

Implementation Barriers and Management Strategies of Reverse Logistics in China's Enterprises

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Abstract

With the continuous advancement and development of science and technology, the emergence of a large amount of industrial waste, waste products and surplus products will seriously threaten the economic and social benefits of enterprises, and there are still some obstacles in the implementation of reverse logistics. Based on the relevant theoretical knowledge of reverse logistics, this paper analyzes the obstacles faced by Chinese enterprises in developing reverse logistics, and proposes corresponding solutions and management strategies.

Keywords

Reverse logistics; Implementation obstacles; Management strategy.

1. Introduction

The concept of reverse logistics was first reported in 1992. The report submitted by a US scholar, Stock, who was submitted to the American Logistics Management Association. The reverse logistics mentioned in this report refers to the finished product. The process of implementation, control and planning for the processing of inventory, raw materials and low-cost, efficient circulation from the place of consumption to the site of origin^[1]. In addition, the practice and principles of reverse logistics are proposed, and on this basis, the opportunities of recycling and reuse are discussed^[2]. Dr. Rogers and Dr. Tibben Lemcke published the first book on reverse logistics management, which featured a wide range of commercial applications for reverse logistics^[3].

The research on reverse logistics management started late in China, and the related research work on system model and optimization has only just developed. This paper proposes corresponding management strategies for enterprises to implement obstacles in reverse logistics.

2. Definition of reverse logistics

Reverse logistics refers to the process in which a merchant customer entrusts a third-party logistics company to deliver the delivered item from the location specified by the user to the location of the merchant customer. The reverse logistics process is promoted by merchant customers, and the logistics cost is a unified centralized settlement method between merchant customers and third-party logistics companies. The entire process requires strong ERP docking system support from both the merchant and the logistics company.

The performance of reverse logistics is diverse, from used packaging to processed computer equipment, returning of unsold items to mechanical parts, and so on. In other words, reverse logistics involves the flow of products from customers and their packaging, parts, materials and other materials.

In short, reverse logistics is the process of recycling used, outdated or damaged products and packaging from the customer to the final processing.

3. Impediments to implementing reverse logistics

3.1 Enterprise management lacks awareness of building reverse logistics

First of all, the management of most enterprises does not have a breakthrough in the traditional pattern, and it is often enough under the traditional consciousness that companies only need to do a part of forward logistics. Secondly, most of China's enterprises are pursuing profits as the absolute goal. When the products are sold out, they believe that the profits have been obtained, thus ignoring the losses caused by the return of products. Third, many managers often do not take the initiative to attack, contact, and understand the new things such as reverse logistics. Finally, the manager did not have a deep understanding of reverse logistics, and did not think from a macro perspective, so that it was impossible to judge the future development of reverse logistics.

3.2 Conflict between Forward logistics and reverse logistics

At present, the basic situation in China is that in a complete supply chain, forward logistics occupies an absolute main position, and enterprises will vigorously develop positive logistics business. When reverse logistics such as recycling of similar products occurs, it will inevitably be Forward logistics has a certain degree of impact and impact, which makes most companies choose the big forward logistics when making choices, and give up the reverse business.

3.3 The risk of the supply chain is gradually expanded

For downstream objects such as the final consumer supply chain, the development of reverse logistics can help them better reduce the risk of product problems, but for producers and suppliers upstream of the supply chain, this The risks will inevitably shift to them step by step, leading to the company's development in reverse logistics.

3.4 The contradiction between economy and environment

Since China is now vigorously promoting green development, it has also enacted corresponding regulations to force enterprises to recycle used products and reduce pollution. Although this is a good thing for the society and the people, the company itself will lose the corresponding profit return. For companies that are profit-oriented, it is not so friendly.

3.5 Uncertainty in product recycling increases the cost of the business

Since the recycled products are obtained from consumers, and each consumer's use of the products held is random and irregular, resulting in randomness of the products, the time for the final disposal of the products is very different, which is It is difficult for enterprises to recycle waste products on a large scale on a regular basis. It is difficult to re-process after product recycling, which is difficult to produce according to a unified plan. This invisibly creates a huge obstacle for the recycling of enterprises, which not only increases the cost, but also There is no specific expectation of profit.

4. The management strategy of enterprises implementing reverse logistics

Based on the previous section, some problems that will be faced in the implementation of reverse logistics are mentioned. As the enterprise itself, it should choose according to the actual situation, combined with its own development status and management plan, so as to get out of a suitable reverse logistics operation mode.

4.1 Improve the awareness of reverse logistics management

It is undeniable that most enterprise managers do not actively and in-depth research on reverse logistics, so the importance of developing reverse logistics is not understood. In addition, when it comes to

reverse logistics, people tend to respond first to the derogatory side of returns, product failures, waste and hazardous materials, which leads most companies to have no positive impression of reverse logistics. Therefore, in order to better develop reverse logistics, we must first face the role of reverse logistics and change the prejudice in the subconscious.

4.2 Building an integrated management system

Since the activity process of reverse logistics also involves a series of links such as production, supply and sales, it is in the same position as forward logistics. Therefore, if enterprises want to develop logistics industry, they must pay more attention to the reverse on the basis of free and forward logistics. The role and status of logistics, information resources such as producers, suppliers, and retailers in the supply chain must be shared by both positive and negative logistics. Both the forward and reverse logistics are integrated into each other in operation. Similar to the distribution and recycling centers, the two locations should be as close as possible, which can not only share the transportation vehicles, but also reduce the cost. In addition, positive and reverse logistics share information in all aspects of the supply chain, such as product return and recycling, parts damage, product defects and other information can be more closely integrated to help companies better determine product quality issues, Logistics related issues and corporate cost issues are more conducive to the management of enterprises, and thus help enterprises to develop better.

4.3 Strengthen the control of the starting point

Although reverse logistics and forward logistics are different in form from the simple direction, in fact, the connotation of the two is different. Therefore, when dealing with the two, it must be studied separately and cannot be generalized. Reverse logistics is complex and uncertain, so it needs to be treated with caution when formulating relevant strategic measures, otherwise it will face no small risks. The return process of consumers is often random and does not have obvious regularity. Therefore, in order to better establish a reverse logistics system, it is necessary to strengthen control at the starting point, such as strengthening the training management for the service staff of the mall, so that The detection of returned items is more rapid and accurate, and the first step of the recycling process is accelerated.

4.4 Constructing the enterprise's reverse logistics system

Modern logistics is no longer a unilateral task, but requires the entire supply chain to work together. Reverse logistics is the same. Any node in the supply chain, such as suppliers, intermediaries, consumers, etc. When the duties and obligations are fulfilled, the entire chain will be affected. Therefore, the establishment of the reverse logistics system is very necessary, which makes the enterprises in the supply chain form a whole, so as to better complete the reverse logistics business. Under the current fierce competition of the logistics industry in China, enterprises want to get longer and better development, establish a supply chain and build a reverse logistics system is an inevitable choice, which is also an inevitable development trend of China's logistics industry.

4.5 Establish a return center for reverse logistics

Since consumers' return behaviors are often random and irregular, it is difficult for a single point of sale to have a large number of products that need to be returned in a short period of time, if each product carries out a separate reverse logistics activity. It will waste too much manpower, material resources and costs. Then, it is very necessary to establish a return recycling center. All the products returned by the consumers will be concentrated in the recycling center, and then the recycling activities will be carried out in large quantities, which will greatly reduce the cost consumption and also form a scale effect. . In developed countries such as Europe, America and Japan, return products have their own special return centers, and this country has provided valuable experience in developing such projects. Due to the large number of small and medium-sized enterprises in China, it is difficult to establish a large-scale return center by virtue of the strength of these small and medium-sized enterprises.

Therefore, it is particularly important for many enterprises to cooperate with each other for mutual benefit, which not only solves the problems of the enterprises themselves, but also Conducive to the further development of reverse logistics in China.

4.6 European and American reverse logistics business model case

In recent years, some successful business models of reverse logistics in some European and American companies have also been used by domestic companies.

For example, Genco, the world's leading reverse logistics company, helps reverse retailers help US retail giants such as BestBuy and Sears find buyers, sell products that are returned or damaged due to defects, and process up to \$5 million a day between buyers and sellers. Articles, the company's annual sales reached 1.6 billion US dollars, and processed more than 600 million returned products per year. In 2014, the United States Federal Express Company (FedEX) acquired Genco in a large amount of money, thus fully entering the field of e-commerce. For another example, Computer Atlantic has increased the company's brand value through five activities of reverse logistics: return processing, remanufacturing, remarketing, recycling and waste disposal. Its return department has become one of the few profitable departments in the company.

In order to support the growing business needs of MBS, a large-scale textbook trading company in the United States, UPS has developed a UPS reverse logistics management system based on Web. Its professional reverse logistics service has helped MBS direct bookstores greatly improve customer service satisfaction. Degree and return management level.

Undoubtedly, product reverse logistics and full life cycle supply chain are becoming a competitive weapon for domestic entities, logistics companies and e-commerce Internet companies to further expand profits and markets. "Old-for-new" and "turning waste into treasure" are rapidly evolving into market leading. A new generation of marketing strategy.

Similar to Genco in the US, Shanghai Lifeng Logistics, which is known for its "store reverse logistics" model, provides one-stop reverse logistics value-added services for major retail hypermarkets such as Carrefour, Wal-Mart, RT-Mart and Suning. In order to restore the value of reflow products caused by seasonality, slow sales, quality, packaging and other issues, the retail company has won extra profits and consumer trust, and Lifeng Logistics has obtained rich returns.

5. Conclusion

Under the current situation in China, the logistics industry is bound to continue to grow and develop, and the introduction of reverse logistics will provide another relatively new path for the development of enterprises. Based on the current development of reverse logistics in China, there are still a series of problems that need to be solved in the implementation of reverse logistics. Due to the huge number of enterprises in China, and all industries, all over the country, and the business between each industry has a big or small difference, so when implementing reverse logistics activities, companies should see the development trend of the industry and combine The actual status quo of the self, the corresponding management strategy is made when the mode is selected.

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