

Merchant Perspectives on E-Commerce Returns

A merchant research study
on growth and the macro
environment of online returns



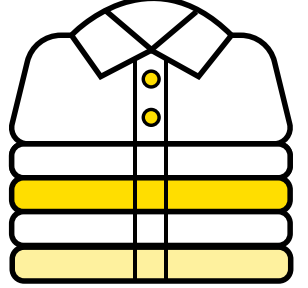
Online returns management represents a growing pain point for e-commerce companies. Streamlined returns offer an opportunity for merchants to deliver outstanding customer service. But costs are rising, especially when the process isn't optimized.

We conducted a consumer survey in late 2022 to identify online returns behavior and preference. In this new report, we examine the views and experiences of merchants.

Conducted by WBR Insights and commissioned by PayPal, we surveyed 100 leaders at apparel and footwear companies across the U.S. to generate the results featured in this survey. Each company has \$500 million or more in annual revenue.

The survey was conducted via phone interviews. Respondents participated voluntarily based on their availability; they were not incentivized or compensated for their participation.

Summary of findings



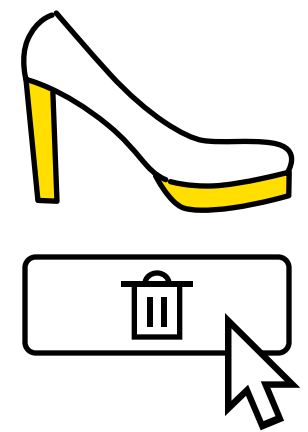
The volume and cost of returns continue to rise

84% of merchants surveyed claim their return rate increased or stayed the same in the last year. Almost 70% say bracketing—when consumers buy multiple items in a single purchase with the intention of returning some portion of the purchase—has gone up.



Merchants are looking for ways to offset the rising cost of returns

Over a quarter of merchants started charging shoppers for returns in the last year and 16% of merchants are considering charging in 2023. Of those that started charging for returns in 2022, over 60% began charging for home pick-up.



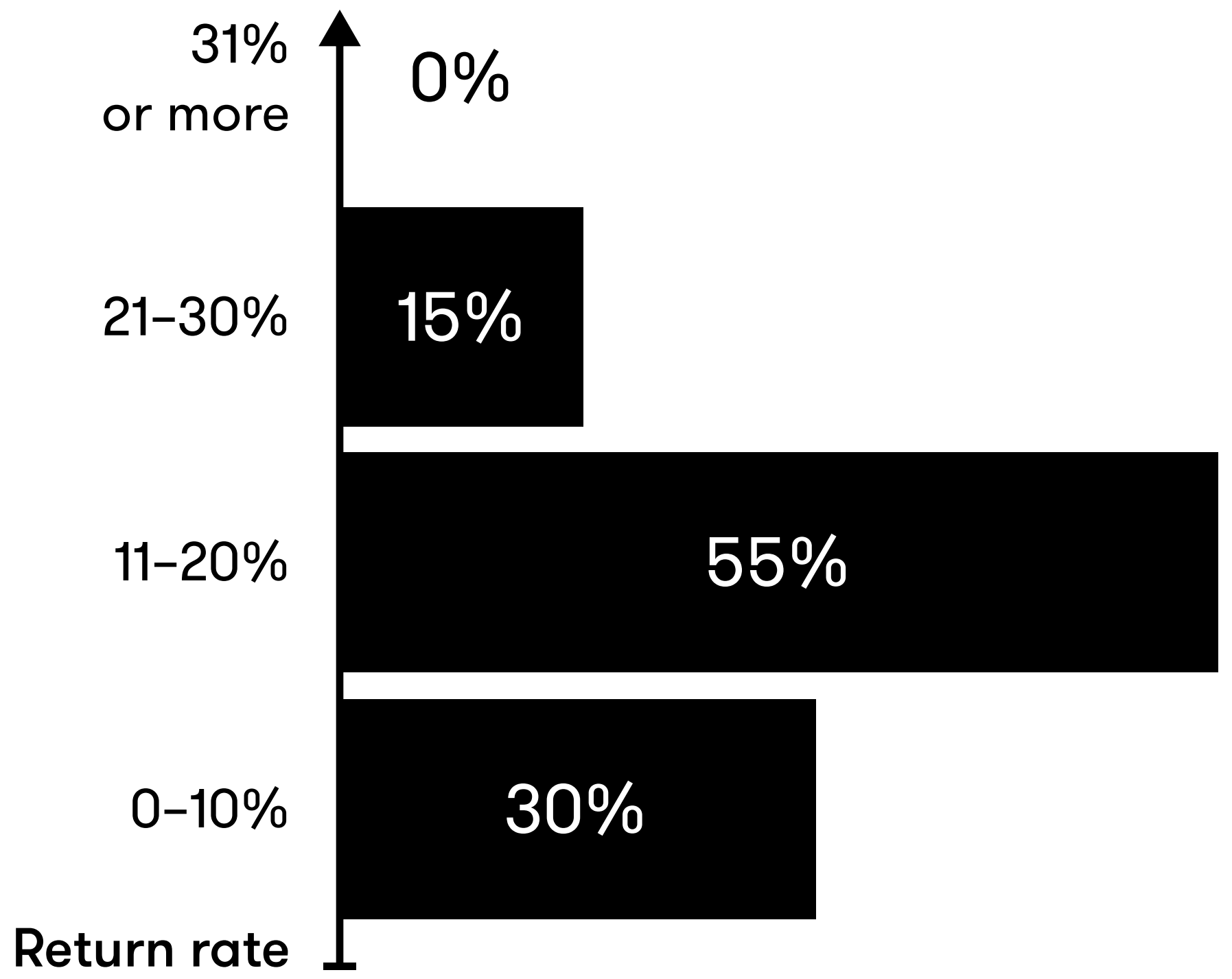
Almost all merchants say their returns process impacts sales

Nearly half of merchants intend to upgrade their returns system in the next year, with 97% saying their returns process has a significant impact on sales.

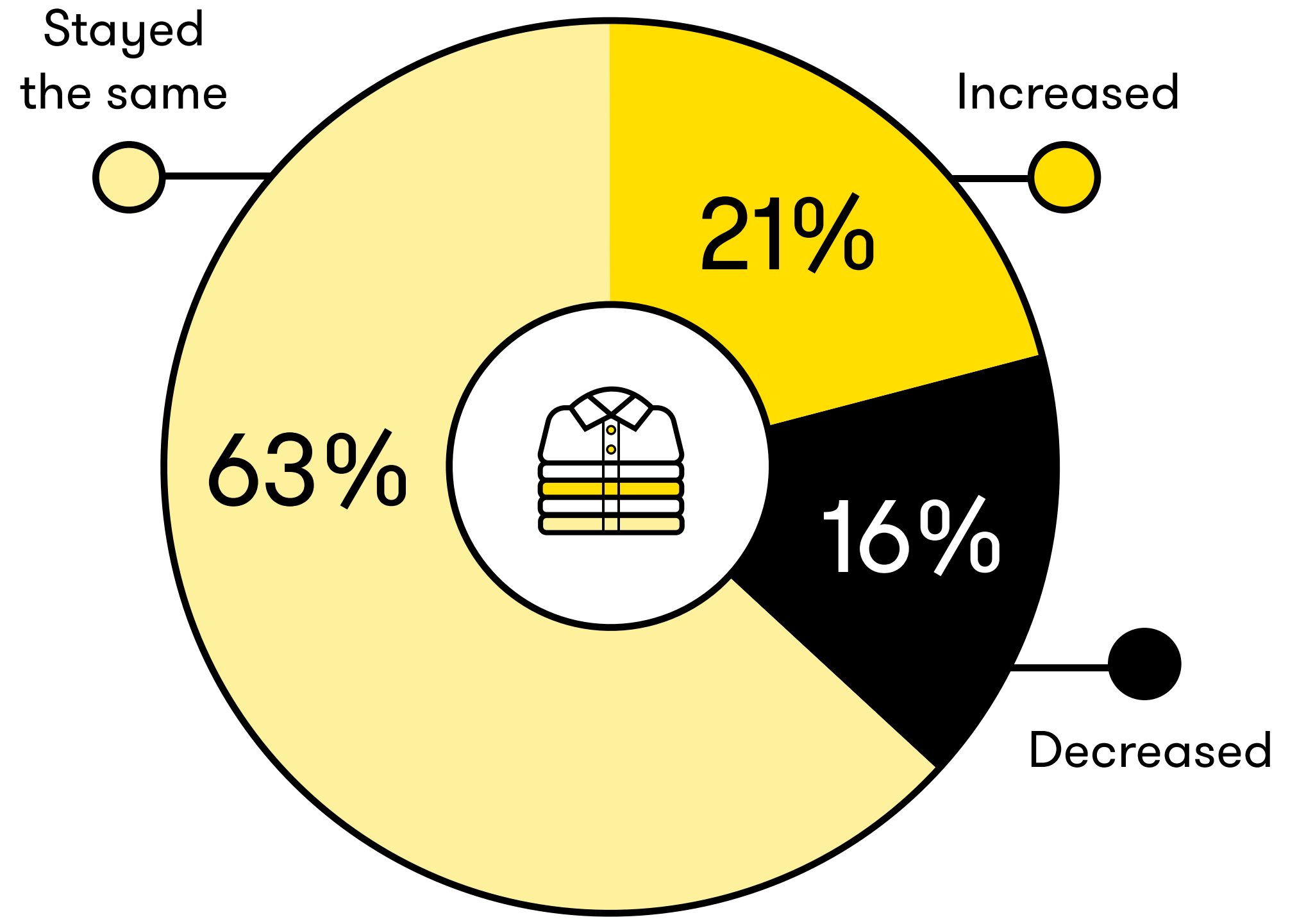
As return volume and bracketing continue to rise, so does the financial impact on e-commerce merchants.

84% of merchants claim their return rate increased or stayed the same in the last year

Q: What is your return rate?



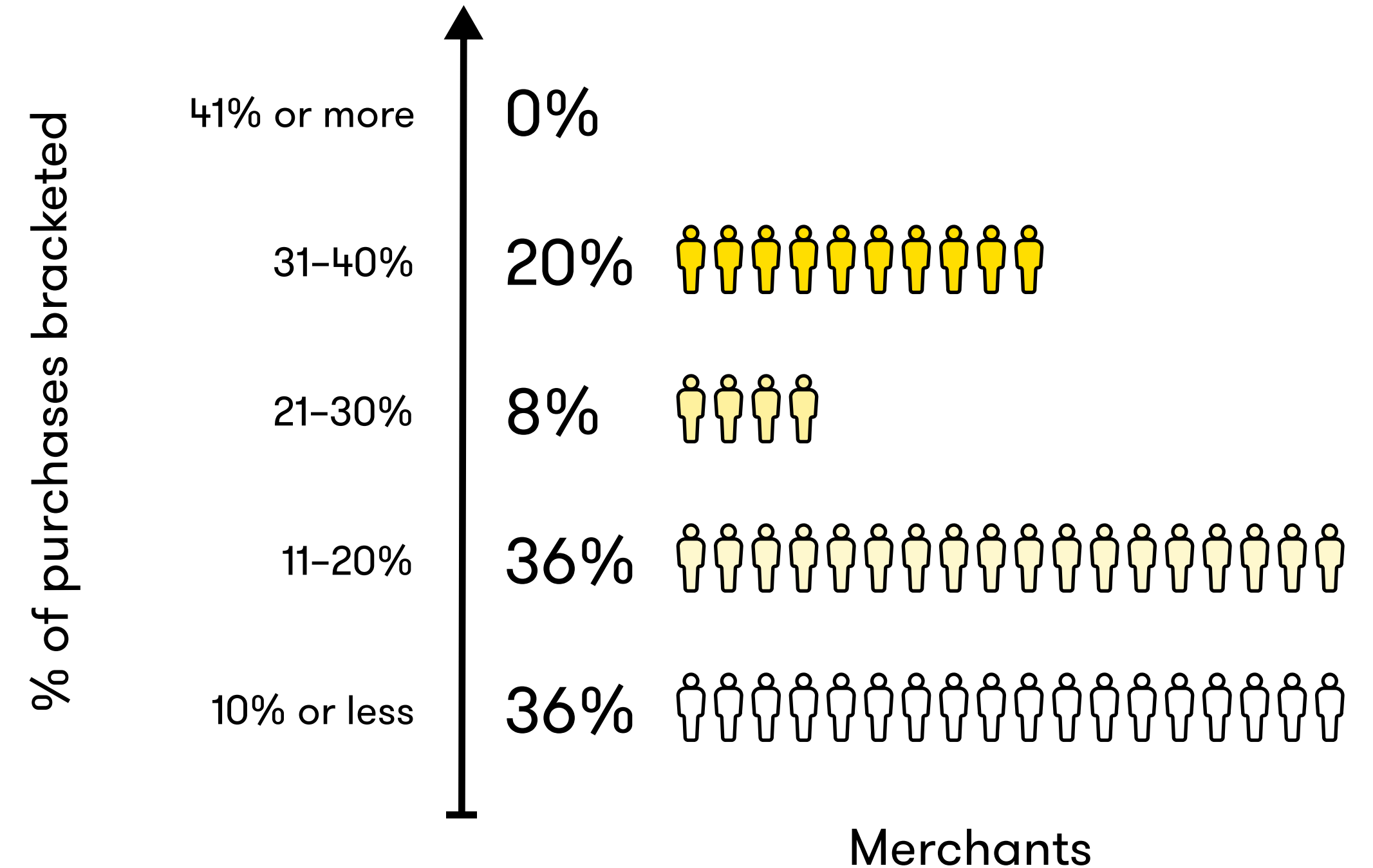
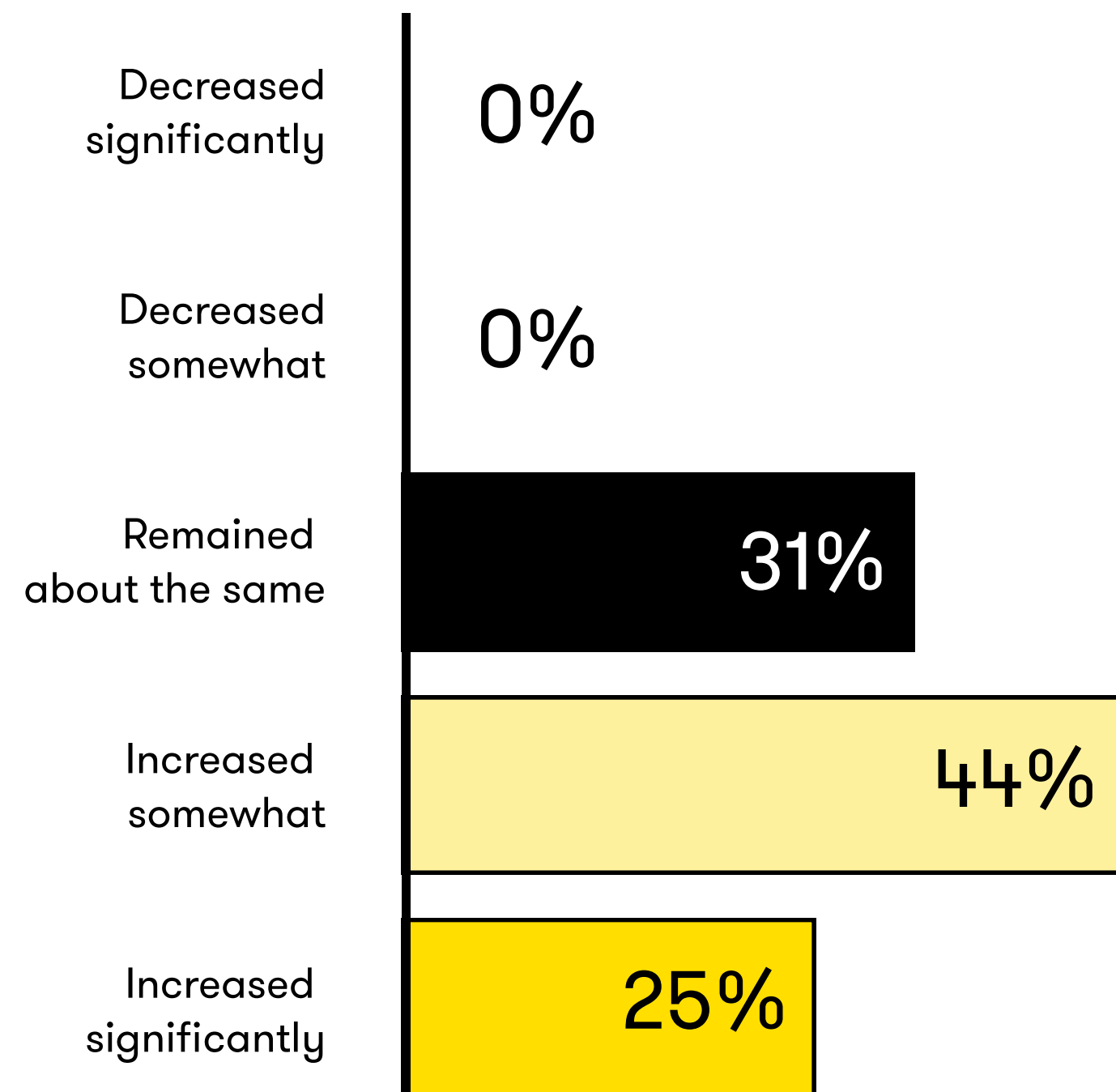
Q: How have return rates changed in the last year?



69% of merchants say bracketing has increased in the last year

Q: How has bracketing behavior changed in the last year?

1 in 5 merchants say nearly 40% of purchases were bracketed in the last year



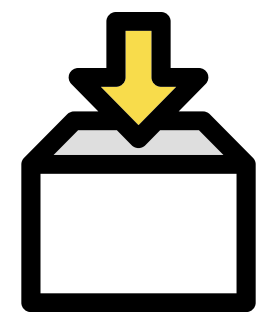
🔊 **Bracketing**
/'brakiting/

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

Merchants are adapting their returns systems and policies in response to shifts in consumer behavior and attitudes.

Merchants are offering more consumer choice, which can come with increasing operational complexity

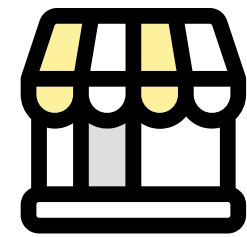
Percentage of merchants offering each return method



85%

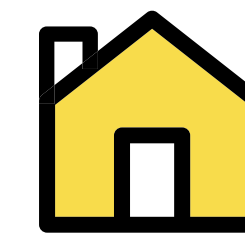
Return by mail

Label comes in box



84%

Return to store



76%

Home pickup



51%

Return by mail

Shopper prints label



55%

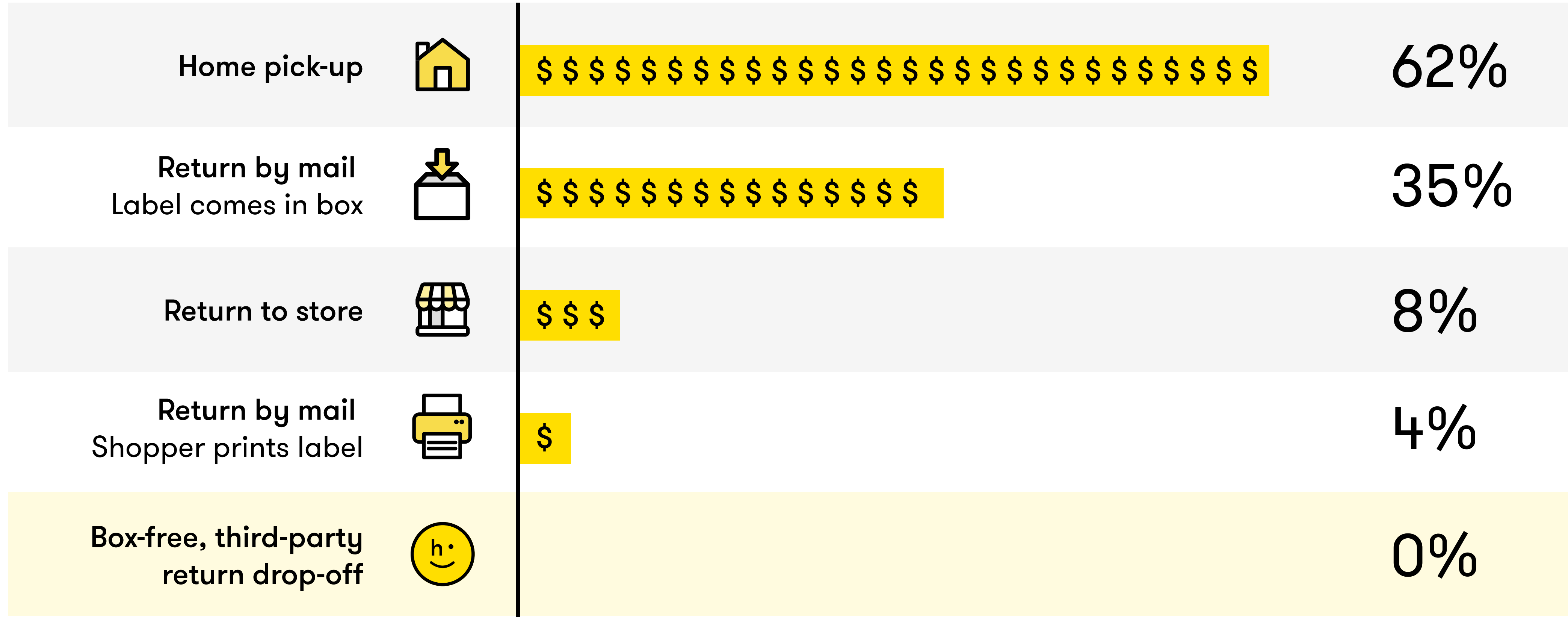
Box-free, third-party
return drop-off

🔊 **Third-party return drop-off**
/'thurd 'pahr-tee ri-'turn dräp-off/

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

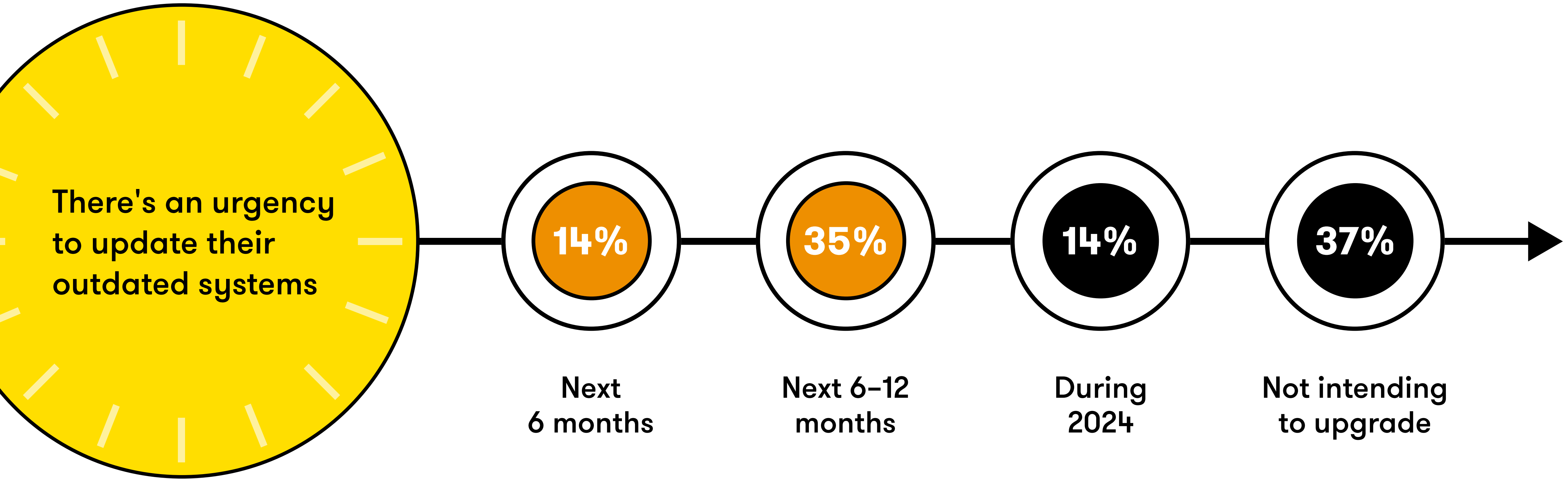
By charging for returns, merchants are beginning to recoup costs

Q: What return methods did you begin charging for in 2022?



Technology is ostensibly driving rapid change in how merchants manage e-commerce returns.

49% of merchants intend to upgrade their returns system in the next year



97% of merchants feel their returns process has a significant impact on their sales

Q: How significant an impact does your returns process have on your sales?



66%
Very significant

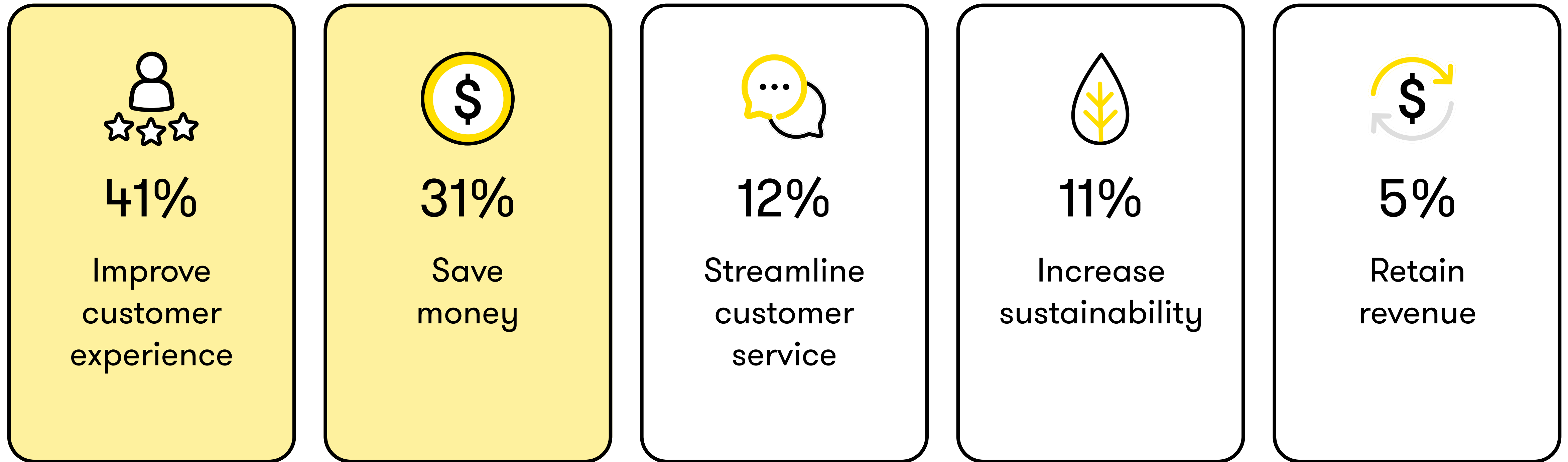
31%
Somewhat significant

3%
Not very significant

0%
Not significant at all

Top reason to switch: customer experience and costs savings

Q: What is the main reason you want to switch returns solutions?



In their own words, merchants describe their motivations for upgrading their returns experience



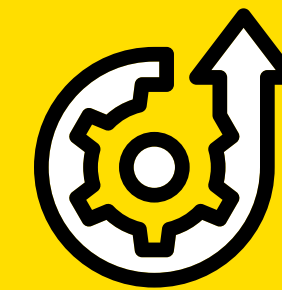
Customer service

"Delivering better customer experiences is a key strategy that also runs down to the returns process."



Cost savings

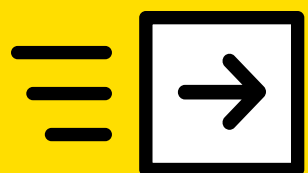
"We're planning to make the business more profitable, and upgrading the returns system is a part of this plan."



Streamlined operations

"Cost and time-saving solutions are why we intend to integrate these changes."

In their own words, merchants describe their motivations for upgrading their returns experience



Competition

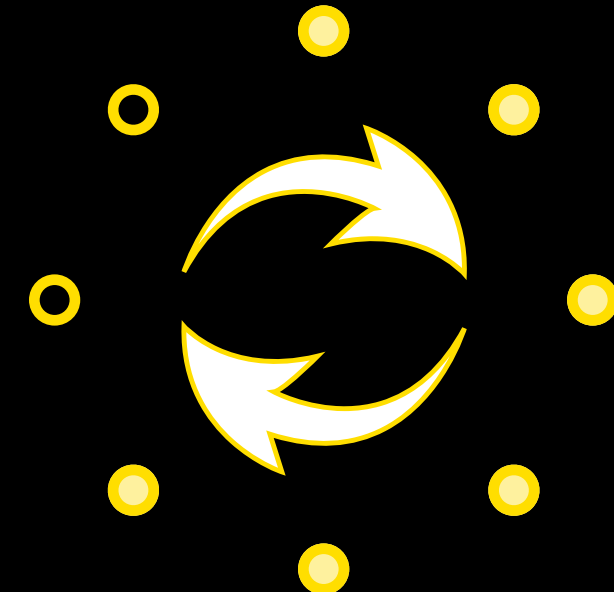
"We want to be ahead of our competitors in returns management."

In their own words — Continued



Boost sustainability

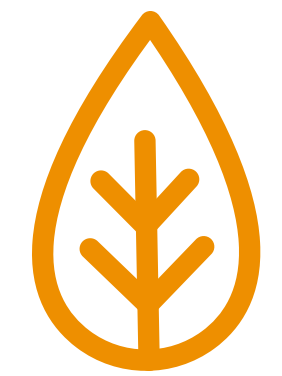
"We want to decrease our carbon footprint and improve our sustainability rankings."



UPGRADE

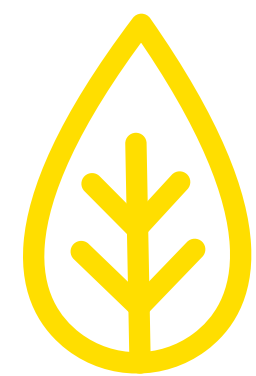
94% of merchants say customers are concerned about sustainability; prioritize it alongside operational efficiency

Merchants recognize their shoppers' concerns for the environment as part of the returns process



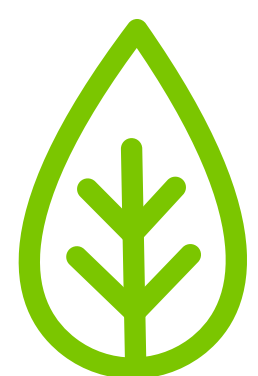
6%

Not very concerned



73%

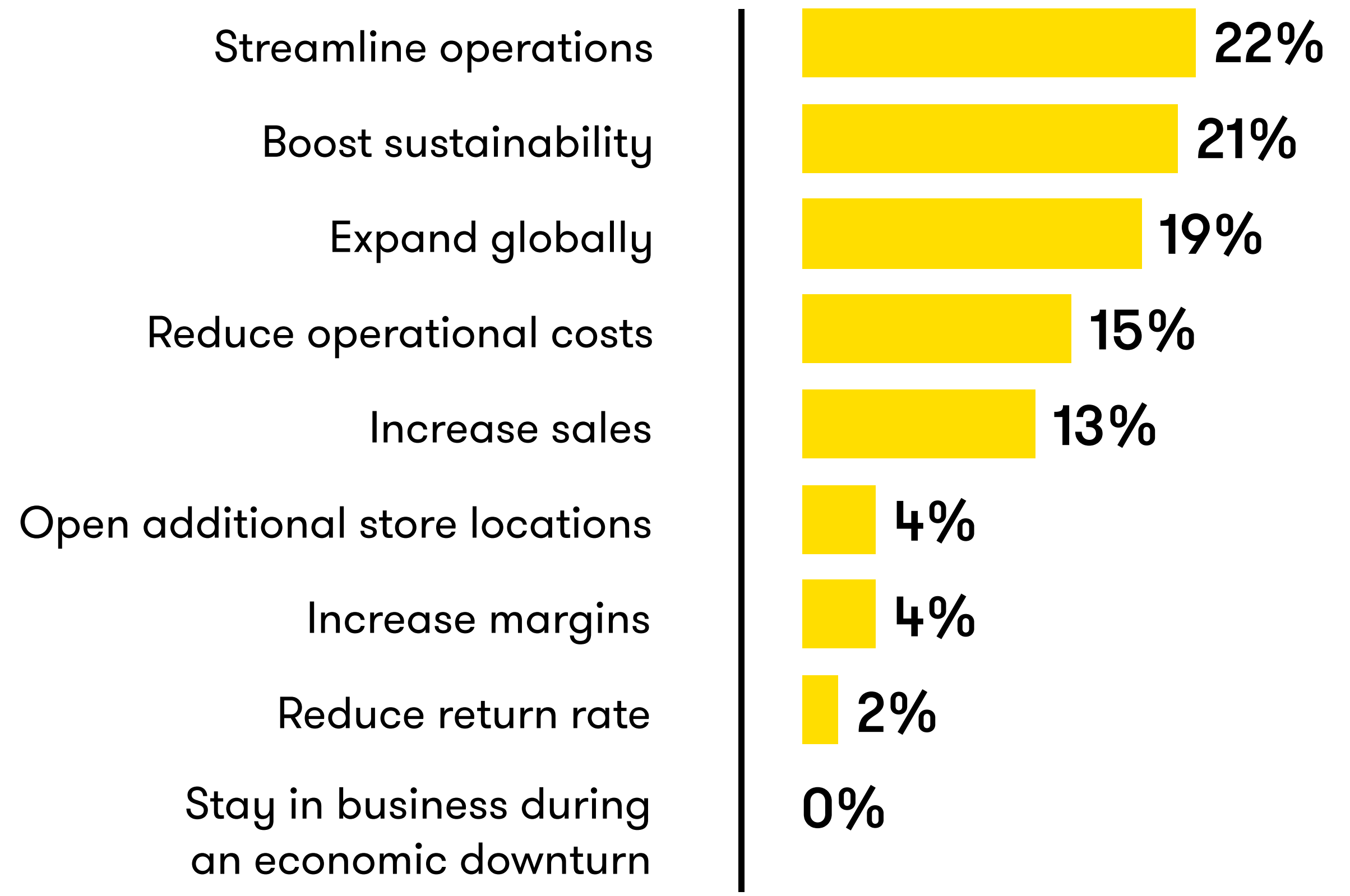
Somewhat concerned



21%

Very concerned

Overarching business goals



Three tips for e-commerce merchants



Drive down costs by reducing reliance on mail returns

Mail returns can be one of the most expensive ways to return and also the least liked by shoppers, according to our [Returns Happen](#) survey. Enable alternative return methods that help minimize the inconveniences of online returns.



Use a returns provider that offers the flexibility to meet changing goals

Is your primary goal to save costs or increase shopper loyalty and lifetime value? Partnering with an end-to-end solutions provider that has flexible rules, revenue retention features, and multiple return methods, lets you choose the return setup that works for your evolving business goals.



Drive sustainability as a way to build shopper loyalty

Consumers have shown an interest in shopping with brands that share their values. Merchants can boost their own sustainability results simply by engaging with returns vendors that have more sustainable business practices.

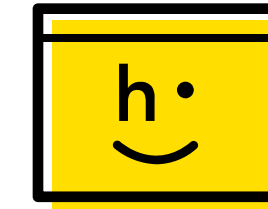
Happy Returns is a leading provider of box-free, printer-free, aggregated returns that help reduce impact on the planet.

Why partner with Happy Returns:



Delight shoppers

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



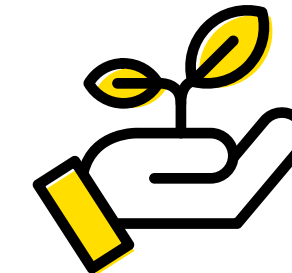
Save money

Compared to mail returns, Return Bar returns are aggregated across merchants and shipped together resulting in meaningful savings on shipping alone.



Retain revenue

Promote intelligent exchanges based on return reason and inventory. Shopify merchants can also leverage Return Shopping, a free feature that brings shoppers back to their online store to make new purchases².



Help boost sustainability

By replacing cardboard with reusable totes, Happy Returns helps reduce greenhouse gas emissions during the returns process.

¹Source: Delighted by Qualtrics, 2022.

²Source: Happy Returns internal data, 2022.

The content of this deck is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.



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