

RETAIL

## Retailers risk losing repeat customers with frustrating return experiences

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*Retailers have the chance to make the return process smoother. Image credit: Narvar*

By SARAH JONES

The return experience has a significant impact on shopper loyalty, but a new report finds retailers are failing to live up to consumers' expectations for a seamless process.

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According to research from Narvar, 31 percent of consumers who have a bad return experience at a new retailer will not return. Only 60 percent of shoppers rate their last return process as "easy," leaving room for improvement.

"It's not just the cost of returns that can make or break a business," said Amit Sharma, founder/CEO of **Narvar**. "Our research shows that this part of the shopping journey greatly impacts a shopper's perception of the brand, and can even affect whether they make a purchase in the first place.

"Consumers check the return policy before they buy and expect to see it on the product page, homepage right in their shopping path," he said. "The returns experience is often the last touchpoint the consumer has with your brand and can mean the difference between a repeat customer or one who abandons you for another retailer."

Narvar's **research** is based on a survey of 3,500 consumers from the U.S., U.K., France, Germany and Australia.

### Return customers

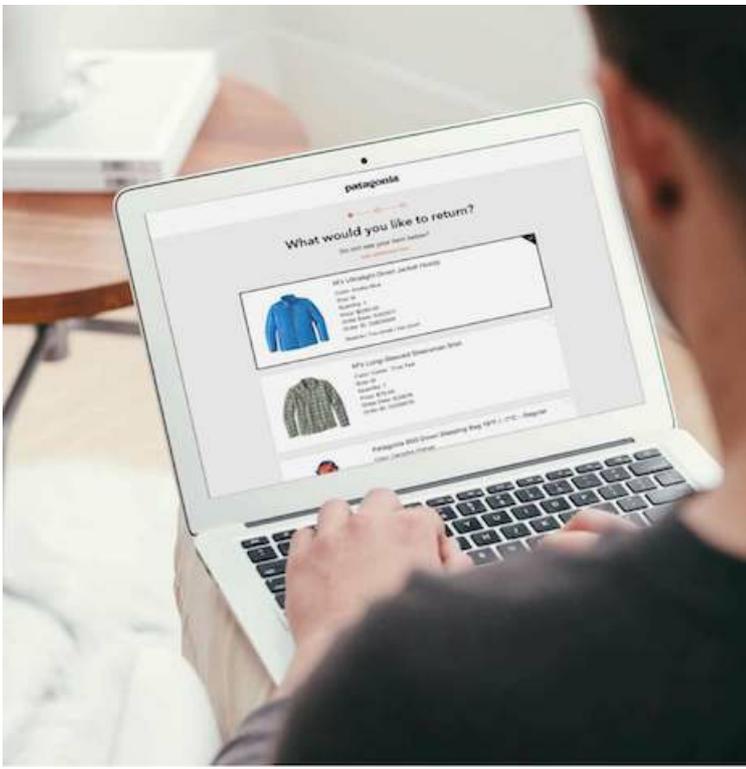
Return policies can prevent shoppers from buying from a retailer in the first place.

Along with aggravation at having to pay for return shipping or restocking fees, customers say they have not bought from a retailer after being unable to find a return policy.

Including information about returns throughout the purchase path, such as on product pages, can help reduce consumers' reasons to abandon an order.

Repeat customers are more apt to describe their last return as easy, compared to those who were new to a brand.

On average, 15 percent of shoppers will not return to a retailer again if they have a bad experience while trying to get a refund or exchange. New customers are even more likely to discount a retailer after a bad return, with 31 percent saying they would not shop with it again.



*Consumers seek simplified returns. Image credit: Narvar*

Narvar notes that brands fail to meet certain demands. For instance, 39 percent of shoppers want return labels shipped with their merchandise, but 40 percent of shoppers report printing their own.

Sixteen percent of shoppers also note frustration at having to check on their refund status.

Customers are seeking fast, transparent returns, meaning communications and speed make the difference in satisfaction.

Common reasons for returns include size or fit issues or broken items.

Fifty-six percent of consumers will even buy more than one of the same item to test out fits or colors. This practice, known as bracketing, is more common among younger generations and is becoming more widely used.

Returns do not need to mean a lost sale, as 62 percent replaced the item they returned.

However, of that group that bought a replacement, 14 percent chose to buy from a different retailer. For 28 percent of shoppers, the choice to go with a competitor was tied to a bad return experience, while 35 percent noted the original store did not have the item in-stock.

Retailers can also avoid flat refunds by making exchanges easier. Half of customers say they would exchange instead of returning an item if retailers give them free shipping on the trade.



*Happy Returns offers bricks-and-mortar returns for DTC companies such as Everlane. Image credit: Happy Returns*

While shoppers tend to rate in-store returns of online purchases as easier, the number who made their last return at a bricks-and-mortar location was 10 percent, down from 17 percent in 2017.

Offering a seamless buy online, return in-store experience can lead customers to make more planned or spontaneous purchases when they visit the retailer to get their refund.

Thirty-six percent of shoppers dropped off a package at a carrier, while 20 percent opted to schedule a pickup. Consumers show interest in alternative return options, such as a drop box or self-serve kiosks.

"There's a natural tension between what consumers want and what retailers can sensibly provide," Mr. Sharma said. "Consumers want convenience above all else. For example, they've gotten into the habit of bracketing online purchases in order to try them on at home and plan to return what doesn't work.

"They also don't want to have to pay extra in return shipping costs or restocking fees," he said. "This makes sense from a consumer perspective, but returns are challenging for retailers who have to manage inventory around this behavior, prevent fraud and account for shipping costs and logistics.

"In fact, returns are expected to cost retailers over \$550 billion by next year. It's a massive cost center for retailers and is often treated as such rather than an opportunity to generate revenue and drive long-term customer loyalty, which leads to this delta between consumer expectations and the returns experience retailers provide."

### Gift returns

As the holiday season approaches, returns can also make or break new relationships with giftees. Narvar found customer satisfaction for gift returns is lower than that for non-gift returns.

While the weeks leading up to Christmas are brands and retailers' busiest times in terms of sales, the days immediately following the Dec. 25 holiday are some of most active for returns.

On Dec. 26th, brands and retailers typically see some of the highest numbers of returns and exchanges as consumers return gifts of wrong sizes and colors or make other corrections. For brands and retailers, chatbots can be one way of easily handling the increased load of Web traffic as customers float questions and concerns about how to return their gifts ([see story](#)).

In the days and weeks after the holidays, retailers will be swamped with returns, often considered a negative aspect of the shopping season.

Returns are inevitable, but being prepared to provide a positive return process can benefit a brand in the long term. As shoppers come into stores looking to trade in merchandise, it gives retailers an opportunity to reach clients who are possibly first-time customers, as well as potentially, and carefully, convincing them to trade up for a larger purchase ([see story](#)).

"There are a few key ways retailers can optimize the returns experience and treat it as an opportunity to drive loyalty and revenue: through better communications, convenience and easier online exchanges," Mr. Sharma said.

"Everyone but luxury shoppers, in particular expect a high level of service, which extends to proactive status updates on the return package and not having to keep checking on whether they've gotten their refund.

"In addition to giving customers peace of mind and being respectful of their time, this can also provide an opportunity to generate incremental sales, as Rebecca Minkoff does by putting product recommendations in the path of their online return," he said.

"Our research found that a healthy percentage of consumers would be willing to make an online exchange instead of asking for a refund if the process was easy. In a real-world example, our customer Marine Layer turned 14 percent of their returns into even exchanges by making that option available.

"And when it comes to convenience, minimizing the time and effort required of their customers with shortcuts like printerless returns and the choice of multiple convenient drop-off locations is key to making returns seem less painful for consumers."