

Intro/Outro ([00:05](#)):

It's time for supply chain. Now broadcasting live from the supply chain capital of the country. Atlanta, Georgia heard around the world. Supply chain. Now spotlights the best in all things, supply chain, the people, the technologies, the best practices and the critical issues of the day. And now here are your hosts.

Scott Luton ([00:32](#)):

Scott Luton, Greg white with you here on supply chain. Now welcome to today's special edition Friday live stream, Greg. Good, good afternoon. How are you doing? I'm doing quite well. Thank you. Good afternoon. It's warm enough. It's cold here, but warm enough with the sun that I don't even have a quarter zip on Scott man breaking records. I know, right? Well, it's called tshirt earlier this week. It has been an awesome week on so many different fronts, both for our team here at supply chain now, and lots of dear friends of our show. And, uh, we look forward to, uh, kicking off reinvigorating our reverse logistics series here with our talking about friends, Tony Sharada, uh, in the RLA and we've got a special guests here, but we'll bring those up those special guests out momentarily. We had a wonderful conversation earlier this week on a, on a critical topic, Greg freight freight freight freight.

Scott Luton ([01:28](#)):

Uh, so we had our friends, uh, from us bank and Frank Hearst, CEO of road runner Frank, along with, uh, but we're running a freight along with, uh, Bobby Holland, us bank. Join us for really informative dialogue around what they're seeing, uh, the last three months of 2020 when it comes to freight trends, right? Yeah. I love, I love that quarterly review because we get Bobby and his team do such a great job at us bank, providing the data and distilling the data into something we can all absorb and is meaningful and we can use going forward. And then people like Frank and the other guests that we have particularly Frank, this, this time around, they give us a ground level view of, of what's happening and what it really means, right? Not, not, not that there's not a, not a lot of analysis that talks about macro issues in the report itself, right.

Scott Luton ([02:17](#)):

But it gives us such an on the ground perspective of what's going on. And know, I got to tell you too, Scott, where their head is at, at Roadrunner in terms of valuing the driver and valuing frankly, all of the frontline workers, particularly in supply chain. I really, I really dig that. I think it it's a, it's an episode worth going back and looking at you'll learn something about what, what recent history has meant has meant and what it can mean going forward. We'll put, and you know, what is free to sign up for the freight payment index chock full of national and regional information. And one more thing about road runner Frank has been there and done it way back in his career. He trucks, and he's one of the most down to earth CEOs that you're going to meet. So it was a great conversation made for a great conversation, him and Bobby freight.usbank.com for more information there. And we've got upcoming webinar with our friends from Connexus, February 17th, Greg supply chain transformation is on the tips of everybody's tongues, right? Yeah,

Greg White ([03:18](#)):

Of course. And you know, we've met with a ton of the folks at Kanaxis. I have not yet got to meet personally with Anne Robinson and I am really, really excited about hearing her perspective on, you know, on what they're seeing in the industry. This has been a big year, as we talked about yesterday on tequila, sunrise midday, but this has been a big year for supply chain tech and they are at the forefront

of it. So interested in getting a really recent update, we've met with so many quality people, Patrick van hall and Polly from Raleigh and John Soccard right and founders and you know, other folks there, this is going to be worth, uh, tuning into, did I almost say dialing into

Scott Luton ([03:59](#)):

About, I also like how you snuck in there? Tequila, sunrise midday. We got a new series folks and this is Hey in the morning. Hey, if you love M and M's and he will learn more about the m&m supply chain, join us on February 17th. Cause we'll be featuring, uh, one of Mars, digital technologies leader as part of this wonderful episode webinars.

Greg White ([04:19](#)):

Again, Halen love m&ms except for the Brown ones.

Scott Luton ([04:23](#)):

All right. I want to save this for a second. I want to say hello to a few folks, and then we're going to circle back with one final note before we bring on our wonderful featured guests here today, let's say load to aunt Anna, Mary. Great to have you back. I think she was part of your live stream yesterday, today. Yes. Thank you. She's doing some great things in supply chain. She's also a fellow Atlanta part of supply chain city. So great to have you Gary's back Roslyn, New York, 19 degrees on the Roslyn. How about that? You know,

Greg White ([04:51](#)):

We just had our team meeting today and we heard temperatures all the way from eight degrees to 80 degrees. And I think everyone here probably knows which ones I prefer

Scott Luton ([05:00](#)):

Agreed, and that we know, we know you will. We got to say hello to Felicia. Felicia is part of the RLA team, wonderful people doing big things, industry. Great to have you here. Tina, Tina Elliot from Milwaukee. Great to have you here, Tina, if you're a first timer while you've already told us where you're from, tell us if you're a brewers fan or what sports team that you are, um, aligned with. That'd be great. So who else we have here? Uh, Roger Lohan via LinkedIn. Great to have you here with us. Uh, let's see. Lee is tuned in H town H town.

Greg White ([05:36](#)):

I'm going to generalize from the last name that that could be Hamburg, Germany or Houston.

Scott Luton ([05:44](#)):

Okay. So Lee break the code for us, but great to have you regardless, once again, on a live stream, Mohammed's tuned in via YouTube. Thanks for holding down the Fort there on YouTube.

Greg White ([05:56](#)):

Any problems there

Scott Luton ([05:58](#)):

That's right. The mode is tuned in directly from the beach

Greg White ([06:02](#)):

And he lives in Panama. So he practically lives and it's never outside of sight of water. I would venture to guess,

Scott Luton ([06:10](#)):

Right? I agree with you. And yet, by the way, yesterday was, I don't have the year in front of me, 1860 ish. Yesterday was the first day that a rail car went from the Atlantic to the Pacific via the Panama canal. That was that day in history. Pretty great to have you here as always look forward to your pseudo Greg white hot takes are per teak Shaw hot takes. We should rename them, give him his own brand. Rhonda. Great to see you. Hopefully hold my beer session. Last night went well, a lot of good activity there. I saw Sophia. Great to have you your happy last Friday of January. Amen to that. I can't believe this this month has gone. And finally, Natalie, Hey, great to have you finally able to join alive? Well, Natalie you've made, uh, the first part of your journey is now complete, but now you've got to bring it.

Scott Luton ([06:59](#)):

You gotta, you gotta to let us know what you're thinking. We've got a wonderful conversation teed up one that hopefully you'll enjoy and, and, uh, participate in so great to have you here, Natalie. All right. With no further ado. I want to welcome in our two guests. Greg, are you ready? I'm ready. We are. Oh, you know what, let me give one more. Shout out one more. Shout out. So this is Lynette beavers, and I think this is the same one. That, and if, um, if I have the wrong Lynette, I apologize, but Lynette is a military veteran spouse and we're going to be interviewing her husband and her on a veteran voices episode. Wow. Just around the corner, I think next week. And we're going to be getting both of their stories. So I'm hoping that it's the right Lynette, but regardless, uh, welcome here via YouTube. So great to have you. Okay. So let's welcome in Greg. If you're ready. Oh, you know what? Hang on a sec. We've got to, I'm kind of bouncing around here. Aren't I, I'm sorry.

Greg White ([07:49](#)):

Oh, there's so many people on this thing, right?

Scott Luton ([07:53](#)):

I am so excited about our guests, our conversation folks in community, but yesterday was home run stuff with a dear friend of the show. That's only doing big things. So tell us more. Yeah.

Greg White ([08:02](#)):

So we talked with Paul Noble about data, which sounds really boring, but it's not cause wrong show, but what, what companies are doing in harmonizing their data and creating incredible inventory insights and inventory optimizations and reductions by managing their data much, much more powerfully. And that's something that Verisign does. And Paul is an expert in frankly, he built the company because he had the pain himself. We had snake Hawk, Kumari, who was commenting in there as well. And she was, you could tell, she felt the pain working for a manufacturer as well. It was fantastic. And they had a big announcement. They just raised \$8 million on a substantial valuation. So that makes the story, not only the data and a little bit about how verus and the tax that problem, but the value of tech of supply chain tech in the world today, because the valuations are substantial to say the least it is not uncommon to see a 20 plus multiple of revenue for a growing supply chain tech company. Wow.

Scott Luton ([09:06](#)):

What a great story. Yeah, no shortage of wows. We both been fortunate, rub elbows with Paul for quite some time. It's amazing what he and the Verisign team have done and, and what a great week for them. So really appreciate the time yesterday. I'm gonna watch a replay. I'm not, I'm about a third of the way through it. Greg, you could do a great job. You got to be in some of it. Right.

Greg White ([09:25](#)):

So there we were moving fast, so we didn't get to acknowledge everybody. But yeah, I saw that you and several other people dropped in

Scott Luton ([09:32](#)):

It's good stuff. All right. So with no further ado, let's bring on our two featured guests here today. We've got Chuck Johnson, COO with go TRG and our friend Tony Schroeder executive director with the reverse logistics association. Hey Chuck, Tony. Good afternoon. Good afternoon. How are y'all doing good? We're doing fantastic. Uh, enjoyed our pre-show warmup. You know, Chuck, as we shared with you, Tony really, uh, you've got some impressive titles that Tony was stowed on you. So we, you got no shortage of stories to share with us. I'll absolutely. So Tony, great to have you here as well. We've enjoyed our, uh, shows on, on returns and reverse logistics and appreciate what RLA does and that space disseminating best practices, really being the voice of the reverse industry across the globe and great to have you back. It's been too long. Thank you. Thank you. It's uh, it's good to be here. It's it's the one place where I don't feel like the forgotten stepchild. Well,

Greg White ([10:31](#)):

This time of year, it's impossible for you to be right.

Scott Luton ([10:34](#)):

That's right. That's a great point, Greg. Great point. And, and really the conversation we're going to have here today to that point is so timely. And I think there's a lot of things about at least for our community here, because we've got the best educated, most informed, incredibly sharp and talented community. They get it right, but still there's so much out there as consumers still are, become more aware of global supply chain and the different Ford and reverse and all that. There's still a lot of things that need to be more aware, related to the returns and reverses just space and looking forward to diving into some of that here. So Greg, we're going to start with, you know, we know a little bit about Tony and we're going to get him to reshare things here in a minute, but, but Chuck, for starters, uh, being your first time here at supply chain, now tell us about yourself.

Chuck Johnson ([11:19](#)):

Yeah, absolutely. Uh, obviously Chuck Johnson, I'm the CEO for go TRG, as you stated my background outside of the, uh, initially in the military and some other things I've been in retail 30 plus years. And I spent a lot of years with Walmart years with home Depot. And after I retired twice, I decided, uh, that I'm lousy at retirement. So I decided I was going to jump into the three PLCs, which had the opportunity to join as CEO for go TRG and, uh, really, really have a passion for the, this part of the industry. Cause Tony is, you know, for years and years, I think it was underserved. A lot of it was just kind of a part of doing business in the retail and people never really spent the time like they did forward to get the data, to be able to analyze what's happening in that space.

Chuck Johnson ([12:09](#)):

What's the right thing to do. How do you optimize or what happens in that space? And so I've kind of always gravitated to the reverse side, even in my time in retail, which was always in supply chain is because I just thought it was really a very, very entrepreneurial area. And I, and I kind of liked that. I liked the, uh, the ability to look at things like that and come up with solutions for it that previously people hadn't looked at. So, and this time of year that we talk about this time here, post-holiday, we're seeing with the whole growth in e-commerce, particularly in this COVID area, that growth has been so tremendous. You've kind of seen the damper, a dampening of this peak and it's like continual all year long, the issues with dealing with this product in the reverse space, but not only returns, but dealing in excess of inventory, which is massive.

Scott Luton ([13:06](#)):

Well put, we're going to dive into some of that stuff, but it's like a tidal wave that just keeps on coming. It's it's amazing. Really well. Great to have you Chuck, really one quick, final question really quick for me with the Tony, what branch of the military did you serve in? I was in the army. Okay. Outstanding. Uh, air force here. They'll hold it against me. Um, but great to have you here. All right. So Tony, uh, now folks, look, you're, you're the governor of the industry and it's been neat to have you on these shows. So our community, you know, you're not new to our community, but for the couple people that are out there that may not know Tony Schroeder, give us a couple of details about yourself.

Tony Sciarrotta ([13:41](#)):

Important detail is when I was at Phillips and I was enjoying sales and marketing, and I had done that at Sony. And one day, um, they called me in the office senior team and said, we want you to go fix the returns problem. So, uh, that began the journey and it was a painful journey at first. Uh, but you know, I went to the mountain top. I went to Bentonville, I got to meet Chuck. I got to say, how do we fix this? And stop sending things back that are broken and, and all of the other problems that occurred. And, you know, we worked together on this for years and it made a difference. And the important part about it is we always forget. It's not just about denying, did I deny it and stopping it's about making the customer happy. So I'm a big driver about customer experience.

Tony Sciarrotta ([14:30](#)):

I love this net promoter score that companies are starting to use as opposed to six Sigma nightmare, which is my nightmare fighting with engineers over six Sigma is the losing, losing battle. So, uh, I've enjoyed switching to the dark side as we call it and finding ways to bring light to it. Just as Chuck said, it's very entrepreneurial. It's very much an opportunity to try new things and make a difference. And my God, can you make a difference? You know, you take a company like Phillips 2 billion in electronic sales in North America, 12% return rates. You take that down to four or 5% and you become a hero at your company and other people want to get to know you and how did you do it? And again, I always turn to my colleagues in the industry like Chuck and, and other places. So it's been a great journey for the last 20 years or so.

Tony Sciarrotta ([15:21](#)):

And there was no association when I started, there was no organization focused on it, unlike your world on a supply chain side, where there's dozens of associations and agencies, nothing. So now we have something we're very proud of it. We're global, we're focused on, uh, support by a great advisory board and connecting with people like yourselves to talk about the dark side, bring some light to it. And it's always fun to do this. Guys love that spotlight cures, a lot of our sunlight cures, a lot of things. So I love

your, your earlier comments there and your perspective. Okay. So Greg, before I circle back around and just make sure in a nutshell what folks know what the go TRG does and, and early, early on, I think you and I have had lots of conversations, especially here on the heels of the holiday season about returns and, and just a huge challenge we have, especially more so in, in times like this, what are you looking most forward to about today's conversation?

Greg White ([16:16](#)):

Well, you know, I think Chuck nailed it. That is that, um, it's no longer really a seasonal issue because of the nature of e-commerce. It is a constant issue. There's a, there is still a peak of course at this time of year, but you know, when 30 to 40% of what's sold on e-commerce comes back, that's a significant issue. And as you know, I'm an old time retailer, myself, I worked for a \$1 billion auto parts retailer. And in all of our nine DCS, we had a return space about the size of a tabletop, right. And returns is a significant part of automotive with remanufacturing and, and cores and that sort of thing. So I understand the struggle and, uh, it's about time because that was early nineties. When I was doing that. Some sometime in my, just around two decades in the supply chain,

Tony Sciarrotta ([17:07](#)):

We would cap it folks at two decades,

Greg White ([17:10](#)):

Decades. That's all confess too. But I think that that's, that's an important aspect of it is this is part of retail. Now it is a significant part of retail now, and we have to face it.

Tony Sciarrotta ([17:21](#)):

Excellent point, excellent point. Thank you for spiking, the football there. Uh, just like your chief's team will be doing here right around the corner. All right. So let me, let me circle back to Chuck. Chuck. We had a great, uh, good fortune of interviewing. I think your CEO cinder out in Vegas as part of the RLA event out there, what feels like five years ago, but that was just 11 months.

Greg White ([17:43](#)):

Let's see February. Yeah, it was February or something. Yeah, it was right last year, Superbowl Tony remember,

Tony Sciarrotta ([17:52](#)):

But for the handful of folks that may have missed that conversation, I know y'all do a ton in industry. Tell us about go T R G.

Chuck Johnson ([17:59](#)):

Yeah. And like you said, you talked to see how center go. TRG is what I believe is premier fully managed solution for this space. We know we do SAS. We do supply chain. We do do multi-channel sales. I think from our standpoint, there's a lot of competitors, but what we offer in some of the topics we're going to be talking about today are the best in the industry in terms of being able to provide solution, to provide analytics, we've curated millions and millions of UPC is we have all the data to help people make the right decisions at the earliest point. And that's really where I think the industry is going and where we're

a leader in is being able to provide visibility into what's happening with your returns and how to best manage it through a multitude of platforms.

Tony Sciarrotta ([18:48](#)):

Excellent. Appreciate that. Chuck appreciate what good TRG does. Uh, sender Seamus was a great interview, Greg. Um, very good. All right. So Tony really you've kind of shed some light already on the RLA, but what's, what's maybe one big thing that folks need to know about what the reverse logistics association does. The association is a membership focused group, and it's primarily retailers and manufacturers who have returns problems. And the third party solutions partners and providers like go TRG who have answers to those problems. Now the retailer manufacturer community is huge. They almost all have to deal with returns, but there are not enough good third-party solutions partners out there. It's a huge industry. And it's very fragmented unlike the forward side, where you can point to some major partners like XPO and some of the other guys that are out there, we don't have that as much on the reverse side and we need it and go TRG is one of the premier companies out there doing that, providing solutions.

Tony Sciarrotta ([19:50](#)):

And it, again, you're opening up the sunlight here a little bit and giving a chance. And that's what the IRLA does. We're a community on a website you can join for free, by the way, I get to plug that rla.org. You can join a community for free there's other benefits for membership. And we have an extraordinary group of board of advisors of which Chuck is one of them. And as well as a lot of member companies that, uh, the names are very recognizable. As you mentioned from Amazon to home Depot, to sporting goods to everyone. So it's a, it's a great organization and we are opening up the curtains quite a bit. Thank you. Outstanding. All right. So Greg, right before I turn it over to you and we start to set a table and say, look, folks here, Sharon, a live session for me, looking forward to what Tony has to say. You guys are great. Love the program, Sharon, thank you so much. I agree. Tony is great. And, and, and anyone that Tony recommends and meaning Chuck here, big fan, uh, we're big fans of as well. I want to say Sophia says, well, we get Eminem goodies related to the, um, uh, the, a webinar Sophia. We're gonna, we're gonna work on that for you and see if we can guarantee some, some candy deliveries there now logo on it, you know? Yes. That's a great idea, Greg. All right. So where are we going?

Greg White ([21:07](#)):

Yeah, like I said, I'm an old time retailer, which is not news to Tony, Chuck, just so you know it. And this time of year, right. Historically has been that time of year where everything comes back December 26, traditionally has been the largest shopping day in America because of returns, not because of sales necessarily, right. But with the changing landscape to so much more, but still not the, it probably feels like it's still not a majority of retail being done via. E-commerce tell us a little bit about Tony this time of year, historically. And, and what you've seen in this time, you're, you know, this, this January season and how it juxtaposes against the past prior to

Tony Sciarrotta ([21:51](#)):

Two 2020, uh, Chuck and I could comment that the entire industry of retail let's throw some numbers out. It's, it's roughly a \$6 trillion industry in the United States and the overall return rates for all categories of consumer goods. Might've been around eight to 9%. And in 2019, e-commerce was only about 11, 12, maybe 14% of all business, maybe 12. So what we always knew is that the return rates were higher on e-commerce. For many reasons, we won't spend an hour doing that one, but there's

many reasons e-commerce returns are much higher. I have to throw the one example, Greg, right? Our wives who shop, whose names are on the wanted posters at ups because they buy a size larger size smaller, and they return two of the three things they buy, right? So that's, that's part of why e-commerce rates are much higher. But now, uh, as we were discussing earlier, the e-commerce business has grown to at least 16% of the economy.

Tony Sciarrotta ([22:57](#)):

So now you've got 16% of the economy, the retail economy with 30 to 40% return rates driving the volume up significantly, uh, ups reported a record week, 11 million returned boxes in one week in January. That was about a 40% lift from a year ago. So it is gee, it's a tsunami. That's another word for it. And it's not going to get much better because e-commerce is growing. So we have to find more solutions and find more ways to handle this because it's not going away just like e-commerce is not going away. And, uh, it's just, uh, it is a tsunami that we're dealing with. And again, there's so many new companies out there who don't even realize they get into it, especially in the fashion industry that get into and don't realize they're going to get a tsunami back. And then they have to find good companies like go TRG to help them get through that nightmare.

Tony Sciarrotta ([23:53](#)):

And, you know, end to end will, will they survive, not sustainable if they don't do something. So it is that peak time of the year. It is much higher than a year ago or two years ago because of e-commerce growth. And we're starting to see bottlenecks, I think chuckle talk a little bit about that as well, but there are bottlenecks and, and it's unfortunate. The other reality of these goods that come back. Most of them, there's nothing wrong with them and it's presenting a loss to the manufacturer and the retailer, and you can only compensate so much, but it is about, can you slow down returns with the returns you get back? Can you increase asset recovery? That's the two major landmarks of the returns world

Greg White ([24:36](#)):

From a more macro perspective, Tony, it's a sustainability issue because some enormous percentage, you know, this better than I do, but depending on the category, upwards of 90% of what comes back, goes straight in the trash.

Tony Sciarrotta ([24:50](#)):

And

Greg White ([24:52](#)):

So that creates its own issue. And, and you know, and the other is you are my wizard here on this is we need to confront not how to handle logistics, reverse logistics better, but how to prevent such a mass quantity of returns to begin with. And I think that irony of your name is of your, of your organization is that one of the things that you promote is figure out how to not get it returned, to begin with just like the discussion you and Chuck had so many years.

Tony Sciarrotta ([25:23](#)):

Right? Right. And to your point, that's a great point because Lee asked a great question. You know, we're with each of these policies, we're training, whether we like it or not, we're training the customers to act a certain way. And Tony, as you said, a thousand times, if you make it free and easy for customers to return stuff, guess what they're going to return. So before we move, uh, Greg, before we move into



some of the burning issues, Chuck has the shear. If y'all both could speak to Lee's question here. So Lee asks are companies like R E R E I, Amazon Costco, Walmart with such generous return policies, changing return culture for consumers, quick, quick responses.

Chuck Johnson ([26:02](#)):

I mean, they have for years. I mean, if Tony and I've talked about this for years, for years and years, this return issue that you see was typically a U S issue because of this desire. You know, if you look at people who buy from a variety of companies, whether it's e-commerce or big box retail, the one of the top three reasons that they shop a retailer and shop e-commerce is ease returns. We have enabled that in our consumers, our manufacturers have enabled that process by continually releasing more bottles, to encourage you to buy more. And as a result, you that we've just created environment where, Hey, that satisfy the customer, then let's make returns as easy as possible. And as a good experience for the consumer. And as a result, we've created a lot of decisions across the globe now is because of e-commerce. Now everybody's dealing with big box retailers. Maybe if you thought about Carrefour or, uh, some of the, uh, uh, in England, some of the companies there, it just wasn't as big, but as it was in the us now it's everywhere.

Tony Sciarrotta ([27:20](#)):

I think you are in agreement. It sounds like lots of consensus there, maybe all four of us in that regard, quick hit Tony before Greg takes it and we keep driving. So it is about the customer experience and many people, including Amazon, they help set the bar, but the customer is King first and that's been the philosophy. And actually without getting political, we also have a little bit of a culture of entitlements in our country. People expect, and they want those expectations met. And if Walmart didn't do it or Sears didn't do it or Kmart didn't do it, Amazon would do it. Somebody would do it. So it's also become a competitive sledgehammer that you have to do it, but there are some retailers who were paying attention about trying to make that experience better. And when you can go in that direction, it's not about the generous return policies that are driving returns. It's about customers not getting their expectations met. And if they don't, they expect to get easily returned and, and go from there. So outstanding. A couple quick comment. Rhonda says, even men are purchasing and return stuff. That's your fault too, for a modern, that guys said with funds, spirited vibes. I love that.

Greg White ([28:36](#)):

I recognize the brilliance of bracketing. This is not going to be popular, but I recognize the brilliance of bracketing. When I first heard about it, I thought what a great idea. I never thought about that. Right? And the unfortunate circumstance that I heard about was, uh, retail stores in Florida with people getting ready to go on ski trips, who would buy three colors, three sizes of three colors of ski jacket, and then return it to their local store in Fort Lauderdale. And I mean, that creates an entirely different problem, right? It's out of region for that thing. But the truth is, look, this started a long time ago, the greatest store manager I've ever known, and I will argue, has ever been her lock bang Pew at store 71 17 in Wichita, Kansas said to me, once when people are returning goods, give them their money back because it ain't your money.

Greg White ([29:29](#)):

What do you care? We want them to have this experience. So this cultural expectation was set in, in the eighties as early as the eighties agree. And in it has evolved because I was a customer price club before they were Costco. And when it was price club, their return policies were distinctly different than when

they became Costco. They were very strict before they became Costco. And when the two companies merged that the culture of the company changed to fit the consumers expectation. And that's something we have to face, frankly, as consumers, not even as professionals in this industry, we have to face that we, the consumers are the driver of this, right? Nope. Retailer taught us bracketing, right. Because somebody figured that out and told a neighbor who told a hundred neighbors, competitive sledgehammer, Natalie likes that. All right. So Greg, where are we going next? Yeah. Well, I want to talk a little bit, I'd love to hear what other, I mean, maybe we need to enunciate a few of these a little bit deeper, but what are some of the other trends or challenges or issues that you guys see facing the industry? Chuck, tell us a little bit about what you're seeing out there from your perspective.

Chuck Johnson ([30:41](#)):

Yeah. Well, as we talked about the growth in e-commerce is just exacerbated issue that we're seeing. I mean, it's, it's always been there at a re, like Tony said, return rates five to 10% in a big box retailer, typical. And what we're seeing with the growth in e-commerce. And I mean, it's substantial if you think a company like Amazon quarter over quarter last year, uh, last, last quarter grew 37 and a half percent. Walmart grew 79%. And you're talking about two of the companies in industry. You mentioned Costco that have probably got the most flexible return policies, but that type of growth rate, you're just seeing an infusional product to the supply chain of back into the reverse space that is just growing at a massive rate. You know, as I said earlier, not back in 2017, nine and a half, 10% of retail sales were e-commerce it's 16% this year, 2023, they're saying it's going to be 20% and continue to grow.

Chuck Johnson ([31:45](#)):

That's just putting a lot of pressure in the industry for people to come up with solutions on how to manage this. And it's not, it's all industries just as you, you mentioned the, uh, automotive suddenly has been underserved in terms of solution automotive. Uh, Greg has this issue. DIY, if you think about it, they're seeing a tremendous growth during this. COVID you think about DIY wires and the nature of that business. They typically buy 20% more than they need, because you don't want to go back to them. And whether it's lumber that you just want to don't want to have to keep on going back for your project. So you overbuying return. And a lot of that goes back to stock, but a lot doesn't go back to stock and then creating, understanding that information and providing solutions to it, to mitigate the cost is critically important in the environment today. Yeah. Undoubtedly

Tony Sciarrotta ([32:40](#)):

And Greg, I'll add to what, uh, a comment you made earlier. You mentioned a number is 90% gets thrown away, and it's not quite that bad. I do want to be encouraging that there's been some improvement. There's been dramatic improvement. Let's say the goods come back and they are finding some homes. And I think we've kidded about before, you know, the inspectors on the lines that the warehouses, the returns warehouses are taking a look at the goods and making decisions about, do we put it back on the shelf? Do we put it in the landfill pile? Hopefully that group that's going to landfill is getting smaller and smaller because of some other wonderful global groups. The Ellen MacArthur foundation is pushing the circular economy and that's our new buzzword for sustainability. And let's, let's embrace it. Let's talk about it. So that people stop thinking about being linear, you know, make by throwaway. And we start thinking about make, by reuse it re repair, it, resell it. Even if it's on eBay or Craigslist yourself, let's become more circular. And there's great organizations pushing that. And because that 90% number Greg does apply to the fact that 90% of it has no problems. So why not do something else with it instead of throwing it away, very encouraging signs there, Greg,

Greg White ([34:02](#)):

Sorry. I should have contextualized that number in my discussions with people around fashion, particularly high fashion, that's where 90% of it gets thrown away. The reprehensible behavior of companies like LVMH, who don't want their used goods, going back into the marketplace. Everyone seen the YouTube video of them burning, right? So no, it is only a segment of the market, but it does happen, right? And that's a problem we still have to solve. And frankly is part again, partially the responsibility of the, of the consumer. But the good news is there are plenty of companies out there, like go TRG and others who are focusing on that very, very niche and very, very extreme case to try and solve that. And I've actually talked to a few of those in recent days, which we should talk about sometime, sometimes.

Chuck Johnson ([34:50](#)):

Yeah. Chuck, one of the things is that in my, all the time I was in retail and I was dealing with companies like goat, TRG, and I was dealing with the RLA. Is that if you think about, you know, there's a lot of people you mentioned about because of brand, they say, look, I'd rather throw it away than sell it. That has always been the people in industries is that there are platforms Angie's list. Craig's not age is Craigslist, eBay, and all these things are smart. They sell things in the industry when you're an OEM or a retailer, or you got private brands, you look at it and say, okay, my return rates 10%, but 90% of that stays with a consumer who are selling it at point in time. So if you think that by, by throwing your stuff away, you're protecting your brand. You don't really understand industry. There's so much. I always argue to retail. I said, give me any UPC and I'll show you where it's being sold on, on various platforms. So you can either participate that in that eliminate the throw away and do something more sustainable and get revenue for it.

Greg White ([36:02](#)):

And con again, control your brand experience because the truth is it's getting sold on Poshmark either, either way, this way it gets sold with an LVMH, thank you card. Right? And, and they can, it can be verified to have been refurbished or verified as legit, et cetera, et cetera. Yeah. Totally agrees. Chuck, that

Scott Luton ([36:23](#)):

Great point of view. Excellent points there. Okay. So let me interject a couple of comments from the community, but really quick contextualize Greg, what a great term you always include my vocabulary. I appreciate that.

Greg White ([36:33](#)):

Well, we'll do that first. You know, I always wound up doing that last, right?

Scott Luton ([36:38](#)):

Oh, I love it. Making us smarter. So Kelvin, so this competitive sledgehammer comment may clearly it's picking up a lot of steam. Rhonda loves the simple message of reuse, repurpose and donate. I do too. Lisa says sustainable circular post COVID supply chain. Boom, the discussion of the decade. Shout out to poncho outdoors in Austin, very environmentally friendly. That's a new one for me. Thank you for sharing that. Lee Natalie says donate field destroy can be replaced with reuse, repurpose donate. Okay. I got you. If I could just add one quick comment and Tony, I'm going to go. You got a couple of questions for you. My hunches. So obviously in this information age, and especially a business like ours, we go through a ton of equipment, right? Uh, BNH has always speaking of customer experience and just overall

quality of service BNH is one of my favorites, but what I've learned to do, cause I hate returning anything.

Scott Luton ([37:31](#)):

I hate returning anything. So when we, so for example, here lately, I got a mixer. I got the wrong mixer is my fault, but rather than do what my three kids do, which anytime they get a package, they rip it up. And before you know it there's no box, no, no wrapping paper, no instructions. I like really surgically opening that thing just to make sure it works. So that then when I return it, I can really return it almost, almost in pristine condition. I don't know if it, if it helps, I, I maybe I'm lying to myself, but I feel better as a consumer that this more likely to get repurposed reship. I don't know, but Tony, let's start there, get a couple of comments on that. And I've got a couple of quick questions for you. It helps, but depending on the product category, there's a lot of rules, including government rules, about a computer. Once it's been plugged in, it's considered used eye printer turned on, it's used and that devalues the product clothing. You know, the rules are a little less clear there. Um, and, and so that, that one may need some government intercession about how do we grade these products as new.

Tony Sciarrotta ([38:36](#)):

And so, and again, a company like go TRG is engaged in industry discussions about how can we grade these things and, and offer the consumer clear message. Uh, Greg alluded earlier to, yeah, some of this stuff is certified pre-owned and some smart manufacturers now, including Patagonia, Columbia, North face, Nike Adidas, they're taking stuff back and reselling it on their own site and who would have thought of that. But they borrowed that from the consumer electronics industry, because of course HP and Dell and the others do that all the time. But now think about it. Nike shoes used on their website. The concept's a little crazy, but we're grateful that they're trying to set a trail for all of us to follow.

Greg White ([39:25](#)):

Yeah. The younger generations are completely on board with that. I can tell you not just from a cost perspective, but also from a seeing it getting reused, they want the brands to participate actively in that.

Tony Sciarrotta ([39:39](#)):

Right. That's a great point. So if you're a laggard company that believes this is a flavor of the month, gosh, just wait. Cause it's really,

Greg White ([39:48](#)):

I think the biggest tsunami is coming in return. What will you see in terms of expectations around re-purposing goods?

Tony Sciarrotta ([39:55](#)):

Excellent point. So Tony, I've got a couple of questions here. First off. Let's talk about retailers offering refunds without requiring returns. Yeah. I think world is that sustainable? Yeah. I think Chuck and I both want to talk to that one because, uh, it's, it's a recent trend and you're starting to see it. And I, I understood it like a couple of years ago, my wife ordered a little step stool for our dog to jump on the bed. Right. And it didn't work. The dog didn't like it, she called up said, I want to send it back. And they're like, no, just keep it. And I thought that was unusual. And then I started seeing in wall street journal and other places, the talk about major online retailers doing this and absolutely how is this sustainable and, and more important. I think there was conversation about price club Costco and years

ago, you know, it was the internet Gregg that exposed the fault in the returns process and said, buy your furniture at Costco, take it back a couple of years later, get some new stuff.

Tony Sciarrotta ([40:55](#)):

And even the retailers started to get wise. Well, we can't really do it that way. So they did tighten up somewhat policies. But generally speaking, now this, this idea of offering a refund is based on the finance Wiz kids as I call them, sorry, it's not, you know what it is meant to be derogatory a little bit, go for it because if you just do it by the numbers, if you just go by the numbers, it costs more to take back a \$20 item, then you're going to get for it. And so there's that question of what, how do you make that better now at Phillips in my Phillips stays, we took back everything because you wanted your brand control. We were taking back earphones headphones, uh, HTML cables. We took back everything because of that brand control function. But again, if you do the financial sonnet and shut up attest to this, there's a price point where it's just stupid to take it back financially.

Tony Sciarrotta ([41:53](#)):

But if you care about your brand and you care about the environment, you care about anything else besides the numbers, you're going to make a decision to still take things back and incorporate that into your end-to-end cost to understand more about, well, one way or another we're getting hit for this. And of course my favorite story is when you give them it, a retailer gets an allowance from a manufacturer. You never get to the end of the year where they say, you know what? You gave us 6% allowance. We only needed five. We'll give you some it's usually you gave a six, we need eight. Let's get on that. Go ahead.

Chuck Johnson ([42:29](#)):

That's the way the thing is, is that's the space that we as a company operated because we'll bring clarity to the costs and what it takes to move stuff through the supply chain for logistics has done this, you know, Greg Scott for years and is, has got it down. Uh, all the nuances down to the T typically reverse has been very, very analog in this. They've not, not mine data companies like ours have now provided that information out there that says, Hey, to Tony, there is a point of diminishing returns at which you just don't want to return companies like Wayfair. Ikea has looked at this and said, look, particularly in the age of e-commerce where now we as a company are we, as a manufacturer are paying all this costs to transport. And at some point in time that 12 person dining table is going to cost us more money for you to one, the difficulty in shipping here, but to get the white glove service, to pick it up, bring it back to only try to resell it again.

Chuck Johnson ([43:33](#)):

There's points where now we are mining data that just says, look, we'll, we may give you a, it will maybe even offer you some additional money to keep it or just don't ship it to us. Cause it is not worth it. We are not making money. In fact, we're losing money at a faster rate. That's that's where the reverse space has gotten much more sophisticated with stuff like what we're doing to, to help retailers. And I'm seeing now retail is you seeing it with, uh, the Walmarts and some of the targets to just say where typically they would never tell you to keep it. They're now saying, keep it that's they're not magnanimous. That's based on data. They're saying, Hey, it costs us too much money for us to, to, to come pick it up or fee for you to ship it.

Greg White ([44:20](#)):

Let data will change over time because that is literally a license to steal. Literally. I mean, look, the biggest source of fraud in retail has always been in refunds and returns far more than direct theft that the cost of doing business has always been more highly impacted by refunds and returns. And now what you're saying is by this, tell us you don't like it. We'll let you keep it and give you your money back.

Chuck Johnson ([44:47](#)):

Yeah. Somebody to figure out and telling them I don't like it, but it is a big focus by everybody. So there's, you know, if you looked at Walmart and it was, I think you'd Scott, you asked the question also is that, you know, Walmart will let you return, but they also manage that. So if you come back and say, Hey, I don't have a receipt and you do that too many times. They're going to tell you, sorry, but it's the same issue that you deal with on the, keep it in the, if you do it too many times, you won't be allowed to do it because they have really sophisticated tools to understand that Tony returns way too many things. They'll fire you as a customer, right?

Tony Sciarrotta ([45:27](#)):

So just like we anticipated, this is a fast moving, passionate discussion and an hour and it will never do it justice. So we'll have to have you all back, but let's talk really quick. I'm a big fan of standardization. Of course, we all have to manage the exceptions these days. It's just how it goes. But I love standards. And I think when we can provide standards to consumers of what they can trust, they might be more likely to help us alleviate a portion of the returns might be more likely to move and resell some of the returns. So, so Tony, to that end, let's talk about, you know, creating a standard of returned and reuse merchandise that consumers can really lean on and trust. What, where does that stand? Well, it starts at the returns counter or the returns window on your screen. And Chuck and I did a test years ago at Walmart.

Tony Sciarrotta ([46:15](#)):

And we found that the reason code for returns at, at a returns desk in a store is always number one. You could change what the reason code itself is, but the number one button always got hit the most period. So you knew right away, you're not getting good information, but I noticed that Amazon and other e-tailers are asking lately, why are you returning this? Because companies like Chuck's help determine the disposition in advance. So, you know, Scott, you mentioned about being surgical about opening up that box. So if you identify it as like new just didn't, it was the wrong model. They can direct it to one return center versus a different return center. So that's where the uniformity is coming in to some degree. Now we all depend on the consumer being a little bit honest and I'd like to think as Chuck has reminded me often 98% of the people are basically honest. It's that 2% we shouldn't build a system just to, just to put them in jail, but let's build a system that can work. So dispositioning, thanks to companies like goat. TRG is out there. It's beginning, great ABCD, whatever it becomes, at least the consumer is given a chance. And by the way, one other small note about online, I've noticed

Scott Luton ([47:30](#)):

Amazon now saying this could be subject to a restocking fee. Yeah. They've never had that before, but this past year they started doing that because there is a recognition that they're getting ripped off. I might disagree and I hope I don't get hit by some kind of crazy sledgehammer that we referenced before, but I wouldn't mind a return fee. I think that might slow. I think one of the biggest challenges we have is consumers have, and I pointed myself is we make those quick decisions about doing just a little extra homework to make sure that it's the right item. And, and, and of course the bracketing challenge

in and of itself, that might go a long ways, especially if it's nonrefundable to limit some of those behaviors. But I think it makes a lot of sense, but that's just my take. All right. We've got Lee. Let's see here. Let's leave that last comment up there. He says, I still say 10% for buyer's remorse unless the item is defective. So Lee is basically

Greg White ([48:21](#)):

Restocking fee. Yeah.

Scott Luton ([48:23](#)):

Yeah. What's the answer on that one.

Chuck Johnson ([48:26](#)):

But unless you have the ability to determine that that is, or is not defective people, it's like a, it's like electricity, you'll follow the past path of least resistance, right? People will answer the question based on what's easiest way to get it returned. So it didn't like Tony said, when you move reason three to reason, one, you find out reason one's always gets adjusted. It's a very slippery slope. What I have seen is I've seen retailers and OEMs change timeframes, you know, and what I mean by that is where Walmart for years saw that that there's a huge return on computers post year end testing or whatever that function be. So Walmart tightened up the return timeframe on certain products rather than broad brush. They went in and said, we see, we have issues in this area. We're going to tighten it. I would just, it's always a cautionary note to start doing things like restocking because it's in conflict with some of the philosophy that customer is always right. Take care of the customer. Don't penalize the customer. So you can tighten things up as data shows, you need to tighten it up, but I never see it would be unilateral.

Greg White ([49:49](#)):

Yeah. Some competitor would always undercut you to take advantage of the competitive sledgehammer that we talked about before, but there are policies that are effective and we happen to be coming up to a weekend where best buy in particular instituted a policy of no television returns after the super bowl, because people would actually go buy a 70 inch back when that was big 70 inch TV, watch the super bowl on it and return it to best buy. So there are ways to attack this in an, from a niche standpoint, but the market is way, way too competitive to take a direct action like that. Look, as Chuck said, consumers are electricity. They will take the path of least resistance. They will always find the retailer that has no restocking fee. I mean, think about it. Just think for yourselves, when you look, when you buy on prime, which most of us do as we must confess you look for not only two day delivery, but also free returns. And, and that, you know, that's something we have to acknowledge.

Chuck Johnson ([50:56](#)):

You can look it up again. I'll go back to, if you look at e-commerce the top three reasons why people buy a particular manufacturer or retailer price, quality ability to return. Yeah. If you understand that you're going to set your policies based on meeting consumer needs.

Scott Luton ([51:14](#)):

I think, I guess I'll be the only sucker that, that signs up for a 5% return if you guys want to volunteer for Leah to come from. But Hey,

Greg White ([51:27](#)):

I do. I respect the thought and, and, and it's been in retail for decades, frankly, but it's just too competitive than environment. Right. And the constituency is literally the entire world. So how do you, how do you drive that behavior?

Scott Luton ([51:42](#)):

You know, I'm, I'm not sure about y'all, but then this is a whole different subject, but I've had more challenges in my consumer career with services and services, contracts, more so than products and returns and whatnot. So we'll save that for another show. Let's talk really quick. We're approached to, to top of the hour, we won't expect respect both of you, gentlemen, Tom, we preach it, all the comments from the community. Sorry. We couldn't get all of them. Let's make sure folks can connect both with Chuck and with Tony and Chuck, tell us how we can connect with you and go to your Jeep. Well, okay.

Chuck Johnson ([52:11](#)):

Obviously I think, uh, as part as you've created the, uh, LinkedIn connections and I've see some, some folks, uh, have already reached out, uh, reach out to us as a company@gotr.com where, you know, we've got a lot of experience. We've got a lot of people professionals on our inner company, uh, that had been around the industry a while we can provide multitude of solutions. I'm more than happy to help you know, anybody at any time. Um, I'm a member of the RLA community. I've been on the board since its inception, because I'm passionate about the space. I believe this is there. There's just at the infancy, Tony of managing this space. So reach out to me on LinkedIn, reach out on, go to your G to our company, more than happy to help anybody at any time.

Scott Luton ([52:59](#)):

Outstanding. I appreciate that. Chuck appreciate what y'all do and appreciate your passion, Tony. Uh, how can folks connect with you in our LA we're pretty easy as well. rla.org, and anyone can join the community for free. Uh, you won't get necessarily a lot of free advice directly from us, but there is information on the website and at the point where you acknowledge that you would spend a lot more on a consultant to help you fix the

Tony Sciarrotta ([53:26](#)):

Problem. You might say, let's do a membership in the RLA and connect with companies like goat, TRG, and Sims recycling and liquidity services and the beast docs. There are many out there we're proud that most of them are members of the RLA and proud that they share their best practices so easily and that they help evangelize this issue. And so rla.org, join the community, you'll get the magazine, you'll get a newsletter. You have, you can download videos, podcasts, and the famous first book going backwards from 1998. It's like a classic textbook, a college textbook level. And it's still accurate today with all the ideas in it. That's the book I first downloaded when I was thrown into this and we have it available for free on the website. Wow. Really going backwards way. Really appreciate both of your time. Love the conversation, loved the passion, both here in the panel and in the, in the comments, we'll have to keep it going.

Tony Sciarrotta ([54:26](#)):

Tony, Chuck Johnson, COO with go TRG Tony Schrode executive director with the reverse logistics association. Thank you to you both. Thank you. Appreciate it. Thanks guys. Thank you. It's an honor. My grit. We knew that that subject is just the reverse logistics returns. Retail is getting so much buzz and hot takes and, and passion around. I find it fascinating, you know, the versatile logistics and returns is half



the battle, but I think just what, what retail has done in this a year like 2020, and then started 2021. It really is a fascinating business study. Don't wouldn't you agree? I agree.

Greg White ([55:06](#)):

I would use a different F word than fascinating and that's frustrating to contextualize, you know, th the, and the reason for that is I see a lot of people putting the onus on the retailer to solve this problem. And the truth is that is absolutely unequivocally impossible. This is a consumer issue. There's really only one way to address this issue. And that is to prevent returns. As Tony has always said, from the beginning, there will be plenty of business. If we only have the regular retail returns of eight, 10, or 12%, you know, for, for companies like TRG and Otello and happy returns, and whoever else is out there, there will be plenty of business for those companies, even in that environment. And the truth is the Delta is not the retailers at all. The Delta in returns rate is on the consumer 100%. So we have to take responsibility. And if we want to demand sustainability, then we have to contribute

Tony Sciarrotta ([56:07](#)):

You to sustainability. I'm with you. Hey, yeah, I'm with it. And part of that is where I think we need to, I think everyone needs to hear that, you know, I think consumers to be consumers and to be consumers in this day and age, we, we've gotta be more responsible and where, whether you're

Scott Luton ([56:24](#)):

Just my take, whether we're paying a fee, whether we're taking care of what we purchased so that it enhances its chances of being reused, or if we don't, and I'm not pointing to anybody, but it may be our producer behind the scenes. Or if we, you know, they'll give in to the bracketing exercises, that's just, you know, again, not pointing fingers, I've contributed more than most folks, but, um, we've got to really figure out how to be much more conscientious and, and much more aware of what we're creating by some of our consumer preference.

Greg White ([56:58](#)):

Well, so that is where the retailers can contribute is in preventing, is in preventing those returns. If there were a way, and I know there've been multiple attempts of figuring out what your size is for a particular product, which is where a lot of the problem lies, then that is, that is the preventive measure that retailers can provide. So, yeah.

Scott Luton ([57:18](#)):

Kelvin, thanks for tuning in tuning in via LinkedIn is going backwards, was the name of the book I believe, and, and clay and Amanda, if we can drop that in the comments right before we sign off here and just got a couple of key, uh, one final comment or two also T squared was with us. I came in late, but he, he typically holds down the Fort there on YouTube and so good to have him. All right. So really quick, uh, last comment. Hey folks, if you enjoy conversations just like this, so you can learn a lot more supply chain now.com. We've got an brand new cutting edge website coming to a town near you, but Hey, we're here to serve as the voice of supply global supply chain. Thanks, Greg. I appreciate that sounds near you almost had it a smooth finish and you made me break my character, but Hey, uh, really enjoy this.

Scott Luton ([58:06](#)):

This is a wonderful conversation. Really enjoyed it. Appreciate all the comments we've had from the community. All the great idea exchanges. Hey, Tony and Chuck brought it just like when we knew they would, we'll have to have him back again soon. Greg, always a pleasure. Keep getting on that soapbox. We learned a lot. I learned a time and keep, keep, uh, improving my vocabulary too on the mic. We all need better words on that note. Hey, everybody hope you all enjoy the conversation as much as, as we did. Hey, go check out our relay.org. Be sure to check out, go TRG, do good gift forward and be the change that's needed. And on that note, we'll see next time here on supply chain now. Thanks buddy. Thank you.

Intro/Outro ([58:51](#)):

Uh,