

What do consumers really want?

The UK
eCommerce market is
now worth around
£110 billion

76%

of online shoppers
check the returns
policy page before
making a purchase

61%

of shoppers would
boycott a retailer if
they suffered a poor
returns experience

59%

of under-25-year-
olds have bought
multiple items with
the intention of
returning at least
one of them

84%

of consumers
believe that all
returns should
be free

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79%

Of UK consumers
believe retailers
should make it
easier to return



Section 1

The eCommerce opportunity in the UK and the role of returns

The high street may be back open for business, but this is not doing much to dent the demand from shoppers wanting to make purchases online. Although many expected the eCommerce market to shrink post pandemic, buyers continue to embrace the internet shopping experience.

UK eCommerce grew significantly in 2020 (46% increase year on year) as consumers across the country enjoyed the convenience and low cost of online retailers.¹ Despite the high street fully opening in 2021, UK footfall has yet to reach pre-pandemic footfall levels.

The trend of buying online is not going away anytime soon. With total revenues exceeding £110 billion in 2022, the UK is the third largest eCommerce market in the world.² Making up nearly 38% of total retail, UK eCommerce is still expected to grow further by 26% through to 2025, providing an excellent outlook for eCommerce businesses.³

In 2022, UK
eCommerce made up

38%

of total retail sales



The returns challenge

However, alongside opportunity will always come risk and one of the biggest hurdles for UK retailers selling online is returns. UK returns processes are thought to cost eCommerce stores around £7 billion every year which impacts profit margins, resources, and drives up the industry's carbon footprint.⁴

As eCommerce becomes more dominant, returning items is becoming much more common. Our survey finds that 47% of those who have shopped online in the past six months describe themselves as frequent online returners, which rises to 67% of 18–25-year-olds. This trend is likely to continue as buyers increasingly start to mimic the high street experience.

Returns are also a by-product of one of the biggest weak points of the eCommerce experience – the fact that you are buying items without the option of seeing or touching them. Every purchase is a risk for the consumer. Although pictures and videos can give customers a reasonable idea of the products they might be buying, there is still a substantial probability that the product, once it arrives, will not meet expectations. Customers are catching onto this, and many are adjusting their buying behaviour accordingly.

Section 1

A new style of shopper?

The eCommerce boom of 2020 welcomed a new wave of consumers to the convenience and price competitive nature of online shopping. As that market solidifies, the ZigZag Retail Returns Study 2021 suggested they are becoming more demanding and organised when it comes to returns. The 2022 edition confirms without doubt that behaviour around returns has been locked in. As buying online becomes more popular, shoppers are starting to treat returns as an everyday part of the shopping experience.

For the majority, returns policies are a major part of the decision-making process. 76% of respondents said that they check the returns policy before purchasing, with 44% admitting that they did not make a purchase if they did not like what they saw on the returns policy page.

Now more than ever before, with returns forming part of the backbone of consumer behaviour, retailers need to balance the demand from buyers for a good return policy against revenue objectives.

Black Friday 2021 was another blockbuster moment for both sales and returns. The week which followed saw a 129% like for like increase in the volume of returned goods when compared with the same period in 2020, further confirming that online purchasers are starting to change how they view returns as part of the online shopping experience.

Getting customer returns right is the ultimate way to not just increase sales but also engender loyalty. Getting it wrong though can increase costs and harm customer engagement. To really thrive in this evolving environment, retailers need to understand customer expectations and make sure that they meet them.



About the survey

We wanted to revisit how consumer opinion is evolving following the explosion of online shopping, so we decided to conduct a second edition of our extensive study into consumer attitudes to returns — from their role in the buying decision to return methods, frustrations, consumer preferences, and whether consumers really do care about going green.

Research was conducted surveying 1,100 UK shoppers in May 2022 to uncover the truth about what consumers really want from their eCommerce returns. All respondents had purchased items online in the past 6 months (it was not mandatory that they had made a return). There was equal sampling across gender and age categories.

About Dynata

Dynata was chosen to carry out the survey being the world's largest first-party data and insight platform. Dynata serves nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers in North America, South America, Europe, and Asia-Pacific.



1. <https://www.retailtimes.co.uk/uk-e-commerce-market-statistics-challenges-and-outlook-for-e-retail-in-2022>
2. <https://www.statista.com/topics/2333/e-commerce-in-the-united-kingdom/>
3. <https://www.finextra.com/pressarticle/91701/uk-e-commerce-market-projected-to-exceed-260-billion-by-2025-worldpay-from-fis-study-finds>
4. <https://www.theguardian.com/money/2022/jan/08/uk-surge-in-post-christmas-returns-reveals-dark-side-of-online-shopping-boom>

Section 2

Why and what consumers return

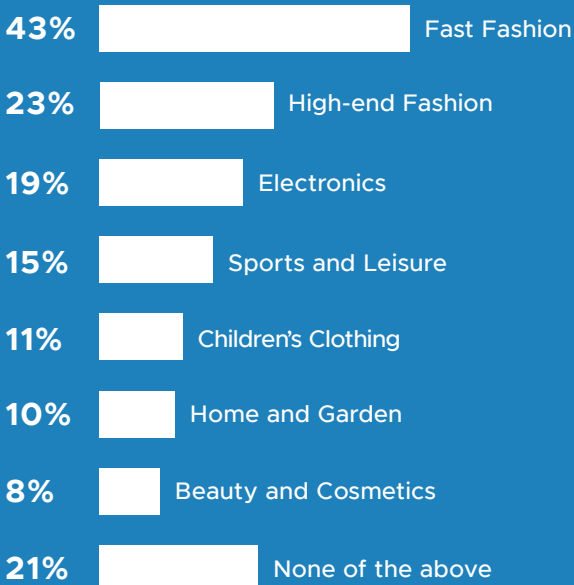
For eCommerce stores to shape the most effective returns policies that both protect their interests and delight their customers, it is vital to understand the main reasons why customers return items and what goods are most likely to be returned.

What are customers returning?

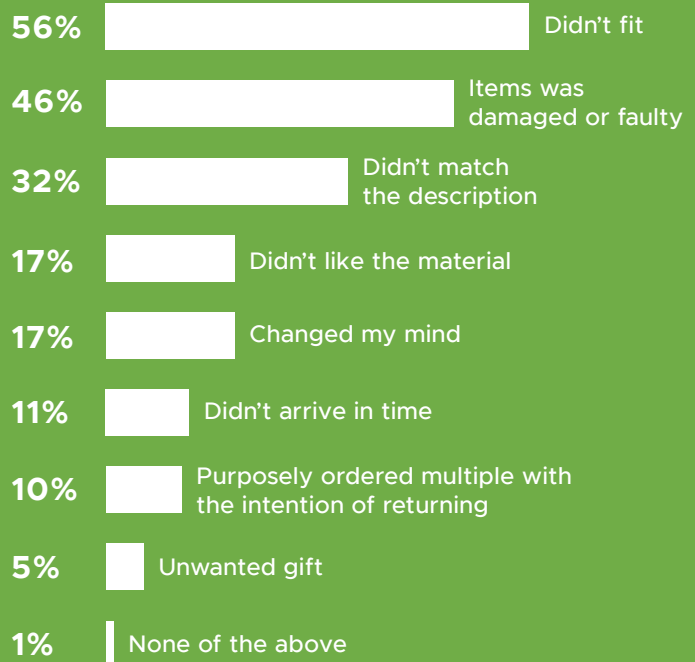
With sizing being the biggest reason for sending back items, it is unsurprising that fashion has the highest levels of return, with fast fashion resulting in almost twice as many returns as luxury clothing.

Beauty and cosmetics have some of the lowest return rates, but this is likely impacted by the rules on what can be returned within this category.

Which items are you most likely to return?



What are your main reasons for making a return?



Size is everything

The most common reason for buyers returning items is not a huge surprise; poor fit. 56% of people returned items purchased online due to poor fit. With a recent experiment showing that sizing can be up to two inches different between brands, customers are taking a risk on whether a specific size will fit.⁵ When the in-store changing room option is removed from the process, having to try on clothes at home becomes an inevitable reason for a return.

While many online retailers include sizing charts on their website, the reality is that many buyers are unlikely to get the measuring tape out before purchase, instead choosing to order several sizes to test the waters.

Some retailers, such as boohoo, are starting to become more innovative when it comes to sizing information – providing easy to fill in forms that help buyers understand likely fit based on simple questions such as weight, height, and stomach shape rather than traditional bust and hip measurements. Other innovators include HUGO BOSS, who partnered with Reactive Reality to implement a digital dressing room on their website. The innovation allows customers to “create personalised mannequins that match their exact body measurements” and try thousands of combinations from the retailer’s catalogue.⁶

Section 2

Nearly half of consumers stated that they had bought clothing in multiple sizes or colours with the intention of returning some of them

Quality is critical – but is there more to it?

The second most common reason is damage, with 46% of people saying that they returned items purchased online due to them arriving damaged or faulty.

For retailers, this means investing in quality control of the item, packaging, and careful delivery options to help reduce returns. But there may be more going on.

Firstly, while 46% of respondents have stated that this would be their main reason for return, our data shows that damaged goods actually only make up around 20% of returns for our clients. It may be that people 'feel' that this would be their main reason for return, rather than it being the actual case. Perhaps customers are a little bit pickier than they think they are...

Additionally, it is worth bearing in mind that fraud can occur in this area, as faulty and damaged goods are always covered in a returns policy – even where other reasons for return are not.

Return fraud was rising even before the pandemic began but lockdown, and the restrictions which came with it, saw this activity increase substantially. Data from online fraud detector Forter estimates that as many as 20% of customer returns could be fraudulent.⁷

The rise of bracketing

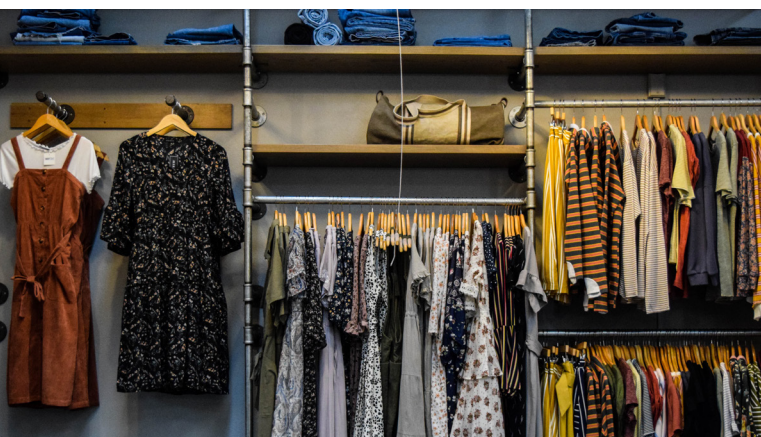
One of the emerging trends as eCommerce rises is the way behaviour online is beginning to mimic activity on the high street. As browsing and ordering replace a walk around a shopping centre, online purchase behaviour is very much starting to imitate what shoppers would have previously done in the changing room.

41% of consumers have said that they purchased multiple items with the intention of returning at least one of them. This practice is known as bracketing.

Women are more likely to do this than men, with 30% of men 'bracketing' versus 51% of women. Bearing in mind the size variations mentioned above, this is not entirely surprising as much of menswear is based on exact inch measurements.

And this style of shopping is on the rise. In our 2021 report, a third of consumers stated that they had bought clothing in multiple sizes or colours with the intention of returning some of them. The jump to 41% of consumers admitting to this practice is cause for concern for retailers during times of high fuel prices and squeezed margins. For those aged 18–25, bracketing is not just reserved for 'special occasion' shopping but as an integral part of shopping online. 30% of shoppers from the younger generation buy multiple sizes with the intention of returning at least once a week or month, compared to around 12% for shoppers over the age of 45.

Although this style of shopping is most prevalent amongst the young – 47% of 18–25-year-olds were guilty of bracketing in 2021 compared to 59% in 2022 – the older generation are also wising up to this convenient practice of getting the right fit the first time round. 21% of those 55 and over now admit to bracketing, compared to 15% in 2021.



Section 2

Wears for social shares: Wardrobing and Staging

Bracketing generally occurs when customers use their bedroom as a makeshift changing room and is not done maliciously. It is a form of returns abuse. However, retailers also need to be aware of the other practices that could be classed as 'fraudulent returns'.

In a 2019 survey from Checkpoint Systems, it was found that 20% of customers will purchase a fashion item, wear it, and then return it for a full refund.⁸ This is a process known as 'wardrobing', and the problem remains in 2022 despite retailers starting to closely monitor for serial returners potentially indulging in fraud.

Often used by customers to find an outfit for a one-off event such as a wedding, party, or even a holiday, wardrobing costs UK retailers approximately £1.5bn each year. This is becoming increasingly common partly because it is being viewed in some cases as socially acceptable.

Wardrobing is
likely to cost UK
retailers more than
£1.5 billion
each year



The rise of social media has seen a new evolution of this known as 'staging'. In a world in which many people are looking to promote idealised versions of themselves online, individuals are starting to purchase items specifically to show them off through pictures on social media before returning them. This practice of staging is particularly prevalent in high-end fashion brands.

16% of survey respondents admitted to either wardrobing or staging in 2022. This jumps to 30% of 18–35-year-olds. For those that consider themselves 'frequent returners', partaking in returns fraud was just part of shopping online. Over half (51%) of self-proclaimed frequent returners will be fraudulent with their returns.

Given the high cost of returns, combating fraud of all kinds is a top priority for retailers. But before doing so, they will need to think carefully. With consumers increasingly likely to check returns policies and claiming it influences their buying behaviour, any retailer with overly strict or demanding returns processes risks alienating potential customers.

5. <https://www.buzzfeed.com/sarasparry/this-is-how-much-womens-sizes-differ-at-uk-high-street-store>

6. <https://www.chargedetail.co.uk/2022/07/29/hugo-boss-partners-with-reactive-reality-to-launch-online-virtual-fitting-rooms/>

7. Refunding Fraud: The Industrialization of Friendly Fraud (cardnotpresent.com)

8. <https://www.dailymail.co.uk/news/article-7487959/Online-fashion-stores-introduce-smart-tag-fight-against-serial-returners.html>

Section 3

The customer experience: How are buyers finding returns?

With the returns process playing such a large part in all stages of the customer lifecycle, from attraction to retention, getting it right is more important than ever. But consumers are not always happy with how the returns experience feels, and when it fails to reflect their expectations, our survey results suggest it is likely to influence their willingness to continue shopping with that retailer.

Indeed, our study showed that 61% of consumers said that they would not shop with a retailer again if they had a poor returns experience. On average, it costs an eCommerce retailer around 6 to 7 times more to acquire a new customer than retain an existing one.⁹ Therefore, elevating the returns experience should be seen as a crucial part of customer retention strategies, and not just a sales hook.



Negative sentiment is on the rise

Our report also suggests a rise in negative sentiment among customers. Although increases in the number of returns may play a part in the results, our report shows that consumers are more likely to use negative terminology such as 'frustrating', 'confusing', and 'difficult' when describing their experience with returns.

In fact, 26% of online shoppers say that they find the returns experience frustrating at most retailers. As consumers continue to explore the world of eCommerce, they are subjected to different return policies and processes. The gaps between the good, the bad, and the infuriating become apparent.

Convenience is key

A clear theme to emerge from our study is that online shoppers want convenience. From an ordering point of view, eCommerce offers a much easier process than brick-and-mortar. After all, it is a simple click of a button and goods arrive on your doorstep. However, when it comes to being able to return items, 32% of those asked said that they find returns processes inconvenient at most retailers.

Inconvenience can of course relate to a multitude of aspects of the return process. Lack of local carrier options, a long wait for a refund, tracking not working correctly, or even repackaging the return – particularly for those so organised that they recycled the box before realising the item was slightly damaged. Based on the increased appetite for bracketing, it is also likely many just find the lack of a proper changing room experience inconvenient.

Section 3



A cost expectation

As eCommerce retailers become more aware of the cost of returns, these costs may be being passed onto consumers. The word “expensive” was more associated with returns in 2022 than in 2021.

The rising volume of returns represents a significant and growing cost for retailers. Retailers are now being forced to decide whether they continue taking the hit to their bottom line, or instead, pass on the cost of returns to their customers.

Increasing fuel and logistics costs together with additional burdens on corporate finances, are pushing many retailers to seek ways of recouping the expense in the UK, with German retailers also starting to follow suit.

However, as our survey suggests, this comes at a cost to the customer experience, which may have knock-on effects to consumer retention in the long term.

As consumers battle the cost-of-living crisis they are naturally becoming more price sensitive when making purchasing decisions, and that extends to the returns process. Every penny counts, and a returns process which is expensive or frustrating will affect trust and sentiment towards the retailer.

The most used words when commenting on the returns process

difficult quick

expensive user-friendly

inconvenient

confusing easy

slow free frustrating

9. <https://blog.hubspot.com/service/customer-retention>

Section 4

The case for and against free returns

The announcement that Zara, the influential fashion retailer, started charging customers £1.95 to return items bought online caused a stir within retail back in May 2022.¹⁰ However, given the rising cost of doing business, labour shortages, and the willingness and savviness of consumers to utilise free returns, Zara's announcement, whilst brave, was not unexpected by retail experts. It is understandable that retailers would need to find a way to recoup some of the costs.

Zara has set a precedent with their policy. Fast fashion brand boohoo was another retailer quick to react to the news with a similar announcement of the end to free returns, whilst Next already charges for returns through Collect+ (although free when returning in-store).¹¹ The question is, to what extent will other retailers follow suit?

75%

Of those surveyed stated that free returns are an important factor for a good returns policy



Free returns are still king for consumers

75% of those surveyed stated that free returns are an important factor for a good returns policy, with 84% agreeing with the statement that overall “all returns should be free”. Customers ultimately still want and expect free returns.

Passion for the sentiment that all returns should be free increases until customers reach the age bracket of 36 to 45 years-old before it quickly declines from 91% to around 74% of those aged 65 and over. However, interestingly, that decline does not occur when the question is rephrased to ask whether they would like a free returns policy. Whilst customers aged over 45 do not believe “all returns should be free”, they do believe more heavily than those aged under 45 that it should be free for them. Make of that what you will.

Consumers have been spoiled with free returns for several years. Free returns were synonymous with eCommerce as pureplay e-tailers battled the status quo. With the cost-of-living crisis showing no signs of improving, it is hard to imagine customers simply accepting paid returns without shopping around for free returns from substitute retailers.

Section 4

The business case for paid returns

While a free returns policy may be great for customers, it represents a significant cost for businesses, and as return numbers rise, that cost burden is becoming increasingly difficult to bear. According to CBRE, returning a \$50 item is expected to cost an average of \$33, a whopping 59% increase on 2020.¹² As supply chain disruptions continue into 2022 and fuel costs increase, the burden of shouldering free returns weighs heavier on eCommerce stores than ever before.

63%

Customers that return the most actually believe free returns are less important in determining a good returns policy, than customers that typically return less. 63% of frequent returners demand free returns compared to around 76% of those more sporadic returners.



With so many consumers considering free returns as a key part of the shopping experience, should retailers absorb the costs?

IMRG estimated that around 53% of retailers offered free returns in November 2019.¹³ Research by Barclaycard (June 2018) showed that many retailers still see offering free returns as being key to their customer experience, with two in five (41%) considering free returns as one of their business' strongest selling points.¹⁴ A further 37% say providing free returns has led to increased customer satisfaction, and 44% feel they need to offer this service to keep up with the competition.

With the returns policy playing such an essential role in the choice to make a purchase, it is vital that retailers benchmark against their own competitors and weigh up the potential benefits of free returns versus paid and whether other ways to recoup the cost of free returns are beneficial.

While adding delivery costs is one way in which some providers offset free returns, expensive or unexpected shipping costs can mean fewer sales. 69% of online shoppers say that excessively high shipping costs are the biggest reason for cart abandonment.¹⁵ Of course, passing on the cost by increasing prices for goods is a further option, but retailers must keep an eye on the competition.

Section 4

A flexible returns policy

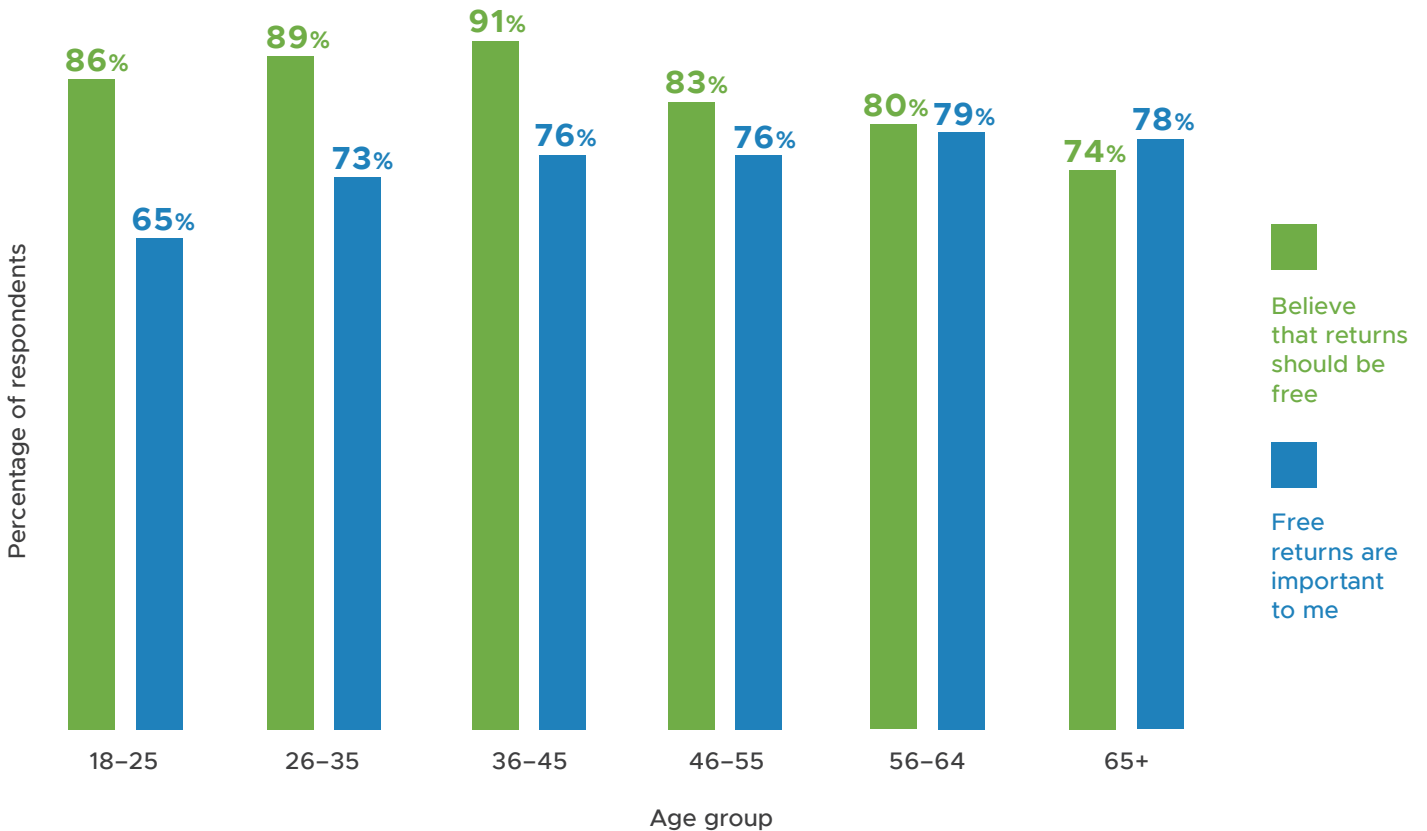
It is important to note that not all customers expect free returns. Retailers from countries such as Germany, the US, and the UK typically offer free returns for their customers, a policy practice that has been heavily influenced by major retailers like Amazon and Zalando. However, many other countries expect paid return options. If retailers and customers can adopt multifaceted policies in other countries, there is no reason why this cannot work in the UK.

Free returns are certainly not dead, nor are paid returns the new norm. But the tide on returns policies is beginning to turn. The challenge for retailers is to manage those costs carefully. Data-backed decisions on



what to offer in certain markets in a flexible returns policy is a must for retailers. If retailers start charging for returns, the process for customers must be a seamless experience. Customers would be far more demanding of the perfect carrier service option, with retailers offering the choice of different home collection and drop-off solutions. Extra tools around paperless returns, exchanges, and refund to gift card options should also be implemented to provide value for money to loyal customers.

The perception of free returns



10. <https://www.bbc.co.uk/news/business-61423753>
11. <https://www.theguardian.com/business/2022/jul/13/boohoo-starts-charging-shoppers-to-return-items>
12. <https://www.cbre.com/insights/viewpoints/reverse-logistics-tis-the-stressful-season-for-holiday-gift-returns>
13. IMRG Data Webinar: Returns policies during the coronavirus outbreak - www.imrg.org/online-retail-webinars
14. <https://home.barclaycard/press-releases/2018/06/return-to-sender/>
15. <https://www.sendcloud.co.uk/e-commerce-statistics/>

Section 5

Reducing the impact of returns whilst generating loyalty

While there are several factors that come together to make a buyer choose a specific online retailer, the truth is that a great returns policy helps to increase purchases, retain customers for longer, and improve brand perception.

Online returns are starting to form part of the shopping experience; 68% of our respondents say that a returns policy is an important factor in their decision to shop with a retailer. This rises to 82% for shoppers under the age of 45, and of that same age group, around 58% of them will not shop with a retailer again if they suffer a poor returns experience.

So, a robust, easy to understand and use returns policy will help keep your customers happy.

But what makes for a great policy, and what matters most to those who use them?

The Pareto principle says that 80% of your sales are represented by 20% of your customers



5X

Higher cost of acquiring new customers than retaining existing ones
(Deloitte, 2022)



The loyalty factor and the bottom line

Customer lifetime value is an area of increasing focus for eCommerce stores. Studies have found that just a 5% increase in customer retention can increase a company's revenue by as much as 95%.¹⁶ Existing customers already have trust, so are therefore likely to both spend more and purchase more frequently. Put simply, they know and love your offering, and are willing to keep coming back for more.

According to our report, 82% of respondents agree that an easy returns policy will encourage them to shop with that retailer again. Complicating a returns policy might well stop a few returns from happening as the customer gets frustrated and gives up. However, it is far more likely they will escalate to the customer service team, take up resource, boycott your brand, and possibly even spread the bad news with a review that deters other potential customers.

Section 5

Reducing returns

A returns management solution can reduce the financial impact and even save the sale with some innovations like ZigZag's Refund to Gift Card and Live Exchanges. So sometimes it is as easy as asking your Account Manager what else your returns solution can do for your business. However, there are some return reduction methods that retailers can action themselves, albeit after a little financial backing.

The first way to quickly lower return rates would be to showcase your products through models of different sizes. Indeed, 31% of consumers believe they would return less if retailers used a range of models of all shapes and sizes. This leaps to 41% of 18–25-year-olds. Transparency and being able to see items displayed on “people like them” seems to be a common theme. There has been a clear movement towards this from retailers recently. Fast fashion brand ASOS released “see my fit” back in 2020 that promoted the use of differently sized models.¹⁷ Many other retailers have started including the models' measurements, and size they are wearing, to give customers a more accurate impression of what might look good on them.

Additionally, 28% of consumers would return less if retailers used more video content to showcase products; this rises to 39% of 18–25-year-olds and drops to 18% of those aged 65 plus. Models are trained to know their perfect angles and how to showcase different clothing effectively. Even social media influencers are renowned for taking hundreds of photos to find the perfect shot. Video content lets the customers see what the item looks like “in real life” and reduces returns made when realising a mistake has been made during the initial mirror twirl.

While meeting these demands could require additional spending on website development and content creation, for eCommerce retailers, the potential savings on returns combined with increased brand loyalty is likely to yield rewards in the long run. They modernise your site and help you secure the initial sale from new customers. A win-win.



Is it time customers paid for returns?

Cost would also add a potential barrier to returns, with 28% of those surveyed saying that they would return less if a retailer charged for returns. This rises to 41% of those aged 56–64-years-old and drops to 30% for those aged 18–25-years-old. So, no surprises there. Free returns will equal more returns, whilst charging for returns acts as an effective deterrent.

However, bearing in mind that returns policies form part of the choice to purchase and enhance customer loyalty, it would be foolhardy to assume that increasing costs for returns would be a good long-term business decision for most retailers. After all, no one can return what's not purchased in the first place. Loyalty may be less affected if, in the future, most retailers start charging for returns, but whilst there are still other options, many customers may opt to take their business elsewhere.

Section 5

Making your returns policy clear and easy to find

As buyers become more returns driven, it is imperative that online retailers make their policies easy to access online, clear, and simple to understand. However, for many, this is not currently the case. Our survey showed that 51% of ZigZag's respondents said that they found it difficult to locate a retailer's returns policy on their website, with 67% of customers finding the returns policy confusing.

Returns are moving up the agenda, from an aspect of eCommerce which was created to deal with dissatisfied customers, to the returns offering becoming an essential part of the overall marketing strategy.

51%

Said that they found it difficult to locate a retailer's returns policy on their website



The uncertain nature of the online buying process means customers are looking for reassurance when they make a purchase. If they are not fully happy with the product they receive, they want to know they will not be left out of pocket. By putting returns policies front and centre of marketing, they will provide reassurances for customers and boost their reputation as a reliable and customer-focused retailer.

16. https://media.bain.com/Images/BB_Prescription_cutting_costs.pdf

17. <https://www.cosmopolitan.com/uk/fashion/style/a30545191/asos-different-sized-models-feature/>

Section 6

Building a customer-centric returns policy

Retailers are used to focusing on customer expectations when it comes to their products and services. Our data suggests that returns have a growing influence on consumer purchasing behaviour and retailers need to continue listening to their customers or risk losing them. There is clear evidence that retailers are meeting some returns policy expectations, but more can still be done to create a perfectly customer-centric experience.

The ideal solution will be slightly different for every individual, with different groups of customers having varying preferences. However, our survey reveals common themes on the customer returns wish list.

Communication and tracking

Our study shows that buyers are becoming more demanding about communication during returns. In ZigZag's 2021 study, 65% of consumers were happy with the level of communication they got with their returns. A year later in 2022, only 59% agree retailers communicate enough with them after making a return.

Whether this is down to a genuine drop in communication from brands or indicative of consumers becoming more discerning remains to be seen. But certainly, post-pandemic buyers are becoming more demanding when it comes to returns.

In our 2021 study, only 63% had monitored the progress of their return through a tracking service. In 2022, 83% of people do so, demonstrating that returners are more vigilant.

This is likely to be in response to the increased offering of tracking services from delivery providers, in particular, fast food delivery apps that offer up-to-the-minute order tracking. Monitoring deliveries has become a more practiced behaviour amongst consumers that have become more invested in knowing exactly where their purchases, and returns, are.

Did you know?

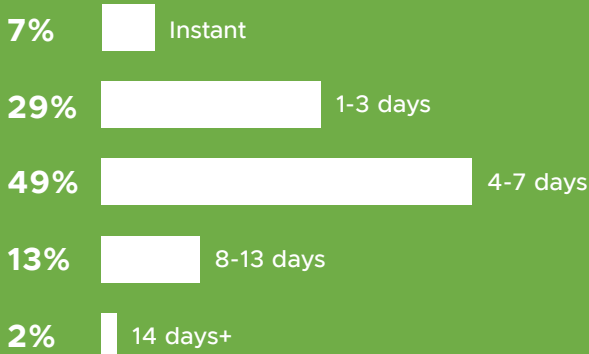
Customers are increasingly requesting SMS updates for both orders and returns. SMS updates keep customers informed in real time and result in fewer missed deliveries and collection slots. More retailers than ever switched SMS updates on for 2021's peak season.

Methods of communication

As expected, email updates are still king. Preferences for how people want to communicate during the returns process remain essentially unchanged from last year, with 79% preferring email as their main communication channel – a choice that remains consistent across all ages and sex. 37% of people like to be informed via SMS with young people unsurprisingly being more likely to choose it than older consumers.

Section 6

After handing over your return to a Post Office or courier service, how long would you be willing to wait for a refund?



Rapid refunds

Second only to free returns is speed. A fast refund is the next most crucial factor for online shoppers, with 63% of people believing it is a key component of a good returns policy for online shopping.

84% of consumers expect a refund within seven days, while 26–35-year-olds are especially thirsty for an instant refund with 10% expecting to have their bank account topped up immediately.

This poses a challenge for many retailers. A customer may feel that an item is returned the moment it leaves their possession, but for the retailer it is a little bit more complex. There must be a balance between keeping consumers happy and the retailer protecting itself from loss.

Gift cards and credits

Gift cards offer an unrivalled opportunity to keep cash in the business for retailers. By offering to refund through a digital gift card, retailers minimise the financial impact of returns and encourage repeat sales. They are also becoming increasingly popular, especially around the holiday season.

Our research showed that 58% of UK consumers would like the option of having the value of their refund returned to a retailer's digital gift card for them to spend in the future. This is a particularly attractive option in the gift-giving season, with people interested in recycling that money for gifts elsewhere.

30% of consumers were particularly interested in a gift card option if it meant an instant refund. This was more popular with the younger generations. 43% of those aged between 18 and 35 would like the gift card option so they can quickly go back to shopping.

However, this 30% rises to 51% if, instead of an instant refund, the gift card provides extra credit. So, if a retailer offered its customers additional credit, for example, they return an item worth £20 and receive £22 in credit, they would be more likely to take the gift card option. This method is being used by some retailers to incentivise customers to have another attempt at getting their order right, thus keeping cash in the business for the brand.

84%

Of consumers
expect a refund
within seven days

Section 6

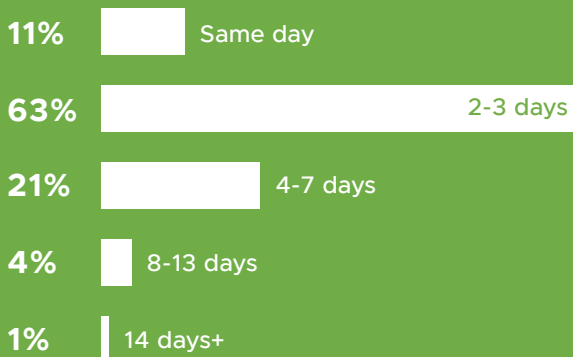
Time to try out: the case for longer return windows

Customers also want a reasonable amount of time to make a decision. 30% of surveyed consumers think that a long return window is an integral part of a returns policy. Despite this, 95% of people surveyed said that they still process and hand back the return within seven days, and 99% will have the return back within 14 days. So that standard 30-day return window is seldom used to begin with.

Therefore, while people want the option to take their time, in reality, returns are still generally handled rapidly, so including a reasonable return window can have a positive reputational effect without seriously impacting the bottom line.



If you want to return an item you've bought online, typically, how long does it take you to send the item back?



The verdict on a customer-centric approach

Different groups of consumers will have different preferences, so retailers may benefit from conducting surveys and keeping a close eye on customer feedback forms. However, our data suggests customers' prize speed and convenience in the refunds process. Clear communication and transparency will also mollify any customers who may already be frustrated at having received a product which did not meet their expectations. As the returns experience shows, dealing with customers when they are not happy can be extremely important in building closer and more profitable customer relationships.

Section 7

Making the return

When it comes to methods of return, it is clear that consumers want choice.

45% of customers have stated that having multiple carrier options makes for a good returns experience. But in a world of hybrid working and 24/7 service, what is convenient for one shopper may not be for another.

So, what are the most desired methods of return?

Is the Post Office still preferred?

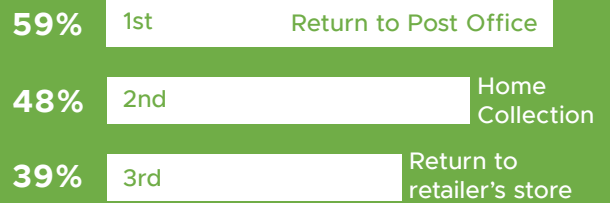
59% of consumers often return an online purchase through a Post Office. This is a big jump from 48% in the 2021 ZigZag Study, which was taken in March 2021. It is possible that the logistics issues that became prominent in the lead up to and during the peak season of 2021, had an impact on consumer trust. The sentiment that the Post Office is the most reliable way of getting your goods delivered or returned has emerged stronger than ever. Younger generations and women are notably more reliant on the Government-run network.

Resale is outstripping the growth of the global overall apparel market by 300%.¹⁸ With second-hand clothing increasing in popularity, not all returns are being made via slick online returns portals. Therefore, the Post Office may be the easiest or only place available to make the return. Online sellers dabbling in the second-hand market may also take a trip to their local Post Office to send off their outbound orders as well as their returns.

With the Royal Mail still holding on to the crown for the biggest carrier operating in the UK, and a substantial number of retailers – particularly SMEs – not offering lockers or home collections, the Post Office is probably the option most often available to consumers.

The most popular ways of consumers return an item bought online

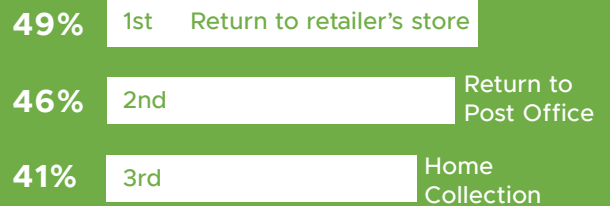
UK



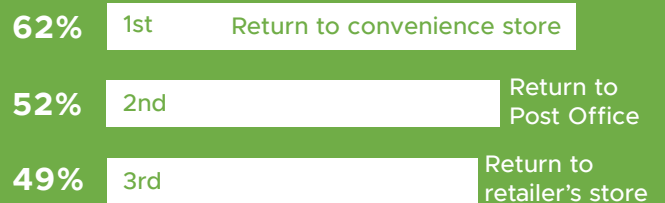
Germany



US



France



Section 7

Home collection

Home collection is the second most popular method of return, with 48% of buyers wanting a home collection option.

Furthermore, almost a quarter are willing to pay a premium for the convenience of a courier pick up from their residence. However, it differs significantly when considering age. 35% of 18–25-year-olds would pay a premium for a home collection, whereas just 10% of those over the age of 65 would.

Getting your return conveniently picked up from your home was one of the small luxuries available during lockdown, and it has remained a favourite. Retailers rarely offered it as a standard return method option, and it was nearly always accompanied with a fee. Now, for a nation well-adapted to working from home, being able to get a collection from home has become a norm.

35%

Of 18–35-year-olds
would pay a premium
for a home collection



Return to retailer's store

Return to store options offer additional benefits for retailers and customers alike. For brands with both eCommerce and brick-and-mortar offerings, it is cheaper to take in a return via their store. They can process and grade the return in-house instantly, while incurring reduced delivery-related charges for getting the goods resold. Consequently, retailers will often better promote returns to their store. Sometimes it may be the only free option, and this is the case for the likes of UNIQLO and now Zara.

For customers, going to the retailer's store to process the return enables them an easy way to exchange a product. Online exchanges are a new innovation only offered by some returns solutions, such as ZigZag, so going to the retailer's store may be the only way of getting a quick replacement. 39% of online shoppers decided to process their return at the retailer's store according to our 2022 study.

Section 7

Return to a convenience store

Unsurprisingly we have seen a jump in returning to convenience stores from 25% to 33% this year as shoppers slowly return to the UK's high streets.

At the time of our survey last year, many people would not have been fully vaccinated against coronavirus and would have been slowly readjusting to stepping out again in the real world. Understandably, for many it was just not worth the risk of returning a £5 pair of socks in a convenience store, when safer, contact-less options were available.

In 2022, for many the concern of catching coronavirus has all but faded and a stroll down the high street is now a welcome reason to leave the house.

Locker options

13% of consumers name lockers as one of their return preferences. This is a jump from 9% in our study in 2021. As lockers become more widely available, customers are showing a willingness to use them along with drop-offs. These can be less expensive for the retailer and have a lower carbon footprint.



24/7

Forever open return options were popular over peak in 2021. We astonishingly saw a return processed at 4am on Christmas day...someone was obviously not happy with their Christmas jumper!

Choice

Customers are aware of the options that could be available to them. The explosion of eCommerce from the start of March 2020 led people to broaden their horizons online. They bought products from various companies across the internet and naturally inadvertently tested out multiple returns policies. So, they now expect to see their preferred method of returning in the list of options.

45% of people think choice is an important part of a returns policy. As a retailer, having a good range of choices available and making these clear and transparent on your website will boost the perceived value of your returns policy.

18. <https://www.thredup.com/resale/>

Section 8

Sustainability and conscious consumers

When it comes to returns, as in all areas of their lives, people are showing an enthusiasm for greener options. Sustainability has gone from something which used to be merely an additional consideration for businesses to a cornerstone of the retail offering.

Retailers must consider their environmental impact in everything they do, from the choice of materials, manufacturing process, and even the returns policy.

Whenever someone makes a return, it enters a reverse supply chain. This has a significant carbon footprint driven by the transportation required to get items back to the retailer.

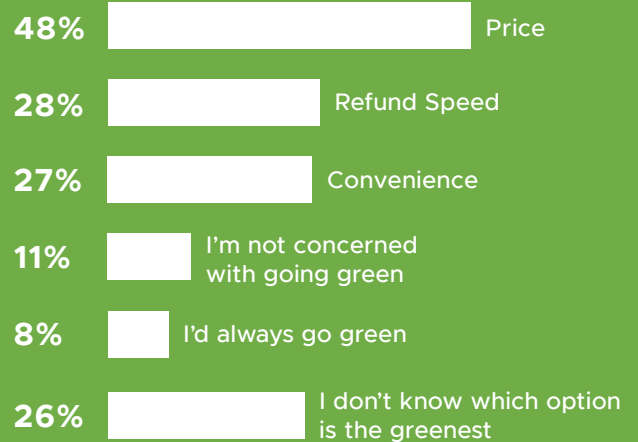
Many items often end up in landfill. According to one report, 15 million tonnes of carbon dioxide are emitted into the atmosphere from returns by retailers in the USA.¹⁹

Making the effort to go green

A comparison with figures from recent years supports the notion that consumers are becoming more interested in sustainability and are showing a greater desire to support companies and processes which have a lower carbon footprint.

In 2022, a slight majority (51%) said they would choose a greener or more sustainable return option even if it were a slower refund. This is an increase from 2021 when 43% of consumers would have chosen this option. Whilst consumers are accepting of a slower refund, perhaps due to arriving back to the retailer through an electric bike network, they are less forgiving on price. Only around a fifth would be willing to pay more for a sustainable return option, although the younger generation are around three times more likely to stump up the fee for the planet.

Which factors would make you avoid or be reluctant to use a greener option?



Only 28% of people would continue returning if they knew their goods went to landfill, although there is some disparity between the genders and ages. Men are less bothered by items going to landfill than women, with 36% not caring compared to 21% of women. Only 40% of over 65s would alter the amount they return upon learning their goods were going to landfill, compared to 58% of 18–25-years-olds and 36–45-years-olds.

This data suggests that consumers want businesses to be more sustainable in their operations and that more of them are willing to accept delays or additional costs in return for knowing the environmental impact of their returns is lower. Even so, that leaves a significant proportion of customers who demand fast and free returns regardless of the effect on the environment.

82%

The vast majority of people are likely to use the original packaging to make a return.

Section 8

Greenwashing

Despite an overall rise in enthusiasm for greener options, there are signs that consumers are becoming less informed in some respects. In 2021, 19% of people were unsure of what option was the greenest when making a return. In 2022 that figure has risen significantly to 25%.

Consumers are rarely properly informed on the greenest way to do anything in life, let alone when deciphering the most eco-friendly way of making a return. It is thus easy to see the temptation for retailers to indulge in greenwashing – the practice of attempting to pass off products or practices as environmentally friendly. Retailers can often feel pressured by demanding consumers who want environmentally friendly solutions but are not prepared to sacrifice quality, affordability, or convenience for it.

However, authorities are introducing new rules to counteract the spread of greenwashing. On 20 September, the Competition & Markets Authority (CMA) published a Green Claims Code aimed at protecting consumers from misleading environmental claims amidst concerns over 'greenwashing'. Greenwashing refers to overstated, unsubstantiated green credentials of a product or service. The code is also intended to protect businesses from unfair competition and ensure a level playing field.

While the code can impact any business, the CMA has flagged businesses in textiles, fashion, and FMCGs as priorities. Therefore, eCommerce companies should tread carefully and ensure they can back up claims with clear and transparent metrics. Consumers have also become sensitive to greenwashing and are likely to demand verification from any companies for the claims they make.

Whatever policies retailers adopt, they will benefit from being honest, transparent, and open with consumers.

1/3

36% of people consider the environment when returning and reduce the number of returns they make, with an equal number not having considered the environment before. Many will not be aware of the environmental impact of returns and will not have factored it into their consideration. Plenty of green education is still needed.

Section 8

Does this consciousness extend to the retailer?

Increasingly consumers are concerned about the cost of high returns to retailers and some support efforts which help those retailers reduce their impact.

38% of consumers say they consider the cost of high returns for retailers, and they try to return less. Those aged 36–45-years-old are most likely to be considerate, with 42% saying they think about the cost implications. This is compared to 18% of those that consider it, but it does not impact how much they return. Survey respondents may also have given different answers depending on which retailer they were thinking about when answering the question. They may subconsciously attempt to return less when purchasing from smaller businesses but give little thought to giants like Amazon or Nike.

The younger generation appears to be the most heartless when it comes to returning items, being less bothered about costs to the retailer. A third of respondents (33%) said they have considered the cost but not adjusted their returning habits compared to just 10% of those aged 65+.



76%

The percentage of people who have never resold clothing but are open to trying it (GlobalData, 2021)

The rise of resale

One of the best ways to reduce the quantity of returns being sent to landfill is with resale. The market is growing rapidly and is expected to double in size to \$77bn by 2026. During this same period, the resale market is expected to grow 11 times faster than the broader retail clothing sector.¹⁹ Growth is being fuelled by rising demand from consumers who are keen on discounted items. Resale is a great way to obtain an as-new product at a fraction of the price.

35% of people in the last year have bought, or are planning to buy, second-hand clothing. This has a huge swing by gender and age. Only 20% of men have bought, or are going to buy, second-hand clothing compared to 40% of women. Additionally, 53% of 18–25-year-olds have bought a second-hand item compared to just 7% of 65+.

42% have sold recently or will sell second-hand clothes online soon, although once again, there is a clear gender gap. Women are much more likely to sell than men (45% versus just 25%). The younger generation is much more active in selling clothes, with 52% of those under 35 selling clothes online.

Section 8

Generation rent

Another route to sustainability comes in the growing eagerness for rentals. Between now and 2027, the online fashion rental market is expected to grow 10% year on year.²⁰

By 2029, the UK rental market is expected to reach £2.3 billion in value.²¹ The sector benefits from two trends – the rising cost-of-living, which is expected to see consumers' disposable incomes shrink over the next few years and the growing demand for sustainable and ethical products. Data from Rent the Runway, which describes itself as the largest shared designer closet in the world, suggests renting has a significantly lower carbon footprint than buying.²² Since 2010, it claims it has displaced the production of 1.3 million new garments leading to savings of 67 million gallons of water, 98.6 million kWh of energy, and 44.2 million pounds of CO2 emissions.

However, data in this matter is far from unambiguous. A separate report published by the Finnish scientific journal Environmental Research Letters suggests rentals actually have a higher carbon footprint than regular retail.²³

Given the early stage of the market and its continuing evolution, more data will be needed to assess its true impact. Rental may reduce the waste of materials and carbon emissions, but there are still issues with cleaning and packaging which hold it back from being able to claim real sustainability. However, companies which can show they have addressed those concerns will be able to market this as a genuinely sustainable option.

High-end department store Selfridges is optimistic resale, repair, rental, and refills will make up nearly half of all its sales by 2030.²⁴

A final word on sustainability

Sustainability is something that retailers cannot ignore in any part of their business – and that includes returns. With the UK committing to ambitious net zero targets to meet the goals of the Paris Climate accords, every industry is being asked to substantially reduce its carbon footprint, and fashion is no different.

Returns represent a complex issue for retailers. On the one hand, they have become expected and are more common in a world increasingly shaped by eCommerce. Customers expect this as a matter of course, and most demand speed, convenience, efficiency, and low cost. On the other, customers also expect businesses to maintain a genuine commitment to sustainability. Although there are still many consumers who will continue to demand returns regardless of the impact on the environment, the direction of travel here – as elsewhere – is towards a more informed and eco-conscious customer who expects businesses to reflect their values.

It will be a delicate balancing act – one which sees retailers having to find cost-effective, but environmentally sustainable ways to satisfy customer demands.

19. <https://www.thredup.com/resale/>

20. <https://fashionunited.uk/news/business/online-fashion-rental-market-to-grow-over-10-percent-annually/202111859406>

21. <https://www.businesswire.com/news/home/20200505005656/en/Global-Online-Clothing-Rental-Market-Forecast-to-2025---ResearchAndMarkets.com>

22. <https://www.vogue.co.uk/fashion/article/is-renting-your-clothes-really-more-sustainable#:~:text=On%20average%2C%20per%20rental%20garment,in%20comparison%20to%20buying%20new>

23. <https://www.theguardian.com/fashion/2021/jul/06/renting-clothes-is-less-green-than-throwing-them-away>

24. <https://www.retailgazette.co.uk/blog/2022/09/selfridges-reselfridges-sustainability/>

Section 9

What are the key findings?

76% of consumers check out a company's returns policy before making a purchase, and 44% admit they would not make a purchase if they did not like what they saw on that page.

Getting a returns policy right is vital for customer relationships and retention, but in a key difference from last year's survey, there are signs that online retailers are beginning to struggle to meet expectations.

Compared to the 2021 report, there was an increase in negative sentiment and news that retailers have been passing costs onto consumers. This could be a sign that the continuing rise in the number of returns being requested is creating a burden for many businesses. At a time of economic uncertainty and with high rates of return fraud, it is understandable that retailers feel the need to clamp down on activity. However, as customer expectations show, that may be a false economy. Any money saved could be more than offset by lost revenue.

On the other hand, a good returns policy which sets out terms and is shaped around the needs of customers can be an important selling point. It is one which many businesses overlook, so getting this right could be an opportunity to create a point of difference against the competition.

Here are the key takeaways from this year's report which can help you build a robust and effective returns policy which builds engagement with customers.



Manage costs

Since the pandemic, eCommerce has snowballed, and as it does, the landscape is evolving quickly. Returns are growing in volume, with more people admitting to being regular returners. The combined cost of returns has reached an all-time high, representing a growing burden for retailers. The fact that more consumers are using the words “expensive” to describe the experience suggests more retailers are looking to recoup funds. However, this is hitting the customer experience. Retailers must balance the need to protect their bottom line with the need to satisfy customers.

Give them time

A long return window is considered desirable for 30% of customers, but data suggests this is something they say they want rather than actually need. 95% of people process returns within one week and 99% within 14 days. If someone wants a return, they will process it almost immediately. Extending the window for returns will not increase the number which are made and, therefore, the cost, but it does demonstrate flexibility and a willingness to help customers. It is about the message much more than the functionality.

Provide plenty of options

Choice is a watchword in the eCommerce sector, and our report shows this continues in the returns process. 45% of people think having multiple options is an integral part of a good returns policy. Many will be willing to pay for premium options, with 23% of customers saying they would pay extra for home collection. This varies according to age group, with 35% of 18–25-year-olds saying they would pay a premium compared to just 10% of people over the age of 65.

Section 9

Be transparent

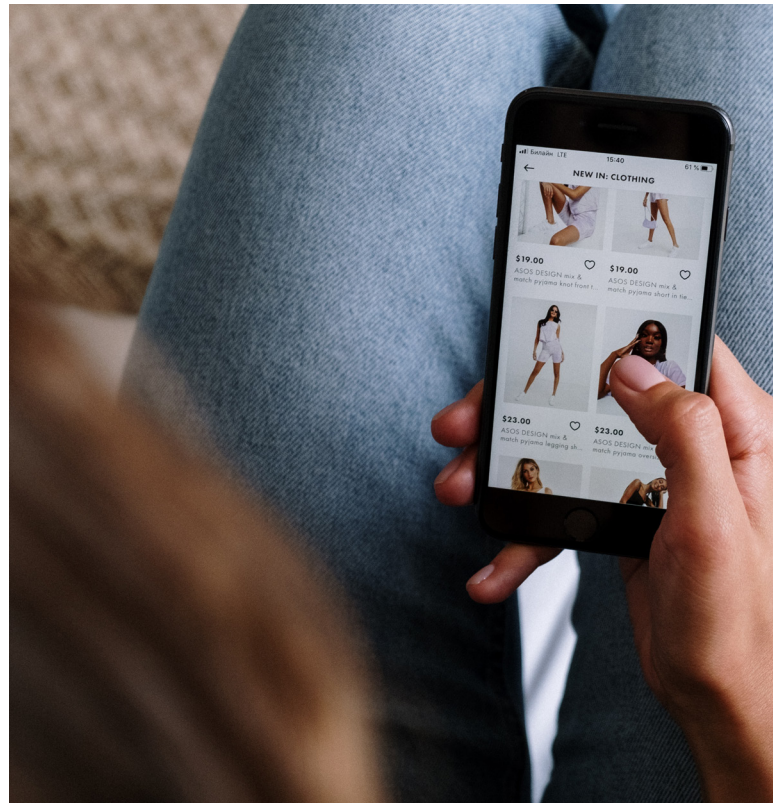
The point at which customers request returns is a challenging one for retailers. Already it means customers are – at least to some extent – unhappy with the service they have provided. If the experience continues to disappoint when it comes to the returns process, it can damage the relationship with customers.

One of the best ways to avoid this is to maintain a clear flow of communication. Fewer customers say they are happy with the contact they are receiving in this year's report than in 2021, suggesting retailers are not doing enough to keep customers in the loop throughout the returns process.

One feature which could alleviate concerns could be enhanced tracking. These are already expected as part of the buying service, so it is reasonable to include tracking as part of the returns process. 44% of people believe this is important and more people are using the feature. In 2021, only 63% of people had monitored the progress of their return through a tracking service. In 2022, that number had risen to 83%.

63%

Believe that
refund speed is an
important part of a
good returns policy



Be fast

Speed is one of the most important metrics when it comes to refunds. 63% believe that refund speed is an important part of a good returns policy, with 84% of consumers expecting refunds back within seven days, which is the same as last year. Meanwhile, 10% of consumers in the 26 to 35 age bracket expect instant refunds from retailers.

Sustainability is more important

The number of customers who say they look for sustainable options in their returns policy showed a significant increase compared to last year's survey. In a year which has included COP26 and widespread climate protests, sustainability has moved to the top of consumers' agendas. 51% of UK consumers in 2022 would choose a greener or more sustainable return option, even if it were a slower refund. That's an 8% increase from last year's figure of 43%. However, data shows customers are split on this issue, with a significant number still indicating little interest in the sustainability of returns. That number, though, is falling, which suggests retailers can benefit by getting ahead of the curve on sustainability.

Section 10

Partner with ZigZag to provide your customers with a seamless, convenient, and cost-effective returns solution.

ZigZag Global is the leading software solution to help eCommerce retailers manage returns domestically and globally.

The ZigZag platform connects retailers to an extensive global logistics network of over 200 warehouses and over 1,000 carrier services in over 130 countries, delivering a combined best-in-class technology and service experience that revolutionises the post-purchase and returns experience globally.

Our mission is to reduce cost and waste, whilst increasing customer loyalty, enabling our clients to be both more profitable and sustainable.

ZigZag Global was acquired in 2021 by the NY Stock Exchange listed Global Blue, setting the stage for global expansion and increased investment in customer service and product innovation.



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