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PRODUCT RETURNS

Online Marketplaces Continue to Fuel the Growth of Reclaim Product Diversion

Is Your Reverse Supply Chain Secured Against This Threat?

3rd party resellers continue to drive the explosive growth of online marketplaces. To satisfy this growth, retailers like Walmart and Target now allow other merchants to resell on their sites joining platforms like Amazon, Facebook and eBay.

Consumers flock to these sites enticed by the ever-growing number of items available, normally at lower prices.

The North American market continues to lead worldwide growth in the number of marketplaces as well as the value of goods sold. According to Digital Commerce 360:

- 59 of the top 100 marketplaces are in the U.S.
- 2017 sales were \$525B growing by 16%
- Amazon, eBay and Walmart are the top 3
- Without Amazon and eBay sales grew by 23.1%
- 40% of median sales from mobile devices
- 40 marketplaces ship outside of the U.S.

Source: Internet Online Marketplace Database

With return rates for product sold online 10-15x greater than brick and mortar sales, many of these items are finding their way into the traditional reverse supply chain. Retailers continue to adapt by changing their returns policies (making it easier for consumers to return online sales in store while making it harder for manufacturers to reclaim these items) and updating their processing of returns to funnel this supply of product to meet the insatiable demand for items on these online marketplaces.

As a manufacturer, it is more important than ever to ensure that your returns policy is up to date and that you are choosing and managing the correct disposition of your product in the retail supply chain:

- **Return to Vendor** - are you getting back 100% of what was claimed? If not, the difference could be available for sale online.
- **Liquidate** - is your lack of direction to the retailer resulting in a default designation to liquidate for the benefit of the retailer? Is this your answer to the question "how is it that so much of my product is available online via these 3rd party resellers?"
- **Destroy** - without documentation (i.e. proof of destruction) how can you be certain that some of this product isn't ending up for sale on these sites?
- **Donate** - like with destroy above, are you 100% certain that your product is being properly handled with this option?

If you are not managing the choice of the disposition of your product, to some degree, your items are leaking into this \$525B marketplace.

At last count, Amazon was at 400,000 resellers and growing.

Choose your product dispositions wisely!

Contact the experts at DRS Product Returns to learn more on how we can help protect your against this threat today.

drsreturns.com
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