

# **BIC Industry Returns Initiative**

## **Documentation**

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**BIC BITE****The Book Industry Returns Initiative (IRI) Review 2022**

IRI is an on-going collaboration between booksellers, publishers, wholesalers and distributors to improve the management of overstock and other forms of returns. Widely recognised as the standard for the management of physical returns, IRI is based on a set of principles designed to automate and streamline the returns process. It ensures that no one returns organisation can gain an unfair commercial advantage via the process. The focus of the 2022 review was to ensure that all support materials were comprehensive, readily understood and reflected the needs of today's returns stakeholders.

**Why use IRI?**

Booksellers need quick responses to returns requests. Physical space is at a premium and the shelf life of some titles is quite short. The swift processing of book returns is crucial to freeing up the space and budget needed to run a successful business. With IRI enabled systems able to look at title status as well as sales and returns history, publishers and distributors can automatically grant or refuse returns authorisations based on an industry wide set of rules. Distributors have advance notice of expected returns consignments, and the parcels bear a barcoded label detailing the contents.

**IRI Rule Book Summary**

The IRI Rules, agreed by all returns management stakeholders, replace individual policies between trading partners. The rules are as follows, with detailed information available on the BIC website.

**RULE 1.** Pre-authorisation is required via standard electronic communications (EDI, Batch Returns, BIC Realtime or pre agreed text files). Automation enables returns requests to be authorised or rejected within minutes.

**RULE 2.** Sale or return (SOR) stock will be accepted, assuming other rule book criteria are met. Stock that was invoiced on a pre-informed firm sale basis, will be refused.

**RULE 3.** The returns window for newly published titles is from 3-calendar months after publication date and within 15-calendar months of the last (most recent) invoice. For backlist titles, returns are permitted within 15-calendar months of the last (most recent) invoice. In both cases, there must have been sales of the ISBN in the current 15-calendar month sales window.

**RULE 4.** The returns request must not exceed the sold volume by ISBN in the current 15-calendar month window. The retailer should not be credited for more copies than they purchased.

**RULE 5.** Where applicable, the returns request must not exceed pre-agreed cap limits at organisation level. The percentage can be based on volume of sales and/ or value, typically at publisher level. Where these caps exist, they are to be enforced at organisation level or by trading partner agreement in advance.



**RULE 6.** Where approval is granted for sale or return stock, the agreed weighted average calculation, also referred to as the standard credit calculation, will be used.

**RULE 7.** For non-conformance returns only, apply the credit immediately and with reference to the original invoice value. A non-conformance return is any return which does not conform with the terms of trade. This includes damaged stock, misprinting, incorrect binding or a shortage.

**RULE 8.** Returns authorisations are only valid for 3-calendar months from the date of authorisation. Unused returns authorisations will lapse and no longer be valid after 3-calendar months from the date of authorisation. Should the bookseller wish to return the items after this time, a new request must be sent.

**RULE 9.** Booksellers must print out and label their returns parcels with the RAN barcoded label provided by distributors.

**RULE 10.** Booksellers must ensure that the whole RAN consignment is shipped at the same time, even if there is more than one parcel.

**RULE 11.** Booksellers must send a third message detailing what is being returned at the same time that they send the parcel(s) to the distributor. This confirms what is being returned as opposed to what was originally requested for return. It enables the distributor to complete the return and issue credit.

**RULE 12.** A nil return is required if a book authorised for return is not subsequently sent back. Not sending the third or confirmation message (or sending an inaccurate one), may delay the processing of the credit note by up to 3-calendar months. Ghost returns may reduce a retailer's returns allowance.

**RULE 13.** Booksellers must not send parcels that are heavier than current Health & Safety guidelines. Distributors, couriers and booksellers may have additional policies with which to comply.

**RULE 14.** Booksellers returning books in 'green box' consignments must ensure that these are in a resaleable condition and with all their stickers and markings removed.

**RULE 15.** Publishers must give permission to their distributors to undertake IRI transactions on their behalf.

**RULE 16.** Publishers must instruct their sales representatives not to interfere with IRI processes. Non-conformance returns are the exception.

**RULE 17.** Publishers must agree to the use of the weighted average calculation for conformance returns by their respective distributors.

**RULE 18.** Distributors or self-distributed publishers must have the necessary IRI capable systems that adhere to the IRI Rule Book.

**RULE 19.** Distributors should be able to receive returns requests from Batch Returns and via EDIFACT EDI as a minimum. These are known as the 'first message'. Other electronic standards, such as BIC Realtime and standard text files, should be considered if there is a business case.



**RULE 20.** Distributors must be able to supply an EDIFACT EDI (RETINS1) message giving authorisation, (or equivalent Batch message), as well as a RAN number and a printable barcoded label in a timely manner. This is known as the second message.

**RULE 21.** Distributors must be able to receive a bookseller's third message i.e., EDIFACT EDI RETINS2 or Batch Returns confirmation, stating the actual contents of the returns consignment.

**RULE 22.** Distributors should process the return and credit it in the current calendar month (i.e., the month in which the returns consignment was received). Otherwise, back date the credit to the month in which the returns were received.

**RULE 23.** Distributors should apply credits to the retailer's account as per the retailer's normal credit terms.

**RULE 24.** Distributors should exclude retrospective deals from all IRI calculations and related credit notes.

### **Exceptions**

IRI rules enable booksellers and publishers to agree a default position for managing returns as efficiently as possible. However, trading partners can and should agree a flexible approach to the IRI rules to ensure the process reflects the needs of specific types of trading relationship and avoids unnecessary manual intervention. Any such agreement should be bilateral and in place in advance.

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## **INTRODUCTION**

The book Industry Returns Initiative, or IRI for short, is a cross-industry standard designed to reduce the cost of returns processing.

Whilst there are direct financial implications for processing returns, the time and effort expended on identifying, documenting, authorising, packing, shipping, restocking books and managing what can be at times an opaque and adversarial process should not be underestimated. Indeed, in an era where ‘responsible consumption and production’ is one of the United Nations’ Sustainable Development Goals, far from being a drain on limited book industry resources, the adoption and implementation of IRI is a must. It delivers a set of clear and unambiguous rules-based guidelines for the management of returns.

Many organisations in the book industry recognise the need for overstock returns and agree that IRI has been responsible for huge cost reductions in returns administration and processing. No longer a wholly manual and labour-intensive set of routines, the automation of returns authorisation processes enables booksellers to request permission to return books and receive a rapid authorisation or rejection message from computer systems with access to accurate product metadata as well as sales and returns history.

## **VALUE**

IRI has been an integral part of the book supply chain for nearly 20 years and has been adopted by well-established and internationally recognised organisations including Cambridge University Press & Assessment, Hachette Distribution, HarperCollins, Macmillan Distribution, Penguin Random House UK, WHSmith, Waterstones and John Wiley & Sons.

The value of IRI lies in the automation of significant and labour-intensive parts of the returns process. It recognises the diverse nature of our physical supply chain and the inherent complexity that such a supply chain has created over an extended period. Key stakeholder roles and responsibilities are documented.

**FAIR.** IRI is based on a set of rules that ensures that no organisation can seek or gain unfair commercial advantage through the process. The rules apply equally to all participants and this transparency reduces the potential for returns related disputes.

**RELEVANT.** Pressures post COVID19 and BREXIT mean that the book supply chain is stretched with too many demands being made on too few personnel. IRI has a role to play in helping manage returns and ensures that only legitimate returns re-enter the supply chain.

**RESPONSIBLE.** There is a heightened awareness of how we as individuals and supply chain professionals contribute to social and environmental pressures on our planet. One of the United Nations’ Sustainable Development Goals focuses on ensuring responsible consumption and production patterns. Implemented and operated well, IRI does not increase returns or returns waste. In fact, it can have the opposite effect by providing



reassurance to retailers that books can be kept in front of consumers for a reasonable period before requesting authorisation to return and obtaining credit in a timely manner – assuming the necessary IRI criteria have been met.

**EFFICIENT.** The whole returns process, from identifying returns, through listing on paperwork and seeking authorisation, is labour intensive and heavily reliant on manual intervention. In an industry where publisher and distributor organisations are constantly acquiring and divesting themselves of publishing houses, imprints and partial lists, it is difficult to keep track of who is responsible for granting/ refusing returns authorisations and what the specific commercial terms for returns are. IRI simplifies the process by automating repetitive and time-consuming tasks and removing unnecessary human intervention that causes delays, queries, misunderstandings and errors.

**RESPONSIVE.** By automating returns requests as well as the calculations on which returns authorisations and rejections are based, an inherently lengthy process has been reduced, for most returns requests, to a matter of minutes.

BIC welcomes feedback from IRI stakeholders and potential adopters. It regularly reviews returns documentation to ensure that it remains relevant, fit for purpose and reflects current industry best practice. Please contact BIC via email: [info@bic.org.uk](mailto:info@bic.org.uk) or telephone: +44 (0) 20 4551 1570.

#### IRI PARTICIPANTS INCLUDE

| Organisation                            | Organisation Type      |
|---|------------------------|
| Batch Returns                           | Service provider       |
| BISG                                    | Standards organisation |
| Blackwell's Bookshops                   | Retailer               |
| BookNet Canada                          | Standards organisation |
| Cambridge University Press & Assessment | Publisher, distributor |
| Foyles Bookshops                        | Retailer               |
| Hachette UK Distribution                | Publisher, distributor |
| Hatchards                               | Retailer               |
| Hewson Books                            | Independent retailer   |
| Hungerford Bookshop                     | Independent retailer   |
| Ingram Publisher Services               | Distributor            |
| Macmillan Distribution Ltd              | Publisher, distributor |
| Pearson                                 | Publisher, distributor |
| Penguin Random House Distribution       | Publisher, distributor |
| WHSmith                                 | Retailer               |
| Waterstones                             | Retailer               |
| John Wiley & Sons                       | Publisher, distributor |
|   |                        |



## STAKEHOLDERS

Much like efficient ordering processes in our industry, IRI is based on understanding the roles of the respective players in the returns process and the tools available to them to:

1. Key the returns request once, and once only.
2. Automate the routing and subsequent authorisation or rejection of that request.
3. Make the returns status clearly visible.
4. Integrate returns management with related systems to avoid delays, manual intervention and the risk of errors occurring.

IRI is an agreement between booksellers, publishers and their distributors that enables the automation of returns. It includes sale or return (conformance) stock as well as other types of returns claims (non-conformance) such as shortages, damages and event stock:

1. Implementing IRI significantly reduces the cost of returns handling and associated administration.
2. It replaces thousands of publisher specific returns policies which cause confusion and delay, with one trade wide negotiated set of rules that is balanced and transparent. No one party can gain an unfair commercial or competitive advantage.
3. The IRI rules set out how returns should be managed and the roles of the respective parties in the physical returns supply chain.
4. Some trading partners may wish to vary the rules to better suit the needs of their business and clients. This is done by exception and requires prior agreement between the parties. Care should be taken not to undermine the purpose of IRI, which is to speed up the authorisation/ rejection process and remove the need for manual intervention.

### The Role of the Bookseller

IRI enables booksellers to efficiently request permission to return books to self-distributed publishers, distributors and wholesalers. Booksellers receive very rapid authorisation or rejection of the requests based on clearly defined and understood cross industry rules.

There are four main ways of managing IRI processes: via Batch Returns, EDI, BIC Realtime or pre-defined text files.

#### Batch Returns

Batch Returns is a web-based returns authorisation request service owned by the Booksellers Association. It is used by independent booksellers and several chains.

- Booksellers register for and then log into Batch Returns, input details of the books they wish to return, and receive an authorisation or rejection message, based on the IRI rules.





- If the request has been authorised, booksellers confirm the quantities of the ISBNs being returned with a confirmation message. They then affix a barcode to the parcel.
- Batch Returns does not enforce IRI rules or make any returns decisions. It is simply a means of communication, enabling booksellers and publishers/ distributors to exchange returns requests, authorisations and rejections.
- For more information visit: <http://www.batch.co.uk>

## EDI

Some larger booksellers (chains and independents) using bookshop management systems may wish to use EDI protocols to exchange returns messages with distributors.

Three EDIFACT EDI messages are required:

- The RETANN for the returns request from the bookseller to the distributor. Otherwise known as the first message.
- RETINS1 for the distributor's response, granting authorisation or informing of rejection. Otherwise known as the second message.
- RETINS2 for the bookseller to confirm what is actually being returned. Final quantities can be no higher than those quoted in RETINS1. This final message is known as the third message.

## BIC Realtime

*BIC Realtime* is a suite of APIs / web services supported by BIC to improve communication in the book supply chain. The messages and their responses are received live or in 'real time'.

- APIs may be an alternative to EDI returns or Batch Returns, or simply complement these services.
- APIs enable booksellers to send returns requests.
- Distributor systems can reply with an authorisation or rejection as appropriate.
- Booksellers confirm the final quantity of books being returned.

## Text Files

When the use of EDI is not appropriate, it is possible to use a set of pre-defined text files to communicate the same data. This requires both trading partners to support the BIC approved text file format.

Booksellers are advised to talk to their major trading partners and their own systems provider to determine the best way of creating and exchanging IRI messages.



## The Role of the Distributor

Distributors wishing to join IRI must have or must develop the necessary systems to handle electronic returns requests. This includes:

- The automatic look up of product metadata.
- The retention of at least 30-calendar months' sales and returns history.
- The generation of automated returns authorisations and rejections.
- Create and read a barcode on a box of returns.
- Access the data contained in the returns confirmation message (EDI RETINS2 or the equivalent message from Batch Returns, or comparable API or text file message).
- Close off any confirmed returns that are complete or within the recommended BIC tolerance, or failing that, clear any outstanding / pending returns after 3-calendar months have elapsed.
- Issue credit notes aged appropriately according to the bookseller's contractual payment terms.

It is important that the distributor's system is parameter driven to enable it to accommodate rule variations by exception. For example, supermarkets may wish to return books after 2 rather than 3-calendar months. If the client publisher agrees, it is essential that the distributor system can accommodate rule changes.

It is also critical that all the distributor's client publishers agree to the distributor's role in IRI. Some distributors have allowed some publishers to opt out. This is not good practice. It means managing two distinct returns processes – one automated, the other manual. This not only impacts the distributor, but booksellers too. BIC recommends that distributors make IRI a mandatory part of their service. This maximises the value and impact of IRI as well as helping to cost-justify the development of the necessary returns systems and processes.

At a minimum, distributors should be capable of exchanging returns messages via Batch Returns and EDI. In addition, pre-defined text files or APIs using BIC Realtime can be considered if there is a business case.

## The Role of the Publisher

The publisher gives permission to distributors to join IRI. Publishers should see returns as an important part of managing their supply chains. Whilst the distributor must have the systems necessary to deploy IRI, it is publisher support that is critical to enabling IRI to work.

### Publishers will need to:

- Let go of the routine authorisation of manual returns requests.
- Ensure that their sales representatives do not circumvent IRI.



- Delegate the authorisation and rejection function to their distributor's systems.

These can be difficult steps to take. It is vital that the value and impact of IRI are fully understood by publishers before IRI is implemented.

**The value and impact come from:**

- Systems authorising returns automatically.
- Systems making the vast majority, if not all, returns decisions according to the industry negotiated rule book.
- Minimising workarounds and exception handling.
- Improved returns management and lower costs.
- The automatic secure granting of credit, subject to contractually agreed credit terms.
- This is not about losing sales, but efficient stock management. This may include reducing the need to sanction costly reprints, proactively reallocating stock according to demand and freeing up bookseller budgets and physical space to order new or faster selling titles.
- Improved sustainability and green credentials by reducing unnecessary returns.

Ideally, publishers that use a third-party distributor should adopt IRI by authorising their distributor to manage IRI on their behalf. Non-IRI compliant publishers should encourage their distributor to adopt the industry recognised standard. If publishers have their own concerns about adoption, BIC can offer an insight into the positive impact that IRI has made on the industry and provide details of reference sites.

Publishers that do their own distribution should adopt IRI either by developing the necessary systems or by electing to use Batch returns to manage returns requests.

**Batch Returns for Publishers:**

**Publishers can log into Batch Returns to:**

- View all their returns requests from booksellers.
- Create authorisation messages or reject returns requests using drop down menu options.
- Immediately communicate results back to booksellers.
- Generate a RAN (returns authorisation number) that the bookseller can print out and place on the returns parcel.
- View confirmation messages coming back from booksellers stating what is being returned.

Publishers can register online and start to manage returns immediately. Large numbers of booksellers use Batch Returns as they are familiar with the process.



Batch Returns also enables publishers to manage returns from non-standard customers, such as supermarkets, that may have negotiated different terms and conditions for returns.

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## PROCESS SPECIFICATION

### Returns Request Process at Booksellers:

The key principle of the process is that returns must be pre-notified to and pre-authorised by the distributor. For the majority of electronic returns transactions, this will be a wholly automated process. Manual intervention should be the exception.

Booksellers should list titles for return in an electronic message to the distributor. Whilst booksellers have their own processes for identifying and tracking titles for return, it is recommended that the electronic message includes titles for all publishers and imprints handled by a distributor.

The electronic message should conform to one of the following formats and the exchange of messages in the agreed format should be confirmed with the distributor at the outset:

1. Via EDI, using the BIC EDIFACT returns message.
2. Via Batch Returns, using their web-enabled returns mechanism.
3. Via the agreed Text File Specification format.
4. Via APIs, such as BIC Realtime.

The returns requests must be automatically downloaded to the distributor's system without manual intervention. BIC recommends that publishers and their respective distributors do not allow sales representatives, agents or customer facing staff to circumvent the process by manually authorising returns.

The returns request should replicate the message structure of the EDIFACT EDI message. The mandatory information required is:

1. The message identifier. In the EDI message, the customer's returns request number must be unique to the bookseller. In Batch Returns, a message identifier is automatically generated. Duplicates will be side-lined.
2. The GLN or SAN of the bookselling organisation (and branch where applicable), as well as the distributor's GLN details.
3. Contact email address.
4. ISBN13 or EAN13.
5. Quantity.



6. Reason for return (using a valid BIC Returns Code, the default is overstock).

If a bookseller has not received a response to a returns request within one working day, they should contact the relevant distributor.

**Returning Damaged or Imperfect Copies (non-conformance returns)**

Whilst most returns will be made on a sale or return basis for overstocks, booksellers can use the same process to request credit for other situations, such as shortages, damages, imperfections, promotion or event stock. The full Reason for Return Code List and the conditions under which such returns or credit claims will be accepted are shown overleaf.

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## Reason for Return Codes with Associated Authorisation and Rejection Codes

| Code | Reason for Return   | T&C | Reference(s) Required in RFF Segment 14  | Basis of Credit   | Authorisation Response | Rejection Response |
|------|---|-----|--|---|------------------------|--------------------|
| B00  | Overstock: surplus to requirement   | N   | None   | Weighted average  | A01, A02               | R01 – R07 (or R09) |
| B01  | Overstock: supplied on consignment  | Y   | None   | No credit required  | A01, A02               | R01 – R07 (or R09) |
| B10  | CODE UPDATE:<br>Promotional or event stock, or preauthorised by supplier          | N   | Preauthorisation reference; invoice number if known. The publisher and distributor need to share the authorisation reference (and invoice number) with the bookseller. Both should be quoted. Distributors may need to manually intervene. Use B98 if B10 can't be complied with | Credit as per invoice or at weighted average                          | A01                    | R10 (or R09)       |
| B11  | ISBN recall   | N   | Supplier's reference; invoice number if known  | Credit as per invoice, or at latest price supplied or a current price | A01                    | R10                |
| B12  | Order cancelled by customer or dued in error or due not cancelled prior to supply | N   | Invoice number   | Credit as per invoice   | A01, A02, A03 (or A04) | R08                |



| Code | Reason for Return  | T&C | Reference(s) Required in RFF Segment 14                      | Basis of Credit   | Authorisation Response | Rejection Response |
|------|--|-----|--|---|------------------------|--------------------|
| B20  | ISBN supplied and invoiced was not ordered (or ISBN ordered was supplied and invoiced twice) | Y   | Invoice number   | Credit as per invoice   | A01, A02, A03          | R08, R12, R14      |
| B30  | ISBN supplied was received damaged   | Y   | Invoice number and Damage Code (see separate table)          | Credit as per invoice   | A02, A04, A05          | R12 or R13         |
| B31  | ISBN supplied has a manufacturing defect   | N   | Invoice number if known and Defect Code (see separate table) | Credit as per invoice or at weighted average when the invoice is no longer identifiable | A02, A04, A05          | R13                |
| B80  | Incorrect discount given   | N   | Invoice number and expected discount                         | Credit as per invoice and recharge at the correct discount rate                         | A04, A06 (or R11)      | R99                |
| B81  | Incorrect price on invoice   | N   | Invoice number and expected price                            | Credit as per invoice and recharge at the correct price                                 | A04, A06 (or R11)      | R99                |
| B82  | NEW CODE:<br>Sundry charge claim   | N   | Invoice number   | Credit as per invoice   |                        |                    |
| B90  | Shortage: order quantity was invoiced but not supplied in full                               | Y   | Invoice number   | Report only. Subject to agreement with supplier. Credit as per invoice                  | R11                    | R12 (or R11)       |
| B91  | ISBN supplied was not ordered and not invoiced, or too many                                  | Y   | Invoice number   | No credit required  | A01, A02 or A03        | R12                |





|             |                                    |                |  |                        |                               |                           |
|-------------|------------------------------------|----------------|--|------------------------|-------------------------------|---------------------------|
|             | copies were sent and not invoiced  |                |  |                        |                               |                           |
| <b>Code</b> | <b>Reason for Return</b>           | <b>T&amp;C</b> | <b>Reference(s) Required in RFF Segment 14</b> | <b>Basis of Credit</b> | <b>Authorisation Response</b> | <b>Rejection Response</b> |
|             |                                    |                |  |                        |                               |                           |
| B98         | CODE UPDATE:<br>Exception handling | Y              | Returns outside agreed date parameters         | At weighted average    |                               |                           |
|             |                                    |                |  |                        |                               |                           |

Note: Books that have been supplied for a specific time-limited promotion can be returned outside the normal parameters for overstock returns provided that the order has been placed on those terms and a reference has been assigned to the promotion which can be quoted by the bookseller in the returns request. The returns reference will become invalid at the conclusion of the three-calendar month window and any remaining stock for return will be subject to the normal overstock parameters. See code B10.

[continued overleaf]



Booksellers requesting return of damaged or imperfect copies must supply details of the damage or imperfection using the codes allocated for that purpose.

**Reason for Damage Codes:**

| Code | Description                                   |
|------|---|
| C01  | Carton damage resulting in damage to contents |
| C02  | Carton intact, but damage to contents         |

**Reason for Defect Codes:**

| Code | Description   |
|------|---|
| D01  | Binding errors, including duplicate or missing pages                              |
| D02  | Bad trimming: pages torn or creased   |
| D03  | Defective quality; out of register, uneven colour (use also for non-book product) |

**Authorisation Processes at Distributors:**

Returns requests will be assessed for compliance with the IRI Rule Book parameters programmed into distributors’ systems. For overstock returns, these are as follows:

1. The quantity for return must not exceed the total number of copies invoiced (or placed on consignment), net of previously authorised returns and valid pending returns authorisations, supplied to the bookselling organisation in the previous 15-calendar month period.



2. No copies of the title are to be accepted until 3-calendar months after publication date for newly published titles. For backlist titles, returns are permitted within 15-calendar months of the most recent invoice, assuming that there have been sales of the ISBN in the current 15-calendar month sales window.
3. No copies of the ISBN for return are to be accepted after 15-calendar months have elapsed since the month end following the most recent despatch of the title to the bookselling organisation, assuming there have been sales of the ISBN in the current 15-calendar month sales window; and then only provided the number of copies does not exceed the number supplied, net of previously authorised returns and valid pending returns authorisations, in the 15-calendar month window leading up to the returns request.
4. No returns are to be accepted against quantities supplied on a firm sale basis, where firm sale was pre-informed and valid when invoiced. This does not apply where the products are made firm sale after they are invoiced and supplied. It is important that booksellers are informed by the publisher of any firm sale condition before the order is placed, and that it is clearly indicated on both electronic and paper invoices. The quantity supplied on a firm sale basis will be excluded from returns allowance calculations.
5. No returns are to be accepted after any commercially negotiated and agreed returns cap, by value or volume, has been reached. The cap is calculated based on a moving annual total.

The distributor's system will be programmed to accept or reject the request and will automatically generate response messages. Where returns are authorised, more than one response is possible. One will list books required to be put back into warehouse inventory, referred to as 'green box', and another for books that will be destroyed, known as 'red box'. Where multiple return addresses exist – or in the case of 'red box' messages where different instructions for disposal apply, separate messages will be sent to cover each situation. 'Green box' returns must be returned in resaleable condition, without bookseller stickers and markings.

Whilst it is customary for distributors to require the return of the complete book before giving credit, the Authorisation Code List also allows for distributors to request the return of the title page only, or invite booksellers to keep copies incorrectly sent, without charge.

Where non-conformance returns are accepted, credit will be given at the original invoiced price where the invoice number can be quoted. Exemption is given from the additional parameters applied to overstock returns. Non-conformance returns are also excluded from returns cap calculations.



There may be financial adjustments to be made by the publisher resulting from non-conformance returns (such as claims from printers for imperfections, from carriers for damages in transit, or from distributors for incorrect deliveries). Mechanisms may need to be put in place by the distributor to report the necessary information to the publisher.

Distributors are strongly advised to include in the 'green box' message only titles that they intend to return to stock for resale. Booksellers are entitled to expect full credit to be given for all books returned which are listed as 'green box', provided that reasonable care has been taken in handling those titles. The IRI process does not supplant any existing commercial obligation on booksellers to remove stickers or price markings which they have applied, or to pack and handle books required for restocking with care. If individual booksellers persistently fail to do this, distributors may withhold credit until the matter is resolved by discussion between the bookseller and the publisher.

Titles listed in 'red box' returns will be credited regardless of condition.

**Response Codes Authorising the Requested Return or Claim for Credit:**

| <b>Code</b> | <b>Description</b>   |
|-------------|--|
| A00         | NEW CODE: Stock can be destroyed on site and a certificate of destruction issued |
| A01         | Authorised: return to the supplier in resaleable condition                       |
| A02         | Authorised: return title page only to the supplier                               |
| A03         | Authorised: keep as a complimentary copy, credit will be given in full           |
| A04         | On hold pending further investigation  |
| A05         | Return to the supplier regardless of condition                                   |
| A06         | Claim authorised for credit  |
|             |  |

[continued overleaf]



## Response Codes Rejecting or Acknowledging the Requested Return or Claim for Credit:

| Code | Description   |
|------|---|
| R01  | Returns quantity higher than quantity supplied  |
| R02  | Too early (outside IRI parameters)  |
| R03  | Too late (outside IRI parameters)   |
| R04  | Supplied firm sale  |
| R05  | Exceeds agreed trading cap  |
| R06  | ISBN13/ EAN13 not known, or not supplied by us, or not sent in the RETANN message   |
| R07  | No longer supplied by us, refer to new supplier   |
| R08  | Invoice (or delivery note) number not supplied or invalid   |
| R09  | Distributor unable to authorise, apply direct to publisher  |
| R10  | Reference not supplied or invalid (used for publisher recall reference, promotion or event reference or pre-authorisation reference)  |
| R11  | Acknowledgement of claim – no return involved   |
| R12  | Returns request outside supplier's terms and conditions   |
| R13  | Damage/ defect code not supplied or invalid   |
| R14  | Claim rejected: record shows claimed items were supplied as ordered   |
| R20  | NEW CODE: Correct discount. Codes R20 – R30 all require manual intervention and/ or further investigation. There is potential for mistakes by the bookseller and the distributor. None of these specific codes precludes further negotiation. |
| R21  | NEW CODE: Correct price   |
| R22  | NEW CODE: Not short supplied  |
| R23  | NEW CODE: Proof of delivery supplied  |
| R24  | NEW CODE: Return not received   |
| R30  | NEW CODE: Response to be handled offline  |
|      |   |



| Code | Description   |
|------|---|
| R90  | NEW CODE: To enable booksellers to report shortages and other claims not involving physical returns. The automatic response may only be an acknowledgement. In the case of shortages, there will be no response and no automatic credit issued. Messages sent under this code will be referred to the distributor's appropriate department for action |
| R91  | NEW CODE: Automatic returns not allowed (export retailer)   |
| R99  | Request not supported electronically: please contact the supplier for separate authorisation  |

### The Process Following Authorisation or Rejection:

Each of the returns response messages will have a separate and unique eight digit returns authorisation number (RAN) allocated to it. This comprises a seven-digit serial number plus a check digit.

The response message will be sent by whatever means was used for the original returns request. It will contain the following components:

- A message type indicator to show whether the lines listed relate to books to be returned for restocking ('green box') or to books for disposal ('red box').
- The RAN.
- An ISBN13-by-ISBN13 report on the returns request.
- A field indicating the unit value of the credit and the percentage discount this represents against the current published price.

For overstock returns, the value of the credit will be the weighted average cost price of supplies of that item to that customer (at organisation level) in the calendar month in which the latest supply was made plus the preceding 11-calendar months. This will be rounded to two decimal places. The calculation will include previous overstock returns credits (books returned under codes B00 and B10) but will usually exclude non-conformance credits.

It may not be possible for the bookseller to quote an invoice number if a manufacturing imperfection only becomes apparent after the book has been put on the shelves. In this case, credit will be given using the weighted average method. Other returns made for non-conformance reasons, where an invoice number is quoted on the returns request, will be credited at the original sale value assuming other criteria are met. There may be situations



where the claim is rejected.

Returns authorisations are valid for 3-calendar months, after which a new request will be required.

### **Rejection of authorisation requests**

In the case of non-authorisation, reasons for rejection (that is, the parameters with which the request does not comply) will be provided.

### **Booksellers' Physical Handling of Authorised Returns:**

Booksellers should consolidate authorised returns by RAN. Titles appearing on different RANs should not be mixed within individual parcels. Books appearing on the RAN listing titles which are required back for restocking ('green box') should be packed with care, with stickers and other markings removed (unless there is a prior agreement with the publisher). This is not necessary for books which are listed as being for disposal ('red box'). 'Green box' and 'red box' returns must not be mixed.

The returns authorisation messages will include a facility which will enable booksellers to print out a return address label incorporating a barcoded representation of the RAN. This can be printed either singly onto A4 copier paper for taping onto parcels or two-up on a standard Avery label. Information about this label and the barcoding program may be found at <http://www.bic.org.uk/30/Bar-Coding-RFID/>

Returns parcels should comply with current health and safety guidelines, as well as any specific limits imposed by individual distributors.

Since it is not always necessary for the full number of copies authorised to be returned (so that sales of the title in question can continue to take place), booksellers are required to send a returns confirmation message (the RETINS2 message, Batch Returns or API equivalent) which notifies the distributor of the actual number of copies being returned. This message should be sent when the return is finalised and the books are ready to despatch. The number of books returned must not exceed the number authorised.

If the bookseller decides not to return any copies of an authorised return, a nil quantity should be included in the returns confirmation message to ensure



that the quantities originally authorised are not taken into account when future returns of that title are requested for authorisation.

If there are no changes to the quantities authorised, the EDI message or equivalent returns confirmation message should still be sent. In the case of the EDI message, this may include the RETINS2 message header only.

It is essential that all returns covered by a single RAN are returned at the same time and that the parcels are correctly numbered so that all lines within the RAN can be processed and credited together.

### **Physical Handling of Returns by Distributors:**

When books are physically returned, distributors must record the actual date of receipt within their returns processing system. Only parcels carrying the RAN will be eligible for automatic credit. The barcode will enable the relevant returns authorisation to be accessed for editing purposes.

Barcodes on the individual books will be scanned to verify the quantity returned. If the number of units covered by an individual returns confirmation message received reaches an appropriate threshold (BIC recommends 95%), a credit note will be raised and posted to the relevant customer statement. If the returned quantity does not reach the threshold set when all parcels have been processed, the credit note will not be released without further intervention.

Credits should be posted to customers' accounts within 48 hours of validation in the warehouse. However, all credits will be aged so that benefit is given within the calendar month of receipt of the return. In cases where the return is not processed for operational reasons until the calendar month following receipt (e.g., returns received too close to month end), the credit will be automatically aged to reflect the date of receipt.

### **Local disposal**

In certain cases, local disposal arrangements may have been agreed between a publisher and a bookseller. In such cases, a 'red box' message will be generated listing the titles in question. The returns confirmation message should be sent when the books have been assembled for pulping or are ready to be consigned to a third party for destruction. However, credit will not normally be given until a signed certificate of destruction, accompanied by the





relevant RAN barcode if required, have been received by the distributor and the quantities validated. When this has been done, credit will be given within 48 hours, aged back to the date of the destruction certificate.

**Settlement terms**

For overstock returns, credit terms will be identical to normal trading terms and deductions made only at the end of the credit period. Booksellers may wish to raise debit notes for internal management accounting purposes, but they must not send them to suppliers or make payment deductions on the strength of them. The system is designed to ensure that both invoices and credit notes are the responsibility of the supplier and are handled on an exactly equal basis.

In a limited number of cases, and by agreement, booksellers may wish for a debit note to be used as the definitive commercial document. This is an acceptable practice provided that the valuation used is identical to the valuation calculated by the distributor on the returns authorisation, adjusted for any changes to quantities returned as detailed in the third message, and that the benefit of the debit note is taken as per normal trading terms and no earlier. The debit note must not be raised until the return is finalised and the returns confirmation message sent. It must not be dated earlier than the date of despatch of the returns to the distributor.

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## **ROLE OF SALES AND RETURNS HISTORY**

The returns authorisation process is complex at the best of times. Even with IRI's automation underpinning the process, occasionally valid returns may be rejected, simply because of the way in which booksellers manage their orders and returns.

Having complete and accurate sales and returns history is essential in a number of situations:

1. In cases of appeals by booksellers against returns rejections generally.
2. When invoice and/ or credit transactions are aged and gradually move out of the current 15-calendar month window for sales and returns, unforeseen rejections may occur.
3. Where a publisher, imprint or list is divested or acquired, and distribution arrangements change.
4. When a distributor or self-distributed publisher transitions to IRI for the management of automated returns.

Each new returns request should be apportioned against the oldest invoice in the current 15-calendar month window. Any surplus should be apportioned against a newer invoice. At no point does IRI attempt to tie back individual returns requests to specific sales of the same product.

These returns could relate to multiple previous sales of the same ISBN and it is not possible to consistently or accurately match a return to a specific sales invoice. The retailer is not required to identify the invoice to which a returns request relates (except for non-conformance returns), and the application of returns groups (collective sales history across multiple accounts of the same customer) makes this impossible.

When reviewing a customer's net sales history, it is impossible to know precisely which period a prior credit note belongs to. For simplicity, when looking at the net units available to authorise a new request, distributors may extend the sales window by up to 15-calendar months from the date of the most recent credit to see if there are further transactions, particularly invoice transactions, for the affected ISBN, that would materially change the original decision to reject the returns request. It is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.

The 'calendar month' as a unit of time is very important to IRI and informs various rules and processes. There are also blocks of time that have important functions in the IRI process.

### **The purpose of 15-calendar months:**

The returns window for newly published titles is from 3-calendar months after publication date and within 15-calendar months of the last (most recent) invoice, assuming that there have been sales of the ISBN within the current sales window equal to or in excess of the requested returns quantity. For backlist titles, returns are permitted within 15-calendar



months of the last (most recent) invoice, assuming that there have been sales of the ISBN in the current 15-calendar month sales window.

### **The purpose of 30-calendar months:**

#### **1. Acquisitions and Divestments:**

It is recognised that 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. This often results in changes in physical distribution arrangements. However, 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 (trading partner relations, acquisitions and divestments, continuity).

Where distribution arrangements do change, it is strongly suggested that a transition period is negotiated (usually 3-calendar months) to facilitate the receipt of returns by the old distributor and to allow the new distributor to upload sales history to facilitate returns longer term. It is also recommended that the full sales and returns history, covering a minimum of 30-calendar months for every title and customer, is transferred to the new distributor as part of the transition process. It is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.

Sales and returns history for newly published titles should be built up as a matter of routine from publication date.

#### **2. Exception Handling:**

Up to 30-calendar months' sales and returns history is also recommended for exception handling. Namely, to authorise rejected returns correctly in limited circumstances, as well as for more pragmatic customer relationship purposes.

However, it should be noted that if there have been insufficient sales of a specific ISBN in the current 15-calendar month sales window, then there is no automatic returns allowance and no automatic authority to return. To authorise returns correctly it is not sufficient to have only the 15-calendar months' history since the book was most recently invoiced. 30-calendar months' sales history is required to accurately and fairly authorise returns for books invoiced, because the ageing of invoice and returns transactions moves them beyond the current 15-calendar month window and may affect returns allowances in the present window. Again, it is important to note that this does not mean that returns quantities should automatically be authorised up to 30-calendar months after invoicing.



## THE RULE BOOK

**RULE 1.** Pre-authorisation is required via standard electronic communications, e.g., EDI, Batch Returns, BIC Realtime or pre-defined text file format. Automation enables returns requests to be authorised or rejected within minutes.

**RULE 2.** Sale or return (SOR) stock will be accepted, assuming other rule book criteria are met. Stock that was invoiced on a pre-informed, firm sale basis, will be refused. The nature of returnability is established in advance. Where a book is firm sale, this should be made clear to retailers before the book is ordered.

Any subsequent changes to returnability should be communicated and booksellers should be given the opportunity to return a book before it goes firm sale. The returns window for books moving to firm sale should also accommodate wholesalers' need to receive returns from their customers before returning the stock to their suppliers. Communication relies on accurate and timely metadata flows rather than returns messages.

**RULE 3.** The returns window for newly published titles is from 3-calendar months after publication date and within 15-calendar months of the last (most recent) invoice, assuming that there have been sales of the ISBN within the current 15-calendar month sales window.

For backlist titles, returns are permitted within 15-calendar months of the last (most recent) invoice, assuming that there have been sales of the ISBN in the current 15 calendar month sales window.

| New Title Condition | Pub Date   | Invoice Date | Return Requested        | Accepted/ Refused |
|---------------------|------------|--------------|-------------------------|-------------------|
| Before 3 months     | 01/01/2018 | 25/01/2018   | 29/03/2018              | Refused           |
| Within window       | 01/01/2018 | 25/01/2018   | 01/04/2018 – 30/04/2019 | Accepted          |
| After 15 months     | 01/01/2018 | 25/01/2018   | 05/05/2019              | Refused           |

**RULE 4.** The returns request must not exceed the sold volume by ISBN in the current 15-calendar month returns window. The retailer should not be credited for more copies than it purchased. This avoids wholesaler bought stock being returned directly to the publisher or distributor. IRI processes specify that distributors should record sales by line and by customer and should be able to check returns requests against the total of stock invoiced. The rule is assumed to be enforced at organisation level so that one branch of a chain can return more copies than it bought from the publisher but the whole chain cannot return more than the whole chain bought. Chains can scale stock out and move stock between branches and so returns might not tie up with the quantities invoiced originally to each branch.



**RULE 5.** Where applicable, the returns request must not exceed pre-agreed cap limits at organisation level. The percentage can be based on volume of sales and/ or value, typically at publisher level. Some publishers/ distributors and booksellers agree cap limits for returns e.g., not to exceed 20% of the quantity ordered. Where these caps exist, they are to be enforced at organisation level or by trading partner agreement in advance.

**RULE 6.** Where approval is granted for sale or return stock, the agreed weighted average calculation, also referred to as the standard credit calculation, will be based on the average of the last 12-calendar months' sales. This is the 12-calendar month period leading up to and including the calendar month in which the title was last (most recently) invoiced.

Agreeing a common method is advantageous because supplier calculations can agree with retailer invoice matching thresholds and credits can be approved automatically. This speeds up the crediting process and ensures that there are fewer disputes between trading partners. Note that the calculation for credit should exclude non-conformance returns (see Rule 7) and retrospective deals.

| Invoice #       | Date       | Qty       | Price         | Retail Value  | Discount % | Net Value   | Avg Price/ Copy |
|-----------------|------------|-----------|---------------|---------------|------------|-------------|-----------------|
| Transaction1    | 27/03/2017 | 50        | £20.00        | £1,000        | 50%        | £500        | £10.00          |
| Transaction2    | 01/07/2017 | 20        | £20.00        | £400          | 47%        | £212        | £10.60          |
| <b>Subtotal</b> |            | <b>70</b> | <b>£20.00</b> | <b>£1,400</b> |            | <b>£712</b> | <b>£10.17</b>   |
| Transaction3    | 09/10/2017 | 10        | £20.00        | £200          | 45%        | £110        | £11.00          |
| <b>Total</b>    |            | <b>80</b> |               | <b>£1,600</b> |            | <b>£822</b> | <b>£10.28</b>   |

**RULE 7.** For non-conformance returns only, apply the credit immediately and with reference to the original invoice value.

A non-conformance return is any return that does not conform with the terms of trade. This includes damaged stock, misprinting or incorrect binding etc. It could also include a shortage e.g., ordered 3 copies, received only 2, leading to a 'non-conformance' claim for 1 copy. These returns are excluded from weighted average calculations and timing rules. The credit should be issued at once, as per the original invoice cost price, and not aged for normal credit terms.

For overstock returns, the credit should be issued within the same calendar month that the returns were received by the distributor, and the organisation's contractual credit terms period applied. In cases where the return is not processed for operational reasons until the calendar month following receipt (e.g., returns received too close to month end), the credit should be automatically aged to reflect the date of receipt of the return. Credits should be posted to customers' accounts within 48 hours of validation in the warehouse.



**RULE 8.** Returns authorisations are only valid for 3-calendar months from the date of authorisation. Any unused returns authorisations will be closed and no longer valid after 3-calendar months from the date of authorisation. Should the bookseller wish to return the items after this time, a new request must be sent.

**RULE 9.** Booksellers must print out and label all of their returns parcels with the RAN barcoded label provided by distributors.

**RULE 10.** Booksellers must ensure that the whole RAN consignment is shipped at the same time, even if there is more than one parcel.

**RULE 11.** Booksellers must send a third message, usually the EDI RETINS2 message or Batch Returns confirmation message, detailing what is actually being returned at the same time that they send the parcel(s) to the distributor. This confirms what is being returned as opposed to what was originally requested for return and enables the distributor to complete the return and issue credit in a timely way.

If the third message is not sent and fewer copies are returned than were requested for return, these ghost returns can remain open for up to 3-calendar months and potentially reduce the retailer's returns allowance during that period.

**RULE 12.** A nil return is required with the third message if a book authorised for return is not subsequently sent back. Not sending the third or confirmation message (or sending an inaccurate one), may delay the processing of the credit note by up to 3-calendar months. Ghost returns can potentially reduce the retailer's returns allowance during that period.

**RULE 13.** Booksellers must not send parcels that are heavier than current Health & Safety guidelines (16 kilos). Distributors, couriers and booksellers may have additional policies with which to comply.

**RULE 14.** Booksellers returning books in 'green box' consignments must ensure that these are in a resaleable condition and with all their stickers and markings removed.

**RULE 15.** Publishers should not unreasonably withhold permission for their distributors to undertake IRI transactions on their behalf.

**RULE 16.** Publishers must instruct their sales representatives not to interfere with IRI processes. Non-conformance returns are the exception.

**RULE 17.** Publishers must agree to the use of the average weighted price calculation for conformance returns by their respective distributors.

**RULE 18.** Distributors or self-distributed publishers must have the necessary IRI capable systems that adhere to the IRI Rule Book. Systems must also be capable of looking up



product metadata, sales and returns history; managing returns organisations; calculating weighted average prices and distinguishing between sale or return and firm sale product.

**RULE 19.** Distributors should be able to receive returns requests from Batch Returns and via EDIFACT EDI (RETANN message) as a minimum. Other electronic standards such as BIC Realtime should be considered if there is a business case. This is known as the first message.

**RULE 20.** Distributors must be able to supply an EDIFACT EDI (RETINS1) message or equivalent Batch message. This will give the authorisation, a RAN number and a printable barcoded label. This is known as the second message.

**RULE 21.** Distributors must be able to receive the bookseller's third message e.g., EDIFACT EDI (RETINS2 message) or Batch Returns confirmation, stating the actual contents of the returns consignment.

**RULE 22.** Distributors should close off the return and process the credit in the current calendar month (i.e., the month in which the returns consignment was received). If this is not possible, then back date the credit to the month in which the returns were received.

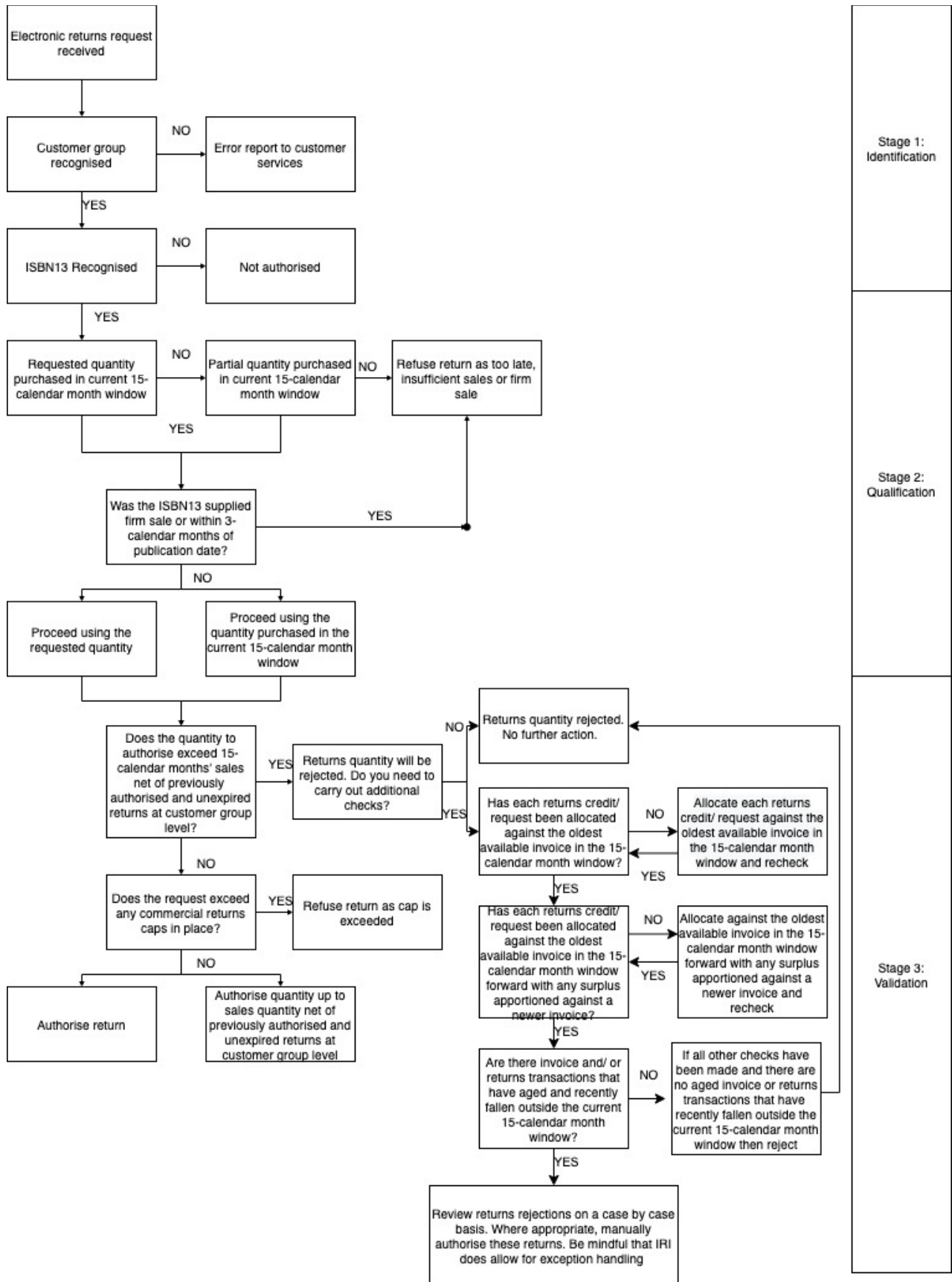
**RULE 23.** Distributors should apply credits to the retailer's account as per the retailer's normal credit terms and retailers must adhere to their normal credit terms when taking credits.

**RULE 24.** Distributors should exclude retrospective deals from all IRI calculations and related credit notes.

[continued overleaf]



**PROCESS FLOW DIAGRAM**





## FAQs

### 1. What is IRI?

IRI is the Industry Returns Initiative. It is a cross-industry standard designed to reduce the cost of returns processing.

### 2. Why is IRI important?

IRI has been an integral part of the book supply chain for nearly 20 years and has been adopted by well-established publishers, distributors and retailers. IRI automates labour-intensive parts of the returns process, reduces costs and frees up time. It replaces many individual publisher returns policies with an industry wide standard that is both fair and transparent.

### 3. Do I have to use IRI to request returns authorisation?

Increasingly the answer is yes. As more publishers instruct their distributors to switch to IRI, the number of organisations willing to accept manual returns requests, with all the associated bureaucracy and complexity, will reduce.

### 4. What is the 'rule book'?

The 'rule book' is the set of instructions that all parties involved in IRI must abide by. They ensure that the IRI process is fair and equitable to all, is clearly understood and avoids any organisation seeking or gaining unfair commercial advantage through the returns process. By following the rules, authorised returns will be processed and credited far more quickly than following a manual process.

### 5. Why are there so many rules?

The rules must reflect the guidelines for the various types of organisation involved in the returns process, such as retailers, distributors and publishers. They are the set of principles recognised as delivering the best results when it comes to returns processing. They are the recognised industry standard in the UK.

### 6. Why is IRI so complex?

IRI appears complex, but it is replacing an even more complex manual returns process in which publishers all maintained their own returns policies. Under IRI, much of the complexity is automated with computers authorising or rejecting returns requests based on an industry wide set of criteria. This has been captured and documented so that organisations adopting or managing IRI processes can build and maintain a clear technical, commercial and operational understanding of what's involved.

### 7. Can I send my returns request to my local sales rep or supplier's customer services team? I don't want to use IRI on this occasion.

No. Where publishers have instructed their distributors to adopt IRI, ordinarily sales reps and customer services teams are instructed not to authorise returns.

### 8. Is there really a difference between new titles and backlist?



Yes. Stock is supplied to retailers in the expectation that it will be put on sale and have an opportunity to sell. To allow for this, new titles can't be returned within 3-calendar months of publication. This rule does not apply to backlist.

### **9. Why can't I return anything 15-calendar months after publication date?**

You can. The IRI rules don't limit returns to 15-calendar months after publication date, but there is a cut off after which returns cannot be sent back. This is 15-calendar months after the book was last invoiced, assuming that a sufficient quantity of the book has been invoiced in the current 15-calendar month period. So, assuming all relevant rules are met, a book supplied and invoiced on 5 January 2018 can in theory be returned up to the 30 April 2019.

### **10. How do I return books left over from an author event?**

An author event at or around publication date can sometimes leave retailers with large overstocks. It is usual to wait 3-calendar months after publication date before requesting returns where newly published titles are concerned. However, author event stock can be returned sooner by using the specific returns reason code B10 and giving the promotional number and invoice number of the event stock.

### **11. How long will it take for my returns request to be authorised?**

In the vast majority of cases, the returns authorisation or rejection message will be received within 24 hours. Usually, it is within a few minutes of sending the returns request.

### **12. Who should I contact if I don't get a response to my returns request?**

Wait 24 hours before chasing. If you have still not had an authorisation or rejection response to your returns request, then contact the customer services team at the distributor, wholesaler or self-distributed publisher for further information.

### **13. Can I manage non-conformance returns such as damages and shortages via Batch Returns?**

Yes. This is publisher dependent. If the publisher allows non-conformance returns requests, these can be managed via Batch Returns.

### **14. Why are invoice numbers needed for some types of return? Surely distributors already have this information.**

Invoice numbers are required for non-conformance returns such as ISBN recall, event stock, damages, defects and shortages. Distributors need to tie back the credit claim to the specific invoice. This is not always easy given that many booksellers will order little and often – repeatedly ordering the same ISBNs. The requirement for the invoice number also avoids spurious claims.

### **15. I'm a bookseller. Do I need any special labels or packaging to return my books?**

Yes, you do. Your returns must include the printed barcode label provided as part of the IRI authorisation process. This is used by the supplier to manage their returns processes more



efficiently. Your courier will want you to affix a label with their barcode on it to enable them to collect the parcel from your shop or distribution point and deliver it to the supplier's warehouse. They may also suggest you place a copy of this label inside the parcel. It is also good practice to place a copy of the returns authorisation inside the parcel too.

#### **16. What is the purpose of the third returns message?**

The 'third message' confirms exactly what you are returning, rather than the quantities that you originally requested authorisation for. The actual returns quantity by ISBN cannot be higher than that authorised.

Distributors will check each return. If authorised quantities are not sent back in full and the third message has not been used by the retailer, the return will remain 'open'. This can delay credit and mean a future returns request for an open ISBN could potentially be refused or the returns allowance lowered.

#### **17. If the confirmation is the third message, what are the first and second messages?**

The first message is a returns request from the retailer to the supplier asking for permission to return a book or a quantity of books. The second message is the reply from the supplier to the retailer, either refusing or giving authorisation to return the requested quantity of books.

#### **18. Are retrospective (retro) credits included in IRI?**

No, they're not. They are excluded. If retro credits were taken into account, then the whole point of the retro, which is to incentivise retailers to buy stock and promote it in their stores, is lost.

#### **19. Are there any books that can't be returned?**

Yes. There's no definitive list, but books sold as firm sale when invoiced can't be returned. Books which have gone out of print cannot be returned after a certain time, often 3-calendar months. Books that don't adhere to the IRI Rule Book can't be returned.

Sometimes not all a distributor's client publishers will be IRI compliant. Travel publishers are a case in point. In these cases, it isn't necessarily that the books can't be returned, rather that they can't be returned via IRI.

#### **20. What are SANs and GLNs? How do I get one?**

The SAN (Standard Address Number) and GLN (Global Location Number) are unique numbers which enable suppliers to identify a bookseller's business address. Retailers specify their SAN or GLN in their returns messages and this uniquely identifies their business to distributors, enabling electronic returns authorisations and credits to be sent to the right location electronically. For the book industry, SANs and GLNs are normally issued by the SAN Agency.



**21. Where can I find my SAN/ GLN?**

For most businesses in the book industry, your SAN/ GLN will have been issued by the SAN Agency, administered in the UK and Ireland by Nielsen BookData. For more information, contact [san.agency@nielseniq.com](mailto:san.agency@nielseniq.com)

**22. I'm a publisher, how do I make sure certain books are not permitted for return?**

These books need to be sold on a firm sale basis. Your distributor should have these books set up as firm sale in their product metadata. Their systems will automatically refuse authorisation and give the rejection reason code for firm sale.

**23. I'm a publisher. If I move to IRI, will I lose control of what can be authorised for return?**

As a publisher manually authorising returns, you will be looking up sales history and what terms were in place for that retailer. This is time-consuming and often difficult. With IRI, the distributor's computer system receives a returns request, checks whether the book was sold on a sale or return basis, looks up sales and returns history, applies the IRI rules, and sends back a returns authorisation or rejection message – usually within minutes. This is efficient and leads to improved, less adversarial retailer relationships.

**24. I am an IRI capable distributor about to take on distribution of another publisher. What should I do about IRI?**

Distributors should obtain a minimum 30-calendar months' sales and returns history from the previous distributor and load this into their system before enabling IRI for the publisher. This will allow the IRI system to lookback at the sales and returns history to authorise returns correctly. It will also enable the system to give the correct credit using the weighted average cost price over the previous 12-calendar months.

**25. What have sales and returns history got to do with IRI?**

The returns authorisation process is complex. Occasionally valid returns may be rejected, simply because of the way in which booksellers manage their orders and returns. Publishers also acquire and divest imprints and partial lists quite often. This sometimes leads to changes in distribution and returns arrangements.

Having complete and accurate sales and returns history is essential:

- a) In cases of appeals by booksellers against returns rejections.
- b) Where a publisher, imprint or list is divested or acquired, and distribution arrangements change.
- c) When a distributor, publisher or self-distributed publisher transitions to IRI for the management of returns.

**26. I'm a publisher. If I move to IRI and have more returns, how does that relate to more sales?**

Booksellers are very keen to support publishers that use IRI. They tend to order more titles at higher volumes, as the risk to the bookseller is considerably less. Extra orders don't necessarily result in extra returns.



**27. Do the returns parameters vary by publisher?**

No. The parameters are industry wide for transparency and simplicity. However, there may be specific and very limited circumstances where both the publisher and the bookseller recognise that flexibility is required to suit a specific trading relationship. In these situations, both parties agree which parameters need to vary and in what circumstances. This would be confidential and unique to the two parties.

**28. What are red box/ green box returns?**

Red box returns describe authorised returns that should be sent for destruction. The condition of such stock is immaterial. This excludes firm sale items. Green box returns describe authorised stock that should be returned in a resaleable condition (i.e., without sales or promotional stickers) because the stock will be returned to a supplier's inventory. This also excludes firm sale items. Non-conformance returns are not subject to red box or green box criteria.

**29. Can red box and green box returns be returned together as they are going to the same address?**

No. It is important that these are boxed and returned separately. Green box returns will be put back into the distributor's inventory for sale; red box returns will be destroyed.

**30. What is a 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 destroyed, cannot re-enter the supply chain and that the returning book business is entitled to credit for this stock.

**31. I've sent my authorised returns to the distributor, but the consignment has been lost in transit. What should I do?**

Request proof of delivery from your carrier. If this is provided and shows that the consignment of returns was successfully delivered to the distributor, then contact the distributor's customer services team and explain. Be prepared to share the proof of delivery with them.

If no proof of delivery is available, then confirm that the consignment has been prepared and collected. Is the consignment at the carrier's hub?

**32. Who should I contact if my returns request is rejected?**

Firstly, check why the returns request was rejected. You can do this by looking for the rejection code. This is a 2-digit code prefixed by 'R'. If the reason for rejection is valid, then no further action is required. If you disagree and want to appeal the decision, please talk to the publisher's sales representative or sales office in the first instance.

**33. Is there an electronic appeals process to challenge rejected returns authorisations?**

Unfortunately not. If you believe that a returns request has been incorrectly refused, please contact your publisher's sales rep or sales office with evidence.



**34. Can rejected returns that are subsequently authorised be added to an existing RAN?**

No. A new RAN will be provided.

**35. As a bookseller, what should I do with items for which authorisation is refused?**

Each rejected ISBN will be accompanied by a response code giving the reason for the rejection. Dependent on the code, further action will be required. For example, if the code is R02 (too early), then return the item to stock and try again 3-calendar months after publication date.

**36. Where should I go for more information? I have further questions on IRI.**

Please contact BIC in the first instance via email: [info@bic.org.uk](mailto:info@bic.org.uk) or telephone: +44 (0) 20 4551 1570.

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## GLOSSARY

**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.

