

THE RETURN EXPERIENCE

AN EVALUATION OF

50
TOP
RETAILERS



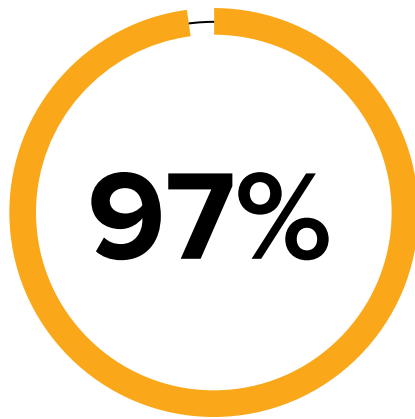
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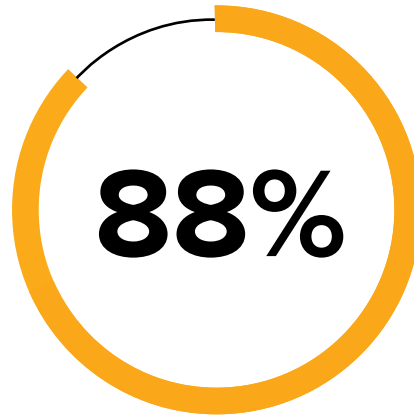
Introduction and Key Findings

It's no secret that a positive returns experience can greatly impact customer loyalty. In our latest report, *The State of Retail Returns 2018*,¹ we found that 69% of retailers believe returns are vital to creating a good customer experience. And in our consumer research with WBR Insights, we found that 97% of customers say that a positive returns experience will drive them to purchase from the retailer again.

To evaluate whether top retailers are delivering a positive customer experience, we purchased items of similar price and size from each of the 50 retailers and returned 25 via mail and 25 in a physical store. Overall we found that major retailers have a fairly positive return experience with 88% offering customers at least 30 days to make a return and over half of retailers issuing credit in under a week.



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¹ State of Retail Returns 2018, Optoro, 2018

² Retail Returns and the Consumer Experience, WBR & Optoro, 2018

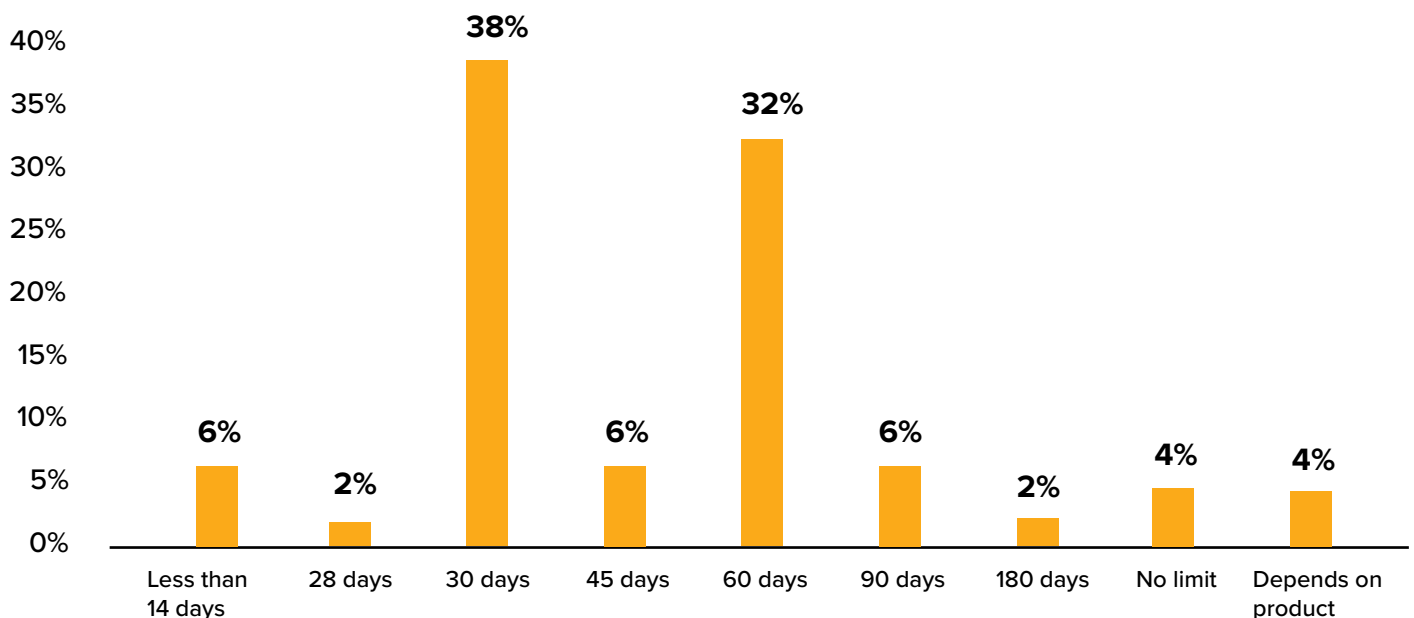
The Return Policy

In our recent report with WBR Insights,³ we found that 89% of customers check the return policy before making a purchase and that 55% of consumers have decided to not purchase an item in the past year based solely on the return policy not being flexible enough.

88% of retailers give consumers at least 30 days to make the return, 48% give at least 60 days, and 4% of retailers have no limit on returns. Nordstrom is among the retailers offering no limits on returns, but they do have a caveat that returns will be evaluated on a case-by-case basis.

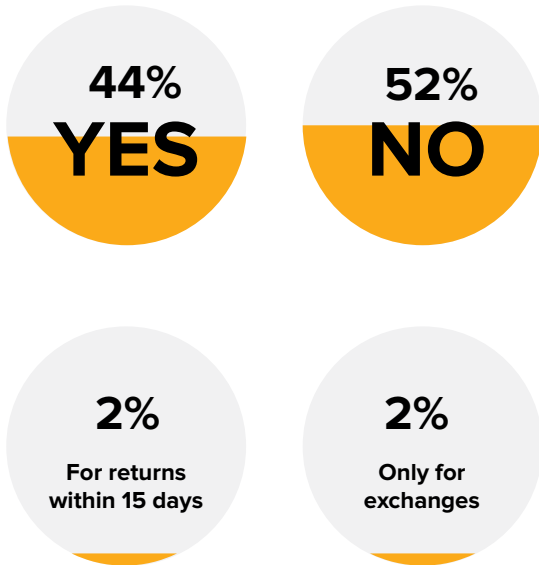
In order to address this, 100% of the retailers in our study list their return policy online and the majority offer a fairly lenient return period.

How Long is the Return Period?



³ Retail Returns and the Consumer Experience, WBR Insights & Optoro, 2018

Is Free Shipping Offered?



Can You Return In Store?



Retailers are less flexible when it comes to free shipping, even though it has been reported by the National Retail Federation (NRF) ⁴ that 47% of consumers said return shipping fees would stop them from making a purchase. Only 44% of the retailers we evaluated offer free return shipping. Interestingly, two retailers used free shipping as an incentive for timely returns or for those wanting to exchange an item rather than receiving a refund. For example, Neiman Marcus offers free shipping only for those who make the return within 15 days.

An additional consideration for a flexible return policy is whether or not returns can be accepted in stores. In our study with WBR Insights, we revealed that 59% of consumers have returned an item to a physical store in the past year. And in this study, we found that 92% of the retailers studied offered in store returns.

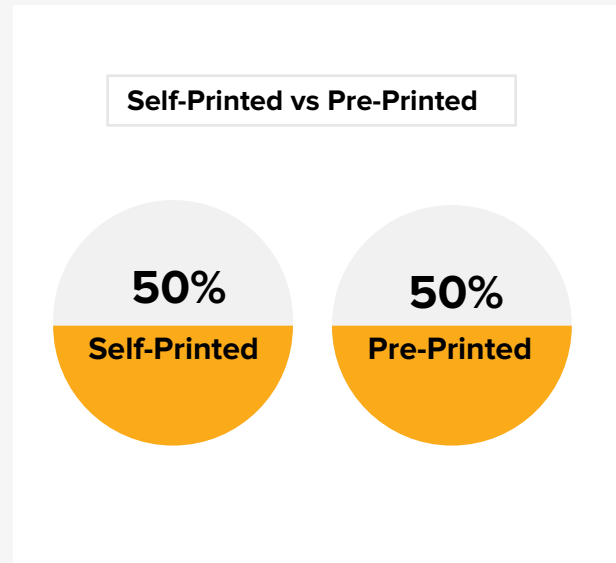
Many consumers prefer returning items to a store because it results in a faster refund. There are also benefits for retailers — in our study with WBR Insights ⁵, 77% of respondents reported that they made an additional purchase when returning previous purchases to a store.

⁴ Narvar Consumer Report, 2017

⁵ Retail Returns and the Consumer Experience, WBR Insights & Optoro, 2018

The Return Process - Via Mail

Some shoppers prefer to return items via mail rather than visit a store, and providing an easy process to do so is imperative. One way to ensure this is as seamless as possible is to provide a pre-printed return label in the package. For the purchases we returned via mail, 50% provided a pre-printed label and the rest (60%) required our returners to print a label themselves. One retailer even required a call to customer care to initiate the creation of a return label.



The Return Process - In Stores

For the purchases returned in stores, we defined and categorized the process as 'easy,' 'mildly challenging,' or 'challenging.'

Easy

Involves minimal steps (i.e. the returner visited a returns counter or customer service desk, presented the item and a receipt and was refunded without issue).

Mildly Challenging

Involves more steps (i.e. the store associate required manager approval before granting a refund, the returns counter/customer service desk was not easily located, etc).

Challenging

Involves many steps or roadblocks to making a return (i.e. store associate refused to take the return, the store process was disorganized, etc).

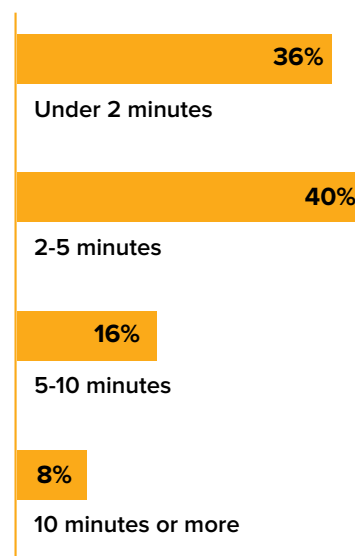
Using these definitions, we found that 65% of the returns processes were easy. For these returns, the items were brought to a clearly identified return counter and a refund was recieved on the original payment method. Best Buy's process was particularly easy; no credit card was needed, and the return was processed right away.

The remainder of retailers have room for improvement, with 19% categorized as mildly challenging and 15% as challenging. One retailer would not accept the return due to an issue with the manufacturer and another retailer could not find the product listing either online or in the store—even though the item had been purchased mere weeks before.

We also studied how long it took to process each return. 92% took under 10 minutes while 36% took under 2 minutes.



Returns Processing Time



The Refund

Consumers expect not only a quick delivery, but also a quick refund. STELLAService⁶ conducted a study of top retailers in 2015 and found that the average time to refund was 14.3 days.

We found that 50% of the retailers we studied processed the refund in 2 days

or less. Considering half of our returns were in stores, that's not surprising. Many consumers choose to return items to stores just for the quick speed to credit. Out of the items returned online, 35% credited the customer within 1 week.

⁶ STELLAService



Conclusion

Overall, many retailers recognize that an easy returns process can have a positive impact on customer loyalty and engagement. Most retailers we studied offer flexible return policies, but many could improve and streamline other areas, particularly return shipping.

Retailers should work to create a painless experience for their customers to keep satisfaction high and even improve sales. We've prepared a checklist of some of the most important tips.



Offer both in store and online returns, and make the process painless for your customers.



Offer free shipping. Paying to return an item can deter your customers from making a purchase in the first place.



Optimize your returns process to allow for quicker refunds.



ABOUT OPTORO

Readers are encouraged to contact Optoro to learn more:
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For more information, please visit:
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Optoro is a technology company that connects a seamless online returns experience with efficient supply chain processing and resale. From providing an online portal to improve customer returns to technology that streamlines processing by routing inventory to its next best home, we offer solutions for retailers and brands looking to improve outcomes across all points in the returns process. Learn more at www.optoro.com.