Retailers look for innovative ways to reduce returns and their environmental impact

Article

The trend: Retailers are turning to unconventional returns solutions, such as peer-to-peer returns and consumer selfies, to cut back on unwanted purchases and reduce their
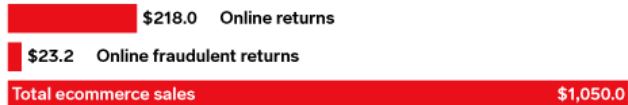
environmental impact.

Tactics include:

- Implementing returns fees
- Adding more user-generated content (UGC)
- Enabling peer-to-peer returns

US Retail Industry Online Returns Metrics, 2021
billions

$218.0	Online returns
$23.2	Online fraudulent returns
Total ecommerce sales	$1,050.0

Note: sales figures exclude auto dealers, gas stations, and restaurants; data is based on a survey of 58 retailers
Source: National Retail Federation (NRF) and Appriss Retail, Jan 25, 2022

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Charging for returns: More retailers, particularly those in the fast-fashion space, are beginning to charge customers for returns to offset rising costs and protect margins.

- **Boohoo** is the latest retailer to implement a returns fee after experiencing elevated returns rates as consumers purchased more form-fitting clothing.
- **Zara** began charging for returns in the UK and other markets earlier this year, although the fast-fashion company says the policy hasn't affected sales.
- While there is a risk of alienating consumers with additional charges, retailers that frame the move in environmental terms—i.e. as a method of reducing their carbon footprint—can still retain loyalty.
- **The majority (69%) of UK consumers say they would be willing to pay for returns as long as the money is used to reduce their environmental impact**, per ReBound.

Post-purchase UGC: The most effective and lasting way to cut back on returns is to give shoppers an accurate sense of what an item looks like in real life. While some retailers have relied on AR try-on to solve that problem, another potential solution is adding more UGC so consumers can see what a product looks like once it arrives.

- **Nearly two-thirds (61%) of consumers say that retailers can reduce returns by adding more post-purchase content,** per a survey by Nosto.

- Roughly the same number (59%) say use of try-on tech will also cut back on returns.

Peer-to-peer returns: Peer-to-peer returns allow consumers to sell the unwanted item to other shoppers at a markdown. That frees the retailer from having to move the product through the expensive and complex reverse logistics process, saving them on average $20 per return.

- Peer-to-peer returns are most effective when there is proven demand for an item, and may not be feasible in situations where the customer is returning multiple or large items.

- In those instances, shoppers may prefer to resell the item on a platform like **Etsy** or **thredUP**, although they would then have to shoulder the shipping costs themselves.

The big takeaway: With many retailers already facing reduced margins due to elevated costs and excess inventory, cutting back on returns has become a priority. At the same time, brands have to be careful that their returns experience doesn't turn shoppers off the company entirely.

"The return time frames and potential charges for returns are so confusing to the customer," said **Patty Soltis**, eMarketer principal analyst at Insider Intelligence. "Finding the information on the site can be tough. **The retailers need to figure out why the customer is returning using voice of the customer data, then fix that.**"

Reasons Internet Users Worldwide Choose Not to Return a Product that They Did Not Want, by Generation, Nov 2021

% of respondents in each group

	Gen Z (18-24)	Millennials (25-40)	Gen X (41–56)	Baby boomers (57+)
Returning item was inconvenient	39%	43%	39%	36%
Cost of returning too high	37%	43%	49%	56%
Cost of item not significant	32%	33%	42%	48%
Return policy not clear	29%	30%	30%	28%
Coundn't return via local collection point	26%	22%	20%	17%
Concerned about environmental	24%	21%	17%	16%
Delivery service not convenient	24%	22%	18%	17%

Note: among respondents who made at least one cross-border purchase in the past 12 months
Source: ESW, "Global Voices 2022," Feb 3, 2022

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