

DELHIVERY

Small World

TEAM -UNICORNS

IIM KOZHIKODE

Methodology | 4 Step framework

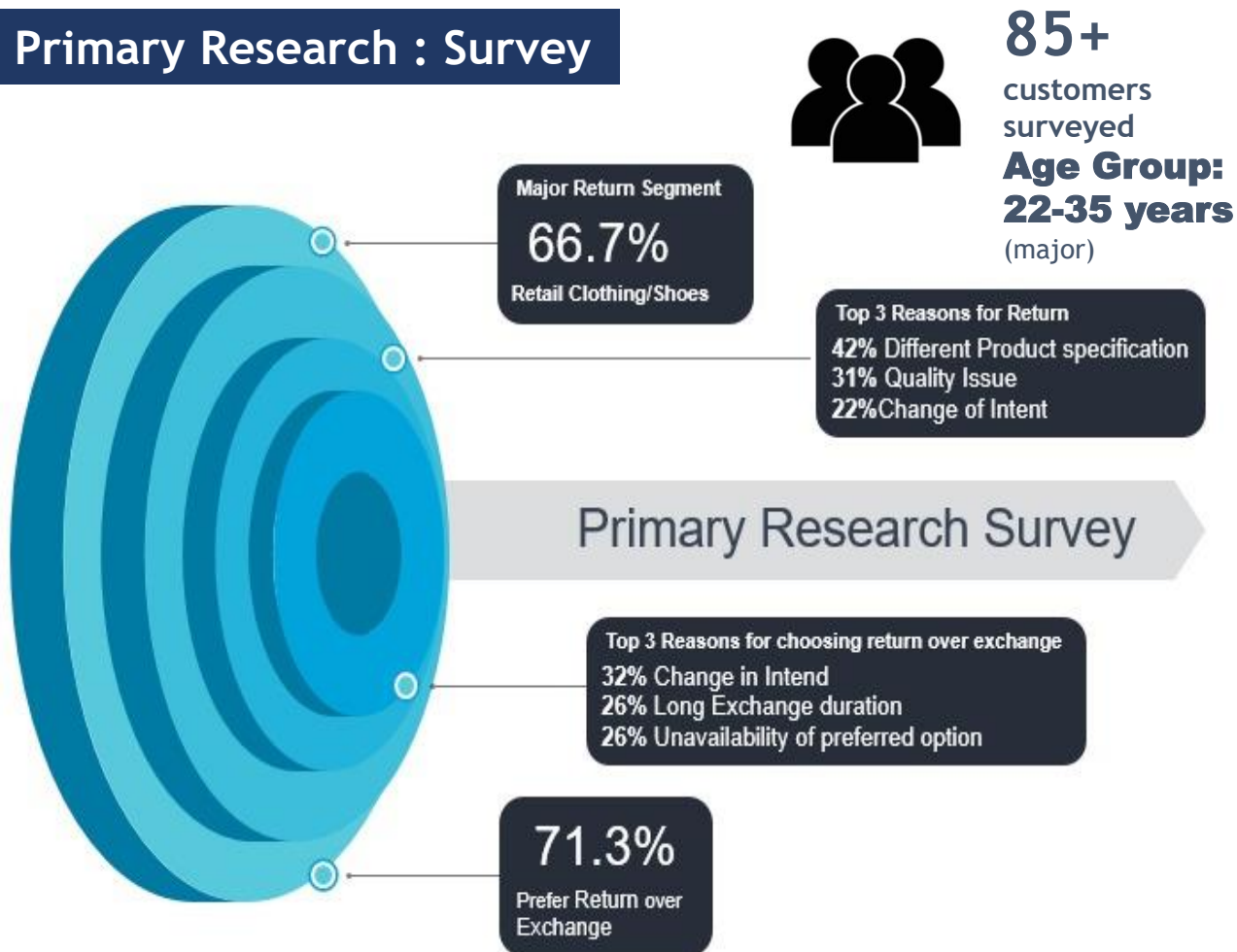


Market Research | Customer Trend Analysis

Primary Research: Conducted survey of 85+ respondents to understand perception behind returning/exchanging the product

Secondary Research: Understood the return/exchange market through reports of coresight research

Primary Research : Survey



Secondary Research

60%

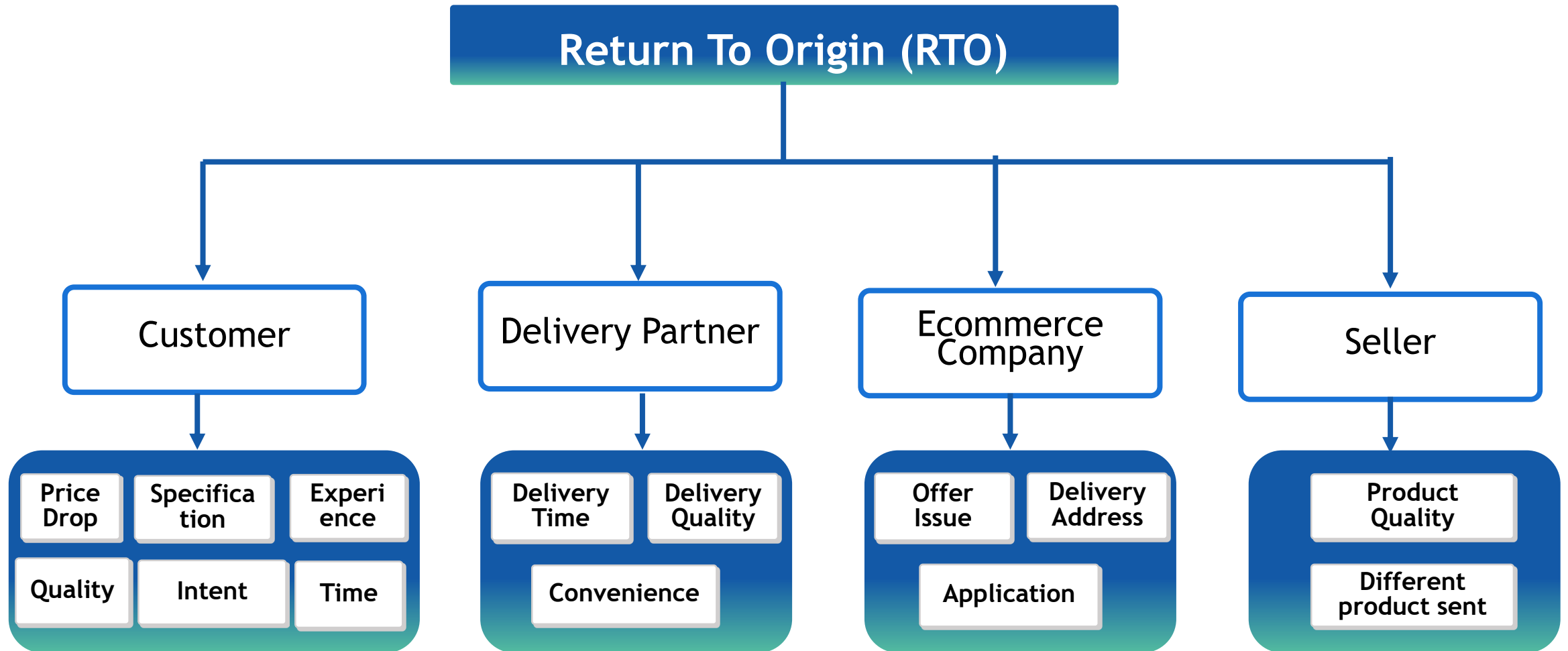
People made return in clothing & Shoes segment

34%

People found the **product not as per specification**, as the reason for returning the product

21%

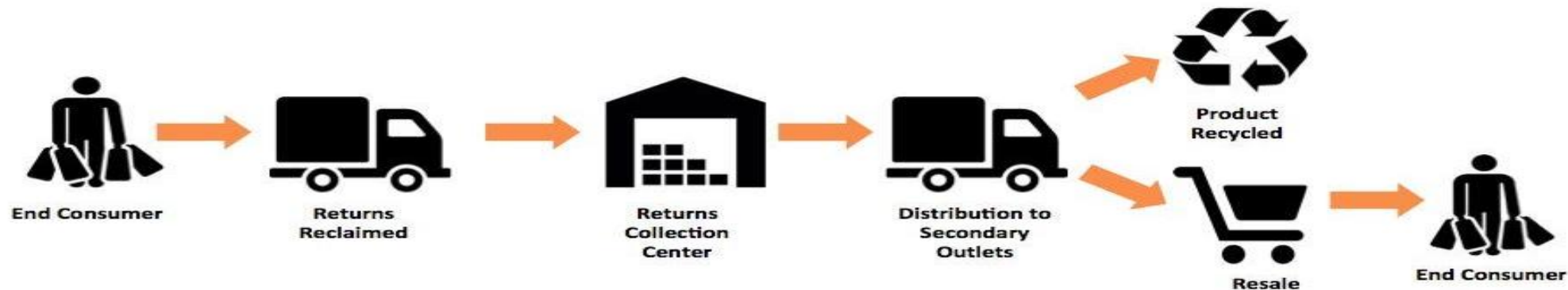
People found the product as defective, as the reason for returning the product



Logistics Cycle

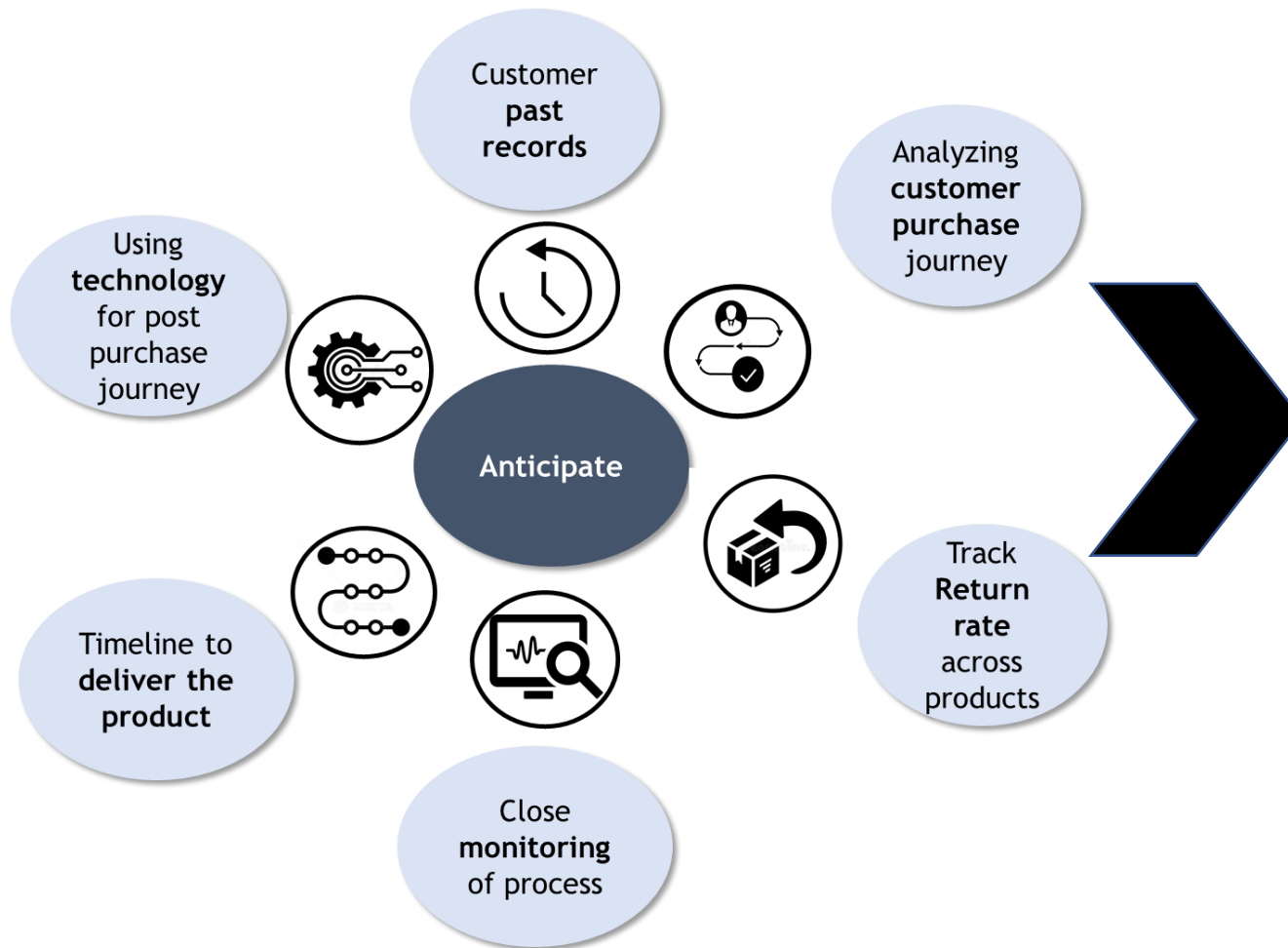


Reverse Logistics Cycle

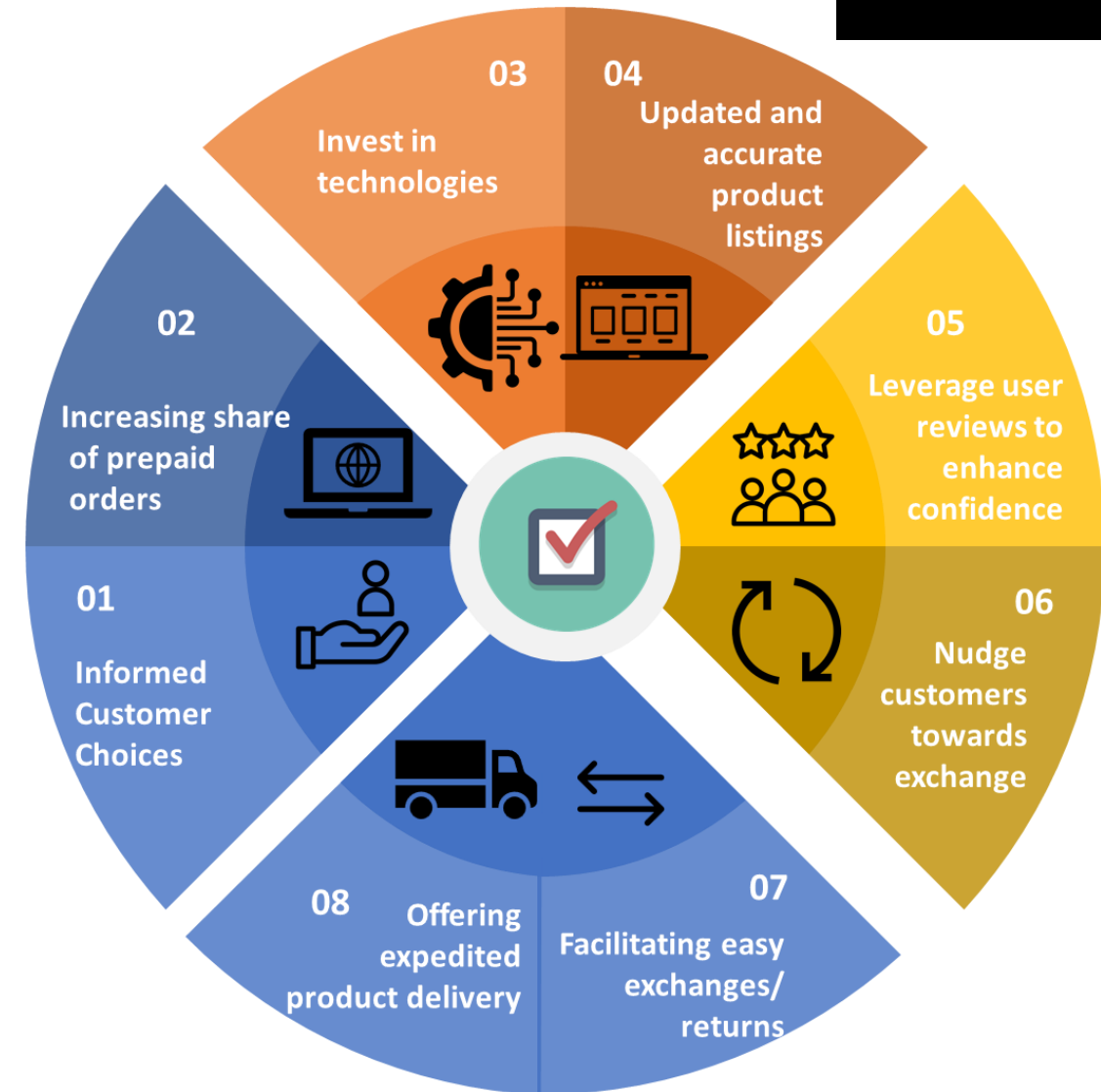


1. *Quality intervention required between seller and warehouse; Warehouse and delivery centre*
2. *Implementing machine-vision algorithm such as RFID tracking ensuring correct product delivery*

Return Analysis | Anticipate return & turn to favourable outcomes



Ways to Anticipate returns



Turn to favourable outcome

Solution Methodology | Customer centric solutions

Customer Centric

RATIONALE

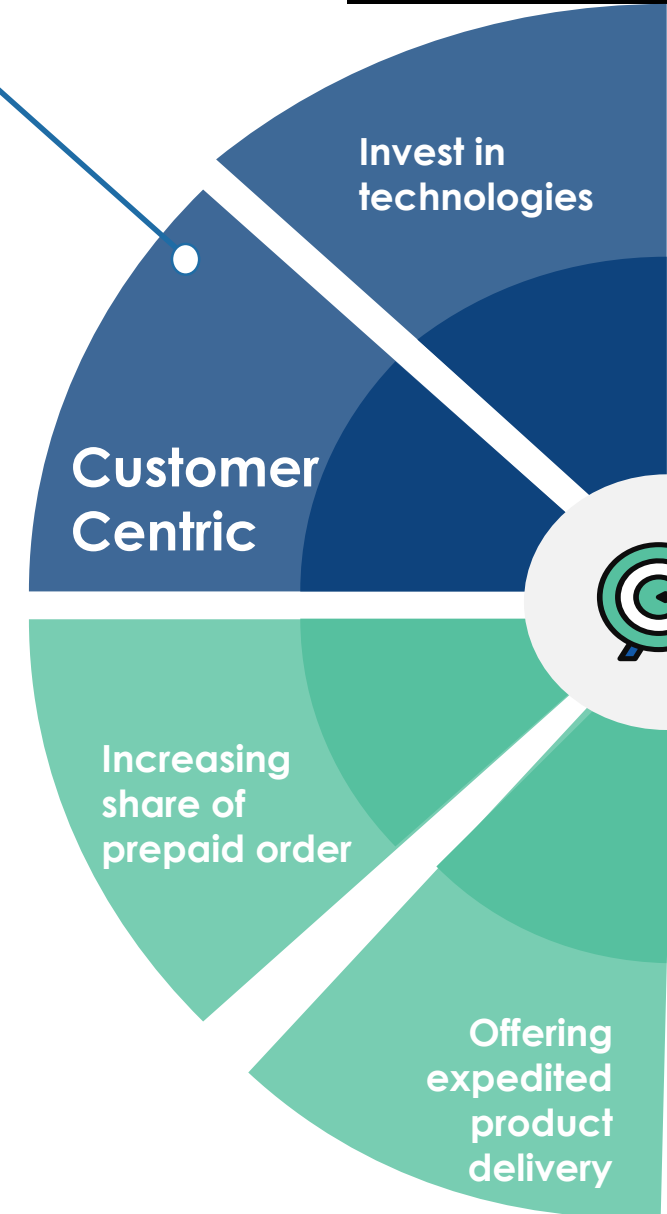
1. As per our primary survey, in tier 1 cities around **75%** customer uses prepaid online payment and **25%** preferred COD, whereas, OD is still preferred option in tier 2 and tier 3 cities.
2. The National Retail Federation found that **18.1%** of items purchased online in 2020 were returned with **40% of the COD is returned**
3. In **clothing and shoes segment**, return has **highest rate year-round**,

Objectives

1. **Reduce the COD** without compromising the sales
2. **Reduce unauthentic orders** and make customer conscious about unnecessary incessant return
3. **Substitute cash refunds** for exchanges or store credit

Implementation plan

1. **Score System** for each customers to track the purchase, return and exchange and provide offers as per the score system based to stop unauthentic purchase
2. **Exclusive Offers** such as scratch cards, extra reward coins, loyalty program or gift coupon for 5 successive consecutive online payments **for those who pay using prepaid or pay later option**
3. **AI to understand customer preference** & specification to help customer buy product first time right as per the need, price and time for instance size recommender
4. **No return only exchange** for certain categories such as size issues, product description/specification not matching and size issue etc.
5. **Offer a longer exchange window** than you do for a refund



Solution Methodology | Technology driven solution

Machine learning & Artificial Intelligence

RATIONALE

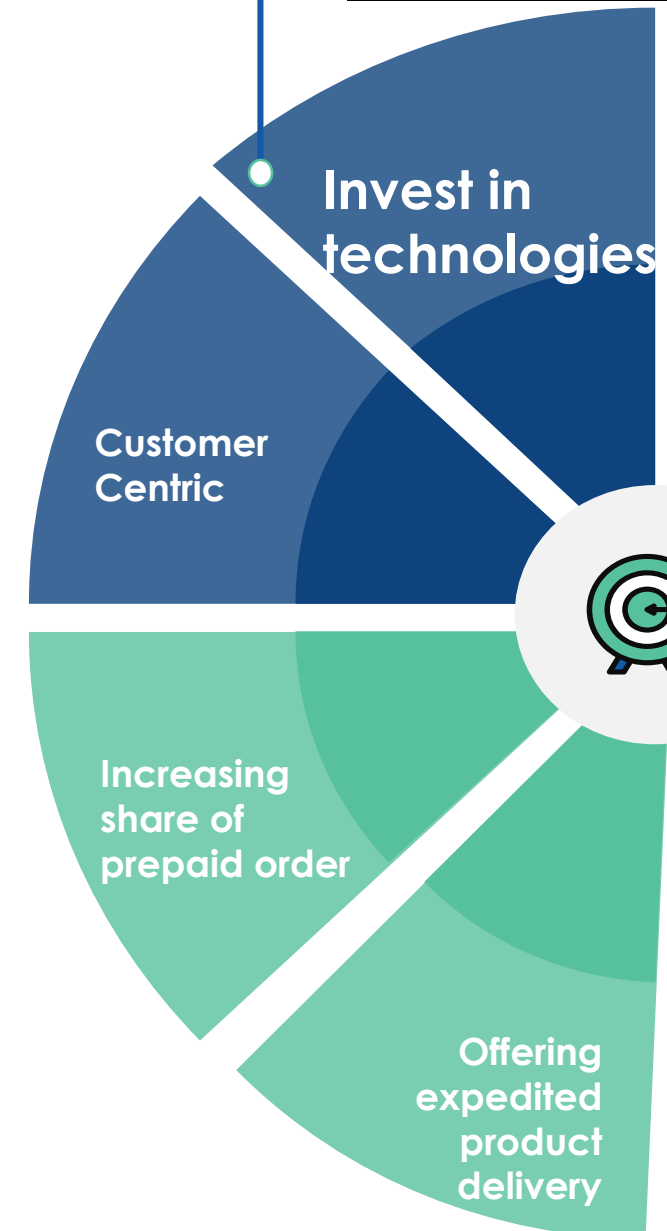
- As per the secondary survey, 71.3% prefer return over exchange with 77% satisfied with refund timeline
- As per the secondary survey, Reasons for choosing exchange over return are 32% Change in Intend, **26%** Long Exchange duration and **26%** Unavailability of preferred option
- Only 34.5% buy any additional purchase while exchange

Objectives

1. **Anticipate the return**
2. **Enhancing exchanging experience** and selling additional related products that can increase the sales
3. **Manage inventory and reduce the return** to the source by selling the return products at priority

Implementation plan

1. **Anticipate the return using AI algorithm**, in which if customer is still searching similar product and added similar product in the cart then we can anticipate the return
2. **Analyze Customer behavior and pattern** in terms of return of product and segment of product using customer history. For instance in our secondary survey we have found that when a customer who has bought bulk number of shirt they might return few
3. **AI to recommend additional similar product** or combo while exchange to sale other product in addition to exchange
4. **Inventory Management of the return**: AI can predict the ordered and returned and if possible store in sub-storage area and sell in the nearby area before returning to the base storage to save the cost of the return. Also highlight the product which are returned to other near by area



Product-side Improvement

RATIONALE

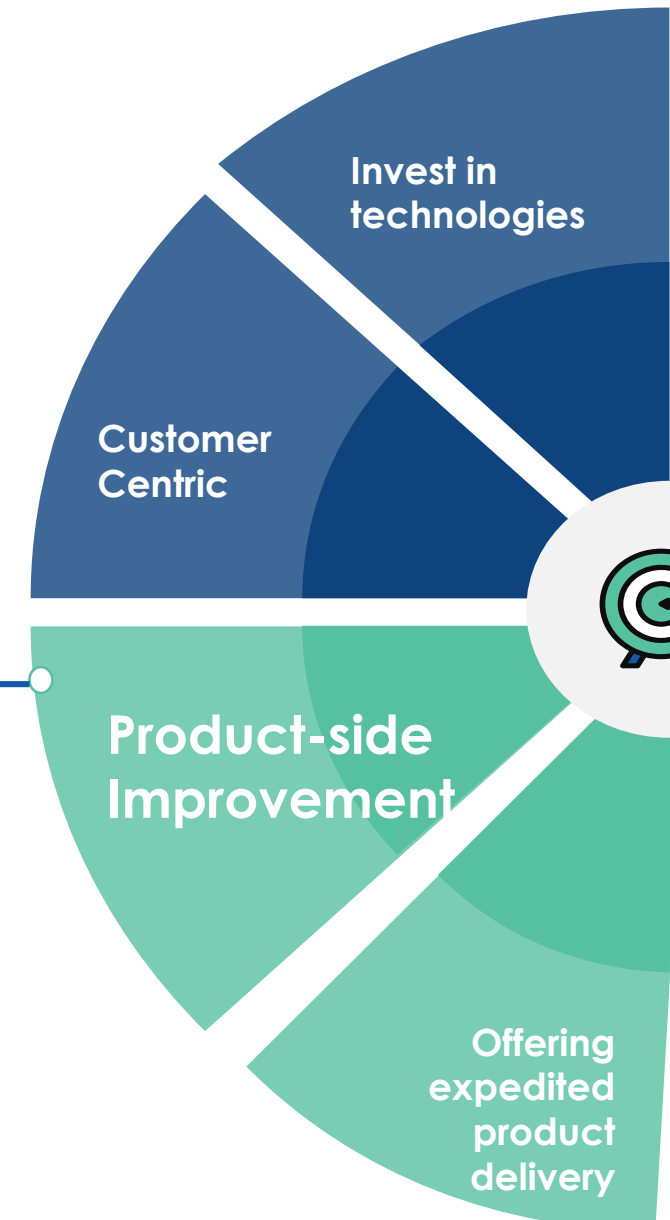
- As per the secondary survey, Reasons for return/exchange are 42% Different Product specification, **31% Quality** Issue and **22% Change** of Intent
- Out 42% of different product specification, 22% of returns are from the item that looks different in-person than it did online.

Objectives

1. **Reduce the Quality issues**
2. Assuring that the product send by supplier or E-commerce sends the product to seller is **not of different Product specification**
3. **Providing real time experience** to try and feel the product using augmented reality (AR) to improve customer experience and preventing different perception about the product

Implementation plan

1. As per our primary survey quality and product not matching are the most important **reason for the return**
2. **Analysis of the sellers history** and provide score based reward system not only feedback for positive conditioning and exclusive offers if the performance/score is good and penalty for the repetitive issues faced
3. **Use plug-ins like Low Stock Alert** to see when items are running low. It prevents you from selling an item that isn't available—and shipping the wrong item in its place
4. **Augmented reality (AR) technology** helps online shoppers experience the same thing. Retailers can use it to show what their products look like tried on, in a customer's home,
5. **Using bracelets and smart racks** that have bar code which should match to confirm that product that is send is correct



Solution Methodology | Delivery improvement

Application/Delivery side Improvement

RATIONALE

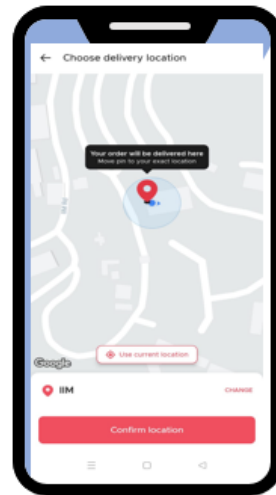
- 20% of the people faces trouble with Address
- 7% of return were due to unavailability during delivery attempts

Objectives

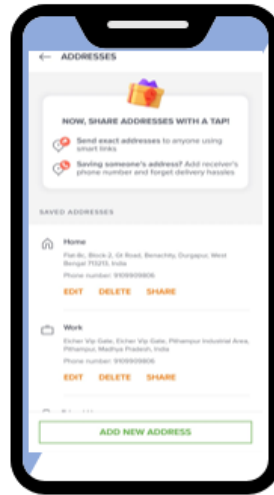
1. **Improve address collection and verification** in the application
2. **Improve delivery date/time convenience** for the customer to reduce return due to unavailability during delivery attempts

Implementation plan

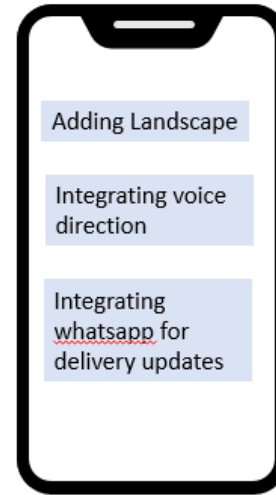
1. **Using Google location** for intervention for Address. Please refer 4 slide for further details



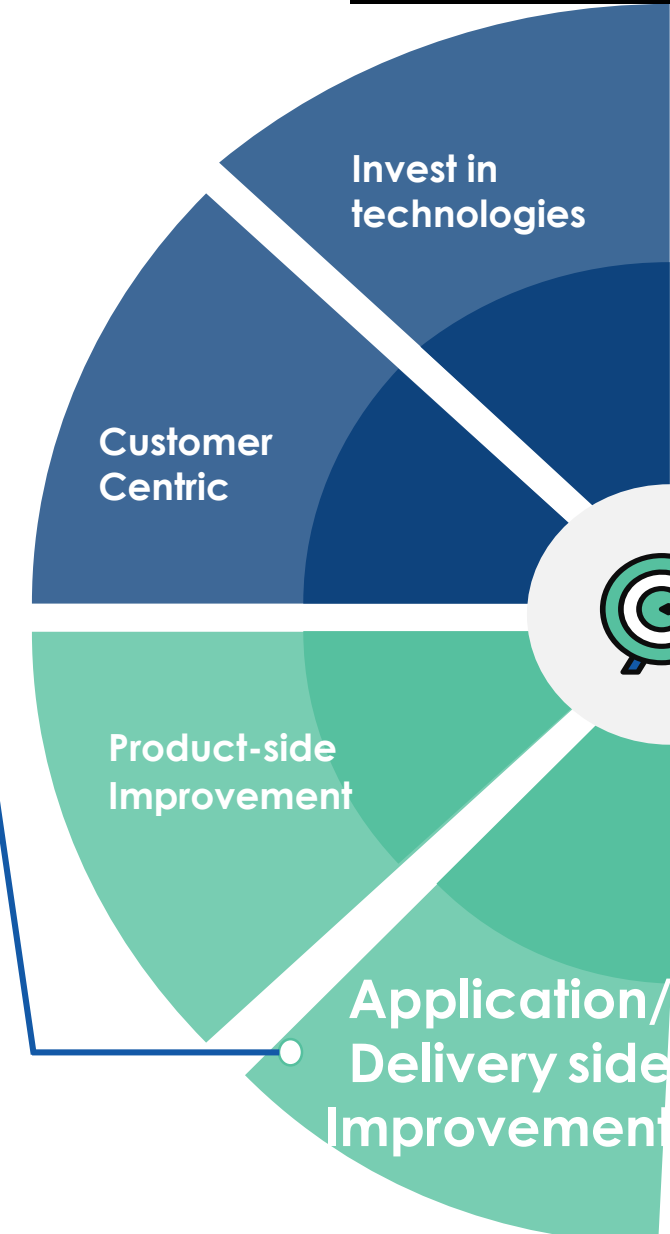
Choose live location and then fill address (same as provided in Zomato)



Sharing the address (as provided in Swiggy)



2. **Delivery time convenience** option should be available so that number of returns could be decreased due to non availability, App should have **option to choice preferred date** after the estimated date and time slots that can be changed until a day before the preferred option



THANK YOU

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