

Retailers Brace for Returns This Holiday Season

Article

While retailers are hyper-focused on holiday sales, returns impact the bottom line.

According to data from [B-Stock Solutions](#), a liquidation platform, around 11% to 13% of holiday purchases are returned with closer to 30% of online purchases being sent back. By their estimates, between \$90 billion to \$95 billion in holiday gifts will be returned this year.

Online shoppers have become accustomed to retailers like Warby Parker and Amazon that utilize try-before-you-buy programs and often "bracket," buying an item in more than one size or color and returning the unwanted merchandise, which has resulted in **more returns than ever**.

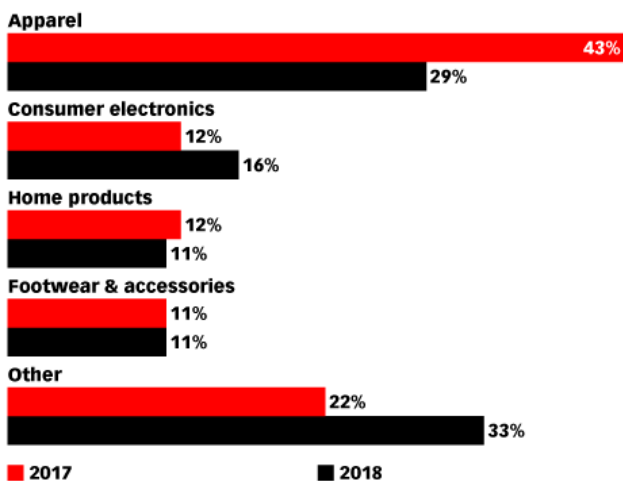
On the B-Stock platform, inventory generally rises 60% in Q1 vs. Q4 with February and March seeing the highest *volumes*. By category, books, music and movies have the highest holiday returns (up 125% in Q1), while health and beauty (50%) and toys and kids items (40%) also spike after the holidays.

No category is immune from returns. According to **BodyBlock AI**, half of US internet users are expecting to return clothing bought online during the 2018 holiday shopping season due to poor fit. Nearly three-fourths of respondents (72%) said they had returned apparel in the past because it didn't fit properly.

Separate research from **Navar** reveals that apparel returns have actually declined this year, while returns of categories other than clothing, shoes, consumer electronics and home products have increased.

What Product Category Are US Digital Shoppers Most Likely to Return from a Digital Purchase?

% of respondents, 2017 & 2018



Note: ages 21-65

Source: Navar, "The State of Returns: What Today's Shoppers Expect," Nov 14, 2018

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Returns do affect margins, but all isn't lost.

“It can cost twice as much to process an online return back on shelf as it does to sell it the first time. Given online return rates are triple that of brick-and-mortar, it’s often more efficient for the retailer to liquidate,” said Eric Moriarty, vice president at B-Stock Solutions. According to the firm, roughly 90% of returned (and excess) inventory is resold on the secondary market, including outlet, off-price, discount and dollar stores.

Over the last three years, B-Stock has seen a 40% increase in the amount of online inventory to be liquidated. This is partly a result of changing consumer attitudes. More shoppers are willing to buy secondhand and discounted merchandise now than in the past, and there is a growing interest in sustainability. Consumers care about preventing products from ending up in landfills, which is benefiting retailers unable to sell returns at full price.