

Do Your Returns Create Sales?

Returns are a significant component of the sales process for most retailers. Handle them well and you can actually increase sales. Mishandle them and you lose money and potentially customers. Whether your return rate is less than 1 percent or more than 10 percent of sales, you know that every time you process a return it represents an opportunity for loss.

How do you measure the risk and reward associated with returns at your store?

How do you decide, real time, whether or not this return is valid and whether to accept it?

Do you have a tolerance for how many returns are too many?

Do you know how much money you lose each year in fraudulent returns?

Understanding Three Return Components

Finding the right return policy and procedures are critical to the sales process. In order to design the right return authorization process, you must consider three return components:

- Your overall exposure,
- Customer behavior, and
- Your competitors' policies.

Start by evaluating your current return activity and policies to determine your risk level. Analyze your returns by type, including cash back, credit, exchanges, and straight returns.

Next, understand how your customers purchase behavior drives their return behavior. What products are returned most often? What percentage of purchase transactions are impulse purchases? How often do your customers exchange and what percentage of the return is exchanged?

Finally, analyze what do your competitors do to manage returns?

Designing the Right Return Program

Once you understand these three return components, you can build a return authorization program that has the following features:

- Reduces fraudulent return loss using return declines or warnings,
- Reduces return abuse through velocity parameters, and
- Increases sales by creating key performance indicators that measure return to sales conversion rates.



Now all you need is the real-time solution to ensure your policy gets carried out on every return transaction.

How Do You Ensure You Make the Right Return Decisions?

Retail Expert, Inc. has the answer—NaviGuest, a proactive return authorization and exception-reporting system that ensures you make the right decision on each return before it is processed.

This solution eliminates the opportunity for return abuse from fraudulent receipts and excessive returns for cash. Using POS transaction data, NaviGuest builds an "open to return" value for real-time authorization of receipted return transactions.

Receiptless returns present a decision process that frequently requires management involvement. With NaviGuest, this process is simplified and clarified. A flexible, real-time decision matrix is applied to each return transaction. Create your decision result based upon the criteria you deem most important, such as return velocity and value. The cashier is given complete decision information at the time of the transaction, including approval, decline, or warning, so that the customer can be properly informed. The decision matrix can be quickly and easily adjusted and immediately applied. You can even create special rules for one-time events and holidays.

Monitoring, measuring, and communicating performance is a critical component to the success of any program. With NaviGuest's exception-reporting functionality, you can quickly and easily sort, rank, and score return activity. You can analyze your return activity by customer, cashier, store, district, region, and company.

Finally, start turning your returns into sales using meaningful key performance indicators (KPI). Evaluate returns by customer, product, cashier, and more. NaviGuest allows you to create the KPI and exception rules you need to drive performance and ensure your rules and cashiers are performing.

Drive Sales through Proactive Return Loss Prevention

Get your ROI by driving sales and reducing loss. Find out how implementing a proactive loss prevention return solution like NaviGuest can make you become a player in driving sales.

Contact Retail Expert to find out more about how NaviGuest is the return authorization solution you need to reduce return losses and increase sales. ■