



Restocking fees – why?

Like many companies in this business, Computer City charges a restocking fee for most returns. There are many reasons for this policy, which has the following benefits for customers:

- Allows us to keep prices lower; given the choice between lower prices or a more flexible return policy, most customers opt for lower prices.
- Allows us to have a better selection of stock.

How can this be?

- Some customers will purchase on ‘speculation’ rather than actual need. Without a restocking fee they will purchase more equipment than they require, and then return some or a majority of it afterwards. A few customers have readily admitted to this fact when shopping in stores that do not have a restocking fee.
- Some “technician” customers do something very similar. While attempting to diagnose a problem instead of employing good troubleshooting skills they will just start replacing components until the problem is resolved – this is also called the “shotgun” method. Obviously this requires having a large amount of computer parts and components on hand. The technician will purchase everything possible beforehand and then return the unneeded parts.
- Given the size of our local market there are certain items that we can only justify having a limited number on hand. If one of the “speculators” purchases items of which we have limited stock and then a serious customer comes along we may lose that sale since we are either sold out or have insufficient quantity left on hand to meet their needs.
- We constantly monitor our stock levels, and sometimes the sale of a single item can trigger a re-order for that particular item. If that item is subsequently returned we may end up in an over-stock situation (often the case for low turnover items).
- Typically clothing stores will have the most flexible return policies. Why? Because clothing is very much a matter of personal taste, sizing, matching with other pieces of clothing, etc. and clothing is frequently returned for another size, colour, style etc. When someone purchases a computer or related item it should be because they really need it. Also, clothing can be easily visually inspected on return, while computer related items often require costly technician time to test before being put back on sale (assuming it has been opened). The markup on clothing is very high to start with – look at the number of sales they have with 50% or more off. When was the last time you saw a new computer at 50 – 75% off?

- Most customers will ask for a discount if it appears that an item has been opened and/or used. Alternatively they will not want that particular item at all, insisting on a sealed unused item. If the opened item is the last one in stock, some customers will not purchase it and will walk away from the sale.
- Some models or items change often, have frequent price changes, or have expiration dates.

How do our policies compare to other computer stores, abroad and in Bermuda?

- Major US chains such as CompUSA have very generous return policies, probably the most generous you will find anywhere in the computer business. They also have huge volumes and immense purchasing power. In many cases they are able to send returned items back to their suppliers, avoiding having to deal with testing, repackaging, overstock or expired goods themselves. They do not have to bear the costs of shipping to/from Bermuda (which are never reimbursed), or duty (which can be refunded, but it is a tedious process that takes months to complete and is only worth the time & trouble for expensive items). In contrast to their generous return policies, these overseas stores are almost uniformly lacking in personal service – just try to find a knowledgeable clerk to help with a purchase.
- Online retailers in the US typically have a strict return / restocking policy. An RMA must be obtained in advance; often the customer must pay the shipping costs both ways, plus pay a restocking fee of up to 20%. Usually there are time limits as well, with 7 – 10 days being common.
- Smaller independent resellers in the US, ones that are not national chains, usually have very strict return policies. Some do not allow returns under any circumstances, unless the product is DOA (in other words, “All sales are final”). Others charge restocking fees of up to 30%, while limiting customers to as little as 5 days to make their return.
- Wal-Mart is generally known for having a liberal return policy, and they do on most products. However on electronics and on computer products in particular their return policy is considerably more restricted. Our own return policy is nearly identical to that of Wal-Mart’s policy for computer products (15% / 15 days)
- In Bermuda all major computer stores have published return policies that include a restocking fee, with 15% being the most common. Why don’t most non-computer stores in Bermuda do this? In general they take returns for up to 30 days and don’t charge a restocking fee. The answer is simple: their markup or profit margin on their products is much higher than ours, often triple or more what we are making. If we had the same markup they did, we could forego the restocking fee as well.

Is it a hard and fast policy?

No. Exceptions are made on a case by case basis. Factors we take into account are:

- Time elapsed since the sale (we usually waive restocking fees if a customer returns an unopened product within 24 hours unless they are a habitual “speculator”);
- The volume of business the customer does with us;
- Needs of other customers (perhaps we have someone else waiting for that particular item);
- If we made a mistake that influenced the customer to purchase the wrong product.

Some exceptions can be made on the spot, while others may require the approval of a manager. Currently there are three managers that can approve exceptions, and usually at least one is on hand at all times.

What can customers do to increase their chances of being able to return an item and/or avoid a restocking fee?

- Do not open the package until you examine the box, specifications and contents list carefully to ensure it is likely to meet your needs.
- Do not discard the original packaging, and keep the packaging in as good a condition as possible. If an item is returned without original packaging it will likely be refused. If the packaging is in poor condition a restocking fee will definitely apply.
- If you need to return an item, return it as soon as possible. Just because you are busy doesn’t mean you can put it on the shelf and then come back in two months time. Your lack of time does not automatically create an exception to the policy.
- Some items cannot be returned if opened, for example most supplies (ink cartridges, toner cartridges, paper and blank media) and all software (due to copyright restrictions).
- Some items cannot be returned period, for example special order items. If the item is faulty or defective it will either be repaired or replaced. Our suppliers will not allow us to return special orders, and neither can we with our customers.
- Bring a copy of your original bill of sale (invoice) with you.
- If you are close to the return deadline but unable to come in, call us. In most cases we can give a day’s extension. We may also be able to arrange for pickup of the item for a nominal fee (\$25).
- If you paid for the item by credit card, bring the same card with you when you come back. We can not give cash refunds for credit card purchases.

Through an international association of resellers and computer dealers we belong to we have surveyed what is common in the US, and we have looked at our local competition. We believe our policies are fair and well balanced – they provide a benefit to the consumer and also help us to control our costs (which in turn mean we can keep our prices as low as possible).

OUR CURRENT POLICY:

Returns

We recognize that sometimes an inappropriate purchase is made. Our returns policy is as follows:

- Hardware: Opened packages may be returned within 7 days subject to a 15% restocking fee. Unopened packages may be returned within 15 days subject to a 15% restocking fee. Original packing materials must be used, otherwise a return is not possible.
- Software and consumables: Opened packages may not be returned. Unopened packages may be returned within 15 days subject to a 15% restocking fee.
- Special orders: No returns are possible.

Labour, delivery and installation charges are not refundable.

In the event of a hardware failure, our standard warranty will apply. Computer equipment is manufactured to very high standards, and we make every effort to select equipment we know to be reliable. However, some small percentage of failures is to be expected; repeated failure of the same component will fall under our "no lemons" policy. All other failures will be subject to standard warranty terms and conditions.

"No Lemons" Policy

One of the most frustrating things is a computer that fails over and over again in the same way, as the only option most manufacturers or resellers offer is replacement of the failed component. Under our "No Lemons" policy customers can expect the following for computers they have purchased from us:

- On the third failure of the same type (i.e. power supply failure, hard drive failure, motherboard failure) within our warranty period, we will offer whole unit replacement by another similar machine/brand, or a 100% refund. The choice is the customer's.
- Only hardware failures qualify; software problems are excluded.
- Damage by power surge, lightning, abuse, etc. is not included (however, this may be covered by your insurance).
- Three different types of problems with one system do not fall under this policy, i.e. a hard drive failure, followed by a keyboard failure, followed by a monitor failure

We believe this policy to be unique in Bermuda, going far beyond what any of our competitors are willing and able to offer.