

FITNESS PRODUCTS MANUFACTURER ACHIEVES 1500% ROI USING INCOMM PRODUCT CONTROL RETURNFLEX® TO STOP FRAUDULENT RETURNS

CASE STUDY



The Challenge: Fraudulent Returns Lead to Negative Sales

A manufacturer of high-quality, innovative fitness products recently introduced a new series of heart monitors at a major U.S. retailer. The new product line should have boosted the manufacturer's revenue, but the financial results turned out to be surprisingly negative. The company soon discovered it was losing more money from fraudulent returns than it was making on legitimate sales.

An investigation by the retailer uncovered the problem. Fraud operators were picking up the monitors in stores and, instead of purchasing them at checkout counters, were presenting them at customer service desks for refunds, as though the products had already been purchased. Because neither the products themselves nor their packaging were serialized (identified by a unique serial number), the retailer's customer service staff had no way of knowing whether or not the items had been purchased legitimately. Lacking evidence of fraud, and in fear of alienating legitimate customers, they would refund the purchase price of the items.

The results for the manufacturer were both disappointing and costly. Sales were negative, and their retail partner was frustrated that this new product line was producing losses instead of revenue.

The Solution: InComm Product Control OmniTrace™ and ReturnFlex®

To solve the problem, the retailer referred the manufacturer to InComm Product Control, the pioneer in Electronic Registration and comprehensive return validation methodology. InComm Product Control worked with the manufacturer to develop a plan for adding serial numbers to the heart monitors. Initially, only the heart monitor packaging would be serialized. Shortly afterwards, once the manufacturing process had been adjusted, the heart monitors themselves would be marked with serial numbers, ensuring that even items without packaging could be identified and tracked. The manufacturer registered the serial numbers through InComm Product Control OmniTrace, a system of patented and patent-pending business methodologies supporting omnichannel strategies for retailers and manufacturers. OmniTrace methods use each product or transaction's unique identifier (UID) to track and record the product's history and to support future validation inquiries

about an item's eligibility for return, warranty, and other post-sale events. Through OmniTrace, every retail channel and manufacturer can have access to on-demand data about a specific item and its history.

Another InComm Product Control service, ReturnFlex, enabled the retailer's POS and customer service staff to verify whether or not a heart monitor being returned had actually been purchased. ReturnFlex is a configurable, rules-based engine that allows retailers to process returns (including cross-channel returns) and maximize the consumer return experience, while reducing employee training costs and losses to fraud.

If ReturnFlex, querying the InComm Product Control database, reported that the item being returned had never been purchased, the retailer's customer service staff could reject the return, confident that they are acting on accurate data.

When fraud operators discover that retailers are able to verify purchases of a particular product or product line, they often turn their attention to other products, which they hope that manufacturers and retailers are not yet tracking.

Results: Profitable Sales and a Dramatic ROI

In the first 30 days of its partnership with InComm Product Control, the manufacturer was able to help the retailer prevent thousands of dollars in fraudulent returns. These fraudulent returns included many attempts to collect refunds for heart monitors that had never been purchased. Since then, ReturnFlex has stopped 13.3% of returns for the heart monitor product line, yielding an ROI for the manufacturer of 1500%.

Using InComm Product Control, the manufacturer solved their problem with fraudulent returns of the heart monitors. Recovering after a slow start, their new heart monitor product line was off and running.