Happy returns?

The volume of returns is growing, resulting in greater administrative hassles and operational costs for retailers. **Andrew Maszyr,** development director, Cromwell Business Systems, suggests how an IT management system can make returns less of a threat to your business.

Regrettably, selling stock is not always the end of the retail process. In almost every business selling non-perishable items, there is the headache of handling returns or 'reverse logistics'.

Handling returns can impact every area of the business and will skim revenue at every stage. And, on top of the obvious sunken costs, a retailer who lacks an efficient returns management system is also very likely to lose repeat business from dissatisfied customers.

Unfortunately, the volume of returns is increasing for numerous reasons, including:

- Consumers buying products 'unseen' online and returning them as unsatisfactory despite them not being faulty;
- Increased fraud including consumers buying products for a specific event (eg the World Cup) and returning them after a period of usage – exploiting the distance selling laws;
- Higher levels of stock damaged in transit.

Given that returns are an inescapable fact of retail life, how do you ensure you give customers an efficient and enjoyable sales experience and demonstrate a desire to meet their needs when they want to return a purchase?

Coping manually with even small volumes of returned products results in unwelcome costs creeping into the administration process and a higher probability of errors.

Using an IT system like Cromwell's Open-Retail means that the returns process is streamlined and accurate whatever the returns challenge – into your store, over the web or direct to manufacturer.

To cover just one basic scenario, let's look at the example of a TV delivered from your store to a customer, or taken away by the customer after the sale. Once unpacked and discovered to be faulty, the purchaser informs you and you make the decision to replace or repair. In either case, the distribution functions in Open-Retail will handle the collection of the TV and delivery of its replacement in a single process. It will generate a job sheet for the van driver; book the TV back into your warehouse; once checked, record it as faulty / not currently available stock; and facilitate contact with the manufacturer to obtain a RMA number and trigger a credit or repair. The system will ensure effective credit note matching and assigning stock to the correct RMA numbers.

This process is the same whether you have a large or small retail operation, and works just as effectively for e-commerce transactions. Plus, if you have both an online presence and a physical store location, you can easily allow customers to return online orders in-store – saving your business logistics and carriage costs.

Using Open-Retail means tight management of RMAs – no double entry and easy follow-up on pending credits from suppliers. You can send out replacement products without having to create a separate credit and a new invoice. There is no danger of your staff issuing RMAs for goods without a valid warranty, and the system assigns and attaches serial numbers to the returned items. Having a simple process for updating your accounts will also reduce RMA processing time, eliminate errors and provide a means to report regularly on the overall returns picture in your business.

You can even collect useful statistics, such as:

- What percentage of your orders end up being returned?
- What are the most common reasons customers return merchandise?
- How reliable is your stock (by category, product and manufacturer)?
- How much does each manufacturer owe you in credits?
- Monitoring Key Performance Indicators (KPIs) for every stage of the returns process.

Managing returns efficiently delivers multiple benefits. Customers are reassured and grateful that a problem has been rectified quickly and relatively painlessly and are likely to spread the word. They are also much more likely to repeat purchase in the future. Remember, it costs far more to acquire a new customer than it does to resolve a problem for an existing one. Your staff will be relieved of many administrative hassles – and you get reduced overheads and more profit. ∎

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