

Saving Face

SiRAS unites retailers and manufacturers to avoid product returns while satisfying customers.

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Progressive retailers and manufacturers know that in order to sustain growth, they must continually improve customer service, net sales and profits, while lowering returns. But how can a retailer satisfy a customer while avoiding a return?

When a customer comes to a store with a return product, the retailer knows that, in most instances, there's nothing wrong with the product, and the customer knows it. The question is how do you handle that situation in a very delicate way. The key lies in understanding the reason(s) a customer is returning a product and how to properly handle the return transaction in the store.

The most common reasons are: (1) Buyer's remorse/gift, (2) Sold/purchased wrong product, (3) Manufacturer product defect, (4) Normal wear/use, malfunction, (5) Technology obsolescence, (6) Free/bogus rental, and (7) Fraudulent.

Most retailers and manufacturers believe that reasons 1, 2 and 3 are legitimate. Trying to eliminate these types of returns could have an adverse affect on sales. Most other reasons for returning products (such as 4 through 7) can and should be stopped. However, competitive pressures dictate great care in trying to avoid alienating even these types of customers.

Retailers and manufacturers are starting to work together to extract the high cost of returns while simultaneously boosting net sales, profits and customer satisfaction. They are turning to companies such as SiRAS.com, a wholly owned subsidiary of Nintendo of America. In the early 1990s, Nintendo needed a way to decrease the unwarranted or fraudulent return of its popular video game systems. Developed over a period of nine years, the proprietary, patented SiRAS technology was so successful in reducing return costs that the company two years ago founded SiRAS for use by other manufacturers and retailers to control return costs.

SiRAS worked with retailers and the manufacturer community to implement a very innovative concept: Point-of-Sale (POS) electronic registration (ER). It is a

patented process that allows a retailer to capture the unique serial number of a product when it's sold, link it to the date of sale, and transmit the data to SiRAS's national database for storage and future use.

Often when returning a product, the customer claims it's "defective." Manufacturers who frequently test returned products claim the "no-defect-found" ratio runs between 60 and 90 percent. Older products that are beyond the retailer's posted store return period are frequently returned without a receipt or with a receipt obtained from a more recent purchase of the same brand and model. Without SiRAS's ER process, the retailer has no way of evaluating the customer's claim.

With SiRAS's ER system, the retailer can determine the exact date of purchase even if a competitor sold the product. When a customer arrives at the store with a return, the SiRAS database is accessed by speed dialing an 800# automated voice response unit or by a computer-to-computer method which is activated by scanning the UPC and serial number of the product. SiRAS's system provides store associates with the purchase date, the name of retailer where the product was purchased and warranty repair information. The sales associate can speak the customer's zip code, and based on that information, the SiRAS system will provide the name, address, telephone number and store hours of the top three authorized repair locations for that product, even the distance between the customer's home and the service center.

With this information, the returns process is streamlined, and store associates can make informed decisions on how to take care of customers. In most instances, instead of exchanging an old product or providing a refund, the customer is offered a free warranty repair by a nearby factory authorized repair location. Of course, the customer wants their money back, but they can't get angry with the retailer because the retailer is offering them a solution.

The SiRAS ER system is all about providing multiple options and exact data



to the store associate and the customer. Since most products are not truly defective, and the customer is fully aware of this, the return is avoided and the customer is not challenged or called dishonest. The system substantially reduces returns for retailers as well as their suppliers, automatically increases net sales/profits and removes the risk of potentially losing customers.

Return rates for Nintendo, with the SiRAS system, are now under 2 percent. Before SiRAS ER was implemented with Wal-Mart in 1996, the return rate was anywhere between 7 to 10 percent, depending on the hardware line. In some cases, it exceeded 10 percent.

SiRAS is funded by the vendor. Vendors using the SiRAS system include Nintendo, Nintendo of Canada, Sega, Sony Playstation, Philips, Fuji of America, with more to come in the CE and photo industry. For the retailer, implementing the SiRAS program is a matter of adding a prompt to the retailer's POS system that asks the sales associate to scan the product's serial number at check out.

Technology such as SiRAS's ER system allows retailers to get out of the "free" product rental business and get back to the business of serving customers and selling product.

Participating SiRAS Retailers, E-tailers and Distributors

Almo Corp	Meijer
Amazon.com	Milton D. Myer
Babbages	PC Richard & Son
Best Buy	Sears
Circuit City	Shopko
CompUSA	Spiegel
Fred Meyer	Target
Fry's Electronics	Toys "R" Us
Funcoland	Toysrus.com
J.C. Penney	Wal Mart
Kay Bee	Zellers(Hudson Bay)
Kmart	Electronics Boutique