



RETURNS

# A Guide to Robust Returns for Retailers

The returns market and creating a returns solution

Return Initiated

A pink callout box with a white checkmark icon in a circle, connected to a dashed pink arrow pointing from the right towards the top left.

Item Returned

An orange callout box with a white checkmark icon in a circle, positioned in the bottom left corner of the image.

## Part 1:

# Understanding the Returns Market

The state of online and in store returns is rapidly increasing, with the global reverse logistics market size reaching \$700.17 billion (USD) in 2023. If you haven't optimised your returns strategy, you definitely should, and soon. You could be missing out on potential customers, repeat spenders, and even money savings, all because your returns strategy and processes aren't up to standard. The returns landscape has become extremely competitive, so in order to break out from the mould you need to be aware of what your consumers expect and the best practices that you can implement in order to provide the best returns experience that you possibly can.

Our guide comprehensively looks at:

1. The Returns Market and the overarching trends that you need to be aware of.
2. What consumers expect from the returns experience and how this differs by demographic.
3. How you can build a robust returns strategy.
4. And how Pro Carrier can add even more value to your returns.

### Did you know?

**62%** of shoppers would stop buying from a brand after a poor return experience



## The needs of the consumer are changing:

With the shrinking of the high street it's becoming less and less easy to walk into a store, find the exact item that you want, let alone in your size and have the opportunity to try it on. Enter, the serial returner. Online shoppers are becoming more accustomed to ordering clothing in multiple sizes, or other items, with the intention of returning those that aren't right. In 2022 87% of UK shoppers admitted to returning items for this reason. If your returns experience is troublesome, you may turn away repeat customers and reduce brand loyalty.

## The rate of returns fraud is climbing:

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## Why is peak season important to e-tailers?

Between 2022 and 2023 the global reverse logistics market grew by over 5% in terms of revenue and is expected to grow a further 16.75% by 2026. This growth comes down to a number of factors, but one is the amount of new and improving returns methods that are becoming available to consumers. Many brands like ASOS and others offer returns that are collected from the consumers home address, while other brands offer both in store and online returns. Parcel lockers are popping up across the globe and have quickly become one of the most popular methods of facilitating returns amongst consumers. The global smart parcel locker market size is forecast to exceed \$1 billion (USD) by 2024.



## Part 2:

# Consumer trends and how to approach certain markets

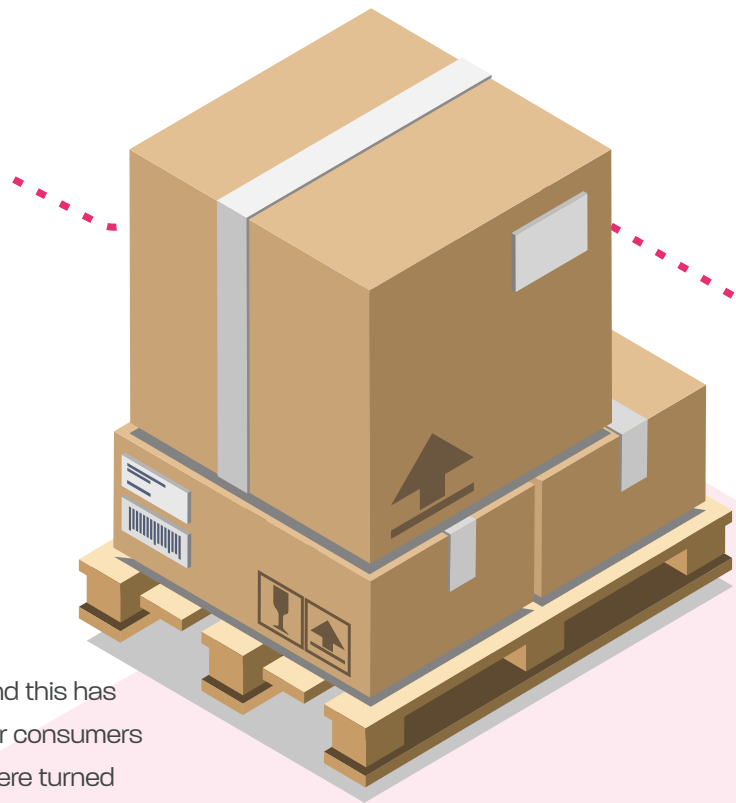
What consumers expect from your returns proposition can vary depending on a range of factors. Certain demographics like age or even the type of item being returned can yield different results, even the country can impact what is deemed important. However, universally having an unclear returns policy or poor returns processes can actually deter potential customers from even completing their initial purchase. 88% of shoppers across Europe said that having an unclear returns policy or not knowing it from the very start of the experience prevented them from ordering.

## What returns problems do consumers face?

If your returns process is complicated, unclear, or hard to find this has been shown to prevent returning customers and even deter consumers from making an initial purchase. 78% of online shoppers were turned away from making a purchase due to complicated returns processes in 2022, according to Statista. If you were in your customers shoes, would you want to make a purchase without knowing if you could return the item if something was wrong?

If you don't display your returns policy or make it easy to find, you may build some distrust towards your brand. Being upfront and honest about your returns policy and procedures is a great way to build that all important trust and customer loyalty that will come to be associated with your brand. It is also wise to make sure that your returns process is not hard to follow from the consumer's perspective.

Are free returns what customers want to see? Who doesn't like to save money, or at least rest assured that if their item of clothing doesn't fit for example, it can be sent back free of charge. In a recent Shopify report, 68% of consumers said that 'free returns' was one of the most valuable factors to look for when shopping online.



In Europe, 75% of online shoppers were turned away from making a purchase due to 'having to pay in case of return', according to Statista. It is obvious that free returns make customers happy and once again, could lead to retention and loyalty. However this may not always be possible to build into your policy. You may be able to get around this by building the price into shipping costs or even the cost of the item.

Almost a quarter of the time, returns aren't the customer's fault. What we mean by this is that sometimes, through shipping discrepancies, customer's can receive the wrong item to what they ordered, or the item may have been damaged in transit. This is not always avoidable, but it is best to make sure that your shipping and delivery processes are efficient and reliable. Entrepreneur conducted a study that showed 23% of customers made a return due to receiving the wrong item, while 20% made a return due to receiving damaged goods.

## What do consumers want from returns?

### A range of return options:

Singles Day, Halloween, Black Friday, Cyber Monday and Christmas are the key trading days retailers must meticulously plan to deliver those much-needed revenue boosts during peak season, especially now more than ever. Notably, product categories such as Home & Garden, Health & Beauty and Retail Fashion all experience spikes during peak. Finder.com reported Brits plan to spend an estimated £6 billion online across Black Friday and Cyber Monday purchases this year, according to their latest research.

### Transparency:

As mentioned, being aware of your returns policy, terms and conditions, and costs is very important to the consumer.

- 94% of online shoppers said they want transparent and complete return costs
- 89% of consumers also said the most important factor in returns is a clear return policy



## Who is more likely to return an item:

Across the board, young adults (18-24 years) have been seen to return online purchases at a higher frequency than any other age range:

- In the UK those aged between 18-24 years old returned more items at 15.8%, followed by 25-64 year olds at 9%
- In Switzerland 20.5% of returns were made by those aged 18-24 whilst 25-64 year olds made up 14.9% of returns
- Interestingly, the highest rate of online returns made by those aged over 65 was seen in Italy, making up 8.4%

## Most common reasons for returns worldwide:

- 46% of consumers returned because the size, fit or colour was wrong
- 15% stated that their online order arrived damaged, broken or no longer functional
- 12% returned due to their item not being as depicted in the online description/image
- 3% intended on returning when purchasing (buying multiple items/sizes)

### Did you know?

In 2023 53% of UK online shoppers returned an online order.



# Country specific returns trends and stats

Every country is different, in what online stores are most popular, how much consumers are spending, and what they find most important when shopping and returning online. Grab a quick glance at what certain countries expect from returns and how best to approach these markets.



## UK

- The most returned category of online purchases was clothing, soaring ahead at 31%
- 48% of online shoppers said that they return their items 'some of the time' whilst 15% admitted to returning 'most of the time'
- 42% of UK consumers chose return at the post office as their preferred method of returns followed by home pick-up at 39%
- 8% of UK online shoppers returned an item due to ordering multiple sizes and keeping only one



## Germany

- The item related return rate in Germany was highest in the Fashion sector at 33.63%
- Clothing items were the most returned category of online purchases at 34% followed by shoes at 20%
- 44% of online shoppers said that Paperless returns were most important to them
- 33% said that home pick-up was the most important factor when returning an item





## USA

- The top preferred returns method in the USA was 'drop off at third party location' at 37%
- 78% of online shoppers have initiated a return.
- The top deterrent for making an online purchase in the USA was having 'no by-mail option' in stores' returns policies at 55%
- 33% of online shoppers said that not having returns tracking made their returns experience difficult



## Spain

- The highest rate of returns was found amongst those aged 25-34 years old with 46% having returned an product ordered online
- A quarter of returned online purchases consisted of clothing items, the highest in any category
- The main reason for making a return was the item not being as described with 42%
- 77% of online shoppers said that home pick-up was their favoured returns method

### Don't forget

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## Part 3:

# Building a robust returns strategy

As discussed, a robust and reliable returns strategy is great for increasing that all important customer retention and improving the overall experience for both you and your customers. Happy consumers, mean returning consumers, which inevitably leads to increased sales. Creating a returns experience that is easy, efficient and simple will leave a lasting impression that generates a loyal community around your brand. But what are the steps that you need to take to get to that point?

## Nailing your Returns Policy:

This can often be the clincher for online shoppers. One of the main issues that retailers face is having an unclear, complicated or impossible to find returns policy. You should ensure that your returns experience is as easy as the initial order.

## Some top tips:

Make sure your returns policy is easily accessible and upfront on your website

- Set reasonable time limits allowing returns. Common choices are 60 or 90 days however some are lower depending on the items you are selling
- Be as transparent as possible and set expectations. Outline your process as best as you can and give an average or estimated time frame that your customer can expect to receive their refund. This also includes exceptions in your return policy. Some items may only be able to returned if completely unworn or unopened whilst some may be fine to return if they have only been lightly worn or used. This is up to you to decide but keep this in mind and try to cover all bases to avoid any confusion.
- Make sure the customer knows if they have to pay for shipping and list all the different types of returns methods that you offer. In other words be flexible. If there is anything that we have learned over the past year it is that customers expect various returns options that make the process as accessible and easy as possible



# Set up your RMA (Return Merchandise Authorisation):

An RMA is the process of returning a product for either a refund or replacement or even repair. Quite possibly the most important part of returns as this is the overall experience that your customer will be receiving. It is important to get this right.

Your RMA should be customised to yours and your customers' needs and should allow for the customer to initiate the returns process themselves without the need to contact your customer service team. Setting up a portal is a great way to facilitate this. All you have to do is input automation rules and integrations and put eligibility conditions in place. By using the portal, customers only need to complete four steps: request a return, select a return method, wait for their request to be approved, and finally, return the item and receive a refund. Allowing the customer to organize their own returns eliminates unnecessary time and money spent dealing with customer service enquiries.

Your RMA should also include automated notifications that update your customer on the status of their return at each step. Regular communication doesn't have to be difficult and can be set up to send an update once each step of the return has been triggered. Not only does this provide your customer

with peace of mind but, again eliminates the need for them to contact customer service.

Setting up the correct infrastructure within your warehouse is paramount for sorting and organising your returns. This can be set up to go back to your warehouse, a separate returns hub or your third party's warehouse if possible. Automated sortation machinery is extremely useful as it is efficient and less time consuming than manual sorting. Pro Carrier's returns process has integrated automation and happens in our own warehouses so that you don't need to lift a finger.

Finally your RMA should allow for data collection. Collecting and analysing your returns data is a great way to help improve your service or alleviate any pain points that your customers may be experiencing throughout the process.

At Pro Carrier we collect all data to ensure constant growth and improvement amongst our services and if you use both our outbound and returns services, the data that we collect allows us to handle customs duty drawback.



A whopping **59%** of shoppers would buy more from a brand based on a good returns experience.



## Part 4:

# Give your returns more value with Pro Carrier

At Pro Carrier we understand the complexities of outbound eCommerce and Returns which is why we pride ourselves on providing our customers with the best services for each of their delivery lanes and reliable SLAs all backed up by customer service excellence.

Take a look at our simple and streamlined Returns process that makes returns a breeze for both you and your customers.



## Returns are worth more with Pro Carrier

When you work with Pro Carrier for both your outbound and returns volume, our proprietary data allows us to handle customs so that you can benefit from our Duty Drawback process, and receive money back from duties that you have paid on import.



# What is duty drawback?

Duty drawback is essentially customs-related mechanism that allows businesses to receive a refund of any duties, taxes or fees on goods that have been imported that are then exported at a later date or used in the production of other goods for export.

Using the data that we collect from your outbound and returns to/from the EU means that we can file for duty drawback on your behalf, meaning you don't have to lift a finger. As we are the original exporter, we hold all the information that customs require for when we re-export your goods. Therefore we can ask customs to issue any duties, fees or taxes that you paid on import.

## The benefits of duty drawback:

- Be more competitive – With the money that you have saved on duties, taxes and fees you can be more competitive across multiple regions.
- Reduce costs – Who doesn't love to save money? Duty drawback can help you save on production costs as well as increasing your profit margins.
- Invest back into your business – By using the money that you have saved on import duties. You're not only saving money, but growing your business in the process.

## Other benefits of Pro Carrier Returns

### One Portal for everything

Our all in one portal is accessible by both you and your customers allowing full transparency and for you to know where your returns are at every stage. One portal also means one line of contact with your dedicated account manager available to handle all of your concerns or enquiries should you have any. Not only that, but it is free of charge to all of our customers!

### Save on time and money

Using our all in one portal frees up the time and money that your Customer Service team would spend dealing with complaints or enquiries.

### No label fees\*

Not only is our portal free of charge, but so are our labels. Your customers can save money by avoiding the cost of generating and printing their returns labels.

### Born out of Brexit

Pro Carrier was developed during testing times with the purpose of battling the struggles of cross border eCommerce after Brexit. This means that our knowledge of customs, relationships built and our dedicated team of customs and operations professionals is integral to delivering the best eCom and returns services to you and your customers.





# Final thoughts...

## A strong returns offering is important to consumers

With Ecommerce consumers checking returns policies before purchasing, can you afford to not to look at your returns offering?

The future of the Returns market is looking bright as it continues to grow and develop alongside consumer trends. Moving forward you can expect to see the increasing implementation of parcel lockers and collection points across the globe. Consumers are looking for faster and more efficient returns that can work around them. Flexible methods of returns

and offering multiple options as well as using the point of return to sell more, are becoming more apparent and solidified in consumer expectations. Make sure that you are on top of your returns and why not contact Pro Carrier to see how we can help deliver the best returns service to both you and your customers.

#### Sources:

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