

CONSUMER AS A PART OF REVERSE LOGISTICS CHAIN

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Abstract: *Implementing reverse logistics activities in companies business became an important strategic variable. To manage return with the highest return rate and ensuring the maximal recovered value of returned product is a strategic weapon that can be provided with higher quality service and educated personnel. To have a satisfied consumer is strategic variable that depends not only on a knowledge or tendency to make a highest profit for a company, but to fasten up all the processes in whole reverse logistics chain.*

Consumers that returned the product created new reverse logistic operation, and are significant part of it. Consumer can make a difference and be more important part of reverse logistics chain if they interact in these activities.

Key words: *reverse logistics chain, product return policy, liberalization of return, consumer*

1. INTRODUCTION

Although consumer in a forward supply chain plays the role of a point to be reached, there is actually a significant impact of each consumer on a backward–reverse logistics chain. Every product that was part of forward logistics distribution in one point reached the consumer who could find a reason, or many reasons to return it. When returned, this product officially entered reverse processing.

When observed in reverse, consumer is a base where he creates the whole backward process in reverse logistics as opposed to his status in forward logistic chain.

To prove a realistic situation in Croatian reverse logistics return policy authors have made a research on one hundred randomly chosen examinees, which results are presented in paper. These results are combined with research conducted in Croatian companies providing level of position of the consumer and return policy (Ivaković et al., 2010).

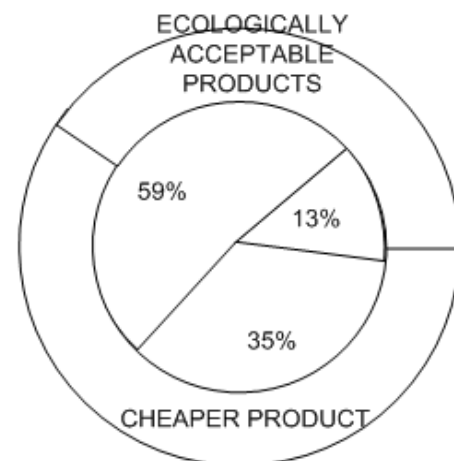
Consumers in Croatia are not well informed about reverse logistics activities and liberalization of return is on low level. Croatian companies based their reverse logistics strategies on keeping companies profit primer issue. Research made by Kevin Brown proposed that consumers would more interact in these activities if they where more accessible. Dale S. Rogers and Ronald S. Tibben – Lembke implicated that liberalization of return could be a strategic weapon together with tendency to have satisfied and locked consumer.

This article has a tendency to provide a realistic position of everyday consumer and his actually significant role in reverse logistics activities and in the end in whole logistic chain.

2. RETURN PRODUCT POLICY AS AN ELEMENT OF REVERSE LOGISTICS CHAIN

The reason of returning and amount of returned products depends on liberalization level. In some countries (like USA), where the strategic weapon between competitive companies is to have a satisfied and locked consumer, whole reverse logistics system is based to satisfy the consumer. As opposed to USA

return policy, European is very often focused on environmental protection.



- 59 % DISSATISFIED BY RETURN POLICY
 - 35 % SATISFIED COSTUMER
 - 13 % VERY SATISFIED CUSTOMER

Fig.1. Results of the research

In some countries liberalization is almost unknown issue and can even depend on a culture of people. In such countries returns are never allowed because managers and even academics claim that it would be abused by the consumers and even companies (Rogers, Tibben – Lembke, 1998).

Implementing new strategic visions like reverse logistics options, in companies business activities can make a positive influence on its profit. When observing liberalization as a primer strategic vision leaves an option for consumer to return the product even in a case if it does not meet his needs.

Croatian returned policy is in between opposite levels. Many of Croatian companies (excluding multinational) did not implement advanced reverse logistics activities in their systems because they do not yet recognizes them as strategic. Main barriers are the lack of interest, lack of systems, companies policies, management inattention, financial resources and lack of educated personal (Rogers, Tibben – Lembke, 1998). Two different questionnaires applied two different answers.

Companies in Croatia mostly answered that liberalization of the return for consumers is quite liberal, almost on the highest level, but consumers answered differently. Questionnaire on consumers indicates that they actually are not satisfied with possibility of return, and very often never made a return.

3. CONSUMER IN REVERSE LOGISTICS CHAIN

In Croatia, as in many other countries, environmental conscience is starting to be a part of consumer criteria when purchasing a product.

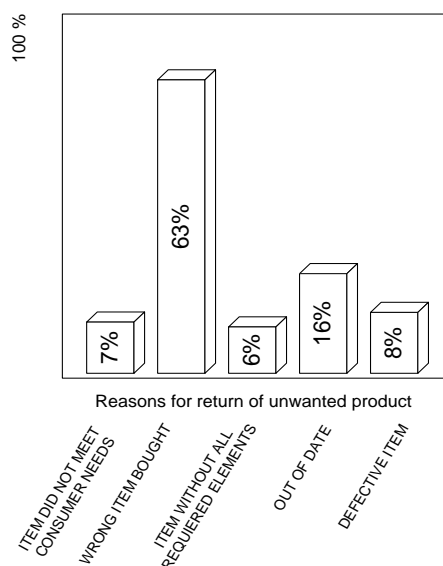


Fig. 2. Reasons for return of unwanted product in Croatia

The fact is that globalisation affects all logistic chain activities and participants. Amount of everyday litter that is produced can be significantly reduced by proper disposal. There is actual need for it because there is lack of landfills and very often they are congested. The trend and attempt to have ecological conscience has a positive impact on reducing amount of improperly disposed goods. Consumers are trying to make an impact to be sure that environment will be safe and healthy.

This may be small steps of everyday consumer, but they will make a difference when in a future 90% of purchasing is made with ecological thinking (Brown, 2010). Results of the questionnaire conducted on one hundred random examines implied that even 35 % of examinees would rather buy ecologically acceptable product than the cheaper one. Questionnaire also noted some of the main issues related to the reverse logistics activities from the consumer point of view.

According to the research Croatian consumer generally returned the product because product was defective or did not contain all required elements for its normal function. Very rarely consumer returned it because item did not meet his needs, which implicated lack of liberalization on Croatian market. Although there is a possibility to return unwanted product to the service centre or directly to distributor, lack of information and consumers habit point out the fact that in 92 % of cases the item was returned to the point of sale.

4. CONCLUSION

Smart and ecologically oriented reverse logistics program starts with a good gate keeping that will exclude unwanted returns. These programs will result as a good strategic weapon for the companies and also a motivation for the consumer to be a part of the process that will help environment protection.

In Croatia, one of the main issues in the field of reverse logistics (returning products) are existing recycling programs but they are insufficiently introduced to the everyday consumers. Research applied that consumers are interested in participation and actually very concerned in environmental problems but it also pointed out that consumers do not understand the needs, challenges and importance of reverse logistics. Creation of more detailed recycling programs need for new laws and rules that will oblige and motivate consumers to

participate in reverse logistics chain will make a difference in consumers consideration.

Well informed consumer could be an active part of a reverse logistics chain. This can be achieved by authorities through different marketing channels and radio and tv commercial. Consumer protection law should contain information about importance and the way of right disposal for each and every product on the market which was not the case so far. Also companies need to inform their consumers how to properly dispose their products by offering them free call centre information, reverse logistics channel options for disposal, remanufacture, etc.

This information should be attached and more noticeable to every product. All the mentioned suggestions should change the awareness of everyday consumer and make him a more significant part of the reverse logistics chain. This article showed that consumer are dissatisfied with level of right presented information and returned policy, but their ecological awareness leads them to be a part of reverse logistics chain. Future research plans will be oriented to determine consumer steps that will reduce cycling time.

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