

Retailers tightening return policies

By Cotten Timberlake, Bloomberg Businessweek

High-end retailers such as Bloomingdale's are always happy to sell a glitzy party or bridesmaid dress that can cost hundreds of dollars. The return of a pricey frock after it's been worn is a less jubilant event.

If a garment comes back obviously used – sweat-stained, for example – a retailer can refuse to refund it, but that conversation can be “awkward,” says Richard Mellor, vice president of loss prevention at the National Retail Federation. So some retailers simply look the other way.

Many merchants have long lived by the mantra that the customer is always right, adopting liberal return policies in hopes of winning the loyalty of free-spending shoppers. But with a recent increase in the wearing and subsequent return of expensive clothes – a practice merchants call wardrobing – many retailers are taking a stronger stand against the industry's \$8.8 billion-a-year return fraud problem.

Bloomingdale's, a unit of Macy's, in February started placing 3-inch black plastic tags in highly visible places, such as the front bottom hemline, on dresses costing more than \$150 as they are being purchased. The clothes can be tried on at home without disturbing the special tag. But once a customer snaps it off to wear in public, the garment can't be returned.

The department-store chain isn't alone in trying to outwit some unscrupulous customers. Electronics retailers have turned to hefty restocking fees to discourage short-term use of expensive electronics to watch events such as the Super Bowl. Some Victoria's Secret stores are compiling lists of serial returners. And high-end outdoor goods retailer REI recently

announced it's ending its lifetime return policy after customers took advantage of its lenient rules.

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