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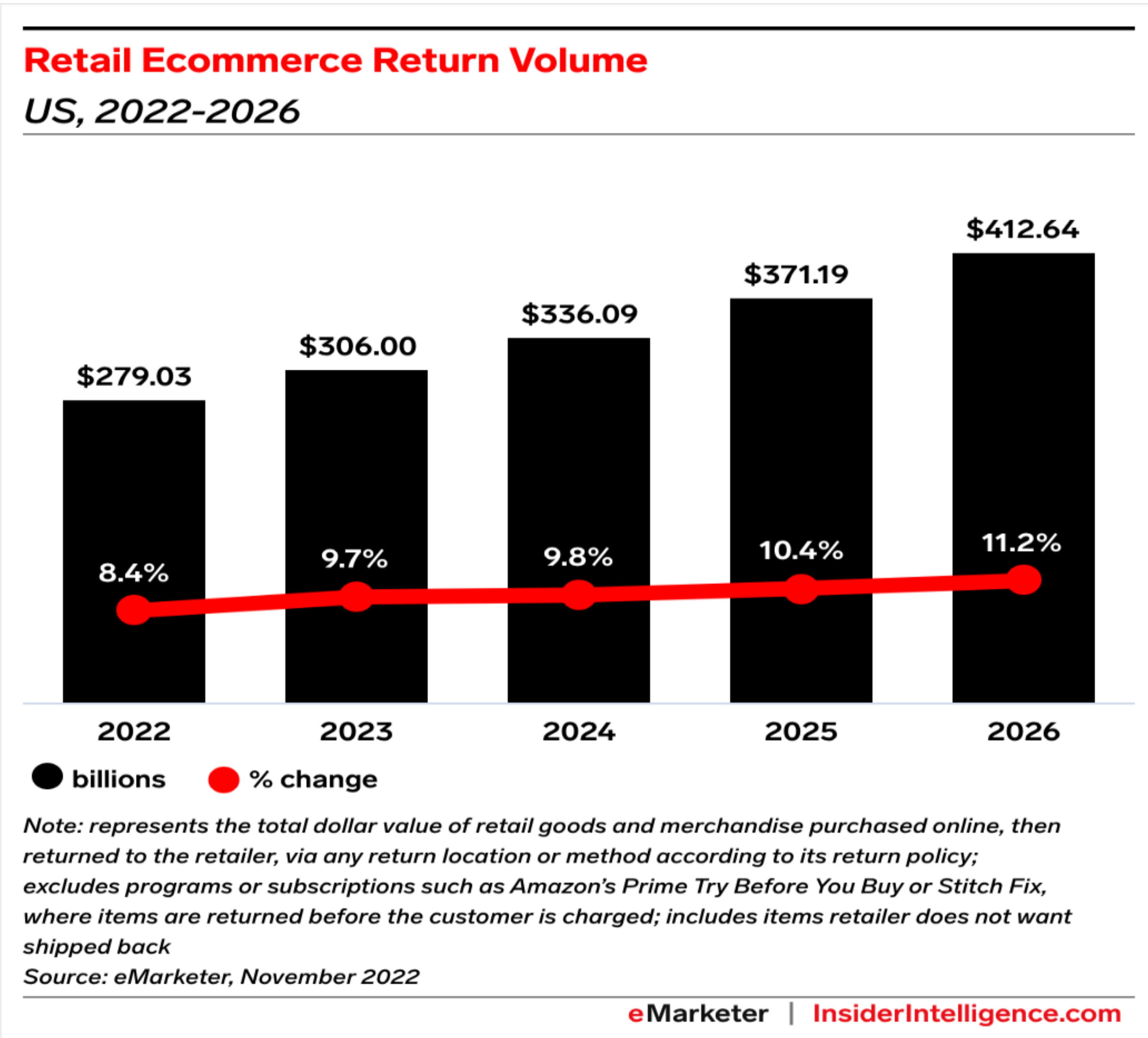
Zak Stambor

The value of US online returns will reach $279.03 billion this year, more than doubling since 2019

Article

The forecast: US online shoppers will return merchandise worth $279.03 billion this year, an 8.4% increase over last year, and well over double the $118.41 billion that shoppers returned in pre-pandemic 2019, per our latest forecast.

- This year, the value of US online returns will total 26.5% of what consumers spent. That's up from 19.8% just three years ago.
- Overall, consumers will return merchandise worth $906.64 billion this year, up 2.3% over last year.



What's driving that growth? Two factors have driven that return volume growth: inflation and bracketing.

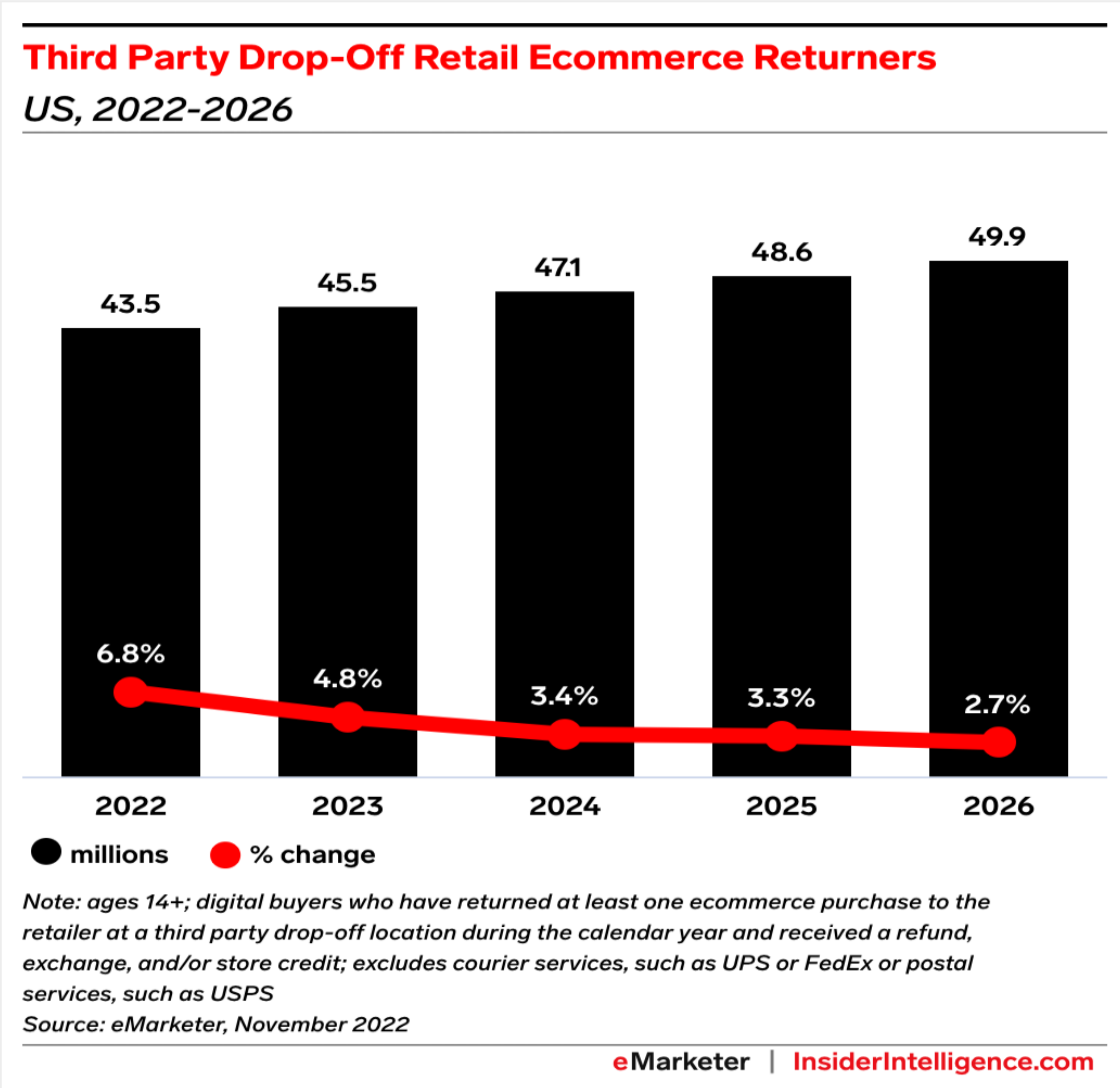
- **Inflation has driven up the price of goods**, which means the dollar value of items returned has also increased.
- **Bracketing**—the practice in which a shopper buys multiple versions of an item, tries them on at home, then returns those that don't work—**is on the rise**. Sixty-three percent of shoppers have engaged in bracketing, up from 55% in 2019, per a recent Narvar study.

The challenge: Return rates are growing faster than revenues for 91% of retailers, per a survey by Appriss Retail and Incisiv.

- Each element within the returns process—the packaging, labor, and freight to and from the customer—adds up. Online returns cost retailers an average 21% of their order value, per a Pitney Bowes survey.
- Retailers that make the process complicated, or charge shoppers to return an online purchase, run the risk of turning shoppers off. For example, 54% of US consumers won't shop with an online retailer that charges for online returns, per a Loop survey.

Various solutions: Retailers are taking different tacks to address the issue.

- **Some have sought to make returns more convenient.** For example, **Walmart** recently added curbside returns and returns pickup from home to its offerings, as well as extended its returns policy through January 31, 2023. And a growing number of retailers are working with third-party dropoff retail ecommerce return vendors such as **PayPal**-owned **Happy Returns.**
- **Others are looking to provide shoppers with more information about an item before they click the buy button.** For example, Walmart and **Ikea** each launched digital experiences that let shoppers use their smartphones to see what furniture would look like in their homes and **Amazon** earlier this year rolled out an augmented reality (AR) try-on feature for shoes.
- **A handful of merchants began charging customers for returns to offset rising costs and protect margins.** Fast-fashion companies **Boohoo** and **Zara** implemented returns fees earlier this year in the UK.



The big takeaway: The returns process is a critical element of customer experience that can either offer retailers a competitive advantage or drive shoppers to their rivals.

- Retailers should regularly analyze what's driving shoppers to return items. Doing so can help improve the way product information is presented on their sites, such as leveraging AR try-on tech or simply showing what an item looks like on a diverse array of bodies.

*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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