



A D2 CASE STUDY

Challenges:

- Staggeringly high product returns threatened to erode brand image and erase healthy profit margins

Solution:

- D2 applied its proven Trifecta methodology to identify key drivers, define actionable recommendations
- Took a collaborative approach to set priorities and execute primary recommendations

Results:

- Reduced product returns
- \$60 million+ in returns savings
- Identified 1,000+ product findings for future improvements

STRONG PARTNERSHIP RESULTS IN AMAZING RETURNS REDUCTION

THE CALL

In the summer of 2013, the CTO of an information technology company shared growing concerns about challenging product returns. D2 President Tony Olson described D2's proven Trifecta methodology for improving products from the customer perspective.

THE MEETING

Not long after that call, the CTO set up a meeting at U.S. headquarters. Corporate President and VP of Product Marketing heard about the holistic approach used by D2 in the Trifecta methodology—how we analyze all types of tech support events, product returns and customer reviews to build customized plans of attack for each product area. D2 provided examples how working on all three simultaneously helps develop a deeper understanding of product issues from the customer's perspective. Even though it was unusual for this company to use outside resources, after hearing about the D2 methodology and reviewing case studies that showed results, they decided to give D2 a chance.

THE PLAN

Since return reduction was the major emphasis, the Director of Returns was appointed as internal project leader. Working with her, we proposed that the effort be broken into two phases. Phase one was to find all the data, understand sources, learn what was missing, then start on the effort to clean, process, and analyze it. Phase two was to start publishing results of our analysis in executive level snapshots. This provided us with focus and prioritization on the product areas where we needed to concentrate. The snapshots led to behavioral science and communications studies, adjusted based on where the data led us, and customized to meet the problems at hand.

THE RESULTS - The ongoing analysis of the continual flow of new data allowed D2 to focus on the highest-priority product opportunities. It also allowed us to recharge the recommended behavioral science and communications study efforts to best fit to the problem at hand. All this was done with oversight and direction from our corporate partner. Together, we made sure that all projects were first approved, then completed on time and we ensured that D2 was always on budget. Over the course of Phase Two, we ran 29 projects and **uncovered over a thousand findings**. These findings led to a series of recommendations and, finally, changes. Some of the changes were made in existing products, others were fed forward to impact new follow-on products.

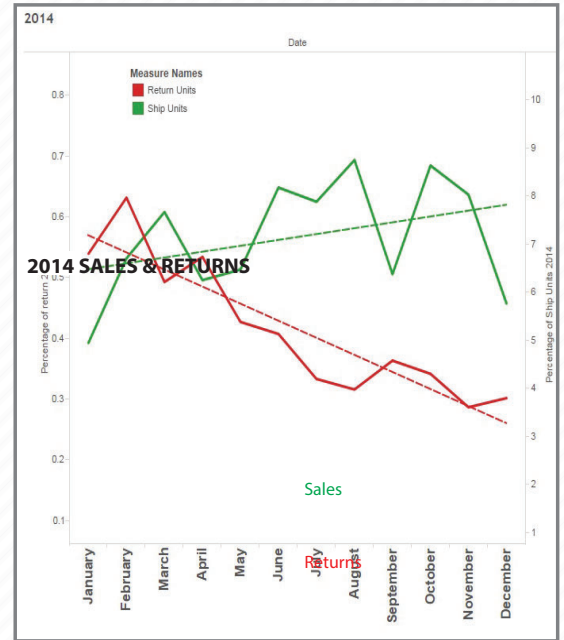


With the increase in sales from 2013 to 2014, if the return rate had remained unchanged, this company would have experienced a 50% higher return rate than they did in 2014. Not only did the number of returns not rise at the same rate as sales, they actually dropped YOY. This resulted in over a **\$60 million positive impact**. That doesn't even take into account any impact the improvement in products had on the increased sales volume.

We believe that there are likely more positive impacts regarding tech calls, and customer rating, but do not have the data for that calculation. Finally, one of the closing comments on this phase was that the outsource vendor handling returned products recently called the Director of Returns and and complained, "We can't turn a profit with so few returns to process!" Now that is a nice problem to have.

FULL DISCLOSURE

This particular Trifecta project has seen a huge product returns reduction. In our experience, the work needs to continue in order to keep the momentum going and allow the company to continue to enjoy the current success. Also, while we believe D2 had a significant impact with the project, we fully believe it was a true team effort. Congratulations needs to be given to the product teams, the support teams, and the data teams, without whose contribution, this result would not have been realized



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