

CASE STUDY

Outfitted for Return Optimization

This omnichannel, specialty retailer of outdoor merchandise sells equipment for hunting, fishing, marine use, and camping, as well as casual and outdoor apparel and footwear, optics, gifts, and much more. They reach an ardent consumer base through retail stores and direct commerce channels.

Situation

A specialty retailer had always supported its consumers with an unconditional return policy. Changes in consumer behavior, however, indicated that a limited number of consumers were jeopardizing company profitability and performance through return abuse.

Solution

Their Asset Protection team implemented return optimization.

- Appriss® Verify return authorization was rolled-out to all stores.
- Verify helped the retailer employ predictive analytics to balance consumer service requirements against the risks of illegitimate and abusive returns.

Financial Results

- Verify implementation helped reduce the return rate by 10.8%, saving millions annually.
- Positive impact on comparative store sales from return rate reduction.
- Improved net sales helped the Operations team achieve revenue goals.
- Improved margin from fewer returned items and less labor processing returns.

Additional Benefits

- No negative reaction from consumers.
- Warnings, a patented feature of Verify, assisted the retailer in changing consumer behavior in a friendly manner.
- With a strong multi-channel shopper base, returns are down across all channels.

Case Details

This outdoor outfitter's loyal, omnichannel, and diverse customer base expects quality and attention to detail. Therefore, return policies were historically very lenient; almost anything was taken back with minimal focus on receipt age limits. As years passed, there were a variety of data points indicating it might be time for a change—increasing returns as a percent of sales, evidence of consumers "renting" gear, and the knowledge that a small but unknown group of consumers were beginning to harm the devoted shopper base. As a smart business, the retailer wanted to make a move while keeping a balanced approach to returns and not impacting its strong consumer relationships.

This company's Asset Protection team elected to work with Appriss Retail and implemented the Appriss® Verify return authorization solution as part of a multi-pronged approach to the front end of the store. Along with approving, warning, and/or denying returns based on shopper behavior data obtained by the company, the AP group: 1) modified the return policy to be reasonable and consumer friendly without being too liberal, 2) updated their front-end employee training and fraud awareness to focus on new return policies and procedures across all stores and channels, with an increased awareness on shoplifting and theft, and 3) enacted cart testing to ensure cashiers were scanning merchandise properly.

The ROI from return optimization was real and immediate. It was a "culture shift" within the organization that impacted store associates, improved business metrics, and created no negative impact on their legendary shopping experience.

Testimonial

SENIOR MANAGER, CORPORATE ASSET PROTECTION

"A key driver to the financial results is the consistently decreasing return rate. The operations folks are very happy; asset protection is very happy; finance is very happy. Every merchandise renter or every return fraud that we stop, it stops a negative sale. So, the expectations were for positive comparative store sales increases, and the return management is an excellent tool to leverage this. The store operations team was excited by the impact of the comparative store sales. Fewer returns also means reduced labor to process returns, to re-ticket the merchandise to restock it, or send it back to the vendor."

"We were pleased to see that warnings versus a hard denial worked. A hard denial is when you absolutely turn the customer down. A warning is when you let them know: 'Hey folks, these returns are becoming problematic and we are not going to accept any more after this one.' The warnings do work, and most important for everyone, there has not been a negative reaction from customers."

Immediate Impacts



Improved employee knowledge and culture



Improved business metrics: net sales, margin, and comparative store sales



Saved on labor for returns handling



No negative impact across all channels on their famous shopping experience

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