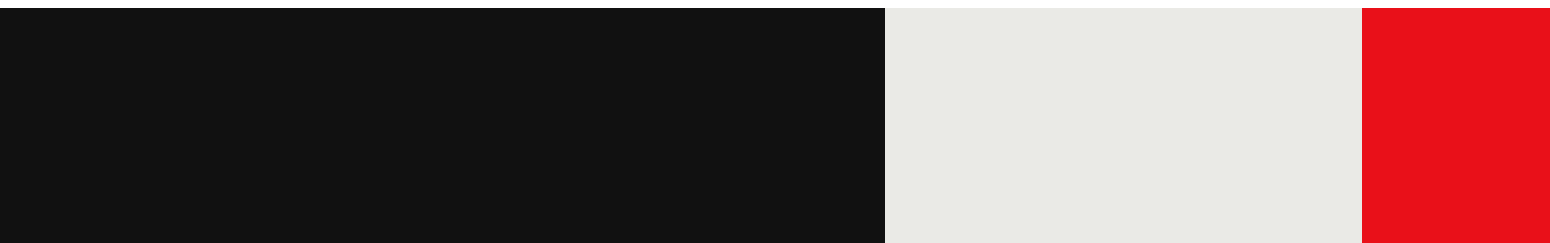


Can retailers quell rising return rates without losing sales?

Article



The trend: Retailers are seeking to slow their rising return rates by shortening their refund and exchange windows and charging customers restocking fees.

- Return rates are outpacing revenues for 91% of retailers, [per](#) a survey by Aprriss Retail and Incisiv.
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- Many of the items shoppers return can't be resold, leading to billions of lost revenues and massive waste.
- Zara and Boohoo both [implemented online returns fees](#) earlier this year to drive shoppers to think twice before they return an item, while J.Crew and Gap Inc.-owned stores Athleta, Gap, Banana Republic, and Old Navy cut their windows for returns to lower their rates.

Retail & Ecommerce Return Volume

US, 2022

Retail Ecommerce Return Volume*

billions \$279.03

Non-Ecommerce Retail Return Volume

billions \$627.61

Total Retail Return Value

billions \$906.64

*Note: represents the total dollar value of retail goods and merchandise purchased in-store or online, then returned to the retailer according to its return policy; excludes programs or subscriptions such as Amazon's Prime Try Before You Buy or Stitch-Fix, where items are returned before the customer is charged; includes items retailer does not want shipped back; *via any return location or method according to its return policy*

Source: eMarketer, November 2022

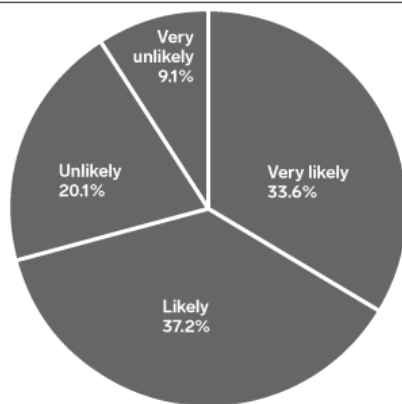
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The risk to that strategy: Shoppers expect to be able to return items with minimal friction.

- **A sizable share of US shoppers, 54%, won't shop with a retailer that charges for online returns, per a Loop survey.** Only slightly less, 47%, of UK consumers take a similar stance, per a study by ROI Hunter cited in Marketing Tech.
- **Retailers that fail to make returns simple and straightforward may be ceding ground to competitors such as Amazon** that simplify the process by offering multiple dropoff locations and not requiring consumers to pack up their returns. For example, 63% of shoppers would be “much more likely” to shop at an online store that offers free returns, with immediate refunds and no packaging required, per a TRC consumer survey conducted on behalf of Happy Returns.
- **Consumers have grown accustomed to having multiple ways to return items.** For example, 37% of shoppers have returned their most recent online purchase by dropping it off at a third-party location such as **The UPS Store** or **FedEx Office**, per a Narvar consumer survey.

Likelihood of UK Digital Shoppers Avoiding Shopping in a Digital Store If They Are Required to Pay for the Postage of Their Returns, May 2022

% of respondents



Note: n=1,000 ages 16-65
Source: Appinio, May 18, 2022

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Simplifying the returns process: Although many retailers have thrown up barriers to the returns process, others have taken the opposite approach.

- **Walmart in September** rolled out three new returns options: an extension of its returns policy so that eligible purchases made on or after October 1 can be returned through January 31, 2023; curbside returns that enable shoppers to drop off items from their vehicles; and returns pickup from home for Walmart+ members in select locations without the need to provide a box or a label.

- **Target** rolled out the option to make returns through its Drive Up curbside service.

The big takeaway: Rising return rates are a significant issue that retailers need to address to protect their bottom lines. But there are ways to do so that enhance the customer experience, and ways that hinder it.

- For example, retailers can leverage technology such as augmented reality to help shoppers better understand how an item will fit. By contrast, they can create frustration by charging shoppers or shortening their return windows. While those efforts may produce short-term gains, they may come with long-term costs.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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