

PERSONAL AUDIO DEVICES
MANUFACTURER ACHIEVES
1700% ROI USING INCOMM
PRODUCT CONTROL
RETURNFLEX® AND REDUCES
COUNTERFEIT RETURNS BY 90%

CASE STUDY



The Challenge: High Returns and Too Many Counterfeits

A manufacturer of popular audio devices was facing costly challenges in its retail network. The company's products were being sold by thousands of U.S. and international retail stores, yet the company had a major returns problem, aggravated by high counterfeit products, Return to Vendor (RTV) credit issues, and limited visibility into the distribution of its products between the factory and the point of sale. Critically, it had no means of helping its retailers assess the legitimacy of products presented for return.

The company's retailer partners were receiving high numbers of returns—exceeding 20% of sales in the case of some large retailers. These items have a high brand status and top tier price points. Retailers reported return and exchange abuses from consumers buying a product in one color and then weeks later exchanging it for a product in another, and then possibly exchanging it again for yet another color later. Additionally, because so many of the products being returned turned out to be counterfeit, one major retailer adopted a policy of opening sealed boxes presented for return to ensure that authentic products were inside. Opening the packaging rendered the returned products unsuitable for resale. As a result of high numbers of counterfeit returns, the manufacturer and its retail customers had ongoing RTV credit issues and both were dissatisfied with the declining productivity and overall negative financial impact. Both were losing money on disputed returns, and relationships were at risk.

The company needed end-to-end visibility in its distribution network so it could track products from factory to distribution center to retailer. It also needed the ability to track the sale and return of individual products to ensure that products accepted

for return were eligible for return and not counterfeit or out of warranty. It needed a comprehensive solution for tracking products, shipments, sales, and returns across its entire distribution network. Only a real-time solution would enable retailers to accept or reject returns based on accurate sales records promptly enough not to fray consumers' nerves and jeopardize consumer experience.

The Solution: InComm Product Control OmniTrace™ and ReturnFlex®

To address these challenges, the manufacturer turned to InComm Product Control, the pioneer in Electronic Registration and comprehensive return validation methodology. InComm Product Control's on-demand services enable manufacturers and retailers to track the distribution, sale, and return of products by a unique identifier (UID) such as a UPC and serial number. Using InComm Product Control services, manufacturers can track and trace shipments from factory to distribution center to retailer. They can also validate returns, ensuring that the products have been purchased at the retailer being asked to accept the return, and that they are legitimate products still eligible for return based on each retailer's return policy.

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“...IN THE FIRST FIVE MONTHS OF WORKING WITH INCOMM PRODUCT CONTROL, THE MANUFACTURER REALIZED A 1700% RETURN ON INVESTMENT.”



InComm Product Control worked with the audio products' manufacturer to certify serialization of all its products. The manufacturer activated compliant items with 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 and/or transaction's unique identifier (UID) to track and record the product's supply chain and retailer transaction 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 product and its history. Now when a participating retailer sells a product from this manufacturer, the sales clerk is prompted to scan the product's serial number. The serial number is then printed on the consumer's receipt and the transaction record is transmitted to the InComm Product Control database.

Another InComm Product Control service, ReturnFlex, enables retailers to verify in real time that a product presented for return is eligible for return. ReturnFlex is a configurable, rules-based engine that allows retailers to process returns (including cross-channel returns) with confidence, verifying a product's return eligibility and warranty status on-demand, reducing fraud and employee training costs, and optimizing the consumer experience.

Results:

An ROI that's Music to the Company's Ears

Once its products were activated and tracked by InComm Product Control, the manufacturer gained on-demand visibility into its retailer network. Now the manufacturer can monitor sales, exchanges, and returns daily. If products are missing or if returns suddenly spike at a location, they can quickly take action to investigate.

The InComm Product Control solution has also improved the returns process for all the company's stakeholders. Consumers making valid returns have those returns processed quickly, even without receipts. If a product return has an invalid serial number (such as a number in the wrong format), the retailer and the manufacturer can investigate. If a product is not eligible for return, the retailer can make that assessment in real time and with confidence.

The combination of OmniTrace and ReturnFlex has enabled the manufacturer to improve profitability by reducing unwarranted returns and fraud. In fact, in the first five months of working with InComm Product Control, the manufacturer realized a 1700% return on investment.

Equally important, the manufacturer shared that the volume of counterfeit products being returned to their highest-volume retailer has declined 90%. Counterfeiters appear to have noticed the diligence with which the retailers and manufacturer are now tracking purchases and returns and decided to turn their attention elsewhere.

InComm Product Control omnichannel solutions have benefited the manufacturer, who has gained new visibility into its retail network while minimizing operational inefficiencies and fraud. InComm Product Control has also benefited the company's retailers, who can now quickly process returns and confidently reject returns that are out of warranty or counterfeit. Finally, InComm Product Control has helped to improve customer service interactions for consumers, which could increase brand loyalty. If the returns process was occasionally dissonant before, it's smooth and harmonious now.