

DeliveryX

# Returns

2023

In partnership with:

**ASENDIA**  
BY LA POSTE & SWISS POST

# Editor's introduction



The growth of ecommerce and multichannel shopping provides retailers with so many opportunities, however such a shift and growth doesn't come without challenges – one very well documented and discussed challenge from ecommerce is returns.

Covid played its part, with shoppers not physically able to visit stores and try items on in fitting rooms, their homes became the safe space for this. Free delivery, free returns and often month-long return policies gave consumers the freedom to order multiple pieces, in a range of colours and sizes. Being able to send any unwanted pieces back at no cost to themselves, shoppers took full advantage of this change. It is one that remained after shops reopened.

While some consumers will recognise how unsustainable, both environmentally and financially, this returns behaviour is, how many will be willing to change their behaviour?

Many consumers were also perturbed when their favourite fashion brands started charging for the reverse logistics on online purchases. With returns still free to store, could this help drive a return to the British high street? And during a cost-of-living crisis will shoppers avoid brands with return fees?

How retailers approach their returns this year, and going forward, is likely to evolve alongside retail in general. They can not continue with the current level of returns putting a strain on both their bottom line and any green credentials. Retailers facing overstock issues following disruption will also want to avoid products returning into these strained supply chains.

But there is a fine balance to be found, consumers want fuss-free returns and retailers will want to retain loyal customers.

Technology could be key, not only in reducing returns through better fit platforms, but also in understanding the reason consumers are sending items back in the first place. A better consideration of the returns process could be critical in a year impacted by record-high inflation and faltering consumer confidence.

**Katie Searles, Editor, DeliveryX**

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# e-PAQ Returns

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BY ASENDIA

Your **end-to-end** returns platform,  
backed by our extensive  
**global reverse logistics network**  
and **ESW** technology.

## Partner perspective

# Jonathan Tubb

## Business Development - e-PAQ Returns



### WITH A COST FOCUS IN 2023, WHY SHOULD RETAILERS INVEST IN THE RETURNS PROCESS?

We recently surveyed 800 global retailers and found that on average 23% of orders are returned. That's an alarming volume, but not surprising with e-commerce

growth, new generational buying behaviour and the influence of social commerce. Retailers tend to keep delivery processes front-of-mind for customer satisfaction and efficiency, and returns are often forgotten; especially cross-border returns that can be manual and time-consuming. There are a lot of cost wins that can be achieved by streamlining your returns process. And, as shopper loyalty now more than ever is essential, there isn't a better time to do it.

### HOW CAN TECHNOLOGY ASSIST WITH ORDER AND RETURN EFFICIENCY?

Today's shopper expects more but also has less time. Technology and automation can support both the shopper and retailer to have a better user experience, improve efficiency and save costs. As an example, almost 1 in 4 (24%) global retailers have said that they will be looking at personalisation/size and fit tools in 2023. This type of tool will improve the

order experience and reduce the volume of returns. We're also seeing a demand for return tracking notifications. Seeing their live return process provides shoppers with the information they need, therefore it reduces customer support request time and costs for the retailer. Technology can also support important analytics and data to identify patterns and trends.

### SHOULD RETAILERS CHARGE SHOPPERS TO RETURN ITEMS?

They could, but with the cost of living at a high, it should be done with a justifiable reason and a positive communications approach. Introducing this charge for sustainability reasons could appeal well to shoppers. 22% of global shoppers told us that they would pay more for delivery and return services if their returned goods would be donated or re-used. 26% said that they would pay more for 100% carbon neutral delivery and return services. Additional shopper return benefits can also explain a returns charge, such as a choice of first-mile carrier and drop-off options, tracking notifications and a faster refund.

### HOW CAN RETAILERS SEE AN IMMEDIATE INCREASE IN RETURN EFFICIENCY?

They can review their process to look for returns solutions that integrate into their systems, increase speed, offer choice, and improve customer satisfaction. A logistics partner could also support faster return processing by grading and inspecting goods at a nearby returns centre. If your company doesn't have overseas warehouses or isn't international, then an international logistics partner could also provide support and expertise on customs and duties for returns.

**e-PAQ Returns**  
BY ASENDIA

e-PAQ Returns by Asendia offers an end-to-end returns platform, backed by Asendia's extensive global reverse logistics network and ESW technology.

The solution delivers a simple returns process with a shopper friendly and easy to use online portal, best in class, in-country logistic choice with high density drop off locations, paperless labelling options and live tracking, scanning, inspection and grading in our Return Centres allow retailers to process payments through configurable trigger points.

Find out more at [asendia.com/returns](https://asendia.com/returns)  
Asendia is 100% carbon neutral

# Market context

Ecommerce retailers are facing record numbers of returns, while a number are charging for the reverse logistics, all must prioritise this problem

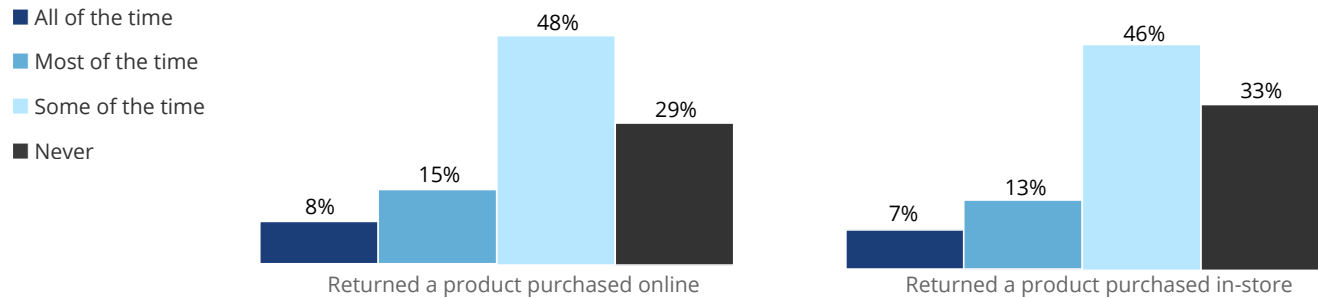
Returns have always been a part of retail, even in physical stores with dressing room facilities, there are still a range of reasons products have to go back to the retailer. While the growth of ecommerce has led to a growth in returns, there is not a huge difference between consumers taking back items bought online, and those purchased in store. As part of the RetailX Consumer Observatory 2022, shoppers were asked how frequently they return items – 71% of online shoppers sent items back, with 66% of in-store shoppers returning items.

Ecommerce’s challenge is a combination of this level of returns and what happens to it next. For bricks-and-mortar stores, if undamaged, returned items could find themselves pretty quickly back on the shop floor and up for sale once more. This is not possible with ecommerce returns, and this is where things begin to get complicated.

Firstly, there is getting the product back. The reverse logistics process does not have the visibility of the initial dispatch. If an item is being returned, it can come back to the retailer in many different ways, and conditions, with the retailer unsure when it may appear.

**Figure 01: Returns are more frequent among online purchases**

Frequency of return, by channel of sale, UK, 2022



Based on 738 UK residents ages 16+. Survey conducted Jun 2022. Original question: "Excluding the delivery of takeaway (ready-made) food and considering purchases in the last 12 months only, how frequently did you:". Responses have been stratified by age and gender. Source: RetailX Consumer Observatory © RetailX 2023

The retailer not only has to rely on the consumer to return items in a timely manner, they are also counting on the shopper being truthful as to why the product is coming back – the accuracy of return reasons could be vital to its re-sellability, and even in preventing a return in the first place.

### RETURN TO SENDER

How an item gets back to the retailer is also in the hands of a consumer. The majority of retailers prefer for shoppers to return unwanted items in the post, at 83%, according to the latest RetailX UK Top 500 2023 report <sup>[1]</sup>.

Most fashion retailers (92%) offer this option, as do 90% of those selling cosmetics or sports and leisure equipment. But less than half (48%) of supermarkets enable this.

A mere 6% of Top500 retailers will organise a courier pick-up from the house for unwanted items. That is the same as last year, with retailers selling consumer electronics (18%), homewares (13%) and multi-sector retailers the most likely to offer this. But fewer than 1% of retailers selling maternity and children’s products or hobby supplies offer this service.

Retailers also want the returns back as quickly as possible, but the grace period offered varies. Looking at just the Elite of the UK Top500 there is a range of return times within the terms and conditions. For Amazon and Argos it is pretty simple – a lengthy 30 days. Fashion brand Next takes a slightly faster approach asking shoppers to return unwanted items in 14 days, and has special terms and conditions for items delivered by two people, as well as personalised items.

JD Sports has a slightly more complicated set up, as Adidas, Nike, Reebok, Under Armour, Timberland, Vans and The North Face products all must go back directly to the brands. But JD Sports at least provides a free Brand Partner Returns label with every purchase.

Whether returning to the site purchased from, or to the original brand, clothing and footwear top any returns table.

### FASHION PROBLEM

A recent IMRG survey of 41 UK retailers found, clothing retailers have the highest returns rate. Nearly half (45%) of clothing products were returned to the retailers questioned. This is likely driven by sizing issues but can also be a result of vague product descriptions, items not resembling the website images and the highly personal nature of style.

It could also be argued that free returns has had a part to play in the sheer number of clothing items ordered, tried on – in some cases modelled and photographed – before being sent back at no cost to the consumer.

A recent study by global strategists Roland Berger, which was selected by the British Fashion Council (BFC) to map the true cost of returns, found the UK fashion industry lost at least £7bn in 2022 due to returns.

### LIMITING FREE RETURNS

Free returns have become the norm for ecommerce purchases, consumers have become accustomed to being able to purchase, trial and then send items back at no cost to themselves. But this means the retailer is paying the price for such a customer experience.



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### Dresses, tops and jeans are typically the three largest categories for returns

Some are still happy to do this, in the knowledge that it keeps shoppers happy and likely to spend again.

However, for other retailers this was a cycle that needed to be broken. In May 2022, Spanish fashion retailer Zara set the precedent when it announced it would start charging for returns. The price of the reverse logistics will now be taken from the customer's refund. Soon other fashion retailers followed suit and Boohoo, New Look, Mountain Warehouse and Moss Bros have all started deducting the cost of a return from refunds.

It is a bold move, especially as a study by UserTesting, a provider of video-based human insight, found that 60% of UK shoppers would reconsider purchasing from a retailer if it introduced fees to return online orders<sup>[2]</sup>.

There is a fine balance to be found between reducing returns and keeping your customers happy, and, therefore, loyal.

In the luxury space, retailers Net-a-Porter and Mr Porter have been experimenting with new "you try, we wait" premium services, whereby customers can send anything that doesn't fit back with the same courier that delivered the items. Boohoo's premium customers will also be able to return items for free. Could we see retailers deploying loyalty schemes to deal with the returns problem?

References:

<sup>[1]</sup> <https://deliveryx.net/reports/rxuk-top500-report-2023/>

<sup>[2]</sup> <https://deliveryx.net/shoppers-look-elsewhere-if-charged-for-returns-study-finds/>

# Consumers

Online shoppers want returns to be easy, quick and convenient – they also don't want to have to pay for the privilege

Customer loyalty is critical to retailers, and so understanding what shoppers want when it comes to returning online orders could be key to streamlining the process.

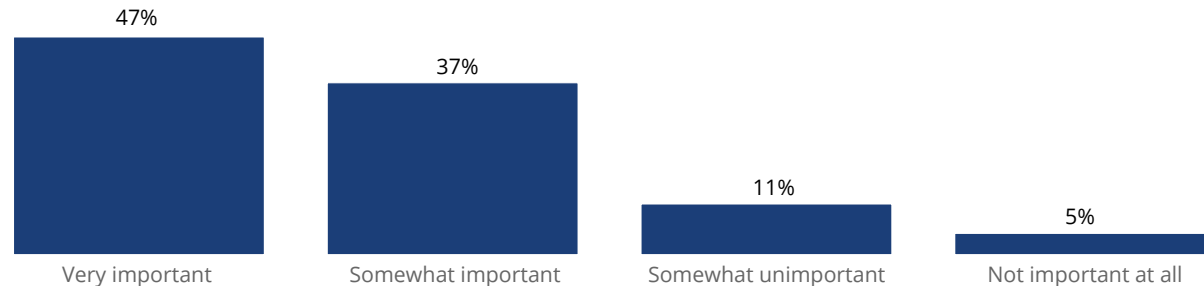
Ease of returns is a top priority, RetailX's consumer survey found that nearly half (47%) of shoppers see easy returns as very important, while further research highlighted that 61% would be more likely to exchange a product bought online, than ask for a refund, if the exchanging process was made simpler.

Short returns periods also put customers off spending in the first place with one in four (24%) UK consumers responding to a Sendcloud survey that they wouldn't buy online if a return period is less than 60 days.

During the returns process proactive communication is considered a key factor, in a similar way to in-flight delivery updates, notifications along the return journey will help. Additionally, shoppers responded that they would not buy from an online store if the return policy wasn't easy to find, according to more than half (67%) of UK consumers.

## Figure 02: Nearly half of the respondents consider easy returns as a very important factor when deciding to buy an item

Importance of easy returns as purchase driver, UK, 2022



Based on 738 UK residents ages 16+. Survey conducted Jun 2022. Original question: "How important to you are the following factors when purchasing an item online?" Responses have been stratified by age and gender.

Source: RetailX Consumer Observatory

© RetailX 2023

The convenience of return locations also plays its part. A recent survey by digital receipt start-up Slip found that travelling to the Post Office or a store to process the return was the most quoted dislike at 66% of responses.

It also highlighted that charging for returns is likely to put shoppers off buying in the first place. If shoppers were to be charged £2 for returning items purchased online then 67% would abandon the cart.

While the charging for returns is not something consumers are welcoming, a study by UserTesting, a provider of video-based human insight, found they understand the thought process behind this move.

There is a gender split however, with 70% of women believing companies are charging for returns to "discourage customers from over-ordering or ordering multiple sizes". Meanwhile, 80% of men thought the policies were to "recoup costs from postage and processing returns".

Furthermore, consumers are increasingly conscious about the impact of their returns on the environment. A ReBounce study discovered that 69% of consumers are happy to pay for returns if the money is used to subsidise more environmentally-friendly return options. Less than half (48%) were willing to pay an extra 50p per return, while just 22% said they'd pay more than £1<sup>[1]</sup>.



## WHERE IS MY REFUND?

Waiting for a refund is also one of the many frustrations consumers face when returning products. This could be especially important to many shoppers in this cost-of-living crisis. Whether inflation and pressures on consumer spending will result in a further increase in returns remains to be seen.

A recent Censuswide study found that almost a third (30%) of UK consumers are spending less online because refunds take too long, and they are worried about their bank balance <sup>[2]</sup>. The research also revealed that over half (52%) of shoppers are less likely to shop with a retailer again if a refund takes a long time to receive.

Another issue that has been picked up by Citizens Advice is the problem faced by those who have used Buy Now, Pay Later (BNPL) schemes. In February 2023, the charity looked to discover if consumers ran into any difficulties if they needed to return shopping, as it estimated that 14 million people in the UK have used a BNPL service in the last year.

It surveyed over 1,000 people who had used BNPL to order something in the past three months. For people who wanted to return their item, one in 10 found their returned item did not arrive <sup>[3]</sup>. Even for those who were able to return their item, almost half experienced a further problem.

The biggest problem people faced was being chased for payments despite having returned their item, with 16% of respondents who returned their item

experiencing this. And one in 10 were charged late payment fees when they refused to pay for the items they had already returned, with further payments taken at a later date.

People that had already paid for their item and no longer owed the BNPL firm money still found it very difficult to get a refund. Around one in 10 people never received a refund even after successfully returning their item. Of those who returned items 11% felt pressured into completing payment to avoid penalties, even though they'd already returned their item, and then didn't get a refund.

If retailers are to limit the size of their returns problem, smoothing out these consumer concerns is a must.

References:

<sup>[1]</sup><https://deliveryx.net/shoppers-look-elsewhere-if-charged-for-returns-study-finds/>

<sup>[2]</sup><https://deliveryx.net/tink-survey-shows-refund-delays-seeing-consumers-spending-less/>

<sup>[3]</sup><https://wearecitizensadvice.org.uk/returning-a-parcel-heres-what-you-need-to-know-about-using-buy-now-pay-later-652f825e9ea5>

## Bracketing & Wardrobing

Consumers turning to online shopping for fashion have the luxury of trying items on in the comfort of their own homes. This is a plus for shoppers but has led to two return trends that increase the number of returns and also create pain points for retailers.

**Bracketing** is the practice of buying the same item online in multiple sizes or colours. Customers will buy multiples of a certain product with the intention of keeping what they like and returning the rest. Free delivery and free returns has been cited as a reason for the jump in bracketing because customers deem the practice low risk.

In a survey of 1,000 shoppers in 2021, 58% of respondents said they bracketed their online purchases — a figure that jumped to 63% in 2022, and 15% said that bracketing is “just how they shop now.”

**Wardrobing** sits within the fraudulent returns category. It is where consumers buy a product, perhaps for a special occasion or holiday, and returns it after it has been used. In some cases shoppers have worn such items simply to be photographed for social media. 360IDTag went as far to describe this process as “online shoplifting” as consumers are purposely returning non-defective items, having used it at no cost.



# Post peak returns

Returns may be a part of retail throughout the year, but it is surrounding periods of high discounting events when return numbers really jump

Peak season 2022 started earlier than ever before, with retailers aware of consumers fears over rising prices and supply chain disruptions. This, of course, had a knock-on effect on returns rates. While previously January has been the month for post peak returns, in 2022 it was November that saw the first spike.

On 28 November 2022, immediately after Black Friday sales, 308% more products were returned compared to the average day, with return rates in the month of November up 26% YoY<sup>[1]</sup>.

Additional data showed an 8% increase in UK returns specifically year-on-year over the Black Friday weekend, with a global jump of 60%. The figures also highlighted that the value of goods returned had risen by 44% compared to last year globally<sup>[2]</sup>.

While Black Friday and Cyber Monday both led to high return numbers, it was the speed of one Christmas return that is shocking. A resident in Hamilton, Scotland, became the first person in the UK to return a potentially unwanted Christmas present, data from PayPoint revealed. The first parcel returned to a Collect+ store was at 01:14

on Christmas Day. The next return was made in Bradford at 01:22. Across Christmas Day, the most returns took place in London where 2,939 people sent back their parcels. In total, 38,893 people used the Collect+ service at their local convenience store to make a return on Christmas Day.

Furthermore, post-Christmas postal returns on the first working day of the year were up over 25% on the same day in 2022, with delivery firm ParcelHero suggesting this jump was due to late deliveries. It estimated that around £1.5bn worth of items were returned to retailers, mainly because they missed Christmas delivery. The usual Christmas delays were compounded by the impact of workplace strikes in the traditional mail service, heavy snow and Covid issues in China.

Delivery disruption and the cost-of-living crisis may have impacted returns levels in 2022, but it also hit inventory numbers. Even the high level of discounting couldn't clear old stock, according to a survey conducted by Inventory Planner. It found that even after post-Christmas and January sales 44% of ecommerce retailers were stuck with excess stock, and also stressed that the 'returns tsunami' only made the problem worse.

Returns creating excess stock is a headache for the retailers, but also hints at a wider environmental problem caused by such levels of take backs.

References:

<sup>[1]</sup><https://www.imrg.org/insight/navigating-the-returns-challenge-a-retailers-guide/>

<sup>[2]</sup><https://deliveryx.net/zigzag-data-reveals-60-jump-in-global-returns-over-black-friday-weekend/>

**Top retailers extended Christmas returns**  
RetailX's Top500 retailers all hoped to give their shoppers extra peace of mind in the run up to Christmas 2022, with many offering extended returns policies. Looking at a selection of the Elite and Leading retailers, there is quite a variety of T&C extensions.

**Argos:** Shoppers who purchased gifts from Wednesday 28 September 2022 could return until 31 January 2023.

**Boots:** The high street pharmacy and beauty retailer has a standard 35-day returns policy, but also extended Christmas gift purchase returns until the final day of January 2023.

**John Lewis:** Not only did the department store extend its returns until 28 January 2023, but in a move to encourage shoppers to start early, it removed the £30 minimum spend threshold on its website for click and collect orders until 19 October 2022. Consumers could place smaller collection orders without paying a £2 charge for the service.

**M&S:** Shoppers visiting M&S' website or stores from 13 October to 24 December 2022, could return that item until 28 January 2023.

**Next:** The fashion retailer started its Christmas returns policy on 10 November 2022, but had a shorter returns period than most. Items could be returned until 7 January 2023 under the policy extension. Next also urged customers to ensure that their unwanted gifts are unused, in their original packaging and with tags attached.

# Sustainability and recommerce

The cost of returns is not simply financial, there is also an environmental price. Could repair and recommerce offerings be key to reducing the damage?

Getting the returns process wrong could come at a high price for retailers. It impacts both their bottom line and green credentials.

Starting with the reverse logistics process, there is both a financial burden and an environmental one. While it costs time, money and effort to get products back into the supply chain there is also a sustainability issue.

Retailers can control which carrier they use for delivery, and whether this is done in a green vehicle, but have little charge over how these items come back to them. Even if consumers use a collection locker or drop off point, there is still an extra journey being completed.

Furthermore, retailers can work to ensure their packaging is green, recyclable and reusable – but what if it gets damaged in transit? If they include a free returns label with every purchase, is this print-out process sustainable?

Then there is the products themselves and what happens to them once returned to the retailer.

As mentioned previously, apparel and footwear are the most likely products to be returned. These fashion products can take their toll on the environment – first, when initially being produced, and again if/when they are sent back.

Each year over 80 billion pieces of clothing are produced worldwide, and after a short lifespan three out of four garments will end up in landfills or be incinerated <sup>[1]</sup>. In the UK, WRAP estimates that £140m worth of clothing goes to landfills every year. Only a quarter of which will be recycled.

Furthermore, the average person not only buys 60% more items of clothing each year, but keeps them for about half as long as they did 15 years ago <sup>[2]</sup>. It has been estimated that by 2030, global apparel consumption will rise by 63%, from 62m tons to 102m tons – which is the equivalent of more than 500bn additional T-shirts <sup>[3]</sup>.

With Greenpeace stressing that the UK has a fast fashion problem, British consumers buy more clothes per person than any country in Europe.

The UK's clothing obsession is one problem, but as 71% of UK online shoppers have returned items in the last 12 months (see chart on page 5) there is also a significant returns issue.

It is then what happens to these returned pieces of clothing that is causing concern across the industry. A study published in March 2023 by the British Fashion Council's Institute of Positive Fashion (IPF) found that 23 million returned garments were sent to landfill or incinerated in 2022.

Limiting the large number of garments ending their life in a landfill has to become a genuine priority for the fashion industry. The IPF has consistently called on brands and retailers to take accountability over the products they put into market and make the impact of fashion returns clear to consumers. It also wants the government to engage with industry to create the right regulatory frameworks and policies.

Understanding what drives returns is something retailers will be looking at closely, to remove some of the financial and sustainability strain. Some are also looking at what can be done with these items when they come back, preventing them from going to landfill.

Reselling the items, even at a discounted rate, is one option. Repairing and selling once again is another.

## ENVIRONMENTAL IMPACT OF RETURNS

- 750,000tn of CO2 emissions due to returns
- 350,000tn of CO2 emissions due to reverse logistics
- 3% of all returns are not resold
- 50% of returned items that cannot be resold are sent to landfill

*Source: British Fashion Council, Institute of Positive Fashion*

### REPAIR AND RECOMMERCE

Research firm Cowen predicts that recommerce will account for about 14% of the apparel, footwear and accessories market by 2024, doubling from just 7% in 2020.

This is a new and growing sector of the industry as consumers are starting to be more conscious, but are they actually willing to change their habits? While 75% of shoppers report they believe that sustainability is important, only one-third are willing to choose brands that help environmental and social improvement.

Additionally, the 2022 YouGov Eurotrack Survey, which looked to gauge how residents from France, Germany, Italy, Sweden and UK felt about climate change and what they were personally doing to be more sustainable, found that nearly half (46%) of UK residents responded they were not willing to only buy second-hand clothing.

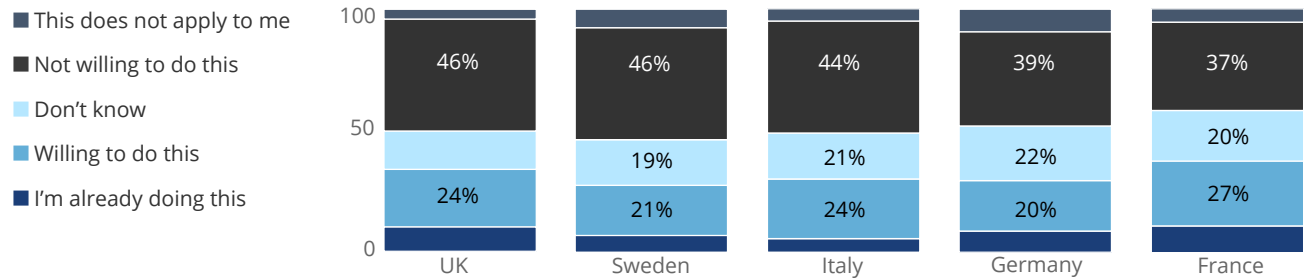
### COST-OF-LIVING CRISIS

The consumers who are ready to make more sustainable choices is only one factor driving the recommerce movement. With record-high inflation there are also value-driven shoppers looking to cut the costs of their choices.

This was particularly true in the run up to Christmas with UK shoppers worried about inflation. Just over a third of respondents to a YouGov study explained that they planned to buy second hand as they changed their festive shopping habits.

### Figure 03: UK and Sweden residents amongst the least willing to accept a fully second-hand clothes based system

Share of adults who would be willing to exclusively buy second-hand clothes, selected European countries, 2022



Based on 1000-2000 residents in each of the presented countries, ages 18+. Survey conducted 5-19 Apr 2022. Original question: "Thinking about how you feel TODAY about climate change and its effects, which of the following comes closest to your view - Only buy clothes from second-hand or charity shops" Source: YouGov Eurotrack Survey

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### Figure 04: The majority of UK consumers worried about inflation planned to change their holiday shopping habits in response

Share of consumers concerned about inflation who were likely to engage in selected Christmas shopping behaviours, UK, 2022



Based on 1555 UK consumers ages 18+ who planned to holiday shop and were very or fairly worried about inflation. Survey conducted 30 Sep - 3 Oct 2022. Source: YouGov

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Retailers looking to ensure they keep their share of the wallet spend, in these tight times, are turning their focus to sustainability programmes. Over half (52%) of respondents to a Economist Intelligence Unit (EIU) survey, reported that they believe consumers are driving the increased focus on sustainability issues in the fashion and textile industry<sup>[4]</sup>.

Retailers will be looking to avoid making headlines in the same way H&M did recently, as it was accused of burning old stock after a team of Danish journalists conducted a several month long investigation. OperationX said the fashion brand has been burning up to 12 tonnes of clothing a year since 2013.

H&M claimed that this was a “very rare” occurrence and the only pieces involved were those which “do not fulfil our safety regulations; for instance, if they are mould infested or do not fulfil our strict chemical requirements.”

“We are very concerned as to why some media would suggest that we would destroy usable clothing. There is absolutely no reason for us to do such a thing,” the Swedish brand added.

So what do retailers do with clothing returned to them? A number are seeing the potential of Buy Back schemes, in which they take back pre-loved products, repair them if necessary and resell them with consumers often receiving a discount voucher for the privilege.

Unsurprisingly, sustainability champion Patagonia was an early adopter of such a scheme. It launched buy back in 2017, followed by a Recrafted drop in 2019.



© Shutterstock

**Some consumers choose not to return items and instead sell unwanted items on peer-to-peer sites such as Vinted**

Nike also takes back eligible footwear, refurbishes these by hand and resells its Nike Refurbished range in select locations.

It is not just for fashion retailers though, IKEA shuns Black Friday promotions in place of its Buyback & Resell offering, with customers given in-store credit for old chairs, shelves or chests of drawers.

While some retailers will keep this work in-house, others are partnering with reselling services including Thrift+, which works with Boden, Hush, Fat Face, Levi and Zara, or Reskinned, that sees Finisterre, Joules and Sweaty Betty offer pre-loved collections on its site. Consumers are also turning to marketplaces such as eBay, Depop and Vinted to get in on the second-hand action. This in turn could

reduce the returns problem, with shoppers selling their unwanted goods rather than sending them back.

Whether it is the retailers or shoppers themselves selling pre-loved items, there is a definite move towards a more circular ecosystem.

References:

<sup>[1]</sup><https://truecostmovie.com/learn-more/environmental-impact/#:~:text=Disposable%20Clothing,of%20textile%20waste%20each%20year.>

<sup>[2]</sup><https://www.greenpeace.org/international/press-release/7566/black-friday-greenpeace-calls-timeout-for-fast-fashion/>

<sup>[3]</sup><https://publications.parliament.uk/pa/cm201719/cmsselect/cmenvaud/1952/report-summary.html>

<sup>[4]</sup><https://www.eiu.com/n/is-sustainability-in-fashion/>





**Company:** Zara

**Headquartered:** Arteixo, Spain

**Founded:** 1975

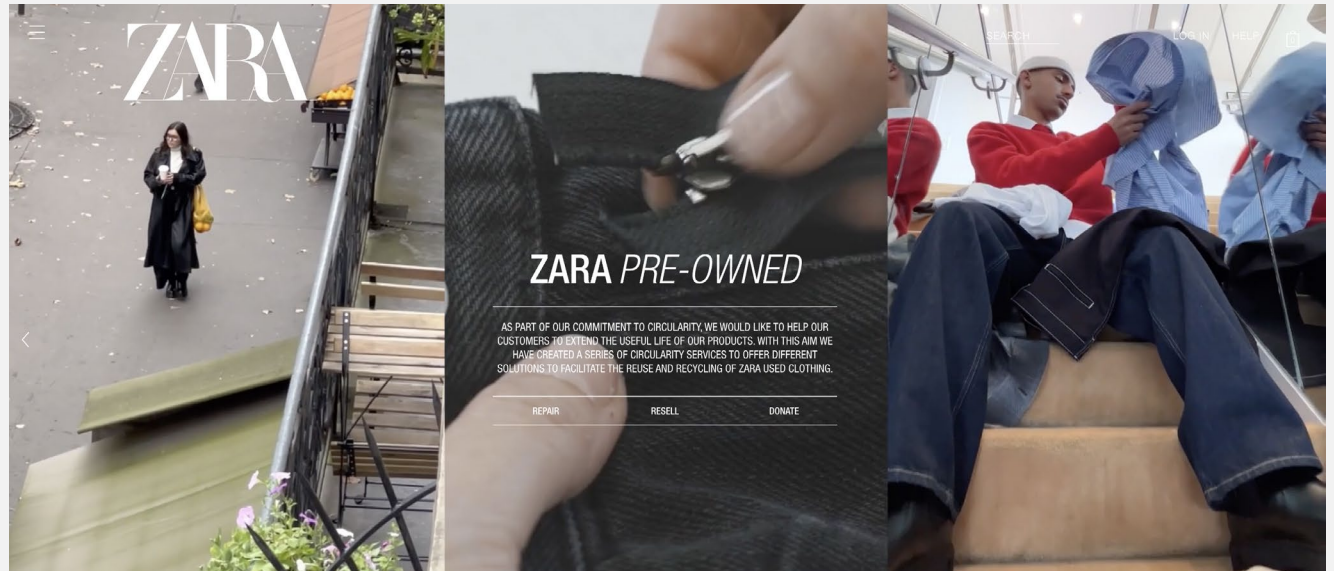
**Online:** www.zara.com

## Company profile: Zara

The fashion giant set a precedent in May 2022 becoming the first to charge for returns, and followed this move up with a pre-loved offering

For nearly a year Zara has charged its online shoppers £1.95 if they return items to a convenient third party drop-off point, with the money taken from the final refund. While it still allows shoppers to return items for free to its stores, this was a big move for the fashion industry.

The fashion retailer received some consumer criticism for this move, it also was greeted with industry praise for taking on the problem of returns and the unsustainability of the current free returns policy.



As part of a wider green agenda, Zara enables shoppers to have items repaired or sell second-hand pieces

Charging for the reverse logistics of its online returns, with several retailers quickly following suit, is not the only green move the Spanish retailer announced last year. In October 2022, the high street giant announced it was entering the resale market. The new “Zara Pre-Owned” platform offers repair, resale and donation services in UK stores, online and via its app, in a bid to cut its carbon footprint.

Customers can book a range of repair services for their Zara goods including the replacement of buttons and zippers and mending of seams. The repair service can be accessed online or at a Zara store.

Zara’s customers can also post pre-loved Zara purchases online for sale. Sellers will be required to take pictures of their goods but the detailed product information will be provided by Zara.

While other fashion retailers are going down similar routes, what is interesting about Zara’s offering is that the pre-owned service is not expected to be profitable initially. “At this stage, this platform is exclusively conceived as a tool to help customers extend the lifetime of their clothing and take a more circular approach,” explains Paula Ampuero, the head of sustainability at Zara.



**Company:** Schuh

**Headquartered:** Livingstone, Scotland

**Founded:** 1981

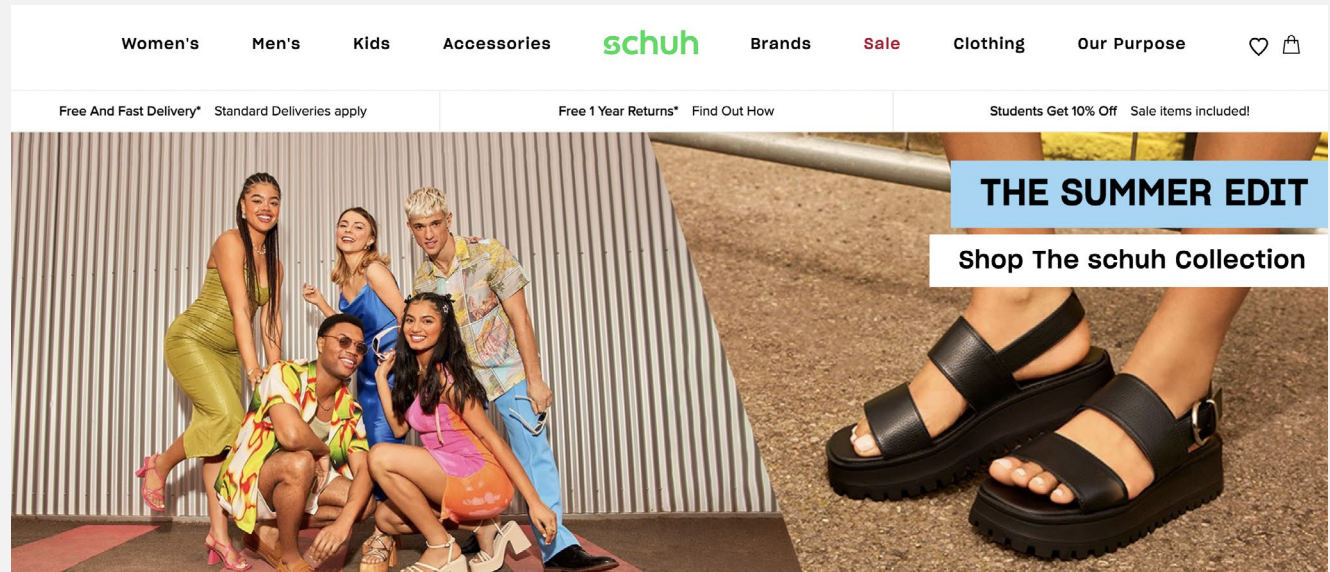
**Online:** www.schuh.co.uk

## Company profile: Schuh

The Scottish footwear retailer has partnered with a carrier, a supermarket chain and a parcel locker firm to give shoe returners a host of options

Schuh has an incredible year-long returns policy, it will provide a refund or exchange for unused items returned within 365 days. As well as returning to its own stores, it also has a range of partnerships in place to ensure returns are as easy as possible for its customers.

The branded shoe stockist, which sells over 80 brands including Converse, Vans, UGG, Nike, Adidas, allows shoppers looking to send back unwanted items to one of over 600 Asda stores across the UK. This collaboration enables its



Shoppers buying shoes online or in-store have a full year to return any unworn items

customers, who have pre-printed a label, to return items seven days a week using the supermarket's 'you' service.

For those without printing facilities, Schuh customers can drop off returns at one of the thousands of Yodel locations using a returns form.

Schuh is also a retailer adopting the use of parcel lockers for convenient print-free returns for its customers, with items that can fit in a 41cm x 38cm x 64cm space. It deploys InPost's instant return service which allows customers to scan a QR code

at any InPost locker, and then place the parcel in the secure locker.

Alice Cleary, chief marketing officer at Schuh, says: "At Schuh we always strive to offer our customers the easiest and most convenient options. It's fantastic we can partner with InPost to offer such a hassle-free method of return.

"As a business we are constantly looking for ways to operate more sustainably and minimise wastage, so the fact 'Instant Returns' is paperless with no need for a printer means it's the perfect fit for Schuh."



**Company:** Amazon

**Headquartered:** Washington, USA

**Founded:** 1994

**Online:** www.amazon.com

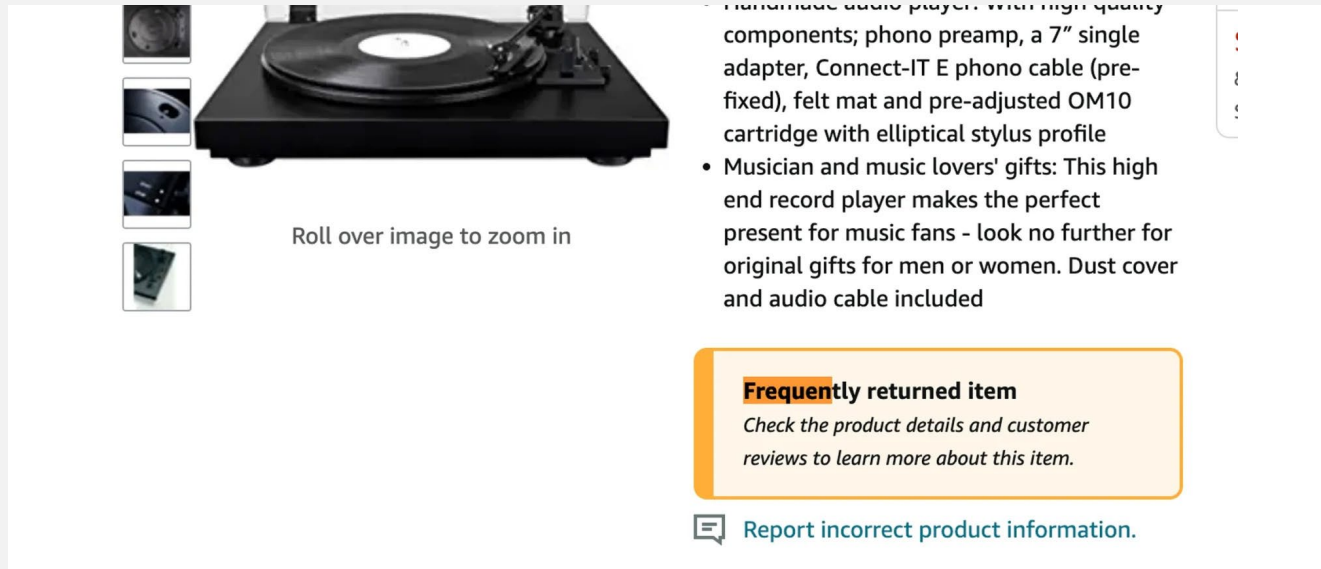
## Company profile: Amazon

The US ecommerce giant has started warning consumers about frequently returned products

Amazon is hoping to encourage its shoppers to conduct more research before purchasing third-party products by adding a “frequently returned item” label to some items.

According to reports in March 2023, certain product pages on the US site would now alert consumers if they are looking at an item that is often sent back. It aims to encourage shoppers to “check the product details and customer reviews” to get a better understanding of the product.

Items to include this new warning include a record player and two dresses from third-party



Shoppers in the US visiting Amazon’s third-party product pages can now see the above warning

suppliers fulfilled by Amazon. Some shoppers reported that they were unable to see these new labels, which suggested that it could be part of a trial session or a gradual rollout.

“We’re currently showing return rate information on some product detail pages to help our customers make more informed purchase decisions,” Betsy Harden, senior PR manager, physical retail, Amazon told *The Information*.

The online shopping technology firm did not specify if or when the frequently returned item labels would be introduced internationally.

Amazon, and many sellers using the site, offer a 30-day returns policy for the majority of items. Some sellers have reported their customers return items at a higher rate on Amazon than when bought from other outlets, a discrepancy that they anecdotally chalk up to Amazon’s easy checkout process and fast Prime shipping.

There have also been reports that the marketplace has already passed on some of the extra expenses to vendors, as it raised fees for Fulfilled by Amazon sellers earlier this year.

# 2023 and beyond

## Will the future of returns see more charges implemented, or an introduction of a more personalised service?

2022 saw retailers responding to returns like never before, in some cases charging for the reverse logistics of ecommerce returns. Even those who have brought in this change, many still allow shoppers to return in-store for free, this enables the opportunity for in-person customer services, experience and the potential for add-on sales.

Free in-store returns also match the slightly unexpected return to the high street. As noted previously in this report, consumers dislike having to go out of their way to drop off a returned parcel. If they can combine the return with other activities, would they prefer this to posting back the item, and therefore skip the reverse logistics charge?

### **DROP ZONE**

The growth of PUDO (pick up and drop off) networks, with the roll out of parcel lockers, could further change the returns landscape. As convenience will continue to be a driving factor for retail - both when it comes to purchasing and returns, could 2023 be the year that PUDO networks take off in the UK for both the last mile of ecommerce and the returns process?

Many retailers already include a free returns label with purchases, this can include information for

returning to a post office, partner store or even a parcel locker. Some retailers are also stepping away from these printed options with returns portals which offer paperless returns, and in some cases packageless returns – lockers can play their part here.

The QR code has been instrumental in this change, and is something that we are likely to see introduced further in the future.

PUDO networks not only enable shoppers to skip the printing at home stage, they also offer 24/7 access with automated parcel locker technology operating all of the time. Consumers being able to drop off their returns outside of traditional shop opening hours is a clear benefit of these networks, and operators are working to ensure they are well placed for this 24/7 access.

Transport for Greater Manchester recently announced the introduction of 28 lockers installed across the bus and Metrolink network. The new lockers are designed to provide a convenient and easily accessible way for people to pick up or return parcels quickly and easily as part of their daily commute across the TfGM network. Additionally a number of retailers have partnered with PUDO operators to offer these services (see Schuh case study on page x).

### **A MORE PERSONAL APPROACH**

Another investment retailers are likely to make is in personalised return platforms. While personalisation is nothing new and has become commonplace during the shopping procedure, it could become more important during the post-purchase experience.

Firstly, the communication of the returns journey can be improved to keep customers notified of the process. With the advancement of self-service returns portals, there is little reason why consumers can not have in-flight notifications on the returns process, in a similar way to some delivery firms.

Personalised messages is one option, but retailers could also look to loyalty programmes to offer a better returns experience. We could see retailers offer more generous returns policies to their most loyal customers. This could come in the form of longer return windows, free returns and even courier pick-up services.

Offering such services to long-term customers is a way of building loyalty, as a standard returns policy which treats all shoppers the same does little to reward habitual customers. Delivering an easy, stress free returns journey to existing shoppers is especially important as some believe 80% of revenue comes from just 20% of customers<sup>[1]</sup>.

With retailers fighting for a share of the wallet more than ever, cost-saving measures such as recouping the costs of reverse logistics are likely to continue. Zara has set a precedent, and other retailers are likely to follow. However, as within many areas of retail, technology will play its part in improving returns – whether through automated parcel lockers or the use of data platforms to personalise the returns process.

References:

<sup>[1]</sup><https://www.smartkarrot.com/resources/blog/pareto-principle-80-20-rule-customer-success/>



# Conclusion

We hope you have found our research and analysis to be of interest and value. We would be very pleased to hear from you with questions, suggestions or comments. In particular, do let us know of any areas of research that you would like us to investigate for possible inclusion in the 2023 report.

Please get in touch via [research@retailx.net](mailto:research@retailx.net)

## RESEARCH:

**Researcher** Anna Segarra Fas

For questions about our research and to send feedback, please email Anna via:

[research@retailx.net](mailto:research@retailx.net)

**Research Director** Martin Shaw

**CEO** Ian Jindal

## EDITORIAL:

**Editor** Katie Searles

**Production Editor** Gary Tipp

**Managing Editor** Jonathan Wright

## DESIGN:

**Art Editor** Lauren Fruncillo

**Graphics** Laura Ross

## MARKETING:

**Marketing and Circulation** Addison Southam

[marketing@retailx.net](mailto:marketing@retailx.net)

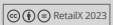
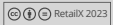
## SALES:

**Commercial Director** Andy James

[andy@retailx.net](mailto:andy@retailx.net)

**Group Creative Solutions Director** Marvin Roberts

[marvin@retailx.net](mailto:marvin@retailx.net)

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## RetailX

27 Clements Lane

London, EC4N 5AE

Tel: +44 (0) 20 7062 2525

Printed in Great Britain.

## Global Retail Research BV

Van Heuven Goedhartiaan 13D

1181LE Amstelveen

The Netherlands

