



## CASE STUDY

# Automotive retailer leverages Engage Incentive Optimization to maximize the additional revenue potential in returns

**This retailer is a leading automotive aftermarket parts provider that serves both professional installers and do-it-yourself customers with more than 6,000 stores globally.**

## Situation

The retailer saw an opportunity to improve overall profitability and protect margins by maximizing the potential in an untapped revenue source — return transactions. It set objectives to reduce the overall amount of money lost through refunds and improve the overall customer experience during a return while maintaining its profit margin.

## Solution

The retailer, already a user of the Appriss® Secure and Appriss® Engage Return Authorization, implemented Engage Incentive Optimization.

## Results

- With Engage Incentive Optimization, the retailer saw a 22% increase in purchases made in-store following a return.
- The margins for purchases made *following a return* became historically higher than standard transactions, meeting the company's objective of maintaining profitability.

## Additional Benefits

- After additionally tying the program to Secure, the retailer has seen discounting abuse decrease 70% since the launch of the program.
- Less than 1% of total redemption is tied to abuse.

# Case Details

The retailer noticed significant revenue was being lost to returns and refunds, negatively impacting net sales and individual store performance. The company realized that an average of 85% of consumers receiving a refund immediately walked out the door instead of staying to shop — taking their money with them. It sought a solution to improve overall profitability and protect margins by maximizing the potential of return transactions and creating new revenue.

In 2021, the retailer launched its Engage Incentive Optimization pilot program as part of its “Customer Appreciation” initiative across 200 stores.

## PROPER PLANNING LEADS TO SUCCESS

Already utilizing the Engage Return Authorization platform, the retailer was able to seamlessly integrate Engage Incentive Optimization into its POS (Point of Sale) within just **two weeks** by using the existing API (Application Programming Interface). The two solutions worked in tandem to address consumers’ return behavior in real-time at the return counter.

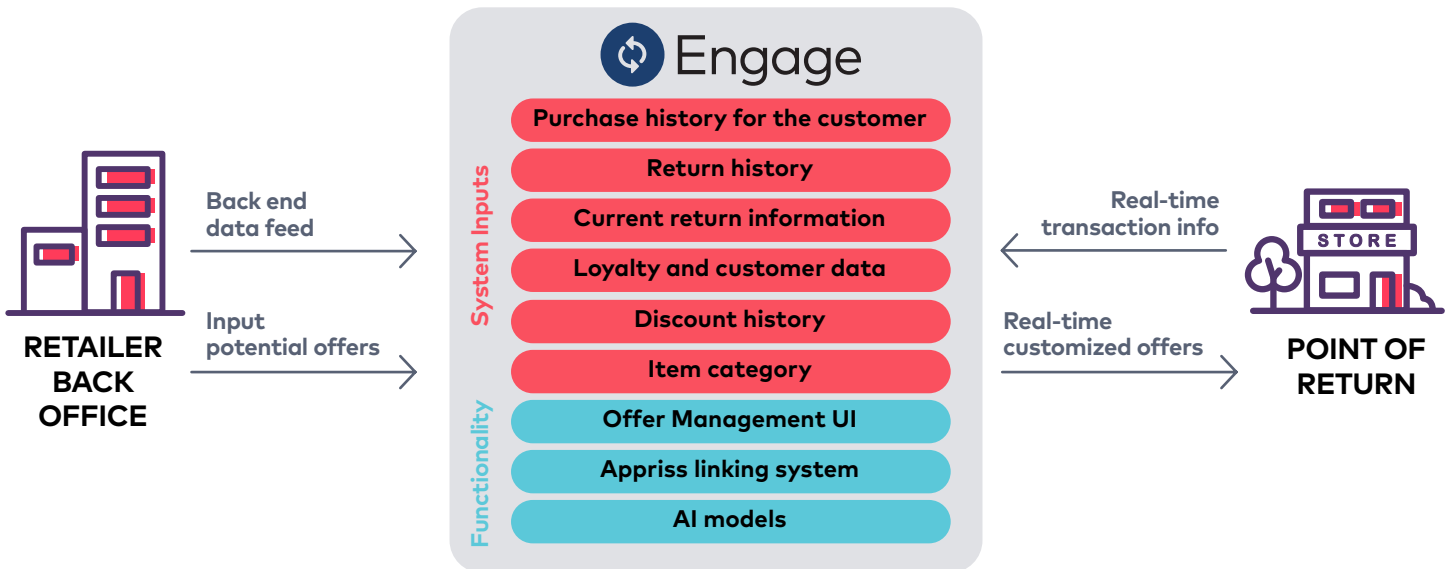
Engage Return Authorization worked behind the scenes to review each transaction for suspicious activity. Transactions with extreme outlier characteristics were flagged to be warned or denied the return. With Engage Incentive Optimization, consumers were given a refund, and, depending on certain circumstances, also received a personalized incentive printed on their receipt to use while in the store that same day.

### Five different incentive offers were created:

- 20% off purchase
- 15% off purchase
- \$5 off \$25
- \$10 off \$50
- \$20 off \$100

### AI-powered analytics distributed the offers based on specific transaction characteristics such as:

- How many times the customer shopped in the last month.
- How much the customer spent in the last year.
- How many stores the customer visited in the last year.
- How many times the customer used discounts during a purchase.



In 13% of cases, the artificial intelligence (AI) models did not recommend an offer if the transaction history with the retailer indicated that the consumer was already likely to make a purchase, saving the retailer money.

## A COMPLETE PLATFORM FOR PROTECTING REVENUE

To address risk, the retailer tied its "Customer Appreciation" initiative into its EBR (Exception-Based Reporting) tool, Appriss Secure. This allowed the company to see if a team member was excessively redeeming a coupon. If yes, real-time communication was sent out to the field team to ensure proper coaching of the team member.

After implementing Engage Incentive Optimization, the retailer saw a 22% increase in purchases made in-store following a return and margins on purchases using an incentive were higher than standard transactions. The pilot was so successful that in 2021, the retailer rolled out Engage Incentive Optimization to all stores. After tying the program into Secure, the retailer saw abuse decrease by 70% since the launch of the program with less than 1% of total redemption tied to abuse.



## Testimonial

*"We were skeptical that we could keep our margins even with the discount offers we were implementing, but to date, we have not only been able to keep our margins strong, but we also get higher margins on Incentive Optimization transactions compared to our everyday transactions – even with the discounts."*

— Director of Asset Protection"



Leveraging more than 20 years of data science expertise, Appriss Retail transforms ecommerce and omnichannel consumer interactions by providing real-time, actionable recommendations that reduce fraud, drive efficiency, and maximize profitability. The company's AI-driven, SaaS platform generates analytical insights and recommendations at more than 150,000 physical and online retail locations in 45 countries across six continents.

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