



Consumer Report 2018

# The State of Returns: What Today's Shoppers Expect



# Contents

---

- Executive summary** ..... **3**
- 01. Easy returns drive loyalty** ..... **6**
- 02. Reducing complexity and ambiguity** ..... **10**
- 03. Turning returns into revenue** ..... **13**
- 04. Moving beyond the mailbox** ..... **15**
- 05. Returns come in different shapes and sizes** ..... **18**
- 06. What Amazon shoppers think of the returns process** ..... **21**
- 07. Consumers are buying with the intent to return** ..... **24**
- What it all means** ..... **26**

# Executive Summary

---

Consumers are buying more online, and returns are an inherent part of the process. Today's shoppers have higher expectations than ever for an effortless and transparent experience.

We wanted to hear directly from consumers what retailers should be doing to foster loyalty and reduce anxiety in the returns process. We surveyed nearly 1,300 shoppers to understand how consumer attitudes toward returns have changed since we first conducted this study in 2017.

**Methodology:** Narvar conducted an online survey of nearly 1,300 U.S. online shoppers between ages 21-65 who made online purchases within the last six months. The survey ran from September 13-15, 2018.



# What we heard

---

## Easy returns drive loyalty.

Retailers who make returns easy can expect repeat business. Nearly 70% of shoppers surveyed say their most recent returns experience was “easy” or “very easy,” and **96% would shop with a retailer again** based on that experience.

## Return policies influence where consumers shop online.

A restrictive, complicated, or unclear returns policy can prevent shoppers from buying. **More than two-thirds of shoppers** say they’re deterred by having to pay for return shipping (69%) or restocking fees (67%), and 17% said they would not make a purchase without the option to return to a store.

## The returns process is improving.

It seems that many brands are indeed making the returns process simpler for consumers. The vast majority of **respondents agree that online returns have gotten easier in the past year**. Just 5% of shoppers say returns are more difficult than they were a year ago.

## Retailers have the opportunity to convert returns to revenue.

The majority of shoppers replace the item they’re returning: **57% of respondents say they exchanged or replaced the last item they returned**. By making the exchange process easier, retailers can capture this revenue and keep customers coming back.



# What we heard

---

## Retailers should optimize returns to save shoppers time and effort.

The returns process is improving but isn't as simple as it could be. More than half (54%) of respondents say they had to print a return label for their most recent return and **32% say they needed to contact the retailer for return authorization.**

## Shoppers want the option to buy online and return in-store.

In-store returns offer a competitive advantage. While most shoppers (63%) say they made their most recent return by mailing a package, **a significant number—40%—say it's easier to return to a store.**

## Consumers demand visibility into the status of their returns and refunds.

Shoppers expect to be in contact with retailers during the return process — 59% say they want notifications about the status of their refund and **50% want notifications about the status of their return package.**



# 01.

## Easy returns drive loyalty

# A great returns experience has a lasting impact.

---



**96%**

would shop again with a retailer based on a good returns experience



**70%**

said their most recent returns experience was “very easy” or “easy”



**Key takeaway:** Think of the returns process as an opportunity to build loyalty by exceeding shoppers' expectations.

# Retailers can lose a sale because of restrictive return policies.

## Reasons for not buying from a retailer:



69%

having to pay for return shipping




67%

restocking fees



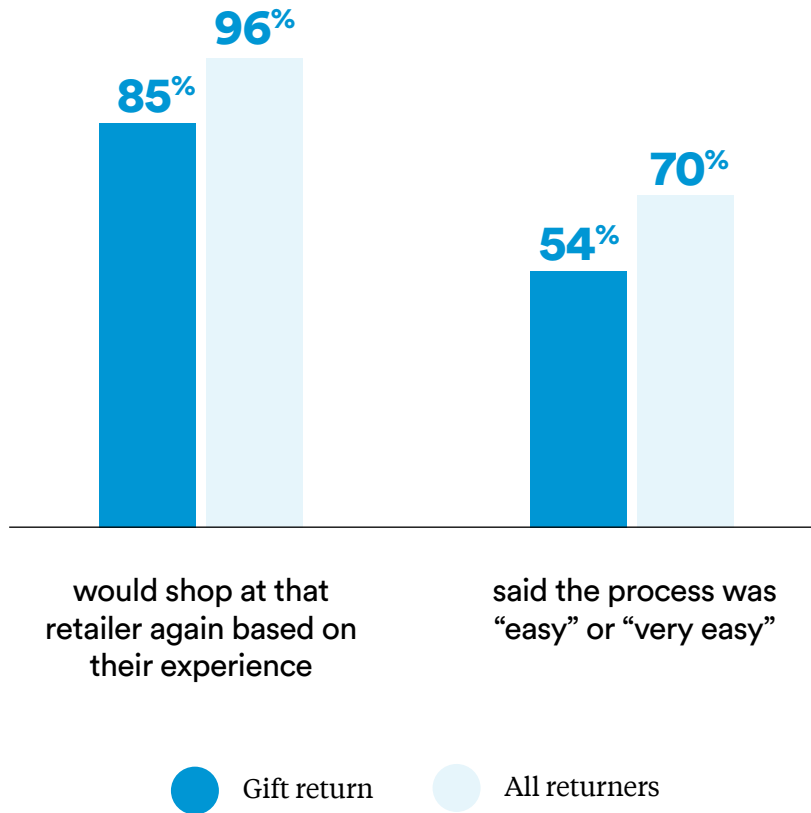
33%

difficulty finding the return or exchange policy

 **Key takeaway:** Shoppers are becoming more open to paying for a return, as long as the policy is clear. In 2017, 74% of respondents said they wouldn't buy from a retailer who charged for return shipping and 84% wouldn't buy from a retailer who charged a restocking fee.



# Gifts are considered more difficult to return.



of respondents have returned a gift they received to an online retailer.

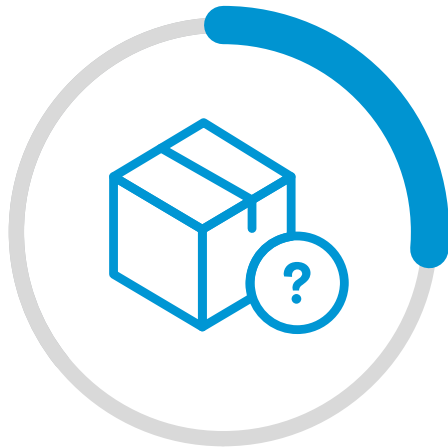


**Recommendation:** Retailers must ensure their systems make gifting simple — including the online return process for recipients.

# 02.

## Reducing complexity and ambiguity

# At their worst, returns induce anxiety and frustration.



**28%**

worry their return will  
be lost in the mail



**31%**

have kept unwanted items to avoid  
the hassle of returning them



**Recommendation:** Ease shopper concerns with an easy, transparent returns process, including updates about refund status and package tracking capabilities.

# Communication is the top priority for shoppers when making a return.



## The current situation:

- 54%** had to print a return label
- 32%** had to contact the retailer for return authorization
- 17%** had to find a different box or envelope to return the item

## What shoppers want:

- 59%** notifications about refund status
- 50%** notifications about return package status

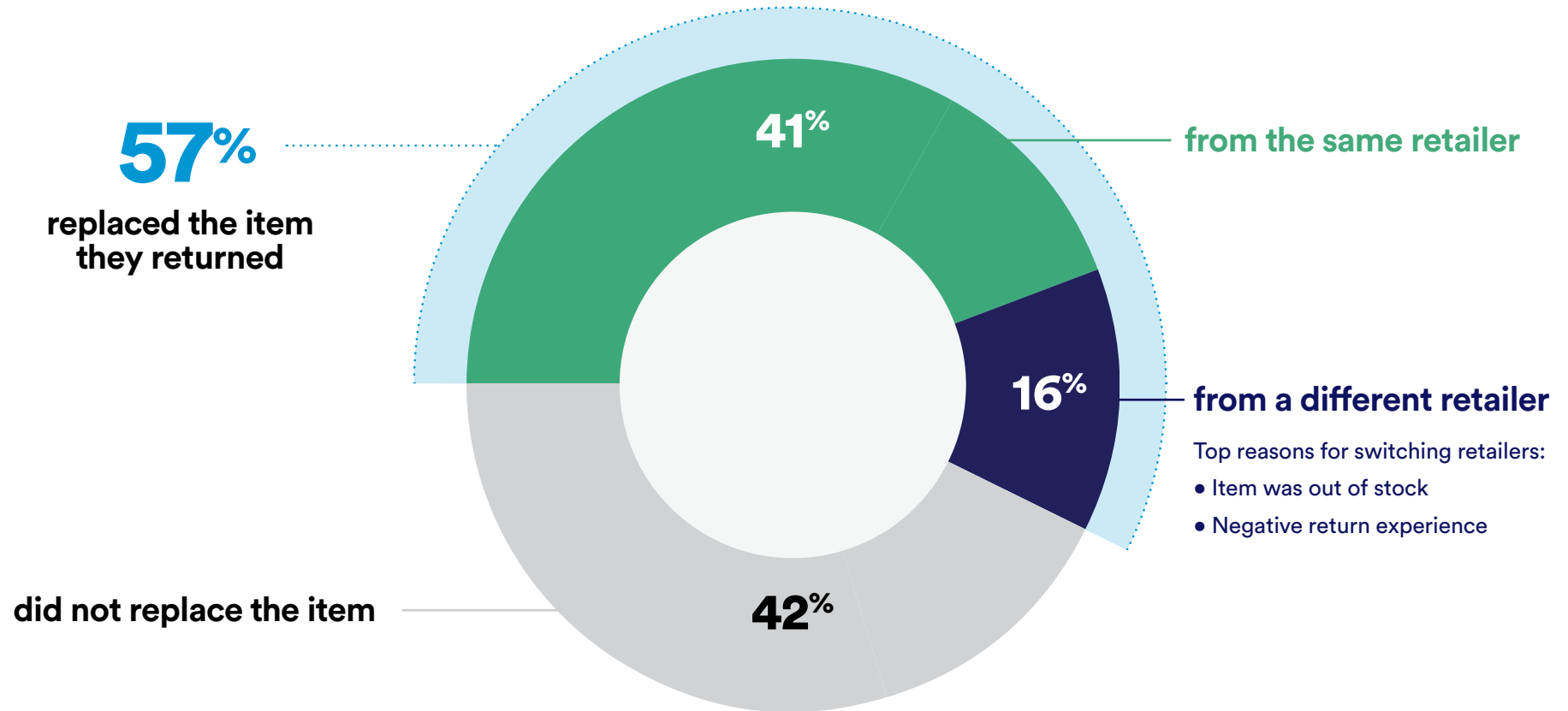


**Key takeaway:** While effortlessness is important, clear communication about status of returns and refunds is paramount.

# 03.

## Turning returns into revenue

# Most shoppers exchange or replace the items they return.

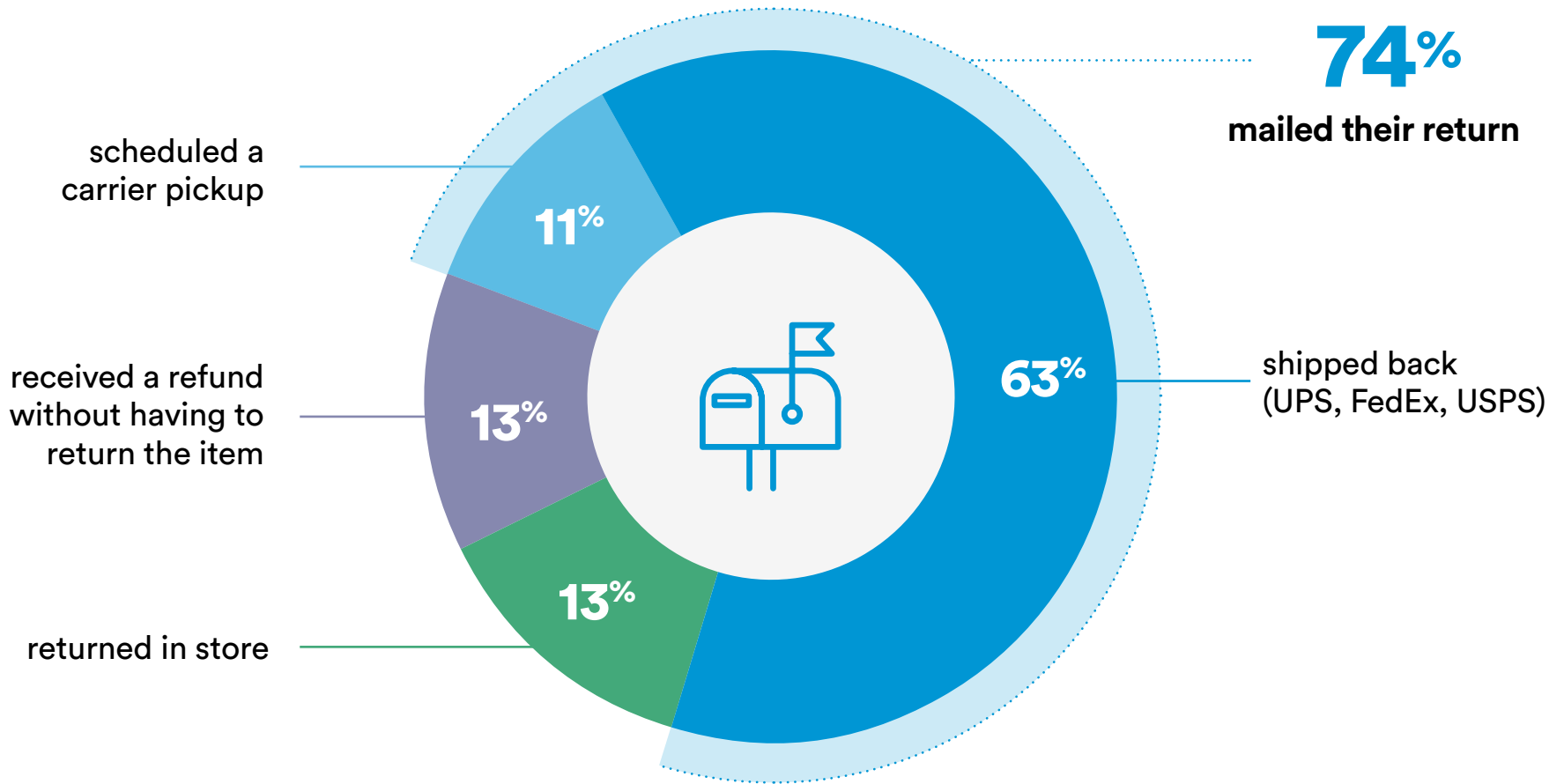


**Recommendation:** Enable immediate refunds and fast exchanges. Don't make customers wait until the return process is complete to issue a refund or put a new product back in their hands.

# 04.

## Moving beyond the mailbox

# Mail is the most common way to return an online purchase.





# Still, many shoppers want the option to return in-store.



# 40%

think it's easier to return items to a store

17% wouldn't buy an item without the option to return in-store

## Top reasons for preferring in-store returns:

**32%** getting immediate credit

**28%** not having to worry about a lost package

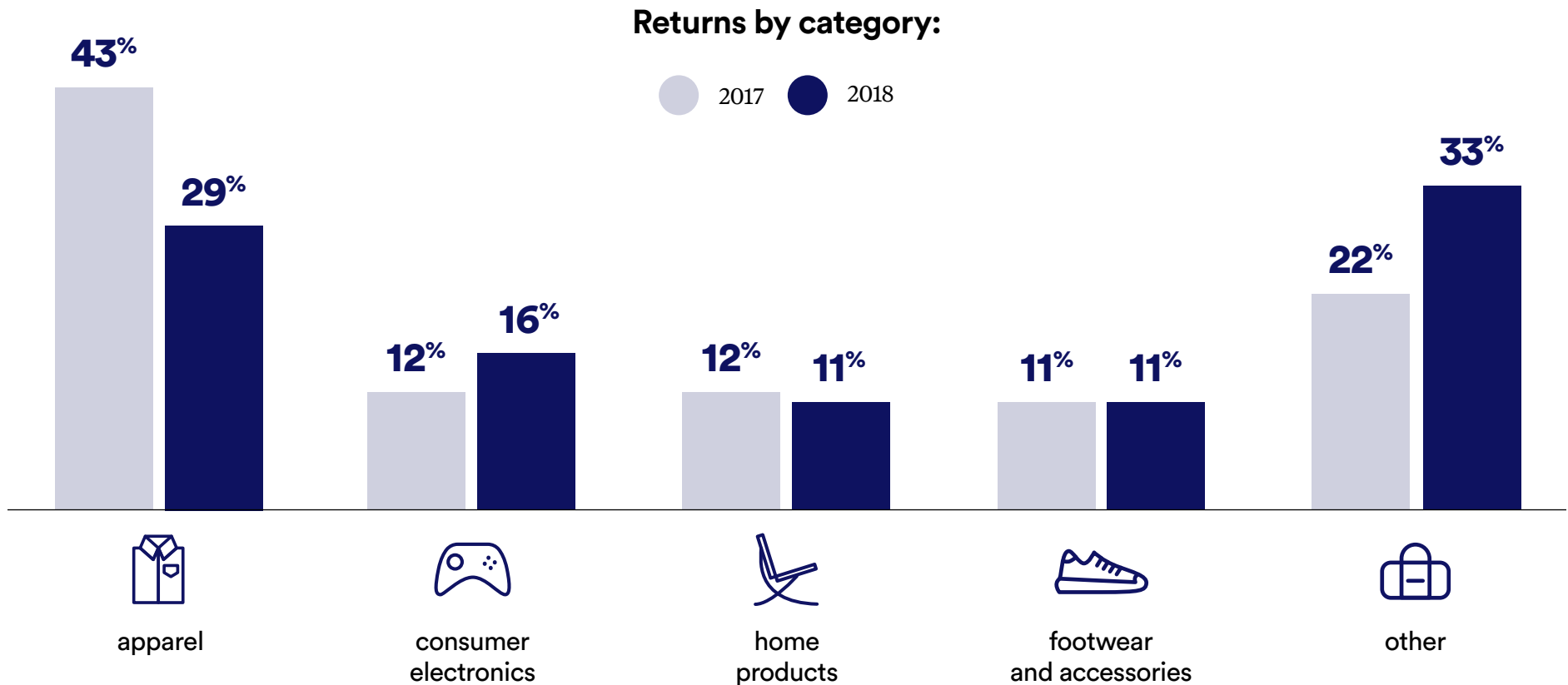


**Recommendation:** Combine the instant gratification of in-store returns with the convenience of shipping: offer fast refunds and updates about the status of returned packages.

# 05.

## Returns come in different shapes and sizes

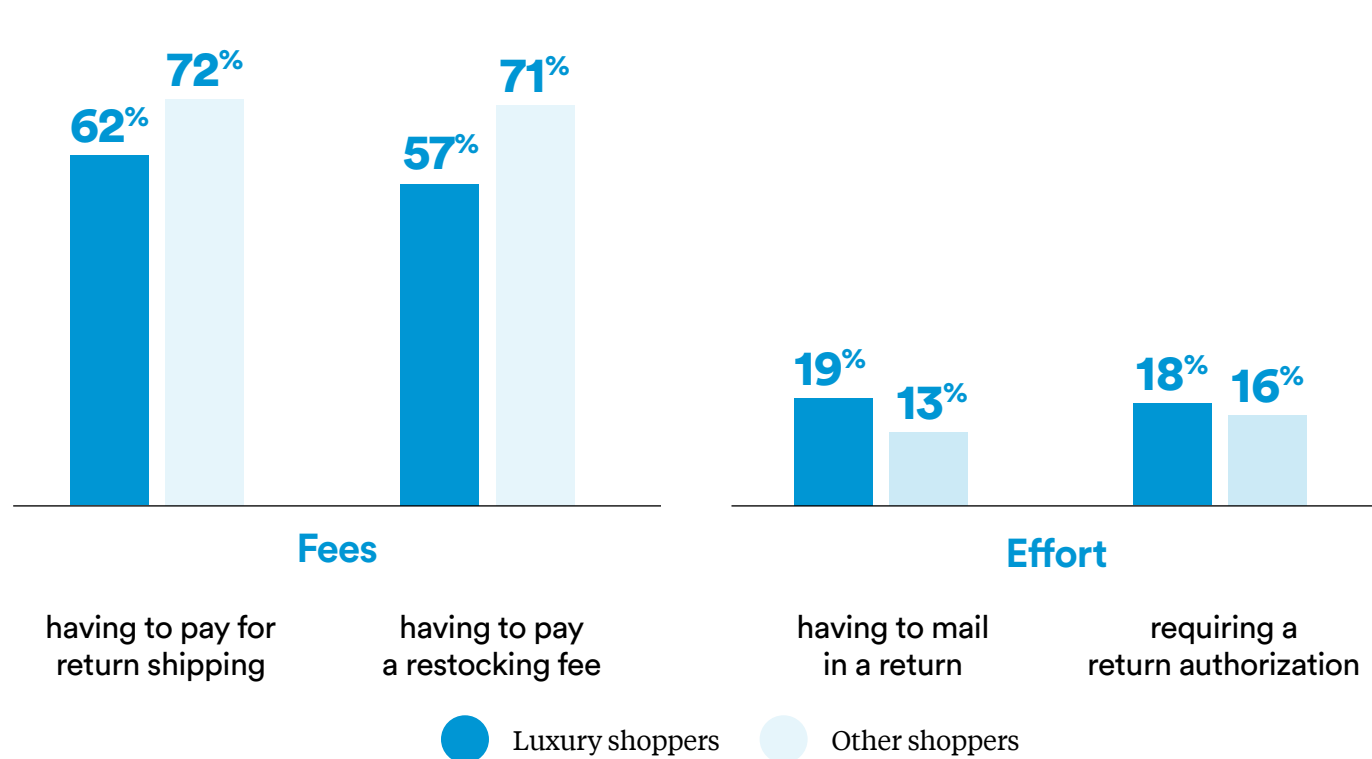
# Apparel makes up the majority of returns, but its margin is shrinking.



 **Key takeaway:** Brands may be improving at effectively communicating the color, size, and fit of clothing, leading to fewer apparel returns.

# Luxury shoppers\* are less deterred by return fees and value convenience more.

## Reasons for not buying from a retailer:



\*Respondents who returned luxury items (e.g. designer clothing, jewelry, luggage) in the past year

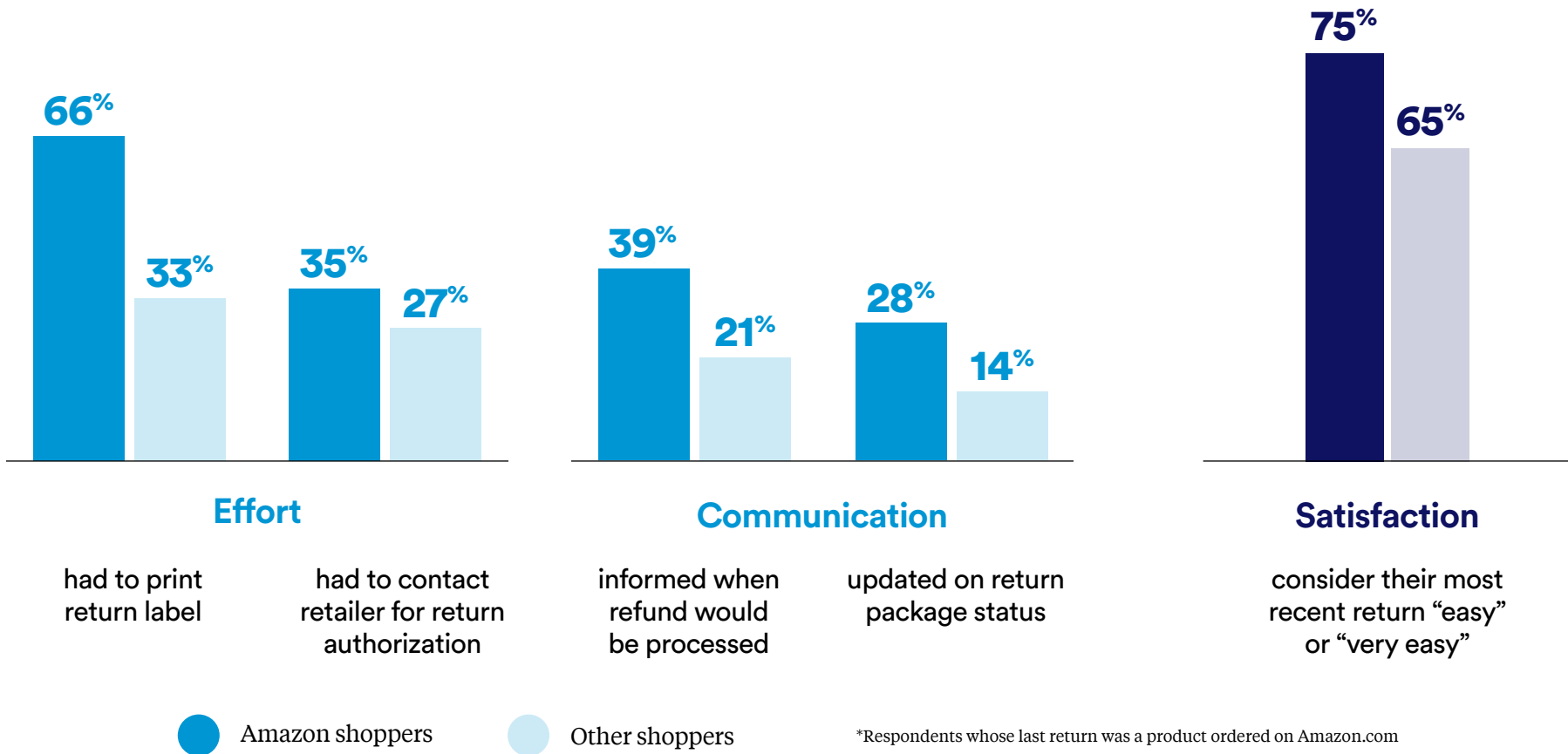


**Key takeaway:** Shoppers are more willing to pay for return shipping and restocking when their expectations are set — for instance, when making a high-end purchase.

# 06.

## What Amazon shoppers think of the returns process

# Amazon returns tend to require more effort, but shoppers are happier with their experience.

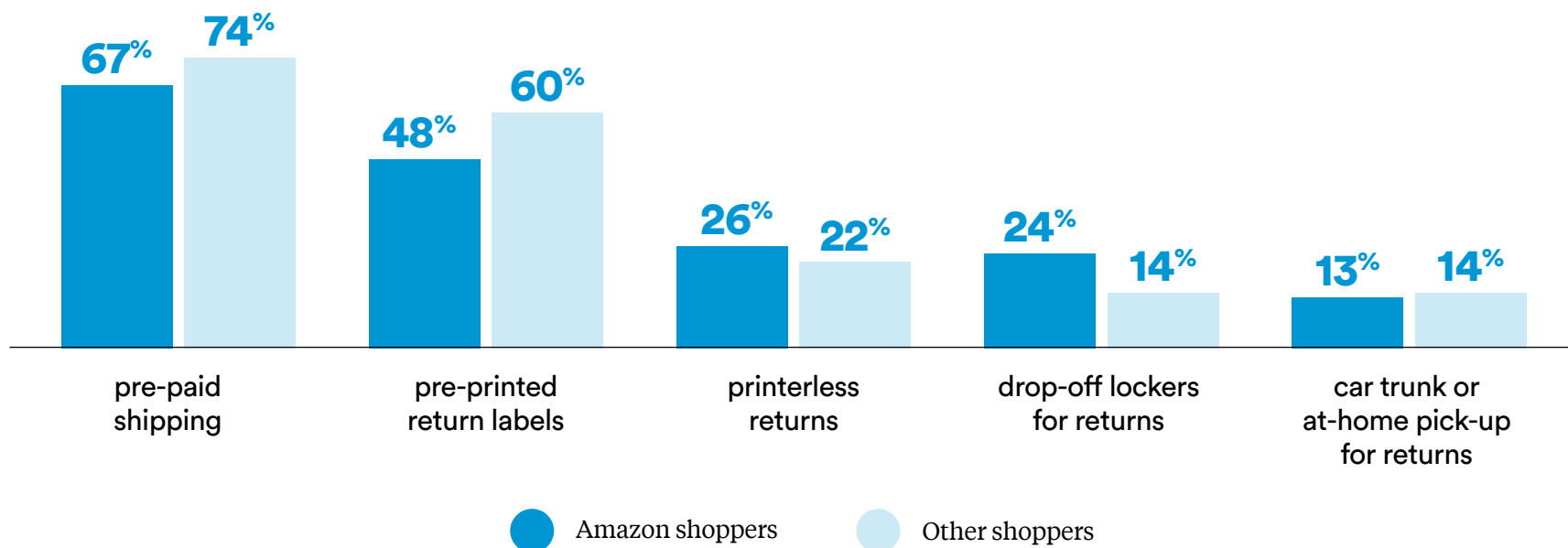


**Key takeaway:** Because Amazon is generally better at communicating the status of returns and refunds, shoppers are more tolerant of some inconveniences.

# Amazon shoppers' attitudes towards returns services provide early insights.

Drop-off lockers and printerless returns have appeal, while car trunk or at-home pickups may not.

## Desired services during the returns process:



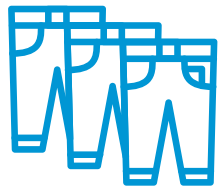
**Key takeaway:** Amazon continues to set consumer expectations. Retailers should keep an eye on consumer adoption of Amazon's experiments for insight into what's next, while putting their resources toward nailing the basics.

# 07.

**Consumers are buying with  
the intent to return**



# Many shoppers are “bracketing”—some more than others.



# 41%

of shoppers say they bracket at least some online purchases, consistent with data from last year.

Bracketing is more prevalent among luxury shoppers.



Luxury

51%



Other

34%

**Bracketing:** buying multiple versions of an item, trying on at home, and returning those that don't work.



**Recommendation:** Minimize bracketing by analyzing return reason data and using these insights to inform fit and color recommendations during the consideration phase.

# What it all means

## 01. Treat returns with the same care as the rest of the shopping experience.

Returns are an integral part of online shopping. Whether consumers are returning a gift or something bought for themselves, consumers expect a frictionless process with clear and transparent policies up front.

## 04. Offer options to buy online and return by mail or in-store.

Consumers want the flexibility to return an item to a physical store, even if they don't always take advantage of that option. Because most shoppers return items by mail, replicate the benefits of in-store returns with immediate refunds and the ability to shop for additional items online.

## 02. Stay in touch with consumers throughout the returns process.

Communicate updates clearly and proactively to alleviate shoppers' anxiety about the status of their refund and the location of their return package.

## 05. Focus on the services that matter most to shoppers.

First, build trust with consumers by making the returns process effortless and communicating every step of the way—then consider introducing alternative services that appeal to your audience.

## 03. Simplify exchanges.

Make it easy to exchange items during the online returns process. Consider offering refunds upon the initial return package scan to expedite resolution and maintain customers' peace of mind.



# Narvar is on a mission to simplify the everyday lives of consumers.

Narvar helps retailers inspire loyalty beyond reason. As an enterprise-grade customer experience platform serving 500+ retailers like Sephora, Patagonia, Home Depot, Gap, and Bose, Narvar enables seamless post-purchase experiences that retain, engage, and delight customers — from cart to doorstep, and beyond. With effortless order tracking, proactive communications, and seamless returns, Narvar applies machine learning across billions of interactions to simplify the everyday lives of consumers.

To learn more, visit [narvar.com](https://narvar.com)