National Retail Federation®
The Voice of Retail Worldwide

Return Fraud Survey 2011

	2007	2008	2009	2010	2011
Amount of merchandise returned every year	$ 169.37	$ 203.77	$ 181.76	$ 189.94	$ 217.00
Amount of holiday merchandise returned	$ 39.68	$ 43.30	$ 41.99	$ 44.39	$ 46.28
Amount of fraudulent returns annually	$ 10.38	$ 10.98	$ 9.40	$ 13.66	$ 14.37
Amount of fraudulent holiday returns	$ 3.54	$ 3.25	$ 2.70	$ 3.73	$ 3.48

** All numbers are in billions*

Other numbers	2007	2008	2009	2010	2011
Percent of sales returned, average	7.26%	8.70%	8.04%	8.12%	8.92%
Percent of holiday sales returned, average	8.77%	10.01%	9.75%	9.80%	9.94%
Percent of total returns retailers suspect are fraudulent	6.13%	5.39%	5.17%	7.19%	6.62%
Percent of holiday returns retailers suspect are fraudulent	8.93%	7.51%	6.42%	8.41%	7.52%
Percent of returns with a receipt retailers suspect are fraudulent	N/A	N/A	N/A	3.89%	2.89%
Percent of returns *without* a receipt retailers suspect are fraudulent	N/A	N/A	N/A	12.61%	14.02%
Percent of returns retailers estimate are made without a receipt	N/A	N/A	N/A	15.74%	19.73%

Compared to last holiday season, will your return policy this year:

	2006	2007	2008	2009	2010	2011
Loosen	4.8%	3.4%	11.0%	3.8%	5.5%	4.9%
Remain unchanged	70.2%	81.4%	71.9%	80.3%	83.6%	82.5%
Tighten	25.0%	15.3%	17.1%	15.9%	10.9%	12.6%

Does your return policy become more lenient during the holiday season to accommodate holiday returns?

	2007	2008	2009	2010	2011
Yes	35%	52%	28%	33%	37%
No	65%	48%	72%	67%	63%

Which examples of return fraud has your company experienced in the past year?

	2006	2007	2008	2009	2010	2011
Returns using counterfeit receipts	52.3%	50.8%	45.7%	43.1%	35.5%	38.6%
Wardrobing (returns of used, non-defective merchandise)	56.0%	66.1%	64.2%	46.2%	61.7%	61.4%
Return of stolen merchandise	95.2%	91.5%	88.9%	93.1%	93.5%	89.1%
Return of merchandise purchased on fraudulent or stolen tender	69.1%	83.1%	74.1%	75.4%	68.2%	81.2%
Employee return fraud or collusion with external sources	N/A	N/A	N/A	N/A	88.8%	89.1%

Has your company ever changed its policy to specifically address return fraud?

	2009	2010	2011
Yes	69%	65%	64%
No	32%	35%	36%

On a scale of 1-5 where 1 is not very important and 5 is very important, how important is the following to your company?

	2009	2010	2011
Return Fraud	3.05	3.14	3.17
Shrink	4.32	4.11	4.19

Do you require customers to show an ID when making a return? (Check all that apply)

	2010	2011
Yes, for returns with a receipt	21.1%	10.7%
Yes, for returns without a receipt	67.0%	62.1%
No, we do not require customers to show ID	33.0%	35.0%

Source: Conducted by NRF, October 2011. 103 retail respondents.