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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.

Further information

BIC members can raise questions about IRI with the BIC Physical Supply Chain Committee.

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the book industry's supply chain organisation