

RETAIL

## 70pc of retailers dissatisfied with return process: report

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Returns can hurt retailers' bottom lines. Image credit: Neiman Marcus

By KATIE TAMOLA

Returns can be immensely costly for brands and retailers, specifically for those in the ecommerce space.

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According to new research from software platform ReverseLogix, 80 percent of retailers identified the cost of managing ecommerce product returns as "significant to severe." Retailers are cognizant that their return processes need to improve for their bottom line, recognizing the need for better technology solutions.

"Nearly three-quarters of respondents say that more automated returns management processes will improve employee and customer experiences while helping to lower costs," said Gaurav Saran, CEO of [ReverseLogix](#), in a statement. "This includes automated refunds for consumers, developing and optimizing multiple return channels, and automating processes for receiving, inspecting and processing."

ReverseLogix surveyed 50 large retail organizations with more than \$1 billion in ecommerce sales for this report.

### Costly returns

With ecommerce comes great convenience for consumers. In turn, the bar continues to be set high for brands and retailers in meeting vast consumer expectations, especially regarding returns.

According to industry insiders, goods purchased through ecommerce are returned at three times the rate of physical stores. Citing research from UPS, the report found that the cost of processing returns can be 20 to 65 percent, or more, of the cost of the goods sold.



For many ecommerce retailers, with great convenience comes a great amount of returns. Image credit: ReverseLogix

Seventy percent of consumers are dissatisfied with their return process.

When identifying what makes returns so costly, 30 percent of retailers identified warehouse space as the major cause while 26 percent identified labor costs, 10 percent believed it was because of the customer service team, 6 percent said processing returns into inventory and 4 percent identified unsellable returns as the reason.

Retailers also generally believe that they are equipped with inadequate technology solutions.

ReverseLogix believes that retailers need not only better data revealing causes of returns and better technology solutions to mitigate high return rates.

More than half of consumers, 54 percent, rate their ability to identify reasons for higher-than-expected rates of returns as "poor to average." Ninety-four percent are attempting to manage product returns with tools including warehouse management systems, ERP software systems, logistics management systems or CRM.



*Retailers have opinions on how their return processes can be improved. Image credit: ReverseLogix*

When asked how their company's return policy affected customer experience, 58 percent of consumers believe it had no effect on CX, while 40 percent said it improved CX and 2 percent said it detracted from CX.

Self-service returns are a beneficial tool for retailers in keeping return costs down, but they account for less than 30 percent of all returns.

How to improve

About three-quarters of consumers believe an automated returns management process would improve the return experience for employees and customers.

When asked how they would improve the returns process, 30 percent of respondents said developing multiple return channels, 22 percent said automating the process for receiving, inspecting and processing, 18 percent said keeping customers informed of their return status, 4 percent identified self-service, friendly return portals and 2 percent said they did not know.

Several additional studies show just how important return policies can be in maintaining a consumer's loyalty and business.

In its 2021 Ecommerce Consumer Study, logistics provider DotCom Distribution found that more than half of respondents, 55 percent, said they would not make a purchase from a brand online if the brand did not offer free returns ([see story](#)).

The possibility of returns is an immutable reality of retail, but also an opportunity to foster loyalty, according to a report from Narvar. With 88 percent of consumers relying on the accuracy of product details and reviews to inform purchase decisions, brands must also focus on balancing attributes like product photos and other technological offerings to satisfy consumers ([see story](#)).

Retailers will continue to be called to offer seamless return processes while maintaining technology that keeps them from hemorrhaging money.

"With ecommerce purchases increasing and consumers expecting a frictionless returns experience, retailers can't afford to limp along with outdated systems," Mr. Saran said.

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