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Tips & Tricks:
Handling Holiday Returns

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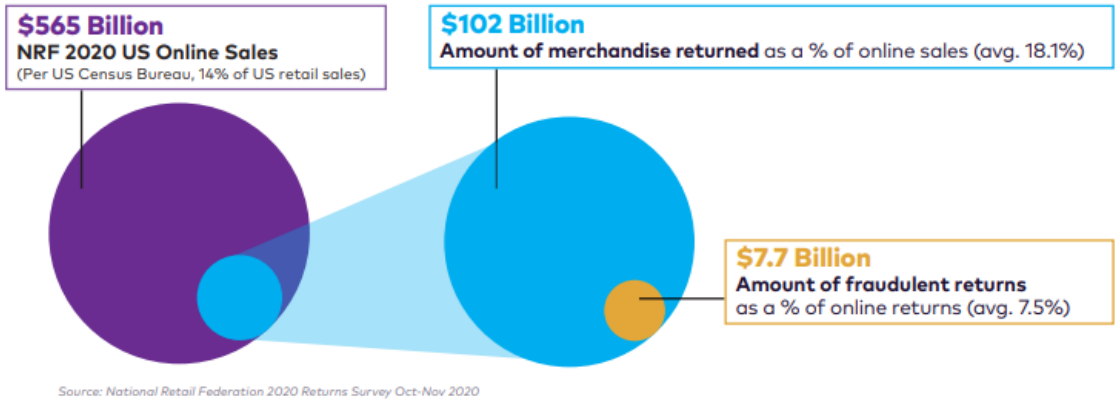
WHAT YOU'LL LEARN

- The state of retail industry returns
- Return rate by retail category
- Converting returns into opportunities
- Rules and best practices for returned items
- Paladin return setup options
- How to:
  - Processing returns with a receipt
  - Return purchase verification on invoice
  - Processing returns without a receipt
  - Processing defective item returns
  - Reporting and accountability reports

The state of retail returns



- Online sales and returns more than doubled in 2020 (see illustration) and are a major driver of overall returns growth.
- Total in-store and online returns account for over $400 billion in lost sales for U.S. retailers annually.
- For every $100 in returned merchandise accepted, retailers lose $5.90 to return fraud.
- Programs like buy online, return in-store (BORIS), click-and-collect have added to return fraud.

Source: National Retail Federation

What is being returned

Return Rate by Payment Type

Original Payment Type	Blended Return Rate
Cash	12.69%
Credit Card	22.78%
Debit	7.04%
Other	13.9%

Source: National Retail Federation

Return Rate by Retail Category

Retail Category	Blended Return Rate
Apparel	12.2%
Auto Parts	19.4%
Beauty	4.3%
Drug/Pharmacies	1.6%
Home Improvement	11.5%
Housewares	11.5%
Sporting Goods	7.6%
Survey Average	10.6%

Converting returns into opportunities

- Returns are good. Often your best customers make the most returns.
- In-store returns provide a chance to convert online shoppers into regular customers.
- Returns can be managed.
- Returns provide a chance to sell to known customers.

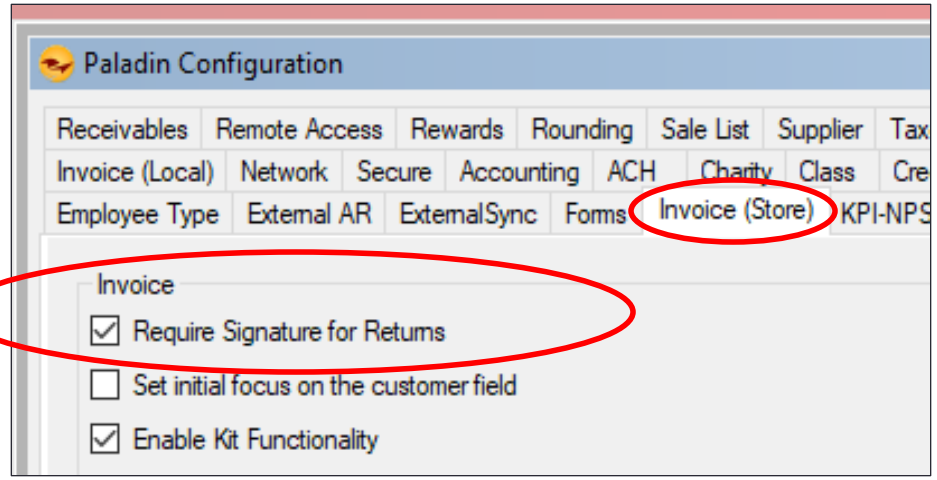
Source: National Retail Federation

Rules and best practices for returned items

- You set the rules for returns in your store.
- Consider the following best practices:
  1. Set an expiration date for returns and add it as a footer on every invoice.
  2. Offer cash/credit only for those customers with a receipt.
  3. Offer store credit only for customers that do not have a receipt.
  4. Offer in-store gift card credit with returned balance.
  5. Require cashiers to match the return with the original invoice purchase to validate original purchase amount.
  6. Activate "Capture Return Item Invoice Number" in Paladin – (see slide 9).

Paladin return setup option #1

Require Signature for Returns



During checkout, Paladin can prompt for a required signature before allowing a return.

1. On the **File** menu, click **Setup**.
2. Click the **Invoice (Store)** tab.
3. In the **Invoice** pane, select **Require Signature for Returns**.
4. Click **Save** and then click **Close**.

Paladin return setup option #2

Require Manager Approval

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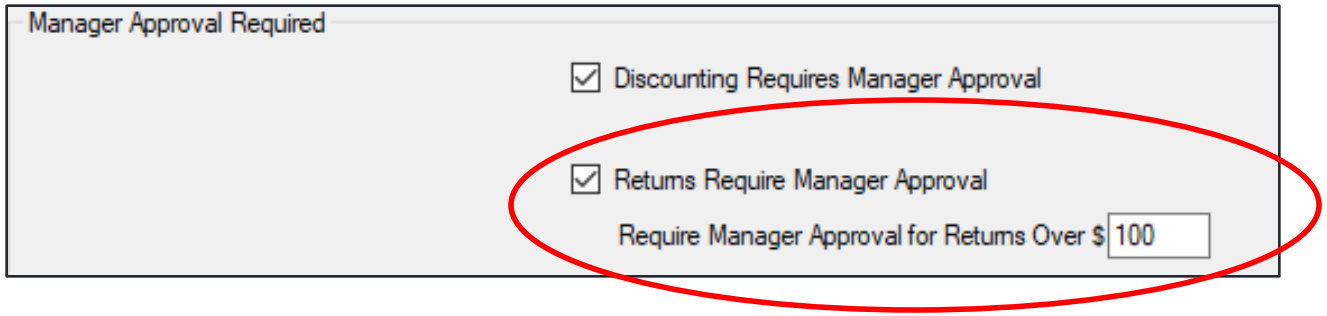
Require Manager Approval for Returns Over $

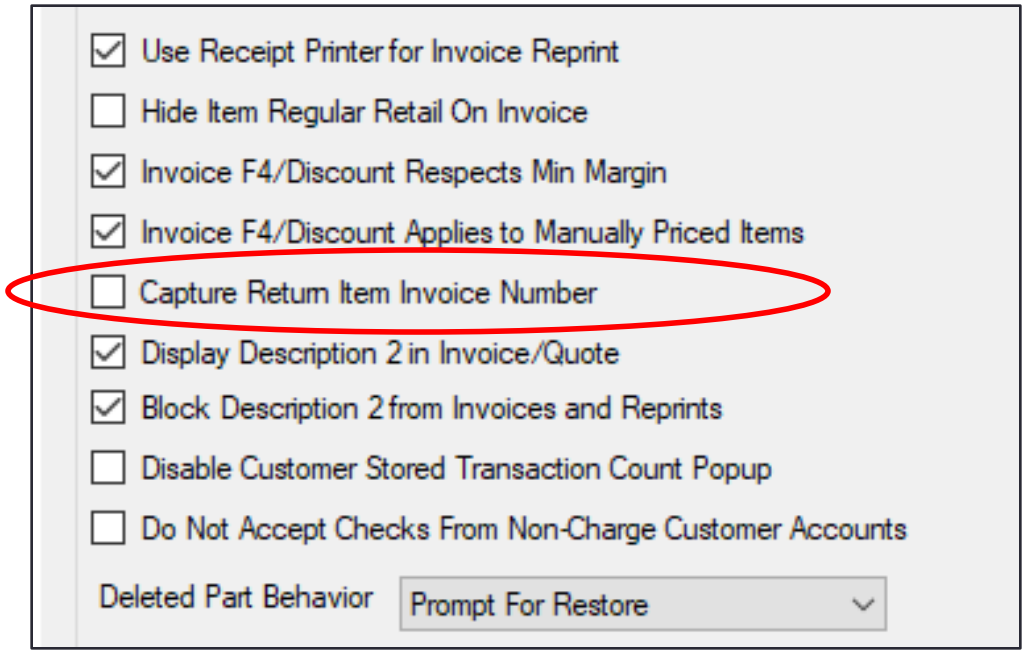


To prevent a return without a manager's signature:

1. On the **File** menu, click **Setup**.
2. Click the **Company** tab.
3. In the **Manager Approval Required** pane, select **Returns Require Manager Approval**.
4. Next, set the value for the “not to exceed” return amount, unless approved by a manager.
5. Click **Save** and then click **Close**.

Paladin return setup option #3

Capture Return Item Invoice Number

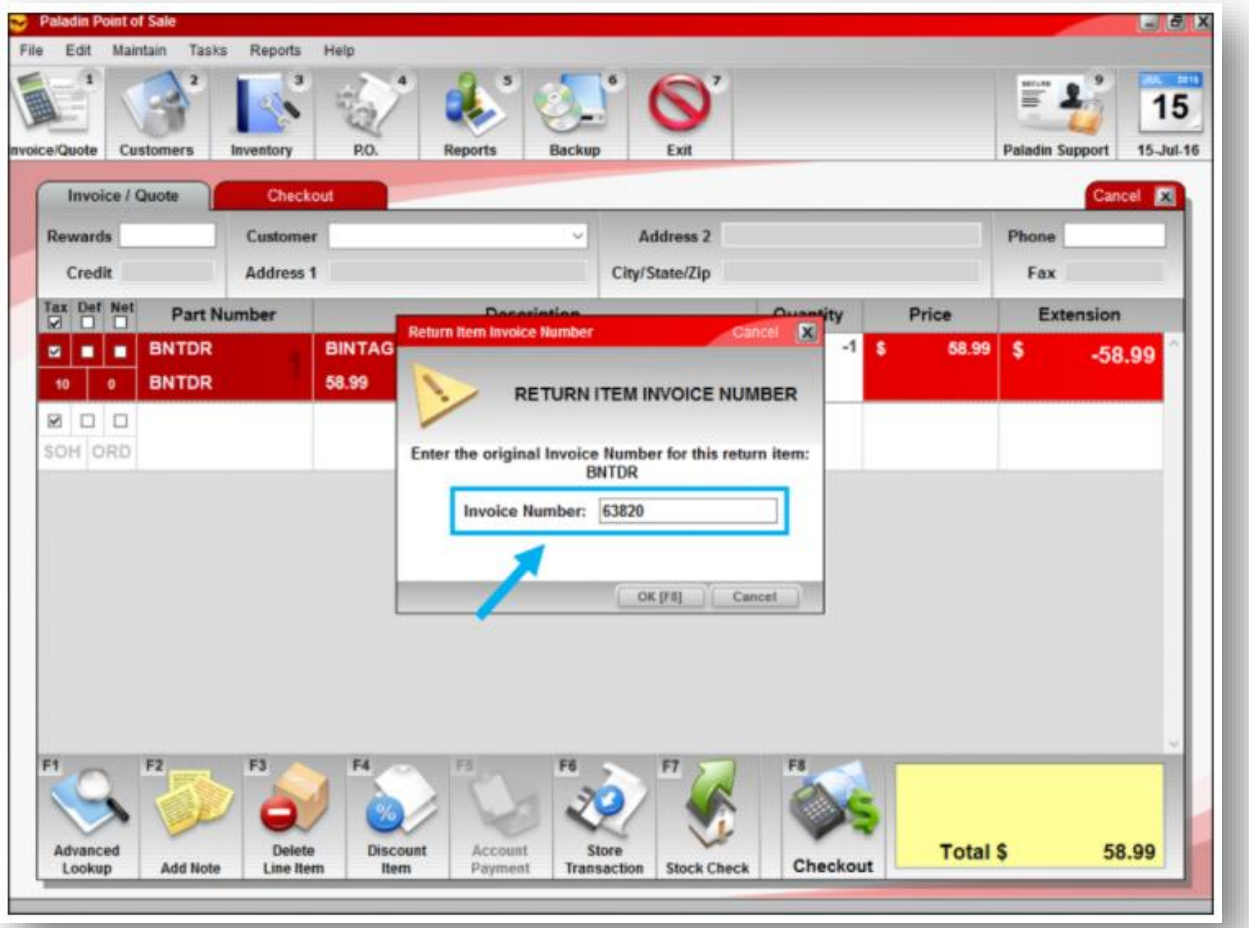


To require your staff to verify the purchase and add the original invoice number to the return invoice:

1. On the **File** menu, click **Setup**.
2. Click the **Invoice (Store)** tab.
3. In the **Invoice** pane, select **Capture Return Item Invoice Number.**
4. Click **Save** and then click **Close**.

"Recommended Best Practice"

Processing returns with a receipt

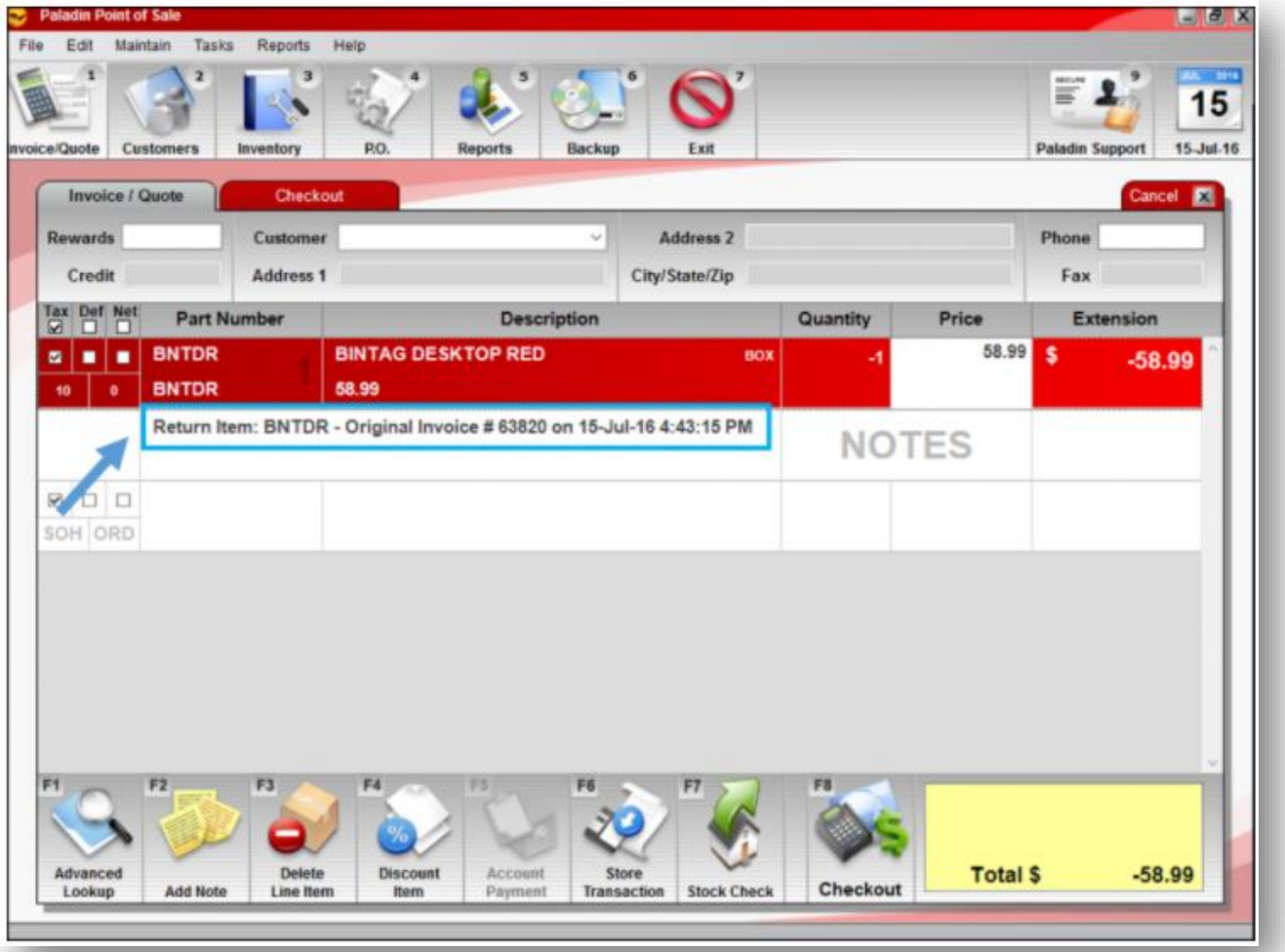


In the **Invoice/Quote** module, when you scan the returned item, a **Return Item Invoice Number** window appears and asks for the original purchase invoice number.

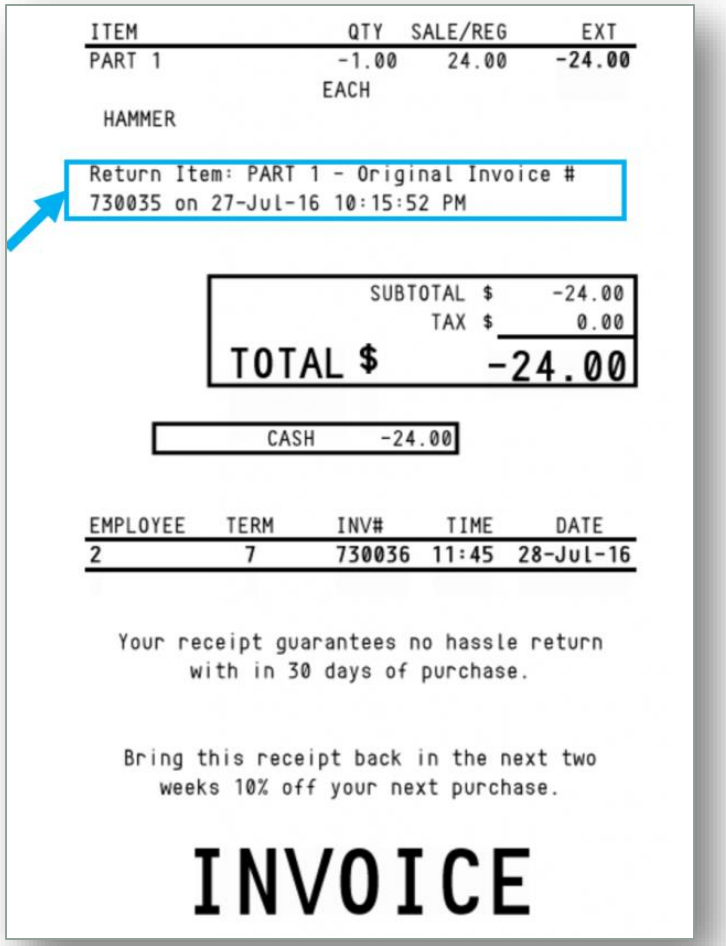
1. Scan the UPC code on the returned item.
2. In the **Qty** box, enter **-1** and press **Enter**.
3. Scan the original receipt barcode (Inv. #).
4. To associate this return with a customer's purchase history, in the **Customer** box, enter the customer's name or account number.
5. Complete the transaction.

Processing returns with a receipt

- When you scan the barcode on the bottom of the original invoice or manually enter the invoice number, Paladin will verify that the invoice exists and that it includes the returned item.
- If the purchase is confirmed, the original invoice number is added to the new invoice.



Return purchase verification on invoice



ITEM	QTY	SALE/REG	EXT
PART 1	-1.00	24.00	-24.00
	EACH		

HAMMER

Return Item: PART 1 - Original Invoice # 730035 on 27-Jul-16 10:15:52 PM

SUBTOTAL $	-24.00
TAX $	0.00
TOTAL $	-24.00

CASH -24.00

EMPLOYEE	TERM	INV#	TIME	DATE
2	7	730036	11:45	28-Jul-16

Your receipt guarantees no hassle return with in 30 days of purchase.

Bring this receipt back in the next two weeks 10% off your next purchase.

INVOICE

- When the return is complete, the receipt will reference the original invoice number.

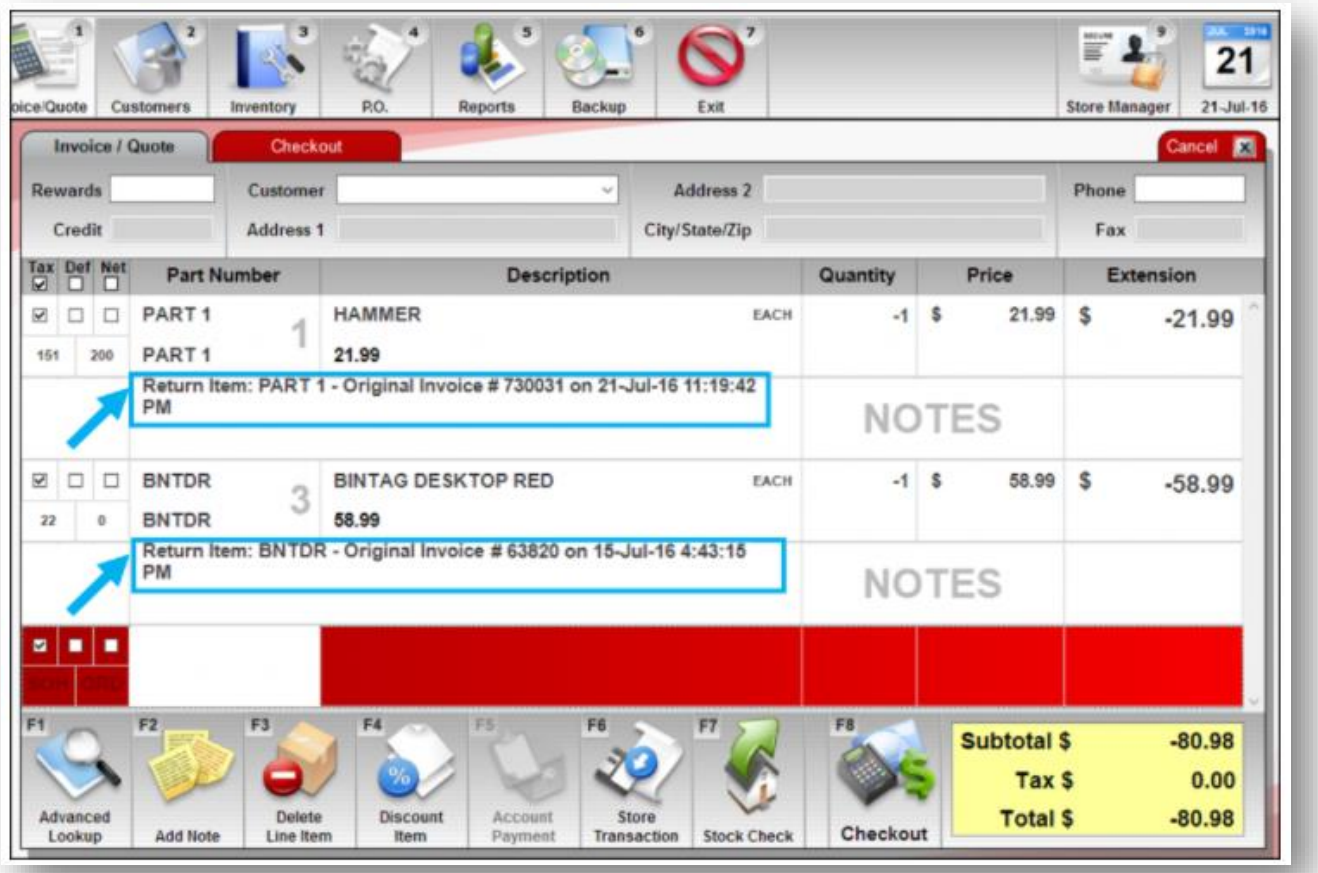
Processing returns without a receipt

In the **Invoice/Quote** module:

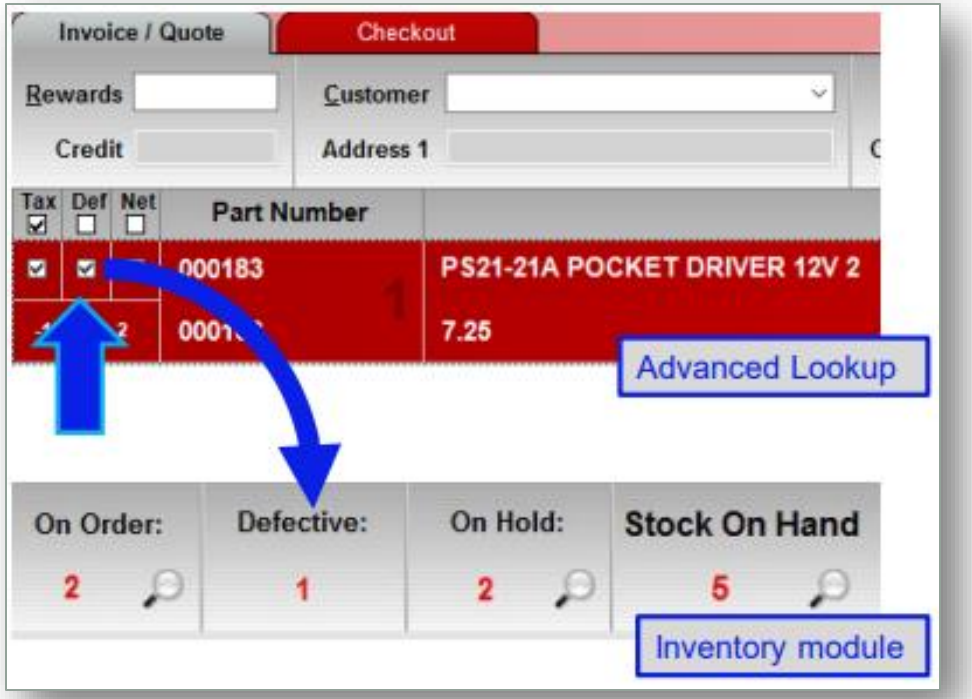
1. If the customer exists in your system, in the **Customer box**, enter the customer's name or account number.
2. Click **Advanced Lookup** or press **F1**.
3. Click the **History** tab.
4. Select **Part** or **Part + Customer**.
5. Scan the part UPC code or enter the part number.
6. Select the correct item by verifying the **Price Sold** and **Date Sold** values.
7. In the **Qty** box, enter **–1** and then press **Enter**.
8. Click **Add Items to Invoice** or press **F8**.
9. Complete the transaction.

Processing returns without a receipt

- After the invoice and purchase for each returned item is verified, the original invoice number is added to the new invoice.

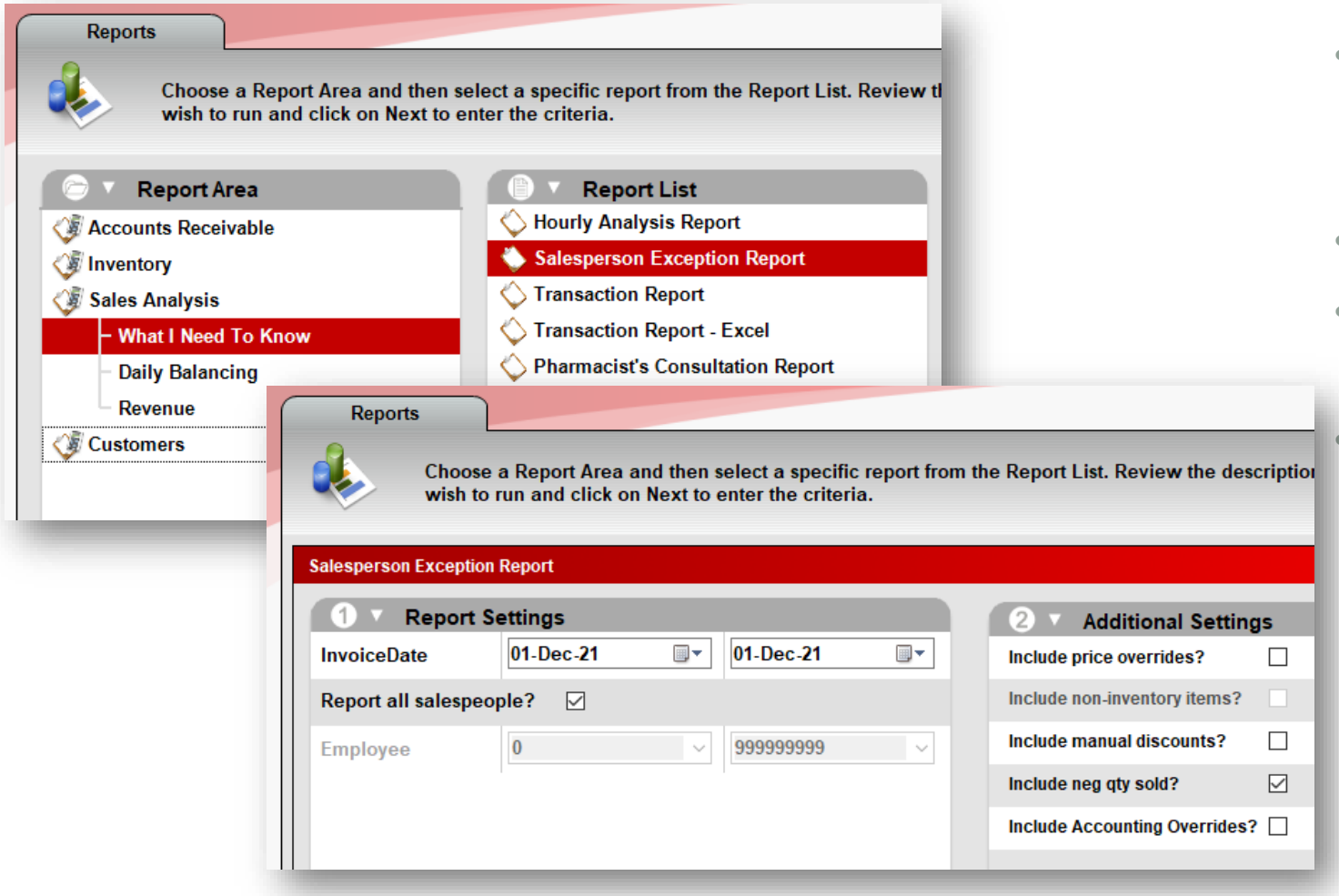


Processing defective item returns



- When a customer returns a defective item, select the **Def** checkbox and then add the item to the return invoice.
- When you process the return, the item will be added to your defective inventory and the inventory item stock on hand will not be updated.

Reporting and accountability reports



- In the **Reports** module, select **Sales Analysis→ What I Need To Know→ Salesperson Exception Report**.
- Set the desired invoice date range.
- Select "**Include neg qty sold?**" checkbox.
- Press **F12** or click **Run Report**.

Learn more

- About returns
- Verify the purchase of a returned item and add the original invoice number to the return invoice
- About defective items
- How to manage supplier returns with the accounts receivable system

Next webinar:

How to Prepare Year-End Reports

December 21, 2021

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