

# Retailers gear up to face holiday returns

## Article

With Black Friday just a week and a half away, the holiday shopping season is upon us. And for every perfect gift that consumers cross off their lists, there's bound to be one or two that miss the mark. Retailers are already preparing for the inevitable pile up of returns, which is good because those costs can swell quickly.

**Follow the leader:** **Fast-fashion companies** like Boohoo and Zara began implementing returns fees earlier this year in the UK. (But beware of this strategy, as it may result in customer blowback.)

Ahead of the holidays, **Walmart has added curbside returns** and returns pickup from home to its offerings, as well as extending its returns policy through January 31, 2023. And Target shoppers can also return items curbside without a designated time window.

**A growing problem:** Last year, **US consumer returns** grew 6% to over \$761 billion, accounting for 16.6% of total US retail sales, according to the National Retail Federation. **Over two-thirds of retailers** consider returns as “a cost of doing business,” but returns rates are growing faster than revenue growth rates for nearly all (91%) retailers, per Appriss Retail.

**Ecommerce costs:** **Return rates for items bought online** are 3 to 4 times more than those purchased in-store, per Appriss Retail. **Online returns** cost an average of 21% of their order value, per Pitney Bowes.

**Teamwork:** Meanwhile, some companies with more mature logistics operations are offering up their services to others. UPS plans to offer a logistics-as-a-service solution to retailers, which aims to improve delivery and returns processes as well as provide UPS with another revenue stream. Similarly, Gap Inc. has launched GPS Platform Services, which offers fulfillment and reverse logistics services.

**Search for a solution:** **Reducing returns rates** is a top priority for 83% of retailers but a majority (69%) don't have a good understanding of the root cause of their returns, per Appriss Retail. Only 29% of retailers have an end-to-end strategic returns management program in place and only 27% have an executive responsible for overall returns performance.

**Tactical tips:** There are any number of other ways that companies can keep returns costs down.

- Nearly two-thirds of consumers say that retailers can reduce returns by adding more **user-generated post-purchase content**.
- Over half (59%) also say use of try-on technology can help cut back on returns.
- By allowing consumers to sell unwanted items to other shoppers, peer-to-peer returns save companies an average of \$20 per return.

*This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).*