

# Future of Returns in an E-Commerce World

Sustainability & Profitability



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## The #1 Rework Company in the USA!

Quality Corrections & Inspections is a U.S. based, high-volume rework company, serving the footwear, apparel and consumer goods industries. Since 1986, we have been the “go to” company for many of America’s top recognized brands. We are the industry rework leader with the knowledge and experience to correct most quality problems.

We specialize in sorting first quality goods from seconds, analyzing defects and performing the corrective measures necessary to solve the problem. We return damaged goods to first quality products. We have two large facilities, on both the West coast and East coast of the United States, to ensure that our customers get what they need quickly and cost efficiently.

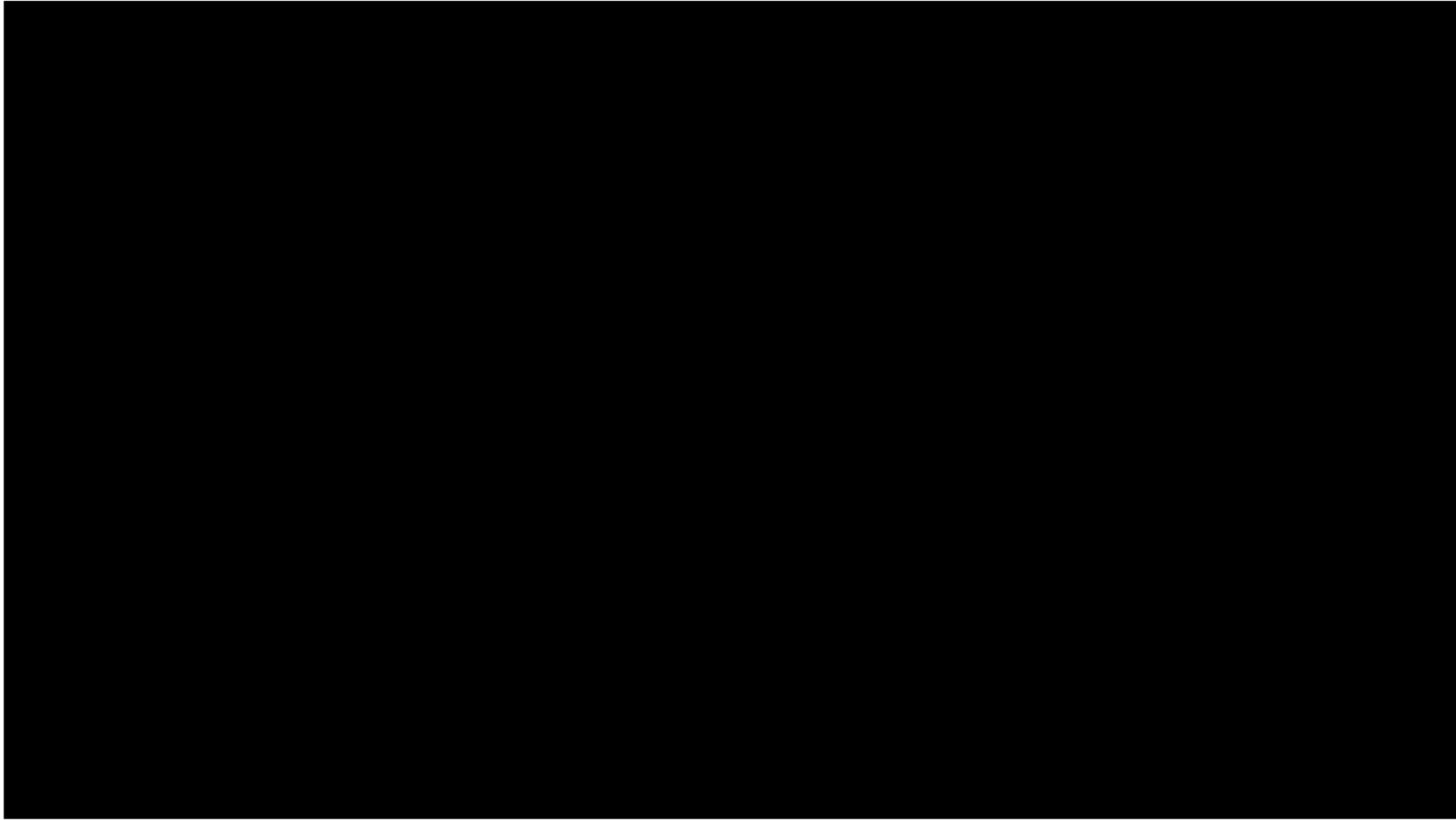
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# The Problem



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# Worldwide Waste Disposal



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## Worldwide Waste Disposal - Stats

- According to a three-year study published in [Scientific Reports](#) Friday, the mass known as the Great Pacific Garbage Patch is about 1.6 million square kilometers in size -- up to 16 times bigger than previous estimates. That makes it more than double the size of Texas.
- Ethylene Vinyl Acetate (EVA), a material commonly found in the midsole of running shoes, can last for as long as 1,000 years in a landfill.
- 20 billion pairs of shoes are produced annually, and unfortunately, roughly 300 million pairs are thrown away each year, too. Each pair uses apx 1 cubic liter of landfill space. – usagainblog.com

# The Challenge



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## **Many Unhappy Returns: E-commerce's Achilles Heel**

“E-commerce is often unprofitable due to high supply chain costs and a huge driver is the high rate of returns...The fact is that unless return rates can be mitigated significantly and/or the cost of handling returns can be lowered dramatically, some retailers will continue to suffer from what I call omni-channel's migration dilemma.”

Steve Dennis, Forbes, April 2017

“...when the consumer requires free delivery, free return, wonderful packaging, plus there's a new trend that people are buying multiple sizes of things to try them at home and then return them, that all is a negative head-wind for us.”

Michael Kors CEO, John Idol

# The Opportunity



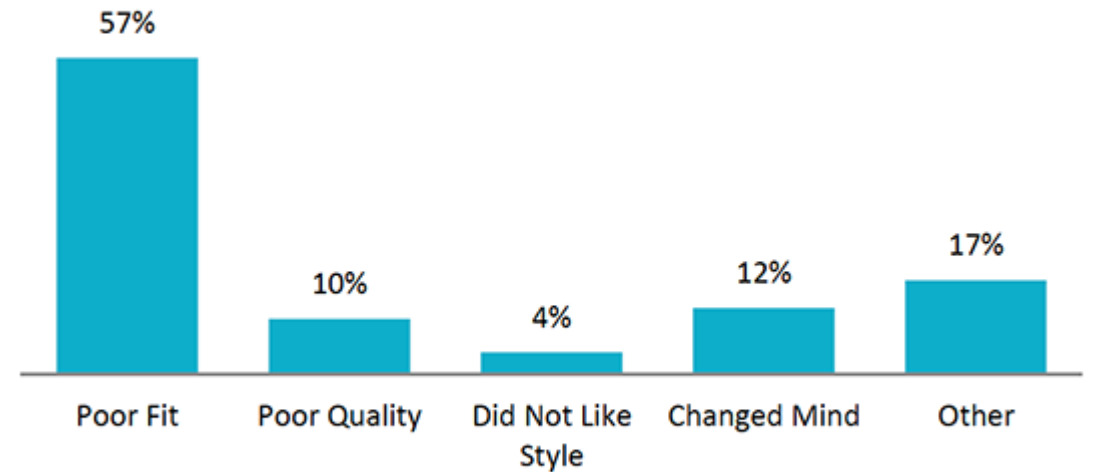
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# The Opportunity

- 20 – 35% of all shoes purchased online are returned
- More than half returned for “poor fit” i.e. barely worn
- Recovery of lost revenue & profits
- Sustainability:

**More Recovery = Less Landfill**

Figure 6. US Consumers: Reasons for Returning Footwear, April 2016 (%)



Base: 1,130 US consumers

Source: Body Labs



QCI Partners



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Founded in Barcelona, Viscata® is a premium espadrille brand that captures the vibrant Mediterranean spirit through superior craftsmanship, comfort, and style for any occasion.

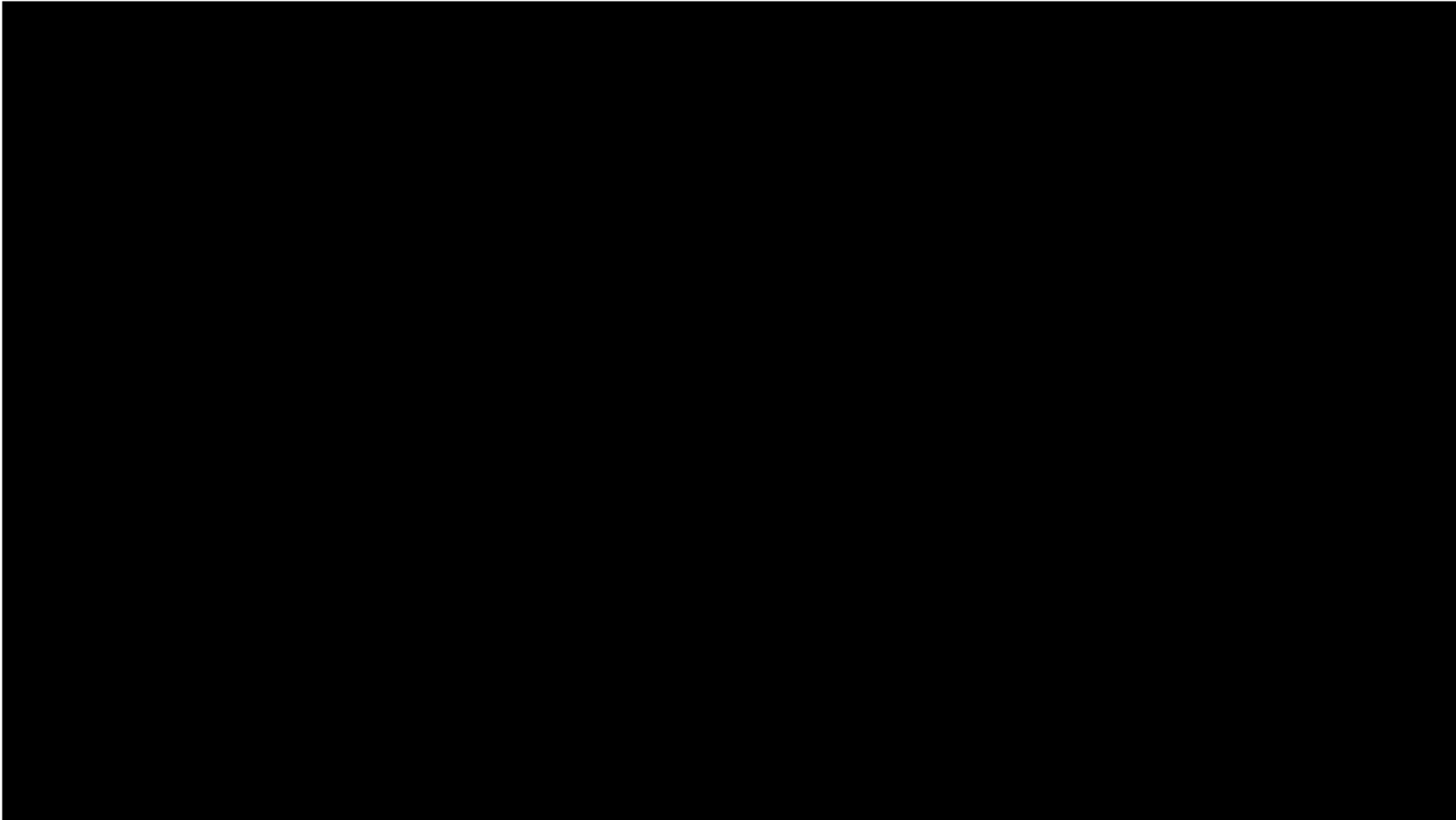
Every pair of our authentic Spanish espadrilles is hand made by artisans in the traditional fashion from centuries ago.

Inspired by the Mediterranean, you're not only getting all the style and comfort you're looking for, but the quality of a handcrafted shoe that is made with soul in Spain.

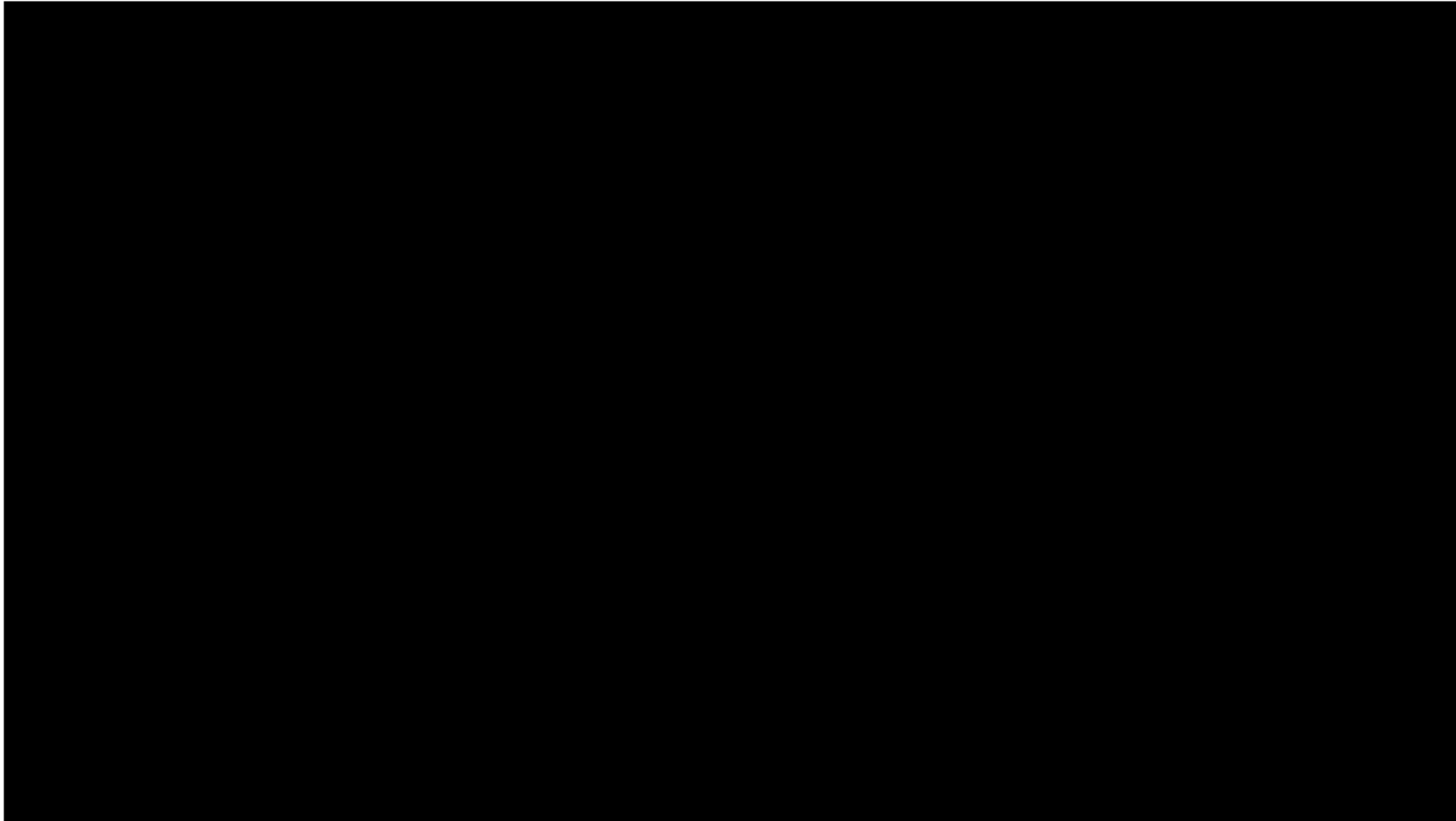


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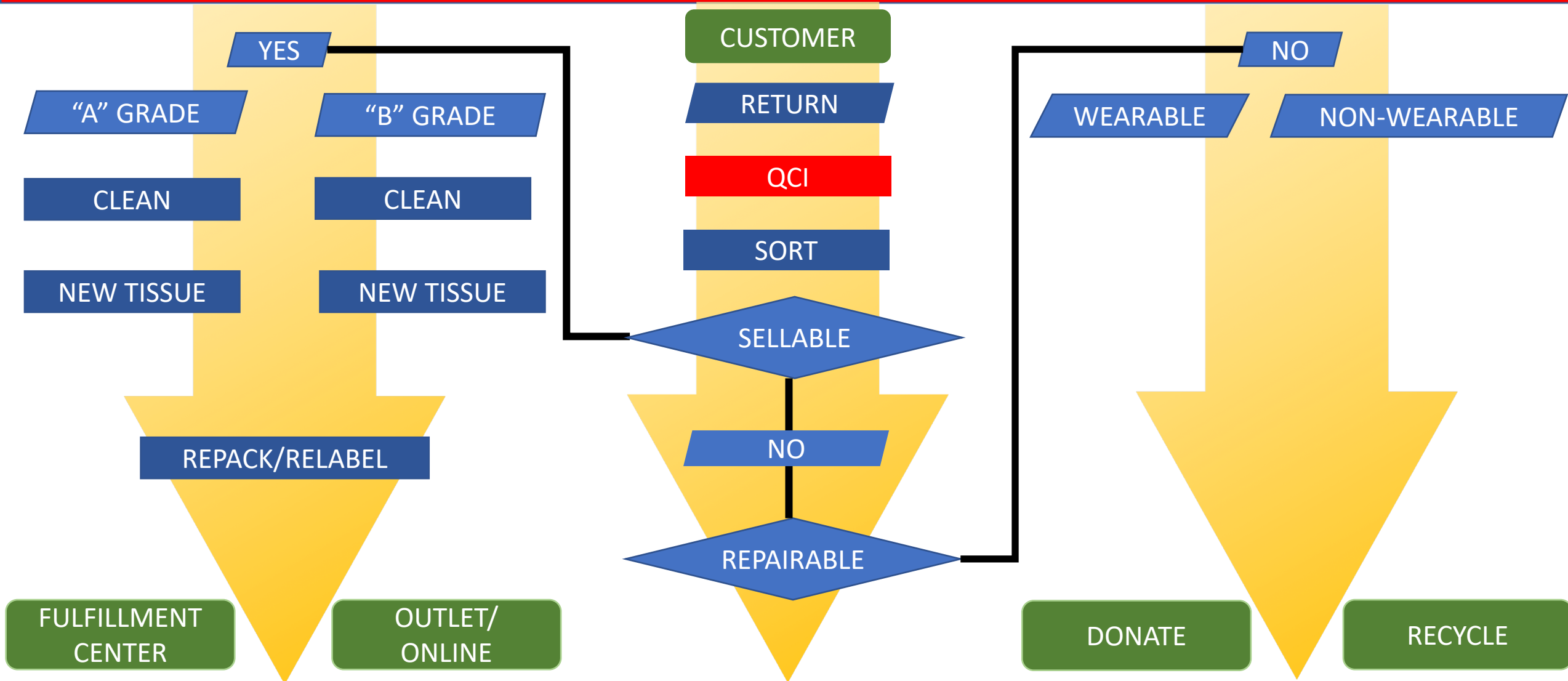


# The Model



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# Turnkey Solution for Returns Processing



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## Results & Advantages of 2nd Stage Pilot with VISCATA

- 70% of pairs restored to Grade A quality
- Average Total Cost per Pair: 5% of average retail price
- Sustainability: More Recovery= Less Landfill
- Recovery of lost revenue/profits

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- Huge returns rate for shoes purchased online (20-35%)
- Standard logistics/warehouse facilities not equipped to handle returns with inspect/sort, cleaning & repacking
- Straight forward pricing model can be adapted to all shoe categories/price points
- Results of Pilot Project with Viscata showing 70% restored to Grade A quality
- Sustainability: More Recovery = Less landfill

# Thank you!

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