

Protecting Your Assets

Detection and Deterrence of Theft and Fraud in the Retail Marketplace

In retail, the threat and organization of theft and fraud keeps it challenging to protect the products you sell. According to the National Retail Federation (NRF), losses from retail theft are estimated at more than \$41 billion. Reducing those losses can make a significant difference to your bottom line.

Some loss is inevitable, and there are a host of products and technologies that work to limit those losses. But of more significance are losses associated with theft from fraudulent returns. The NRF reports this issue alone costs the industry more than \$10 billion a year.

Some examples of these include:

- Multiple use of the same receipt,
- Counterfeit receipts,
- Sweetheart returns, meaning employees helping friends return ineligible products,
- “Renting” or purchasing for a specific use, then returning afterward,
- “Upgrading” or converting old to new via return,
- Serial number label tampering/counterfeiting, and
- Brick-in-the-box, which involves replacing the product in the box with junk and returning it as new.



What Can Be Done?

Many of the most targeted products for fraud and theft, including consumer electronics products and appliances, are individualized by a serial number. That number, when combined with the UPC, creates a “unique fingerprint” making each product definitively identifiable and trackable by retailers, manufacturers, and even law enforcement.

A Time-Tested Technology

Electronic Product Registration technology is not new. It originated in the 1990s with video gaming giant Nintendo of America, Inc., who recognized profits from its video game sales were severely reduced by the number of products being returned...many fraudulently...at retail.

To address the issue, Nintendo developed Electronic Registration giving retailers a foolproof method to track individual products throughout their lifecycle, and ensuring that everyone in the product chain...manufacturers, retailers, and consumers...were being treated equitably and accurately. Taking control of this process, and the ability to track products, resulted in Nintendo achieving a 72 percent reduction in return rates.

To more effectively serve the industry without conflict, Nintendo created a subsidiary, SIRAS.com, Inc. to enlist and service other manufacturers and retailers.

How the SIRAS Program Works

When a product is scanned at the point-of-sale (POS), the UPC and serial number are captured and transmitted to SIRAS’s database, where the Electronic Product Registration is stored. This “electronic receipt” records the retailer’s transaction information and creates an accurate return policy and warranty start date, which can be used to verify a product’s validity for return or service. No consumer data is collected in this process, a feature appealing to privacy advocates.

When a return is attempted, if the product has a verifiable purchase record in the SIRAS database and falls within the return policy, the POS system seamlessly accepts the return and the store associate issues the appropriate credit or refund. If it does not meet the policy guidelines, however, or if the product isn’t registered in the SIRAS database, the system suspends the transaction and provides information so the store associate can easily show the customer why it is ineligible for a return. With SIRAS Smart Return, return transactions are prevented for products that are out-of-policy, purchased from another retailer, or for stolen items.

While the data was originally captured only at POS, manufacturers are now registering their products with SIRAS at the time of shipment. This early registration makes it possible to identify products that might have been stolen before being registered at POS.

Introducing SIRAS P.I.

In 2007, SIRAS developed another use for its database—helping law enforcement to determine if products they recover have been stolen. In launching SIRAS P.I., police and asset protection professionals nationwide receive free, immediate access, either via the web or a toll-free call, to search its database of hundreds of millions of consumer products. Registered users can also report stolen items to the database.

Today, more manufacturers, retailers, and law enforcement organizations are finding SIRAS’s Electronic Product Registration to be an increasingly useful tool in protecting and recovering those all-important assets. ■

