



**Logistics &  
Electronics**

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# Improving the Consumer Experience: Protecting Brand Integrity with Advanced 3PL Services

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## INTRODUCTION

In a highly competitive global marketplace, brand reputation is everything. The integrity of a brand is a precious commodity that can be compromised faster than ever in today's hyper-media culture. With technology savvy consumer's insatiable appetite for popular devices, including smartphones, GPS units and DVRs, consumer electronics manufacturers and service providers, in particular, face a myriad of challenges with brand preservation.

Information sharing sites such as Facebook and Twitter have grown exponentially in recent years and present a formidable medium for consumer feedback that can't be ignored. With more than 400 million users, Facebook is a dominant force, but the "micro-blogging" site Twitter is steadily gaining momentum with approximately 106 million. It is indisputable that they combine to offer a powerful communications "punch."

Now, word can spread about a brand and/or its device around the world in a matter of hours. In fact, according to a recent Harris Interactive poll, 50 percent of the coveted demographic of 18- to 34-year olds consider online reviews "most influential." Hoping that a less than stellar consumer interaction will be relegated to an immediate circle of family and friends is now a pipe dream for manufacturers and service providers. If a "plugged in" user has even one bad experience, it can potentially lead to untold damage to a brand's reputation and be extremely difficult to overcome.

## THE REALITY

The fact is, OEMs and service providers have to trust any number of vendors and partners to help preserve the integrity of their brand. From outsourced manufacturing in AsiaPac and call centers in India, to logistics services in the U.S., products hit a variety of touch points that can't be overlooked. Anywhere along the line, something could go awry to jeopardize the consumer experience. Beyond the manufacturing process, the most influential of these components is the supply chain. After all, if a consumer doesn't have access to a device, nothing else matters.

To alleviate fixed costs and streamline processes, forward-thinking manufacturers are increasingly relying on third-party logistics (3PL) partners to manage this aspect of their brand. However, all 3PLs don't think and operate the same way. With the complex supply chain and often, impatient consumers anxiously awaiting their orders, consumer electronics companies need to think beyond basic pick, pack and ship functions from their logistics provider.

In order to protect a brand's integrity, and garner consumer loyalty, OEMs need a sophisticated partner that can manage the entire lifecycle of a product offering, down to the individual device and component level.

## SERIALIZATION

It is critical to understand as many details as possible about a consumer device, or component, from the day it is made, to the day it reaches end of life. This is the case for the primary unit, as well as components or peripheral devices that require linkage of multiple serials, or unique data elements for service activations such as SIM cards for smartphones, laptop computers, GPS devices, and Media Access Control (MAC) address numbers for set top boxes, DVRs, etc. A manufacturer must document every stage of existence of a device, or part, to create a positive consumer experience. To accomplish this, serialization has become common practice for OEMs, and 3PLs have gained significant ground in recent years.

To be successful, OEMs and service providers should align with a best in class 3PL partner that possesses serialized capabilities to ensure seamless visibility throughout the entire lifecycle of devices and components. This will allow the 3PL to offer OEMs and service providers complete visibility from the manufacturing to the retail environment. By assigning individual numbers to devices and components, it is possible to monitor their progress throughout the supply chain until they are in the hands of consumers, and in some cases, back again.

While a majority of emphasis is placed on forward logistics to facilitate the initial sale, when warranties are involved with consumer electronics, reverse logistics for the returns process should be a top priority. This is a prime area where serial numbers drive the consumer experience and ultimately, the integrity of the brand. Serial numbers benefit the consumers on a myriad of levels, but when returns are involved, the advantages truly come into play.

### **Warranty Returns**

When managing returns, serialization links a specific unit with an individual consumer, so their device can be repaired and returned to them, or credited accordingly.

A sophisticated 3PL can evaluate the device to determine if it falls within warranty parameters and manage the entire process directly at the point of return in a fraction of the time it would take a manufacturer or service provider. The 3PL's customer can then avoid committing internal resources to this interaction, while still being considered a responsive, consumer-focused company.

Another significant benefit a 3PL offers by managing at the serial level is the ability to determine if a specific unit has been returned multiple times over a specified calendar period, and the enforcement of business rules at the point of receipt. This allows the 3PL to identify "Multiple Returned Units" that are under warranty and in response, surgically remove them from the supply chain. This detailed information can then be shared with the 3PL's customer who can seek compensation from the device manufacture for "problem units."



### **Advanced Exchange:**

Serialized capabilities allow a 3PL to significantly enhance advanced exchanges with specific identification to ensure that the correct device is being received, while enforcing the business rules for a specified channel. This protects the OEM or service provider against fraud, and creates a positive experience for the consumer by facilitating rapid return and timely credits through an established business process.

### **Protecting Consumer Information**

When devices such as smartphones are returned under warranty for refurbishment, it is important to document and prove that private information such as emails, photos and other personal data has been properly removed. By maintaining, and tracking serial numbers, it is easy to verify that this personal information has been managed responsibly.

### **Recall Management**

In the unfortunate event that a device is recalled, serialization can mitigate a painful outcome. For instance, if a defect is found within only a small number of units, those individual devices can be recalled, as opposed to an entire product line. This will also allow for proactive outreach to impacted consumers to remedy the situation before it becomes an issue. Serialization provides this attention to detail, and a quality 3PL can alleviate this burden from its customers.



#### **Visual Evidence:**

An emerging practice that superior 3PLs are adopting to improve consumer interaction for returns and exchanges is the use of digital photography. Upon receipt of the device, the 3PL can capture an image to document damage, or lack thereof, so the information can be shared with customer service. When interfacing with the consumer, a representative will have the ability to see the device to provide more detailed information about its status, and the ultimate outcome.

### **The 3PL Advantage**

A world-class 3PL partner will have the ability to manage serialized devices based on investments in advanced information technology systems. These capabilities can then be leveraged by OEMs or service providers on a variable basis as needed to avoid incurring residual fixed costs, which can cut into profits.

Technology including Warehouse Management Systems (WMS) are incredibly expensive and require a lengthy integration process. These systems are vital to control serialized devices, and a 3PL's customer can gain a serious advantage by working with a partner that offers these comprehensive services.

In addition to forward and reverse logistics, a best in class 3PL will have services specifically geared towards their customer's needs. For consumer electronics OEMs or service providers, a 3PL with the capacity for serialization combined with test & repair, kitting & packaging and asset recovery can make a major difference to the bottom-line.



#### **Test & Repair:**

When receiving returned devices for test & repair, serialization can be an invaluable asset for quality control. If a 3PL detects a recurring problem within a particular serial number range, they can identify the pattern and share the information with the OEM to make appropriate adjustments in the manufacturing or design process. Further, the ability to provide detailed analysis for lifecycle repair of the device can help identify potential root causes of replacement component failures.

Quality 3PLs can develop detailed forecasting reports to procure the right balance of materials and resources for operations including test & repair and kitting & packaging. What's more, they will have the relationships and economy of scale to obtain the best price to generate additional value. A first rate 3PL will also be willing to collaborate with their customer's logisticians to ensure that the entire supply chain operation is in alignment.



### **Kitting & Packaging:**

In the event that a particular range of serial numbers require software reflashes or other technology upgrades, a 3PL with kitting & packaging services can use serialization to identify the right devices, make the necessary update and repackage them within a single closed-loop environment. This not only saves transportation costs, but also accelerates time to market to maximize sales.

An additional benefit takes place after the repair process. Once a unit is tested and ready, it can be quickly repackaged and introduced back into the supply chain to generate revenue.



### **Asset Recovery:**

Serialization can aid in asset recovery to remove defective devices from the supply chain based on their individual number. The 3PL can collaborate with the OEM or service provider to identify devices that have ongoing issues and proactively remove them from circulation during the returns process.

Instead of attempting repair, they can be alerted that devices have an inherent or recurring problem. Then, the device can go directly to asset recovery to preserve the brand. The 3PL will also have partnerships with reliable recycling partners to properly manage disassembled parts that can be used for refurbishment, or harvested for alternate uses. The goal is to avoid outright disposal. Providing the capacity to be a “greener” company is a huge plus that superior 3PLs offer their customers.

## **CONTAINING COSTS, IMPROVING PERFORMANCE**

Serialization of an electronic device is the engine that runs a successful consumer interaction. This is especially true in the case of handheld devices that are accompanied by service contracts. The ability to collect and manage serialized information is vital to understanding everything about a device from a logistics standpoint throughout its lifecycle. In today’s social media-driven marketplace, manufacturers can ill afford to be caught off guard in terms of a faulty product or service. If problems occur, they must be identified as soon as possible to demonstrate commitment to consumers.

Protecting brand integrity is an ongoing endeavor that must be diligently cultivated and nourished. A partnership with reliable 3PL that possesses serialized capabilities can help consumer electronics OEMs and service providers dramatically improve the quality of their products. All of this while enjoying value-added services without fixed costs. This can make a substantial positive impact on a company’s finances that keeps shareholders happy, consumers satisfied and ultimately, profits growing.



### **Tips for selecting a qualified 3PL:**

Selecting an ideal 3PL partner is no small decision. As part of a thorough due diligence process, OEMs and service providers should look for:

- Advanced IT capabilities with a focus on serialized or multi-serialized (parts and components) devices.
- Broad and fully-scalable consumer electronics-focused services, including:
  - Test & Repair (diagnostics, triage, cosmetic component replacement and repair, reconfiguration and programming)
  - Kitting & Packaging (customized packaging, last minute reflash, component sourcing, real-time visibility)
  - Asset Recovery (recycling, green programs)
  - Value-Added Service (planning and management solutions, quality management, customer care, procurement services)
- Experienced executive and management team with well-trained staff.
- Customized solutions.
- Willingness to collaborate with internal supply chain team.
- Sound organizational structure with financial stability.
- Adherence to industry certifications and best practices, such as ISO, SAS 70 and TL 9000.
- Established, verifiable references.

### **About ATC Logistics & Electronics**

*ATC Logistics & Electronics (ATCLE), is a premier provider of third-party logistics (3PL) and supply chain services. The company also operates a Foreign Trade Zone (FTZ) at its facility in Fort Worth, Texas. ATCLE specializes in forward logistics, reverse logistics, asset recovery, test & repair, kitting & packaging, transportation management and value-added services for high velocity, high-tech devices, in addition to other equipment and components. Industry focus includes wireless, broadband, electronics, medical, industrial and automotive.*

*ATCLE's knowledge, expertise, IT capabilities and excellent service and quality levels enable its customers to streamline supply chain efficiency and enhance growth and profit. With a customer roster including AT&T, GM, Pantech and TomTom, ATCLE raises the standard for quality, service and performance. For more visit: [www.atcle.com](http://www.atcle.com)*