

Product Registration: Time to Re-Visit This Reverse Logistics Opportunity

Contributed by Paul Rupnow
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When was the last time you filled out and mailed in that Product Registration card? "Never" is the answer from most people. Why not just keep the receipt handy? Why bother with the effort just to get on another junk mail list. Not so any longer. A number of trends are now encouraging consumers to complete product registrations and these factors are opportunities for Reverse Logistics teams to reduce returns and decrease costs.

Trends - More Electronics, Software Dependence, Convergence and Recalls

The average US household now owns 25 Consumer electronics products according to Consumer Electronics Association market research at www.CE.org. Historically, about 20-25% of consumers would typically register only their "big ticket" purchases to ensure warranty coverage. Today, however, more and more big and small ticket consumer electronics items are dependent on software, operating systems or firmware to operate effectively. This "software component" represents an opportunity for a manufacturer to modify or improve the user experience after the product has completed manufacturing and been sold to a consumer, often with a simple update or upgrade.

Convergence is one of the big recent trends in home electronics. Convergence will enable our home electronics systems and devices to share data or features, often combined with the use of a network or Internet connection. Internet or USB connections represent an easy opportunity to check, upload and automate software updates, not just for your computer, but for all your electronic devices such as DVD players, receivers, GPS units or even refrigerators. Apple is an excellent example of the effective use of convergence with music players connecting to computers, connecting to sound systems and televisions. More importantly Apple has done a great job of providing customers with an easy opportunity to automatically update their hardware systems as soon as a user plugs the device into a computer to sync iTunes media or to receive update notifications from Apple via the Internet.

Recently, recalls seem to be common news items, not only in electronics, but in many other industries, such as automotive, food and children's products. The ability of a manufacturer to quickly contact the purchasers of the defective products drives the success of any recall program and the safety of the consumers.

Warranty registration, Product registration and Privacy

It is helpful to clarify the difference between Warranty registration and Product registration. The Magnuson-Moss Warranty Act is the federal law governing warranties on consumer products in the USA. The Act outlines that a consumer is not required to complete a warranty card to be entitled to the product warranty. As a result, warranty cards or warranty registrations are typically just an opportunity to record your purchase with the manufacturer in advance of a possible future warranty issue.

Product registration, by mail or on a website, is also an optional registration, where a consumer shares some information with a manufacturer. This registration may enable the manufacturer to contact the consumer in the future regarding

product updates, issues, recalls or related opportunities.

Many companies combine a warranty registration, a product registration and additional questions in an attempt to capture product or marketing info. Often privacy concerns and the lack of a tangible benefit

have created some controversy, skepticism and often low response rates for product registration. Privacy experts recommend only your name, address, product serial number and a copy of the receipt to verify the date of purchase if you feel the need to register your product.

The recent increase in recalls however, is causing consumers to see some real benefits to product registration. A recent article in Bankrate.com by Laura Bruce outlines new encouragement for product registration. "The Consumer Product Safety Commission, which regulates 15,000 products and issues about 300 recalls a year, is aware of the warranty-card controversy and is exploring ways to improve the recall process."

"The consumer advocacy groups would like to see registration cards where the privacy of the individual is protected and it doesn't become a marketing tool; it's a consumer safety tool," says Bruce Richardson, director of public affairs for the CPSC."

"There's a general belief that if people knew the registration card would be used strictly for a safety recall it would have more impact than a warranty card. Registration cards need to be something separate, exclusive of any other materials that the manufacturer may be asking of the consumer." outlined Richardson"

A new rule by the Consumer Product Safety Commission in the Consumer Product Safety Improvement Act outlines that many children's products must now come with product registration cards to allow the manufacturer to contact the consumer in case of a recall.

Reverse Logistics Benefits of Product Registration

For a consumer, the big wins are support and risk avoidance. Better and faster notification of software, firmware or system updates will help reduce the need to return products and increase satisfaction. The ability to be contacted about a product recall or safety issue will also be seen by most consumers as a significant reason to register and share appropriate private data with a manufacturer.

For the Reverse Logistics team product registration will help to:

1. Reduce support calls and time spent on the calls. With updates immediately downloadable for installation, many issues will be solved quickly or avoided completely.
2. Reduce product returns. The updates provide an opportunity to fix an issue without the need to return the product for repair or to retail because of unsatisfied customers.
3. Rapid handling of recalls. Reduce the effort to find and resolve products requiring recall. This reduces cost and risk that a safety recall may result in a personal injury and lawsuit.
4. Warranty validation. Early registration will eliminate time and uncertainty of eligibility. The Reverse Logistics Association Standards Committee is performing some preliminary research on Product Registration. Please contact them if you have further questions or if you have any further knowledge or wisdom to share.

Good Luck!

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Further Research

1. The average US household now owns 25 Consumer electronics products according to Consumer Electronics Association market research at www.CE.org (<http://www.nxtbook.com/nxtbooks/cea/vision0710/#/32> - Vision magazine page 30)
2. The Magnuson-Moss Warranty Act, the federal law governing warranties on consumer products. <http://www.ftc.gov/bcp/edu/pubs/business/adv/bus01.shtm>
3. Act excerpt: 16 C.F.R. § 700.7 Use of warranty registration cards. <http://law.justia.com/us/cfr/title16/16-1.0.1.7.71.0.45.7.html>
4. Product registration: A gold mine for marketers - By Laura Bruce • Bankrate.com <http://www.bankrate.com/brm/news/advice/20030421a1.asp>

"Name, address, serial number only

"All privacy experts we talked with say that if you feel obligated to return the card, only include your name, address, the product serial number and a copy of the receipt if you need to verify the date of purchase."

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5. New CPSC Law Requiring Product Registration Will Keep Children Safe from Defective Products

<http://www.robertreeveslaw.com/blog/new-cpsc-law-requiring-product-registration-children-safe-defective-products>

July 6th, 2010

A new rule by the Consumer Product Safety Commission goes into effect this week. Under the rule, which is part as part of the Consumer Product Safety Improvement Act of 2008, children's products like cribs, high chairs, play yards, toddler beds and strollers must come with product registration cards. These registration cards will allow the consumer to easily register the product with the manufacturer. This will allow the manufacturer to contact the consumer in case of a recall.

According to Consumer Reports, the current response rate for recalls of children's products, is approximately 10 to 30%. However in the case of defective child car safety seats, the response rate is much higher. That's because child seats have come with product registration cards for several years. This makes it easier for manufacturers to contact consumers directly to inform them about a recall.

Having such product registration cards for a wide range of infant and toddler products helps manufacturers keep in touch with consumers when there is need for recall information to be sent out. Consumer experts and California product liability lawyers know that several recalled products continue to remain in homes for months and years after the product has been recalled, simply because the parents were never aware of the recall.