

6 creative ways retailers can prevent returns

Article

Returns have always been expensive for retailers, but now they're at an all-time high. US retail returns will total \$627.34 billion in value this year, according to our forecast. Here are six strategies our analysts suggest for reducing returns.

1. No free returns

"We're seeing a lot of the fast-fashion retailers like Zara and others like J.Crew and Abercrombie & Fitch starting to charge return shipping for online orders," said our analyst Sky Canaves on a recent episode of "[Behind the Numbers: Reimagining Retail.](#)"

But charging for returns is a dangerous game, because it could push consumers directly to Amazon, which doesn't have those fees.

- Return fees are particularly risky for digital-only retailers, where consumers don't have the option of trying on multiple sizes in-store. "You're potentially completely losing out on a sale there," said our analyst Carina Perkins.
- Perkins noted that for retailers with loyal followings, like Zara, there is some wiggle room because consumers are more likely to overlook fees.
- With brand loyalty nosediving due to rising prices, retailers need to take creative approaches to discouraging returns beyond asking consumers to pay up.

2. Hire a returns professional to prevent them at the root

"Often returns are thought of as just a logistics or reverse logistics issue, but it can really span all of a business," said Canaves.

Stopping returns starts with making sure consumers are happy with their first purchase. A returns professional can identify recurring issues like poor packaging or product quality and fix them across the business.

"All of those issues need to be considered in a more holistic way rather than just saying returns are something that happens after the purchase," Canaves said.

3. Think critically about shipping deals

Offering free shipping on orders over a certain value can increase basket size, but it can also encourage consumers to buy big and return half their purchases.

"Any kind of promotions that you're running which are offering money off, for example, if you reach a certain threshold, you've got to think about the potential implications for returns," said Perkins.

Consumers might spend more at first, but they could be dealing with buyer's remorse later.

4. Flag "bracketing" in the shopping cart

Bracketing, where shoppers buy multiple products in different sizes or colors with the intention of keeping just one, can result in massive expenses for retailers.

“There should be tools in place to flag when a shopper is putting multiples of the same item in different sizes in their shopping cart and offer them support,” like a customer service representative, a size chart, or an opportunity to look at items in-store, said Canaves.

5. Leverage tech so consumers can get orders right in the first place

Augmented reality (AR) and virtual reality (VR) can help consumers visualize how clothing will look on their bodies or how furniture will look in their homes. “There's also some great AI technology which helps people pick the right size,” said Perkins.

Thirteen percent of US consumers have used VR and AR for shopping as of October 2022, according to an Insider Intelligence survey conducted by Bizrate Insights. As adoption picks up, the dressing room can move from stores to smartphones, resulting in reduced ecommerce returns.

6. Tie free returns to loyalty programs

By associating returns with loyalty, retailers can charge for returns from some customers while collecting valuable data and feedback from others.

Canaves also suggested creating credits for free returns based on previous spending or offering tiered returns programs.

“It's a strategy that Nike has in place for its Nike membership, and I think it's worked,” said Canaves.

The final sale: Charging for returns is a Band-Aid solution to a much bigger problem. If retailers want to discourage returns while encouraging purchases, they'll have to think more creatively. Start by investing in professionals, technology, and loyalty to make sure consumers stay happy and return labels stay unused.

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