

Retailers Extend Returns amid the Pandemic

ARTICLE |

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More retailers are prolonging their return policies and encouraging consumers to continue sheltering in place and practice social distancing during the coronavirus pandemic.

In late March, big-box retailer Target indicated that it won't accept in-store returns and exchanges for the next three weeks. "But don't worry if you have a return that expires during that period, because we'll still honor them three weeks past the holding period," said Target CEO Brian Cornell in a blog post.

Department store Kohl's also changed its already liberal return policy. Typically, shoppers have 180 days to make a return, but the company recently announced that it will give customers an additional 30 days after stores reopen, even if that is outside the 180-day window.

"J.Crew and Gap also started this a few weeks ago, but what is interesting is that Amazon just announced extended return windows, and they are primarily online-only," said Liesl Chang, co-founder of returns solution Cricket. "This was smart from a customer service and operational perspective, as it takes a lot of labor to process online returns.

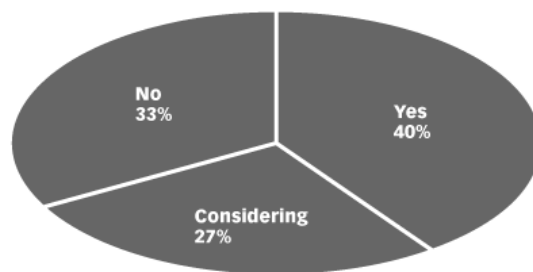
"A lot of online retailers will follow suit, either formally or informally, as a way to reinforce customer service," she said. "[Brands] know that

folks don't want to trek to the post office or UPS store ... and want to have an empathetic stance."

According to March 2020 data from **Narvar** and **Forrester**, 42% of mostly US retailers surveyed said they have already paused their pick up in-store and return in-store services, while 2% said they were considering it. Some 40% of respondents said they have relaxed their return policies, while fewer (27%) said it's something they're considering. A third, however, have made no adjustments.

Have US* Retailers Adjusted Their Return Policies During the Coronavirus Pandemic?

% of respondents, March 2020



*Note: *majority from the US
Source: Narvar and Forrester, "How Retailers Are Pivoting During the COVID-19 Crisis" as cited in blog post, April 2, 2020*

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"We certainly expect to see a steep decline in in-store returns as an increasing amount of physical locations close," said Larisa Summers, senior vice president of digital marketing and ecommerce at returns solutions company Optoro. "We'll also likely see a decrease in online returns so long as consumers are asked to stay home and are currently focused on buying essentials, which have a lesser chance of being returned.

"Once we're able to venture outside more, retailers should prepare for a spike in returns due to rising consumer concerns about the economy," she said. "Shoppers will be taking stock of which purchases are essential vs. discretionary and become eager to receive refunds for anything in the latter category."

Cricket's Chang also expects an influx of returns in the coming months. "Longer term, there will be increases in return volume as

ecommerce penetration increases, even if overall retail sales slow down," she said. "We know online retailers have return rates of four to six times that of brick-and-mortar."

Steven Dennis, president and founder of SageBerry Consulting, however, suspects that things will largely revert to normal once the pandemic begins to subside. "Retailers have been progressively tightening returns and exchanges given their high costs," he said.

The coronavirus pandemic may change how returns are handled going forward. "Whether retailers change return policies formally or informally, return policies are now being calibrated to the situation," Cricket's Chang said. "And there will be a shift to seeing returns as a responsive, customer service tool. ... Retailers will start to understand that returns shouldn't be a static, one-size-fits-all program but tailored to the circumstances, similar to the best CRM. Hopefully, retailers will use this as an opportunity to capture the right data and get more strategic about their returns."

Retailers should examine their return policies to ensure they're giving customers enough time to make a return during this period. Return processes need to be customer-friendly so that retailers can continue to build goodwill and drive retention.

"One suggestion to improve the return experience is to offer a user-friendly online returns portal that allows customers to easily return or exchange an item," Optoro's Summers said. "This also benefits the retailer as it increases the likelihood that a shopper will purchase another item after making a return."

When stores reopen, retailers should anticipate higher-than-expected buy online, return in-store rates. That has a few potential implications, such as shoppers returning online-exclusive items to stores, which will lead retailers to determine what to do with them, or seasonal items that were in stock prior to store closures will now need to be on clearance and compete with the higher number of returns.

"To solve for this, retailers should be proactive in looking for ways to remarket inventory to primary or secondary ecommerce channels," Summers said.

Chang also encourages brands to stay flexible and nimble. “Track everything, and make sure you capture the right data,” she said. “Understand that returns are essentially customer service, which means being strategic with your approach and execution.

“Well-executed returns programs preserve customer relationships,” she added. “Get the right data, and ensure you can easily act on it by having the right integrations and flexible response mechanisms in place.”