



BIC Industry Returns Initiative

Glossary

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The Book Industry's Supply Chain Organisation

This Industry Returns Initiative (IRI) document is one of a set that Book Industry Communication has produced.

Together, these documents provide a detailed operational, commercial and technical overview of IRI.

BIC strongly recommends that you download and read the full set of documents. These currently comprise:

1. BIC Bite
2. Introduction
3. Stakeholders
4. Process Specification
5. Sales and Returns History
6. IRI Rule Book
7. Process Flow
8. FAQs
9. Glossary
10. Technical Specifications

A single document including all the above is also available.



12-Calendar Months' Sales History: Sufficient sales history to inform the weighted average price calculation. This is the cost price at which sale or return stock should be credited. Not to be confused with the 15-calendar month returns window.

15-Calendar Months' Sales History (and Window): The returns window for newly published titles is from three calendar months after publication date and within 15-calendar months of the date of sale. For backlist titles, returns are permitted within 15-calendar months of the last (most recent) invoice. In both cases, this assumes that there have been sales of the ISBN in the current 15-calendar month sales history window. The sales history, alongside other criteria, informs returns authorisations and rejections.

3-Calendar Months': Newly published titles cannot be returned within the first 3-calendar months of publication date.

Ageing (accounting term): The means of monitoring the status of accounts (by bookseller, publisher or distributor). An aged debtor or creditor report groups outstanding documents by business and age. An aged debtor report will list unpaid invoices owing to your business, whilst an aged creditor report will show invoices that you haven't yet paid.

Ageing (IRI term): In some ways like the accounting term above. The age of an invoice or returns request on which a specific ISBN appears will impact whether that ISBN has a returns allowance by customer group, publisher and distributor combination. The critical point in IRI ageing is 15-calendar months after the ISBN was last (most recently) invoiced. ISBNs with a last invoice date which is more than 15-calendar months (from now) will not ordinarily be authorised for return.

Authorisation: The granting of permission by the wholesaler, publisher or distributor (on behalf of the publisher) to return stock for credit.

Authorised Return: Approved according to the IRI rule book or through a separate offline arrangement.

BA: The Booksellers' Association. An industry members association and founder member of BIC.

Backlist: For the purposes of IRI, a published book that has been on sale for more than 3-calendar months. In theory a backlist title can be ordered today, received tomorrow and subject to meeting other IRI authorisation criteria, returned immediately.

Back Office System: A collective way of describing those computer systems carrying out a wide variety of business operations, including but not limited to finance, order fulfilment, distribution and returns.

BIC: Book Industry Communication. An independent organisation set up and sponsored by the Publishers Association, Booksellers' Association, the Chartered Institute of Library and Information Professionals and the British Library to promote supply chain efficiency through e-commerce and the application of standard processes and procedures. Not for profit.



Bookseller: A chain or independent bookshop or retailer. Also denotes an employee of a chain or independent bookshop.

Calendar Month: The whole of a month named in the calendar, or the period from a particular day in one month to the preceding day in the next (if that day exists).

Certificate of Destruction: The official, documentary proof provided by an accredited organisation for the destruction of authorised returns. The certificate warrants that the returned stock has been completely destroyed, cannot re-enter the supply chain and that the returning book business is entitled to credit for this stock.

Claim: A claim is a request for credit, usually arising because of a shortage, damaged or imperfect stock.

Conformance Returns: Book product subject to sale or return criteria for returns.

Customer: The constituent branches and/ or locations that make up the returns group. The customer is the bookselling business that orders and returns stock.

Debit Note: Used by some bookselling organisations, this is a commercial document used to make adjustments (deductions) to invoice payments to publishers, distributors and wholesalers to reflect returns or claims (at various stages of the returns cycle).

Distributor: Supplies books to retailers, wholesalers and libraries on behalf of publishers. They are also responsible for processing returns. The publishers are not necessarily owned by the distributors.

Dued: A book order that has been recorded due but not yet fulfilled.

EDI: Electronic Data Interchange. A structured, technical format for the exchange of time or financially critical business transactions in an automated and standardised form between computers. Transactions are processed in batches rather than in real time.

EDIFACT: Electronic Data Interchange for Administration, Commerce and Transport. The UN standard for electronic data interchange of time or financially critical business transactions in an automated and standardised form between computers. There is a set of current returns messages in the EDIFACT format.

Exception Handling: A means of handling IRI related queries and disputes offline in agreement between the commercial parties.

Firm Sale: Book product that cannot be returned under a sale or return agreement.

Furthest Back: The return that is oldest or earliest in time in the returns window.

Ghost Return: An item that was requested for return, authorised but not subsequently returned. Ghost returns can potentially impact booksellers' returns allowances by ISBN.



GLN: Global Location Number. A thirteen-digit number used in the supply chain to identify a specific business address/ location. Replaces the need for a lengthy/ imprecise postal address.

Green Box Returns: Describes authorised returns that should be returned in a resaleable condition (i.e., without sales or promotional stickers). Excludes non-conformance returns.

Invalid: Used in certain reason for rejection codes, where authorisation is refused. Instances include invalid invoice or delivery note number, invalid reference (recall, event, pre-authorisation), invalid damage or defect code.

Invoice Date: The date on which the invoice was generated, and the goods billed. The invoice is the legal document itemising books supplied, together with details of the amount owing and discounts applied. Not to be confused with publication, embargo or delivery date.

IRI: Industry Returns Initiative. The industry standard designed to automate and streamline the returns process, whereby most books are purchased on a sale or return basis.

Last Invoice Date: The date on which the latest (most recent) invoice was raised.

Example: A book invoiced on 5 January 2021, can be returned up to 30 April 2022, subject to other criteria being met.

Latest Return: Newest or most recent return in time in the returns window.

MAT: Moving Annual Total. Another way of describing a rolling annual figure whereby at the end of each month, data from the new month is added and the oldest month removed.

Most Recent Return: Newest or latest return in time in the returns window.

Net Sales: All sales (number of units rather than value) in the given period less all returns (conformance and non-conformance) for the same period for a returns group. Excludes firm sale titles and retrospective agreements but does include open or pending authorisations.

New Title: For the purposes of IRI, a new book that has not yet been published or has been published within the last 3-calendar months. New titles cannot be authorised for return within three calendar months of publication date. Other criteria may also apply.

Example: A publication date of 1 March 2022 would mean that returns authorisation could not be sought until 1 June 2022.

Non-Conformance Returns: Book product being returned for reasons other than 'sale or return'. Examples include event stock, product recalls, order cancellations, products supplied in error, damages, manufacturing defects, incorrect discounts, incorrect prices on invoices and shortages.



Oldest Return: The return that is earliest or furthest back in time in the returns window.

Open Authorisation: The retailer has applied and received authorisation to return stock but has not yet done so.

PA: The Publishers Association. An industry members association.

(Valid) Pending Returns or Authorisations: Approved according to the IRI rule book or through a separate offline arrangement, but not yet received by the distributor for processing. A RAN is valid for 3-calendar months.

Percentage Discount: The retail price less an agreed discount (cost price) represents the price paid by a book retailer for invoiced stock. When returning stock for credit, a weighted average price calculation is used to calculate the credit value. This is the average cost price based on the last 12 calendar months' sales history.

Pre-informed: Provided with information in advance. This usually refers to 'firm sale' stock, where the firm sale status is 'pre-informed' before an order is placed. Where firm sale is pre-informed, stock cannot be returned.

Publication Date: The date on which a book is officially published. This can be any day of the week, but often this is the first or third Thursday of a month. Often booksellers put books out on receipt if they arrive before publication date. If this is not allowed the book will be placed under an embargo.

Publisher: A business responsible for bringing books to the market. Publishers will usually have their own editors, marketing and publicity teams as well as a unique stable of authors. Publishers are not always responsible for managing distribution or returns.

RAN: Returns Authorisation Number. The official document and reference sanctioning the return of specified quantities of specific books.

Red Box Returns: Describes authorised returns that should be returned for destruction. The condition of such stock is immaterial. This excludes non-conformance returns.

Rejection: Otherwise known as a 'rejection response code', this denotes a returns request for which authorisation has been refused. The rejection response code will give a clear reason for the refusal.

RETANN: The first EDIFACT EDI message requesting authorisation to return stock. This is sent by the bookseller to the authorising distributor.

RETINS1: The second EDIFACT EDI message either authorising or rejecting the RETANN returns request. This is sent by the distributor to the bookseller.

RETINS2: Where the RETINS1 message may authorise returns, the third or RETINS2 EDIFACT EDI message confirms the actual ISBNs and quantities being returned. This is sent by the



bookseller to the authorising distributor at the point at which the consignment of returns is despatched.

Retrospective Credit: Another way of saying 'retro deal' or referring to 'retrospective sales'. See below.

Retrospective sales: Sales deals agreed between a publisher and bookseller to incentivise stock purchasing and promotional activities. Retros are paid based on sales performance, potentially across many lines and/ or total business after a considerable period. Including retros in returns credit calculations would mean the returns credit would be reduced. All such agreements are excluded from IRI calculations.

Returns cap: A value or volume constraint enforced by a publisher on returns from a returns group. The returns cap is calculated on a moving annual total (MAT). Non-conformance returns are excluded from such caps.

Returns credit: Relating to a credit for sale or return stock.

Returns Group: The constituent branches and/ or locations that make up the returns organisation. This is the bookselling business that orders and returns stock.

Returns History: The audit trail of sales and returns by ISBN that informs automated IRI authorisation and rejection calculations. Referring to sales and returns history to inform the IRI process is an attribute of the IRI rule book. It is consistent and applies trade wide.

Distributors may not hold full lifetime sales and returns records for all titles. This becomes more likely given that book trade organisations are constantly acquiring and divesting themselves of publishers, imprints and partial lists, often resulting in changes in physical distribution. It is important that sales and returns data is built and maintained to capture the BIC recommended minimum of 30-calendar months' history for the purposes of IRI.

Returns Request: The manual or electronic request by a bookseller to return stock for credit.

RFF14: This is the EDIFACT segment/ segment number in the RETANN message. RFF denotes the need for a reference if this segment is used. A reference is a precondition for return in certain circumstances.

Rule Book: The list of conditions that must be met to obtain credit for returns under the IRI industry standard.

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Sale or Return: The basis on which most book stock is ordered by booksellers. Unsold stock can be returned for credit within an agreed framework, such as the IRI rule book. Other considerations such as commercial terms may also apply.

Sales Window: The period during which newly published titles cannot be returned. For the purposes of IRI, this 'sales window' is set at 3-calendar months from publication date.

Shortage: Refers to a missing item. Shortages usually arise when a distributor invoices a quantity greater than that supplied.

SOR: Sale or Return: See above.

Standard Address Number: SAN. A seven-digit number used in the supply chain to identify a specific business address/ location. Replaces the need for a lengthy/ imprecise postal address.

Standard Credit Calculation: Better known as the "weighted average calculation". Based on the 12-calendar months leading up to and including the calendar month in which the book was last invoiced. Also described as "the current month plus the previous 11 months". This calculation ordinarily applies to conformance or sale or return items only.

Example: If the book was last invoiced on 15 February 2021, then the twelve-month period covers March 2020 – February 2021.

T&C: Terms & Conditions. Certain reasons for return require prior agreement between the bookseller and publisher/ distributor. Books supplied on consignment are one example where the commercial arrangement needs to be set in advance.

Tolerance: Describes the degree of variation allowed between the physical return as confirmed in the third message by the retailer and the physical stock received back in the warehouse by a distributor for processing. If the two are 95% accurate, (or less that 5% out of tolerance), then the distributor will process and close the return. Otherwise, the claim may remain open for up to 3-calendar months and potentially reduce the retailer's returns allowance during that period. 95% accuracy is the BIC recommended benchmark.

Transfer: The movement of a publisher's stock from one distributor to another.

Transition Period: The BIC recommended period during the transfer of a publisher's stock from one distributor to another when the old distributor may continue to fulfil distribution/ returns functions for the departing publisher. 3-calendar months is the recommended transition period.



Unexpired returns: Another way of saying “valid returns authorisations”. The distributor still needs to receive the third message and physical stock or certificate of destruction within 3-calendar months of the original authorisation being given. If the third message and the physical return are 95% accurate when reconciled, then the distributor will process and close the return. Otherwise, the claim may remain open for up to 3-calendar months and potentially reduce the retailer’s returns allowance during that period.

Unit Value: The cost price of one book.

Valid for 3-calendar months: Describes the applicable window for confirming returns with the third message and physically returning the stock for credit.

Valid Pending Returns or Authorisations: Approved according to the IRI rule book or through a separate offline arrangement, but not yet received by the distributor for processing.

Weighted Average Calculation: Also known as the “standard credit calculation”. Based on the 12-calendar months leading up to and including the calendar month in which the book was last invoiced.

Example: If the book was last invoiced on 15 February 2021, then the twelve-month period covers 1 March 2020 – 28 February 2021. Also described as “current month plus the previous 11 months”. This calculation ordinarily applies to conformance or sale or return items only.

Wholesaler: A business that has the attributes of a distributor and retailer. Sources stock for speedy order fulfilment. Not just large quantities of the faster selling titles, but wholesalers also source slower selling, specialist titles. The IRI parameters reflect the wholesaler’s need to receive returned stock back from its bookselling clients before it then makes a consolidated return to its own distributors – all within the 15-calendar month returns window.

