



eCommerce Returns

Consumer trends and the impact on retailers

Research and Insights, from Whistl



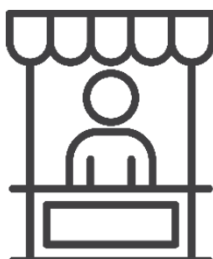


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The trend of UK eCommerce returns

Returns on the rise

Retail returns jumped to an average of 16.6% in 2021 versus 10.6% in 2020. ¹



Fashion retailers have been particularly affected, with almost four in ten (37%) reporting that returns have risen over the last two years. ²

We're a nation of 'serial returners'
as a quarter of UK retailers say they have seen a rise in returns over the last two years

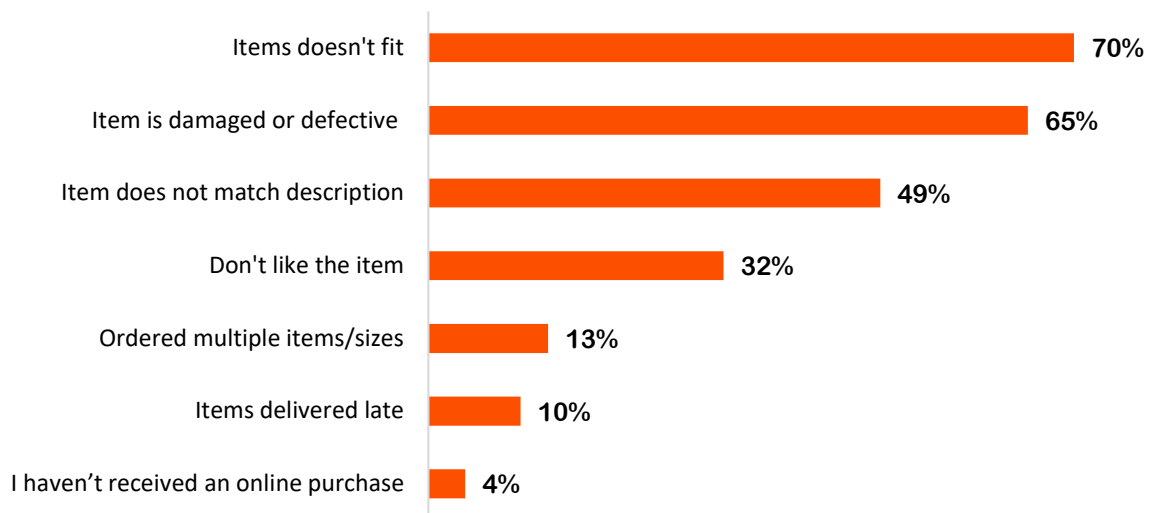
“Buy, Try, Return” has increased since the pandemic:

The rise of online shopping has resulted in a rise in items being returned. Reasons for this include items not meeting expectations once received by consumers, and in the case of clothing, not being the right fit. The ‘Buy, Try, Return’ has become a more frequent habit amongst shoppers ³:

- Younger shoppers were comfortable to "**buy, try, return**", but since the pandemic this has also become learned behaviour for older customers.
- 38% of all UK online shoppers said they now feel **more confident in returning** online purchases.
- 49% of UK online shoppers have **returned goods** back in the past year, rising to 60% for 16-34 year olds.

Reasons customers are returning

What have been your reasons for returning online purchases in the past? ⁴



Sizing of items is the main reason consumers return apparel items. Many online retailers have tried to minimise this by providing clearer sizing charts and even allow you to upload your size details to find your 'recommended size'.

Though the late delivery of items was amongst the lowest reasons for returns, this could be minimised further with retailers giving choices for delivery dates at the checkout.

Consumer barriers to returning

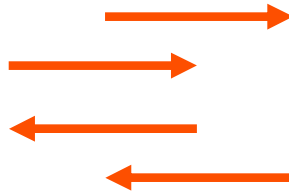
Retailers must also be aware of the challenges consumers face when returning items which include high returns costs, lengthy refund times and customs issues ⁵. A bad returns experience can result in a retailer losing customers so it's important to get it right, be clear and make it simple for consumers to make returns.

The growing trend of increased returns has caused headaches for online retailers who are having to manage the processes and meet customer expectations.

Consumers want a better returns policy

82%

of UK online shoppers agree that retailers need to improve their returns capabilities ⁶



84%

would turn their back on a retailer after a bad returns experience ⁶

Eco-friendly return options are growing:

Consumers are more eco-conscious than ever, and this attitude is reflected in returns.

46%

of UK consumers are concerned about the environmental impact of over ordering and returning items ⁷



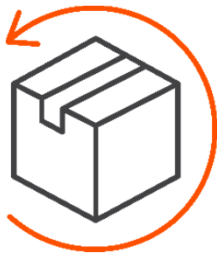
71%

of customers would be willing to pay more to return with a sustainable option ⁵

Impact of returns on retailers

How much can it cost an online retailer?

Online returns alone cost UK retailers an estimated £5.2bn a year ⁸



Almost half of the amount consumers spend on clothes shopping online ends up being refunded by retailers ²

The process of returning an item can cost up to twice as much as it does to deliver it ⁹

The negative impact on retailers

57% of retailers said dealing with returns has a negative impact on the day-to-day running of their business ¹⁰



At least **30%** of all ecommerce orders are returned, compared to only **8.89%** in brick-and-mortar stores ¹¹



If online retailers don't manage their returns effectively, it will have significant **impact on their sales and profitability**.

They also **risk losing competitive advantage** to retailers offering an easier, faster and more efficient returns journey.

Returns Strategies

To cope with the increase in returns, retailers are having to take action through **changes in the service they offer**, by providing clearer product and returns information. 18% introduced a **‘try before you buy’** service, encouraging customers to purchase more, therefore return more. 25% choose to regulate buying through ‘quality purchases’, which limits returns.

% taken action relating to service ²

52%	Provided more information about products online.
48%	Made the returns policy more transparent.
29%	Increased the price of items to cover the cost of managing/processing returns.
25%	Ensured ‘quality purchases’ by limiting the options available to customers based on preferences.
18%	Introduced a ‘try before you buy’ service.

Retailers have **also reviewed their returns policies**. 23% choosing to provide their customers more time, whilst 23% have chosen to reduce this and gain more control of their stock inventory. The latter is a risky move as customers have grown to expect a comfortable period of time to contemplate their purchasing decisions.

% taken action relating to the returns window ²

23%	Reduced the time customers have to return items to get a clearer picture of stock inventory.
23%	Lengthened their return policy.

Businesses have also prioritised their **returns logistics** with additional workforce and increasing warehouse space. Returns, however, can be long and complicated so its not surprising that over a quarter of retailers work with a third party logistics party to handle the process.

% taken action relating to logistics	
28%	Worked with a logistics provider to speed up the returns process.
26%	Introduced a new system to handle returned stock that can't be sold.
20%	Hired more staff to process and manage returns.

The importance of a returns strategy

Retain customers

- Get the returns experience right and **92%** of consumers will return to buy again ¹¹. You'll make future purchase decisions easier.

Attract new customers

- **90%** are more likely to order from a store that makes returns easy ¹²
- **52%** of European consumers always check the return policy before deciding to buy from an online store ¹³

Create brand loyalty

- For those retailers who get returns right, this can create competitive advantage and boost the image of a brand.
- A quarter of shoppers think a delay in processing their return contributes towards a negative experience, and **92%** of shoppers say the range of return options is important when deciding where to shop ¹⁴

Strategies to minimise costs and maximise profitability from order returns

1. Understanding reasons for returns analytics

Understanding your returns will give you the chance to become better moving forward. Learning from your returns enables you to understand why customers may be returning products and make better decisions in the future. Reasons for 'common returns' will reduce with a review of your supply chain:

- Broken/faulty product
- Wrong Size sent
- Arrived late
- Item does not match description

2. Review supply chain inefficiencies

There may be inefficiencies in your supply chain, which could improve your returns process. A few of the areas of your returns supply chain, that could be reviewed, include:

Inventory Management

- Re-saleable items added back as 'in stock' within your inventory management system in real-time.
- Items needing refurbishment are passed to the fulfilment refurbishment team for the necessary cleaning/repairs and added to 'in stock' on completion.
- Customer refunds should be processed swiftly, giving them the service they expect, allowing for future purchases from your store.



Pick and pack

Product selection from correctly referenced pick locations and relevant packaging will minimise damages in transit and customers receiving the wrong item.

- Regular packing and item inspections
- Use protective packing material where needed
- Add Fragile labels for breakable items to parcels
- Use outer parcels that ensure a ‘*correct fit*’ without unnecessary movement

Despatch

Work with fulfilment specialists or third-party logistics specialist focused on eCommerce, to minimise damages in transit. Specialist fulfilment and delivery management companies, like Whistl will offer:

- Complete account management of all processes
- A choice of delivery partners/carriers
- Cost-efficient rates through consolidated volume and buying power
- Late cut-off times for carrier collections

Customer Service

The customer is at the centre of your revenue opportunity.

- Customers are more likely to stay loyal, if they are informed at each point of the transaction.
- If customers request an update, this must be dealt with promptly.

In-house or third-party contact centre specialists should have access to relevant information to advise the customer of the order or return status

3. Ways to manage returns

Returns management: Can be added as part of your fulfilment process. The appointed fulfilment partner ensures:

- Items are logged for the reason for return
- Inspected for damages
- Necessary items are refurbished or repaired
- Saleable items are added as 'in stock' to inventory and placed back in their pick location for resale
- Customer refunds processed



Reverse logistics:

Incorporating reverse logistics into your deliveries can speed up the process of returning items to the warehouse. The appointed shipping company, responsible for the original delivery, is also responsible for the return journey of the products.

Return to store:

If you have a physical store, this can be a popular choice allowing customers to browse store stock while returning items. Maybe even enticing other purchases while in-store.



4. Ensuring items can be resold

Having a return policy that brings your items back in sellable condition is important to avoid lost profits. This can be key for electronic, apparel and home furnishing items, as inspections can take longer to process. Some fulfilment companies offer refurbishment services to rework and repair items to maximise saleable inventory. Examples include:

- Quality control checks
- Cleaning
- Re-wrapping or re-packing
- Re-labelling
- Repairing
- Replacing missing parts

5. Return instructions

Providing accurate and easy to follow information is a key component to improving returning experiences. Include the following to improve your customer experience:

- The return time limit
- How and when refunds will be received
 - E.g. credit for future purchases or refund by the payment method
- Who pays for the shipping cost for returned items
- How to package item/s
- Where or how to return goods

Your return instructions could also be an opportunity to cross-sell or upsell items, offering free exchanges for incorrect items or a discounted rate for a similar item.

Whistl Provide Support Services for Businesses Throughout the End-to-End Logistics Supply Chain

At the Whistl Group, we offer a unique portfolio of solutions to support the end-to-end logistics process, helping with all aspects of the customer journey including the delivery management of orders, complete fulfilment solutions and even ongoing customer service.

Customer Acquisition

Increase your customer base with relevant and targeted advertising services. From postage solutions, advertising mail or the planning and delivery of promotional leaflets, brochures or magazines or even product sampling techniques.

Fulfilment Solutions

Multi-channel fulfilment supporting B2C/B2B orders and drop-shipping. A complete fulfilment solution, providing everything you need for a seamless experience for your customers, from the first click to delivery to the final delivery location.

Delivery Management

Managed middle-mile/ final-mile solutions for efficient customer deliveries. Our portfolio of fully managed domestic and international delivery solutions ensure your goods reach your customers, no matter where they reside.

Contact Centre Services

Outsource all of your businesses contact centre services, to Whistl. Tailored contact centre services, we manage all of your inbound customer contacts including calls, emails and social media platforms, with the same diligence as an in-house team.

Returns Management

Return management services, as customers sometimes change their minds. Improve customer retention with reverse logistics for parcel deliveries, or a fully managed returns fulfilment service, including product refurbishment for saleable inventory.

Create a seamless product returns experience for your customers, and maximise sale-able inventory, with Whistl's bespoke return services.

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Thank You

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