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Proof of Purchase Required

Keep Customers Happy and Your Business Protected With a Strong Return Policy

Earlier this year, outdoor apparel retailer L.L. Bean converted its no-questions-asked lifetime return policy to a one-year policy, receipt required. In a letter dated Feb. 9 on the company's Facebook page, the retailer said it needed to make the change because of customers who were "interpreting [the] guarantee well beyond its original intent."

Another challenge independent retailers face when it comes to returns is the convenience that competitors like Amazon offer. By simplifying their process, retailers will see less fraud and more dedicated customers.

Hardware Retailing spoke to Zach Coblenz from Hartville Hardware, an independent business in Hartville, Ohio, that recently updated its return policy to make the process smoother for customers and simpler for staff to understand and execute.

Read Coblenz's advice on the following pages and take some cues from your competition to make sure you are living up to your service-focused reputation. For additional insights on returns from retailers enrolled in the North American Retail Hardware Association's Retail Management Certification Program, visit TheRedT.com/returns-insights.

Create a policy that is easy to understand.

Inside Hartville Hardware is seven acres of retail space, where the company houses 12 departments, from traditional hardware and outdoor living to apparel and farm and pet.

In such a large operation, it's crucial that all associates have the same information, especially when it comes to the store's return policy, says Coblenz.

"Store associates need more direction out of a return policy," he says. "Sometimes, a customer will bring in a return and ask the first person they see if they can return it, and that person just tells them to take it to the customer service desk. Salesfloor associates don't consider whether the item is actually returnable."

All store associates are expected to know the policy, even though returns can only be made with customer service associates at the service desk, not with cashiers at registers. The new policy at Hartville has three primary components.

- Unopened merchandise can be returned with a receipt no matter how old it is. Returns made after one year will be credited with a gift card.
- Opened, unused merchandise can be returned within 90 days with a receipt.
- If a customer uses a product and isn't satisfied with it for any reason, it can be returned within 30 days with a receipt.

"When it comes to returns, there are a lot of gray areas," Coblenz says. "When we encounter one, generally we will side with the customer, but this policy tries to make everything a little clearer."

Trust your staff to make smart decisions.

Coblenz says the core of the company's return policy is that they want to be able to return or exchange any product.

"We don't want a customer to have anything they're not happy with," he says.

The new policy helps all customer service associates who process returns understand what decision to make when a customer brings in a product to return it. But there are some situations that require additional oversight.

To help address customers' needs and respect the return policy, Hartville Hardware department managers have the final authority to decide whether a product can be returned, even if it doesn't meet the standards of the policy. If an associate has a question about a return, they consult the department manager, who can authorize or reject the return.

"We had a customer come in who wanted to return a pair boots he had been wearing. He had been wearing them for 40 days, which is 10 days past our 30-day used merchandise return policy," Coblenz says. "But the customer wasn't happy with them, and we don't want to make it so cut and dry that we would miss out on a future sale. The department manager chose to accept the return so the customer could find something that worked better for him."

Rely on technology to help reduce fraud.

When the ambiguities aren't easily distinguishable for a return, customer service associates and department managers at Hartville Hardware let the registers help.

What Hartville Hardware Doesn't Take Back

Many retailers put limits on items that can't be returned, and Hartville Hardware is no exception. This list encompasses all the products Hartville doesn't accept for returns, but Coblenz says even these items sometimes fall into a questionable area. The department manager is consulted when returns are requested for any of these items.

- Items from Hartville's bargain basement department
- Gift cards
- Delivery, installations or repairs
- Cut bulk items, such as wire, chain or tubing
- Special orders
- Toilet seats
- Major appliances
- Generators
- Utility trailers



The company recently upgraded its system with its POS vendor to track credit card purchases back 18 months, instead of just seven months like the prior system. Coblentz says the majority of purchases at the store are made with credit cards, so only a fraction of purchases aren't tracked.

He says the company does experience return fraud, and having the technology to support their new policy will help them weed out the customers who want to take advantage. The new system also lets associates scan customers' IDs, which provides an additional layer to confirm someone's identity. He remembers one customer who attempted to make a return without a receipt. They realized the customer had multiple accounts in the system with different names and addresses. To prevent this type of fraud, the new policy requires all customers to provide a photo ID to make returns.

"Part of the new policy is theft prevention," he says. "We want to return the item, but we need to verify the purchase."

Store associates have the ability to search for customer name, SKU or credit card number in the system, which will bring up an image of the receipt if the product a customer wishes to return was purchased legitimately. From there, associates can determine how or whether to proceed.

From picking receipts out of the trash to requesting a different payment method in return, customers get creative to get cash. To help associates identify return fraud in action, the policy outlines various forms so they can be prepared to spot it.

Have a positive attitude and think long term.

Coblentz recognizes that retailers at smaller operations who work the floor and also set the return policy may be more stringent about returns because they see fraud happen more often than he does.

"We have some managers who have seen people abuse the return policy," he says. "They remember that and think, 'We can't let this happen.' It's a little easier to make the policy when you are removed from it."

At the same time, he says it's important to develop a policy that serves the business, the customers and the employees. He helped develop the Hartville Hardware policy based on the company's guiding principles, which is something he recommends all retailers consider when developing their own policies.

"We are long-term focused," he says. "That means it's not about one single sale. If our attitude is that if we return this \$40 item, we're in the hole, that's short-sighted. You have to do what fits your business for 95 percent of your returns."

In addition to considering Hartville Hardware's guiding statements for the new policy, the management team also considered big-box competitor Home Depot.

"We want to keep customers coming back, which is what this policy is really about," he says. "We looked at Home Depot because they're our largest competitor, and they have a reputation for easy returns."



Customer service associates can use the POS systems at **Hartville Hardware** to help them find purchases a customer is attempting to return. The technology provides another defense against return fraud.

Taking a Big Cue on Returns

To help independent retailers evaluate their return policies, *Hardware Retailing* considered the policies of big-box home improvement retailers Home Depot, Lowe's and Menards and online retailer Amazon to create a checklist of return policy components. See snapshots of

these companies' policies here and compare them to your own to determine how easy—or complex—returns are for your customers.

Download this checklist for a quick reference at [The RedT.com/big-box-returns](https://www.redt.com/big-box-returns). ➔

Amazon

- Items purchased directly from Amazon (as opposed to a third-party seller) can be returned within 30 days of receipt. Refunds may take up to five business days to process, and customers may be responsible for return shipping costs.
- Unopened electronics, such as computers or tablets, that are not Amazon-branded items can be returned within 30 days.
- Live plants and insects, pet food and grocery items are not returnable, but may be refundable.
- Products from Amazon brands, which include household items, baby products, snack foods and other categories, are refundable for a year after receipt if a customer is unsatisfied.

Home Depot

- New, unopened merchandise is returnable within 90 days, with a receipt. Items purchased on The Home Depot credit card or through commercial accounts can be returned one year after purchase.
- Purchases using credit or debit cards or checks can be found in the POS system up to 90 days after purchase.
- Live goods—perennials, trees and shrubs—are guaranteed for one year. Plants purchased online that arrive damaged or dead can be replaced within three days of receipt.
- Paint can be returned for color correction or replacement within 30 days of purchase if a customer isn't satisfied.

Lowe's

- Merchandise can be returned for the same payment method with a valid receipt within 90 days of purchase.
- Lowe's doesn't require a receipt if a customer purchased an item using a credit card, cash or check because its POS tracks purchases through credit card numbers or phone numbers for those purchases.
- Customers without a receipt may be issued store credit for the item's current selling price.
- Major appliances, outdoor power equipment and highway trailers can be returned within 30 days.
- Winter seasonal items, such as Christmas decorations, can be returned on or before Dec. 26 of the same season.

Menards

- General merchandise can be returned within 90 days of purchase for a refund in the original method of payment with a receipt. Customers who wish to return an item after 90 days will be issued store credit.
- Customers who no longer have their receipt can retrieve it at the Returns Kiosk if they made the purchase with a check or credit card.
- Special-order items can be returned on a case-by-case basis and will incur a 25 percent restocking fee.
- Unused appliances in original packaging can be returned within 30 days of purchase.
- Opened chemical items can be exchanged, but the store will not take the opened product back.