



The Raphel Report

**Observations on marketing,
advertising, sales and
promotions
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Many Happy Returns

Customers hate bringing merchandise back.

They expect you to give them a difficult time.

We taught our staff to greet these customers with a big smile and to say these words: "Thank you for your return. Just tell us what you want...and the answer is 'yes.'"

Should this be your business policy?

Answer: Yes. Because there are only two things people buy from you: good feelings and solutions to problems. With an easy return policy, you accomplish both. Knowing this, it was interesting to read recently that major retailers have changed their return policies.

Are they more generous?

Sadly, no, according to stories in the *Wall Street Journal* and *Internet Retailer*. Some examples:

- Target usually allowed exchanges for store credit whether or not the customer had a receipt. Now they require not only a receipt but if the merchandise is returned without one, it can be returned only for a similar item in the same department. They will also charge you a 15% "restocking fee" on some returned electronics even if they were never opened!

- Radio Shack has a 30-day limit on returns.

- J. C. Penney and Home Depot only offer store credit -- no cash refund if you lost, forgot and don't have the original receipt.

- And (ready for this one?) Old Navy, Gap and Banana Republic (all owned by the same company) give customers receipts for returned gifts who then must wait for refund checks to arrive in the mail.

Mail order companies look at these restrictive return policies and see a niche to be filled.

Buy anything from L.L.Bean and they guarantee to give you "100% satisfaction in every way. Return anything purchased from us at any time if it proves otherwise. We do not want you to have anything from L.L.Bean that isn't

complete satisfactory.”

Did you read the words “any time”?

I was looking my closet recently and saw a sport jacket I bought from L.L.Bean a year ago and never wore. I returned it and they credited my charge card. *Wow.*

Ditto Lands’ End. They’ve even trademarked their policy: “Guaranteed. Period.” Adding, “If you're not satisfied with any item, return it at any time for an exchange or refund of its purchase price.”

Only 23 words say it all.

Zappos.com, a shoe retailer, has a policy of Free Shipping and Free Return Shipping. Says Zappos owner Tony Hsieh, “We get mail everyday from customers saying, ‘If it weren’t for your free shipping and free returns, I wouldn’t have tried you in the first place.’”

Is this a reason for his firm’s growth from \$1.6 million in 2000 to a projected increase this year to about \$65 million? (Answer: You bet!)

Why is this return philosophy so popular with e-retailers?

One reason: “36% of online shoppers said they would be influenced to shop more online with free returns.” - Jupiter Research.

Listen to Lauren Freedman, president of the E-Tailing Group, a Chicago-based research and consulting firm. She was quoted in *Internet Retailer* saying, “People who are angry and want to return something don’t want to be punished with having to pay for return shipping.”

Here are four lessons for returns:

1. Make it easy. Avoid the phrases, “When was it bought?” And, “What was the matter with it?” What’s the purpose of cross-examination? Make the experience one to be remembered . . . favorably.

2. Thank the customer for bringing back the merchandise. They don’t expect this response.

3. Have a liberal exchange policy to attract Internet buyers. If you offer your products on the Internet, you’ll attract more customers with a liberal return policy.

4. Make sure you follow your community’s or state’s rules and regulations on returned merchandise.

The State of Hawaii lists several pages of Do’s and Don’ts. Here are a few:

A: You must post a “conspicuous sign” stating your return policy.

B: If you limit exchanges to less than sixty days from purchase date, you must have a sign saying so.

C: If you don’t post a sign for A and B above, you must take the merchandise back.

D: If payment is made by check, a refund must be given within ten days of

when the merchandise was returned.

E: If the customer does not want an exchange for returned merchandise, the merchant shall make a full refund.

A nationwide survey said nine out of ten customers say how they are treated by a business is the major factor in determining where they will shop in the future. Giving customers “Many Happy Returns” is one way to keep customers returning to you.