

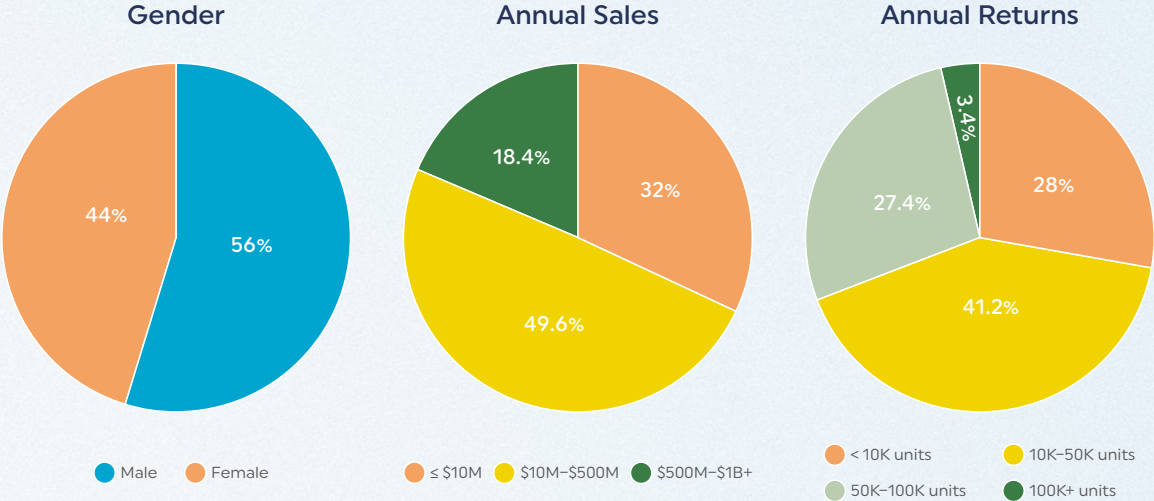


RETURNS REPORT

Retailers' Challenges, Perspectives, and Evolving Strategies for 2023

Survey Participant Demographics

We surveyed 500 retail professionals across the US to clearly understand the industry's outlook for the 2022 holiday season, and planned returns strategies for 2023.



Key Insights

71.6%

of retailers rated returns a moderate to significant problem

59.2%

of retailers have changed their policies in the last 12 months

33.2%

of retailers now have a 7-day returns policy

TAKEAWAY

Retailers are putting their businesses first — prioritizing returns costs over delighting customers.

Retail Returns Concerns & Challenges

Reverse processing costs and customer service are top of mind

In recent years, eCommerce retailers have gone out of their way to cultivate an optimal returns experience for customers. Following Amazon's lead, most online brands instituted free shipping, extended returns windows, and flexible policies. Today, rising returns rates and shipping fees have made many of those policies untenable—especially for items at or below \$50.

Our 2022 returns data shows that retailers can lose \$1.50 to \$9.50 for every \$50 item they process¹. What's worse is that 43.4% of online orders fall into this category, according to the retailers we surveyed. This reality is largely why retailers are more concerned about costs than any other returns issue.

Primary Returns Concerns



50%

Returns processing costs



34%

Delivering positive customer experiences



14%

Determining the most profitable disposition route

Overall returns challenges

Retailers are most concerned about rising costs from a business perspective. However, regarding day-to-day returns management challenges, industry leaders told us that dealing with wage increases, delivering consistent customer experiences, and developing sound resale strategies were top of mind. This is especially true for retailers without advanced reverse technology, infrastructure, or partners to manage returns from end-to-end.

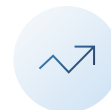
Top Returns Management Challenges



Consistent customer experience



Effective resale strategies



Rising labor costs

¹ Source: goTRG, Product Returns Processing: 5 Attributes to Identify Returns Worth Touching (<https://www.gotrg.com/post/returns-processing>)

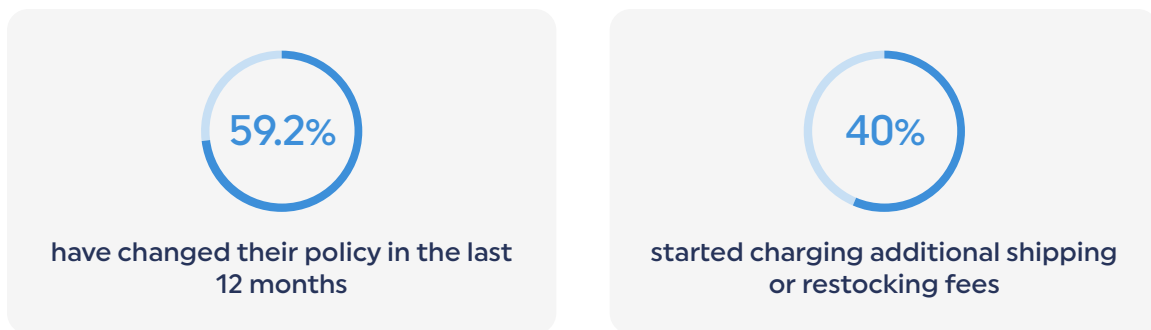
Retail Returns Strategies

Retailers are increasingly outsourcing returns to third-party partners.

When goTRG entered returns management fourteen years ago, the industry's solutions were reserved for global enterprises with excessive returns volumes and big budgets. Today, the tide is turning, with over 50% of retailers investing in third-party support for reverse logistics, value-added services, and reCommerce management across all business sizes. In addition, two-thirds are investing in enhanced reverse supply chain processes to complement their strategies.



Retailers are changing their returns policies to manage rising costs



Retailers are also tightening their returns windows

Last year most retailers offered 30–90 day returns windows to appeal to customers. Only a few brave organizations like RealReal and thredUP experimented with 14 days or less. The two-week strategy seemed risky, but the reality is that the returns timeframe is not the most crucial factor in customer purchase decisions².

² Source: goTRG, Returns Policies Then and Now: Why Retailers Need to Re-Adjust (<https://www.gotrg.com/post/retail-returns-policies-then-and-now>)

As a result, retailers have made drastic changes to their customer-centric policies in an effort to reduce returns.

2022–23 Retail Returns Policy Windows

7 days

33.2% of retailers have a 7-day returns policy

30 days

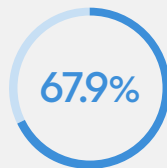
37.2% of retailers have a 30-day returns policy

90 days

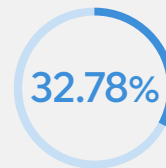
18.8% of retailers have a 90-day returns policy

60% of retailers made additional policy changes for the 2022 holiday season

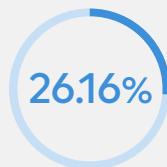
Top Holiday Season Returns Changes



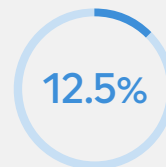
of retailers are charging additional shipping or restocking fees



of retailers are offering longer returns windows—temporarily



of retailers are offering returnless refunds



are only accepting returns that fall within eligible conditions or categories

Methodology

The Retailers' Challenges, Perspectives, and Evolving Strategies for 2023 returns report includes data from third-party market research provider, Pollfish, external data, and goTRG's 2022 Holiday Report: Retailers' Perspectives on Consumer Shopping & Returns.

Pollfish offers a broad distribution network, narrow targeting, and a quality check system to weed out fraud and garner industry-focused responses.

Closing Thoughts

Retailers are more concerned with returns in 2023, due to rising processing costs. Total inflation was up 6.5% in 2022. According to our data, the shipping rate per item also rose significantly, from 1\$ to \$3, depending on the product category.

Returns reached a staggering \$816 billion in 2022, according to the National Retail Federation, and remain a significant threat to retailers and their ability to sustain their businesses in the face of these growing costs.

Our 2022 Holiday Report: Retailers' Perspectives on Consumer Shopping & Returns revealed that 71.6% of retailers rated returns as a moderate to significant problem. 1.6% went so far as to call the situation "severe." Retailers are investing more in reverse logistics and technology, changing returns policies to be less consumer-centric, and partnering with third-party returns providers like goTRG to reduce costs and increase recoveries.

At goTRG, we believe returns can be profitable, and organizations shouldn't have to fall victim to rising rates and unpredictable consumer trends. Through intelligent software, value-add services, and a streamlined reverse infrastructure, retailers can earn higher resale margins, faster, and across more categories.



Sender Shamiss
President & CEO, goTRG

Are returns a problem for your business?

Schedule a call with one of our returns experts today to see how goTRG can help you solve returns.