

2022

# E-commerce Returns & Exchanges Report: WHAT CONSUMERS WANT





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**Global e-commerce spend is expected to surpass \$5 trillion by the end of this year** (yes, that's Trillion with a "T"), and industry studies show that **54% of consumers now prefer browsing for new products online as opposed to in-store.**

Accelerated by the pandemic and friendlier fulfillment experiences, consumers have collectively moved to become more digital over the past several years – and the opportunity to profit from this drastic shift from physical retail to e-commerce is huge. But when you consider that **60% of consumers will break up with a brand over a subpar customer experience**, it's clear that the stakes of delivering on ever-growing expectations across the entire e-commerce journey are equally high.

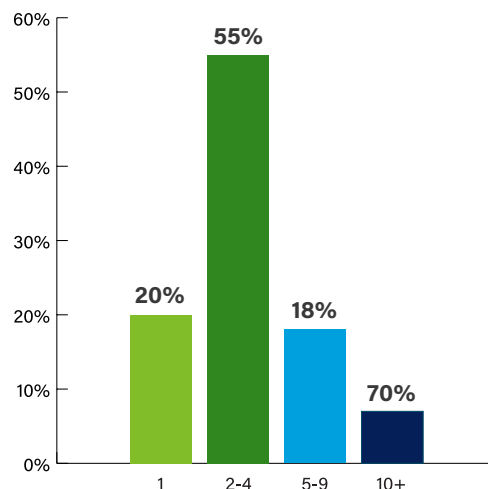
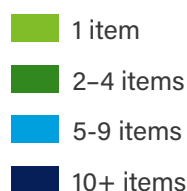
Regardless of merchant size or industry, e-commerce returns can be an uncomfortable – but necessary – subject. And while planning to get ahead of reverse logistics may keep e-commerce business owners and ops professionals up at night, [retail returns jumped an average of 16.6% in 2021 versus the previous year](#) making one thing crystal clear.



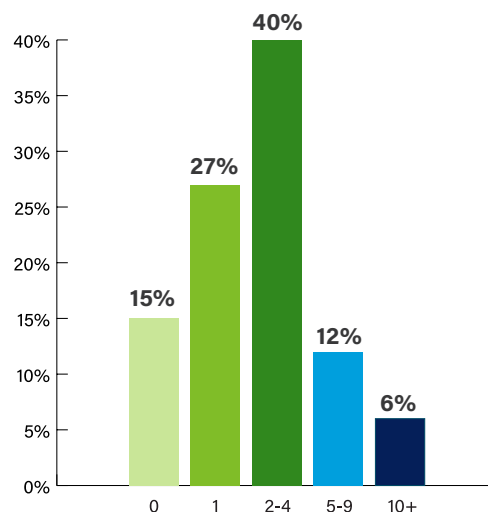
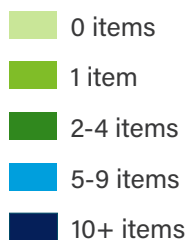
**Retailers simply can't afford to stick their heads in the sand when faced with the complexities of consumer e-commerce returns.**

To help merchants get a better handle on this tricky topic, we surveyed 1,000 consumers to find out how they currently manage their e-commerce returns experiences, as well as what they hope to see from the retailers they shop with in the future. We found that of consumers who have returned e-commerce purchases within the past six months, **20% returned just one item, while almost three-fourths returned 2-9 items.** Moreover, **85% of that same group made at least one exchange**, illuminating the potential opportunity of creating a great exchange experience in addition to improving traditional returns.

**In the past 6 months, how many items purchased online have you returned?**



**In the past 6 months, how many items purchased online have you exchanged?**



*Our 2022 E-commerce Returns & Exchanges Report covers this year's hottest topics pertaining to returns, including building the right consumer-friendly policy for your business, incentivizing exchanges over returns, and turning your returns experience into a driver for customer loyalty and bottom line growth.*

# The Policy Impact: How Return Rules Can Make or Break the Sale

Your return experience begins and ends with your policy – including how and where you communicate it – and while there is no one-size-fits-all, our survey findings do show that a consumer-friendly policy can really make a difference. 84% of consumers read a return policy before making a purchase online, and 44% of those will look for an alternate brand or retailer if they're unhappy with what they see.



**84%**

read a return policy  
before making  
a purchase

**44%**

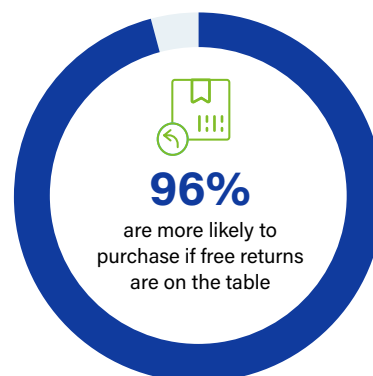
will swap retailers  
if unhappy with  
the return policy



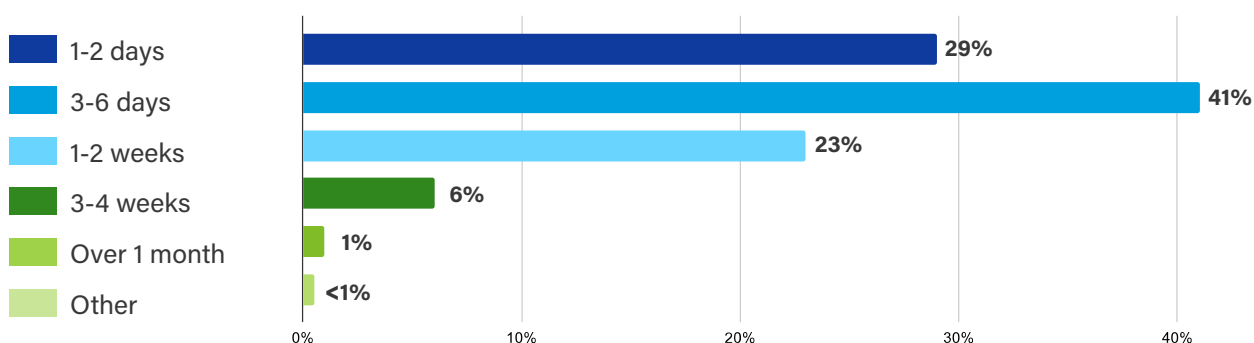
There are several considerations when drafting your return policy, including how to approach cost, processes, and timelines. As with all business decisions, it's important to strike a balance between what's best for your bottom line and what your customers want. The goal is to cut costs and optimize spend while also surpassing expectations and encouraging more sales.

**These key takeaways might inform how you create a return policy that aligns with both existing consumer expectations and your business goals:**

1. Nearly all consumers we surveyed said they would be more likely to purchase from an online retailer or brand that offers free returns. Free returns have become table stakes – or, at the very least, one of the most attractive competitive advantages – and we predict this will only become more true as e-commerce sales grow.
2. On average, more than half of consumers take less than one week to return an unwanted item, while less than 1% take more than one month. When determining your return window, account for both inventory management and customer experience. A good middle ground might land you somewhere between one and four weeks.



**On average, how long does it take you to return an unwanted item that was purchased online?**



- 3.** When initiating a return, **30% of consumers prefer using a pre-printed return label included with the original shipment** (39% prefer this initiation method when initiating an exchange). When you consider that roughly one-third of US-based consumers don't have a printer at home, it makes good business sense to include a label – just in case – because it delivers an easier end-to-end experience for customers. When you also keep in mind that merchants who go this route are only charged if the return label is actually scanned, it poses virtually no risk for you as a merchant. Including a pre-printed label can also work as a competitive advantage, as [Shippo's 2021 State of Shipping Report](#) showed over half of merchants currently say a customer needs to contact the team to request a return label and send an item back, while only 3.5% include a return label in every box.

**What is your preferred returns experience for an item purchased online:**

- 30%** Use a pre-printed return label included with original shipment
- 22%** Initiate the returns process online and use a QR code at a drop-off location for a no-label return
- 18%** Initiate the returns process online and print your own return label
- 17%** Contact a customer support representative to initiate a return
- 14%** Return in-store

**What is your \*least\* preferred returns experience for an item purchased online:**

- 38%** Contact a customer support representative to initiate a return
- 21%** Return in-store
- 17%** Initiate the returns process online and print your own return label
- 16%** Initiate the returns process online and use a QR code at a drop-off location for a no-label return
- 7%** Use a pre-printed return label included with original shipment

**What is your preferred exchange experience for an item purchased online:**


- 39%** Initiate the exchange process online and use a pre-printed return label included with your original shipment
- 25%** Exchange in-store
- 19%** Contact a customer support representative to initiate an exchange
- 17%** Initiate the exchange process online and print your own return label

**What is your \*least\* preferred exchange experience for an item purchased online:**

- 41%** Contact a customer support representative to initiate an exchange
- 25%** Exchange in-store
- 19%** Initiate the exchange process online and print your own return label
- 14%** Initiate the exchange process online and use a pre-printed return label included with your original shipment

In addition, the most recent [State of Shipping Report](#) revealed over **one-quarter of merchants don't even offer the option to return an item purchased online**, a policy that could dissuade customers before they ever have the chance to make a purchase on your site.





**Approached strategically,  
a consumer-friendly  
and well-communicated  
return policy can:**

**1.** Offer a competitive advantage

**2.** Help build more confidence to encourage conversion

**3.** Drive down support costs by eliminating confusion and the need for outreach



## EXPERT TAKE:



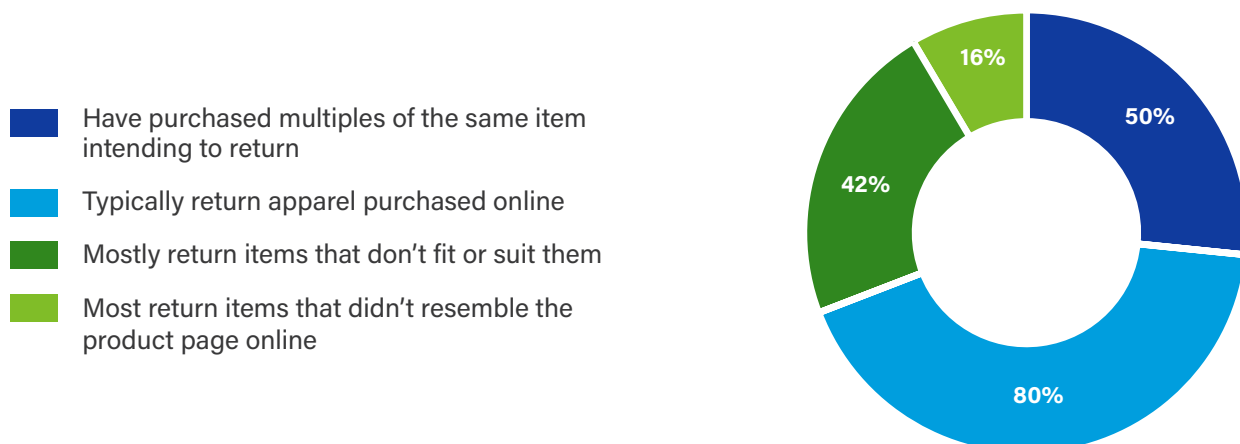
Understanding the nuances of consumer sentiment when it comes to returns policies is one thing, but using that information to improve your specific process – and how you communicate it – must be its own focus for your brand. At Loop, we often tell our merchants to make it easier for customers to find, and understand, your returns policy.

The first step is to develop a returns policy that works for your business. Then, you'll need the appropriate tech stack to bring your policy to life. Lastly, you must proclaim your return and exchange policy across your e-commerce store; on landing pages, product pages, etc. Oh, and if there are any exceptions to your policy—such as clearance or “final sale” items—make sure to note those, too. We like to tell our merchants to let that policy shine!

## 2022 Need-to-Know: Bracket Buying

As with other e-commerce purchasing trends accelerated by the Covid-19 pandemic, “bracket buying” – the practice of buying multiples of the same item in different sizes, colors, etc. with the intention of returning at least some of them – doesn't appear to be going anywhere. In fact, our survey showed that **50% of consumers have purchased multiples of the same item online with the intention of at least returning some.**

With the traditional fitting room experience unavailable in the privacy of one's own home, consumers have turned to bracket buying as a way to ensure they find the right fit. The numbers seem to support this hypothesis – **80% of those who have returned items have typically returned apparel purchased online**, while **42% returned items primarily because the purchases didn't fit or suit them**, so it would make sense that consumers would intentionally overorder upfront as a way to avoid drawn out shipping and refund timelines.





Though beneficial to the consumer, bracket buying creates added challenges for retail forecasting. One way to nip the practice in the bud is by providing detailed and accurate information on your product pages, perhaps even creating FAQ sections to address common complaints, misconceptions, or points of feedback. You might also consider including photos of what different colors and sizes look like on a variety of models, or source and surface UGC (user-generated content) to complement text-based product reviews, offering more visual examples of products to your customers.

Another solution for online retailers who effectively operationalize returns and exchanges lies in the Try Before You Buy method. This strategy essentially encourages bracket buying by shipping out multiple options from the get-go, then allowing customers to return the products that don't fit or suit them. While this may not be the right avenue for every e-commerce merchant, it can help retailers seeing more frequent returns pre-empt some of the associated challenges by building them directly into the customer's journey.



## SHIPPO CUSTOMER SPOTLIGHT



“ If a customer requests it, we ship multiple pairs of glasses and pre-print the return label as a courtesy – it's good for business and proper customer service. Most times the customer ends up liking the glasses and keeps them. However, we do allow customers to return within 7 days.”

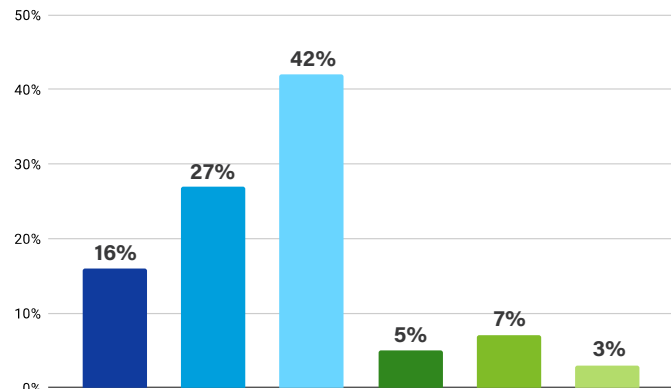
– **Nancey Harris,**  
Co-founder & COO, Vontéle

# Embrace the Exchange: The Promise of Upsell Opportunities

In addition to returning items that didn't fit well or resemble what was featured on the product page, our survey found that **18% of consumers returned items they believed were poor quality**. While none of these instances are necessarily desirable, they all provide an interesting and lucrative opportunity for those willing to take it – by promoting exchanges in lieu of returns, retailers can potentially see three-fold rewards: 1) avoid losing out on revenue from the initial sale, 2) keeping customers engaged with your brand and products, and 3) enticing upsells or repeat purchases.

## What is the most common reason you've returned items?

- Didn't resemble the product page online
- Poor quality
- Didn't fit/suit you
- Didn't arrive on time
- Buyer's remorse
- Other



Our survey found that **67% of consumers who returned an item purchased online have also exchanged 1-4 items purchased online, while 18% exchanged anywhere from five to more than ten items**. These numbers further highlight the potential for not only keeping customers engaged despite initiating a return, but also using returns as a way to generate more revenue, especially if you have both a digital and physical presence. **83% of consumers told us that they end up shopping in a retailer's brick-and-mortar store most of the time after completing a return there, with over a quarter of those individuals spending more than the original purchase amount and just under half spending about the same.**

When you return e-commerce purchases in a physical store, how often do you end up shopping in the retailer's store after completing your return?



14%

All of the time  
(75%-100%)

36%

Most of the time  
(51%-74%)

32%

Some of the time  
(25%-50%)

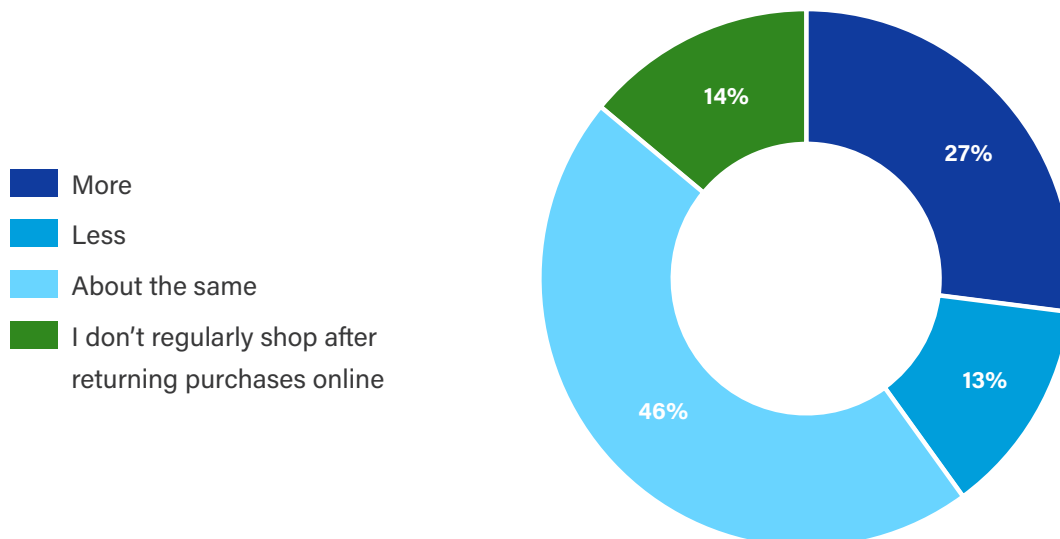
14%

Hardly any of the  
time (less than 25%)

4%

None of the  
time

When shopping after returning e-commerce purchases to a physical store, do you more often spend more or less than the original purchase amount?



## EXPERT TAKE



If you aren't proactively encouraging your customers to exchange rather than to refund, you're missing out on significant revenue. Our data shows that customers who exchange for a new product have a **34% higher repeat purchase rate** than those who have never returned an item.

Embracing the exchange will convert your returns from a cost center to a profit center. As an exchange-first platform, we help growing Shopify brands transform their returns into exchanges automatically. On average, our brands retain revenue on over 40% of their returns: It's time to embrace the exchange.



## 83%

of consumers would be very or somewhat likely to switch their return for an exchange if they were incentivized with an extra \$10 to shop with.

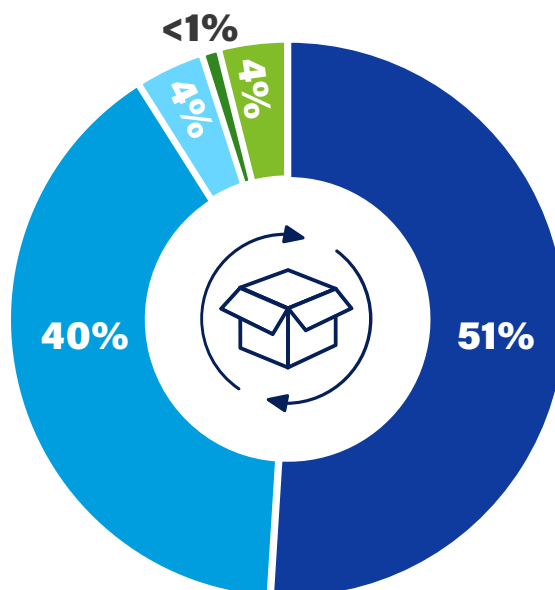
# The Aftereffect: Using Your Returns Experience to Drive Loyalty

Because 96% of consumers are more likely to purchase from an online retailer or brand that offers free returns, strategically developing, drafting, and communicating a consumer-friendly policy can open a new door towards building a stronger customer base, generating more revenue, and accelerating business growth.

91% of consumers say that the overall ease of their returns experience impacts their willingness to shop with a retailer again, while 67% have stopped shopping with a retailer after a negative experience.

How much do you agree with the following statement: The overall ease of the returns experience impacts my willingness to shop with a retailer again.

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- It doesn't impact my willingness one way or the other



Has a negative returns experience ever stopped you from shopping with a specific retailer again?



**Pro Tip:** In addition to 30% of consumers preferring to initiate a return using a pre-printed return label, our study also revealed that 88% are more likely to purchase from an online retailer or brand that includes one of those labels. Because it's not necessary to pay for the return shipping unless the label is actually scanned, this method of managing returns is low-hanging fruit for retailers who want to keep first-time and existing customers coming back for more.



## EXPERT TAKE



When merchants improve their post-purchase experience, customers are happier, which leads to a significant increase in brand loyalty. If you're just starting out, here are three strategies to boost brand loyalty via returns:

- 1. Create a customer-focused policy**
- 2. Make the returns process easy**
- 3. Incentivize exchanges over refunds**

If you have a rigid, unfriendly return policy, your customers are less likely to make a return, or an exchange, which ends the customer relationship before it even starts. Your returns process must be easy so customers feel empowered to take charge of their returns, rather than wasting time waiting on support representatives. Lastly, by incentivizing exchanges, you will extend your customer's lifetime value all while retaining additional revenue – truly a win-win.

## 2022 Need-to-Know: Post-Holiday Returns & Exchanges

While e-commerce returns and exchanges are often a hot topic during and after the holiday season, they are an e-commerce operation reality that should be considered year-round. Return and exchange rates can vary by industry – for example, vacation gear and apparel such as swimwear are returned more frequently during the summer months – so policies should vary depending on your business' merchandise.

It's worth noting here that 63% of consumers surveyed did not return any gifts they received during the 2021 holiday season, and of those who did, 49% returned unwanted gifts in-store as opposed to shipping the item back. After receiving an unwanted holiday gift, 34% of consumers said they typically exchange directly with the retailer for other products, opening an even more strategic opportunity to incentivize exchanges over returns, whether via return shipping or in-store. While not exclusive to the holiday season, this is especially good advice for December and January, when Loop data shows [30% of BFCM \(Black Friday Cyber Monday\) weekend and holiday purchases are returned.](#)

## Deliver a Better Returns Experience by Offering Flexibility, Choice & Simplicity

As we've seen throughout this report, the cost of a subpar returns or exchange experience could result in a loss of long-term customer advocates, and as a result, potential revenue. However, investing the time into developing a strategic mindset around e-commerce returns and exchanges can also open up excellent opportunities to grow your customer base and your business while also lowering support costs.

It's clear that, as with other touchpoints across the full e-commerce journey, consumers are looking for flexibility, choice, and – most importantly – simplicity when it comes to returns and exchanges. Long story short: By offering an easy and seamless end-to-end experience that meets your customers' needs and expectations, you'll be well-equipped to drive more long-term e-commerce business success and growth.



## About the Survey

Consumer data is based on responses from 1,000 US-based e-commerce shoppers gathered by a third-party survey platform in January, 2022.





## About Shippo

E-commerce is complex. Shipping doesn't have to be. Shippo helps you grow your business by integrating with your workflows, providing experienced support, and connecting you with easy access to the best rates at the most carriers.

- **Easy access to the best rates on the most carriers** - Access over 85 carriers worldwide and best rates at each, including regional carriers others cannot provide.
- **The end-to-end shipping platform for every business** - Make shipping a seamless part of your business – connect your e-commerce platform or build our implementation-ready API directly into your workflow, fulfill orders quickly with smart defaults and configurable automations, and gain insights that help you ship smarter with analytics and reporting.
- **Support every step of the way** - Go with confidence thanks to our experienced customer support, implementation and success teams. We have the shipping knowledge to get you started quickly and keep you up and running consistently.
- **Grow into the future with Shippo** - You will only ship more tomorrow. Shippo is there for you with 99.99% uptime, a modern tech stack, and all the features you need to create a greater brand connection to your customers and scale to match your highest ambitions.

Just like our 100,000+ customers, Shippo can help you grow into the future with confidence.

**Sign up for Your  
Free Account**



## About Loop

Loop started redefining the post-purchase experience in 2017 by enabling Shopify brands to transform returns into exchanges.

- Today, Loop **helps over 1,100 brands** increase customer loyalty, retain more revenue, and lower unnecessary costs by automating their returns process.
- Over the last five years, we've **automated over 15 million returns** and our merchants have retained more than \$400 million in revenue.
- The company was conceived in Columbus, Ohio, and **employs more than 130 people** across North America.

Learn more at [www.loopreturns.com](https://www.loopreturns.com)



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