

Retail Returns handling Best Practices from L.L. Bean

Contributed by Paul Rupnow
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Some excellent Reverse Logistics benchmarks and best practices from L.L. Bean for e-commerce retail returns handling and processing from an article by Amanda Loudin from Inbound Logistics.com, DC Solutions.

clipped from www.inboundlogistics.com

"Bean There, Returned That", InboundLogistics.com, DC Solutions, July, 2007 by Amanda Loudin

"L.L. Bean shipped 48 million units last year, of which six million were returned"

Note from Paul Rupnow - That translates to a 12.5% return rate for an e-commerce and catalog retailer for 2006.

"During the holiday season, the returns department braces for an 18-fold increase in volume. On its busiest day last year, the department processed 47,000 individual returns."

"The facility, which measures 135,000 square feet, houses a staff of 500 processors who handle customer returns and exchanges. About 85 percent of returned items include a refund request, while 15 percent require an exchange. Returns services also include repairs."

"Today, 80 percent of returns can be processed with one touch to reduce re-handling, a big change from the old days."

Employees who formerly processed 16.5 units per hour now handle 18 per hour, a number that Steele expects will increase during peak season.

Note from Paul Rupnow - L.L. Bean utilizes one staff person to process the entire return. 18 per hour is just over 3 minutes per return.

Cost savings have been high as well -- the simple act of shaving seconds off processing each return leads to hundreds of thousands of dollars in labor savings. By eliminating two handoffs, the company also has improved merchandise operations and maintained "first in, first out" returns processing.

In addition, L.L. Bean is pleased with the ROI it expects from the new technology. While it costs about \$14 million annually to run the returns department, the company considers it money well spent because keeping customers happy pays off in spades.