



HOW REFUNDS CAN INCREASE YOUR SALES?

How can that be? If you allow refunds, you are losing sales. The short-term answer is perhaps. The objective of every business is to increase profits for the long - term.

If you have a no refund policy, many customers will either not make a purchase or buy less merchandise. These customers are reluctant to spend their money, in case the product isn't right. Yes, they could exchange it for other merchandise. However, if you don't have what they want currently, you have their money and they have nothing.

Why are owners afraid of giving money-back? There are three main reasons and the fears are the result of short-term thinking.

1. Owners can't stand seeing cash going out of the register. This results in fewer sales for the day.

2. The owner worries about bogus refunds. If you have proper controls, this will seldom happen. The people taking advantage of bogus refunds concentrate on large stores.

3. Owners are concerned with too much merchandise being returned. You could have a few customers taking advantage of this. If they are bringing back resalable product, it should not be a concern.

Most large companies have a return policy that is favorable to the customers. This encourages customers to spend more money. The customer knows unwanted merchandise can be returned. The increase in sales and profits will outweigh the risk of bogus returns with proper controls.

Just have a specific refund policy in place. For example, it could be a cash refund with the original receipt and within 30 days of the purchase. The longer the return period, the less likely you will get a return. Customers will put the merchandise aside and or lose the receipt.

Your refund policy can be a huge advantage against your small competitors. Too many owners don't take advantage of separating themselves from the other businesses. It would be a good idea to have several professional signs at least 8.5 x 11 around the store with your refund policy. Using bright color paper will make this stand out even more.

Here is an example of what to put on the sign:

Refunds Gladly Made With Receipt

The sign behind the register area could have the full details.

You must explain and make sure all of your employees understand and follow the customer friendly refund policy. There could be some resistance to change especially with employees on commission. However, let them know long-term the refund policy will result in increase sales and commissions. If they still don't want to follow the policy, you are better-off if they worked somewhere else.

Take the first step in improving your sales and profits by improving customer service with a friendly refund policy. Take off that short-term hat and carry out policies and strategies that will increase your sales and profits long-term.

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