The Information Mechanism of Reverse Logistics System among E-commerce Giants:

A Comparative Case Study

Haoming Wang & Yuwei Xiao

Logistics and Supply Chain Management, Faculty of engineering, Lund University

In recent years, the e-commerce industry has developed at extremely high speed all over the world and becomes the sunrise industry. Besides, there is a megatrend that customers are pursuing better experience along the whole shopping journey and the reverse logistics service is closely related to customer satisfaction level. Statistics show that 50% of products ordered online are likely to be returned compared to about 9% in traditional channel. Among the reverse logistics, the information mechanism can be the most crucial part, since it is directly related to the working efficiency and effectiveness of reverse logistics. Therefore, it is interesting to have a deeper understanding of e-commerce giants' reverse logistics and its information mechanism. E-commerce giants are selected as the object of this research as they have international reverse logistics network and the barriers or problems they are facing can be more comprehensive and typical. The main purpose of this research is to make some suggestions regarding the information mechanism of reverse logistics area for other e-commerce companies and to develop propositions for future studies in this area.

The followings are the main findings. Returns management process are generally the same for e-tailers; giants usually use the combination of advanced and basic information technologies/ systems to realize the information transfer; KPIs and benchmarks are used to do the performance measurements and companies have different level of emphasis in this area; giants will face current issues and future challenges based on situation and strategy. Then we derive some suggestions. E-tailers could consider reverse logistics in early stage; own some infrastructure if they want to develop further in this industry; segment returned products in distribution centers based on product characteristics; develop a separate core control system; use appropriate KPI and bench; measure performance frequently; collect information and use tools to forecast. These suggestions could be adopted by e-tailers to improve their reverse logistics system and information mechanism. To conclude, we found the pattern that the two companies of our study have more differences than similarities in all aspects.

In addition, the research process starts with the literature review. Number of literatures studied the e-commerce, reverse logistics and information systems in recent 30 years were analyzed respectively to build theory using as a foundation of this research. Then a comparative case study between two cases are conducted and used as the main methodology of this research. Data are collected mainly through different kinds of interviews and are described, analyzed individually and across each other to derive patterns, suggestions and propositions.