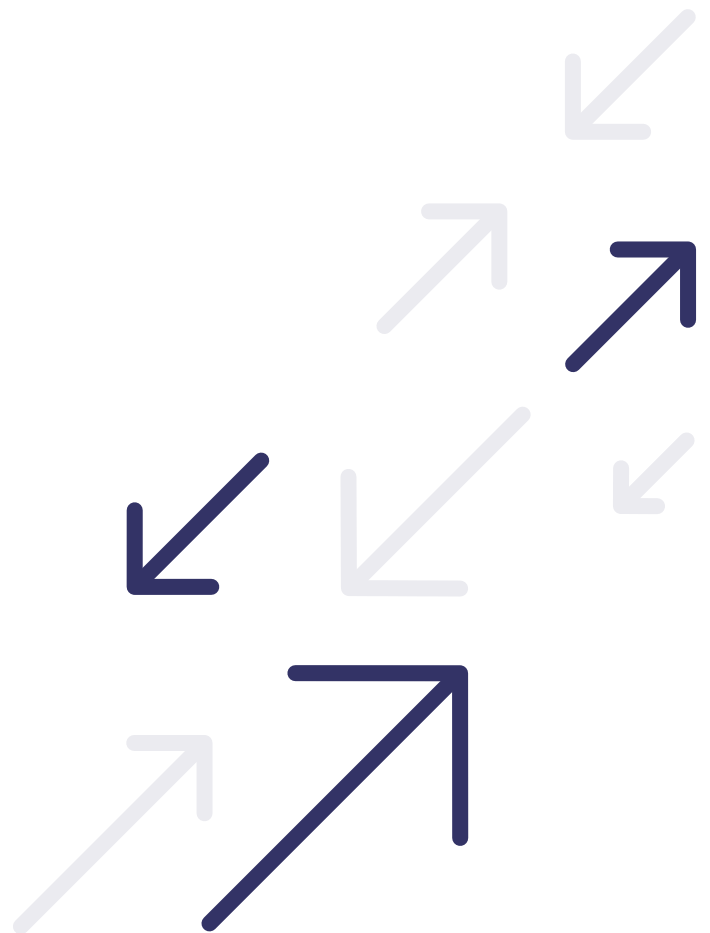


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# BUILDING A WINNING RETURNS STRATEGY

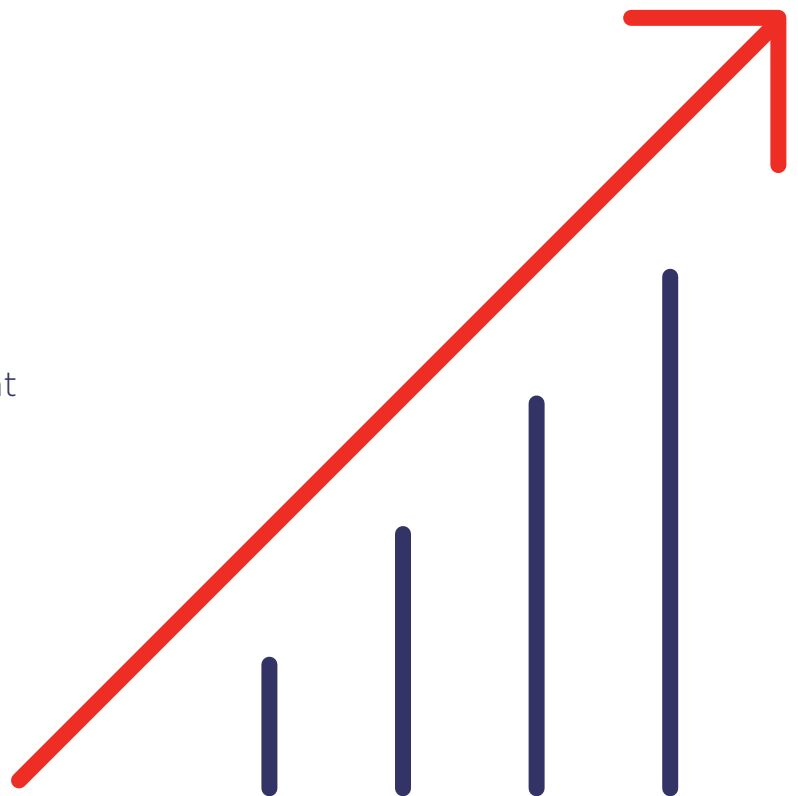
Learn how customer expectations,  
return data and best practices can  
improve your reverse-logistics process.



# Returns can be a complex challenge for many e-commerce businesses—they're also an opportunity for growth.

With a clear, efficient return policy and process, companies can meet consumer needs, prevent abandoned shopping carts, and ultimately help their bottom line.

Understanding and answering consumer expectations is instrumental to building a successful return process. Read on to learn what consumers want from returns, the best practices an e-commerce retailer can implement, and how leveraging data can optimize the process as a whole.



## INSIDE THE MIND OF THE CONSUMER

**Simply put:** customers want easy returns. Answering their return needs is a critical aspect of a brand's customer experience. And they know it.

**92%**<sup>1,2</sup>

**of consumers will make a purchase if the return process is easy.**

**Only**

**10%**<sup>3</sup>

**say a return policy isn't important to them.**

<sup>1</sup> Khalid Saleh, "E-commerce Product Return Rate - Statistics and Trends [Infographic]," [Invesp](#), April 5, 2016.

<sup>2</sup> Note: This statistic is based on a survey or projections.

<sup>3</sup> "2016 Holiday Survey: Ringing in the Retail," [Deloitte LLP](#).

## ONLINE SHOPPERS PREFERRED:

Free online returns:



**82%**

Ability to return products bought online at a physical store:



**69%**

Refund options other than store/site credit:



**61%**

Longer return window:



**54%**

Return policy is not important:



**10%<sup>4</sup>**

<sup>4</sup> Ibid.

**Online shoppers were also apt to note that an effective, easy return process improved their experience with the brand.**

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**62%**<sup>5</sup>

of women and men 65 and older said offering an easy return process would improve the shopping experience for Internet users.

**55%**<sup>6</sup>

of women 18–34 vs. 40% of men 18–34 said offering an easy return process would improve the shopping experience for Internet users.

<sup>5</sup> Daniel Burstein, “E-commerce Chart : How Millennials and Baby Boomers want you to improve the shopping experience,” *Marketing Sherpa*, January 5, 2016.

<sup>6</sup> Ibid.

## BEST PRACTICES FOR RETURNS

Instituting an effective return policy is, of course, a balancing act. Make a policy too easy, and you risk increasing return rates. Make it too strict, and you risk losing customers. This is especially important for online retailers who typically deal with high return rates.

**The return rate for apparel purchased online is 20%, for more expensive items it jumps up to 50%.<sup>7</sup>**

**To establish a balance, it's important to know what aspects of a return policy can be made more or less strict. Consider the following:**

- How much time you'll give customers to make returns, whether 30 days, 60 days, etc.
- What guidelines you'll enforce to accept a return, whether opened packaging is okay, light wear, etc. Note: these may be different by product category.
- How you'll accept the returns, whether in-store, online, etc.
- How much of their return you'll refund back, whether 100%, 75%, etc. Note: some retailers choose different refund levels depending on the length of the return window.
- How you'll refund the dollar value of the return, whether store credit, credit card or cash.

<sup>7</sup> Allan Pulga, "How E-tailers Personalize Outfits to Customers' Taste," [iQmetrix](#), August 11, 2015.

**According to Harvard Business Review, 20% return rates can be enough to wipe out a retailer's operating profit.<sup>8</sup>**

**As a result, companies should be wary about creating too lenient a policy.**

<sup>8</sup> Narayan Janakiraman, Holly Syrdal, Ryan E. Freling, "How to Design a Return Policy," *Harvard Business Review*, August 2, 2016 (Updated September 9, 2016).

**Here are a few things to consider when updating your process and policy:**

**1**

**Give customers more time to return products.**

The more time they have with the product, the greater chance they will keep it.

**2**

**Limit how much money customers could get back as a refund.**

Give customers 100% of their money back for products returned in a short time period—30 days for example—and less money back, say 75% for products returned in 120 days.

**3**

**Include a return label in shipments.**

This makes a customer's shopping experience more convenient and will be interpreted as such.

**4**

**Communicate the return policy clearly.**

Be transparent about your policies across all channels. A well-defined, easy-to-access policy helps customer's decision-making process and their overall experience.

# MAKING THE MOST OF RETURN DATA

Once your return policy is updated and in place, data and analytics can offer great value to a growing business. Collecting valuable information provides insights on a product and process level. Here's why a return data collection process can help your business grow:

## Short-Term Benefits

### **Solve customer satisfaction issues.**

For example, if a product is grossly different from its description. Having that information can help you update the description to prevent future issues.

### **Address warehouse malfunctions.**

If you're finding products are being incorrectly picked, packed and shipped, having this information can help you reorganize your warehouse properly.

## Long-Term Benefits

### **Inform future orders.**

Knowing what products are returned most frequently and why will help you make better stocking decision, giving you information about what fabrics, styles to order and more.

### **Improve manufacturer and vendor quality control (QC).**

If products are being sent back because of poor quality or imperfections, this can help you work with your vendors to improve their QC processes or find better vendors for your business.



## CREATING A RETURN DATA PROCESS

**Gathering gigabytes of data isn't enough to ensure valuable insights. It's also important to manage your process well.**

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Here are a few points to keep in mind:

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**1**

**Create a return survey to capture customer's reasoning.**

Give customers a rubric for return reasoning and leave a space for comments. The more information they can give, the more you can leverage.

**2**

**Consider creating a Return Merchandise Authorization (RMA) to add a human element to the return process.**

An RMA allows customers to request approval for returns—online or over the phone, and is another opportunity to collect return information.

**3**

**Clearly define the data you want to be gathering.**

Whether you're looking at return surveys or in-depth return analytics reports, it's important to establish exactly what data you want to gather.

**4**

**Do routine quality checks of the data you collect to ensure it's complete and accurate.**

You don't want to make business decisions off the wrong information.

## THE USPS® OFFERS EFFECTIVE AND ADAPTABLE RETURN SERVICES

**At the USPS**, we understand the importance of returns to your business and your customers. We can support a comprehensive and flexible return process, making it easier and more efficient for you to provide a positive and consistent customer experience.

### **Offer your shoppers convenience, visibility, and value.**

We provide multiple return options that can align with your strategic return needs and goals. We can help simplify the return process so you have more time to devote to building your business.

## Our services include:

**Free Package Pickup six days  
a week<sup>9</sup>**

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**Convenient drop-off at a local  
Post Office or neighborhood  
collection box<sup>10</sup>**

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**Prepaid return labels printed from  
your site utilizing the USPS Web  
Tools API**

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**No surcharges for fuel for any  
residential or rural area delivery**



<sup>9</sup> For more information visit: [faq.usps.com/?articleId=220817](https://faq.usps.com/?articleId=220817)

<sup>10</sup> Restrictions apply. Packages over 13 ounces must be tendered at Post Office locations.

## IN CONCLUSION

**With a few careful changes, a return process can become a business advantage. Listen to your customers' return needs, communicate your policies clearly and gather data to inform your most important reverse logistics decisions. Then watch your business grow.**



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