Chapter 51
Reverse Logistics in E-Retaling

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ABSTRACT

Consumers mostly prefer internet for reasons such as accessing product immediately, convenience, time saving. However buying products without observing physically causes some troubles. This situation results in return of the purchased product. The return process that is going to be experienced by the customer who wants to return or change his/her product is important for the companies. Managing return process without troubles is going to affect loyalty, satisfaction, revisiting, repurchasing, consumers messages, which are going to be get across to his/her environment. Because of these reasons, it is imperative for the companies to pay attention to the reverse logistic activities that they will undertake for the end consumers. The aim of this chapter is to indicate the importance of reverse logistics in e-retailing.

INTRODUCTION

The elimination of borders with technology ensures the consumers to have the products from the other end of the world with one "click". Consumers can buy the product they want from the Internet, anytime, anywhere, and in the form of payment they want; they can easily compare models, colors and prices. Despite the many benefits of online shopping, some consumers consider that there are some risks of online shopping. Because consumers are acting according to the visuals and information given by the e-retailer. They cannot see, touch, try or test them closely thus they purchase the features which are promised about the product.The fact that the purchased product is not as expected (not being the suitable size, not having the specified features, etc.) or giving up after purchasing the product leads to a reverse logistics process between the consumer and the e-retailer. This process is one of the most important processes determining the fate of the relationship between e-retailer and consumer. Because, in today's conditions, not only the quality, function and utility of the product is important for consumers; but also

experience in the process of purchasing the product is important. This study examines reverse logistics, e-retailing and the relationship between reverse logistics and e-retailing.

BACKGROUND

There are many definitions in the literature related to the reverse logistics. The first definitions are found in the scientific literature in 1970s. Authors such as Zikmund & Stanton (1971), Guiltinan & Nwokoye (1974) and Ginter & Starling (1978) have used terms such as "Reverse Channels" or "Reverse Flow" instead of the concept of reverse logistics in their study these years. Also they related reverse logistics definitions to recycling (De Brito & Dekker, 2004, p.4). For example, Zikmund and Stanton (1971, p.35) named "reverse logistics" as "reverse distribution" and defined it as: "Conceptually, reverse distribution is identical to the traditional channel of distribution. The consumer has a product to sell and, in essence, he assumes the same position as a manufacturer selling a new product. The consumer's (seller's) role is to distribute his waste materials to the market that demands his product". Lambert and Stock (1981) defined reverse logistics as; "going the wrong way on a one-way street because the great majority of product shipments flow in one direction" (Rogers & Tibben-Lembke, 2001, p.129). Murphy (1986) made a similar definition with Lambert and Stocker and he said that reverse distribution may occur in three cases. These are;

- Customer initiative-voluntarily returned goods.
- Industry initiative-recycling.
- Govemment initiative-product recalls (Murphy, 1986, p.12).

When the studies carried out in the following years are examined, it is seen that the definitions have begun to differentiate. For example, according to Rogers and Tibben-Lembke (1998) reverse logistics is "the process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal" (Rogers & Tibben-Lembke, 1998, p.2). Srivastava (2008:547) defines reverse logistics as "the process of planning, implementing, and controlling the efficient, effective inbound flow, inspection and disposition of returned products and related information for the purpose of recovering value".

Reverse logistics begins from end users (first customers) where used products are collected from customers (return products) and then attempts to manage end-of-life products through different decisions are undertaken including recycling (to have more raw materials or raw parts), remanufacturing (to resale them to second markets or if possible to first customers), repairing (to sell in the second markets through repairing), and finally, disposing of some used parts (Govindan et al., 2015, p.603). The important point here is; reverse logistics is not just the reverse of the forward logistics or supply chain (Bai & Sarkis, 2013, p.307).

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