

CASE STUDY

Manufacturer/Retailer Steps Up Sales with Returns Solutions

This organization is the retail store division of a consumer products company, engaged in the design, development, and marketing of footwear, apparel, equipment, and accessory products worldwide. The company operates three retail brands: 1) flagship stores in major metropolitan areas, 2) mall stores for a targeted demographic, and 3) outlet stores in centers across the United States.

Situation

The retail division of this iconic company saw an opportunity to improve overall profitability and protect margins by maximizing the potential in an untapped revenue source—return transactions.

Solution

Implemented return optimization from Appriss Retail.

- Verify® return authorization deployed on Verifone terminals to reduce fraudulent and abusive returns.
- Incent™ deployed on Verifone terminals to convert returns-to-sales through a targeted incentive.

Financial Results

- Incent averaged a 1% increase to comp sales (new revenue).
- Verify reduced the overall return rate by 5%.
- Impact on net sales from return rate reduction is an increase of \$1+ million annually.

Additional Benefits

- Improved customer service in the return transaction.
- Customer excitement with post-return incentives.
- Significantly increased consumer probability to purchase after a return.
- Improved conversion rate of returns-to-sales (fewer lost sales due to returns).
- Implemented quickly, with minimal IT involvement.

Case Details

The retail division observed that a significant amount of the chain's revenue was exiting in the form of refunds, negatively impacting net sales as well as individual store performance. They set objectives to reduce the overall amount of money lost through refunds, create new revenue, and deliver positive customer service during a sometimes difficult retail transaction, the return.

They turned to Appriss Retail's return optimization solutions, Incent for generating new sales following a return and Verify for protecting against return fraud and reducing the overall volume of returns. The solutions worked in tandem and addressed consumers' return behavior in real-time at the return counter. Profitable consumers were given the requested refund quickly, and along with it they received an incentive to spend the refunded money while in the store. Redemption rates were 600 percent higher than for conventional coupons, and redeemers' basket size was usually larger than the value of the returned item. Meanwhile, Verify worked behind the scenes, hands-free. It reviewed each transaction for suspicious activity. If signs of extreme outlier or wear-and-return behavior were detected (only about one percent of all transactions), the consumer was issued a warning or denied the return by the system.

The solutions enabled the retailer to achieve all of its objectives.

Testimonials

"We also use the Incent [formerly Retail Rewards] system from [Appriss Retail], which has been very successful for us. Every time a return comes into the store, we require a consumer ID. We enter the ID into a highly secure computer system. We then give the customer an incentive like 20 percent off. Our customers like it, and we like the additional sales.

"And, the base [Verify] system allows us to spot return abusers. There are people we call renters—buy it, wear it, bring it back. Now we can spot those abusers and have controls around that. One of the amazing aspects of our return program was realizing that about one-fourth of the dishonest employees we were apprehending were somehow involved in return fraud. With requiring the ID and given the policies and procedures we have in place now, that has almost dried up, which has been huge."

— Director of Retail Operations

"We rolled out Appriss Retail's return authorization solution to all our store concepts and added their Incent program. We've been very pleased with the partnership over the years as they continue to deliver very positive results to the business . . . Incent has been a home run.

"We made the decision to move quickly, while reducing the already strained IT resources, by utilizing a stand-alone Verifone device provided by Appriss Retail in all of our stores. The install was literally a plug and play implementation for our store management team that took just minutes to set up and they were ready to go. Our initial IT involvement was minimal and continues to be this way as we have elected to keep the Verifone devices rather than integrate into our POS."

— Director of Retail Operations

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