

## CASE STUDY

# Tuning in to Consumer Satisfaction

This large consumer electronics chain operates online and in its hundreds of physical stores. The chain sells a wide range of merchandise including computers and office equipment, cell phones, home theater equipment and videos, cameras, car electronics, gaming systems and games, appliances, and audio systems and music.

### Situation

Executives at a major electronics chain knew restocking fees were driving away consumers, but they were concerned about increased fraud if they eliminated the fees.

### Solution

A test with Appriss® Verify return authorization, a return optimization solution, proved that the retailer could safely eliminate the restocking fee.

- After a successful pilot, the retailer integrated Verify with the POS for the full chain rollout.
- Real-time return authorization recommendations, based on the retailer's own data, benefited 98-99% of consumers who had displayed positive shopping patterns and allowed the company to warn/deny consumers who the retailer's data indicated had displayed behavior that did not align with its return standards.

### Financial Results

- Achieved a chain-wide 10%+ reduction in return rate which was equivalent to hundreds of millions of dollars.
- With Verify, 90% of stores showed a decrease in return rate.

### Additional Benefits

- **Friendly.** With Verify in place, the company recognized its best consumers during returns and offered better service, including the ability to match loyalty program levels to return policy variances.
- **Prevention.** During the first four months, the company's 25 worst serial returners decreased their returns by \$1 million (83% drop).
- **Deterrence.** During the first six months, one targeted group increased their purchases by more than 2%, and their average return rate dropped from 71% to 28%.

## Case Details

The president of US retail and the vice president of consumer care at a consumer electronics chain embarked on a campaign to improve consumer satisfaction. One phase of the program focused on the return desk, where consumer loyalty could be built or broken. The president made the bold decision to eliminate the restocking fees that irked consumers, a decision that would also help the chain compete with discount stores and ecommerce sites.

Eliminating restocking fees could increase return rates and expose the company to higher financial risk, but the potential benefits were alluring. The retailer turned to Appriss Retail to help create a safety net and mitigate the risk of fraud. Appriss Retail's expertise in returns management, as well as its data-driven approach, fit the retailer's needs exactly.

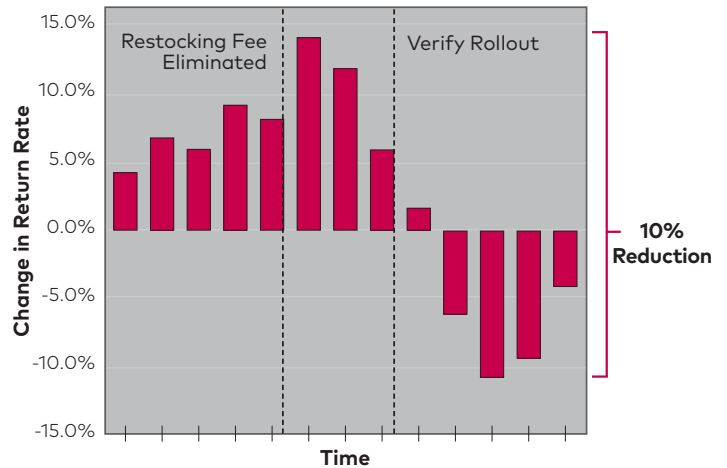
Appriss Retail helped create a program, managed through Appriss® Verify return authorization, which would allow the retailer to use advanced analytics to manage returns more intelligently. The program focused primarily on recognizing good consumers and changing the behavior of shoppers with extreme return habits.

The effect was dramatic. Although return rates had been rising steadily for seven consecutive quarters, Verify reversed the trend immediately. Within a year, the return rate had dropped 10.6% even though restocking fees had been discontinued in most categories.

Asset Protection continued to manage the day-to-day program and leverage Appriss Retail for analysis as different forms of return fraud surfaced in the marketplace.

## Dramatic Reduction in Returns

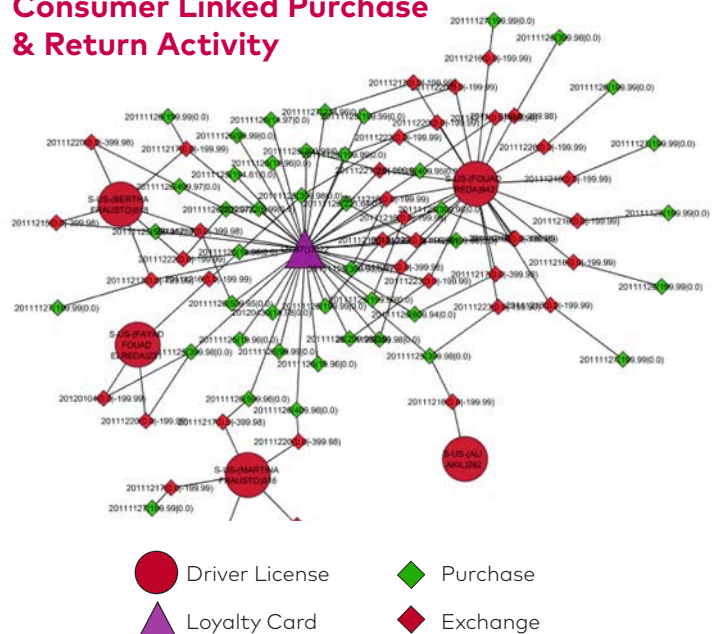
### Return Rates Two Years Before the Rollout and One Year Afterward



## Deters Extreme Behaviors

Retailers are often concerned about offending profitable consumers. Appriss Retail designs its models to help retailers curtail only the activities of extreme outliers while allowing normal shopping and return activity. One such outlier purchased and returned a large number of gaming systems. With Verify in place, the company saw a 97% deterrence in the consumer's returns.

## Consumer Linked Purchase & Return Activity



Americas +1 949 262 5100

Europe/Middle East/Africa +44 (0)20 7430 0715

Asia/Pacific +1 949 262 5100

**APPRISS®**  
RETAIL  
apprissretail.com