

Book Industry Communication

BA/PA Industry Returns Initiative Process Specification

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Booksellers wishing to make overstock returns

The key principle of the process is that returns are pre-authorised by (or pre-notified to) the distributor. Returns which arrive without pre-notification may not be credited.

The process is initiated by booksellers listing titles for return in an electronic message to the distributor. This will normally include titles for all imprints handled by the distributor.

This message may be sent in various ways:

- by EDI (electronic data interchange) using the BIC RETANN returns request message;
- by using the web-enabled returns mechanism offered by batch.co.uk ([Batch Returns](#))
- There is also a text message format on the BIC website at:
<http://www.bic.org.uk/files/pdfs/101206%20Returns%20Text%20File%20Spec%2012%20rev%20final.pdf>

It is important that these requests are capable of being automatically downloaded into the distributor's system, wherever possible, without rekeying or human intervention. Publishers are recommended not to permit their sales representatives to authorise any returns.

Any form of request is expected to replicate the message structure and content of the RETANN EDI message.

The header information required will be:

- message identifier;
- the GLN (or SAN) of the bookselling organisation name - and branch where applicable - and for recipient distributor; and the specific line information;
- ISBN13 or EAN13;
- title;
- quantity;
- reason for return (defaults to overstock).

In EDI, the message identifier must be unique for a particular bookseller, whereas in the Batch system a message identifier is automatically generated. If a duplicated message is identified by the receiving distributor it will not be processed; and the bookseller will be notified via customer service departments.

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

Booksellers wishing to return damaged or imperfect copies (non-conformance returns)

Booksellers may use the identical process to report other circumstances in which they may want to make a return for credit: for instance, books damaged in transit or found to be imperfect, or books which have been supplied for a specific promotion or event. Some distributors may also offer booksellers the opportunity to report financial claims using the same electronic messaging procedures. The full reason for return code list and the conditions under which such returns will be accepted are as follows:

Code	Reason for return	T&C	Reference(s) required in RFF segment 14	Basis of credit	Authorisation Response	Rejection response
B00	Overstock: stock surplus to requirement		None	Credit at average cost price	A01, A02	R01-R07 (or R09)
B01	Overstock: books supplied on consignment	Y	None	No credit required	A01, A02	R01-R07 (or R09)
B10	Books supplied for a particular promotion or event, or preauthorised by supplier		Supplier's pre-authorization reference; invoice number if known	Credit per invoice, or at average cost price	A01	R10 (or R09)
B11	ISBN recalled by supplier		Supplier's reference; invoice number if known	Credit per invoice, or at latest price supplied, or at current price	A01	R10
B12	Order cancelled by customer or dued in error or due not cancelled prior to supply		Invoice number	Credit per invoice	A01, A02, A03 (or A04)	R08
B20	ISBN supplied and invoiced was not ordered (or ISBN ordered was supplied and invoiced twice)	Y	Invoice number	Credit per invoice	A01, A02 or A03	R08, R12 or R14
B30	ISBN supplied was received damaged	Y	Invoice number; damage code C01 or C02	Credit per invoice	A02, A04 or A05	R12 or R13
B31	ISBN supplied has a manufacturing defect		Invoice number if known; defect code D01, D02 or D03	Credit per invoice, or at average cost price	A02, A04 or A05	R13
B80	Incorrect discount given		Invoice number; expected discount	Credit per invoice and recharge with new discount	A04, A06 (or R11)	R99
B81	Incorrect price on invoice		Invoice number; expected price	Credit per invoice and recharge with new price	A04, A06 (or R11)	R99
B90	Shortage: ordered quantity was invoiced but not supplied in full	Y	Invoice number	Report only. Subject to agreement by supplier, credit per invoice.	R11	R12 (or R11)
B91	ISBN supplied was not ordered and not invoiced, or too many copies were sent and not invoiced	Y	Invoice number	No credit required.	A01, A02 or A03	R12

In addition, it should be noted that distributors who have not implemented an automated response to any of these reason codes may use code R99 to respond, indicating that a manual authorisation is required.

Books which 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 month window and stock remaining, if subsequently returned, will be subject to the normal overstock parameters.

Booksellers notifying returns of damaged or imperfect copies must supply details of the damage or imperfection using the codes allocated for that purpose. These are, for damage to goods received

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

and, for goods found to be defective,

Code	Description
D01	Binding errors: duplicated or missing pages
D02	Bad trimming: pages torn or creased
D03	Defective quality: out of register, uneven colour etc (use also for non-book products)

An additional reason code (R90) is included to enable booksellers to report shortages and other claims not involving physical returns, though in these cases the automatic response may be only an acknowledgment of receipt; in the case of shortages, there will be no response to the particular circumstances and no automatic credit issued; and messages sent under this code will be referred to the distributor's appropriate department (generally customer services) for action.

Authorisation processes at distributor

The request will be assessed for compliance with standard parameters programmed into the distributor's systems. For overstock returns, these are as follows:

- the quantity for return must not exceed the total number of copies, net of previous returns and valid pending authorised returns, supplied to the bookselling organisation;
- no copies of the title for return are to be accepted until three months after publication date;
- no copies of the title for return are to be accepted after fifteen months have elapsed since the month end following the last dispatch of that title to the bookselling organisation; and prior to that only provided the number of copies for return does not exceed the number supplied, net of previous returns and valid pending authorised returns, in the fifteen month period leading up to the returns request.
- No returns are to be accepted against quantities supplied on firm sale (Note supplied on Firm Sale rather than subsequently made firm sale after the supply.) It is important, however, that booksellers are informed by the publisher of this condition before the order is placed, and that it is clearly indicated on both electronic and paper invoices. The quantity supplied on this basis will be taken out of account in further volume calculations.
- No returns are to be accepted after any returns cap by value, set by any individual publisher, has been reached, the cap being calculated on the basis of a moving annual total.

[Note 1: it is accepted that most distributors will not hold a full lifetime sales and returns record for all titles. For the purpose of setting up such a record, it is recommended that distributors should create a net sales figure based on the preceding 30 months' transactions and that if no transactions exist assume zero sales. However, to avoid the danger that such a calculation might result in an incorrect response to a returns request, distributors may need to exclude credits which were given in the first three months of the 30 month period; or adopt some similar mechanism acceptable to their customers.]

[Note 2: In order for the process to continue in a seamless manner, when a publisher changes distributor it is recommended that a full sales and returns history (ideally covering a minimum of 30 months) of every title and customer is transferred to the new distributor.]

The distributor's system will be programmed to accept or reject the request and will automatically generate response messages: one listing books required back for restocking ('green box') and for rejected returns requests; and one for books which will be destroyed ('red box'). Where multiple return addresses exist or – in the case of 'red box' messages - different instructions for disposal apply separate messages will be sent to cover each situation.

Response codes authorising the requested return (or credit claim) are as follows:

A01	Authorised: return to supplier in resaleable condition
A02	Authorised: return title page only to supplier
A03	Authorised: keep as complimentary copy, credit will be given in full
A04	Hold pending further investigation
A05	Return to supplier regardless of condition
A06	Claim authorised for credit

Although it remains customary for the distributor to require the return of the complete book before giving credit, the code lists also provide for distributors to request the return of title-pages only or to invite booksellers to keep copies incorrectly sent without charge.

For non-conformance returns, if accepted, credits will be given – where an invoice number can be quoted, at the original invoiced price - and exemption given from the parameters applied to overstocks; and such transactions should be excluded from calculations carried out under the parameters for overstock returns caps.

It should be borne in mind that there may be financial adjustments to be made by the publisher resulting from non-conformance returns (claims from printers for imperfections, from carriers for damage in transit, or from distributors for incorrect deliveries) and mechanisms may need to be put in place by the distributor to provide relevant information to the publisher.

Distributors are strongly advised to include in the ‘green box’ message only titles 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 in ‘green box’ messages provided that reasonable care has been taken in handling those titles. NB: The new process does not supplant any existing obligation on booksellers to remove stickers or price markings which they have applied themselves or to pack and handle books required for restocking with appropriate care. If individual booksellers persistently fail to do this, distributors should record instances of books returned in an unsaleable condition and inform the bookseller and publisher of the circumstances. Distributors may also withhold credit until the matter is resolved by discussion between the bookseller and the publisher’s sales office.

Titles listed in ‘red box’ messages will be credited regardless of condition.

Booksellers should refer any dispute arising from the response to the publisher’s sales office.

Processes following authorisation

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, sent by whatever means have been used for the original returns request, will be either the BIC RETINS message or an alternative which replicates its structure. It will contain the following components:

- a message type indicator to show whether the lines listed relate to books to be returned for restocking or to books for disposal;
- the RAN;
- a line-by-line 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.

The value of the credit will be the average cost price of supplies of that item to that customer (at organisation level) in the month in which the latest supply was made and the preceding eleven calendar months. This will be rounded to two decimal places in the usual manner. The calculation will not include previous overstock returns credits (books returned under codes B00 and B10) but will be net of previous non-conformance credits. Retrospective credits raised against specific ISBNs will be treated as non-conformance credits for the purposes of the calculation.

In order to avoid distorted or negative calculations resulting from credits which relate to transactions before the start of the twelve-month window, distributors will need to link related transactions and age them to the date of the original transaction. This will effectively exclude relevant adjustment credits and recharges from the window on which the calculation is based.

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.

The returns authorisation is valid for three months, after which a new request will have to be made.

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. The relevant code list is as follows:

R01	Returns quantity higher than quantity supplied
R02	Too early (outside parameters)
R03	Too late (outside parameters)
R04	Supplied firm
R05	Exceeds agreed trading cap
R06	ISBN/EAN number 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 – use 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 & Conditions
R13	Damage/defect code not supplied or invalid
R14	Claim rejected: records show claimed items were supplied as ordered
R99	Request not supported electronically: please contact supplier for separate authorisation

NOTE: No financial adjustments are made at this stage in the process.

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 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.

The returns authorisation messages will include a facility which will enable them to print out a return address label incorporating a barcoded representation of the RAN which 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/>

Parcels of returns should not exceed in weight current health and safety guidelines, or specific limits imposed by individual distributors.

Since it is not 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 second RETINS message or 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 ready for dispatch. 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 quantities 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 should still be sent but may include the RETINS message header only.

It is essential that all returns covered by a single RAN are returned at the same time and the parcels 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 (probably set at approximately 95%), a credit note will be raised and posted to the relevant 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 month of receipt of the return. In cases where the return is not processed until the month following receipt, 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

Credit terms: For overstock returns these will be identical with normal trading terms and deductions made only at the end of the credit period. Booksellers may wish to raise debit notes for 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 credits are the responsibility of the supplier and are handled on an exactly equal basis.

Debit notes: 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 and that the benefit of the debit is not taken before the end of the payment credit period. The debit note must not be raised until the return is finalised and the returns confirmation message sent and must not be dated earlier than the date of despatch of the returns to the distributor.