

# RESULTS DRIVE PROFITABILITY: A NATIONAL RETAILER'S TEST OF OMNITRACE™ AND RETURNFLEX®

## CASE STUDY



A national retailer tested the impact of the InComm Product Control OmniTrace™ and ReturnFlex® programs in reducing unwarranted returns, fraud and shrink of portable media players (a category consistently showing some of the highest losses every year). The test was conducted in all stores nationwide during the busiest selling and theft season of the year.

The findings were significant: InComm Product Control reduced return rates by 39% for the test overall, ranging from 13% to 49% on the four product groups tested. Estimated savings impact for the test was more than \$10 million and the return on investment was 53:1.

### Program Details

- Four product groups comprised of 24 SKUs were selected.
- The baseline return rate for each of the four product groups was calculated using gross transaction numbers for the baseline return period (September 1 to December 31, 2008).
- The InComm Product Control tracked return rate for each of the four product groups was calculated using gross transaction numbers for the InComm Product Control tracked period (September 1 to December 31, 2009), during which time the InComm Product Control program was implemented and active in the retailer POS system.
- Two of the four products tracked during the InComm Product Control tracked period were the same items from the baseline return period; the other two were next generation releases of the same products.
- Because the retailer had a return policy of 90 days for portable media players, most devices purchased during each (2008 and 2009) 120-day period were eligible for return.

The results point to a significant impact on shrink reduction and to changes in fraudulent and abusive behavior that could be attributed to store employees and consumers.

- While these items, previously (and consistently) were present on the top ten list of items with highest loss for the retailer, they disappeared from the list shortly after the implementation of InComm Product Control OmniTrace and ReturnFlex programs.

| PRODUCT GROUP               | AVERAGE RETAIL PRICE | RRR   |
|-----------------------------|----------------------|-------|
| A                           | \$250                | 39%   |
| B                           | \$300                | 49%   |
| C                           | \$165                | 31%   |
| D                           | \$65                 | 13%   |
| RRR AVERAGE:                |                      | 39.2% |
| RRR (RETURN RATE REDUCTION) |                      |       |

- Often theft isn't intended for personal use, but instead for monetary gain
- Criminals desire returning items for full cash value, but in-store gift cards can be re-sold easily
- If a return is unsuccessful, an item can be brokered at a used-store, pawned, or sold online

**InComm Product Control has a robust Active Recovery Network to authenticate the origin, identity, and ownership of stolen goods, deterring theft and fraud of tracked items.**