

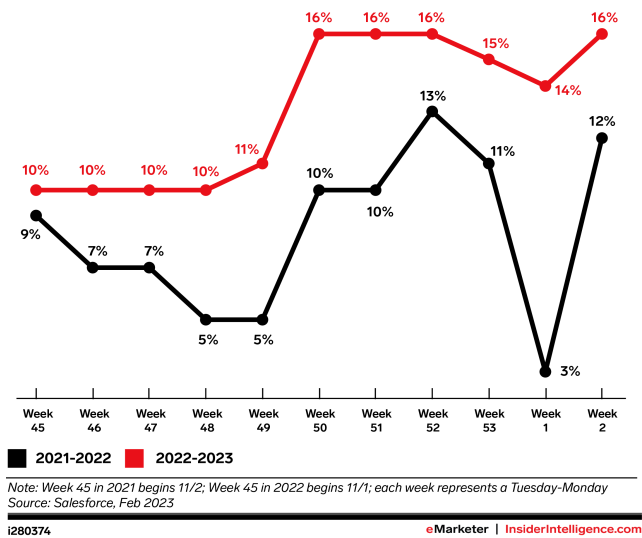
A perfect storm of factors fueled increased returns during the 2022 holiday season

Article

Our inaugural US retail and ecommerce returns forecasts show how 2022 marked a turning point for ecommerce return volumes. After two years of outsized growth, ecommerce returns

dipped by 2.5% year over year per our estimates, and we now expect ecommerce return rates to approach pre-pandemic levels by 2026. But the 2022 holiday season broke with that trend and is likely to be repeated in 2023 as uncertain economic conditions persist.

Share of US Retail Ecommerce Orders Returned,
Nov-Jan 2021-2022 & Nov-Jan 2022-2023
 % of total retail ecommerce orders



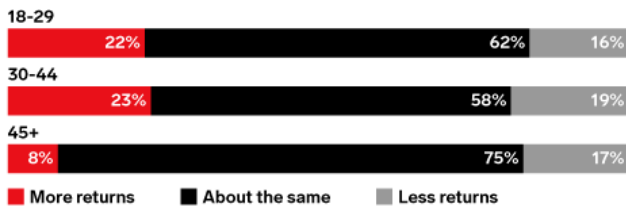
Here's what fueled the holiday returns storm:

- **Shoppers were more price sensitive and less brand loyal in the face of inflation.** Consumers under financial stress are more likely to think twice about their purchases. Younger shoppers in particular said they were inclined to return more of their online purchases as a result of inflation and economic pressure, according to a July 2022 survey by returns service provider Happy Returns.
- **Retailers discounted heavily as the season went on.** Unlike in 2021, when product shortages resulted in smaller discounts, retailers in 2022 had to contend with excess inventory and shaky consumer demand. Adobe reported record-high levels of online discounting with the biggest impacts on toys, consumer electronics, and apparel.
- **Promotions were spread over an extended holiday calendar.** Amazon's second Prime Day-style sale in October spurred other major retailers to launch competing events around the same time. Nearly 76% of retailers surveyed by goTRG in September 2022 said they planned to start their holiday promotions earlier than in 2021.

- **Retailers offered longer return windows for the holidays.** Amazon's holiday return window stretched from mid-October to the end of January 2023—many other major retailers offer similarly generous windows. But only 40% of the top 100 US retailers give low-price guarantees to all consumers, per Digital Commerce 360. This created incentives for consumers to shop early then make returns if they found lower prices later.

Impact of Inflation/Economic Conditions on Returns According to US Shoppers, by Age, Sep 2022

% of respondents in each group



Note: n=2,002 who made an online return in the past 12 months
Source: Happy Returns, "Returns Happen 2022," Oct 30, 2022

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Report by Sky Canaves Mar 01, 2023

US Holiday 2022 Retail Returns

