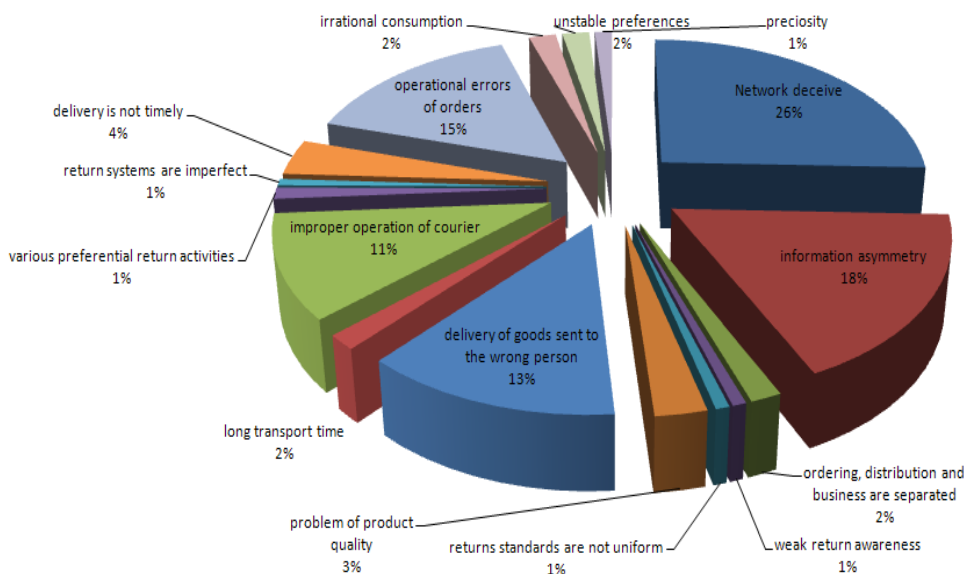


Fig. 3 the reason for return in B2C e-commerce model

The figure shows that the Internet fraud, information asymmetry, product quality problems, order processing errors, delivery personnel and courier sent to the wrong goods because of improper operation are the six important factors for return, it should give priority to measures taken to address them, thus in reduce the amount of short-term returns and thus reduce costs and increase profits.

## 5. Return policy under the B2C e-commerce model

(1) Cheating online means the sale of counterfeit products and secondary sales of goods unmarked in consumer knowledge of and so on. Firstly, online retailers should choose suppliers strict screening to ensure the authenticity of goods, not in order to earn more profit and fraud manufacturers formed violations; secondly, Once consumers find counterfeit goods, should go to the National Technical Supervision Departments or Business Administration Management Departments to reflect and ask them to help identify and investigate the process can also be reported to the local consumer association, make time to stop counterfeit products are no foothold. Businesses can add a "secondary selling goods" module, make consumers have a right to know, and have a detailed and true to its description.

(2) No matter in the factory or the network merchants in the commodity pictures were taken, there should be professional when recording video, text and other monitors to verify the information to be uploaded, guarantee the authenticity of information commodity in the source, to avoid when consumers receive goods return phenomenon caused by the asymmetric and its description.

(3) Manufacturers in every link such as material selection, production, packing and so on should be paid attention to, especially in the process of production cengcengbagan, pays special attention to each link of goods qc inspectors to strict testing after forming, strive to sell goods without quality problem.

(4) After the network merchants fill in order information it should be verified again to ensure the accuracy of information. Perfect online order system, enables businesses to more accurate order quickly, reduce the return of the phenomenon caused by error.

(5) Distribution personnel shall carefully check the order information, ensure the delivery of goods in line with the requirements of consumers, achieve zero error distribution process, companies can save money to reduce returns and part of the reward to the meticulous work of the staff, improve staff attitude to work.

(6) For different requirements of goods, the Courier staff should receive professional training from handling, loading and unloading, transportation and so on various aspects to improve their quality. Commodity should be taken and put down gently or will be pay for the severe punishment of rude behaviors. And make sure no problem goods will not be damaged or missing.

(7) Whether consumers and online stores or suppliers, etc. Their return consciousness are weak , countries should set up laws and regulations to regulate and strengthen their clear return the importance of reverse logistics, reasonable to protect their legitimate rights and interests of consumers and businesses must take legal standard return policy. Businesses and consumers should be advertised hardly with the function and significance of the publicity and implementation of reverse logistics to safeguard the interests of consumers and businesses<sup>[8]</sup> .

## 6. Summary

Under the B2C e-commerce return reverse logistics brings us a new shock, consumers and businesses should overcome the reason of return at source corporately, on the logistics to reduce the loss of the goods, the phenomenon such as breakage, improve the network's own shortcomings. On the return policy, manufacturers to ensure that the quality of the goods, improve the quality of the logistics staff work, and formulate laws and regulations to improve the return of the consciousness of the network business, suppliers and consumers. The return of the effective management of reverse logistics can improve the ability of enterprise survival and development as well as the return of the rapid response ability. The development of market competition to promote the development of the enterprise, also contributed to the modern enterprise actively seek to return reverse logistics solution, return reverse logistics will become a strategic height and new concern in the enterprise management innovation area.

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