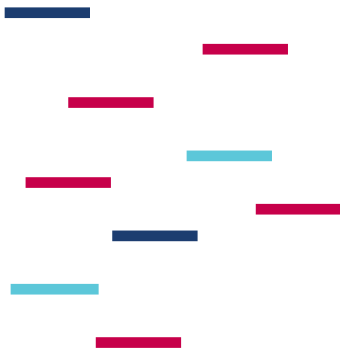# 2023 Consumer Returns in the Retail Industry

Executive Summary

- The approach to the 2023 Consumer Returns in the Retail Industry report is slightly different than years past. The National Retail Federation (NRF) has partnered with Appriss Retail to pair its customers' returns data* with NRF survey responses. Appriss Retail's customers include 60 of the top 100 retailers in the United States.

- This year, the report is also more granular, illustrating the impact online sales have on sales and returns.

- Total returns for the retail industry amounted to $743 billion in merchandise in 2023.

- The total returns rate as a percentage of sales for 2023 is 14.5%.

- The percentage of abuse and fraud impacting total returns in 2023 is 13.7%.

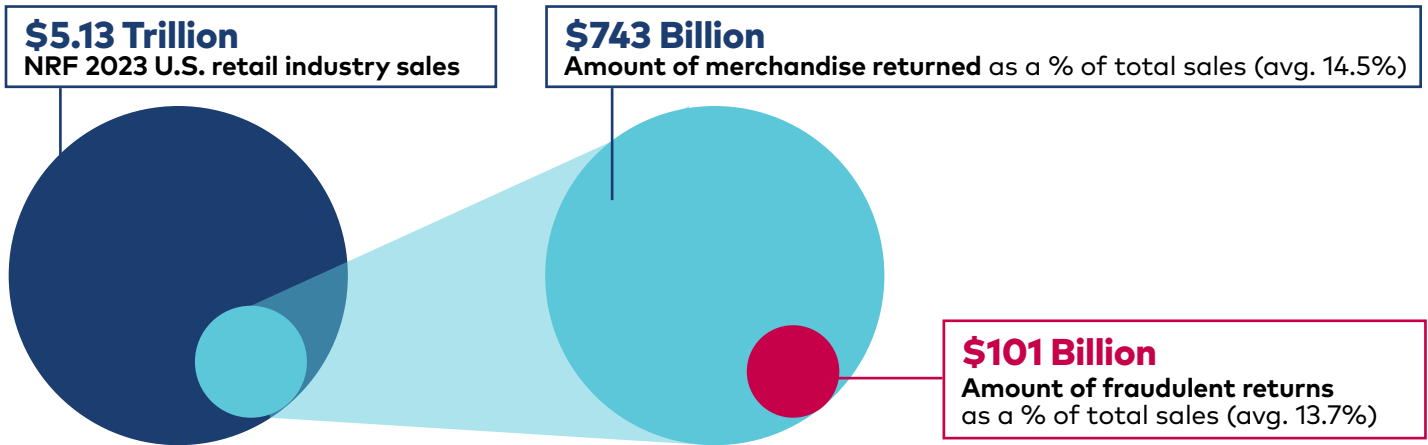- The total amount of dollars lost to returns abuse and fraud in 2023 is $101 billion.

Summary of Returns and Return Fraud

NRF 2023 U.S. Retail Industry Sales (In-Store and Online)	100.0%	$5,130,000,000,000
Total In-store Sales	72.6%	$3,724,380,000,000
Total Online Sales	27.4%	$1,405,620,000,000
Total Amount of Retail Returns	14.5%	$743,850,000,000
Total amount of Fraudulent and Abusive Returns	13.7%	$101,907,450,000
In-store returns as a % of sales inclusive of BORIS	13.3%	$495,342,540,000
In-Store returns as a % of sales excluding BORIS	10.02%	$373,182,876,000
Total amount of retail returns from online sales	17.6%	$247,670,244,000
Percentage of online returns that are BORIS	49.7%	$123,092,111,268

Source: Appriss Retail and NRF Data.

* Aggregated Appriss Retail data.

MERCHANDISE SALES, RETURNS, AND FRAUD AND ABUSE

$5.13 Trillion
NRF 2023 U.S. retail industry sales

$743 Billion
Amount of merchandise returned as a % of total sales (avg. 14.5%)

$101 Billion
Amount of fraudulent returns
as a % of total sales (avg. 13.7%)

Source: Appriss Retail and National Retail Federation 2023 Returns Survey. Sept.-Oct. 2023

- It's interesting to note that consumers are becoming more comfortable with new types of fraud and abuse, such as bracketing and wardrobing. Bracketing is when consumers buy multiple of the same or similar items, have them shipped, keep one, and return the rest. Wardrobing is when a shopper buys an expensive item, wears it, and then returns it.

Return Issues

WHICH EXAMPLES OF RETURN FRAUD HAVE YOU EXPERIENCED IN THE PAST YEAR?

Percentage of respondents who said:

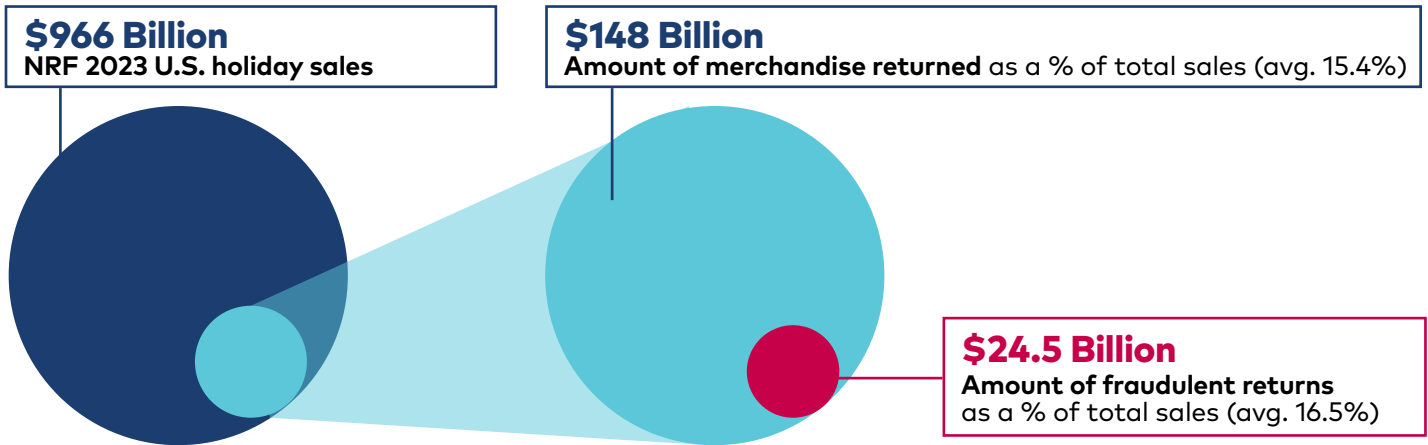|	
Wardrobing (returns of used, non-defective merchandise)	48.84%
Return of shoplifted/stolen merchandise	44.19%
Return of merchandise purchased on fraudulent or stolen tender	37.21%
Employee return fraud and/or collusion with external sources	27.91%
Returns using counterfeit receipts	25.58%
Returns made by ORC groups	20.93%
Return using e-receipts	16.28%
None of the above	16.28%
Other	9.30%

This data is based on a combination of Appriss Retail data and individual retailer survey responses.

NRF National Retail Federation   APPRISS RETAIL

IN-STORE, ONLINE AND BORIS RETURNS

17.6%
Returns purchased online and returned online

$247 Billion

13.3%
In-store returns inclusive of BORIS

$495 Billion

10.02%
In-store returns exclusive of BORIS

$373 Billion

- Online sales are expected to increase by 10%, achieving a total of $1.4 trillion in total online sales.

- Online returns are expected to be 17.6% of total online sales, a total of $247 billion in total online returns.

- A new category in online returns is claims and appeasements; this is also the fastest-growing category included in the return fraud and abuse category. When a shopper files a claim, they are informing the retailer that the product was not received, was received damaged, or has another type of defect. An appeasement is an act by the retailer to provide a credit of some kind to appease the shopper. Many retailers see claims and appeasements as directly tied to return fraud and abuse.

- Retailers also report abuse of counterfeit online purchase confirmations (digital receipts) being used at an increasing rate to commit return fraud in stores. This is likely due to the poor connectivity between systems.

- The in-store returns rate is 13.3%, or $495 billion. However, 49.7% of in-store returns are BORIS or originated as an online purchase. As online sales grow, so does their impact on in-store returns. This data is reflected differently this year, as the approach to the data has also changed from last year.

- Removing BORIS from in-store returns puts the pure bricks-and-mortar return rate at 10.02%, or $373 billion.

- As retailers implement no-receipt, no-return policies, fraudulent actors turn to other tactics, like counterfeit returns. Retailers need to continue to adapt to these new types of return fraud.

NRF National Retail Federation   **APPRISS** RETAIL

ESTIMATED HOLIDAY SALES, RETURNS, AND FRAUD AND ABUSE

$966 Billion
NRF 2023 U.S. holiday sales

$148 Billion
Amount of merchandise returned as a % of total sales (avg. 15.4%)

$24.5 Billion
**Amount of fraudulent returns** as a % of total sales (avg. 16.5%)

Source: Appriss Retail and National Retail Federation 2023 Returns Survey. Sept.-Oct. 2023

- Retailers expect fewer returns of holiday sales this year, with an expected return rate of 15.4%.

- Retailers expect fraudulent and abusive returns to increase to 16.5% of returns in 2023.

- The trends in fraud and abuse are magnified during the holiday season as increased traffic puts pressure on staff to prioritize transaction speed over process and procedure.

NON-RECEIPTED VS RECEIPTED RETURNS

- In 2022, retailers allowed 22.1% of returns to be accepted without a receipt. This number has dropped by half in 2023.

- Survey data also estimates that 17% of non-receipted returns are fraudulent, an increase from 14% in 2022.

- Non-receipted returns have been a significant focus for retailers because fraud and abuse rates are expected to be higher in this category.

Returns made without a receipt:
11.5%

Returns made without a receipt estimated to be fraudulent:
17%
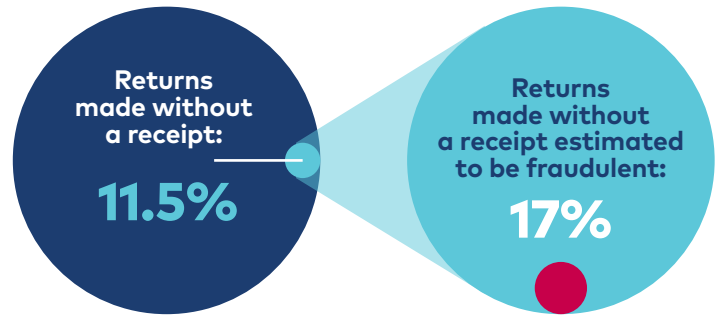
Source: Appriss Retail and National Retail Federation 2023 Survey. Sept-Oct 2023

Who Owns Returns?

IS THE SAME DEPARTMENT RESPONSIBLE FOR OVERSEEING BOTH IN-STORE AND MAIL-IN RETURNS?

Yes	32.56%
No	41.86%
N/A	25.58%

This data is based on individual retailer survey responses.

HOW DOES YOUR COMPANY MANAGE ITS REVERSE LOGISTICS OPERATIONS?

Allocated space within our distribution centers	44.19%
Individual stores manage disposition	30.23%
Third party	23.26%
Dedicated reverse logistics center(s)	16.28%
None of the above	16.28%
Other (please specify)	9.30%

This data is based on individual retailer survey responses.

NRF National Retail Federation

APPRISS RETAIL

CLOSING SUMMARY

- The returns picture is changing across all of retail. Although it appears returns rates are dropping, fraud and abuse continue to grow as shoppers take advantage of policy, process, and system gaps within retailers.

- Retail sales are estimated to increase by as much as 4% with digital increasing by 10%. Digital growth has an increased impact on in-store returns rates and leads to a significant increase in online claims and appeasements for missed, late, or damaged deliveries. Fraud and abuse are growing at a significant pace in this category.

- Retailers continue to explore options to mitigate the losses related to returns abuse and fraud. They are testing in-store policy changes and limiting the flexibility of online returns. As they undertake these new experiments, they must closely monitor consumer reactions. The new standard for customer service is frictionless retail, and any impedance will have an impact on the companies that implement it.

Survey Demographics

The 2023 Consumer Returns in the Retail Industry report was created using NRF retail survey data and Appriss Retail customer data. Appriss Retail customers include more than 60 of the top 100 retailers in the United States. Survey respondent demographics are below.

WHICH DESCRIPTION BEST DESCRIBES YOUR COMPANY?

Multichannel – primarily store-based (more than 50% of sales from physical stores)	34.88%
Multichannel – primarily online-based (more than 50% of sales online)	32.56%
A pure play (online only)	16.28%
Multichannel – without a majority of sales from any single channel (physical store, catalog or online)	9.30%
Store-based only	6.98%

NRF National Retail Federation

The National Retail Federation passionately advocates for the people, brands, policies and ideas that help retail succeed. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing $3.9 trillion to annual GDP and supporting one in four U.S. jobs – 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies. nrf.com

APPRISS® RETAIL

Leveraging more than 20 years of data science expertise, Appriss Retail transforms ecommerce and omnichannel consumer interactions by providing real-time, actionable recommendations that reduce fraud, drive efficiency, and maximize profitability. The company's AI-driven, SaaS platform generates analytical insights and recommendations at more than 150,000 physical and online retail locations in 45 countries across six continents. ApprissRetail.com