3 Secrets to Brand Protection in the World of Reverse Logistics
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COVER STORY 3 Secrets to Brand Protection in the World of Reverse Logistics
By Andrew Orben, Director of Business Development, Tekover
“You know if you make a customer unhappy, they won’t tell five friends, they’ll tell 5,000 friends. So we are at a point now where we have all of the things we need to build an important and lasting company, and if we don’t, it will be shame on us.” – Jeff Bezos, Amazon founder and CEO

ARTICLE  Leveraging Virtual Online Change Rooms to Reduce Returns
By Sylvie Thompson, Associate Partner, Infosys Consulting
A couple of years back at the RLA Annual Conference a guest speaker spoke about Virtual Change Rooms and how they can significantly reduce returns. This topic sparked great interest for me and I have been following its progress ever since. I believe it is a hidden tool in the battle to reduce online returns and gain ecommerce profitability.

ARTICLE  Why we should support the Secondary Market and the Creation of a Closed Loop Materials Economy for the Electronics Industry
By Gina Lee, Founder of Circular CoLab
I had the pleasure of attending RLA’s Annual Conference for the first time this year. I was particularly interested in learning more about how companies were approaching the Circular Economy and came away from the conference feeling very excited about the potential for the electronics industry to create not just a closed loop material stream, but also decrease their footprint through further utilization of the secondary market.

ARTICLE  RLA’s “Women in Reverse Logistics” VIP Luncheon.
By Nelly Ramirez, Vice President New Business Development, PowerON
When I (PowerON Services) was asked if I would be interested in sponsoring RLA’s first Women in Reverse Logistics Luncheon, I casually responded, “Sure, why not?” After all, this is an association that I have attended since 2004 and I always felt strongly about the importance of seeing more women in this industry. I don’t think I fully grasped what this could be all about until I started to put some thought to what our discussions should be focusing on.

ARTICLE  Blockchain and Reverse Logistics
By Rohi Sukhia, Founder and CEO of Tradeloop
Everyone has heard of bitcoin, but it’s the technology underpinning the currency known as blockchain that’s revolutionizing efficiency and transparency across a wide range of industries. For the reverse logistics industry to take advantage, stakeholders need to agree on rules and standards for the data to interact.
So Christmas came and went... and while sorting through the pics on my phone a few weeks ago, I remembered that I had taken a picture Christmas morning that caught my Reverse Logistics attention. I have 3 young girls, and I (or I should say Santa) is always a sucker for getting the latest trendy toy that the girls talk about for weeks prior to the big day. This year, all I heard was LOL dolls. I had no idea what they were, but while at stores, and in the toy aisles, my girls didn't let a shopping trip go by without showing me these LOL dolls. They would show us these spheres, that came in different colors and sizes, and explain that's what they asked Santa for. I didn't get it at all, for several reasons, but mainly, how do you know you want it if you don't know what's inside? and how big of a doll is this doll if it's in a ball that is 3-4 in diameter!

But Santa pulled through, and they each got an LOL Surprise doll on Christmas morning. They were excited and thrilled, and their letters and prayers had been answered, and they had to open them IMMEDIATELY. So we sat at the kitchen table, not expecting what was coming next. Whoever thought up the idea of these toys was a genius, because the excitement of the doll isn't about the doll at all, but more about the unpackaging experience and then finding out WHICH doll you got. But I was more amazed by the unpackaging. There were layers, and within each layer was a surprise. The first layer had small paper showing what doll you MIGHT get. Then the next layer, a paper explaining what your doll does (cries, changes skirts, etc). and then finally the big one was the 2-3" tall doll and accessories it came with, that were all encapsulated in a hard plastic ball, which can then be converted into a bed or hangout spot for the doll.

As I was about to clean up the trash, I snapped a pic. I couldn't believe the amount of packaging that was involved with this toy, but that all of the packaging was part of the TOY and the TOY EXPERIENCE! I then examined it quickly to see if they had any recycling instructions or labels on the packaging. I didn't see any, but it may have been too late, since at this point it was in shreds. I was impressed that they encouraged the hard plastic ball to be used as part of the toy - but as a mom I just saw TRASH... So perhaps they were trying to be more environmentally friendly. I hope to see additional companies consider a Circular Economy when it comes to packaging, not just for toys, but for all consumer products.

Felecia Przybyla
RL Magazine Editor
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OUR MISSION

The Reverse Logistics Association is a members’ driven, global trade association for the returns and reverse industry, offering information, research, solutions and services for Manufacturers, Branded, and Retail companies from Third Party Providers. Our goals are to educate and inform Reverse Logistics professionals around the world, and be the voice of the reverse industry.
Industry Committees are set up to provide a standing forum for Reverse Logistics Professionals to meet on a regional and global basis and discuss common Reverse Logistics issues at the RLA Conferences and Expos. Industry Committees educate the industry on reverse logistics:

• “Best Practices”
• Consumer Satisfaction Issues
• Regulations on a Worldwide & Regional Basis Processes that can Reduce Costs

This is a Benefit offered to all RLA Members

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Wow – the 2019 RLA Conference & Expo in Las Vegas is said by many to be the best event ever for the reverse logistics industry. We put our best efforts into exceeding our members’ expectations, and over 600 attendees were there to see if we delivered. We added the SERI workshop on R2 certification basics, and many of you paid extra to participate. For the first time ever, we added a VIP Women’s luncheon, and I was told to have this every year by the many attendees that were in the room. We moved to a new venue, the Mirage Hotel, and more than 1100 room nights were booked - more than double last year! And we’ve been given overwhelming positive results with your experience in the hotel.

The Conference featured 4 amazing keynote speakers this year. Steve Koenig gave the annual review of CES with commentary about possible product return forecasts. Kate Vitasek spoke about the Vested principles and moderated a panel of global companies putting them into practice. Whurley gave a view of future possibilities with quantum computing. And Michelle James announced the new grading program for mobile phones in the secondary market, and there will be more than 180 million cell phones resold this year alone. We also featured 12 panel sessions with familiar topics and new voices, as well as new topics like apparel returns and venture investments in the returns industry by experienced voices.

There are pictures and stories in this edition of RL Magazine that capture some of the many connections made and the new information provided to those in attendance. The Expo hall was constantly busy with the many business meetings between the exhibitors and the attendees. If you missed this premier and valuable event, watch for more RLA seminars and summits this year, including Europe and Asia. Plan now for the RLA Conference & Expo 2020 to be February 5-7 again at the Mirage Hotel in Las Vegas.

Best regards,

Tony Sciarrotta

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Jack Allen – Cisco is the worldwide leader in IT and networking, with $50B in revenues annually. Cisco helps companies of all sizes transform how people connect, communicate, and collaborate. As Sr. Director, Global Logistics, Supply Chain Operations, Jack manages logistics activities that support all of Cisco’s product revenue and returns. This includes forward and reverse logistics, export operations, transportation, warehousing, packaging engineering, customer logistics and logistics innovation practices. Jack’s team manages an end-to-end ecosystem of global partners consisting of the best and most innovative logistics corporations in the world.

Bob Arvin – Walmart, As Divisional Vice President, Bob is a Senior Level Supply Chain Executive with 35 years of experience in forward & reverse logistics, project management, engineering, transportation, Internet fulfillment, and Distribution Center operations. Bob is currently responsible for the Reverse Logistics Network at Walmart Stores, including National RTV & Secondary Market programs for Walmart Stores, Walmart.com, SAM’S Clubs, & SAM’S.com. His past responsibilities at Walmart includes the Apparel Distribution Network - replenishment of apparel, shoes, jewelry & GNFR to all Walmart Stores & SAM’S Clubs in the US, plus fulfillment of on-line apparel sales for Walmart.com. In addition, Bob also has past responsibility for regional General Merchandise & Grocery Distribution Center operations.

Tim Brown – Georgia Tech Supply Chain & Logistics Institute, Tim Brown is Managing Director of the Supply Chain & Logistics Institute, an Academic Program Director in Georgia Tech Professional Education, and an instructor in the Stewart School of Industrial and Systems Engineering at Georgia Tech. Mr. Brown has worked in the reverse logistics area for over twenty years; consulting with companies such as Philips Electronics, Apple, and IBM in the development of their reverse logistics and service operations strategies, infrastructure, and procedures. Mr. Brown was selected as a “Professional to Know” by Supply and Demand Chain Executive.

Lisa Cotter – Best Buy, Lisa Cotter has over 20 years experience leading all areas of Supply Chain including Distribution Management, Inventory Management, Process and System Design, and Supply Chain Network Design. Lisa is in a newly created role of Sr. Director of Reverse Logistics for Best Buy. She is responsible for the end to end total company process and system road map as well as managing the 3rd party reverse program for mobile phones.

Ryan Holden – The Home Depot, Ryan started with The Home Depot in 2003 as a store sales associate. He has held roles of increasing responsibility including bulk distribution center Operations Manager, Manager of Return to Vendor Contracts, and currently Director of Returns and Repair Business. In Ryan's current role, he is responsible for secondary market goods, company repair programs, and return to vendor business functions.

Chuck Johnston – goTRG, Chuck is COO at goTRG, a global leader in the implementation and execution of omnichannel and supply chain solutions. He was formerly the Director of Reverse Logistics for The Home Depot, responsible for all return and repair operations. Prior to that he oversaw the Reverse Logistics operations for Wal-Mart Stores Inc. Chuck has been involved in the Reverse Logistics industry for over 20 years and is considered the foremost expert in the field. He is a sought after speaker and considered one of the most innovative thinkers in the industry. In addition to his experience in the reverse space, he has led numerous Specialty Distribution Operations in his 23 years with Wal-Mart. While at Wal-Mart, Chuck was responsible for the development of a profitable, “best in class” Reverse Logistics organization that is still the benchmark for all other retailers.

Bernard Kiernan– Intel, Bernard Kiernan has been with Intel Corporation for over 20 years in a variety of roles from Quality Management, Services Management,
Project and Program Management. Most of this time has been in the Reverse Logistics organization in the design, deployment and management of Reverse Logistics solutions across Intel’s broad spectrum of products. Senior Program Manager within Intel Corporation’s Global Reverse Logistics (GRL) group with responsibilities for identifying the current and future Reverse Logistics requirements of Intel Business Units and the development of Business Solutions which delight the customer and deliver value add Reverse Logistics services.

**Thomas Maher – Dell**, Tom Maher joined Dell in 1997 and is the Senior Vice President for Global Service Parts. Mr. Maher is responsible for service parts life cycle support in over 100 countries. Mr. Maher’s global service parts responsibilities include: planning, procurement, distribution, returns, repair, inventory management, supplier management and parts disposal. These operations support 100% of Dell’s warranty customers across all Business Units and all Product Lines.

**Steven Nickel – Google**, Steven currently leads Google’s global reverse logistics operations and value added support services development for all of its consumer hardware products. He’s been with Google for nearly five years, but brings 20+ years of experience in consumer technology—building amazing teams, growing profitable businesses, and improving customer experiences.

**Jim Rallo – The Retail Supply Chain Group** The Retail Supply Chain Group helps hundreds of the world’s top retailers and consumer OEMs maximize return for overstock and returned inventory while enhancing and protecting their brands through multi-channel remarketing, return to vendor outsourcing, and product refurbishment. Under his leadership, the team provides clients with better service, scale, and results than any other provider, ensuring the full value of their surplus is captured. Jim previously served as Chief Financial Officer and Treasurer of Liquidity Services from 2005 to 2015.

**Julie Ryan – HP, Inc.** Julie Ryan joined HP (Compaq) in 1986 with over 22 years of experience in various reverse logistics capacities for US, Canada and Latin America. Julie currently leads the Americas Returns & Remarketing organization responsible for end to end reverse logistics which includes channel return approvals, physical claims and disputes, returns receiving, credit issuance, disposition management, remanufacturing, remarketing as well as planning, forecasting and reporting.

**Tevon Taylor – Cisco** An 18-year FedEx veteran, Tevon brings significant experience to the RLA, including nearly six years with Information Technology and Solutions at FedEx Services and three years with the Worldwide Sales team. He joined FedEx Supply Chain in 2014 and has successfully managing numerous large strategic accounts and developing long-term customer relationships.

**Tony Sciarrotta – Reverse Logistics Association, Executive Director** In 2016, Tony took over and became the Executive Director of the RLA after 12 years of active involvement on the Advisory Board and Committees. In over 35 years in the consumer products industry, Tony held various positions including 15 years in returns management at Philips where he developed new reverse logistics strategies. He worked with retail partners and industry groups to implement returns initiatives still in use. Tony has been an evangelist for improving the customer experience to reduce returns and their associated costs. Today, Tony is considered a subject matter expert in reverse logistics, and speaks for the industry at conferences all over the world.
“You know if you make a customer unhappy, they won't tell five friends, they'll tell 5,000 friends. So we are at a point now where we have all of the things we need to build an important and lasting company, and if we don't, it will be shame on us.” – Jeff Bezos, Amazon founder and CEO

Brand protection is paramount in today’s internet-connected world. The explosive growth of ecommerce and social media has given rise to new, complex threats to your brand. The impact on your business can be devastating—loss of revenue, increased customer service costs, lowered customer confidence, erosion of your brand’s reputation, and exposure to legal liability. It’s critical you retain control over your brand when it comes to excess and returned goods flowing back into the market.

Unfortunately, much of the risk to your brand has shifted from the secondary market—where consumers knowingly purchase closeout, refurbished or returned merchandise—to the primary marketplace. Your products may be represented as new, authentic or branded goods, but what the customer receives could be anything but. This can range from used or defective products to those that have been mislabeled, recalled, or counterfeited. Sadly, an investigation by the U.S. Government Accountability Office in 2018 found nearly 50% of goods purchased through major online marketplaces were counterfeit.

Many of these sellers lack processes for verifying authenticity and condition, or act as a pass-through and never physically handle stock. This is particularly challenging when product safety issues can be life-threatening (e.g., pharmaceutical, automotive, electronics and similar industries). After all, unauthorized dealers don’t have any contractual obligation to uphold your brand’s reputation, quality standards, or support. The problem has become so prevalent and widespread that no industry is immune to its effects.

Regardless of whose fault it is, when the consumer is disappointed, it leaves them feeling poorly about your brand. Just one negative experience is enough to lose your customer forever. Research shows it takes up to 12 positive experiences to repair the damage caused by a single incident. And with social media it takes only seconds to post a negative review, or complain to friends. This only serves to amplify the damage, and can be disastrous to your brand’s integrity. According to Nielsen 83% of global consumers trust recommendations from family and friends above all other forms of advertising; this is followed closely by online customer reviews.

SECRET #1: CHANNEL MANAGEMENT AND AUTHORIZED PRODUCT RESALE
Safeguarding your brand begins with how you approach recovery, and the remarketing of your brand’s products.
We Think Inside the Box.
Roughly 50% of all returned goods are eventually resold into the market. This has also lead it to become a dumping ground for seasonal merchandise, overstocked inventory, and recalled products.

Liquidation, or selling off inventory at a significant discount, has long been the go-to model within reverse logistics. You recoup value quickly, avoid the hassle of processing returns, and make room for additional merchandise. But the threat to your brand equity and perception far exceed the pennies you recover through liquidation. This method of recovery provides little or no visibility into the product's chain of custody. You lose any potential data on why the return was requested, and the condition the product was received in. It's almost impossible for your brand to make process improvements without this information.

To make matters worse, you forfeit control over your brand when using liquidation. According to Optoro's 2015 analysis, “the average returned product is touched 3-5 times between middle men and travels—on average—over 3,600 miles before ending up with a secondary consumer”. You lose oversight as to where and how your products are advertised, represented condition, pricing, and to who they're sold to. Ultimately, your brand competes with itself in the market.

One way you can eliminate this threat is channel management and authorized product resale. This allows you to maintain authority over the sales channels your products are sold through, and respective pricing. The strategy also serves to restrict online sales by individual, unsanctioned dealers on third-party marketplaces (i.e. Amazon, eBay, etc.). This has been an effective measure for companies like Apple and Nike—both of which are Amazon partners. These alliances with Amazon were formed to combat counterfeit merchandise, and limit unauthorized sales.

In fact, Nike was already the top-selling apparel brand on the site even before becoming a direct supplier in 2017.

But it was Apple’s partnership with Amazon in 2018 that lead to changes your brand can learn from. The agreement created stringent requirements for third-party suppliers of refurbished, pre-owned and open-box products. The most noteworthy stipulation: sellers must be Apple-authorized. This small, yet essential clause reduced their vulnerability to potential brand abuse within Amazon's marketplace.

Similar results are achieved by obligating dealers to either buy directly from you, or exclusively through an authorized partner. This allows you to outsource returns management, refurbishment and remarketing if your brand isn't capable of doing so. There's numerous benefits to having this level of control over your recovery operation—primarily in the area of brand perception.

Remaining involved with the process, or aligning with a qualified provider, ensures your customers receive a consistent experience. It allows you to offer the same caliber of service you would for a brand new product: simplified returns, customer support, and a warranty policy. You also prevent brand dilution by distinguishing between new and remanufactured inventory. This adds value to your business by better understanding your customer demographics, and the market for your brand.

SECRET #2: CONSUMER AWARENESS AND EDUCATION

Combating threats to your brand posed by unauthorized resale is an uphill battle. This often demands considerable resources, and entails arduous litigation. Surprisingly, one of the most potent remedies your brand can benefit from is also the simplest. Consumer awareness and education is crucial to brand protection. Your customers are your greatest allies in mitigating gray market activities, and illegitimate sales. It's no coincidence they're first to know when and where there's a “great deal” available on your products. After all, unauthorized sellers depend on your customers to survive too.

A survey commissioned by Canon in 2013 found 75% of consumers are concerned about counterfeit goods. It also revealed nearly 1 in 5 were duped into purchasing fake products; of those, 63% previously believed they could identify knockoffs. This is why consumer awareness and education plays a vital role in preserving your brand equity.
You accomplish 3 objectives by educating consumers on the risks of buying through unofficial channels:

1. Protect the health, safety, and wellbeing of your customers.
2. Limit your potential exposure to legal liability.
3. Strengthen your brand loyalty.

The danger to your customer is immense. It’s imperative they understand the personal consequences that may arise when purchasing from an unapproved source. These can range from financial issues and fraud all the way to injury or death.

The ease at which ecommerce sites are launched has fueled the threat of identity theft. It takes mere minutes to create an online store, which makes policing unauthorized resellers a virtual Whac-A-Mole. Some misuse information provided by your customer, or sell the data to be used in other fraudulent activities. This received public attention in 2017 when a woman’s identity was stolen—and used to perpetuate more scams—after unknowingly buying counterfeit shoes online.10

Your customers must grasp potential threats to their physical safety too. There are countless examples of recalled and counterfeit products causing harm, which span across every industry. Your customer should look no further than the homes burned down by exploding “hoverboards”11, the fatalities caused by malfunctioning Takata airbags12, and the thousands killed each year due to fake or substandard medications13.

Making your customers aware of such hazards also helps avert possible liability. This is especially pertinent when third-party accessories can damage your products, or cause them to function in unintended ways. For instance, UL found generic charging cables can prevent phones from working, or trigger them to catch fire.14 This is likely the reason Apple introduced its licensing program, Made for iPhone/iPod/iPad.

But consumer awareness and education doesn’t have to rely solely on the negative aspects. Nikon includes an additional 1 year warranty to entice customers into purchasing from authorized outlets.15 Rewarding consumers for buying through appropriate, licensed channels preserves your brand image and promotes brand loyalty.

SECRET #3: THE IMPORTANCE OF DUE DILIGENCE FOR WASTE DISPOSAL AND RECYCLING

Consumer sentiment has abruptly shifted toward sustainability over the last few years. It’s a stark contrast from when the environment held little influence over the decisions of your brand and customer. This may explain why many still regard disposal and recycling as insignificant aspects of reverse logistics. Truth be told, this is where the greatest dangers to your brand exist.

A recent study on Corporate Social Responsibility uncovered 86% of Americans expect businesses to act on social and environmental issues. The publication also highlights 73% of consumers refuse to purchase from brands that don’t share their beliefs.16 Sustainability is now an integral component in maintaining your brand’s reputation.

This concern is often overlooked when it comes to the handling of excess and returned inventory. Close to half of retailers surveyed in 2018 continue to throw away 25% or more of their returns.17 Not only does it jeopardize your brand integrity, but also leaves you vulnerable to financial penalties and criminal prosecution.

There’s notable confusion around the legality of waste disposal and recycling within the reverse supply chain. Much of the complexity is due to differences in regulation; there are federal laws for environmental stewardship, such as RCRA, but those at the state level vary. This is a contributing factor why 6 of the top 10 retailers were fined over $100 million for improper disposal in the past decade.18

With these challenges it’s understandable why most brands outsource disposal to third-party providers. Establishing reputable partners for recycling, and waste management shields your brand from liability. Thorough due diligence is key in selecting vendors to handle the destruction of your brand’s returns. Any weakness within your qualification process can have grave consequences on your brand.

There’s a common misconception that a “Certificate of Destruction” or “Certificate of Disposal” is undeniable proof your brand’s products were destroyed. Unfortunately, it’s not. These documents are only as
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good as the paper they're printed on.

This is one of today's most insidious, least-discussed attacks on your brand. In 2017, the CEO of E-World Recyclers plead guilty to falsely certifying the destruction of counterfeit goods—after selling at least $1.45 million worth of merchandise.19 The owner of Discount Computers Inc. took a slightly different approach: replacing products' original factory labels with bootleg stickers to appear more recent.20 Then there's the owners behind Intercon Solutions21, and Total Reclaim22, which were caught exporting products they claimed to have dismantled; or Global Environmental Services that buried hazardous waste in a “large hole” behind their headquarters.23

Misrepresentation is a rampant problem within the waste disposal, and recycling industries. The days of sustaining a business off the raw commodities from dismantled products are long gone. It's why many of these clandestine operations lend themselves to fueling unauthorized resales. They can be the direct cause of your brand's excess, used or recalled inventory appearing within the market.

Protecting your brand at disposal goes beyond knowing your provider is certified or insured. It necessitates a meticulous review of their environment, health and safety (EHS) practices, processing and technical capabilities, written procedures, and material tracking mechanisms; it also requires the assessment of any downstream vendors—the final destination for processed materials or commodities. This should be coupled with an annual physical audit as well as periodic, surprise visits for your complete assurance.

ABOUT AUTHOR

Andrew Orben is Director of Business Development at Tekover— the brand protection company. Andrew has been proudly serving the reverse logistics and IT Asset Disposition sectors for over a decade. Andrew helps OEMs safeguard brand equity, and maintain complete control over excess and returned merchandise. For more information, Andrew may be reached at (914) 226-8322 x114, or via email at aorben@tekovery.com.

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Where Supply Chain Gives Retail the Edge

KEY INDUSTRY TOPICS DISCUSSED:

» LAST MILE: Deliver a personalized approach through last mile innovation whilst managing costs

» INVENTORY VISIBILITY AND OPTIMIZATION: Achieve accurate inventory planning, positioning, replenishment and omnichannel order management

» NETWORK DESIGN: Create nimble omnichannel networks that scale and adapt to handle changes as they arise

» THE SHARING ECONOMY: Tap into existing resources to reduce waste, optimize costs, increase sustainability and overcome capacity crunch

» WAREHOUSE AND LOGISTICS: Upgrade your strategies and technology investments for more effective ROI and performance

» COLLABORATION AND PARTNERSHIPS: Marrying business goals with operational goals

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A couple of years back at the RLA Annual Conference a guest speaker spoke about Virtual Change Rooms and how they can significantly reduce returns. This topic sparked great interest for me and I have been following its progress ever since. I believe it is a hidden tool in the battle to reduce online returns and gain ecommerce profitability.

It’s no secret that retail dollars are shifting from bricks to clicks. Online sales growth in apparel is >25% year-over-year, growing faster than total retail sales. On the surface, this is cause for celebration. However, apparel consumers have adopted another shift in behavior that has online retailers worried.

Online apparel customers have traded in-store change rooms for the privacy of their own home, establishing what is now referred to as “Home-Try-On” (HTO) behavior. The challenge with this shift in behavior is the return rate for online apparel sales is significantly higher than in-store sales, in excess of 40% within women’s apparel categories. It is not uncommon for consumers to purchase multiple sizes of the same product, knowing in advance that they will be returning some – if not all – of the items purchased.

In the last two years, we have also seen the rise in subscription boxes with many focused on apparel. The purpose of these subscription programs is to ship to you multiple items knowing you will only select a few if any. These programs promote no commitment and no charge until you select the items you want to keep taking the entire concept of home-try-on even further.

This change is having a profound impact on retail supply chains and online profitability. In addition to mastering the art of home delivery (also called ‘last mile’ or ‘final mile’ delivery) through direct-to-consumer fulfillment operations, retailers must also absorb the cost of direct order processing, handling and shipping. On top of those costs are all the costs associated with higher returns, including opportunity cost in lost sales resulting from having merchandise trapped in the HTO cycle.

One innovative approach to address this challenge leverages virtual reality. A study by professors Santiago Gallino and Antonio Moreno presented at the RLA conference demonstrated that this technology can lead to impressive results.

One innovative approach to address this challenge leverages virtual reality. A study by professors Santiago Gallino and Antonio Moreno presented at the RLA conference demonstrated that this technology can lead to impressive results.

The Value of Fit Information in Online Retail: Evidence from a Randomized Field Experiment found that leveraging virtual reality technology to establish online virtual change rooms resulted in higher conversion rates (+6.4%), higher order value (+1.6%), lower fulfillment cost (-5%) AND a reduction in returns (-5.2%). The study also highlights the ability of virtual technology to modify consumer behavior, reducing the HTO effect by 25%. All of this leads to a higher net profitability per order, estimated at roughly +13%, with upper ranges hitting...
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20% for those retailers who had a return rate >40% prior to enabling a virtual change room.

An additional finding in the study is the increase in consumer loyalty along with more frequent visits to the retailer’s online store that result from incorporating virtual change rooms. When a consumer takes the time to provide personal details (height, weight, bust size, waist size, along with hair color, skin tone, etc.) needed to set up their own virtual model, they have made an investment in their relationship with the retailer. Consumers who create their own 3D model, create and assemble their own outfits and vividly explore a brand’s offering are more likely to imagine themselves owning the brand’s collection. The relationship has evolved from transactional to loyal and personal, and total customer value increases along with per order profitability.

Since this study was conduct, significant advances in technology have taken place. For example, through the use of scanning technology, consumers no longer even have to type in their person details. They can simply let their camera scan their body and digitally create a 3D model. Retails and Brands can establish more advance scanning centers within retail stores to capture the same information while creating a more holistic customer experience.

Virtual reality technology has also advanced and can further enhance the virtual change room experience. Just like stepping into a game, virtual reality can now be used to allow consumers try on experiences from home without the need to ship and try.

We are now seeing this technology mature with several leading platforms emerging. The key continues to be selecting one that fits within your online brand store and contributes to the consumer experience you want to promote. The heavy lifting is the need for digital content. Online content must be digitally enabled to allow consumers to outfit their 3D model. However, not all content must be digitized in order to launch or to capture maximum returns on your investment. If you strategically select what to digitalize, a consumer can virtually experiment with portions of an apparel collection, providing sufficient insights into fit and size that enable the consumer to purchase non-digital listed items.

Virtual online change rooms demonstrate significant promise in addressing numerous challenges facing online sales for apparel retailers with a particular emphasis on reducing returns. I believe recent advances in the technology make now the perfect time to explore the option of virtual online change rooms.

Sylvie is a passionate and results-oriented supply chain executive. Her experience with supply chain start-ups has demonstrated to her that supply chain professionals must question the status quo in order to deliver next generation solutions. She is a believer in hands-on experimentation in order to deliver maximum results. Sylvie has developed and implemented numerous supply chain transformation initiatives for her clients and has extensive experience working with leading retailers and consumer brand owners. A supporter of lifelong learning, she continues to seek out fresh and innovative new ideas and insights through a network of supply change thought leaders. She is also giving back to the field as a guest lecturer at the University of Maryland.
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RLA Branded Education in Reverse Logistics is partnering with APICS, now ASCM
What’s Up RLA

Congratulations CJ Charlton!
Recipient of the 2019 RLA Lifetime Achievement Award

Presented by Chuck Johnston of goTRG: It is a great honor for me to be able to participate in recognizing a lifetime of outstanding service and commitment to the Reverse Logistics industry. As the name indicates, this award, is given to those individuals who have provided long term leadership and have selflessly given of themselves to ensure that the Reverse Logistics Industry not only meets the needs of the industry but is relevant and innovative.

It is personally gratifying, to me, to be able to award this to someone that I have known for over 30 years and have considered both a friend and mentor.

After leaving a large retail world in the 80’s. This serial entrepreneur founded and sold a number of companies dedicated to managing not only transportation needs but vast array of services needed in the Reverse space. Early on he recognized the challenges that the Reverse space had in effectively managing the transportation costs of Returns. He continually worked within the industry pairing retailers, manufactures and service providers together to create better solutions regardless if there was a direct benefit to him or his companies. This desire to create solutions for our industry, in this selfless manner, is and should be an example of how we should all approach business. His collaborative approach has not only allowed other companies to grow and prosper but it has continued to establish his legacy.

This individual saw early on how the reverse industry could be used to create greening solutions and was one of the first to establish channels to vertically integrate product back into the manufacturing process.

Even though he has been extremely successful and is at a point where he could choose not to be engaged, he continues to work tirelessly, to find solutions and partners to drive innovative solutions in our rapidly growing industry.

As Robert Louis Stevenson said. “Don’t judge each day by the harvest you reap but by the seeds you plant.”

This industry leader has spent a lifetime planting seeds and seeing the fruits of his efforts grow in many facets of our industry.

He is what is right about our industry and he is an example of how to create solutions to problems without being self-absorbed or self-serving. It is with humility and honor that I am able to award the Lifetime Achievement Award to CJ Charlton.
Home Delivery World 2019
Philadelphia, PA – April 4-5, 2019

ISRI2019 Convention and Exposition
Los Angeles, CA – April 8-11, 2019

RLA Service, Parts & Warranty Management 1 day Seminar
Ontario, CA - April 17, 2019

WERC 2019 - 42nd Annual Conference for Logistics Professionals
Columbus, OH – April 28-May 1, 2019

D3: Retail Summit 2019
Brooklyn, NY - May 6-8, 2019

TopTen ATSC Show
Miami, FL - May 28-30, 2019

RLA Consumer Products 1 day Seminar
Miami, FL - May 30, 2019

PostalVision2020
Washington, DC - June 5-7, 2019

3PL & Supply Chain Summit
Atlanta, GA - June 10-12, 2019

RLA Europe Summit
Amsterdam - June 27-28, 2018
I had the pleasure of attending RLA’s Annual Conference for the first time this year. I was particularly interested in learning more about how companies were approaching the Circular Economy and came away from the conference feeling very excited about the potential for the electronics industry to create not just a closed loop material stream, but also decrease their footprint through further utilization of the secondary market.

With regards to the secondary market, one of my key takeaways was the tension between the business incentives of the OEM’s and the secondary market solutions providers. While both parties clearly derive value from their partnerships, I couldn’t help but wonder what percent of OEM’s saw the predicted future growth of the secondary market as a threat to their existing business models versus an opportunity to create new markets.

From my perspective, I’m not sure the partnerships can always be a win-win, especially in the consumer electronics space. Some premium brands may be able to reach customers that couldn’t otherwise be able to afford their products and thereby increase market share. However, as more transparency around the quality of refurbished or repaired products percolates through public perception combined with growing cultural acceptance for used, refurbished, or repaired items, I would expect that the secondary market would take a share of the OEM pie. While this might not be a zero sum gain at the global level, it could depress the growth rate of new product sales.

Which leads to an interesting dilemma. As returns are projected to grow, as consumers and businesses are demanding more sustainable materials/product management processes (witness the fury over Burberry’s burning of unsold merchandise), and as issues of waste more broadly become top of mind for consumers and policymakers, secondary market solutions will become more and more integral. Going forward, it will be interesting to see how and if OEM’s will embrace the after market. Conversely, there could be a shift in the balance of power and secondary market solutions providers may act more as independent disruptors as opposed to services providers to OEM’s.

One possible solution to combating any loss in sales would be if OEM’s create more product as a service or leasing models as companies such as HP and Dell have already done. Or perhaps some brands will embrace the after market as part of their business model. For example, Dana Inc, a maker of heavy duty parts such as drivetrain, sealing and thermal-management products for commercial, automotive, military and off-highway vehicles has launched a new training portal to help resellers better repair their products to sell on the aftermarket.

Another topic mentioned frequently during the RLA
conference was around the predicted growth in e-waste. As the fastest growing type of waste, it was fascinating to learn more about the recycling, takeback, and materials collection efforts by companies such as Best Buy and Cisco to help address what some call are calling a future “tsunami” of waste.

I am particularly interested in E-waste in the context of the Upcyclers Network. This is a network I am currently building focused on supporting the creation of a closed loop materials economy. The impetus for the creation of this network was the result of a conference I organized this past December. The event brought together over 70 thought leaders from the policy and business space to discuss how to better support demand for recovered and Upcycled materials. Unfortunately, at the event there was no representation from the e-waste or consumer electronics sector!

After attending the RLA conference, I believe that engaging with the electronics community to discuss how to create a closed loop materials economy is extremely important. Given the forecasted growth of e-waste as well as the relatively favorable economics behind e-waste recovery as compared to the recovery of materials such as plastics, glass and OCC, there is truly an opportunity to drive both business and societal value.

Consider this. A tonne of ore from a gold mine produces just 5 grams (0.18 ounce) of gold on average, whereas a tonne of discarded mobile phones can yield 150 grams (5.3 ounce) or more.

Furthermore, the environmental impact of not just reducing e-waste, but keeping the materials that go into the production of electronics in further circulation and thus reducing the need for further extraction is extremely impactful. Mining causes severe environmental issues including water contamination, habitat destruction, and soil degradation; not to speak of acute health impacts to miners. If materials and products can be circulated in a closed loop system, the real gain from both an economic and societal perspective will come not from the reduction of waste but from the reduction of virgin resource extraction.

Lastly, when thinking about e-waste, there is plenty that the electronics industry can learn from the current frenzy over plastic pollution. While it took years for plastic pollution to enter mainstream consciousness, it is now an issue that the packaging, consumer goods, and petrochemical industry are having a difficult time managing. 127 countries are regulating the use of plastic bags with more fees and bans being placed on other single-use products. Brands such as Danone and Coca Cola are taking it upon themselves to commit to recycled content and volume requirements. Even those within the plastics industry have publically voiced concern over the growing negative consumer sentiment around plastics.

Thus, the electronics industry has a unique chance to start addressing issues of e-waste before they reach crises proportions or relying on EPR mandates. The industry could pro-actively start focusing on solutions around recirculation and recyclability for products that could drive design and business model innovation. Besides ensuring a continued license to operate and decreasing chances of increased regulatory pressure, creating closed loop materials solutions and circular business models could also help future proof business models from a materials standpoint.

There is an opportunity by this industry to make a difference and increase business value. If you are interested in exploring pathways to reach these goals in collaboration with other industry innovators, I would welcome your feedback. Please feel free to email me at gina@circularcolab.org.

Gina Lee is the Founder of Circular CoLab, an organization dedicated to empowering the adoption of the Circular Economy. She is the author of The State of the Circular Economy in America, the first United States focused Circular Economy landscape study which analyzes over 200 Circular Economy initiatives.

Gina has over 15 years of experience working in Corporate Social Responsibility and Social Impact in the United States, China, and Germany. Her past roles include overseeing partnerships with Fortune 500 corporations and top-tier business schools for the Aspen Institute, working with the Schwarz Group in materials management, and leading programming and corporate relations for Mercy Corps Beijing. She is skilled in engaging with organizations from across the policy, government and private sector and has managed workshops and pilot programs with organizations including TATA, the American Sustainable Business Council, TEDxLA, and the Los Angeles Cleantech Incubator.

Gina has a BA in international relations from the University of Pennsylvania and an MBA from Columbia Business School. She believes that social entrepreneurs will change the world and is a judge for the Echoing Green Fellowship Program and a Mentor for the Mentor Capital Network.
When I (PowerON Services) was asked if I would be interested in sponsoring RLA’s first Women in Reverse Logistics Luncheon, I casually responded, “Sure, why not?” After all, this is an association that I have attended since 2004 and I always felt strongly about the importance of seeing more women in this industry. I don’t think I fully grasped what this could be all about until I started to put some thought to what our discussions should be focusing on.

Statistics show women make up 35% of the workforce, yet fill only 15% of the Director level or higher positions. It seems that gender disparity at higher executive levels is still very much a reality. With challenges come opportunity for change, and presented a great opportunity for RLA and for PowerOn to host a VIP luncheon for women in reverse logistics.

The response to the invitation was resounding and the attendance went well past the original estimates. The result was a room filled with women ranging from interns to industry veteran executive level professional women in leadership roles in supply chain and reverse logistics industry. All were willing to share their ideas, experiences and advice.

Some of those who participated included: Julie Ryan / HP, Connie Long/ iQor, Lisa Cotter/Best Buy, Sylvie Thompson/ Infosys, Joyce Cruts/Acer, Brie Lieto/ Whirlpool, Eileen McKeown/Amazon, Cathi Coan/

Techway Services, Kathy Murphy/Vista Outdoor, Jennifer Foxworthy/PC-Doctor, and approximately 40 more women, so it was a truly great representative cross section from the industry.

The event provided a buffet style lunch with round tables to encourage introductions, interaction and networking as we ate. Our distinguished guest speaker, Pat Daugherty, is a Professor of Supply Chain Management at Iowa State University who holds the Debbie and Jerry Ivy Chair in Business. She has a Ph.D. from Michigan State University, a B.B.A. and an M.B.A. from Western Michigan University. Pat provided a very informative presentation titled, “Women in Reverse Logistics and Supply Chain: I’ve Got Some Good News and Bad News.”

She shared “17 Reasons Women Make Great Leaders,” by Brittney Helmrich and 5 common behaviors that
hinder women’s careers, which set the stage for some lively discussion and idea exchange. The 5 hindering behaviors were:

• Focus only on performance
  – What about image? Exposure?
• Staying silent (there’s been a lot about that on the news lately)
• Competing with (instead of supporting) other women
• Not making time to network
• Giving up after a failure

After reviewing the 5 common behaviors that hinder women's careers, Pat offered her advice to help women overcome these behaviors. Some of the solutions included

• Mentoring
• Develop further skills, in communication, problem solving, leadership
• Move out of your comfort zone
• The importance of networking and much more.

The level of participation and sharing at all levels within the group was astounding. One participant highlighted her own personal experience and the importance of connecting with a mentor/sponsor at your employer and how having the opportunity to engage with a sponsor can help further your career. Others spoke about the need for Corporations to provide more focused resources for the development of women leaders and how many parental leave policies still reinforce out-of-date gender roles.

I felt as though everyone was candid about the challenges they'd faced and successes, which helped us relate to one another. Pat's presentation and information encourages logistics leaders to put women's career advancement on their agenda and make a commitment to promoting diversity throughout their organizations. I love seeing women supporting women. The overall message is that men and women working together make better decisions.

It was just an amazing event, where women were networking with old friends and meeting new friends, exchanging stories and business cards and the networking and discussions continued after the luncheon! We have received very positive feedback and many requests for RLA to continue sponsoring a “Women in Reverse Logistics” event for next year and for years to come. There were also suggestions to form a Women's Committee as well. We even had requests from some of our male RLA Members to be included as they champion and support the advancement of women in their own companies and genuinely want to find ways to make it better! It was a success and it is safe to say there will be more Women in Reverse Logistics events to come! PowerOn was honored to Sponsor the very first such event!

Please contact the RLA with your ideas and suggestions for future Women in Reverse Logistics events.
Everyone has heard of bitcoin, but it’s the technology underpinning the currency known as blockchain that’s revolutionizing efficiency and transparency across a wide range of industries. For the reverse logistics industry to take advantage, stakeholders need to agree on rules for governance, and on standards for data interoperability.

This article will offer guidance as to how blockchain can improve the reverse logistics sector, and on the steps we can collectively take to reap the full benefits.

**BLOCKCHAIN MADE SIMPLE.**
When you hear the word “blockchain,” just replace it with “a big spreadsheet that no one owns that anyone can use.”

Bitcoin is just a “big spreadsheet” holding a bank ledger. Supply chains can use a “big spreadsheet” to hold a reliable and secure record of the transactions. But why should unrelated companies trust this “big spreadsheet”?

It’s trusted because cryptography verifiably ties each data record to its creator, and the data can never be changed. Furthermore, no single entity owns or controls the data. So where is it stored?

It’s decentralized. Any participant can hold a copy of this “big spreadsheet” by running a blockchain node, like running a web server. Blockchain software keeps all the nodes in synch. An incorrect or falsified copy will be rejected for not matching the consensus.

**BLOCKCHAIN IS TAKING SUPPLY CHAINS BY STORM.**
Most supply chain dependent industries now have blockchain efforts under way.

**Walmart** now tracks leafy vegetables using blockchain, to improve food safety. Previously, tracing a salmonella outbreak from shelf to farm took Walmart almost 7 days. Blockchain brings it down to 2.2 seconds.

**The city of Dubai** is moving real estate transactions to the blockchain. Reams of paperwork, including the deed (proof of ownership) are loaded to the spreadsheet, verified, and can be transferred to a new owner. One day we might buy houses online as simply as we buy shares of stock on Etrade.

**Everledger** has created a blockchain for DeBeers and the other major diamond companies. A sort of “facial recognition for diamonds” lets them trace the provenance in order to fight conflict mining. **The world economic forum** is developing a similar system to track the provenance of cobalt, to fight child labor in the Congo.
Are you Subscribed for this FREE Reverse Logistics newsletter?

Reverse Logistics Association has partnered with SmartBrief to launch RLA SmartBrief, a newsletter specifically designed for returns and reverse industry professionals

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IBM and Maersk, the world’s largest shipping company, now track a large portion of the world’s container shipments with blockchain. Maersk says that paperwork costs can equal physically transport costs. Blockchain automates this, saving thousands of dollars per shipment, even speeding transit times by up to 40 percent by reducing port delays.

Common estimates of efficiency gains across a supply chain are in the 25% to 50% range. It’s inevitable that blockchain will also revolutionize the reverse supply chain for used electronics.

**THE FIRST IMPACTS WILL BE ON TRACEABILITY.**

By functioning as a sort of “trusted third party”, blockchain can enable authorized participants to:
1. Trace the provenance of any device.
2. Track its current and final destination.
3. Verify the origination and validity of any information.
4. Secure a complete history of all records and changes.

Like a “Carfax” for used electronics, Blockchain can permanently record the history of any asset.

**THE LONG-TERM IMPACT WILL BE MORE REVOLUTIONARY**

Blockchains typically support cryptocurrency (aka “money”) and can also run simple computer code, enabling unrelated (and untrusting) organizations to automate simple intercompany interactions such as:

- **IF** payment is made **THEN** notify the warehouse to ship
- **IF** a data sanitization report signed by compliant software is loaded **THEN** pay the vendor.
- **IF** compliant test software detects the presence of a non-original component **THEN** flag the item with an “authenticity warning”

With automated payments, no paperwork, and no credit card, paypal or exchange rate fees, it’s no wonder middlemen and banks are scared. Some believe that one day most business rules, both inside and between organizations, will be completely automated with blockchain, possibly leading to a fundamental change in the operational nature of business.

But this future won’t come to pass until businesses are comfortable using crypto, with simple tools to create smart business contracts in computer code. For now, supply chains are implementing blockchain just for efficiency, verification, and traceability.

**THE RLA STANDARDS COMMITTEE LEADS THE WAY**

The RLA Standards Committee is helping define our blockchain future by creating standards to ensure blockchain data is interoperable. Three major problems have already been solved.

1. **Unique Device Identification**

   - It’s critical for traceability that a physical asset be permanently “tied” to its digital representation, but there is no unique identifier inherent to all product categories of electronics. Serial numbers aren’t necessarily unique. Asset tags can be removed, and don’t necessarily translate across organizations anyways.
   - The RLA helped develop and ratify a solution. In the absence of a unique identifier, a fixed length ID can be generated by running the combination of manufacturer, model, and serial number through a standard mathematical function, hiding this information from unauthorized users. But anyone with access to the device can recreate this ID, to “reconnect” an unknown or mislabelled device back to its blockchain data.

2. **Interoperability of Large Data Sets**

   - Standardizing large data sets, such as test reports, is a major challenge. For greatest interoperability, OBADA metadata is “standards agnostic”. Users can store metadata using any protocol they specify. The RLA is proposing a solution where trusted universities will act as a decentralized data repository for storing the large data sets.
   - And the RLA’s “Smart QR Code” protocol is an ideal solution, just as applicable to the blockchain as it is for QR codes. So the RLA 12N standard is OBADA’s recommended protocol for identifying stored data.

3. **Searchability**

   - Privately stored metadata is not easily searched. Questions like “was the data wiped” or “who is the cell phone carrier” are hard to answer.
   - The RLA is helping define what pre-identified key information should be searchable and by whom, focusing on mobile devices first.

Blockchain is in its early stages, like the internet in 1995. As it evolves, so will QR code standards, and it’s likely these efforts will eventually come together. The RLA will be leading the way.
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We are the Association that specializes in Reverse Logistics and we have found that many Manufacturers, Retailers & 3PSPs spend a lot of time, energy and money trying to find a partner. So, we have developed a way to facilitate your search at NO COST to you, while you remain anonymous. And, we call it RL Solutions.

*RL Solutions™ Confidential and FREE for RLA members.*
WON'T BLOCKCHAIN BE HARD TO LEARN?
Blockchain isn't hard, it's just new. And users don't necessarily need to see much change at all. If you've recently purchased vegetables at Walmart, a diamond through DeBeers, or if your company shipped a container, you've probably already used the blockchain.

It's the software providers who need to understand blockchain, to connect on the back-end. So the main adoption hurdle is to get the software providers to agree on the rules and standards. This is not an insignificant obstacle.

The early adopters in the examples above were quick to form because they have tightly controlled supply chains. Walmart, for instance, can require their farms and transporters to use their blockchain. Everledger only had to get a handful of diamond companies to sit at the table. Dubai can force adoption through regulation.

But the shipping industry has more stakeholders, more diverse interests, and no central authority. Recent news indicates the IBM/Maersk solution is facing difficulty bringing all the competitors to the table. We may face similar challenges. How might blockchain roll out if we can't organize as an industry?

Here are the likely scenarios:

Most likely: fragmentation — it won't work at all.
Numerous software providers such as ERP, test report, data wiping, and other systems, could each create their own blockchains. Add giants like eBay, Amazon, and Alibaba to the mix. How will a user choose?

Furthermore, using multiple blockchains just won't work. Think about real estate. You can't store the deed in two places; you can't sell the same house twice.

Without a single agreed-upon platform, the large-scale benefits of blockchain won't happen at all.

Possibility: an “outside system wins” — a poor solution.
If the blockchain of an unrelated industry becomes “the standard”, for example if IBM’s food blockchain jumps industries, it might let us track “bacteria counts per million”, but that won't be useful to most of us. Tracking “cell phone lock status” might be more useful, but getting an an unrelated industry to make changes may be difficult.

Most dangerous: A central authority takes control
The worst-case scenario would be a single entity owning the playing field. Their primary incentive will likely be monetization of the network. Worse, certain manufacturers would likely build in back doors to obtain information for use in their fight to prevent consumers from repairing their devices.

A SINGLE BLOCKCHAIN PROTOCOL IS THE ONLY WORKABLE SOLUTION.
Back when phones were invented, a common protocol allowed one phone brand to ring another. It's the same with email, the internet... and now with blockchain. We need a standard. That's why we formed OBADA, the Open Blockchain for Asset Disposition Alliance.

Since September 2017 OBADA has grown into an loose alliance of over 50 stakeholders, defining common rules on how it should work and how to connect. Stakeholders include:

- Organizations such as eReuse.org, Free ICT Europe, Repair.org, SERI, and the U.S. EPA.
- Trade associations, such as the RLA, ASCDINATD, ERC, and the SIA.
Reverse Logistics Made Efficient

• The major ERP (inventory management) vendors.
• The major trading networks.
• Drive-wiping software and test repair companies.
• Academics, researchers, and other interested parties.

OBADA committees are making real progress in the areas of:
• Standards: The RLA Standards Committee (see sidebar) has taken a lead role. Blockchain Tech: An Ethereum prototype is in progress at eReuse.org in Spain, and discussions are underway to partner with established blockchain companies.
• API Development: Working API’s (JSON) connecting to a “blockchain simulator” are available at obada.io to provide simple web based tools for accessing blockchain data.
• A University Pilot Program is underway with Good Point Recycling of Middlebury, VT to provide chain-of-custody tracking for the data on disposed electronics from the University of Vermont.
• Sustainability: Pilots for the mobile space and for Chinese recycling companies are also being defined.

Specifications and code are open-source project and available to all. We invite any interested organization to take a look at github.com/obada-protocol.

HOW TO GET INVOLVED.
If you deal in hardware, ask your software vendors about their blockchain plans. Will their data integrate with other software?

If you’re a software provider, environmental researcher, or authority that needs access to the data, please get involved to make sure your requirements are met by the protocol.

To participate, ask questions, or just stay informed by listening in on the monthly call, please contact us at bizops@obada.io.

We’re in a unique position to shape the direction of a remarkable form of technology and open up new business opportunities. Let’s not waste this moment.

Rohi Sukhia is founder and CEO of the wholesale trading network Tradeloop and helped form the Open Blockchain for Asset Disposition (OBADA) alliance. Rohi previously spent seven years in engineering sales and marketing at Intel and holds a BS in Electrical Engineering from Cornell.
One out of three online purchases are turned. This signifies the magnitude of the consumer product returns problem for retailers working in the online space. The root cause of higher online return rates is the (relative) lack of touch and feel experience which consumers gain when they shop through a bricks-and-mortar store or a showroom. In academic terms, this is known as the product uncertainty issue and the way to solve it is to simply provide better information regarding the fit of the product to consumers. In Edition 98, we have covered a study investigating how an apparel retailer is doing this through a virtual fitting technology. Another channel of information provision, arguably much more accessible to online retailers, is the consumer generated product reviews. The value of reviews for driving sales has been demonstrated for a variety of products, such as books, movies, electronics, and apparel. In general, the conclusion is that the three Vs all matter – volume (number of reviews), valence (average rating), and variance (standard deviation of rating). However, we know much less about whether and how reviews help reduce returns. This is surprising since the fundamental goal of a review is to tell a story of “why I like/dislike the product”, which should influence subsequent consumer’s return tendency in a considerably way.

In their recently published paper in the Information System Research journal, Professors Sahoo, Dellarocas, and Srinivasan provide interesting insights into this question. Using a rich dataset from a multichannel, multibrand North America retailer, the authors show that the three Vs also matter for returns: volume and valence reduce customer’s return probability, while variation does the opposite. Moreover, the authors go on to show that not all reviews are created equal. Modern online review interface often provides with viewers an option to vote for whether a review is helpful or not (e.g., Amazon). If the fraction of helpful reviews is increased by 10%, return probability goes down by 0.44%. Who writes the review also matters. A 10% increase in the fraction of reviews written by top reviewers reduces return probability by 0.24%. Further empirical details from this study can be found below:


1 This recurring series provides plain-English summaries of leading academic research in the area of consumer returns. It is co-produced by Mark Ferguson (Univ. of South Carolina), Michael Galbreth (Univ. of Tennessee), and Guangzhi Shang (Florida State Univ.).
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- RLA Weekly SmartBrief, Monthly Events Newsletter, RL Magazine Subscription
- **50% Discount on RLA Conference and Seminars**
- Opportunity to Participate in Industry Committee Meetings as Committee Coordinator

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## COMMITTEE
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- Industry Committees Participation
- Posting Approved Member’s White Papers
- **50% Discount on RLA Conference and Seminars**

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<tr>
<th>Plan Level</th>
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<td>COMMITTEE</td>
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## BRONZE
- All Employees Have Membership Access
- Weekly RLA SmartBrief, Monthly Events Newsletter, RL Magazine Subscription
- Industry Committees Participation
- Corporate Logo and Website Link on RLA.org
- Network Introduction to other RLA Members
- Participate in RLA Booth at RLA@ Events
- Download Current and Archived Conference Presentations
- Publicity Announcements in RL News
- Industry Job Postings on RLA.org, RLA Social Media, and RL Magazine
- Posting Approved Member’s White Papers
- RLA Solutions - Submit
- RFIs* and RL Quote - 3PSPs can Access/Respond to RFIs*
- FREE use of a Private Meeting Room at RLA Events
- **50% Discount on RLA Expo Booth ($5,000 Value)**
- Opportunity to Earn Discount Voucher
- **10% Discount on Reports, Research and White Papers**
- **1 FREE full page RL Magazine ad ($2,500 Value)**
- **3 single-use vouchers for RLA Shows or Seminars ($5,997 Value)**

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## ACADEMIC
- University Logo on RLA Website
- RLA Weekly SmartBrief, Monthly Events Newsletter, RL Magazine Subscription
- Industry Committees Participation
- Posting Approved Member’s White Papers
- **1 FREE Conference or Seminar Voucher**
- **50% Discount on additional RLA Conference and Seminars**

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## COPPER
- All Employees Have Membership Access
- RLA Weekly SmartBrief, Monthly Events Newsletter, RL Magazine Subscription
- Industry Committees Participation
- **1 FREE 1/2 page RL Magazine ad ($2,000 Value)**
- **1 single-use voucher for RLA Shows or Seminars ($1,999 Value)**

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## COPPER
- All Employees Have Membership Access
- Weekly RLA SmartBrief, Monthly Events Newsletter, RL Magazine Subscription
- Industry Committees Participation
- Corporate Logo and Website Link on RLA.org
- Network Introduction to other RLA Members
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- **3 single-use vouchers for RLA Shows or Seminars ($5,997 Value)**

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For Alliance Partner Membership options, please contact us at info@rla.org
If you have any questions please contact us at 801-331-8949 ext. 13 or e-mail us at membership@rla.org

*Subject to terms and conditions set forth by RLA*
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- **SILVER**: $7999 ANNUALLY
- **GOLD**: $9999 ANNUALLY
- **PLATINUM**: $14999 ANNUALLY
Having you as our member is an honor!

We want to hear from you! We’d love to hear what you like about the Reverse Logistics Association, the Reverse Logistics Magazine, RLA Events, Industry Committees, etc. The top 100 testimonials will be published in the 100th edition of the Reverse Logistics Magazine!

To enter, simply email editor@rla.org with 2-3 sentences of your testimonial by March 31th. A winner will be randomly selected and win a $100 gift card!

Don’t delay, and enter now!

Good luck!
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AMSTERDAM
RLA EUROPE SUMMIT - JUNE 27-28, 2019

EDUCATION, LEADERSHIP, INNOVATION AND NETWORKING!

The Reverse Logistics Association Conference & Expo will include Keynote Addresses and panel discussions, and several networking opportunities. A wide range of Reverse Logistics companies will be in attendance from repair/refurbishing to recycling/e-waste and transportation logistics. This is a rich opportunity for OEMs, Retailers, and Branded companies to identify future service partners among the many exhibitors showcasing their Reverse Logistics solutions.

Hilton Amsterdam
www.RLAsshows.org