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Closing the commerce loop: How OMS customers can unlock the full value of returns management

Executive summary

Returns are no longer an operational footnote. As return rates climb across e-commerce and omni-channel retail, the financial and operational consequences are landing squarely on the P&L: eroded margins, stalled inventory, and blind spots that compound with every disconnected system.

Most retailers have invested heavily in Order Management to orchestrate inventory, orders, and fulfillment across their networks. Yet the reverse flow remains an afterthought. When a customer initiates a return, returned stock sits in limbo, inventory data goes stale, and margin leaks quietly, often invisibly, until the numbers tell the story at the end of the quarter.

This white paper makes the case for closing that gap now.

Blue Yonder Returns Management, as part of our OMS offering, runs natively on the Blue Yonder Platform, enabling retailers to add full reverse commerce capabilities without a separate system to integrate, a lengthy tuning period, or a steep operational learning curve. The result is a connected commerce loop that treats returned inventory as a strategic source of supply, not simply a cost to absorb.

For leaders, the opportunity is significant, when returns are managed with the same rigor as forward fulfillment, become a lever for recovery, agility, and competitive differentiation.

This whitepaper examines three areas of focus:

- The operational and financial impact of disconnected returns on retail performance.
- The core value pillars of native returns management within the unified Blue Yonder Platform.
- The practical steps Blue Yonder Order Management customers can take to activate returns as a measurable competitive advantage.

1. The half of commerce most retailers ignore

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Returns have become one of retail's most consequential operational challenges. Returns remain a massive retail challenge, with nearly $850 billion in merchandise returned in 2025 and around 1 in 5 online purchases expected to be sent back in 2026. That is a structural shift, not a rounding error, and most retailers are absorbing the impact without a clear strategy to reverse it.

The financial pressure compounds fast. Returns handling can cost up to 60% of an item's original value, and up to 44% of returned goods never resell at full price. What starts as a customer service issue ends as a margin problem.

Leading retailers are rethinking returns as a strategic capability, not a cost center. For retailers running Blue Yonder Order Management, that shift is within reach today. Blue Yonder Returns Management is native to the same platform, so the commerce loop closes quickly and intelligently, with no separate implementation or months of tuning required.

The question is no longer whether returns management belongs at the strategy table. It does. The question is whether your organization is ready to act.

2. Why disconnected returns are a margin problem

For retailers already running an Order Management system (OMS), the returns gap is not a technology shortfall; it is a connectivity gap. Your forward commerce engine is working. But when reverse logistics operates outside that system, every returns decision becomes slower, more expensive, and less accurate. The margin erosion is real, and it shows up in four distinctive ways.

The inventory blind spot: Returned stock that is not reintegrated into your network inventory cannot be promised, sourced, or sold. To your system, it does not exist. That creates artificial scarcity, drives unnecessary replenishment costs, and causes you to buy more of what you already have sitting in a returns processing queue.

The disposition gap: Without intelligent routing, returned items go to the wrong location. That triggers markdowns, rework, and wasted labor. An item that could have been restocked at full price in a high-demand store ends up in a liquidation channel instead. The margin difference is significant, and it compounds at scale.

The customer experience cost: A refund-only returns experience frustrates loyal customers and fails to retain revenue. When a customer wants to exchange an item or apply credit toward a new purchase, a system that can only issue a refund is leaving money on the table, and potentially losing a customer.

The planning disconnect: Without returns data feeding into demand and replenishment decisions, you are planning blind. You buy more than you need and miss full-price resale windows because you do not know what is coming back, when, or in what condition.

The data makes the impact concrete:

- 44% of returned inventory is never resold at full price.
- Returns handling costs up to 60% of item value.
- 76% of consumers say free shipping and easy returns influence their buying decisions.

If you are already managing forward commerce through an OMS, you have the foundation of knowing what is missing is the connection. Extending your OMS to include intelligent returns is not a rip-and-replace decision. It is the next logical step, and one that pays for itself in recovered margin, improved inventory accuracy, and stronger customer retention.

Disconnected returns are not an operational inconvenience. They are a measurable drag on your business, and one you can close.

3. The case for native returns management

Why integration matters more than features: A standalone returns platform may offer sophisticated capabilities, but it introduces integration overhead, requires months of data tuning, and creates yet another system for operations teams to manage. That takes time and resources most retailers cannot spare.

The native advantage: Blue Yonder Returns Management shares the same data model as Blue Yonder Order Management, as it is intelligent from day one. Smart disposition can optimize every return the moment it is raised, using live inventory availability and order data, not a delayed or reconciled feed. There is no warm-up period. The system knows what it needs to know from the start.

Four value pillars define how native returns management makes it possible:

Easy to add, smart from day one: There is no separate system to integrate, no unfamiliar tooling to learn, and no extended implementation runway before value is realized. Because Blue Yonder Returns Management runs natively on Blue Yonder Order Management, the shared data model makes the returns loop intelligent immediately. Operations teams work within a familiar environment, which shortens the path from activation to impact.

A standout Online Returns experience: Blue Yonder Online Returns delivers branded, end-to-end digital returns journeys that feel like a continuation of the purchase experience, not an afterthought. Customer segmentation allows retailers to reward VIP shoppers and limit high-risk return behavior. Revenue retention tools, including exchanges, store credit, and gift returns, give customers options beyond a refund and give retailers a better shot at keeping the revenue.

Returns as a strategic source of inventory supply: Returned stock becomes visible, sellable inventory across the network the moment it is processed. Incoming returns factor into order-driven demand planning. Smart disposition routes each item to its highest-margin outcome, reducing both markdowns and unnecessary stockouts. What was once a cost to absorb becomes a source of supply to deploy.

Extend returns intelligence across warehouses and stores: Returns flow across warehouses, stores, and the full network, so intelligence must extend beyond OMS into execution. With native integration, retailers can apply real-time disposition decisions across every node, reducing manual effort and accelerating value recovery. This drives more efficient reverse logistics, equips store associates with clear guidance, and ensures every return contributes to margin, not just cost.

4. What Smart disposition actually does

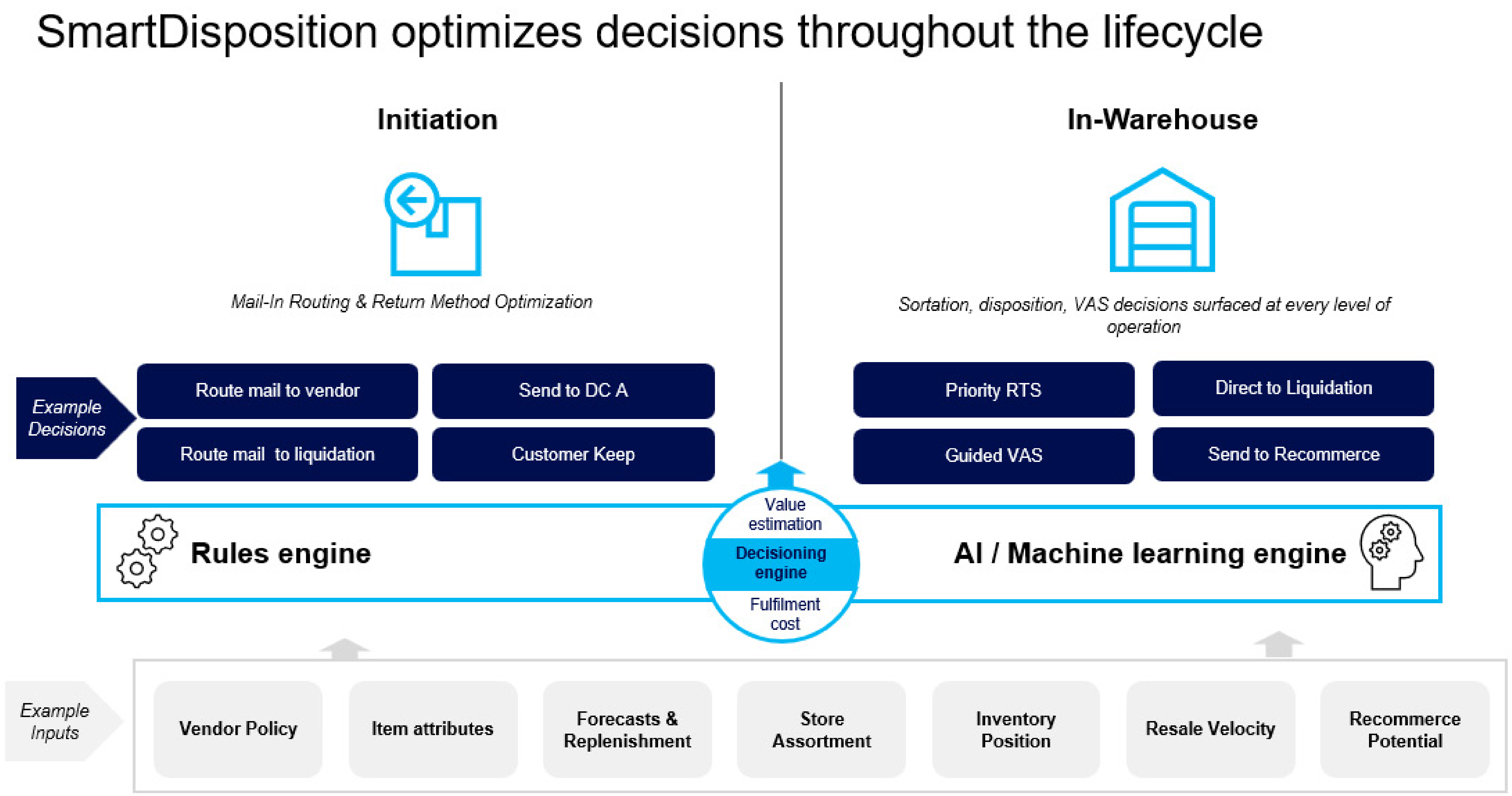
Smart disposition is the connective intelligence across the returns lifecycle. It is not a rules engine that applies static logic to every return. It is a dynamic decision system that evaluates each item individually, at the moment the return is initiated, using live data to determine the optimal path forward.

The decision logic draws on a variety of inputs such as inventory ATP, order data, resale likelihood, and cost parameters. Together, these inputs allow smart disposition to answer the question that matters most in returns management: what is the best thing to do with this item, right now, given everything we know?

The outcomes it can optimize for include:

- Return to stock at the highest-value node, where demand is active and the item can be resold at full price.
- Return to Vendor, when the economics favors it.
- Recommerce through owned or third-party channels, for items that are not suitable for direct resale.
- Store redistribution, to avoid markdown at origin locations with low demand.

The results Blue Yonder customers have seen are measurable. Customers using Blue Yonder Warehouse Returns have achieved improvements of up to 85% in processing cost per unit with Smart Disposition.



A leading multi-brand retailer increased recovery by 35% on non-new returns by accessing new liquidation channels.

A global footwear brand increased its return-to-stock rate by four percentage points, from 84% to 88%, by optimizing refurbishment decisions.

A lifestyle apparel brand reduced inventory purchases by 15% through faster restock availability of returned goods.

5. Who benefits, and how?

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Returns management affects multiple parts of your business. Here is what native returns management means for you, depending on where you sit.

You lead supply chain:
Inventory efficiency and Omni-channel fulfillment are your focus. Returned stock becomes visible supply that Blue Yonder Order Management can already see, promise against, and fulfill without delay. Every store becomes a returns node, expanding your network's capacity to absorb and redeploy inventory.

You lead IT or the CIO function:
Composability and integration cost are your lens. Blue Yonder Returns Management runs on the same Blue Yonder Platform as Blue Yonder Order Management. No new system to integrate, no new data model to reconcile, and no additional integration overhead to manage.

You lead digital commerce:
Your priorities are conversion, customer experience, and revenue retention. Blue Yonder Returns Management gives you personalized returns journeys, exchange and store credit options that keep revenue in the business, and a post-purchase experience that builds loyalty instead of eroding it.

You lead customer experience:
You are measured on NPS, retention, and loyalty value. Native returns management extends the VIP experience beyond the point of purchase. Your highest-value customers get differentiated treatment, and the friction that costs you loyalty gets removed where it matters most.

6. What the commerce loop looks like when it is closed

A connected commerce loop does not require a future-state transformation. It is available to Blue Yonder Order Management customers today. Here is what it looks like, end to end.

A customer initiates a return online. Blue Yonder online returns tailors the journey using live Order Management data and configurable rules, presenting options based on the customer's history, the item's resale likelihood, and the retailer's revenue retention goals.

Smart disposition activates immediately. Before the item moves, the system has already determined the optimal return method and destination, based on live inventory availability, order data, and cost parameters.

The item is received at a store or warehouse. Blue Yonder returns integrates with POS and Blue Yonder Order Management to disposition each item in real time, guiding associate decisions a nd eliminating the handling inefficiencies that come from manual routing.

Returned stock is reintegrated into the unified omni-inventory view. Available-to-promise and sourcing logic draw directly on returned inventory as available supply, so your network can fulfill against it immediately without waiting for a separate reconciliation process.

Returns data flows into demand planning and replenishment. Future buying decisions are informed by what is coming back, when, and in what condition, reducing unnecessary procurement and improving full-price resale rates.

This is not a vision. It is the operational reality for Blue Yonder Order Management customers who have activated returns management, and it is available without a separate system to integrate.

7. Getting started: What activation looks like in practice

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For Blue Yonder Order Management customers evaluating returns management, activation is more straightforward than a typical platform addition. The shared data model eliminates the longest part of most implementations. What remains is understanding your current posture, identifying your highest-impact use case, and measuring the right outcomes.

Assess your current returns posture:
Map where returns are being initiated, processed, and dispositioned today. Identify where data is disconnected from Blue Yonder Order Management and where margin is leaking. The gaps in that map are where returns management delivers its fastest value.

Identify your highest-impact use case:
For many retailers, the highest-leverage starting point is Online Returns initiation backed by smart disposition. For store-heavy operations, it may be in-store returns with guided associate disposition. The right entry point depends on where disconnection is costing the most.

Leverage your existing order management data:
Because Blue Yonder Returns Management runs natively on the same Blue Yonder Platform, go-live timelines are significantly shorter than a standalone implementation. The system does not need months to learn your data. It already knows it.

Measure inventory recovery, not just cost avoidance:
The most meaningful metrics are full-price resale rates, return-to-stock speed, and the volume of returned inventory available for forward fulfillment. These numbers tell the story of returns as a strategic capability, not just a cost to manage.

8. Returns are your largest untapped inventory source

Retailers that treat returns as a strategic capability, rather than a cost to absorb, recover more margin, retain more customers, and operate with a more accurate view of available inventory. The opportunity is not theoretical. It is measurable, and it is available now.

The three value pillars of Blue Yonder Returns Management make that case clearly: a standout customer experience that retains revenue and deepens loyalty; easy and intelligent activation that delivers value from day one with no separate system to integrate; and returns as strategic inventory supply that makes returned stock visible, sellable, and deployable across the network.

Blue Yonder is the only provider that can close the commerce loop natively, connecting forward and reverse operations through a single platform, with no integration overhead and no warm-up period before the system is intelligent.

If you are an existing Blue Yonder Order Management customer, the path to closing the commerce loop starts with a conversation. Connect with your account team or request a personalized returns assessment to see what activation looks like for your specific operation.