

Returns Happen 2022

A consumer research study
on online returns behavior
and preference.



Why we did this

Returns no longer come last in the consumer shopping experience. In fact, they are more frequent and expensive than ever¹, creating both a challenge and opportunity for retailers.



2,002
RESPONDENTS

In a survey of over 2,000 U.S. consumers conducted in partnership with TRC, an independent research firm, and commissioned by PayPal, this statistically-significant research details evolving consumer shopping habits and how their attitudes towards online returns can inform merchant behaviors.

The good news: the data shows that shoppers' favorite way to return can also be the lowest cost option for merchants.

Summary of findings



Consumers now rank in-person, box-free returns as the #1 preferred method for online returns.

Even free home pickup is less desirable than box-free in-person drop off, and mail-in returns have fallen to #4 on the list. Once in-store, 62% of consumers surveyed say they've used their refund to shop at a merchant's own stores or at a third-party drop-off location.



Inconvenient returns lead to lost sales.

Half of shoppers surveyed say they've abandoned their cart because there wasn't a convenient return method available. And almost half of shoppers don't have continuous access to a printer that could be used for printing return labels.



Driven by younger consumers, bracketing is putting more pressure on returns shipping costs.

Bracketing, the practice of purchasing multiple items with the intention of returning some, continues to be a challenge for merchants; over 60% of shoppers under 30 have bracketed in the last year.



More than 40% of consumers would rather sit in rush hour traffic than return a purchase made online.

Returns continue to be a headache for consumers, with 86% saying they make a point to check a retailer's return policy before buying. And while some retailers have turned to charging for returns, 87% of shoppers surveyed say free returns are still an important purchasing factor.

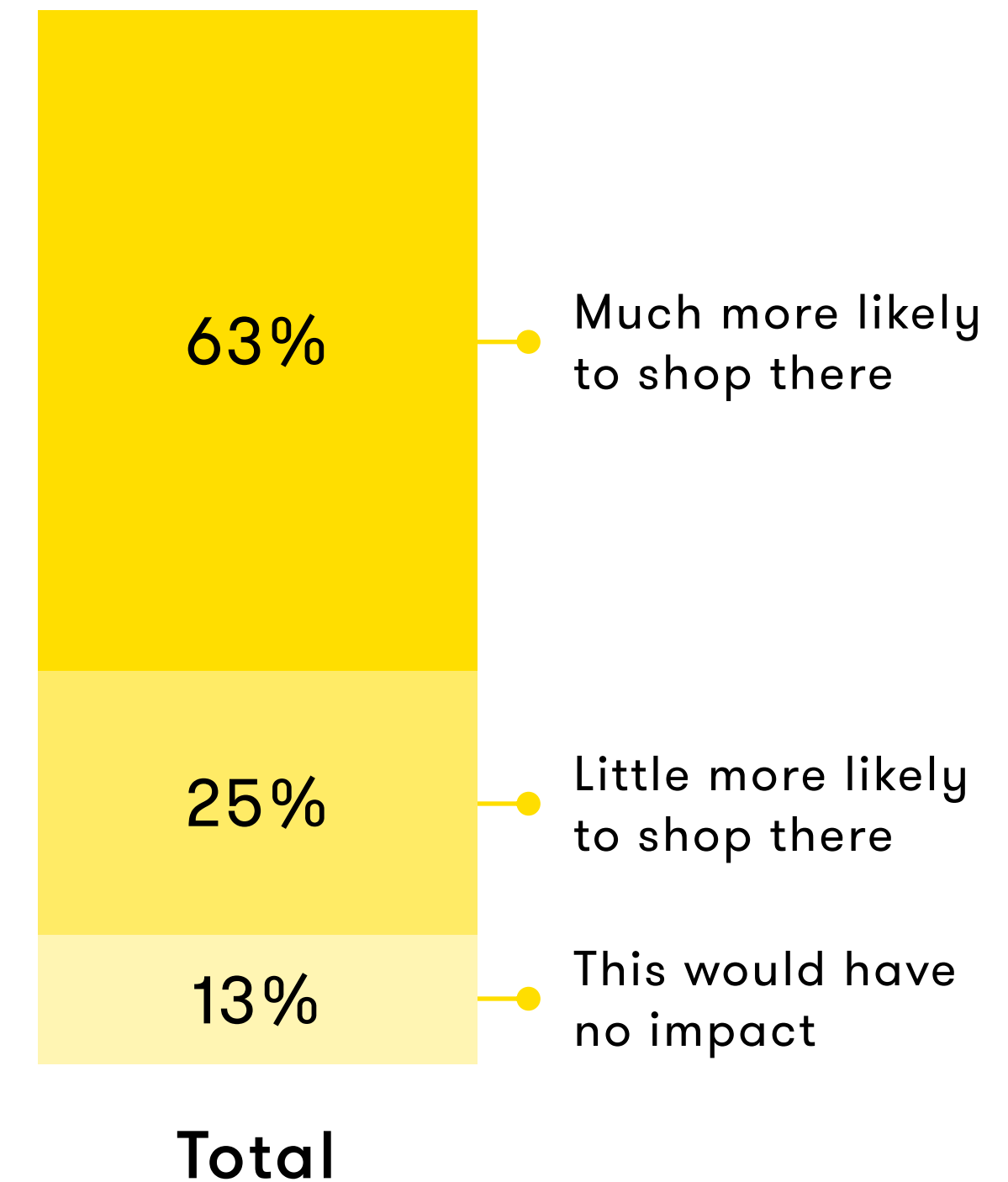
Data shows that shoppers' favorite way to return can also be the lowest cost option for merchants.

Shoppers gravitate to third-party in-person, box-free returns.



Almost two-thirds of shoppers would be much more likely to shop at an online store that offers free returns, with immediate refunds and no packaging required.

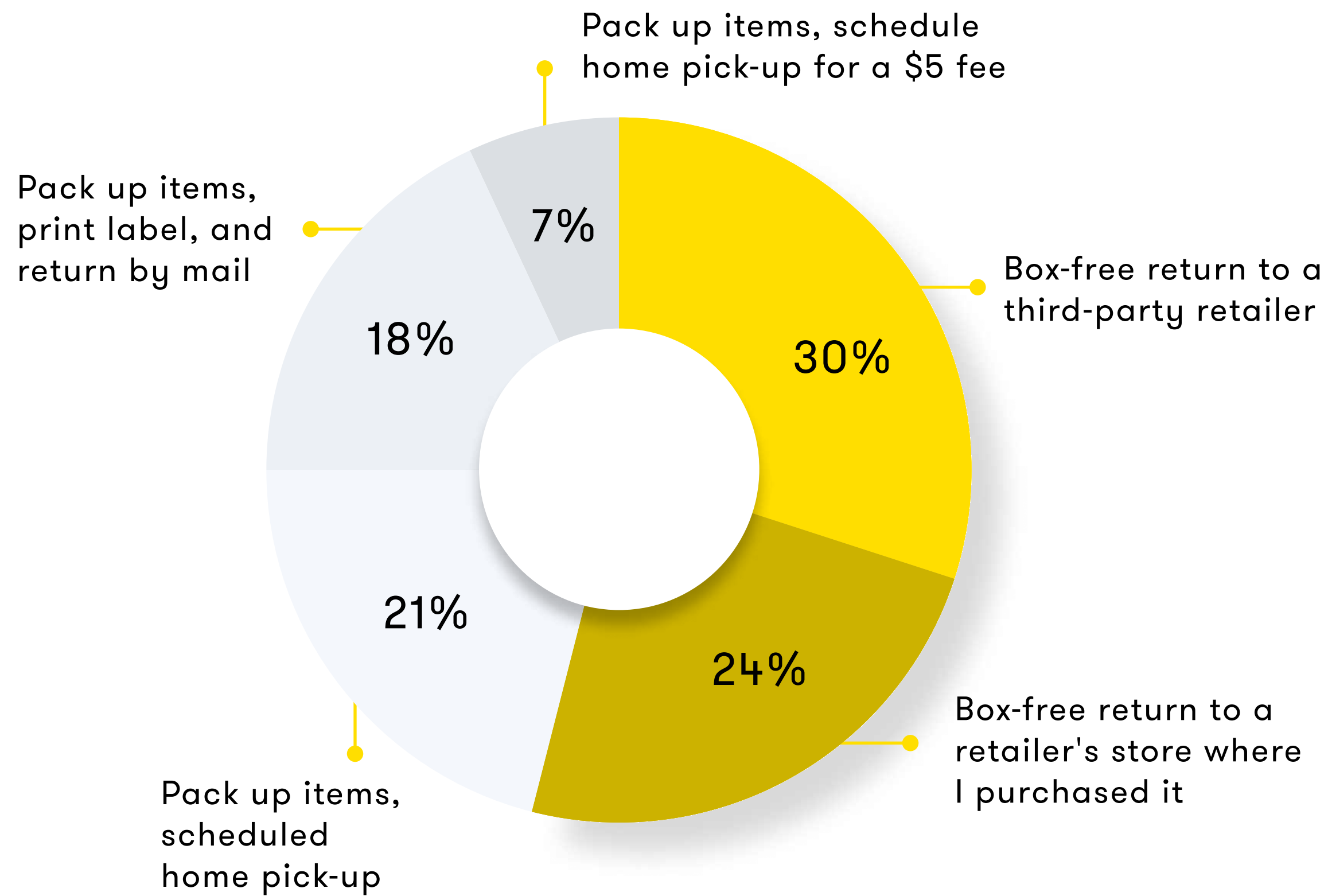
50% of shoppers have abandoned a purchase because the merchant did not offer a convenient return method, like box-free returns.



🔊 **Third-party returns**
/'thurd 'pahr-tee ri-'turns/

An unaffiliated retail location that accepts return drop-offs for other retailers.
Ex: REVOLVE's returns being accepted at Ulta Beauty stores.

In-person drop off at third-party locations is ranked as the #1 return method, above home pick-up and returning to the retailer's store



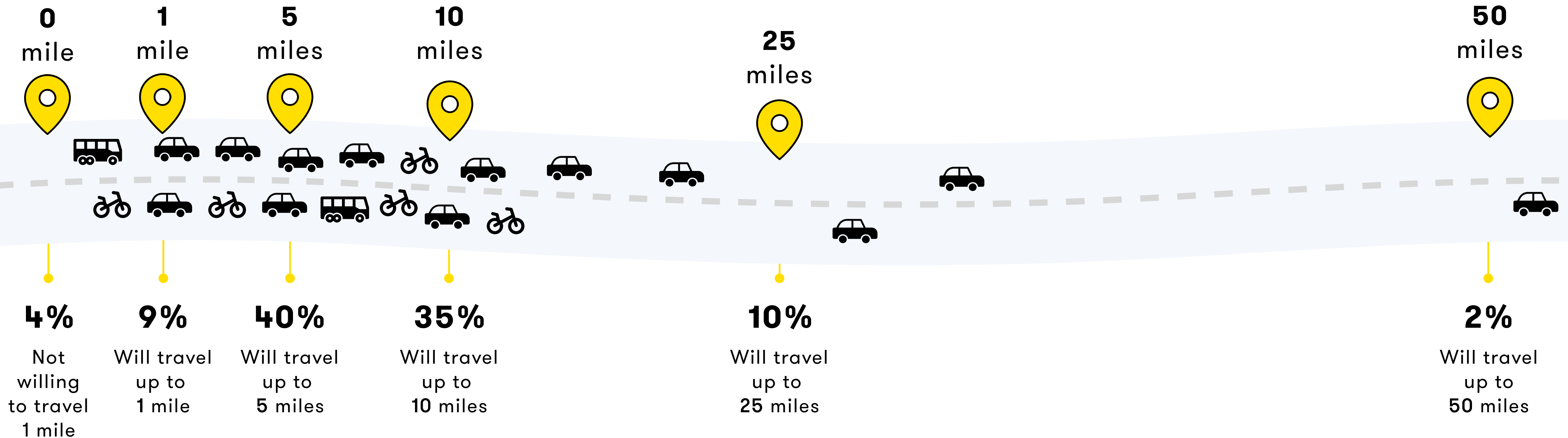
54%

of shoppers prefer in-person drop off for their returns, whether it be at a third-party or a retailer's store

Free home pickup for returns is less desirable than box-free in-person drop off

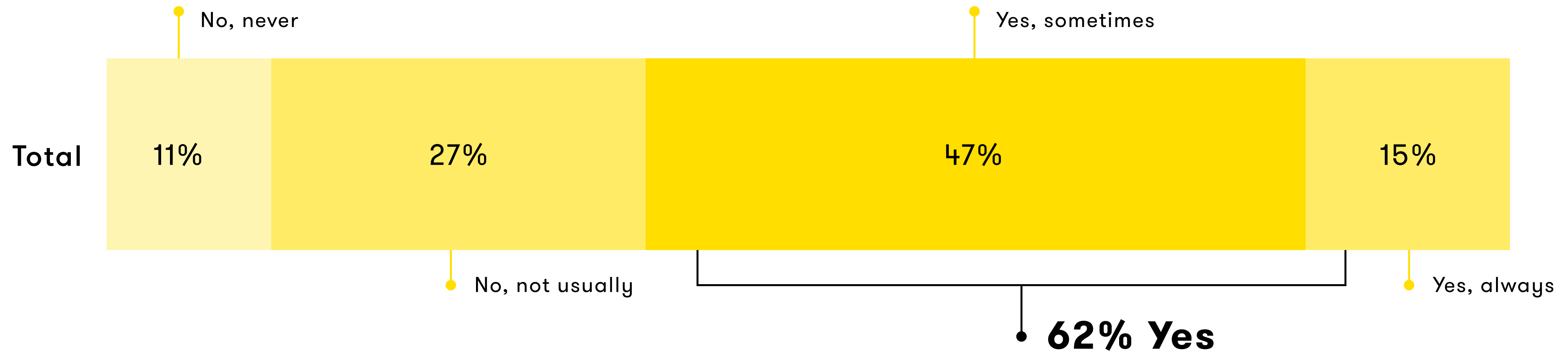
96% of shoppers are willing to travel for a free return

Distance shoppers are willing to travel for a free return



 **78%** of the U.S. population lies within 10 miles of a Happy Returns Return Bar.

Third-party returns offer a revenue stream for location partners

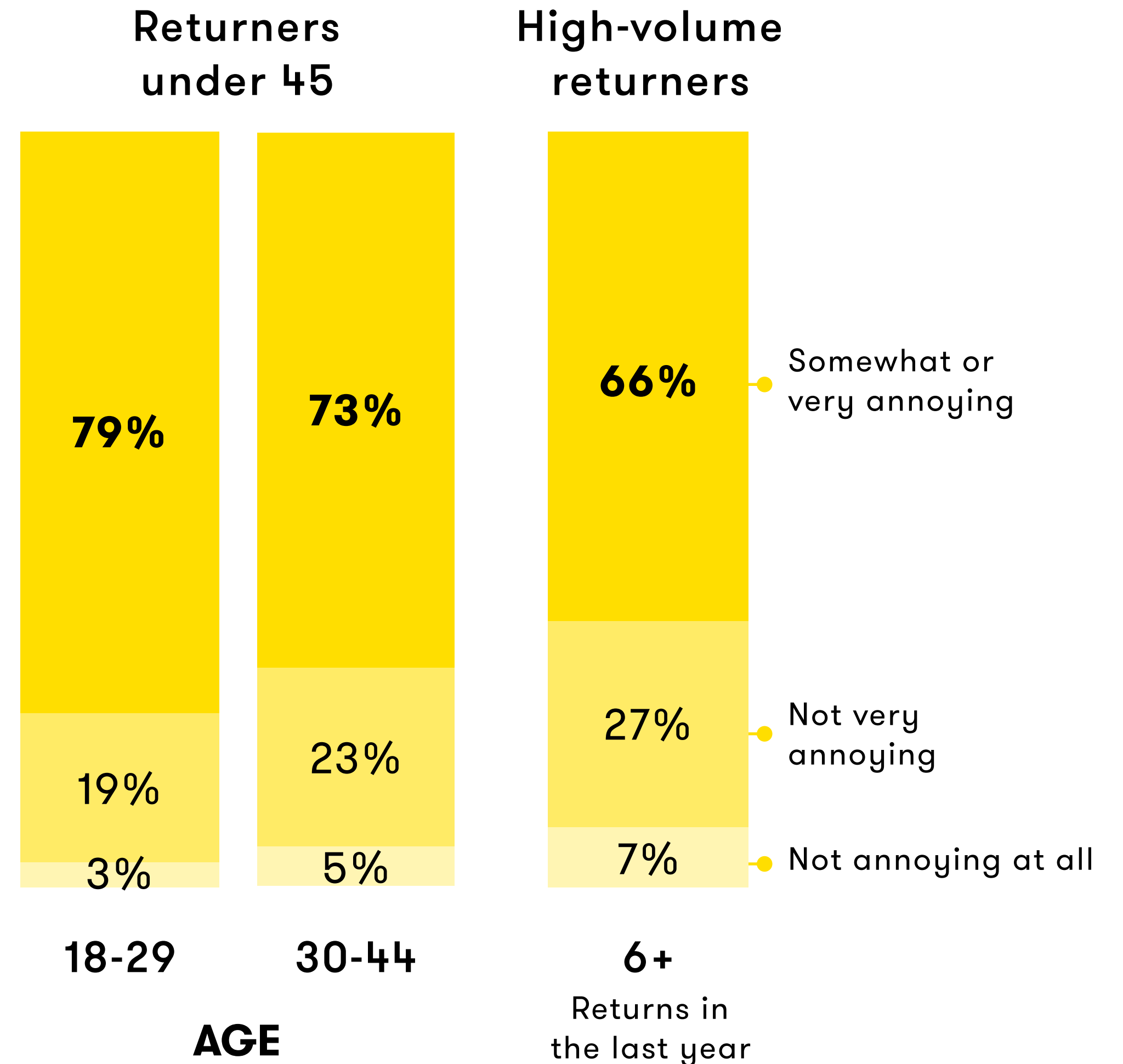


* 62% of shoppers say they've used their refund to shop from where they returned their item.

Mail returns are fading as a preferred returns solution

Findings:

- Those under 45 and high-volume returners find mail returns most annoying.
- 79% of shoppers under 30 think mail returns are somewhat or very annoying.
- Over 40% of consumers would rather sit in rush hour traffic than make a mail return.
- Younger shoppers are less likely to have 24/7 access to a printer for printing return labels: About 1/3 of these shoppers have access to a printer 100% of the time.

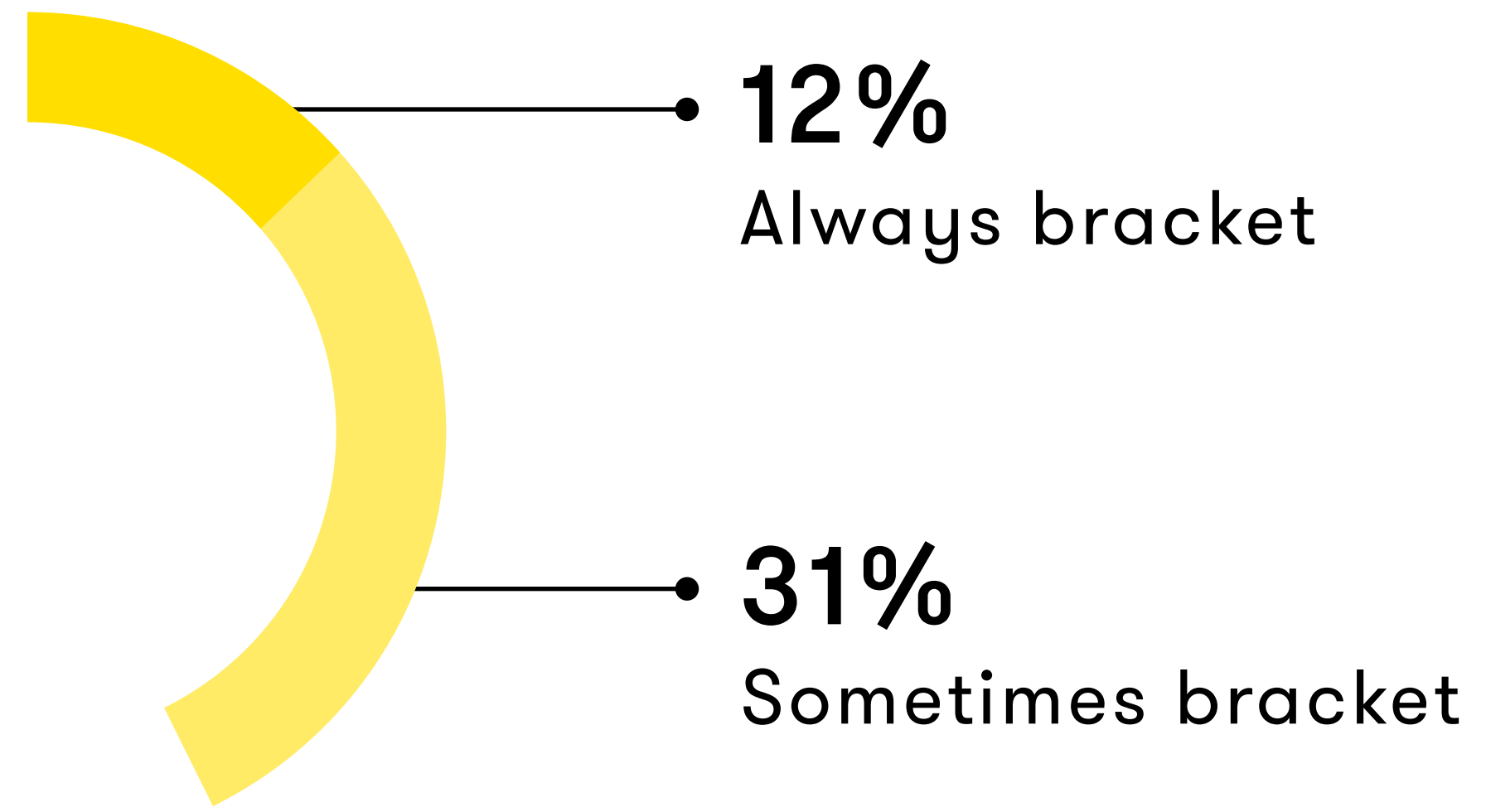


Consumers are more and more
demanding a high-quality
returns experience

Bracketing is putting even more pressure on returns shipping costs



43%
of shoppers
have bracketed
their purchases
in the last year



🔊 **Bracketing**
/'brakiting/

A behavior where consumers purchase multiple items with the intention of returning some portion of the purchases.

Consumers are still demanding free returns



87%

of shoppers say free returns are important when making an online purchase

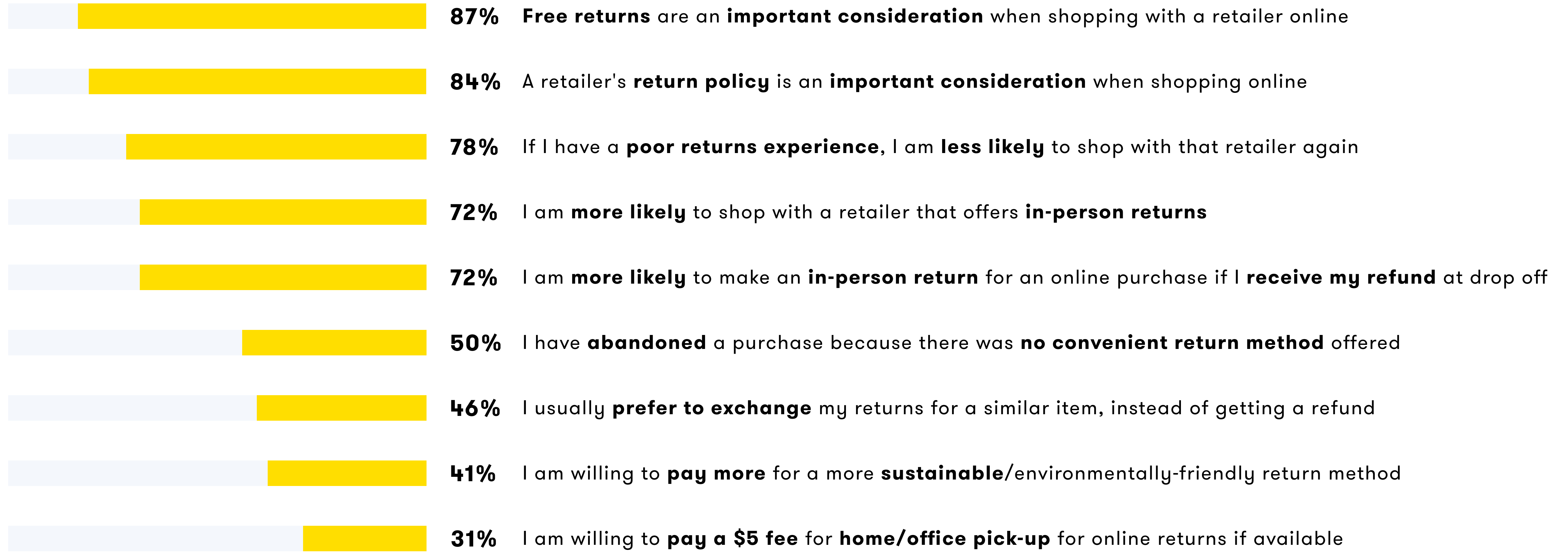


86%

check a retailer's return policy before making a purchase online

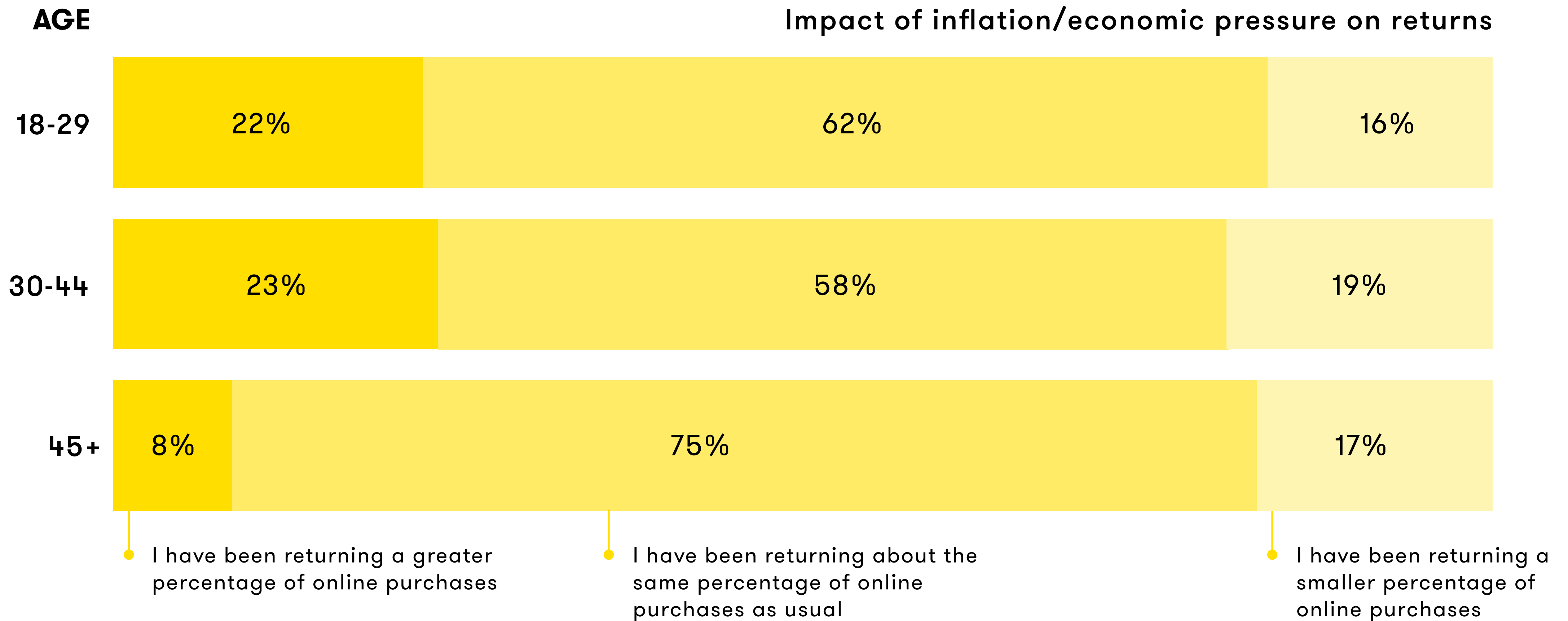
What shoppers really want

Top returns preferences are consistent across age groups



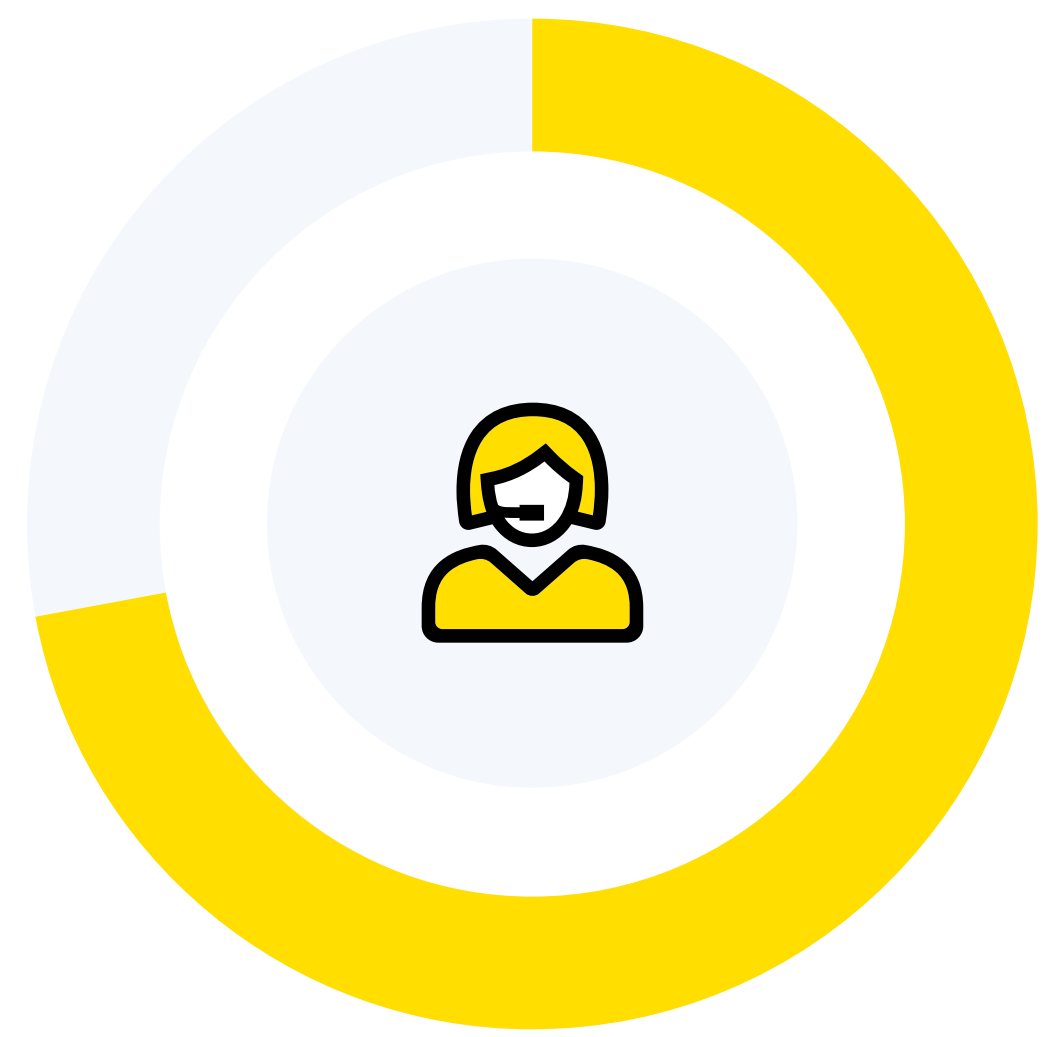
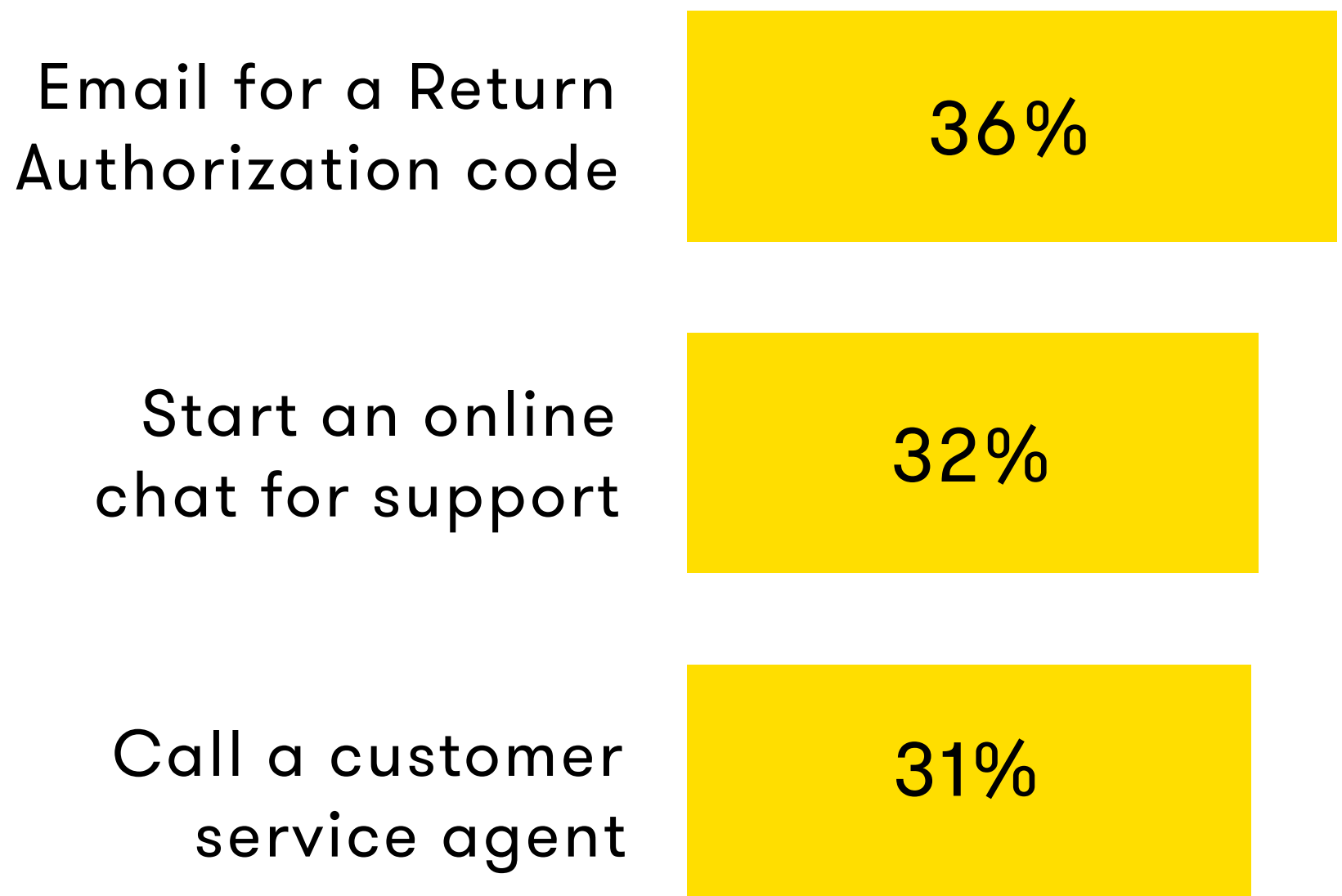
Inflation is causing shoppers to return more

Those under 45 and high-volume returners are more likely to claim an increase in returns due to the economy



Poor returns experiences lead to more customer service contacts

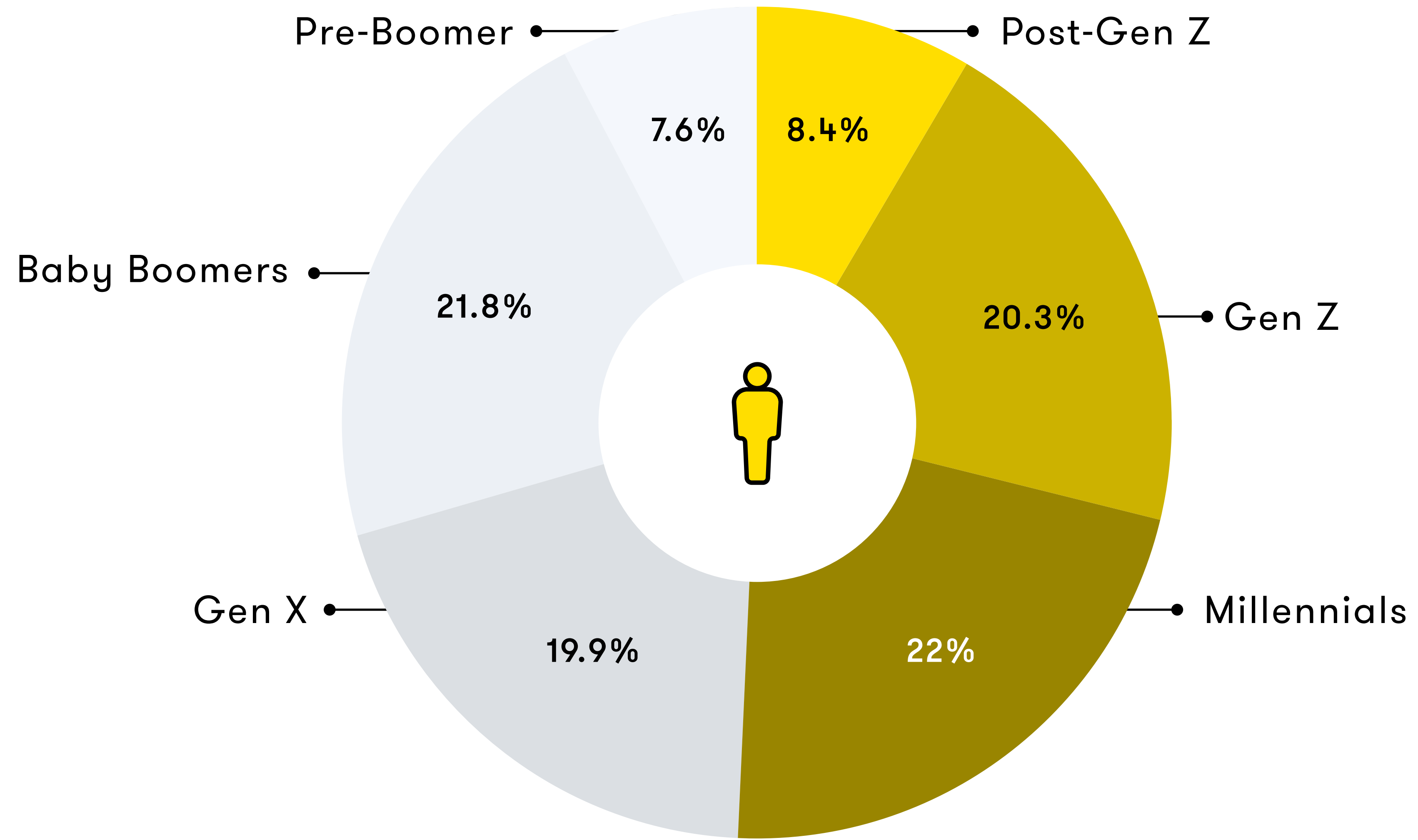
* Q: Thinking about all of the online purchases you have returned in the past year, did you have to do any of the following to contact the retailer during the returns process?



72%
of shoppers had to reach out to customer service for help with a return

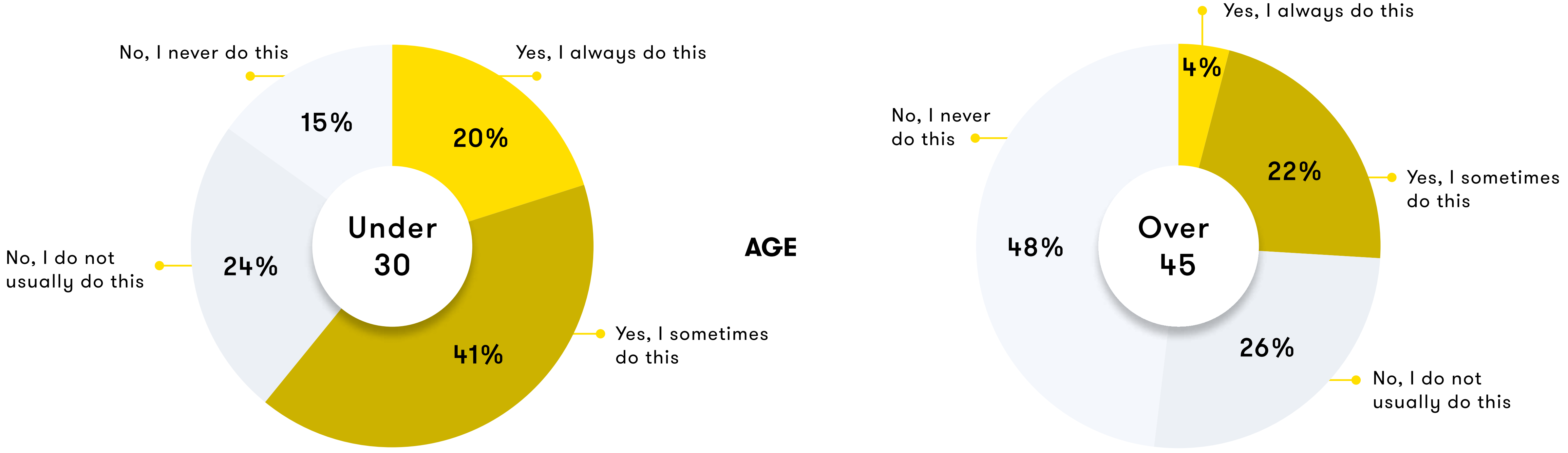
Consumers under 30 think
about online returns in a
new and different way.

Nearly half of the population is millennial or younger.



Source: William H. Frey analysis of Census Bureau population estimates via [Brookings Institute](#), June 2020.

Younger shoppers are more likely to bracket purchases

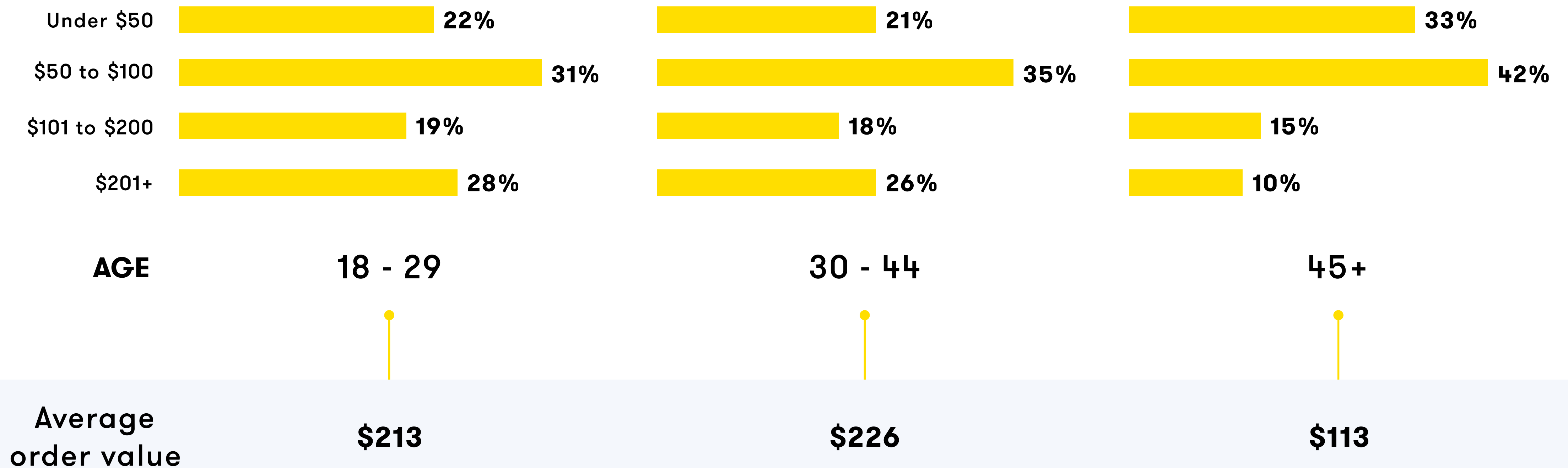


* 61% of shoppers under 30 have bracketed a purchase in the last year.

* 26% of shoppers over 45 have bracketed a purchase in the last year.

Shoppers under 45 spend more per order than those 45+

The average order value for shoppers surveyed under 45 is \$226, while shoppers 45+ spend an average of \$113



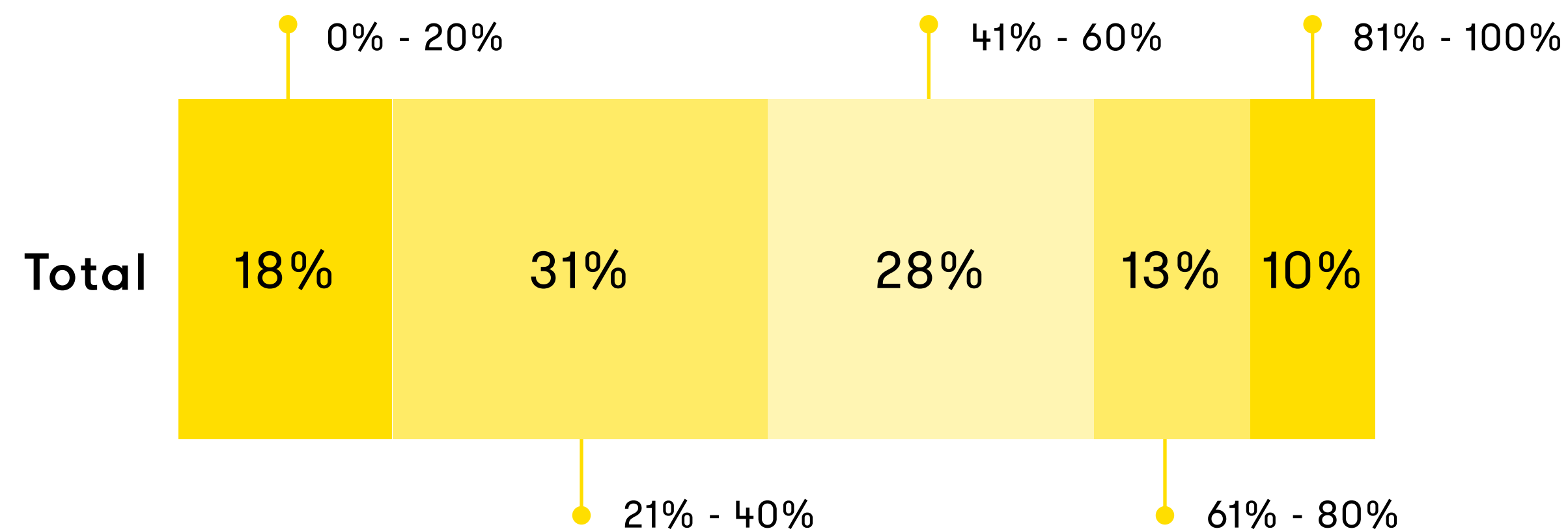
Early insight into the 2022 holiday shopping season

2022 Holiday Trends

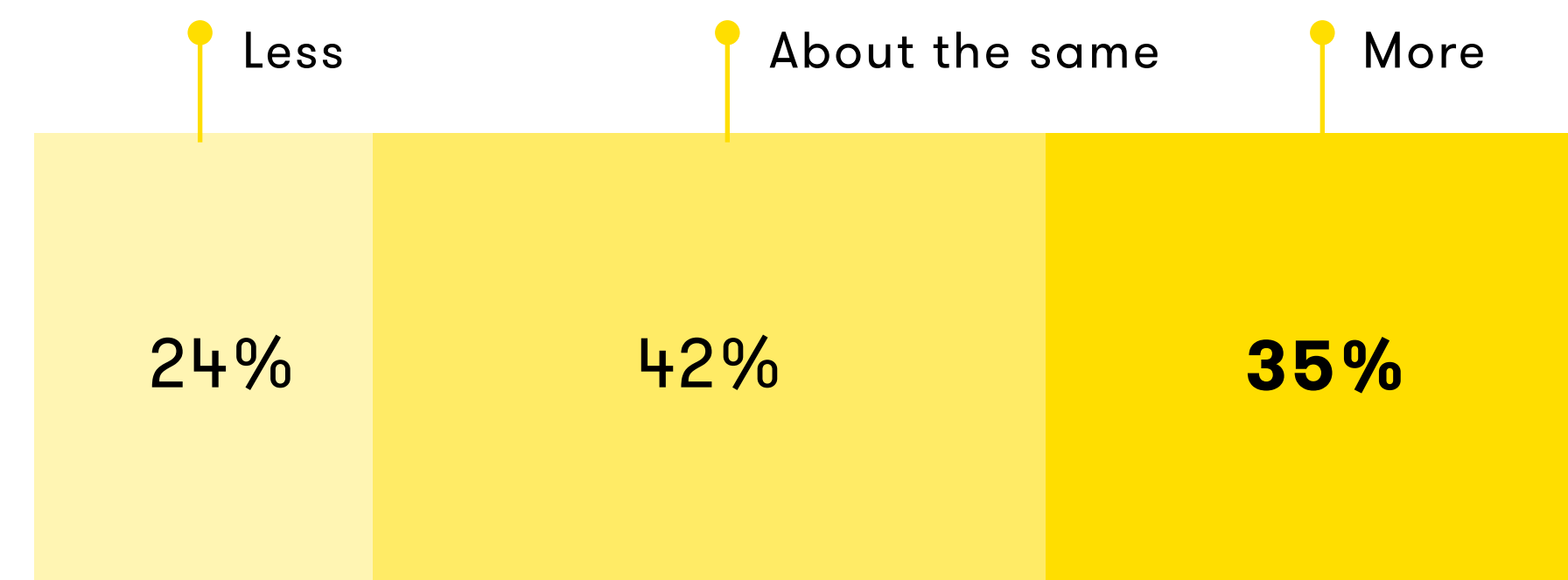
* Almost half of shoppers say they'll buy 60% of their holiday gifts online this season.

* 35% of shoppers plan to spend more this holiday season than last holiday season.

Percentage of purchases expected to be made online this holiday season

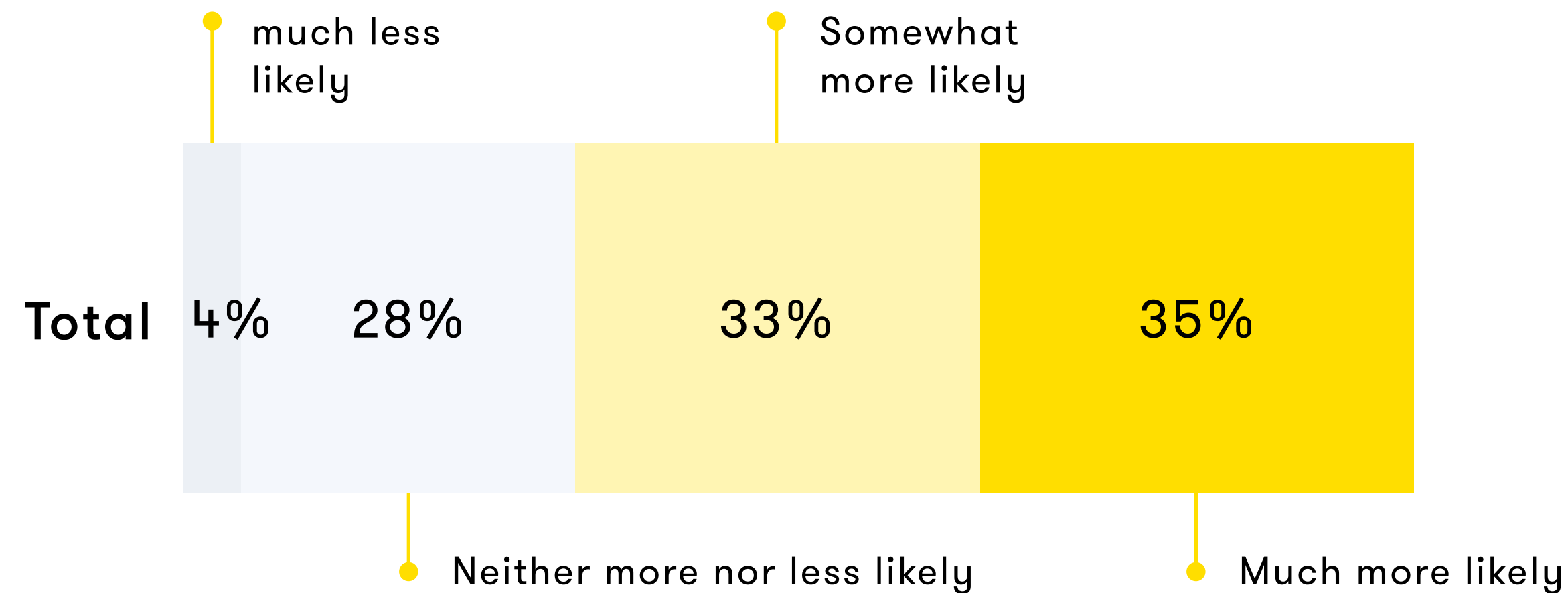


Shoppers expected spending this season



2022 Holiday Trends

Likelihood of considering a retailer's return policy this holiday season



Most shoppers are more likely to consider return policies during the holiday season

* 68% of shoppers say they're more likely to check the return policy during the holiday season.

* 59% of shoppers under 30 plan to bracket this holiday season.



52% of shoppers under 30 say they plan to spend more this holiday season than last.



Merchants are facing greater challenges with online returns heading into this holiday shopping season, including increased logistics costs due to inflation, higher return rates as more shopping moves online, and customer expectations for online returns that are easy and free.

Despite these challenges, the growing preference for in-person box free returns is a huge opportunity to deliver customers the seamless returns experience they're looking for, while significantly driving down costs by up to 40%.

David Sobie
VP, Happy Returns

Happy Returns is a leading provider of box-free, printer-free, aggregated returns that save merchants up to 40%.

Why partner with Happy Returns



Delight shoppers

Hassle-free in-person returns and immediately-initiated refunds have earned Happy Returns a 93 NPS¹ from hundreds of thousands of happy customers.



Save money

Compared to mail returns, Return Bar returns are aggregated across merchants and shipped together, resulting in up to 40% savings.²



Retain revenue

Promote intelligent exchanges based on return reason and available inventory.



Boost sustainability

By aggregating Return Bar returns and shipping in reusable totes, we're reducing greenhouse gas emissions with every shipment.

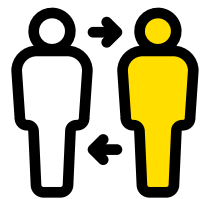
¹Source: Delighted by Qualtrics, 2022
²Source: Happy Returns internal analysis, 2020.

Top 3 tips for e-commerce merchants



Help drive down costs by reducing reliance on mail returns

It turns out that one of the most costly return methods for merchants is also the least liked by shoppers. Partner with a returns provider that can enable alternative return methods that help minimize the printing, packaging, and steep costs of mail returns.



Provide a convenient, in-person return method

Give shoppers what they want: a fast and easy way to complete their return or exchange in-person at a third party or your brick-and-mortar store — without needing to print or package anything.



Offer at least one free return option

By offering in-person returns for free, while charging for returns by mail, you'll drive shoppers to select the return method with the lowest cost for you, helping to provide a better customer experience.



happyreturns.com