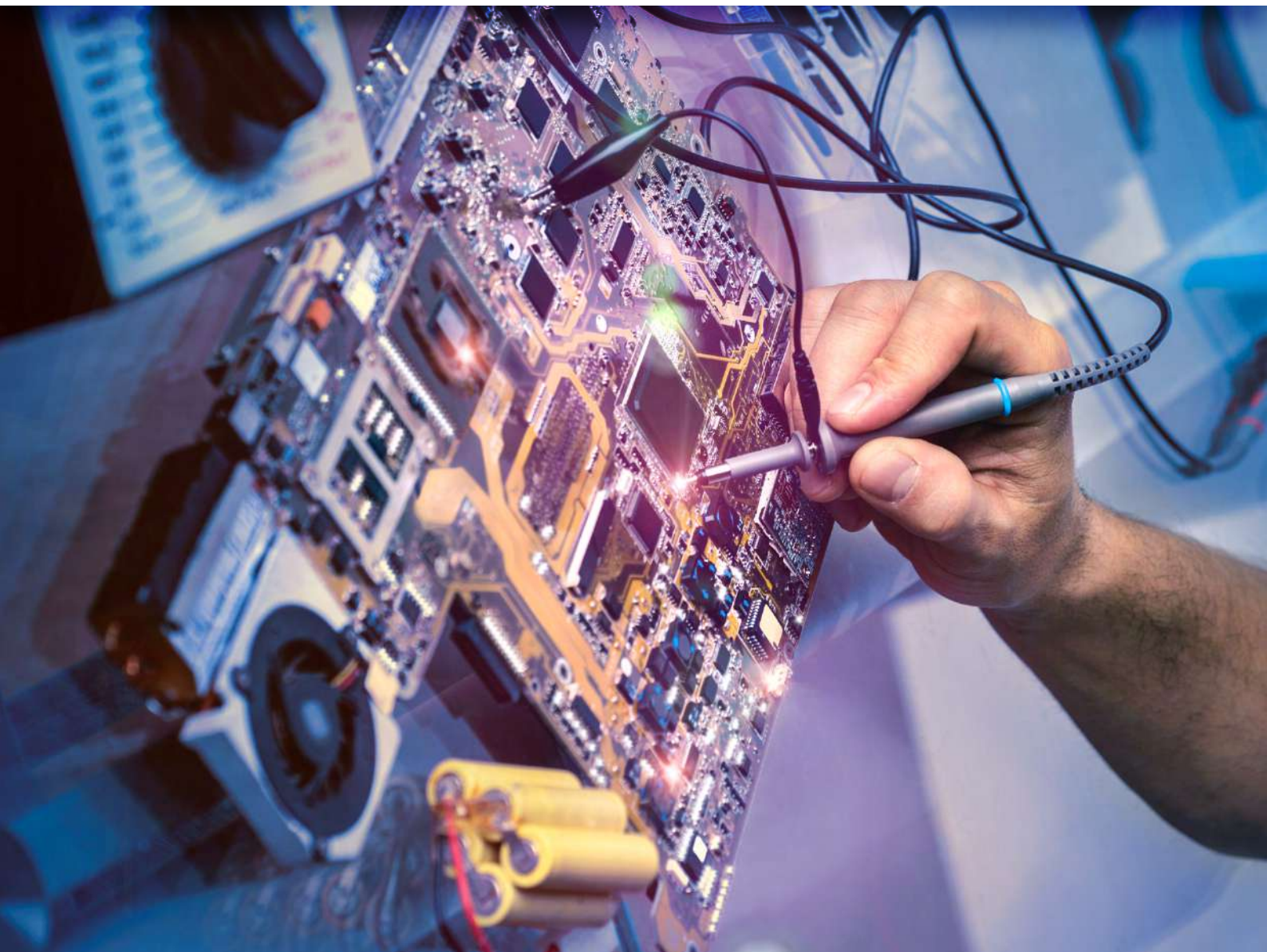




## How to Choose a Qualified Refurbisher to Boost Retail Profits



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## Executive Summary

Returns are a multi-billion dollar problem for retailers who much prefer to allocate resources to profits through forward reaching sales. In fact, consumers are returning 95% more than they did five years ago<sup>1</sup>. Less than half of returned items are resold at full price<sup>2</sup> and billions head straight to landfills, eliminating any chance to recover profits. Adding insult to injury, online retailers often pay the cost of return shipping.

With return rates and management costs accelerating, retailers are scrambling to find options to reduce the damage. In some cases, returned merchandise is in mint condition and can head straight back to shelves to sell at full price. In other cases, the items show signs of wear and tear or malfunction, which leaves the retailer with three options: Throw them away, liquidate them at pennies on the dollar, or recondition and refurbish the items to recover profits and promote sustainability.

Now more than ever, retailers are looking for new ways to make returns profitable—and they are doing it by outsourcing refurbishment. It's a complex process. While they recognize the value of refurbishment, most retailers do not have the resources to tackle this initiative independently. That's why a number of new businesses are forming to take on the responsibility—offering retailers higher margins while promoting sustainability by keeping distressed items out of landfills. But not all refurbishers are created equal and choosing the wrong partner can cost retailers more than they can recover.

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<sup>1</sup>Report: Many Returned Products Thrown Out Instead of Resold, NPR, 2019

<sup>2</sup>Finding a Fix for Retail's Trillion Dollar Problem, CNBC, 2019



## Elevating a Fragmented Refurb Market

Due to the fact that retailers recover higher rates for reconditioned and refurbished items than most return disposition options, finding a service partner at a low cost, with a quick turnaround and high quality standards is vital to a company's bottom line. The problem is that refurbishment is defined by any particular quality standard, and companies don't always deliver the quality that customers expect. In fact, there is no single national standard for refurbishment, which can leave customers weary and retailers liable for faulty items. This makes the process of courting a legitimate refurbishment partner ever more important to a retailers' return on investment.

**In a Consumer Reports Survey, only 52% of respondents said their refurbished phones included new batteries<sup>3</sup>.**

That's why goTRG set out to restore the fragmented market nearly 10 years ago by launching a fully managed returns solution that includes disposition strategy, refurbishment and resale. In that time we've restored 100M electronics, toys, homegoods and furniture.

6 out of 10 of the nation's top retailers trust our process, which we back with 1-year warranties on every major item. Today, goTRG's refurbishment standard is defined by our goMINT brand, which helps retailers recover up to 60% of lost profits. These are the qualifications retailers must require before entering into a refurbishment partnership.

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<sup>3</sup>Should You Buy a Refurbished Phone? Consumer Reports, 2019



## A Single High Quality Standard

Refurbishment generally refers to a product that has been inspected, cleaned, repaired and repacked in preparation for resale. But without a single standard for what that process entails, companies commonly default to categorizing reconditioned items through a made-up grading system. In these grading systems, companies subjectively rank refurbished items in a variety of ways from "good" to "better" to "best" without clear definitions for what they mean. The problem is this leaves retailers and consumers guessing and hoping for the best.

This isn't necessarily a fraudulent practice. Companies may have the best intentions, but they simply may not have the experience and expertise to restore merchandise to better-than-new quality. And one accident can cost a retailer millions in liability and reputation management. For example, if an electronics refurbisher doesn't thoroughly wipe the data from a smart device, the retailer may inadvertently sell a phone with someone's private information leaving them liable for damages.

**In a Blancco study, 54% of consumers wouldn't trust a brand responsible for a data breach. Nearly half said they would seek legal advice<sup>4</sup>.**

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<sup>4</sup>The Critical Importance of Consumer Trust in the Second-Hand Mobile Market, Blancco, 2019



Retailers must look for providers who are transparent about their process, and can guarantee the following:

- ✓ Human testing
- ✓ Multi-point inspection process specific to your product type
- ✓ Sanitization to CDC standards
- ✓ Updated software and enhanced performance (where applicable)
- ✓ Provided warranty
- ✓ Repaired with verified or OEM parts
- ✓ Intact surfaces without scratches
- ✓ Verification reports for every item



## Conclusion

Without a single standard for refurbishment quality, retailers risk facing a higher volume of returns, harm to their brand reputation, and potential lawsuits should the returned product violate terms and privacy conditions.

But with an effective refurbishment partnership, they can recover more costs than nearly all disposition categories and eliminate inventory carrying costs.

## About goMint

In an industry where the standards for refurbishment are highly fragmented, goTRG's refurbishment arm goMint is leading the way in defining what it means to restore items to MINT condition, while also adhering to the most environmentally responsible operations practices. These priorities have allowed us to prevent 20+ million lbs. of product from ending up in landfills and prevented 15,000 metric tons of CO2 last year.

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