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Out-of-the-box tips for cutting down on returns

Article

Returns are a challenge, especially following the busy holiday purchasing season. It's not a problem that's going away—total retail return value in the US will grow 2.0% this year to reach $931.85 billion, per our November 2023 forecast, and will continue growing at a faster rate through the end of our forecast period in 2027.

To help keep return volumes down, retailers are trying everything from implementing return fees to ensuring product descriptions are as accurate and detailed as possible. But there are still a couple of out-of-the-box solutions that they could try.

Here are two of our suggestions.

1. Peer-to-peer returns could reduce reverse logistics costs

In addition to doling out refunds for returned products, retailers are responsible for the reverse logistics costs associated with returns, which can quickly add up.

To combat this, retailers like Amazon and Wayfair have begun instituting a "keep it" policy, telling customers to keep their returns instead of having to pay the costs associated with shipping them back to the warehouse.

But peer-to-peer returns are another way to cut down on shipping costs while also saving the customer from having to get rid of an unwanted product.

- By partnering with third-party platforms like Frate, retailers can facilitate returns between consumers, issuing full or partial refunds for returned products and giving discounts to new customers who buy them.
- This way, the original customer is happy because they got a refund and got rid of their item, a new customer is able to try a product at a lower cost, and the retailer doesn't have to deal with any of the logistics in between.

The bottom line: Peer-to-peer returns won't make up for all costs associated with returns, but it could help foster customer satisfaction and loyalty, and potentially boost sales down the line.

2. Impulse shopping could lead to higher return rates

We've written before about how brands can encourage impulse purchases from shoppers in-store and online, but there may be a downside to leveraging consumers' impulsive behavior.

If consumers make a purchase without fully considering it, they could end up regretting the decision and return the product.

- 58% of Gen Zers, 55% of millennials, and 56% of Gen Xers regret at least one impulse purchase they made after seeing a product on social media, per an August 2023 survey from Bankrate and YouGov.
- That number rises to 62% for baby boomers.

These aren't necessarily small purchases either. Over a quarter (26%) of US adults estimate the amount they've spent on impulse purchases inspired by social media totals over $500, per the same Bankrate/YouGov survey.

The bottom line: Candy bar-makers need not worry—consumers are not going to return their unwanted treats. But brands that sell goods at higher prices, particularly those on social media, may want to consider how impulse purchases could add to their returns headache.

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