



Keeping up with Market Shifts & New Technology

Based in Goleta, Calif., Deckers Brands is a global leader in designing, marketing and distributing innovative footwear, apparel and accessories for everyday casual lifestyle use and high-performance activities. The company owns some of the most recognizable footwear brands in this market such as the UGG® brand, Teva®, Sanuk® and Hoka One One®.

Like most online retailers, Deckers' initial processes for handling returns for items purchased through its eCommerce sites were fairly rudimentary. In order to return an item, customers were required to print a PDF form, fill it out, then organize and pay for the shipping themselves. Over time, however, there came to be a number of problems with this system that created challenges for Deckers and its customers. One core issue with putting the onus on customers was that many of the PDF forms arriving at the company's facilities with returned items were incomplete or included insufficient information. This caused employees to spend valuable time figuring out the correct information related to certain returns so they could ensure that all orders were handled properly.

DECKERS
— BRANDS —

"With Newgistics SmartLabel® technology, customers have visibility into their entire returns process and we're able to offer them the highest level of service as they deserve."

JESSE CARSTENS

Order Fulfillment Manager, Deckers Brands

CHALLENGE

- » Free return shipping became a new standard and an expectation for eCommerce customers
- » "Free shipping" isn't really free – the budget needs to come from somewhere
- » Geographic limitations lengthened returns process for East Coast customers

SOLUTION

- » Modernize returns processes and make free shipping affordable with Newgistics solutions
- » Integrate *Newgistics SmartLabel®* technology to offer return tracking and notifications
- » Route East Coast returns through Newgistics facility for faster processing

RESULTS

- » Improved customer experience thanks to streamlined processes, parcel tracking and insight
- » Costs associated with "free shipping" are offset by better efficiencies
- » Labor savings due to advance visibility into returns and reduced call center activity
- » Shorter time to credit or process exchanges for East Coast customers making returns

In addition, the manual processes that centered on printed PDFs removed Deckers from most of the returns process, leaving the company void of valuable insight that would enable it to maintain better communication with customers and help make better business decisions. For example, many customers would print out a PDF form and set it aside for weeks before continuing the returns process. Without access to any tracking details, the company had zero advance visibility into how much inventory was being returned to the distribution center and when it would arrive.

The overall customer experience and the need for customers to arrange and pay for shipping themselves didn't live up to Deckers' high standards, and at the same time the eCommerce market began shifting toward free returns. However, as any online retailer knows, "free shipping" isn't really free—the budget needs to come from somewhere. While free return shipping became an important feature to offer customers, the company needed to find a way to offset the associated costs.

In addition to the challenges inherent in its aging processes and the direction of overall market trends, Deckers also faced a simple issue of geography. While its distribution and returns centers are located on the West Coast, a large percentage of its customer base resides on the East Coast. As a result, East Coast customers experienced a lengthy process that took a total of 5-8 days to be credited for returns or for product exchanges to be approved. This timetable caused an increase in call center volume and greater chances for overall friction with customers who were making returns.

A Focus on Continually Improving Customer Ease

To create an easier and more pleasing returns experience that better embodied Deckers' philosophy of putting the customer at the center of everything it does, the company partnered with Newgistics for its expertise in the eCommerce shipping and returns market. Implementing *Newgistics SmartLabel*[®] technology enabled Deckers to replace its reliance on PDF forms in favor of a more streamlined experience that would benefit both the company and its customers.

"Our previous returns process put too much responsibility on the customer, which was at odds with the hassle-free shopping experience we strive to deliver to our customers," said Jesse Carstens, Order Fulfillment Manager at Deckers Brands. "Now, with *Newgistics SmartLabel* technology, customers have visibility into their entire returns process and we're able to offer them the highest level of service as they deserve."

Newgistics SmartLabel technology automatically embeds customer order and shipping information into a barcode, eliminating the potential for hand-written errors that could occur with the old process. It also enables packages to be easily tracked every step of the way so Deckers and its customers always have the latest information. Customers now receive email confirmations when their returns are in transit, which has provided the additional benefit of cutting down on call center volume. When customers do place a call, operators can provide fast and accurate answers based on tracking information. The visibility into what is being returned and when it will arrive at the company's returns department has also improved operational efficiency, enabling Deckers to better manage staffing schedules.

Benefits of "Free Returns"

The monetary concerns of offering free return shipping and upgrading the technology behind the returns process were among the biggest issues weighing on Deckers management's decision to move forward. However, after performing A/B testing to analyze conversions, the benefits quickly became clear based on a steady uptick in sales on the "free returns" side of the test. In conclusion, Deckers found the costs associated with absorbing shipping fees and upgrading its processes could be offset with increased customer conversions over time.

From East to West, All Things Equal

Since rolling out free returns to all customers, Deckers has also begun working with Newgistics to attack another challenge—lengthy returns processes for East Coast customers. By utilizing a Newgistics facility on the East Coast, the company can now offer customers nationwide the same fast and efficient returns process. All East Coast returns are now routed through a regional Newgistics facility, where the team has been trained to mirror the process of Deckers' West Coast distribution and returns center. The trained Newgistics team can quickly process and inspect returns at this facility in order to provide faster credits and approvals for exchanges. After boxes are opened and processed, products are then sent back to Deckers' West Coast facility to be restocked or set aside for discount retailers. This arrangement has dramatically cut the returns process for East Coast customers from 5-8 days down by 2-3 days, lowering call center volume and improving the customer experience.

Working with Newgistics has helped Deckers achieve a more streamlined returns process that offers free shipping, hassle-free returns and faster processing times for its East Coast customers—ultimately delivering on Deckers' promise of providing the best customer experience possible.