

Target bucks an industrywide trend by offering a year-long return policy for private label goods

Article

The strategy: Target's over 45 private label brands offer a one-year return policy if consumers are "not satisfied" with an item.

- That's significantly more generous than Target's overall return policy that allows customers to take back items within 90 days if they are in new or unopened condition. Target RedCard holders receive an additional 30 days.
- The private label return policy aims to demonstrate that Target stands behind both the price and quality of items sold under labels such as its Cat & Jack apparel brand, said **Christina Hennington**, executive vice president and chief growth officer, during the company's earnings call.

The industrywide trend: Target's private label return policy stands in sharp contrast to broader trends in which retailers ranging from Sweden-based **Boozt** to **Amazon** have taken steps to reduce their return rates.

- Sweden-based online fashion retailer **Boozt** blocked roughly 42,000 customers from its site for returning too many items, per AP. Those customers accounted for about 25% of the company's total return volume even though they make up less than 2% of its over 3 million customers.
- **New Look**, **H&M**, **Zara**, and **Boohoo** began charging consumers for returning items by mail.
- Even **Amazon** sought to reduce its return rate by charging a \$1 fee for customers to return items to **UPS Stores** if there is another, closer return location available. It also recently added a "frequently returned" label on select products to encourage customers to check details and reviews before clicking the buy button.

The context: Retail returns surged over the past three years. The value of items returned grew from \$495.76 in 2020 to \$613.94 last year, per our [US Retail Return Volume](#) forecast. We expect retail return volume to grow another 2.2% this year.

- **Many retailers are seeking ways to manage the costs of returns** to protect their bottom lines amid a challenging economic environment.
- **Meanwhile, Target is using its flexible private label return policy to differentiate and grow its already sizable private label brands**, three of which were among the 10 fastest-growing private label brands in the US last year, per Numerator.

- **Private label brand dollar volume** grew 10.3% year-over-year (YoY) in Q1, nearly twice national brands' 5.6% growth rate, per Private Label Manufacturers Association data gathered by Circana (formerly IRI and NPD).

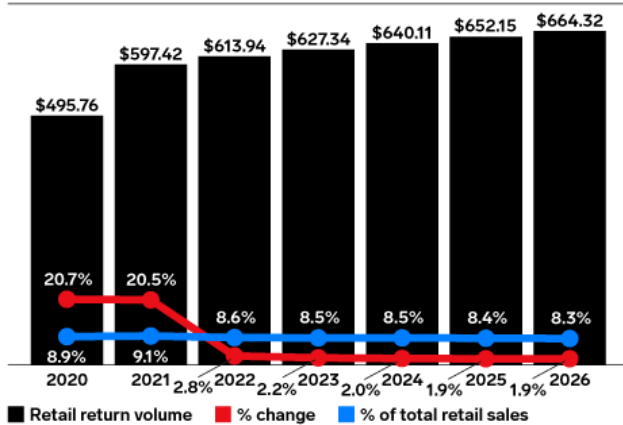
The big takeaway: Target sees a clear opportunity to zig when others are zagging.

- The generous return policy will likely encourage consumers to try its in-house brands.
- While it may see an uptick in returns, that will be more than offset by the brands' overall growth.

Go further: Read our [US Retail Ecommerce Returns 2023](#) report.

US Retail Return Volume, 2020-2026

billions, % change, and % total retail sales



Note: represents the total dollar value of retail goods and merchandise purchased in-store or online, then returned to the retailer according to its return policy; excludes programs or subscriptions such as Amazon's Prime Try Before You Buy or Stitch Fix, where items are returned before the customer is charged; includes items retailer does not want shipped back
Source: eMarketer, Nov 2022

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