



Case Study



Retail Industry Solutions

It's after Christmas and consumers are lined up at stores to return merchandise- the scratchy sweater from Aunt Helen, the toaster oven that doesn't fit on the counter. But not all returns are legitimate and return fraud costs Retailers billions of dollars every year- \$8.9 billion dollars according to the 2012 Return Fraud survey conducted by the National Retail Federation (NRF).



Fighting Return Fraud | Implementing low-cost, high-value tag and label solutions.

NRF surveyed senior loss prevention executives at 60 retail companies. Even with less than 5% fraudulent returns at the holidays, this totals \$2.9 billion dollars in fraud.

Of the Retailers surveyed, 96.5% of them had stolen merchandise returned to their stores. This is facilitated by the consumer-friendly policy of not requiring a receipt. In the NRF study, Retailers estimated that 13.4 percent of the returns made throughout the year without a receipt are fraudulent. Returning merchandise without a receipt is more convenient for the consumer. Even though gift-givers ask recipients if they want

the receipt, "Yes" is never the preferred response. Also, many consumers are shopping for so many gifts that they can't always keep track of the receipts or associate them with the correct items. In this case convenience for the consumer is a greater risk for the Retailer.

Price Tag Solutions

SATO offers several solutions for proof of purchase and price tag authentication. Proof of Purchase labels with unique serial numbers in a barcode can be pre-printed and applied at the register or printed at the

register. The unique number is tied to the receipt number so if the product is returned it can be tied to the receipt, without the consumer presenting the receipt. The label does not include price information so it does not need to be removed by the gift giver. The proof of purchase serial number can also be printed directly on the original price tag – Macy's does this currently – and with the price below a perforation the tag can stay affixed to the merchandise throughout the process.



To authenticate the price tag or label, specialty inks (such as MarkSecured™) are used during printing that allow the store associate to verify the price tag was printed and applied by the Retailer or manufacturer, not by the consumer. These products allow the Retailer to authenticate the merchandise without requiring a receipt or asking the consumer to show identification.

Addressing "Wardrobing" Issues

Happy Holidays mean festive celebrations and the opportunity to get dressed up. In the NRF survey, senior loss prevent executives reported that 64.9% had non-defective items returned to them after use. This practice is called "wardrobing" apparel and "renting" consumer electronics. SATO's customers utilize two solutions to address this challenge. Price and Brand tags can be produced using DuraTag™ material, which has the same appearance as regular price tags but is tear-resistant to remain affixed to clothing. Retailers are also beginning to attach much larger tags that cannot be "tucked away" for the night to prevent wardrobing. These tags generally include their return policy that if the tag is removed the item cannot be returned.



Return fraud costs everyone money- the Retailer, manufacturer, and consumer. Implementing low-cost, high-value tag and label solutions allow Retailers to maintain consumer-friendly policies while improving their bottom line.

For more information visit: satoamerica.com/retail

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