

## CASE STUDY

# Slam the Door on Return Fraud

This specialty retailer and distributor of automotive replacement parts and accessories offers to do-it-yourself consumers various products for cars, sport utility vehicles, vans, and light trucks. It operates thousands of stores in the United States and Puerto Rico.

### Situation

This automotive aftermarket chain offered a no-receipt-required return policy, but employees routinely extended the refund timeframe. This opened the door to fraudulent and abusive returns, driving costs out of control. The company needed a way to maintain high customer satisfaction while still enforcing its return policy consistently across thousands of stores.

### Solution

Verify® return authorization was integrated into store systems, employing predictive analytics to reduce fraudulent and abusive returns in real-time at the point-of-return. The solution allowed the retailer to “always put the customer first.”

### Financial Results

- The Verify implementation reduced return rate by 4.9% vs. control stores.
- Positive impact on net sales from return rate reduction.
- Reduction in shrink (store inventory loss) from reduced in-store fraud.

### Additional Benefits

- Consumers rated the retailer highly on its return policies and the ease of returns.
- Headquarters could monitor stores for non-compliance and retrain associates when needed.

## Case Details

This auto parts retailer has a philosophy to “always put the customer first!” However, when looking at their return transactions they faced a dilemma. Their associates didn’t have the right tools and policies to properly execute—they required no receipt, and their 90-day return limit had little adherence, making their stores susceptible to returns issues. Rather than penalize their good customers with sweeping policy changes, this company elected to work with Appriss Retail, and they implemented a returns management system using the Verify return authorization solution coupled with a consistent, deliberate communication/training plan, and continuous analysis of KPI’s and business results.

The new return solution was designed to maintain their high levels of customer satisfaction and launched with clearly stated goals:

1. Reduce overall return rate through reducing internal and external related fraud and abuse
2. Increase net sales
3. Increase store manager satisfaction
4. Ensure consistent following of written returns policies

The success of this implementation is proven; this retailer has seen improved business benefits with zero negative impact on the shopping experience.

## Testimonials

This retailer has asked to remain anonymous. While senior management are pleased with their program’s success at the corporate level, they are most excited about comments from their field operations group, where this customer-facing solution must drive real results. Below are excerpts from several of the company’s Regional Managers.

### DETROIT REGIONAL MANAGER

*“I strongly recommend the returns authorization program. It adds value to the region by helping to reduce the shrink in our stores, and helps to improve our bottom line net profits. Since we started using this program, shrink is down significantly in our region. The shrink in our stores is significantly lower than the other retailers in our market. Our store teams appreciate and understand the value of this program.”*

### CHICAGO REGIONAL MANAGER

*“Returns authorization has been a true asset to my stores. In a retail environment where you are expected to create bottom line profit with less, returns authorization does just that. This program adds bottom line profit without selling more or cutting payroll hours. It also creates a message to our dishonest customers that we are not any easy target. Returns authorization is a simple process for our employees that increases bottom line profits and limits our exposure to fraudulent returns.”*

### SOUTH CAROLINA REGIONAL MANAGER

*“The implementation of returns authorization has been a valuable addition to our returns process. It allows us to give great customer service, by providing them with an efficient returns process. It also brings an increased level of security to the process, by requiring a form of identification and unique electronic signature. Our loyal and valuable customers do not mind providing identification, especially with increased identity theft around the globe. It also provides the regional loss prevention managers a great snapshot of all of the returns being conducted in the store, with a precise level of measurement.”*

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