

# The State of Online Order Returns

in 2022



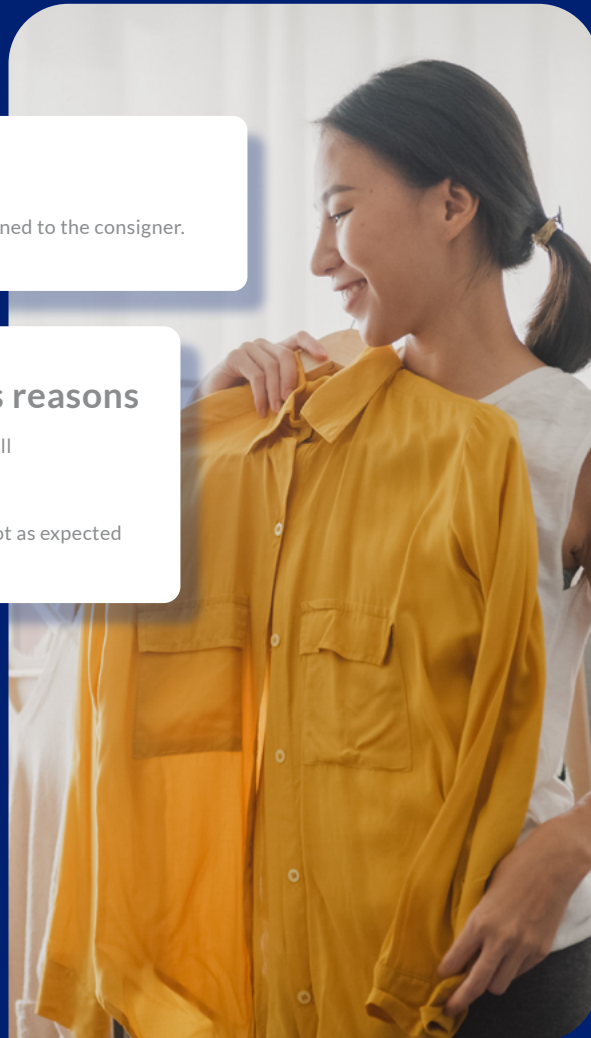
## Returns

The package is being returned to the consigner.



## Returns reasons

- ☐ Too small
- ☒ Too big
- ☐ Color not as expected



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# Introduction

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Returns have been a hot topic in retail over the past year, with brands increasingly tightening their return policies.

For example retailers such as Kohl's, J.Crew, and Abercrombie have started charging shipping fees for items returned via mail. While Bath & Body Works, which for years had very generous return policies, recently reduced its return window to 90 days and limited return amounts to \$250 per customer during that period.

The days of free returns and lenient policies may be coming to an end — or at least until economic conditions improve.

The question is, will these policies impact brand relationships and sales? Which factors do customers value the most in the returns experience, and are retailers meeting those expectations?

To answer these questions, **we examined the return policies and practices** of the top brands in the United States and gathered insights into how they handle online returns. We also teamed up with market research firm YouGov and surveyed over a thousand shoppers to determine their perceptions of retail returns.

Read our findings below.

# Methodology

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Our findings are based on orders placed with the biggest e-commerce retailers in the United States and a survey we conducted with YouGov.

All orders were placed between November 2021 and January 2022 and were sent to a suburban address outside Philadelphia to mimic the average American consumer experience.

Some retailers were dropped from our research because of delays in shipping orders.

**We teamed up with YouGov** to gather exclusive consumer insights and learn about shopper perceptions and sentiments around their experience with returns. The aim was to find out how often shoppers return their orders, the reasons behind those returns, and how much they're willing to pay when returning their orders.

The data in this report is based on an online survey conducted between October 6 and 8, 2022. A total of **1,320 people participated in the study**, and the results were weighted and representative of the US population aged 18 and over.

# List of brands

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1-800 Contacts Inc.	Big Lots
1-800-Flowers.com Inc.	Bissell
23andMe Inc.	Blue Apron Inc.
Abercrombie & Fitch	Blue Nile Inc.
Academy Sports + Outdoors	Bluestem Brands Inc. (Appleseeds)
Adidas	Bose Corp.
Adorama Camera Inc.	Brooks Brothers
Advance Auto Parts Inc.	Brownells Inc.
AJ Madison Inc.	Build.com Inc.
Alphabet Inc. (Google Store)	BuildDirect Technologies Inc.
Amazon Inc.	Caleres Inc. (Dr Scholls)
American Eagle Outfitters Inc.	Canada Goose
AmeriMark Interactive (LTD Commodities)	Capri Holdings Limited (Michael Kors)
Amway	Carparts.com Inc.
Apple Inc.	Carter's Inc.
AppliancesConnection.com	Casper Sleep Inc.
Aritzia Inc.	Colony Brands Inc.
Ascena Retail Group (Ann Taylor)	(Wisconsin Cheeseman)
Ashley Furniture	Columbia Sportswear Co.
ASOS	Concept2 Inc.
Autonomous Inc.	Costco Wholesale Corp
Backcountry.com	Crocs Inc.
BarkBox	CustomInk
Barnes & Noble Booksellers Inc.	CVS Health Corp.
Bass Pro Shops Inc.	Deckers Brands (UGG)
Bed Bath & Beyond Inc.	Dell Technologies Corp.
Belk Inc.	Designer Brands Inc. (DSW)
Best Buy Inc.	Dick's Sporting Goods

Dillard's Inc.	Ipsy
Dollar Tree Inc.	J. Crew Group
Duluth Trading Company	J.C. Penney Co.
Eddie Bauer Inc.	JEGS High Performance Inc.
Edible Arrangements	JM Bullion Inc.
eReplacementParts.com Inc.	Jomashop
Express Inc.	KEH
FabFitFun	Keurig Dr Pepper Inc. (Peet's Coffee)
Fanatics Inc.	Kohl's Corp.
Fashion Nova Inc.	L Brands Inc. (Victoria's Secret)
Fender Musical Instruments Corp.	L.L. Bean Inc.
FIGS Inc.	Lamps Plus Inc.
Floor & Decor Outlets of America Inc.	Lands' End Inc.
Focus Camera Inc.	Leesa Sleep LLC
Foot Locker Inc.	Levi Strauss & Co.
Forever 21 Inc.	Lowe's Companies Inc.
Fossil Inc.	Lululemon Athletica Inc.
FTD	Lulus
FullBeauty Brands (Woman Within)	Macy's Inc.
GameStop Corp.	Marc Jacobs
Gap Inc.	Market America (Shop.com)
Gardeners Supply Company	Mattress Firm Inc.
Genesco Inc. (Journeys)	Menards
Goop	Microsoft Corp.
Groupon Goods	MidwayUSA Inc.
Guess Inc.	Mouser Electronics
Guitar Center	MSC Industrial Supply Co.
H&M Group	Neiman Marcus Group Inc.
Hanes Brands Inc.	New Balance Athletics Inc.
Harbor Freight Tools	New York & Company Inc.
Harry's Inc.	Newegg Commerce Inc.
Helix Sleep	Newell Brands (Marmot)
Herman Miller Inc.	Nike Inc.
KnifeCenter Inc.	Nordstrom Inc.
HP Inc.	Northern Tool & Equipment
Hudson's Bay Co. (Saks Fifth Avenue)	Office Depot Inc.
iHerb Inc.	OmahaSteaks International Inc.
IKEA	OpticsPlanet Inc.
Imperfect Foods	Oriental Trading Co.

Overstock.com Inc.  
Patagonia Inc.  
Peloton Interactive, Inc.  
Petco Health and Wellness Company Inc.  
PetSmart  
Pharmapacks LLC  
Power Equipment Direct  
PVH Corp. (Tommy Hilfiger)  
Qurate Retail Group (QVC)  
Ralph Lauren Corp.  
Recreational Equipment Inc  
Revolve Group Inc.  
RH  
Richline Group (Gemvara)  
Room & Board  
Rue Gilt Groupe (Rue La La)  
Scholastic Inc.  
SD Bullion  
Sears Holding Corp.  
Shein  
Shoplet  
Shutterfly Inc.  
Signet Jewelers Ltd. (Kay Jewelers)  
SmileDirectClub Inc.  
Stamps.com Inc.  
Staples Inc.  
Stitch Fix Inc.  
Summit Racing Equipment  
Sweetwater Sound Inc.  
Tapestry Inc. (Coach)  
Target Corp.  
TechStyle Fashion Group (Fabletics)  
Tempur Sealy International Inc. (TempurPedic)  
The Children's Place  
The Estée Lauder Cos. Inc.  
The Home Depot Inc.  
The Michaels Companies  
The Talbots Inc.  
The Walt Disney Company Ltd.

Thrive Market  
Tiffany & Co.  
Tire Rack Inc.  
TJX Cos. Inc (TJ Maxx)  
Tory Burch LLC  
Tractor Supply Co.  
Uline  
Ulta Beauty Inc.  
Under Armour Inc.  
Urban Outfitters Inc.  
VF Corp (Vans)  
VIOOutlet  
Vizio Inc.  
VM Innovations Inc.  
W.W. Grainger Inc.  
Walgreens Boots Alliance Inc.  
Walmart Inc.  
Warby Parker  
Wayfair LLC  
Weber - Stephens Products LLC  
Williams-Sonoma Inc.  
Wine.com  
Wolverine World Wide Inc. (Sperry)  
Xerox Corp.  
Yeti Holdings Inc.  
Zazzle Inc.  
Zenni Optical Inc.

# Main takeaways

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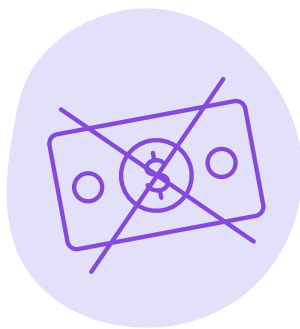


The majority of shoppers (78%) have had to return their purchases. Just over a fifth of consumers (22%) said they've never returned an online order, while **54% said they return online orders less than 10% of the time.**



Most shoppers are unwilling to pay for returns. **53% of customers believe the retailer should cover the cost of returns,** and 58% would rather return products in-store to avoid fees.





Failing to meet consumer expectations regarding product returns can negatively impact a brand's sales. 92% of respondents say a brand's returns policy sways their purchase decisions at least some of the time. In addition, **62% of shoppers say they are unlikely to shop with a retailer that provides a poor returns experience.**



Free shipping is the #1 factor that shoppers care about when returning items, with 63% of respondents indicating that cost is their top consideration.

# Free return policies are split between brands



Are retailers willing to shoulder the cost of returns? As of 2022, results are split down the middle. Our research shows that a little over half (51%) of brands don't offer free returns – which

directly contradicts what consumers want. Our research with YouGov shows that most customers (53%) are unwilling to pay for order returns.

## How often do customers return online orders?

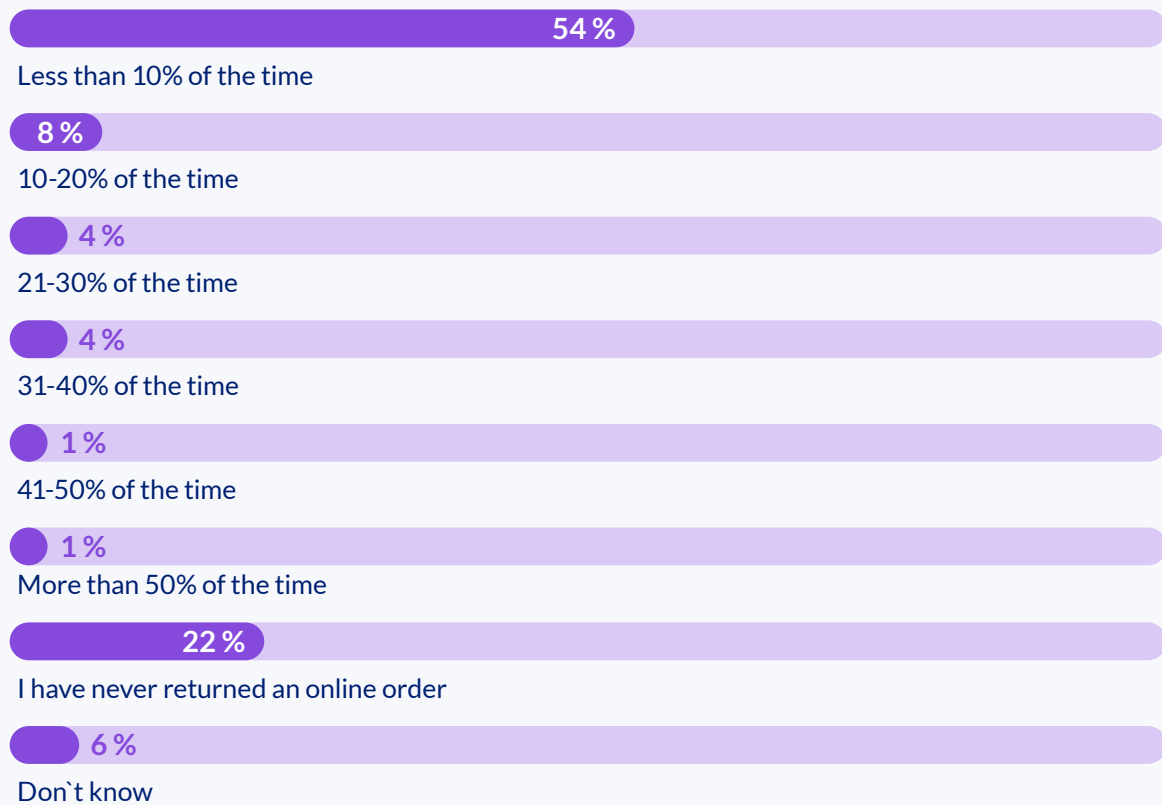


Figure 2  
Frequency of order returns by consumers

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

In fact, most consumers are so fee adverse that 58% would rather go to the store to return an order if it means avoiding returns costs.

## Consumers' preferred return methods

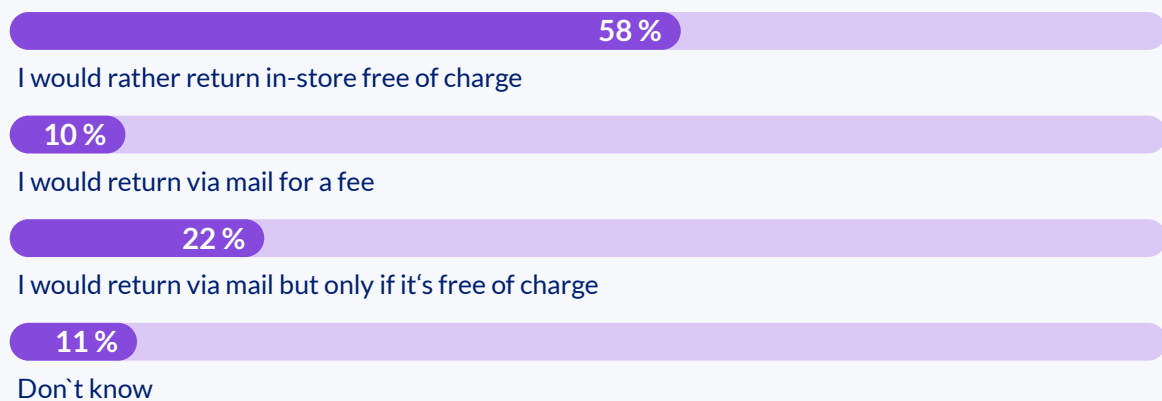
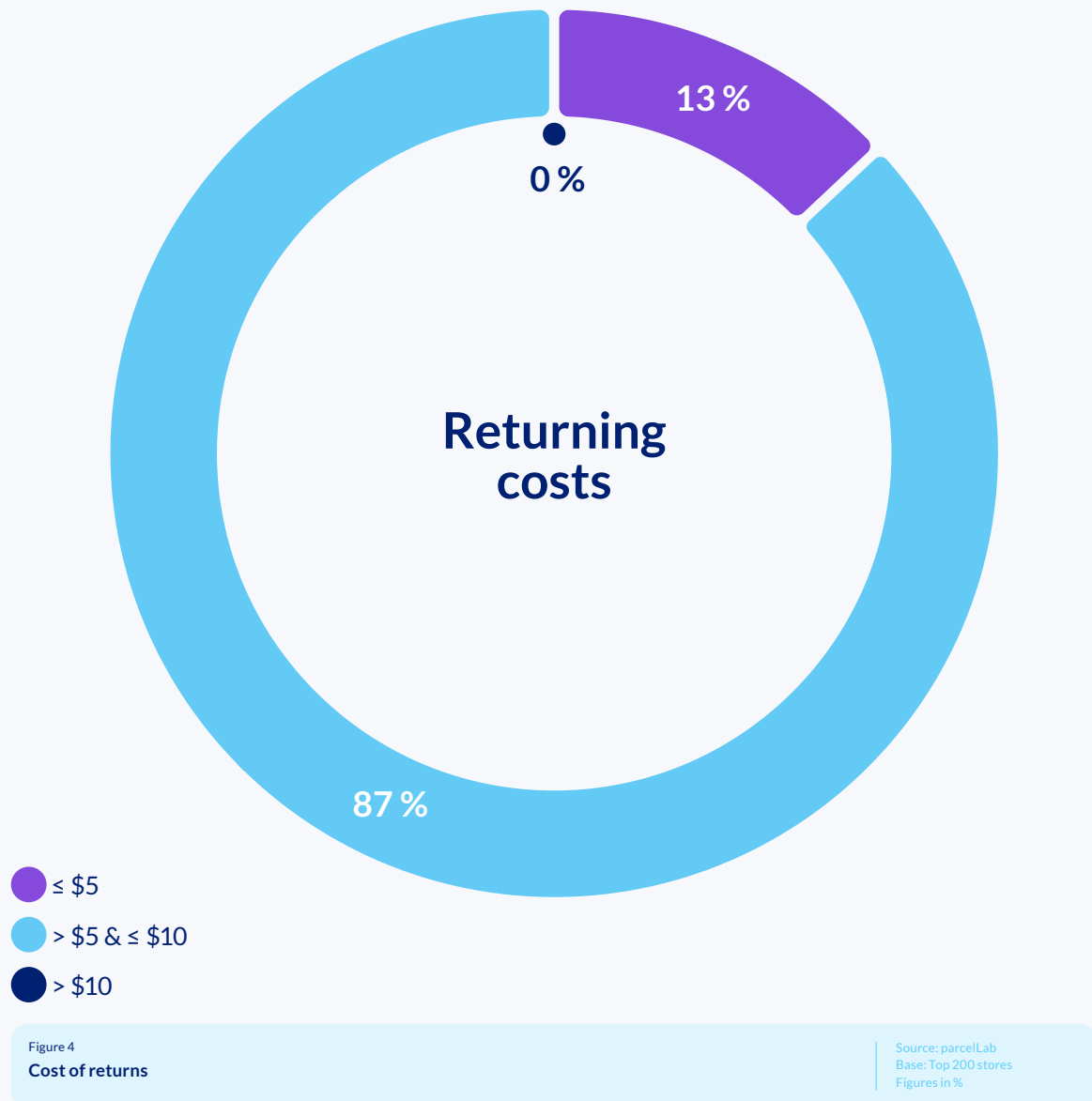


Figure 3  
Preferred returns methods or channels, according to consumers

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

# The cost of returns must be kept to a minimum



How much do product returns cost? Our research showed that, for the most part (87%), it costs between \$5 and \$10 to return an item. Meanwhile, 13% of the orders in our study cost less than \$5 to return.

None of the orders in our research cost more than \$10 to return — which is good news given that just 4% of shoppers are willing to pay more than that amount when returning products.

# Shoppers value ease and transparency when it comes to returns

## What customers care about when returning orders

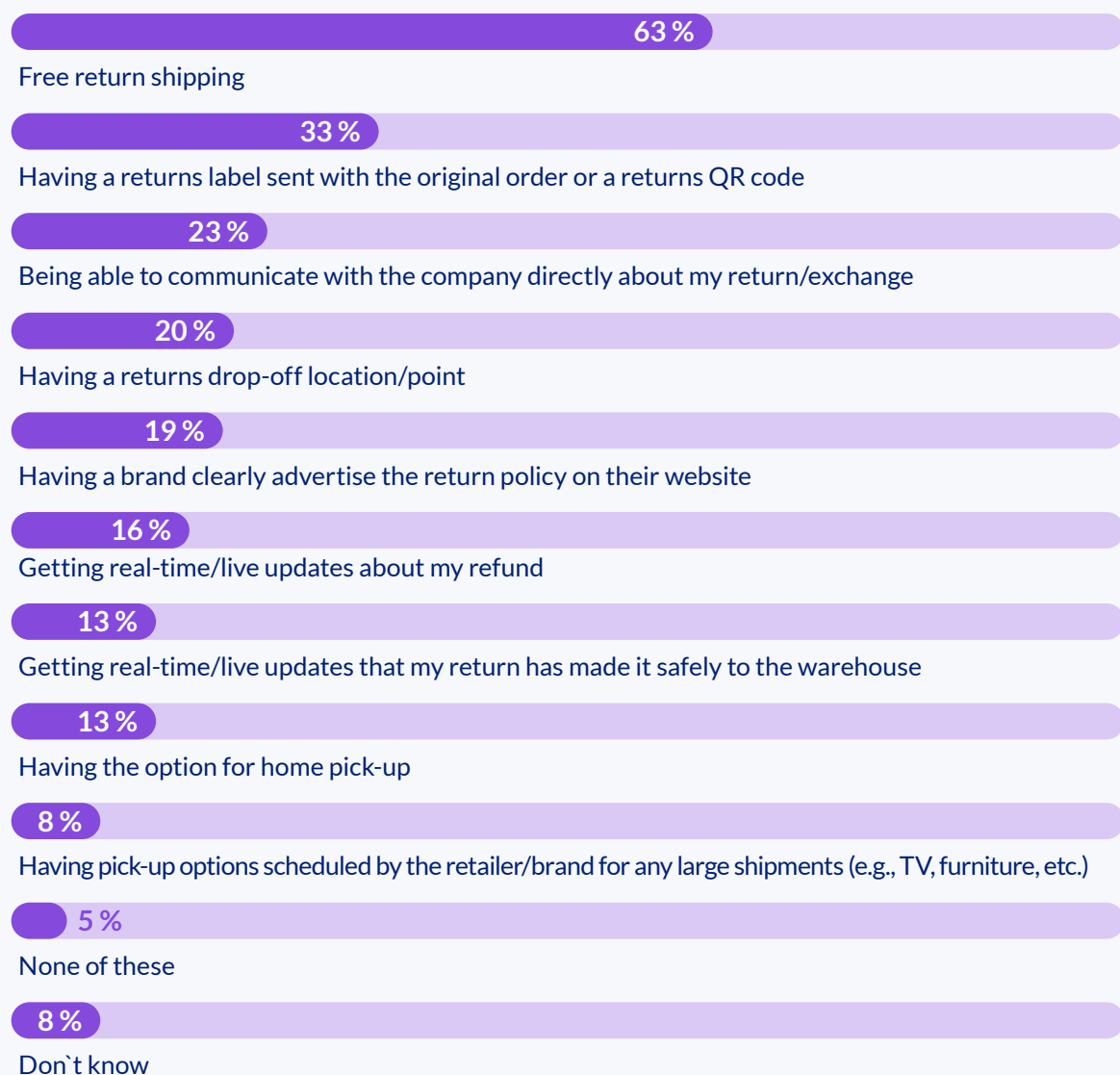


Figure 5  
Top considerations of consumers when it comes to returns

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

Customers value an easy returns experience; a third of respondents (33%) say that they care most about getting a return label or QR code with their original order. Meanwhile, being able to communicate directly with the retailer is the third most important consideration for shoppers when returning an order.

These findings tell us that while no-cost returns are essential, it's not the only factor customers consider when going through the returns process. As such, retailers must ensure their procedures are as clear and convenient as possible.

Having an intuitive returns management platform can go a long way in this regard. Case in point: the publishing company Weltbild uses parcelLab to power its returns portal and its solution to send fully automated messages throughout delivery, delays, and returns.

parcelLab's expert combination of proactive shipping emails and an Order Status page keeps customers engaged and informed across every stage of order fulfillment and returns. The use of a returns management platform led to a 7.5% reduction in customer inquiries and a significant 5% decrease in returns.

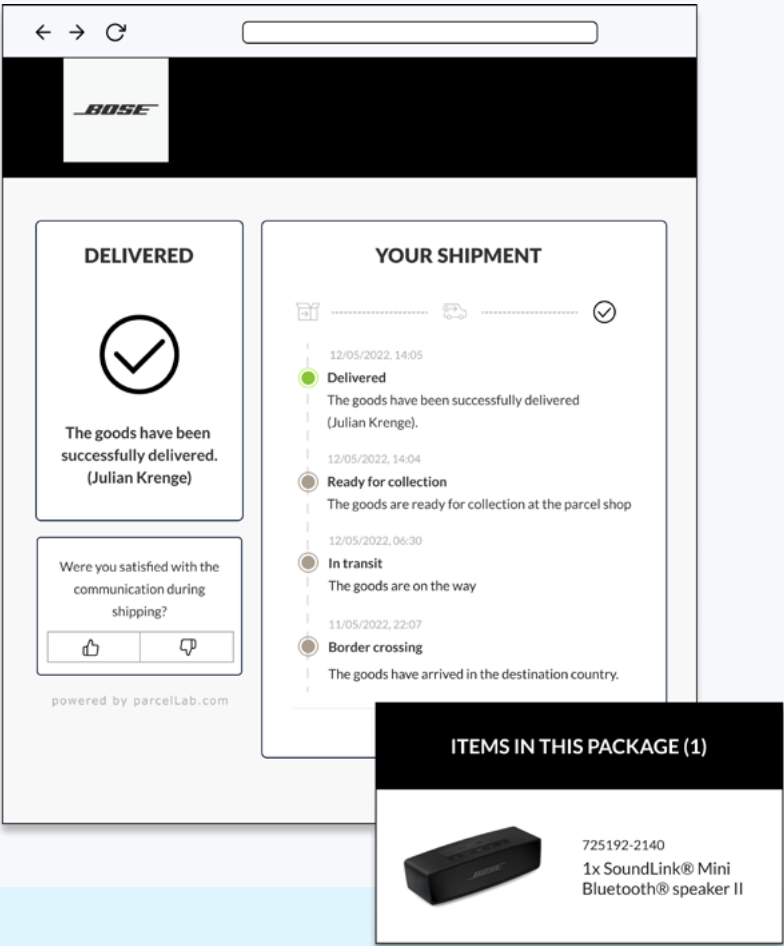


Figure 6  
Bose tracking page

# Omnichannel returns are becoming table stakes

## Online vs. in-store returns

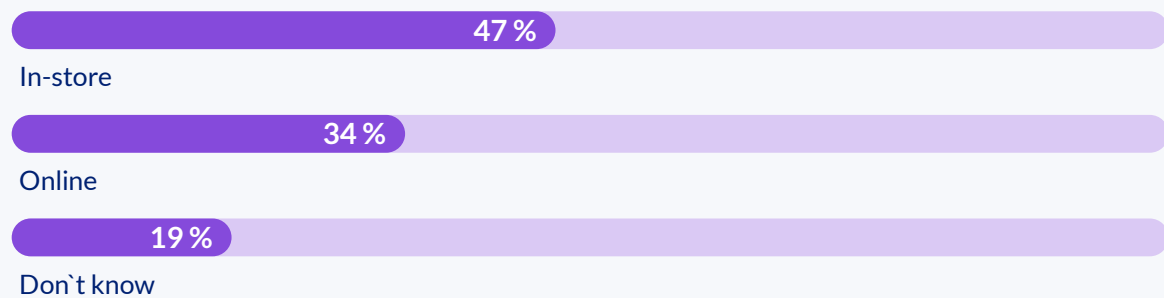


Figure 7

Preferences of consumers when it comes to online vs. in-store returns

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

The concept of omnichannel retail has been making waves for several years now and for a good reason: modern consumers often navigate between physical and digital channels (e.g., brick-and-mortar, e-commerce, mobile, social media, etc.) throughout their shopping journeys. It's not uncommon for shoppers to research products on their phones, place an order online, and then pick up their items in-store.

That said, being an omnichannel retailer shouldn't stop at the point of purchase. Customers want brands to support multiple channels even after the sale is complete. Our research showed that nearly half (47%) of consumers want to return online orders in-store. This suggests that retailers that don't offer an omnichannel returns process fail to meet customer expectations.

# A returns policy can make or break sales

## Do consumers check a brand's return policy before buying?

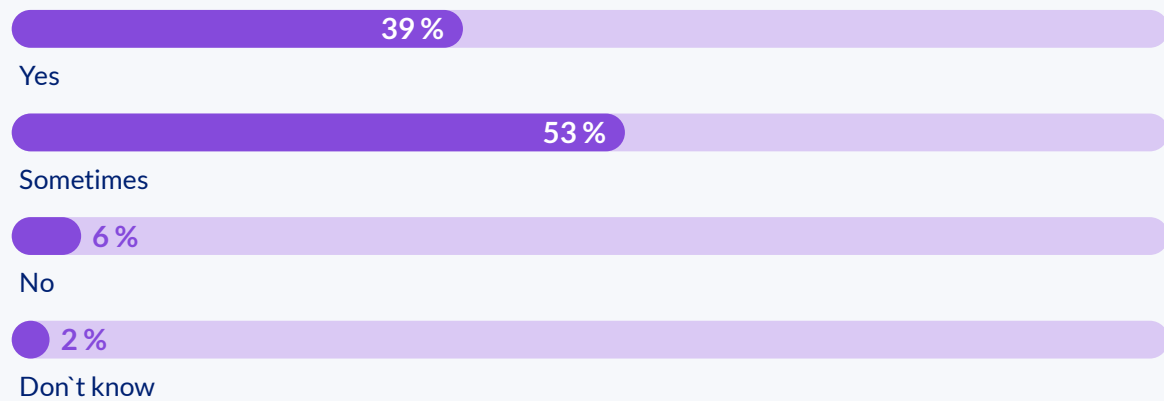


Figure 8  
Consumers who check the brand's returns policy before purchasing

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

A less-than-optimal returns process can turn off shoppers. Our study found that a majority of respondents (55%) check a retailer's return

policy before purchasing. Of those customers, 92% indicate that the brand's policy sways their buying decisions either some or all of the time.



# A poor returns experience leads to fewer returning customers

## How likely are customers to buy again after a poor returns experience?

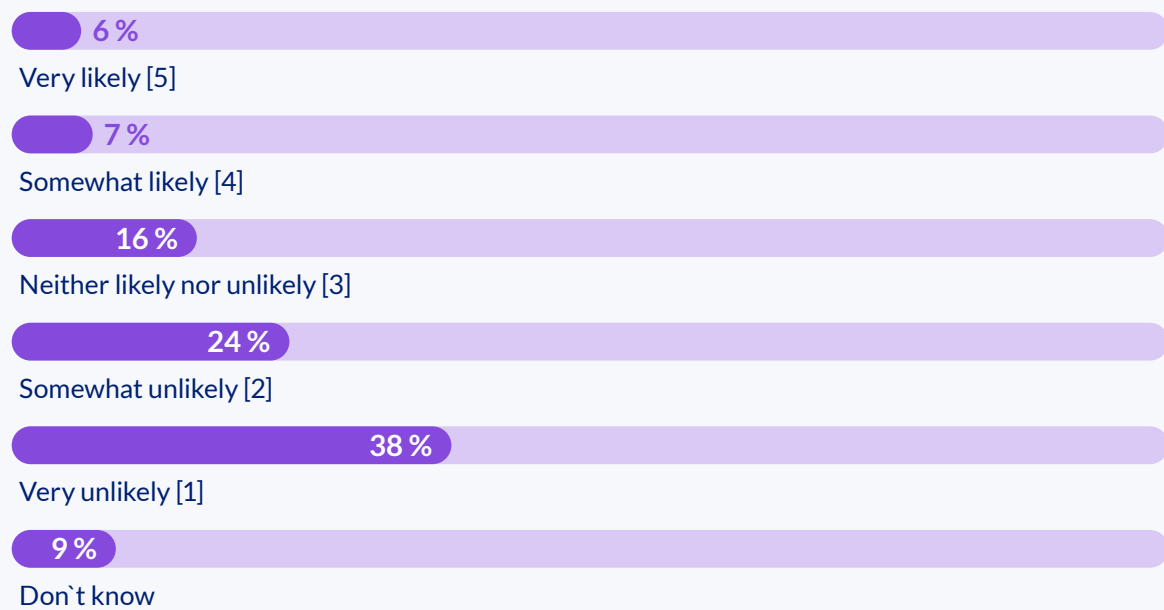


Figure 9

Likelihood of consumers to reengage with a brand after a poor returns experience

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

A brand's returns process also has an impact on customer retention. In our study, we saw that 62% of customers are unlikely to reengage with

a brand that gave them a poor or inconvenient returns experience.

# Identifying the reasons behind returns

## Reasons behind product returns

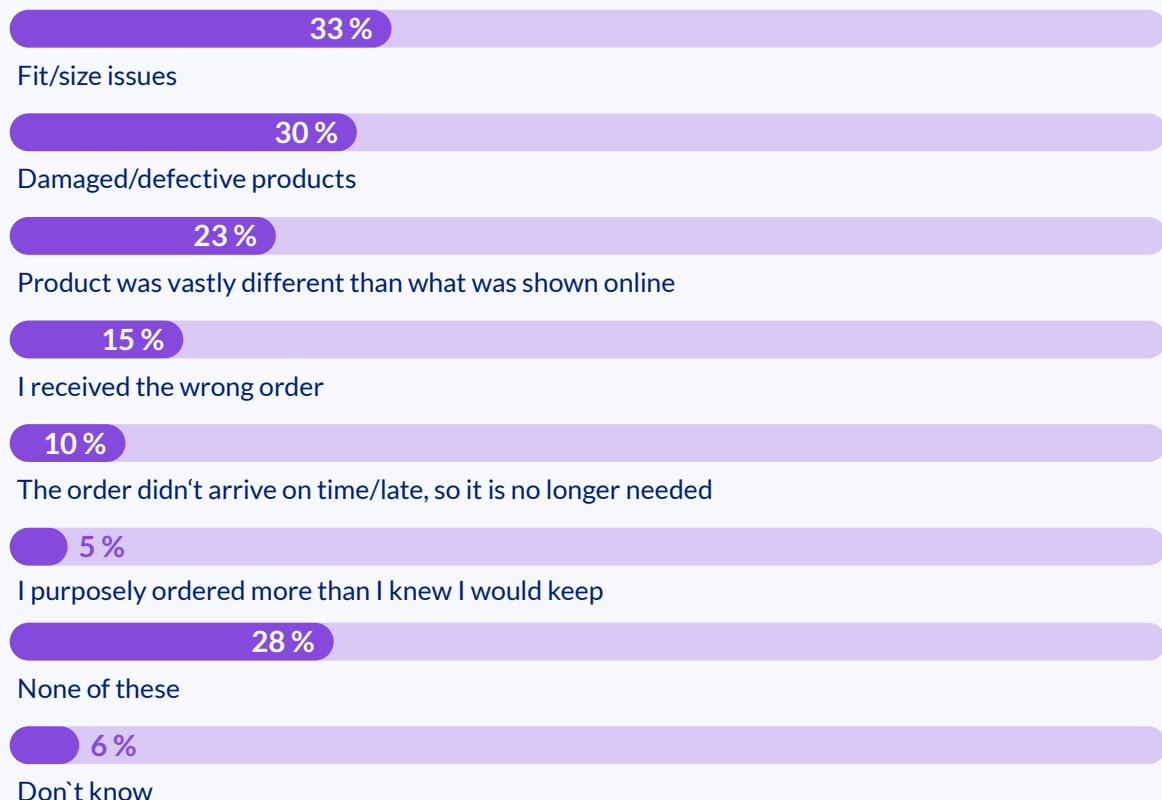


Figure 10  
Top reasons consumers return products

Source: parcelLab and YouGov  
Base: 1,320 respondents  
Figures in %

Returns have become increasingly common, particularly with the rise of online shopping. Most customers (78%) indicated that they've returned an online order at some point.

It's worth noting, however, that the vast majority of shoppers do not intend to return an item when they first purchase it. Our research found that just 5% of respondents have purposely ordered more items than they planned to keep.

So, why do returns happen? The top three reasons were fit/size issues (33%), damaged products (30%), and inconsistencies between what was shown online (23%).

While certain reasons can't be avoided by the retailer — for example, damages incurred during transit — they can take steps to minimize issues that lead to returns.

For instance, by providing detailed measurements, photos, and sizing references shoppers are given a clear idea of what an item looks like, so they can select the appropriate size. It's also vital for brands to manage shopper expectations by ensuring their ads and product pages accurately reflect the products themselves.

# View returns as an opportunity instead of just a liability

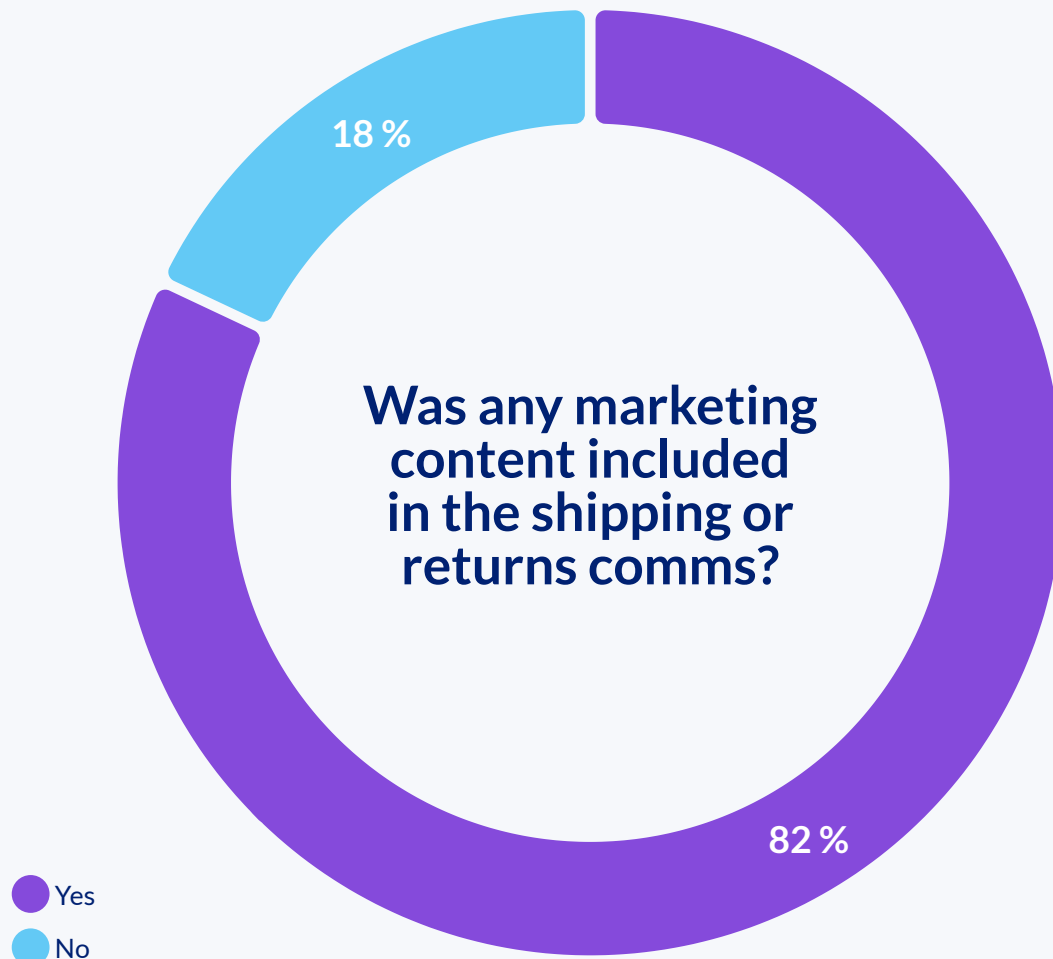


Figure 11

Brands that include marketing content in their shipping or returns communications

Source: parcelLab  
Base: Top 200 stores  
Figures in %

While returns represent added costs and more work for retailers, they also give brands a unique opportunity to cultivate stronger customer relationships and drive sales. Retailers that make the returns process seamless, easy, and cost-effective are well-poised to be the customers' brand of choice for future purchases.

In addition, there is an opportunity to make returns a shoppable touchpoint. If retailers have a returns portal, they can use it to showcase product alternatives, enabling customers to find items that are a better fit.

Indeed, more and more brands are leveraging returns to market their products. In our research, 82% of retailers included marketing content in their shipping or returns communications.

Finally, order returns present retailers with an opportunity to get to know customers better. Collecting feedback on returns and analyzing why shoppers send back their orders can help brands improve various areas of the business — including product development, marketing, customer service, and operations.

## Bring it all together: 3 ways to get the most out of returns

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Our research indicated that consumers generally don't like paying for returns. The results also showed that convenience, ease of communication, and flexibility are some of the top factors customers consider when going through the returns process.



## Launch an intuitive returns portal

Cost is a significant factor in the returns experience, but it's not the only thing customers value. Beyond free and low-cost returns, customers want brands to make the process easy, and they want retailers to communicate with them.

Having a returns portal makes this easy to accomplish. By giving customers a hub to initiate and track their returns, shoppers are more likely to have a smooth experience. This, in turn, leads to a better brand perception and potentially increased sales down the line.

Beyond facilitating the process, a returns portal helps businesses gather customer data. Retailers can glean valuable insights and make informed business decisions by monitoring portal activity and tracking the right metrics.



## Implement omnichannel returns

Most retailers recognize the value of selling on multiple channels, but what about omnichannel returns? A good chunk of customers (47% based on our research) prefer to return online orders in-store, suggesting that retailers are doing shoppers a disservice by only accepting returns via mail.

Offering in-store returns is even more important for retailers that cannot shoulder the costs of returns. Most customers (58%) would return orders in-store if it means they can do it free of charge.



## Use returns as a marketing opportunity

When leveraged properly, returns can present opportunities to build customer relationships and drive sales.

Remember that most returns happen because the customer felt the product wasn't a good fit. So by showing customers other options, retailers can put them on the path to finding the right products for them.

A returns portal can be incredibly useful in this regard. If a customer indicates that their purchased item didn't fit, the portal can automatically generate suggestions and help the shopper make a better purchase decision.

## At a glance: **Returns behavior per age group**

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In addition to analyzing data at a general level, we extracted key insights from different age groups to determine the behaviors and perceptions of individual generations.

**Here's a summary of our findings.**



### Consumers 18-24 years:

- are least averse to fees when returning orders
- have the lowest return frequency out of all age groups
- are most likely to resell a product that does not need to be returned
- have least amount of patience when waiting for return credits



### Consumers 25-34 years:

- have the highest return frequency out of all age groups
- are most likely to accept immediate credits rather than refunds when returning orders
- are the most likely to return an order when delivery takes too long
- prefer to pick up large shipments out of all age groups



### Consumers 35-44 years:

- return clothes most often out of all age groups
- expect longer return periods compared to other age groups
- are most pleased when retailers pick up returns from their home
- opt to return items online (vs. in-store) most often of all age groups



### Consumers 45-54 years:

- are most likely to donate a product that does not need to be returned
- prefer clear communication of return policies
- return most often because the product was damaged/defective
- have the least amount of patience when waiting for return credits



### Consumers 55+ years:

- are least likely of all age groups to accept returns for a fee
- have the most interest in in-store returns
- least forgiving when it comes to poor or inconvenient returns
- have least interest in return credits, and instead prefer refunds

# Operations Experience Management is the key to “many happy returns”

No retailer wants to deal with returns, but this comes with the territory. The good news is returns don't always have to be a major burden. By implementing a robust returns management platform such as parcelLab, retailers can streamline the process for shoppers and ultimately create opportunities for customer loyalty and sales.

Book a demo of parcelLab today and see how our Operations Experience Management (OXM) platform can help you deliver an efficient and easy returns experience — both for your customers and your business.

**REGISTER YOUR RETURN**

658300  
**NOTEBOOK RET. 13"**  
M2 8C CPU, 8 GB RAM,  
256 GB SSD, silver

RETURN REASON  
**TECHNICAL PROBLEM**

DESCRIBE THE PROBLEM  
**THE CHARGER IS NOT CHARGING**

Exchange Refund

**REGISTER RETURN**

It's best to schedule a demo appointment today to see our Return platform in action!

DEMO DATE

LEARN MORE



# About parcelLab

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## parcelLab is the leading Operations Experience Management platform globally.

We give people more reasons to fall in love with brands, by unlocking a new part of the customer journey, bringing people and brands closer together.

At parcelLab, we help brands close the experience gap post-purchase and beyond by allowing brands to take control of their communication in a way that embodies their brand identity and complements their business goals. We transform operational complexity into opportunities to create impressive customer focused experiences that manage expectations, build trust and prolong engagement.

All in a day's work for us:

- Monitoring over six million shipments per day
- Actively managing experiences for 550+ brands in 153 countries across the globe
- Sending around 13 million proactive, personalized, event-driven emails
- Partnering with more than 350+ companies worldwide, including FedEx, UPS, and USPS
- Creating over 40 million reasons for people to fall in love with brands each day

For brands, that means more chances to create relationships that last.

And for the people that buy from them, it means turning mundane operational processes into moments of joy.



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We bring people and brands closer together