For manufacturers – through wholesale and distribution, retailers, and in fact organisations of all types – reverse logistics has far too often been seen as a one-way street, Richard Jones, Chief Marketing Officer for GS1 Australia, tells MHD.

“Manufacturers have put a lot of time into their supply chains for getting goods to market: in one direction from manufacturer to wholesaler to retailer to consumer,” he says. “And there is a lot of effort around that in terms of unique identification of things: in terms of barcodes, electronic messaging, alignment of master data, and so forth. There has been a lot of investment that has gone into developing standards around that process and streamlining that process. Many of these same standards have also been gradually introduced in sectors such as healthcare to help to streamline one of the most ‘just in time’ and fast-moving supply chains.”

It is time now, says Richard, to put the same effort into seeing logistics as a two-way process, and for the industry to push for a unified approach to deal with logistics in reverse.

Although the issues of reverse logistics have magnified with the growth of online shopping, and the increased awareness that counterfeit product can enter supply chains via reverse logistics in areas such as pharmaceuticals or luxury products, discussions of how to deal with this challenge are not new. Richard says that about 10 years ago GS1 did work with different areas and sectors across the retail and manufacturing side of the reverse logistics process.

“We created a set of guidelines for industry on how to put together this process in a standard way that all retailers and manufacturers could be confident in and were able to support,” he says. “There were a number of companies that came together and were signatories to this document – but the reality is that not very many of those have implemented it because they’ve had
We did some work a year or so ago in consumer electronics, for instance, where a local supplier or brand owner was telling us they had to support up to 64 different reverse logistics processes for the 70 or 80 odd retailers they traded through.

ACHIEVING A GLOBAL STANDARD

Richard says that theoretically a global standard could probably be

reverse logistics.

“Locally, we did some work in consumer electronics where a local brand owner was telling us they had to support up to 64 different reverse logistics processes for the 70 or 80 retailers they traded through,” he says. “That’s a significant cost to their business. They were talking to us about trying to streamline that process and to see if it could be adopted by all retailers across the board.”

This is a significant problem for manufacturers, Richard says, particularly for discrepancies between reverse logistics processes used by retailers in returning faulty or customised products to manufacturers.

“There can be different messaging formats, so a number of retailers will require electronic notification to be provided to them, for example product recalls; others want suppliers to fill out proprietary forms; others will require manual paper-based solutions,” he says. “So, there’s a lot of different ways in which these things are initiated and then followed through. Peak manufacturers don’t want to be fiddling around with paper, but they are sometimes forced to, especially when dealing with second-tier retailers.”

Ten years ago GS1 worked on general standards for the reverse logistics process.
formulated within a few months, the end point of this process will more likely be five to 10 years away to full implementation. “The key for us right now is to get organisations interested and involved, because for a lot of them they believe they have a system that works; it’s their system, and they’re not seeing the cost could be eliminated through greater consistency in practices,” he says. “Getting these people together, to collaborate and build a business case – that’s the initial goal.”

The bottom line, Richard says, is about minimising cost and maximising efficiency for manufacturers, as this directly affects consumers at the other end of the supply chain.

“A lot of the reverse logistics process is about ensuring a positive experience for the consumer or buyer,” he says. “If there is confusion between a manufacturer and retailer that can lead to confusion for the consumer as well, in healthcare the consequences could be far greater. So ultimately it is about streamlining the entire process. While our standards apply directly to one part of the supply chain, ultimately it is the consumer that will benefit from all of this. Whenever we have a product that we want to return as consumers we know that there can be challenges in doing that.”

Richard says that consumers will be familiar with how easy it is to get products, but how time-consuming it can be – particularly when a transaction is international – to get a faulty or customised product replaced.

“The people we buy it from are much quicker at getting the product to us than returning faulty or unwanted goods back to them,” he says. “And they’re loathe to do it because the financial imperatives are there and because the systems just aren’t streamlined to make it easy for them. That’s why we’re opening up this discussion again to try and get this problem fixed, for consumers as much as for manufacturers and retailers.”

For more information regarding GS1 reverse logistics or to become part of the GS1 reverse logistics working group visit www.gs1au.org/reverse-logistics.

GS1 RECALL

GS1 offers a product called GS1 Recall that can help brand owners with the reverse logistics process. “GS1 Recall is a platform where a brand owner enters all of the information about a product recall or withdrawal into a system and that information is immediately sent out to its trading partners electronically,” Richard says. “It is mainly used in grocery and healthcare.”

“One of the problems we often find with product recalls is that an initial message goes out to trading partners alerting them to look out for this or that batch,” Richard says. “But as they go through the recall process, they will continually find that it’s broader than they initially thought. At first they think it’s only two batches that have been contaminated, then it’s 10 batches and they have to re-issue the recall message all over again. The people at the other end might never be sure if they have the latest advice and information.”

“This is where GS1 Recall is really useful,” Richard says. “Information about the recall is entered into our database, and new messages are sent out whenever new data is entered, it pushes the information to the users and they will always know they have the latest advice.”