An Exploratory Study on Reverse Logistics in E-Commerce and its Impact on Customer Loyalty

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Abstract

With the fast paced developments of the WWW, companies are more and more making use of it to create new business ventures. Besides being a definitive source of information, web has turn out to be an astounding business opportunity. The speed and the ease with which the business can be transacted on the web is enticing many organisations to join the fray of E-Commerce. But in the rush to build internet business, many companies concentrate all their attention only on attracting customers rather than retaining them. As the success of any e-Commerce firm is dependent on the customer retention, caring about the customer loyalty is vital. One of the key
operations which impact the success of an e-Commerce company is Logistics. The management of the forward logistics has posed many challenges to companies across industries but logistics does not end with customers, for many firms there is a reverse logistics channel that must be managed well to establish a competitive advantage over their competitors. The literature review related to this subject revealed enormous work related to reverse logistics and E-Commerce. But as the focus of the existing literature is either on the implementation of reverse logistics or factors like payment systems in building loyalty, this paper after exploring the processes and strategies used by top Indian E-Commerce companies pertaining reverse logistics has endeavoured to outline key methods which online stores can use to improve the customer satisfaction and retain customers by effectively managing reverse logistics channel.

**Keywords**: E-Commerce, Reverse Logistics, Consumer Behaviour, Customer Loyalty

**Introduction**

“Customer loyalty begins with an experience.”

- Regis McKenna

With the fast paced developments of the WWW, companies are more and more making use of it to create new business ventures. Besides being a definitive source of information, web has turn out to be an astounding business opportunity. The speed and the ease with which the business can be transacted on the web is enticing many organisations to join the fray of e-commerce.
“In the rush to build internet business, many executives concentrate all their attention on attracting customer rather than retaining them. That’s a mistake, the unique economics of e-business make customer loyalty more important than ever” (Frederick F. Reichheld, 2000). The success of any e-Commerce firm is dependent on the customer retention and hence many e-Commerce market leaders care deeply about the customer loyalty.

One of the key operations which impact the success of an e-Commerce company is Logistics. According to Ronald H. Ballou and Samir K. Srivastava, “Logistics/ Supply Chain is a collection of functional activities (transportation, inventory control, etc.), which are repeated many times throughout the channel through which raw materials are converted into finished products and consumer value is added”.

The management of the forward supply chain has posed many challenges to companies across industries but logistics does not end with customers, for many firms there is a reverse logistics channel that must be managed well to establish a competitive advantage over their competitors.

Reverse logistics stands for all the operations related to the reuse of used products, excess inventory of products and materials including collection, disassembly and processing of used products, parts, and/or materials (S. K. Sharma, 2011). Basically it involves returning obsolete, damaged, defective or non-functioning products for repair or return.
Objectives of the Study

Although reverse logistics can help companies earn from waste, defective, obsolete or discarded products, not many companies have realised its importance. E-Commerce websites in India are growing at a breath-taking pace since the success of portals like Flipkart. Now there are female specific, men specific, lifestyle, fashion, book, shoe and many more online E-commerce websites fully operational in India. Managing their supply chain is a challenge in itself but the focus of this paper is on the reverse logistics.

The literature review as part of this study revealed that there is enormous literature available pertaining to Reverse Logistics and e-Commerce. But the focus of the existing literature has either been on Reverse Logistics or e-Commerce. While the work of Patricia et. al., is focussed on improvement of economic and service quality related performance of reverse logistics using IT (Patricia J. Daugherty, 2005), the work of Kokkinaki et.al., explores the use of electronic commerce to efficiently manage the reverse logistics (Kokkinaki, Dekker, van Nunen, & Pappis, 2000). Also, a plethora of literature is available examining the various parameters that influence the loyalty of e-Commerce customers, like user interface, payment methods etc. Hence, the purpose of this article is two-fold:

i. To study how the reverse logistics work in Indian E-Commerce market by exploring the reverse logistics processes and strategies used by some of the market leaders using a case study approach.
ii. To outline key methods which online stores can use to improve the customer satisfaction and retain customers by effectively managing reverse logistics channel.

**Indian E-Commerce Market**

E-commerce is a marketplace where buyers and sellers interact, conduct transactions in an interactive virtual environment taking the experience of shopping beyond the traditional brick and mortar structure. With the users of the internet rocketing year after year, it becomes imperative for companies to have a presence online.

E-Commerce was considered to be the sunrise industry during the dotcom boom and was believed to be the driver for change of face of the world. Though companies like Ebay and Amazon did bring paradigm shift in USA, the tech pundits in India are still a little apprehensive about e-Commerce in India. However, fuelled by the sustained growth of the online travel industry, the Indian e-commerce market has galloped at an impressive growth rate in the recent times, pushing e-commerce revenues in the country to $14 billion in 2012 (Hindustan Times, 2013). On the other hand, Mr. K Vaitheeswaran feels that E-Commerce firms in India are building a bubble again. Mr. K Vaitheeswaran’s career as an entrepreneur in online retail is almost as old as online retail in India. For nearly a decade and a half, he nursed his ecommerce start-ups, waiting for the business
of selling things on the internet to grow big. Now that the moment has come, he is finding to his consternation that he is in the middle of what has all the makings for a perverse fight in India’s online retail business. “There is hype now for top line growth with no thought of making money. “My worry is that the lessons of the previous dotcom crash have not been learnt,” says Vaitheeswaran, the founder of India Plaza, an ecommerce portal that started life in 1999 as Fabmart.com, the country’s first e-Retailer (Economic Times, 2011). He feels that online retailers are pursuing a single-minded strategy of acquiring as many customers as they can as soon as they can and hence cutting prices so deep that even costs are not being covered.

Some companies like Flipkart.com, with customer- centric strategies have grown steadily over the years. Currently, shoppers in metropolitan India are driving e-commerce. These customers are primarily buying travel, consumer electronics and books. Although spending per online buyer remains low, according Forrester’s reports on the trends in India’s e-Commerce market, 59% of online consumers in metropolitan India already make purchases online at least monthly. Looking at the prospect of E-Commerce in India the virtual stores have to manage their supply chain and reverse channel effectively in order to get an edge in the market to survive and retain customers.
Figure 1: Flow Chart of Reverse Logistics
Importance of Reverse Logistics in E-Commerce

The Council of Logistics Management (CLM) defines reverse logistics as follows:

“The process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal.”

Business Managers are aware of value creation, but reverse logistics brings in the concept of value reclamation. Reverse logistics help reclaim value with the help of repair, remanufacturing, recycling and refurbishment, thus creating profitable business avenues. How companies handle their recalls is an important criterion that helps in deciding future purchase options. A well designed and managed reverse logistics system can promote a long-term relationship with the customers and an absence of one can lead to unimaginable consequences.

According to Centre for Logistics Management at the University of Nevada, the conservative estimate of return rates associated with E-Business worldwide is 6 percent, but it concedes that the true number may be closer to 8 percent. The truth is that while returns for things like apparel are higher if bought online than if purchased in stores, in other areas the return rate is actually lower. For example, Dell says about 5 percent of its online computer purchases are returned, while CompUSA’s return rate is 10 percent. (ebizQ, n.d.)
Reverse logistics provide an opportunity for firms to distinguish themselves from the competition. Manufacturers can recall their premium brands, that are rejected by customers due to one or the other reason, refurbish them and sell them under a different brand name altogether to a different segment to generate profits from discarded products. Likewise, obsolete equipment can be recalled, remanufactured or repaired and supplied to small scale industries.

Many companies still do not consider Reverse Logistics to be a major differentiator and fail to realise its potential. The causes of such ignorance could be:

1. Companies’ traditional preoccupation with outbound logistics and desire to “hide” inventory mistakes make companies reluctant to commit resource to reverse logistics.

2. Lacking the awareness of the magnitude of potential benefits.

3. Extra work involved (Richey), i.e. a series of intricate multi-layered steps which involve generating a returns authorization, printing a label, determining appropriate product handling and disposition, and arranging transportation.

The reluctance of some companies to committing resources to the return portion of the supply chain opens an opportunity for other companies to improve their business strategy. Hence, reverse logistics should be seen as an
opportunity to build competitive advantage and companies must allocate more resources to reverse logistics.

**Impact of Reverse Logistics on Customer Loyalty**

Customer satisfaction is the most important thing that companies look out for, so that they can retain customers and create a long term relationship with them. There are many ways by which companies try to create “value” for the customers but many recent researches suggest that reverse logistics is an important factor that increases a customer’s perception about the quality offered by the company. This in turn will increase the customer’s satisfaction with the products thus leading to a more loyal customer base.

E-Commerce sites have one disadvantage when compared to the traditional brick and mortar stores, the buyers and sellers are distant and interact virtually over the web. This disadvantage can in turn lead to unsatisfied customers leading to loss of customer base. One more disadvantage leading to higher number of returns/ recalls is that the customers cannot touch and feel the product and hence the perceived quality may not be delivered to the customer. This disadvantage calls for a better managed reverse logistics channel by E-Commerce portals.

**Reverse Logistics Processes and Strategies Used by Major Indian E-Commerce Portals**

A case based approach has been adopted to study the processes and strategies used by major Indian e-commerce
portals pertaining to reverse logistics in order to understand the importance of Reverse logistics from the point of view of customer retention. The following three E-Commerce websites have been analysed.

1. Buyer Marketplace – Jabong.com
2. Pure Marketplace – Ebay.in
3. Hybrid Marketplace – Amazon.in

**Jabong.com – Successful Implementation of Reverse Logistics**

Jabong has been able to capture the imagination of an average Indian customer by offering a large catalogue of lifestyle products and a super-fast delivery service. Jabong rolled out several categories like shoes, apparel, accessories, sports equipment, jewellery, beauty products, fragrances, home decor and toys in record time, within six-eight months after it went live in October 2011. The portal is backed by Berlin-based Rocket Internet GmbH, a company famous for reverse engineering successful business models and tailoring them to suite its own. Jabong has emerged as one of the top three E-Commerce players in India in terms of traffic. According to statistics by comScore, Jabong ranks second, after Snapdeal, with over 6 million unique visitors in June 2012. Flipkart, arguably the largest Indian E-Commerce player by sales with monthly sales of about Rs 100 crore, comes third in traffic, according to June 2012 data.
The company has been very keen and strategic about its customer base, increasing it hour after hour very aggressively. According to the study conducted by Zinnov, a management consultant firm, the average cost of customer acquisition for online retail is around Rs. 1500. Jabong, to enhance its customer base, is estimated to be spending close to Rs 2,000 per customer in acquisition costs, which is more than the industry average.

Jabong believes in the agenda, ‘Capture Customer First, Make Money Later’. Additionally, it has realized that to survive and thrive in India they require a dedicated in-house logistical backbone. Accordingly, the company has setup multiple warehouses in top 10 cities & hence is able to deliver within 2 days where other companies usually take 3-5 days. Jabong’s bullet speed delivery service was made possible only by its well-established own logistics network ensuring a significant presence in the market within a very short span while others took at least two-three years to build them up.

Retention of the customer is perceived to be a major challenge for any E-Commerce player. Jabong has been successful till date by offering coupons, discounts and less formalization in terms of ‘terms of returns’. It also has information systems in place to track the movement of goods in both the directions and also a Customer Relations Department taking care of timely addressing of customer grievances and thus, not leaving any scope for negative publicity.
Online consumers in India have specific demands. They expect the returns process to be seamless and convenient. The cost to provide such a service is definitely high, but the retailer considers this option necessary to develop consumer trust and confidence in the retailer. The well integrated logistics channel is helping Jabong in faster delivery and also in reverse flow of goods from customer to the company. This in turn has made the customers delighted with their offerings.

**ebay.in – Online Auctioneer’s Hassel Free Returns**

E-bay is a multinational internet C2C (Consumer to Consumer) company, headquartered in San Jose, California. It was in the year 1995 that E-bay went public and is one of the notable success stories of the dot-com bubble. E-bay typically concentrated on auction type selling till the year 2000 and then in 2001 the website expanded to include “Buy It Now” standard shopping; shopping by SKU like UPC and ISBN; online trading of event tickets, money transfer services via PayPal, classified advertisement services and other services.

On 22nd March 2005, the online auction giant, e-bay decided to move eastwards to India. With the final integration of Baazee.com’s technology platform with the technology platform of e-bay, e-bay made a strong entry into India with the celebration of the success of Baazee.com’s community of users over the past five years (ebay.in, 2005). eBay India joined the eBay worldwide family of sites with a common international identity of
eBay. Buyers and sellers in India were poised to have access to about 32 markets in the world with about 135 million active users worldwide.

The entry of eBay into India was a reason to cherish but the biggest worry that troubled the then Country Manager of eBay, Mr. Avinash Bajaj, was the trouble of handling returns and managing the reverse logistics chain. The complexity of operating in a diverse country like India has many problems and the management of reverse logistics in order to retain customers is one of the most challenging.

eBay had the experience of 32 markets in its pocket and utilized the same in India with its Hassel Free Returns plan. eBay adopted a kind of customized return policy approach for its user community. The following were the terms and conditions of the return policy:

• The user had the right to accept returns on the listings of their own choice and set their own conditions. For example: seal unbroken, with tags still attached, seal broken, tag unattached, etc.

• The sellers had the facility of automating the process completely and hence, talk to the buyer at any time through the eBay member-to-member (M2M) communication system.

• The sellers were free to offer replacements as well as refunds. They had the authority to specify the return shipping address and whether they want the original item back or not.
• eBay assured the sellers and buyers that whenever they shipped with eBay labels, the return shipping cost will never exceed the original shipping price.

• The sellers were assured that once they receive the returned item, the refund can be issued with a click of a mouse button and the final value fees will automatically show up as a credit on their next invoice.

• They were also ensured a relisting of the item for free for other buyers to buy.

The entire process of returning of the goods was transferred to the Sellers and eBay helped with the logistics of the item. The process was made simple in order to help the eBay community to stick to the website by following certain steps mentioned below.

The sellers were asked to opt-in to eBay hassle free returns policy to protect the Sellers against buyers who misuse returns (eBay learnt in America that Buyers were using their return policy to buy a television for just a Superbowl game and then returning to avail the refund policy). These steps allowed the sellers to define the terms of return in the following manner:

• eBay made the buyers know that the seller from whom they were buying are supporting eBay’s hassle - free returns policy by explicitly displaying the same.

• eBay also smoothened the buyer side process wherein the buyer simply clicks a link in “My eBay” and a return
The Seller is free to speak to the buyer at any time via the M2M communication system, a communication service provided by eBay.

**amazon.in – The Leader Manages Returns and Reverse Logistics**

Amazon.com, world’s largest online retailer, started as an online bookstore and soon diversified to electronics, apparel, jewellery, furniture, software, games etc. Amazon targeted four primary customer sets—consumers, enterprises, sellers and content developers. Out of these four categories three are non-consumers. Amazon has invested heavily in the technology (Kiva Systems, AWS, Amazon Web Services, IVONA) and logistics. Logistics being one of the three core pillars for any retail along with merchandising and stores played a vital role in Amazon’s success in terms of reducing response time and increasing customer satisfaction. In 1999 Amazon had 10 warehouses with total capacity of 5 million square feet. However, increased number of facilities increased the cost significantly.

From 1999 to 2000, Amazon tried to reduce inventory by reducing risk of demand uncertainty and increase range of inventory simultaneously. Chopra & Meindl state that...
response to a wide range of demand and capability to fulfil order in short lead times are parts of responsiveness. Heim and Sinha 2001 also mentioned that timeliness of delivery and product availability are important elements for attaining higher consumer satisfaction. Thus, increasing product range, number of warehouses increased responsiveness for Amazon.

In 2000, Amazon improved its performance through location postponement. In this, inventory is centralized in one strategic location from where it can be transported to destination warehouses based on demand forecasts. This helped the company reduce its safety stock. Despite all these attempts, there was still some scope to reduce the holding cost. The core competency of Amazon was e-commerce and not inventory management. Thus, the company decided to outsource logistics activities of non-popular products which were not frequently asked by customers. These products were stocked by distributors who distributed the products when Amazon requested.

Recently, to increase efficiency in Western European market, Amazon is setting up a giant warehouse near Prague. To enhance the reverse logistics of returned goods it has plans to set up facilities in eastern and central Europe at Ruzyni. Amazon will lease the centre for returned goods by the airport from Panattoni (Colliers International, 2013). Thus, increased number of warehouses of Amazon will increase customer satisfaction.
Amazon functions as a trans-shipment centre where it only handles the orders while the inventory is handled by other companies whose product is offered by Amazon. In this situation, Amazon’s inventory postponement strategy allow retailers to postpone the purchase after the order is placed which can reduce holding cost and opportunity cost from dedicated capital for inventory.

Comparison of the Three E-Commerce Websites

The table below give details of a corporate identity (Pennyful.in) rating of E-retailers in India on different parameters. Pennyful.in’s in-house rating and review team conducts a monthly rating audit on all the partner sites by analyzing and going through all the 10 rating points mentioned in the table below. Customer surveys are conducted in order to understand how customers ranks the e-retailers on the parameters mentioned below:

Table 1: Corporate Identity (Pennyful.in) Rating of Top E-Retailers of India

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Jabong .com</th>
<th>eBay .in</th>
<th>Amazon .in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website Convenience</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Product and Price</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Product Details</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Product Return Policy and return time</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Shipping &amp; Delivery</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
The table below provides the details of the rating given by customers regarding the return policy and the delivery taken from mouthshut.com

Table 2: Customer Rating Regarding e-Retailers of India

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Jabong .com</th>
<th>eBay .in</th>
<th>Amazon .in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support during returns and refunds</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Information Depth</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Content Timeliness</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Design/Usability</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Website Load Time</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: mouthshut.com
Figure 2: Customer rating regarding e-Retailers of India (Mouthshut.com)
### Table 3: Overall Rating According to Customers

<table>
<thead>
<tr>
<th>E-Commerce Website</th>
<th>5-Star Rating</th>
<th>4-Star Rating</th>
<th>3-Star Rating</th>
<th>2-Star Rating</th>
<th>1-Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jabong.com</td>
<td>49%</td>
<td>9%</td>
<td>4%</td>
<td>4%</td>
<td>35%</td>
</tr>
<tr>
<td>eBay.in</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>14%</td>
<td>52%</td>
</tr>
<tr>
<td>Amazon.in</td>
<td>67%</td>
<td>12%</td>
<td>7%</td>
<td>3%</td>
<td>10%</td>
</tr>
</tbody>
</table>

![Figure 3: Overall Rating According to Customers](image)
Findings and Recommendations

Findings - Issues with Implementation of Reverse Logistics

1) Financial Constraints

Companies require allocation of resources for implementation of reverse logistics. Product tracking requires implementation of information systems and product reuse requires specific design modifications, remanufacture, recycling and refurbishment which involves cost allocation.

2) Lack of Personnel Resources

Effective implementation of reverse logistics requires personnel training and development in order to understand the system and work in an organized manner to ensure quick recall thus maintaining customer’s loyalty. This also requires financial support.

3) Companies Do Not Want to Associate with Seconds

This can be a major problem with leading brands which are purchased for their exclusive quality and defective pieces are discarded instead of launching a refurbished lower quality product aimed at a lower segment.

4) Inadequate Technology and Information Systems

Reverse logistics requires information systems that provide end to end services and also track returns and recalls. These information systems should keep customer preferences in their records for easy reference.
5) **Limited Forecasting and Planning**

Companies often fail to forecast returns and, hence, do not plan them. Reverse logistics requires a more strategic planning and an alert operations department.

6) **Cooperation of All Chain Members**

Cooperation from all the chain members is prerequisite and E-commerce portals with their own distribution network can have an advantage in this front.

**Recommendation-Simple Reverse Logistics Channel Management**

An easy method to create an effective reverse logistics channel is to have independent warehouses in every state based on the demand of products. These warehouses will be referred to as master warehouses and are preferably located in the capital city as capitals tend to have a well-connected transportation system. The flowchart given in figure 4 explains the basic layout of these master warehouses and explains the simple model that can be implemented by E-Commerce web portals in order to reduce the lead time between order return initiation by the customer and the execution of the same by the company. Decentralisation helps in reducing the lead time. Currently the E-Commerce Web portals claim a delivery time of 3 to 5 working days and a return time of 15 to 20 working days with attached terms and conditions. The attempt is to reduce this return time by decentralising the process.
Figure 4: Layout of Master Warehouse
Figure 5: Simple Reverse Logistics Model for E-Commerce portals
The model shown in the figure 5 depicts the customer booking the return online on the portal. The main server should be connected to all the warehouses located in different states via the extranet. Any request for recall or return will be updated in the databases across the warehouses. The local warehouses will then contact their delivery boys to collect the package from the specified address. The delivery boy will load the package to the next truck or train and that will reach the master warehouse and unload the package at the loading dock for a series of tests and inspections and other processes as indicated in figure 4.

**Recommendation – Customer Retention**

Acquiring new customers is five times more costly than satisfying and retaining current customers. The challenge increases many folds in a virtual environment where there is less interaction among the seller and the buyer and unsatisfied customers can spread discontent among prospective customers by viral marketing (word-of-mouth publicity). Hence, satisfying customers become the top most priority for all businesses. On an average a company losses about 10% customers annually (Philip Kotler). A 5% reduction in deflection rate can increase profits by about 25 to 30% (Philip Kotler). The customer profit rate tends to increase over the life of the retained customer due to increased purchases, referrals and price premiums and reduced operating costs to service and ease of logistics management.
Some recommendations to retain customers and, hence, increase profitability are:

1) **Reduce Defection**

To reduce defection rate the companies must:

a) Define and measure its defection rate. The E-commerce sites can measure this by the number of repeat purchases and the number of clicks from the same IP address.

b) Distinguish the causes of customer attrition and identify those that can be managed better. Customers who leave because of poor service, delays in delivery and return policies can be traced back to ineffective management of reverse logistics channel.

c) Resource allocation in order to strengthen the value chain should be done. In a virtual atmosphere the only thing that keeps the business going is a strong supply chain and flawless shopping experience.

2) **Retention Dynamics**

Starting from everyone who might possibly buy the product, called as potentials, the customers have to be identified who have the potential to buy the product or have an interest in the product. The next step is to identify the potentials that are really good prospects – people with the motivation, ability and opportunity to make a purchase. Marketing efforts can then be concentrated into converting the prospects into first time customers, and then into repeat customers and then into clients – the customers to
whom the companies give special treatment and special benefits. The next challenge in E-commerce portals is to convert clients into members by offering them special treatment and discounts on every purchase and then turning them into advocates, who will recommend the company to others and bring in customers merely because of the satisfaction and loyalty that they have developed with the company. As online customer grievances are normally related to defects, wrong product, returns etc., it is imperative for the online stores to develop efficient reverse logistics channel.

3) Building Loyalty

There are certain steps that can be easily followed by E-Commerce portals to build loyal customers.

a) Create superior products, service and experience for the target market. For example, flipkart provides electronics, movies, healthcare, beauty and books to its customers from all the segments. The differentiators are quality products, excellent shopping experience and quick delivery and return service accomplished by effective management of customer databases, forward and reverse logistics channels.

b) Get cross functional teams to manage customer satisfaction and retention process. This requires resource allocation in terms of training and development. Members of the team should be from all the departments like finance, human resource, system, operations and marketing, which is referred as total customer satisfaction management.
c) Integrate the “voice of the customers” into all the business decisions. Maintaining customer relationship management (CRM) databases helps in achieving desired results. Some E-Commerce websites like jabong.com maintain a customer interaction cell, managed by the Customer Relations Department to ensure that customers are included in the process of decision making and also that their grievances are addressed by the concerned authority at the earliest, not letting it spread through other social networking sites.

d) Make it easy for the customers to express their needs, perceptions and complaints to the management. Use of Interactive Voice Response Systems-Customer Relationship Management (IVRS-CRM) systems can be beneficial. IVRS can be used for basic FAQs, but personal interaction is a medium that is cherished by the customer the most. Keeping a right balance of IVRS and personal interaction is the key.

e) In case of returns/ recalls of products, the e-commerce portals can issue exchange coupons to allow the customer to buy something else from their portal of the same value. This makes sure that the customer is locked to the company’s portal for the next purchase.

References


