

CASE STUDY

Remodeling an Old Fashioned Return Counter

This regional home improvement chain focuses on providing the best consumer service, most complete selection, and the highest in-stock level at the right price through friendly, motivated, and knowledgeable people.

Situation

This regional retailer realized its return policies and procedures made it a target for organized retail crime rings and return abusers. It also struggled to apply its policies consistently.

Solution

Implemented a return optimization solution, Appriss® Verify return authorization, to help them validate legitimate returns based on shopper behavior.

- Verify return authorization was rolled-out on stand-alone terminals
- Verify employed predictive analytics to balance consumer service requirements against the risks of illegitimate and abusive returns.

Financial Results

- Verify helped produce a 6.2% reduction in return rates within the first 6 months, with even greater savings projected into the future.
- Reduced renting and displaced many non-consumers from the store.
- Improved profitability.

Additional Benefits

- Improved the speed of the return transaction by 18 seconds.
- Helped identify and segment high-value customers (such as contractors) in the store and created new marketing approaches and revenue streams.
- Changed the company culture by modernizing how merchandise returns are handled.

Case Details

When this retail company was founded, it placed consumer care first, and that philosophy has guided it through almost 100 years. This regional hardware, home improvement, and garden center made it well into the twenty-first century with no structured return policy and a penchant for giving cash refunds. With their broad range of tools and supplies, they were exposed to significant "renting" issues—a type of return abuse where consumers purchase and then return equipment after its use for a full refund. In addition, they were dealing with organized retail crime (ORC) issues and return rates had been rising dramatically for several years and were taking a toll on profitability.

This company began taking small steps toward the problem, enacting a formal return policy, trying to capture ID information at the return counter, and performing some trend analyses. However, it rapidly recognized that optimizing the return process was complex, and changing an entrenched culture at the return counter was equally difficult. Therefore, the Loss Prevention team turned to an outside expert, Appriss Retail, to help. They also garnered executive support focused on achieving specific financial gains from a return rate reduction with the deployment of Appriss Retail's Verify return authorization solution and launched operational training to fold these return process changes into their customer-first philosophy.

The changes enacted at the return desk were cultural as well as financial, and they have been very successful. The new return policy and process enhanced consumer service for consumers who the company's internal data indicated were displaying acceptable shopping behavior. The transaction time for returns was reduced by an average of 18 seconds and provided them with a friendly, consistent return experience, while at the same time preventing the fraudulent and abusive returns from driving costs up for everyone.

Example Quotes

This retailer has asked to remain anonymous but has been very positive on individual references. Below are excerpts from a public presentation.

DIRECTOR, SECURITY OPERATIONS

"We speeded up every transaction by almost 18 seconds, which is huge in the world of operations. Importantly, we removed the bad return abusers—99.9%. More importantly, we identified and rewarded the good customers, which is what our program allows us to do."

"The internal sale for me was a little different. I had to speak in a language that the executives understood, a metric that they understood, and when you're talking internally to operations people, to finance people, trying to get them to change, you need to be talking to them in what they understand. They really care about the bottom line: What's the impact in sales? We were talking about changing a 100-year-old policy, in my case, so I was lucky that my CEO was aligned with me. I could talk about the bottom-line impact, he was all over it."

"When we started in November to May, the decrease was millions. We're talking about an almost immediate 6.2 percent net reduction in returns."

Immediate Impacts



6.2 percent
net reduction in
overall returns



18 seconds
saved per return
transaction

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