

Towards sustainable product returns: collaborating with returns providers for circular and sharing economy

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Abstract:

Recent retail studies have identified CE strategies in product returns, including reselling via secondary markets and donating unwanted returns. Product returns service providers increasingly offer more sustainable solutions that help retailers move towards the CE model. However, it is less clear how the current practices of 'sustainable' returns solutions score in comparison with each other. Therefore, we employed a desk research method and semi-structured interviews with 6 leading returns providers. We found that the current sustainable solutions focus on reducing waste, increasing the resell probability of returns, and potentially generating additional revenue, which expands the current concepts of CE and sharing economy principles to utilise resources. Some providers typically offer product-specific refurbishment and redeploy restored products to a wide range of appropriate third-party resellers. Although such solutions may help retailers achieve their CE model by extending the lifecycle of returned products, they may not be suitable for all types of products or return volumes, especially for lower-value products. Other providers focus on 'recommerce' through sharing three distinct types of platforms that provide: (1) online secondary markets that increase retailers' probabilities to resell the returned products directly, (2) warehouses and the secondary market to absorb the responsibility of the returns and resale from the retailers without third-party involvement, and (3) Peer-to-Peer (P2P) returns platforms that enable returners to ship the unwanted products to new buyers directly. While such solutions support and expand the sharing economy principles to increase the probability of reselling and reduce waste via an integrated platform, they typically lack quality control of the returned products, which may result in reputational damage for the retailers. Our findings provide crucial implications for not only circular and sharing economy researchers, but also retailers to collaborate with returns providers based on their specific types of products, sustainability goals, and economic needs.