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Return of the consumers

By Brian Sprague, Terry Steger and David Douthit

The consumer electronics industry has a massive and escalating problem on its hands in the realm of product returns.

A recent analysis conducted by Accenture found that in the United States, the customer return rate for consumer electronics averaged 11 to 12 percent in 2007. In the same year, manufacturers, communications carriers and electronics retailers spent an estimated \$13.8 billion managing returned merchandise. What's more, around 95 percent of the returned products were found to have nothing technically wrong with them.

So why are the items being returned? In many cases, customers aren't being properly educated about the products they buy and how to use them. Unless consumer education improves in a transformational and comprehensive way, the product return problem will continue to be a drain on corporate bottom lines.

A study of this issue was done a few years ago by Tim Herbert of the Consumer Electronics Association. Titled "2005: A Product Returns Odyssey," the study listed the top four actions that could reduce return rates:

- More research by consumers before purchase (25 percent).
- Better pre-sales information from salespeople (19 percent).
- Better manufacturing telephone support (17 percent).
- More-informative in-store displays (17 percent).

All of these items fall into the category of customer education. Customers need to be educated and influenced at the point of pur-

chase and upon first use, as well as when needs arise after initial use.

In many cases, educating the consumer begins with educating the retail staff. By providing training on the form, fit and function of the product, manufacturers can help con-

which manufacturers place their own employees in a retail outlet to increase awareness of their solutions. A company might open its own "boutiques" within larger retail stores to enhance its brand while assisting retailers.

To reach those who bypass brick-and-mortar stores and buy online, manufacturers should invest heavily in providing strong informational content. A TV manufacturer might launch an HDTV educational center on its Web site to help customers understand the value of its products. Vendors can use Web 2.0 technologies to create communities that develop "mashups" of content, searchable video and user forums.

Meanwhile, the manufacturer's responsibility for educating the consumer doesn't end when the purchase occurs. At that point, the primary focus shifts to the usability of the product.

One-page "getting started" guides, which are much easier to follow than lengthy instruction manuals, are perfect for helping customers set up their devices. Visually oriented instructional guides are a prime example.

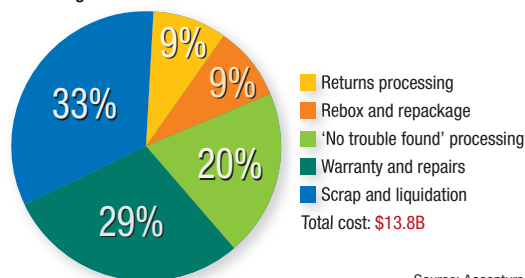
Similarly, multimedia educational resources, such as instructional DVDs and online tutorials, provide engaging ways to help customers learn how to use their new purchases.

Strong customer service is also essential for customers who, even with simplified instructions, can't figure out how to use a product. At this stage, getting the customer up and running on the first call helps build excitement around the product's value. In many cases, it's wise to have teams of specially trained reps assigned to handle this critical challenge.

Once the customer gets the product working, a requirement continues for education at

Scrap it, or not The cost of returns and repairs

Percentage of total return costs



Source: Accenture

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firm that the salespeople on the front lines are well prepared to influence and inform customers by addressing important questions and concerns.

Online certification programs, perhaps including special rewards to candidates who complete their certification, are a good way to ensure successful education of retail professionals.

Other manufacturers are finding success with the "store within a store" model, in

the point of need to address the customer's product concerns as they arise.

Education 'on demand'

Many manufacturers have had success with integrating user guidance into their devices to address customer needs on an "on demand" basis. For example, photocopier manufacturers have incorporated step-by-step instructions into most of their business products to help users resolve such issues as paper jams and toner replacement.

Remote diagnostics offer another solution. Recent advances in software let manufacturers remotely diagnose customer issues

with certain devices such as personal computers. The software performs remote repairs such as determining conflicts arising from improper setup or configuration.

Web-based community groups and user forums are also increasingly important, letting customers share their experiences and insights while deepening customer connection to a particular brand.

Even in the digital age, nothing beats personal care. One-to-one experience with a personable and capable agent remains the ultimate brand builder. By resolving issues quickly and effectively, the company puts a helpful face on the brand and creates a strong bond

with the customer.

In the end, continuing personal attention is the ultimate path to customer satisfaction, brand strength and a high-performance business. The best way to prevent the return of perfectly good merchandise is to ensure that customers remain well informed about what they're buying and how to use it. ■

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