

**EXPLORING ISSUES IN REVERSE LOGISTICS PROCESS IN E-COMMERCE**

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**Abstract**

This Study purposes to examine the reverse logistics factors that influence on the firm's performance. An effective reverse logistics can have a beneficial influence on the environment as well as the on the firm's financial performance. In Pakistan very limited research has been done on the Reverse Logistics especially in the Ecommerce. In this study Ecommerce industry will be targeted, as it is enjoying a significant growth and the need to deal with defective or returned products has arisen as a significant cost for the companies. In this case we will study that an efficient reverse logistic structure may lead to a significant return on investment and hence progress firm's performance. We have carried out exploratory research, and the elements we have studied are process of Reverse Logistics, reason for Reverse Logistics, impact of Reverse logistics on (financials, economic, social), barriers faced and the Role of Information Technology in reverse logistic process.

**Introduction**

**Reverse Logistics**

"The process of moving goods from their usual final destination for the purpose of capturing value, or proper disposal".

Reverse Logistics is the scientific process of managing assets, in every department in all industries and across all disciplines.

The process of planning, implementing, and controlling the effective, cost efficient flow of raw materials, in-process inventory, complete goods and related information from the point of consumption to the point of origin for the purpose of recalling value or exact disposal. More shortly, reverse logistics

is the process of carrying goods from their typical final destination for the determination of catching value, or right disposal. Remanufacturing and renewing activities also may be included in the definition of reverse logistics. Reverse logistics is a mechanism of events which is shown once the sale product is sold, such as providing the services, renewal and reprocessing, to resolve the recalling value or right clearance.

- For instance, goods or materials are not sent “Backward”, the movement perhaps will not be considered as Reverse logistics process. Reverse logistics is mostly embedded by the processing returned merchandise due to damage, seasonal inventory, restock, salvage, recalls, and extra inventory. Reverse Logistics also include recycling of products, perilous material programs, outdated equipment disposition, and asset retrieval.

### **Ecommerce**

The buying and selling of goods and services, or the shifting of funds or data, over an electronic network, primarily the internet. The base of these business models is formed by relations between companies (business-to-business, customer to customer, business-to-customer or customer-to-business). E-commerce companies have been suffering rapid growing pains in the U.S. for the last 5 years and Europe for the past 2 years. This ongoing expansion just proves that there is and always will be a market for this service, and especially for the young ones. Beyond the startup phase, pure e-commerce is still incurring major losses, indicators of a damaged industry where the worst is in logistics, or to support this business. Treatment of the e-commerce question is light, considering how vague are the boundaries of that activity. Internet retailing and e-commerce start-ups AT&T releases standards for data services AT&T has announced a common goal to work together, but without stating what market it is chasing. its own e-commerce sites. According to Frederick J. Riggins and Hyeun-Suk Rhee, a recent pilot survey shows that some experts

and managers view E-Commerce buying and selling of goods and products over internet. Treese and Stewart gave their view of Internet-commerce as follows:

### **Benefits of Internet Commerce**

#### ***Business benefits***

- Cost of products is reduced for customers due to increase of competition in online business.
- Online auctions are held to reduce the costs for suppliers.
- Errors, time, and overhead costs are reduced due to availability of sufficient information.
- Increased access to real-time inventory information, speed-up ordering & purchasing processing time.
- Ecommerce has made it easier enter into new markets in an efficient way.
- Easily create new markets and get new customers.
- Robotic business processing.
- Profitable document transfer.
- Reduced time to complete business transactions, speed-up the delivery time.

### **Reverse Logistics in Ecommerce**

Reverse logistics begins with the very last individual consumer, and an character's selection to return or now not will be stimulated with the aid of many elements, so organizations can not predict how many merchandise could be returned and the nation of restoration. This has ended in reverse logistics having more uncertainties and being greater tough to predict. in an effort to shield the environment and promote recycling of assets, and at the identical time with the intention to normalize the internet site and the safety of the proper of customers, many nations have law that expressly offers that e-commerce web sites have to have a go back policy. E-commerce has changed the commercial enterprise environment; with the large-scale e-trade programs, the go back fee of transactions online has reached 36%. In modern day marketplace-oriented financial environment, customer fee is the important

thing component for the life and development of a commercial enterprise. So now increasingly enterprises perceive the importance of Reverse logistics to enhance purchaser pride and boom competitive advantage. within the e-commerce model, customers generally can best see the digital snap shots or the electronic assertion of the reference goods. From the pictorial notion of goods, clients can't absolutely apprehend the functions of the bought items; on the identical time, the false records about goods has also extended the possibility of being misled. A huge number of Reverse logistics will be generated whilst the goods received are special from those visible within the net. because the net customers can face the manufacturer or provider at once and acquire character customization provider, the traditional logistics function can be custom designed to complete the reverse logistics mission, however the value of it will likely be confined without delay with agency logistics capabilities and opposite flux. The purchaser's mental anticipation of product logistics provider acquisition potential will be greater sensitive because of the community trait of spatio-temporal "o-distance" and the augmentation of data communicate comfort, easing the stress of the business enterprise's reverse logistics pace demand. therefore, the format, structure, and mission of the status quo in an business enterprise logistics device, which include a warehouse, distribution center, transit, and so forth., can realize the connection with reverse logistics via adjustment. in conjunction with the sluggish development of the organization's reverse logistics gadget, the service radius is likewise enlarged. The organizations that own strong facts processing potential but quite vulnerable reverse logistics capabilities can establish a Reverse logistics gadget primarily based at the statistics community. in this device, the customers send out their Reverse logistics request in distinctive feature statistics community, and then the enterprise can inform the logistics center to reasonably set up reverse logistics in keeping with the client's request. So, through this statistics communicate, the organisation can manage the quantity of reverse logistics leaping-off points and their geographical

distribution, removing predictable variations. And via the combination of logistics companies, presenting a basis for putting off the transport velocity variations and decreasing charges. The businesses that possess sturdy logistics features however a exceedingly susceptible capacity of information processing must stretch out their antenna for facts collection, exploring the reverse logistics jumping-off point for statistics.

### **Background of the Study**

Pakistan's pharmaceutical industry is growing rapidly and the imports are also increasing, thus this means that large number of returns too. The real practice of reverse logistic is not much efficient in Pakistan, there for this research will help pharmaceutical sector to work on it, so that they can work ways to improve their reverse logistic system in order to prevent environmental damage and what are the barrier in pharmaceutical sector for reverse logistic.

From the ecological aspect, reverse logistic contributes to harmful waste reduction and improvement of land filling, although medicines contain different chemicals and ingredients that can be harmful to environment and people. So managing a good reverse logistic channel in supply chain will help environment, society, and the bottom line.

The basic aim of this study is to explore the importance of reverse logistic, its impact on the efficiency of supply chain management, how this reverse logistic helps to save environment, and how role of I.T helps to handle reverse logistic of medicines and the financial aspect of firm. Furthermore, to explore the knowledge and gain better understanding of reverse logistic and to find out new speedy way to get the medicines back into premises where actions can be taken.

Currently Gets, Pfizer, GlaxoSmithKline are largely working on their reverse logistic system at huge scale so that environment is not effected and to maintain their corporate image in society. However, many small players are having their reverse logistic process but at very low scale.

Today in Pakistani scenario we can see that the government and society itself at large are taking steps for maintaining green supply chain process. Government and the Public Regulatory authority are passing bills and are making sure that pharmaceutical firms are following the green supply chain operations.

### **Problem Identification**

Reverse logistics in Pakistan is due to high fee to be incurred in designing and continuing opposite supply chain of stated item and also the shortage of infrastructure and sharing of data for higher collaboration amongst buying and selling companions.

The competition with multi-nationals has performed a advantageous role in dealing with forward logistics through appropriate deliver chain practices but whilst we see the Reverse logistics technique of the identical organizations, they lack behind it as evaluate to the international standards, precisely in Pharmaceutical quarter Reverse logistics procedure is neglected. This indicated us to conduct the research on reverse logistics in Ecommerce and try to find the barriers that avert the Reverse logistics operation.

Damaged product, Door step rejection Product not as per the picture, Variation in the product, Customer unavailability, Mishandling the product. These are the problems generally found in e-commerce industry. What are the procedures companies adopting to perform reverse logistics?

### **Problem Statement**

The process reverse logistics has never been on focus as compared to forward logistics. Companies don't like that the product is coming back from customer it was always seen a difficult process. But it in modern supply chain it is emerging and challenging domain and gained very much Importance because of it effects on customer experience and level of satisfaction that directly impacts on brand reputation.

The purpose to explain the importance of reverse logistics in ecommerce platform, how they are operating reverse logistics process currently from the



perspective of cost reduction, customer satisfaction and identify further how can they improve their Reverse logistics process.

### **Purpose Of Research**

### **Research Questions**

Question 1: How RL effect e-commerce?

Question 2: How Reverse Logistics prevent the counterfeit products?

Question 3: What are the barriers for RL in Pakistan?

### **Objective of the Study**

The main objective of the study is to identify that how Reverse Logistics effects e-commerce and to identify the barriers in the reverse logistics.

To find out the need for reverse logistics in e-commerce. Products such as home appliances, apparels and daily use products are now a days mainly ordered via e-commerce, this trend is increasing day by day due to convenient and easy way to purchase. Due to its convenient, easy and less time consuming process people tends to order these things. These days it is observed that ordered products come with variations so customers want to return those products back to the company. We will find the actual need for the reversing the products, and ways to identify the process of caring those products back.

What are the procedures companies adopting to perform reverse logistics?

Receiving is a labor intensive manner. Many organizations installation an “assembly line” for their group to quick and correctly process these inbound objects. sizable abilities and training are regularly required within the regions of product identity and product managing rules.

Impacts of merchandise if those are not taken returned from clients after receiving complaints or after setting incorrect parcels to customers. what's the procedure of taking products back from clients whether or not they are using any third party for the opposite technique or they make it opposite thru their own transport men and women?

### **Significance of the Research**

Significance of this research is to highlight the difficulties that are being faced by the Ecommerce into their reverse channel and to explore the reasons for their returns.

This research will observe positive effect of reverse logistic as how these companies are working to protect the economic and social issues. The result of this study will clarify how the frame work of reverse logistic works in the ecommerce industry and what difficulties are faced by the companies.

### **Stake Holders**

Stake holders in our study are ecommerce companies, customers, vendors, Third Party Logistics provider and retailers.

### **Limitations**

The result of this study cannot be generalized we had limited time and resources. We had to conduct the interviews of ecommerce professionals so it was difficult to approach them and convince them for interviews. As November and December months are the busy working days for ecommerce companies because they provide more discounts in this season so it was difficult to take time from the ecommerce professionals and managers.

### **Scope**

The scope of this research is limited to the ecommerce companies located in Karachi which include Daraz.pk, Telemart, Yavo and SIMILESFORMILES. The data of this research has been captured from the Ecommerce professionals and data accuracy is limited to the information provided by them.

### **Definition of Key Words**

1. **Reverse logistic:** is set of activities that applied after the sale of product in which product is back to the company for the purpose of proper disposal, reuse & capturing value out of it.
2. **Supply chain** is the set of activities in which the finish product is to make available to the final consumer. Basically it is network which helps the



primary company to procure its raw material from suppliers and finish goods to consumers with the help of distribution channel. At the same time, it is also critical process has efficient supply chain network lower the cost burden and faster the manufacturing process.

3. **Modern I.T:** With the right technology and systems in place to monitor for counterfeit, reverse logistics companies can perform a vital role in combating these threats to the supply chain.

4. **Triple Bottom Line Effect:** Is an accounting framework with three parts that is social (community), environmental and financial (Organization).

5. **Environmental Sustainability:** Is defined as responsible interaction with the environment and effective utilization of natural resources in order to maintain the ecology.

6. **Other Keywords.** Pharmaceutical Sector, Legal regulations, Expired & Damaged Product barriers

### **Literature Review**

This article is written by G.Duffy and B.G.Dale based on interviews and findings which are taken from the professional consultants which are involved in e-commerce he regulates ten processes which are important for the success of e-commerce. The processes are order completion, revenue generation/collection, financial control, IT/Web changes, Business processes, e-integration, order generation, call center integration, 24/7 operation and consumer behavior. This study discovers about the whole challenges facing e-commerce, while after directing the tests of individual processes the researcher identified that many of them closely associated with each other. These processes are defined and concerning them with the methods and models of e-commerce the e-commerce methods and models are defined as below:

Marr(2000) have suggested five models of e-commerce:

1-The Logistics and cash flow model.

2- Customer lifetime value model.

3-Customer aggregator model.

4-Channel harmonization model

Modes of e-commerce:

(B2B, B2C and C2C)

This study identified that maximum rising area of e-commerce is in B2B for the future success of e-commerce (Duffy, Dale 2002).

This text states that e-trade isn't always simplest used in products; it is also utilized in provider industries. offerings account for over 50 percent (\$three.6 trillion) of the 1997 gross domestic product for america and greater than 25 percentage of world alternate. nowadays's the net, and data generation is generating important modifications in the economics of the service industries as the brand new new network-based models and global e-commerce enterprise models stand up and begin to run. And determines that is how the internet is converting the extent of facts between purchaser and supplier and how this flip in altering the industry's normal profitability. (Wymbs2000)

Online retailers need to make sure that the online shopping return process is easy enough and simple to track customers return orders. This study suggested that ease is an integral part of online customer satisfaction. (Karim, 2014)

It is also essential to grow robust reverse logistics strategies and plans primarily. Then there is a need to clearly sketch financial, company, branding, advertising and other aims. Always consider it as another business because it is not an earning sector but it is an operation. (Elmas, Erdogmus, 2011).

Company's returns can be handled by out-bound logistics functions. Warehouse management should the return products efficiently that place the items accordingly.

Third-Party logistics (3PL) provide, opportunities for all size, large, medium and small retail stores to gain Supply chain gains. This article emphasizes the role of Supply Chain as Third-Party provider. This can deliver

an alternate source to make returns easy for the retailers. (Roger A. Hinson, 2005) reverse logistics aren't as modern as ahead logistics and this impose huge environment effect as well as loss of profitability at client pride. This have a look at is to look into the reverse logistic factor that touches the company overall performance. consistent with this have a look at, company sources and functionality determines the firm's performance. (Vlachos I, 2014). A look at on influence of returns processing, that suggests the spending to an corporation can range from 20% to 65% percent of the fee of goods sold (COGS), and bad execution can produce further issue. in this manner, return fee can increase 3 instances better. this article states that, it's no underground that a revolutionary enjoy brought to a consumer determines whether that consumer will come again. that is a lot actual in any enterprise, however specifically true in manufacturing and distribution wherein joint relationships among providers and customers in a B2B heritage are crucial for long term attainment. Shippers who've set up on-line buying drays ought to rise the person experience in advance to chronic the "buy" button however additionally focus at the publish-purchase website online experience to keep client preservation metrics at sensible tiers.by using incorporating new strategies to enhance this method, shippers can enhance purchaser preserving and growth new sales streams to direct business beyond the out of date brick and mortar channel. some key metrics that author added to help the reverse logistics in e-commerce enterprise case are:

- 85% of clients say they will forestall buying from a business if the returns procedure is a bother (Harris Interactive)
- ninety-five% of clients say that they may probably keep with a sequence or enterprise once more if the online returns procedure is suitable (Harris Interactive)

This research investigated that reverse Logistics is the e-trade links which cannot be left out, for give up clients, representing the dependability and photograph of enterprise. Reverse logistics can provide a degree for

agencies to better intersect with customers, the e-trade surroundings is a extra nicely-organized device and substructure for reverse logistics. With the similarly development of e-commerce, the Reverse logistics becomes a sizeable competitive benefit for e-commerce. studies on Reverse logistics, set Reverse logistics method, enhance the Reverse logistics device will benefit for the healthy development of e-enterprise. China's e-commerce groups need to seriously study the phenomenon of reverse logistics, pay attention to the price of Reverse logistics, build e-commerce Reverse logistics device (jiangyuehxg 2013)

### **Amazon**

On May 28, 1996 Amazon.com, offers a variety of products and services through its Websites. The Company functions over three segments: North America, International and Amazon Web Services (AWS). The Company's products comprise of merchandise and content that it purchases for resale from vendors and those accessible by third-party sellers. Amazon also manufactures and sells electronic devices. The Company, over its secondary, Whole Foods Market, Inc. offers healthy and organic food and pins crossways its stores. Amazon used other Third Party Logistics services to distribute its products to customers and in case of reverse logistics Amazon used to recall the products through diverse delivery services. But now a days Amazon has shaped its own logistic channels over which it is bringing its products to the customers. Amazon has shaped "AmazonFlex" which runs in nearly fifty cities of USA including New jersey, Chicago, Wahsington etc. So far as its reverse logistics is concerned Amazon recalls its products through TPL such as Spainbox. Spainbox works as TPL for Amazon. Facilitating a clean and problem-loose return revel in in your customers can make you stand out in their minds and affect in which they decide to save. even though the praise is notable, making plans, executing, and perfecting a return coverage is not any easy venture. here are some of hints for a top-notch go back coverage from our learnings from past years. the use of a associate that gives return following,

imparting involuntary return transport labels, and encouraging clients to guarantee return applications are a few practices that commonly bring about a better go back revel in. If customer need to or now not pay for the go back. Spainbox can deliver a go back label. Spainbox will electronic mail you a proper delivery label to our warehouse. The customer should down load this label and tape it on the go back package deal and take it to the postal facility in their choice. shipment could have monitoring and could have insurance upto two hundred euros covered in the delivery value. Returns being received with the aid of a Spainbox warehouse go through a dealing with process which will be notified to the seller. Log in to Spainbox Account and notice your inbox to check all of your incoming shipments. you may manipulate there how would you process.

### **Research Methodology**

#### **Research Design**

This study is conducted in order to find out the influence of reverse logistics on TBL (Triple Bottom Line) and to identify the barriers in reverse logistics process of the Ecommerce Company. TBL (Triple Bottom Line) consists of three elements social, environmental and financial. This study is based on the interviews protocols which helped us in getting in-depth and first-hand knowledge from the professionals who are actively working in ecommerce industry, overall five interviews were conducted from five different professionals related with the field of ecommerce. The ecommerce companies that we chose are Daraz, Yavo (by TCS) , Shop and ship, Smilesformiles. We analyzed and compared the business model of Amazon which is one the largest and first ecommerce company in the world. We have taken interviews for data collection and our research is purely qualitative research (Exploratory research). We have taken interviews via phone call and direct meeting with the professionals. Interview questions guideline was open ended and research philosophy is interpretivism through which we analyze data from the answers given by respondents. Our research is inductive in nature as we have firstly

taken interviews and then conclude the abstract by analyzing the response of respondents.

### **Research Onion**

Research Philosophy	Interpretivism
Research Approaches	Inductive
Research Strategies	Exploratory
Time Horizon	Cross sectional
Data Collection Tool	Interview Protocol

### **Research Philosophy**

Research philosophies are defined as the guidelines for the data analysis chapter, where the extracted information may vary according to the nature of the research. This is described as a place where the researcher would define what sort of direction the research is to indulge. Interpretivism research philosophy has been used to analyse in-depth interviews. In this regard qualitative approach had been used.

### **Research Approach**

In this particular study inductive approach had been taken into account and proposition has been developed by exploring the data. As this is qualitative research, by using inductive approach theories has been developed with through in depth analysis.

### **Research Strategy**

Research strategy is comprised of various aspects that make it run in to a specific direction. Moreover, there are a number of research strategies that are defined as per the initiative of the researcher or the sources which are researcher utilize in order to conduct the particular study. In addition, the research strategies are acknowledged as experimental, survey, Case study, Action research, grounded theory followed by ethnography and archival research. Furthermore, within this particular study the research strategy applied was exploratory and observation.



### **Research Choice**

Qualitative research and mono method has been taken in this study for data collection.

### **Data Collection Strategy**

#### ***Sampling Method***

This study consists on primary data. For data collections, in depth interviews has been conducted from supply chain professional of ecommerce industries.

Instrument Selection for Gathering the Data:

The data had been collected by using the interview protocol which is based on open ended questions.

#### ***Timeframe***

The research had been carried out within the time period of a semester. It was comprised of three months of MBA thesis at SZABIST, by regular assessment of supervisor.

#### ***Participant of Study***

Research is only focused on Karachi city, and respondents include the professionals of supply chain management of ecommerce who handle reverse logistic operations.

#### ***Plan Analysis***

The first step of analysis involves writing down the recording of each interview separately, and then we had made matrix analysis of all the questions from respondents. Then through that matrix we were able to discussion of the data, and through discussion we had drawn the conclusion.

#### ***Sample***

Our sample size consisted of 5 interviews from six different Ecommerce companies like Daraz, Yavo, Milesforsmiles, Telemart, .

#### ***Target Population***

Our target population consist of employees who are associated with the Ecommerce companies. We have conducted five interviews from different ecommerce companies like Daraz.pk, Yavo, Telemart, smilesformiles, shop n

ship. We have conducted interviews from professionals who have expertise in field of supply chain, logistics, planning and quality assurance departments.

***Procedure***

We have arranged interviews through references. Firstly we coordinate with them via emails and text messages and asked their availability. We schedules meetings and one of our interview is based on telephonic interview due to Long distance.

**Data Collection, Analysis & Discussion**

**Data Collection**

**Respondent No 1: Daraz.Pk**

This interview was conducted with Mr. Riaz Ramzan. He is Sales and Marketing Head at Daraz.Pk. He has experience of five years at Daraz.

Q.1 what are the main reasons of reverse logistics? What is process of reverse logistics in your Organization?

1-Dislike (in marketplace vendor sell their product by own self to customers, there is no any QC element in it, for example: if customers order a product in blue color but they delivered in black color so customer dislike the product because of the different color).

Daraz works in marketplace and only shipping (directly sell the product which is given by vendor and packed by vendor, if customer receive the damaged product which is packed by the vendor then we work on our reverse logistic process we receive the product from the customer that goes to warehouse and in these situations we works with 3pl companies such as leopards, TCS ,Foren, Byckia, delivery Chacha, blue x , the return form which attached the product if customer want to return the product in case of any damaged or technical issue in product then customer fill the return form and call to our (CS) Customer Service department and CS department lock the return and we send the rider to our customer for the return of the product and the reason of return is written on return form and the CS department match the reason which is written in return form and the reason which is given by

customer on phone call to our CS department and after those matching reason we will QC that the product which is ordered by customer and the product which is delivered are same. If the both product are same then we call the customer again and tell them that we delivered the same product which you have ordered and then we return the product to the customer and our rider will guide the customer that how to operate this product.)

Q.2 what is the influence of recalled products on the financial performance of the company?

Yes it creates impact on the financial performance of the product because we have to pay the cost to our 3pl partners like TCS, Leopards etc, and the cost of warehousing of product, the cost of repacking of return products we have bear all these costs.

Q.3 How efficiently your firm utilizes the returned products?

The return product which is received by us from the customer, If the claim of the customer is valid then the product will be sent to the vendor, if the claim is not valid then we send the product to the customer back.

Q.4 Is the industry consistent in applying the standard as implemented in the developed world?

Alibaba, Amazon, Lagarda, Philipcard and Daraz have same policies. These four companies except for few such as in other countries where these companies are operating they also return back the electronic products like AC, but in Pakistan and Asian market cannot return these product, like in Alibaba and Amazon if your cell phone is damaged after opening the seal then you can return the product to Alibaba or amazon but in lazarda you cannot do this and also in Pakistan it is not accepted by any e-commerce company so daraz is operating according to the demographics of Pakistan marketplace and the daraz have same business model as these four companies have, but there is two things in which daraz is working on Consignment and Marketplace in Consignment we have daraz express and Alibaba does not have express but Amazon have their Amazon express. Daraz does not store the high value items

in warehouse like laptops, expensive watches etc these items is kept by the vendor if the customer place an order these type of items then we directly inform our vendor for delivery, but in fashion brands like Junaid Jamshed, Levis etc they give us 2000 sku's we hold these sku's in our warehouse if the order comes then we directly send to the customer from the warehouse. And after the end of the month we will give the inventory report to these fashion brands inventory report shows that how much inventory is sold and how much items are returned in this month and what are the remaining items in our warehouse.

Q.5 In what way environmental (any) concern regarding ecommerce is regulated by government policies?

In Pakistan people actually don't know the difference between marketplace and retail (Marketplace is where the company is an commission agent) Daraz is working on marketplace so it is difficult for us to explain to the government that in marketplace there in no tax on marketplace we actually give tax on our income because we are an commission agent but in this situation customer don't have to pay the tax. Now after launching black Friday in end of 2014 then people understand the difference between marketplace and retail.

Q.6 what is the influence of reverse logistics on the social concerns related with "people's life and society?

Few years back people actually don't know the concept of reverse logistics but after TCS people understand the concept of logistics, even right now in Pakistan e-commerce caters only 7 percent market, rest of the 93 percent market people don't trust in e-commerce companies but right now peoples' trust is increasing day by day in e-commerce companies. In the past few years people could not trust on our riders at that time we were lack of proper tracking devices for rider. now we have tracking devices for our riders, and also have complete documents and history of our riders if the customer ask the rider for any document like license from our rider and rider forgot their

license at home then we Whatsapp the rider history documents to our customer for the conformation and satisfaction of the customer.

**Respodent No:2 Smilesformiles**

This interview was conducted with Miss Sarah Khan. She is the owner of Smilesformiles. She is running her business for one year.

Q.1 What are the main reasons of reverse logistics? What is process of reverse logistics in your Organization?

The main reasons of reverse logistics are a defected product received by a customer and quality issues related with a product. The process of reverse logistics is most common in online businesses now a day. The process of reverse logistics in our organization is that you can send back a product through courier if any inconvenience caused right after receiving a product and we will pay the amount of courier, and will send back a product in good condition.

Q.2. what is the influence of recalled products on the financial performance of the company?

We have to bear some loss due to recalled product like the charges of courier, and maintenance cost for a product.

Q.3. How efficiently your firm utilizes the returned products?

We cannot utilize a broken mug, lamp, and photo frames at the other hand the products are customized so they are of no use, and we cannot utilize it so ultimately we have to bear a loss.

Q.4. Is the industry consistent in applying the standard as implemented in the developed world?

There is lot of difference between the standards of developed, and developing countries because our business is of reselling, so we don't know exactly about the material, and quality which our vendor is using in manufacturing process we only receive a finished product for further selling to our customers. Since we are new to this industry and we have observed that ecommerce industry in Pakistan is less developed as compare to the rest of the world. Large

companies such as Daraz.pk and export leftovers are trying to implement the recent developed trends.

**Respondent no: 3 Telemart**

This interview was conducted with Ali Ahmed He is head of sales and he is working with Telemart for last three years.

Q.1.What are the main reasons of reverse logistics? What is process of reverse logistics in your company?

Main reasons for reverse logistics are when customer receives the different product than he has actually ordered, damaged products, when there is a variation in actual and ordered quantity in this case customer returns the product and reverse logistics process starts.

We take products back from customer through our own fleet when it is in the same city, whereas in case of other cities Telemart uses other courier services such as TCS, Leapord etc.

Q.2. what is the influence of recalled products on the financial performance of the company?

Financial impact of recalled products are not good. The financial performance of the company is negatively impacted when returns are increased.

Q.3 How efficiently your firm utilizes the returned products?

The returned products which come from the customers, our firm firstly check and tally those issues which are written by customer on our return form which is attached on our product and also match those issues which are told by our customer to our customer service representative person on phone, if the issue is really valid and accurate then we send the product to our vendor and if the problem is not valid then we send back the product to our customer and our rider will guide the customer that how to operate the product.

Q.4 Is the industry consistent in applying the standard as implemented in the developed world?

Ecommerce industry in Pakistan is not as developed as it is in European countries. Pakistani marketplace is different than other marketplace. Timely



Pakistani market will understand the rules and accept the updated digitalization.

Q.5. In what way environmental (any) concern regarding ecommerce is regulated by government policies?

Government policies are not made regarding ecommerce.

Q.6. what is the influence of reverse logistics on the social concerns related with "people's life and society?"

People of Pakistan are getting more interest in ecommerce. People feel more convenient and easy to buy things online. At the same time when products they order comes with any defect simultaneously they accept a less time consuming reverse logistics process from company.

### Data Analysis

#### Matrix Analysis Table

THEMES	ECOMMERCE COMPANIES NAMES		
	DARAZ.PK	TELEMART	SMILESFORMILES
PROCESS	Same forward channel is used for logistics. Inspection decision to repair or replace the returned product. Daraz has their own fleet compromises of 300 riders working	Same forward channel is used for logistics. Inspection decision to repair or replace the returned product. Telemart has its own fleet	Same forward channel is used for logistics except they don't have their own fleet. Inspection decision to repair or replace the returned product.

	Karachi.	catering one city initially Karachi.	Does not have its own fleet.
<b>Reasons</b>	Customer dislike	Issues with vendor and its product quality.	Product Damages Variation in product Returns are treated as loss.
	Damaged products		
	Variation in Product i.e color, size etc.	Issues with Quality Product Damages	Return products increase the inventory cost.
	Return losses are returns	Returned products are considered as loss	Product damaged Cost Traceability
	Delivery Cost		
<b>Financials</b>	Damages	Profits are considered as long term goodwill.	
	Traceability	Use return	
	Working on digitalization of warehousing	products as sample. Traceability of product	

	Easy to identify the defective products	Easy to identify defective products	
<b>INFORMATION TECHNOLOGY</b>			
<b>Social</b>	Building trust with people, by providing a convenient and easy way to shop as per choice with fair prices.	Developing relationship with people by providing products on door step.	Developing relationship with people by providing products on door step.
<b>Barriers</b>	Poor infrastructure lack of resources from government. Customers are not much educated to utilize the products as per given instructions.	Mishandling of products by courier service (rider).	Mishandling of products by courier service (riders).

## **Discussion**

In order to explore issues of Reverse logistics process, we have conducted research to know the reasons of recalled and returned product and barriers of Reverse logistics, the role of Technology, and its implications on social economic and environment.

After the interviews from different companies, we came to know that their sales returns figures are normally are up to 2 to 6% of total. All companies reasons for sale return in Ecommerce are more over same , which are customer don't understand the product, or didn't received that exact product which they ordered or different size, customer received damaged product or product is not as per picture as customer perceived.

During our interviews we can analyze by following RL practice companies are getting financial hit and barely getting any benefit, cost of doing business is increasing .the only benefit company is getting from this practice is in the form of customer satisfaction that will ultimately increase the brand loyalty .

AS we have evaluated, IT is the main driver of this industry and Ecommerce industry is continuously developing and progressing. companies are working on real time data sharing so that they can improve their processes .During the interview we come to know one of the renowned name of Ecommerce daraz has the state of the art facility of ware house .Still companies operating in Pakistan are trying to follow the first world countries which are more advance in terms of technology.

## **Conclusion And Recommendations**

### **Conclusion**

The purpose of this research is to contribute the literature related into the Ecommerce sector. This research has explored the reasons and whole process for reverse logistics in depth. We have analyzed that companies are not getting any financial gain from this process rather they have to pay for the proper reshipment of the products, but they believe that this cost on RL process is

adding goodwill to their name. In our study we have seen that Ecommerce industry faces barriers like infrastructural issues, lack of government policies, lack of trained vendors, and lack of awareness regarding marketplace, and lack of education among customers who mishandle the product. We have also enlighten the role of I.T in Reverse Logistics process, it was identified that companies are really appreciating the role of I.T in this process, they believe that it makes it easier for them to know about the product damage and track the rider's location and if there is some problem in any product in warehouse then its traceability is made easier by I.T. We can conclude that there is always a positive influence of reverse logistics on social life and company's image. When we observe about financials such a big difference only what other experts and managers believe that Reverse Logistics will increase their goodwill. We have also found that companies face barriers in form of bad infrastructure, government policies and lack of awareness among customers and external factors in form of load shedding also affect their process of reverse logistics. Amazon has link with TPL's rider for which they can track the status of product easily .We have seen amazon have strong check and balance on its quality check. They properly scrutinized the vendors before registering them on their portal. Amazon has created a good coordination with its vendors, customers and TPL providers. Hence they are working to make their ureverse logistics process as efficient as they can. Amazon can be said as one the best ecommerce company which is focusing on Reverse logistics process.

### **Recommendations**

Following are the recommendations

- To educate customers and riders of courier services other than their own fleet so that they better know about how to use product, handling of the product and process of proper delivery.

- There should be an efficient technological linkage between the vendors, ecommerce company itself, customer and delivery person so that the reverse product cannot be mishandled.
- Companies like Daraz.pk and Telemart should have their offices or product collection units in major cities of Pakistan where they can manage the forward as well as backward logistics.
- Packaging of sensitive products like Laptops, Mobile phones, Glass etc should be improved, they should use safe packing material like 'tharmocol' sheets to pack such products.
- Government should support ecommerce industry in Pakistan and should make policies to regulate ecommerce business in country as the European countries and USA are doing.
- Creating awareness among the customers so that they cannot mishandle the product and its packaging.
- Ecommerce industry in Pakistan should follow the strategies which are being used by Amazon.

#### **Area of Further Study**

Further research can be done on how to make this process of Reverse Logistics better and how to integrate the system of vendors with the proper packaging and proper handling of product.

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