Effective returns management is essential to stemming the flow of losses from returns fraud, as well as retaining good customers and increasing loyalty by providing them with a positive customer experience across all retail channels.

Reduce Returns Fraud and Deliver a Superior Shopping Experience

Every retailer expects a certain percentage of purchases to be returned. Many retailers, such as Nordstrom, built their brands around providing a painless returns experience for their customers, resulting in an extremely loyal customer base. However, in some retail segments, returns account for up to 40% of total transactions, and customer-friendly returns policies have created widespread opportunities for return fraud, costing retailers billions of dollars per year. According to a survey by the National Retail Federation, annual return fraud will cost retailers an estimated $14.37 billion in 2011, up slightly from $13.66 billion in 2010.

Returns fraud manifests itself in many ways, including:

- No-receipt returns of merchandise bought on sale with the expectation of a regular price refund.
- Shoplifters who use fake receipts or employees who steal items to return merchandise for cash.
- “Renters” or “Wardrobers” who return expensive merchandise purchased just for a weekend event.
- Customer tender fraud, associate tender fraud, or associate errors in refunding the customer during the returns process.
- Cross-channel returns from organized criminals who commit same-day returns with merchandise stolen from one channel and returned to another.

Some retailers have accepted returns fraud as a cost of doing business and providing the level of service their loyal customers expect. Others have swung the pendulum in the opposite direction by putting stricter controls around returns—resulting in denying returns from, and therefore losing, loyal customers. The costs of not acting are larger than retailers realize. Retailers who do not proactively address this risk become targets of organized crime rings and will likely see higher fraud rates than their competitors. The associated costs with returns fraud can dramatically impact a retailer’s ability to grow profitably. Retailers must address both sides of the returns dilemma by utilizing powerful fraud screening capabilities to reduce returns fraud, while improving customer service with streamlined returns handling.

Oracle Retail Returns Management is the only cross-channel solution that reduces returns fraud while providing a superior customer shopping experience. Unlike other returns authorization products available today, Oracle Retail Returns Management is a comprehensive, rules-based solution that enables retailers to create and manage return policies and to strike the appropriate balance of fraud reduction and customer service. Each return request is evaluated based on all available information, including item details, store location, customer history, and return amount. Flexible policies enable...
retailers to treat items that have a higher risk of returns fraud differently from those with a lower risk of returns fraud. Retailers can also treat each store brand uniquely to align their return policies with the risk profile and customer service guidelines for each store.

Benefits of Oracle Retail Returns Management

Oracle Retail Returns Management delivers the following benefits:

**Higher Customer Satisfaction.** Even cross-channel returns can be processed more quickly and accurately while gently reminding the customer of store policies to reduce surprises the next time.

**Reduced Returns Fraud.** Every return transaction is evaluated and tracked to identify potential fraud before issuing tender back to the customer.

**Streamlined Returns Processes.** With automated return authorizations, the burden of determining the returnability of an item is removed from the cashier. This ensures faster, more accurate return handling and compliance with company policies so cashiers can spend more time focused on the customer.

Key Features of Oracle Retail Returns Management Returns Authorization Engine

The highly scalable Returns Authorization Engine evaluates each return request and provides the cashier with a guided response on how to handle the return including information such as: whether to accept/reject return based on the appropriate store policies; which tender(s) to use for refund; whether a manager is needed for approval and whether to collect positive ID.

Figure 1. Oracle Retail Returns Management

**Return Policy Manager**

The Return Policy Manager is accessed via a web-based workbench for creating and modifying return policies. Even the most complex policies are easy to create and manage, leveraging 40 built-in rules that evaluate the return. These rules incorporate all available criteria to determine how the return should be handled, including information such as: is there a receipt; what is the merchandise group/item; what is the customer’s return history; in which store is this return taking place and what is the condition of the item?
Customer Service Console

The Customer Service Console is a web-based interface that provides authorized representatives immediate access to return/refund information to handle customer inquiries or to research particular trends. Return tickets can be accessed by customer information, cashier ID, or store.

Other features include:

- **Customer Service Overrides.** To grant returns to customers who had previously been denied or to tighten controls for chronic return abusers or shoplifters.

- **Return Ticket Search.** Allows searching for a return ticket by the unique identifier or other information such as cashier, customer, or item information.

- **Audit Trail.** View a rule-by-rule flow of the item through the policy to see which rules triggered the return final decision.

Oracle Retail Returns Management Integration

Retailers must be able to detect fraudulent behavior quickly and consistently. One way for retailers to decrease fraudulent returns with Oracle Retail Point-of-Service is to monitor customer and employee return behavior across all stores. The combination of Oracle Retail Point-of-Service and Oracle Retail Returns Management allows retailers to enforce return policies consistently across their organizations. This enables Oracle Retail Point-of-Service to send a Return Request messages to Oracle Retail Returns Management containing customer, cashier, and transaction facts. During a return transaction, Oracle Retail Returns Management sends Oracle Retail Point-of-Service a response message indicating what action must be taken to complete the return. This integration speeds return handling through intelligent automation and provides preferential return policies for loyal customers.

Oracle Retail Returns Management Architecture

The Oracle Retail Returns Management application provides the platform independence and technology insurance needed to deliver value both now and into the future.

Standards

All Oracle Retail store applications start by incorporating existing technical and industry standards such as J2SE, JMS, JDBC, JMX and ARTSl. By consistently leveraging standards,
Oracle Retail increases the interoperability of legacy applications and facilitates the exchange of data with external systems. This reduces the costs of integration and ongoing maintenance, and gives retailers the freedom to select the best infrastructure and middleware products for their needs, thus avoiding vendor lock-in.

Service-Oriented Architecture
Software developed using service-oriented design principles improves reuse and lowers the cost of development and support. Commerce Services represents Oracle Retail’s approach to developing store systems software for retailers on a service-oriented architecture (SOA). Retailers are able to access Commerce Services from a variety of platforms and selling channels so that the same business logic is available across the enterprise. Commerce Services form the basis for Oracle Retail Returns Management, and can be extended, replaced, and reused as necessary.

Data Persistence
Oracle Retail Returns Management relies on a data store based on the ARTS data-model standard. The data store can be hosted by any of a variety of databases that conform to JDBC standards. Persistence is encapsulated and abstracted from application logic using J2EE entity beans.

Data Exchange
Several XML messages are defined for the returns authorization process so that returns channels can easily communicate with Oracle Retail Returns Management. These exchanges are typically implemented using Web Services, but other types of request/response protocols can also be leveraged.

Interfaces
Through its comprehensive support for and use of standards, Oracle Retail Returns Management’s open architecture reduces the cost and effort of integrating to the store, host systems, and other channels—communicate synchronously or asynchronously, in real time or in batch, on a private network or over the internet.

Deployment
Written entirely in Java and based on standards, Oracle Retail Returns Management can run on many different operating systems, databases, and application servers and is optimized for products from Oracle and IBM.

Technical Specifications
- XML Message API (Web Services Interface) - Web services based, XML message set to speed integration with existing POS or channel solutions.
- Integrated role-based security with LDAP interface.
- Web-based console for access from any authorized PC.
- Adheres to industry standards such as J2EE, SQL, and the ARTS data model.
- Shares the same database as Oracle Retail Central Office.
- Extensible architecture allows new rules and policies to be easily added.

RELATED PRODUCTS
- Oracle Retail Point-of-Service
- Oracle Retail Central Office
- Oracle Retail Back Office
About Oracle Retail
Oracle provides retailers with a complete, open and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their business. 20 of the top 20 retailers worldwide - including fashion, hardlines, grocery and specialty retailers - use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels.

Contact Us
For more information about Oracle Retail Returns Management, please visit oracle.com/goto/retail or email oneretailvoice_ww@oracle.com to connect with an Oracle representative.