Returnly’s 2020 State of Returns Report

A guide to return trends and the returner personas shaping the future of direct-to-consumer (DTC) e-commerce.
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IN SUMMARY

ABOUT RETURNLY
Returns Offer Merchants Incredible Opportunities

We live in a “now economy” where online shoppers expect instant gratification. From the ability to browse inventory, customize orders, and understand pricing to selecting payment and shipping options at checkout, they expect easy-to-navigate, convenient, and modern touchpoints throughout their buying journey. And when it comes to returns and exchanges, there are no exceptions — quick, easy, and fair resolutions when purchases don’t go as planned are the name of the game.

Understanding the importance of returns in the consumer journey is critical for direct-to-consumer (DTC) brands looking to stay competitive and succeed in today’s e-commerce marketplace. 80% of consumers think about the returns experience before buying. And 73% say they won’t shop again with a brand after a poor returns experience.

Offering a positive return experience can have a tremendous upside for DTC brands. Providing fair easy-to-find return policies can give first-time shoppers the confidence to buy. And when a return needs to be made, merchants have an incredible opportunity to earn a customer’s loyalty, save sales, and even boost spend — all at the point of return.

Shoppers cite a simple process, a free and clear return policy, and fast refunds as key factors to a positive returns experience.
We Want to See Online Commerce Grow

Our goal is to create the best return experience possible to help our customers grow. That is why we created the first-ever consumer-centric returns report. Unlike other return reports that analyze logistics data, the Returnly 2020 State of Returns Report includes findings from our year-long look at consumer returns behavior — and defines the returner personas shaping the ever-changing DTC online shopping expectations. We hope this information empowers you and your team to reach new heights.

Understand what motivates your returners to build loyalty and boost your bottom line.
Our Methodology

Returnly State of Returns Report captures return behavioral data of a random sample of 4 million online consumers ages 18+ in the U.S. across 6 ecommerce verticals: Apparel, Accessories, Footwear, Jewelry, Beauty and Electronics. For seasonal trends, data was taken from shoppers that made and returned at least one online purchase in the last 24 months.

Returnly commissioned a third party to augment a sample of 20,000 shopper profiles to arrive at social-demographic profiles.
Returns Present a Critical Moment of Truth

For DTC retailers and brands, the ability to predict consumer return behavior is critical to ensuring smooth internal operations and keeping hard-earned customers happy. Anticipate returner behaviors correctly, merchants can earn customer loyalty when it matters the most; when shoppers start their returns online. It’s at this time, in real-time, a moment of truth presents itself for the merchant to deliver an amazing customer experience. Do it well, or better yet, exceed shopper expectations — and repeat business can be earned. Miss the mark, returns become nothing more than a costly reality of doing business online. And this is exactly why it’s so important for DTC brands to understand the return trends and dates most important to them.

Our study of returner behaviors across the Apparel, Accessories, Footwear, Jewelry, Beauty and Electronics verticals uncovered impactful insights to optimize return strategies in the year to come.

There is a new moment of truth between a brand and its customers: the moment an online return is initiated.
A Myth Dispelled; National Returns Day

During the winter holidays in North America, consumer spending and online returns hit annual highs. Unfortunately, many merchants are missing important opportunities thinking National Returns Day is on January 2nd.

According to our analysis of shopper behavior, today’s shoppers are not returning on January 2nd; they are simply shipping back their unwanted gifts on that date. The biggest day for online returns is December 26th. This is the day the highest number of shoppers start their returns online — making it the most important day for retailers to delight their shoppers in the moment of truth with extraordinary return experiences.

After December 26th, data shows it takes shoppers approximately seven days to actually ship returns back to a merchant for processing. And it’s this returner behavior that drives a significant logistics phenomenon for shipping carriers like UPS, FedEx, and the USPS.

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Men vs. Women

Women are nearly 1.5 times more likely to return than men, but faster to take action with 25% returning one day after they receive their goods compared to 22% of men.

Both men and women are most likely to start their returns 2–3 days after the item has been delivered.

Time to return after an item has been delivered:

- **1 day**
  - Men: 22%
  - Women: 25%

- **2–3 days**
  - Men: 32%
  - Women: 28%

- **4–7 days**
  - Men: 25%
  - Women: 25%
Cities vs. Suburbs

Cities have the highest return rates, followed by suburban and rural areas of the country.

There seems to be a trend of east coast cities being “night owls” with a much higher return percentage in the evening. The opposite behavior is seen on the West Coast, particularly with cities in Southern California such as Newport Beach, Santa Barbara, Carlsbad, and Santa Monica, as well as other Southwest cities such as Scottsdale and Arizona.

The cities on the West Coast that ranked higher in terms of returning during the day tend to be wealthier communities near larger cities. Perhaps these communities have a higher proportion of retired shoppers who can get these tasks done during the day, compared to larger coast cities such as New York City and San Jose where a higher proportion of returns are done at night.

Returnly findings by area:

**Top 3**

**States / Territories by return rate:**
1 — Washington D.C.
2 — Connecticut
3 — California

**Top 10**

**Cities by return rate:**
1 — New York
2 — Los Angeles
3 — Chicago
4 — Houston
5 — Philadelphia
6 — Phoenix
7 — San Antonio
8 — San Diego
9 — Dallas
10 — San Jose
The Timing of Returns

Our analysis showed that returns increase gradually during the morning and reach their peak at 10:00 am - 11:00 am. The percentage of afternoon returns is a bit smaller for men, who tend to return more during the evening.

This is likely due to:

- Having access to printers at work — and printing the labels shortly after arriving in the office.
- Returns are part of the morning errands (i.e., make returns while doing other morning tasks such as commuting, dropping kids off at school, going out to meet peers for coffee).
Devices Used to Make Returns

One of the significant factors powering the “now economy” is our access to technology that puts information and experiences at our fingertips; literally. From desktops and tablets to phones and watches almost any phase of a shopper’s e-commerce journey can be accessed with just a few clicks, taps, or swipes.

For online retailers and brands, it’s important to understand just how different returner personas start the return process.

But with so many devices and platforms out there, it’s hard to optimize for every possible return experience. So, what if you could cast the widest net to account for the most commonly used devices — which one would you design a return experience around?

The online return journey is mobile-first, but desktop remains king when returning expensive items:

56%
Of shoppers use a mobile device to start their returns online.

72%
Use desktop computers when returning orders of $300 or more. This suggests that modern shoppers are wary of the mobile return experiences when returning high-priced items.
About Returnly’s Returner Personas

As a company committed to optimizing every touchpoint in the return journey, we spend a lot of time analyzing data to improve the return process for shoppers and merchants alike. While many studies have been done to identify shopper personas to advise merchants before a sale is made, very little has been done to understand customers by their post-purchase behavior. Returnly has distilled key behavioral insights from a sample of four million shoppers in the U.S. across the fastest growing ecommerce verticals to identify the preferences and expectations of six key returner personas.

By identifying the “ideal” returner persona (The Loyalist Returner) and introducing other key returner personas (with tips for moving them closer to the ideal Loyalist), we hope to give brands additional insight to more effectively optimize their return strategies and platform.

Meet the returner personas:

- **Lucy**
  The Loyalist Returner
- **Nate**
  The Now Returner
- **Fiona**
  The First-Time Returner
- **Lou**
  The Lazy Returner
- **Fatima**
  The Fitting-Room Returner
- **Paul**
  The Policy Abuse Returner

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The Loyalist Returner

MEET LUCY THE LOYALIST RETURNER

A big fan of your brand, Lucy keeps coming back and is your best customer based on Customer Lifetime Value (CLV). She accounts for 39% of a brand’s revenue and returns undamaged merchandise on-time. This allows you to restock and remarket returns at full price during the season, growing your business profitably. The downside? Lucy is a rarity: these loyal shoppers make less than 10% of the customer base.

Tip: The Loyalist is your ideal returner. Celebrate her loyalty with a rewards program that issues exclusive perks that increase in value with each dollar spent.

Loyalist Returner Quick Facts

Top 10%
These customers account for 39% of your revenue and 45% of your returned order value.

3X
These customers are 3 times more likely to return than your other customers.
The Now Returner

SAY HELLO TO NATE THE NOW RETURNER

In the “now economy” where instant is the name of the game, Nate lives for easy-to-navigate, on-demand, at-your-fingertips, nearly-instant shopping experiences. He is used to getting things right away, expects instant gratification, and quick “fixes” when problems arise in real-time. Like other Now Returners, Nate is not a fan of waiting — in fact, a lengthy wait time for anything along the e-commerce journey is reason enough to abandon ship and never do business with your brand again.

There’s significant ROI in strategies that turn Now Returners into Loyalist Returners. Offering instant credit to shop again at the point of return, and proactive return updates are two surefire ways to appeal to the Now Returner’s need for instant gratification.

Tip: Make instant gratification and return tracking part of your strategy to turn Now Returners into Loyalist Returners.
The First-Time Returner

GET ACQUAINTED WITH FIONA, THE FIRST-TIME RETURNER

Fiona never knows what to expect the first time she has to make a return or exchange. The hesitant yet rule-abiding shopper is responsible for the bulk of the ad spend of direct-to-consumer brands. She is fast to add items to the shopping cart but slow to click the “buy now” button.

The hold up? She always prepared for the worst and scans the returns policy. Offering a convenient, liberal returns policy that is easy to find and is supported by a fair return process can give First-Timers the confidence to buy.

First-Time Returner Quick Facts

— Anxious about return policies, they follow the rules.
— They take less time to initiate the return process than other returner personas.

Tip: Turn First-Time Returners into Loyalist Returners with free returns and an easy-to-find policy. Delight with simplicity. Exceed expectations with surprises like credit to shop again.
The Lazy Returner

**THIS IS LOU THE LAZY RETURNER**

Unencumbered by your return policy, return eligibility window, or the need to keep receipts, Lou will make returns on his own timeline. There’s no rhyme or reason to his behavior when it comes to making a return. Like many other Lazy Returners, Lou has a “now economy” mentality, so when he makes a return, he expects brands to “make it right” quickly and easily.

Lou starts his return more than three weeks after an order has been delivered. The catch? Men are 50% more likely to be Lazy Returners than women. Lou and his peers, however, will remember and stay loyal to any DTC brand that extends a warm, fair, and flexible return experience.

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**Tip:** Turn Lazy Returners into Loyalist Returners with flexible policies and options to provide instant gratification and resolution at the point of return.

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**Lazy Returner Quick Facts**

- Lazy Returners start their return more than **three weeks** after an order has been delivered.
- **Men are 50%** more likely to be Lazy Returners than women.

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The Fitting Room Returner

MEET FATIMA, THE FITTING ROOM RETURNER

Just like the shoppers in brick-and-mortar stores, Fatima will buy multiples of the same item in different colors and sizes, try them on, then return what she doesn’t want to keep. The high rate of returns from Fatima results in razor-thin gross margins for brands, something particularly challenging in the fast-moving fashion industry.

She’ll place a high-value on brands that make returns free, easy, and without penalties. Despite her seemingly frenetic shopping habits brands have a very hard time turning in a profit on Fitting Room Returners.

Tip: Self-service returns, instant credit to shop again and quick turnaround times to get the right item can quickly turn a Fitting Room Returner into a Loyalist Returner.
The Policy Abuse Returner

THIS IS PAUL, HE’S A POLICY ABUSE RETURNER

With no intention of playing by the rules, Paul uses returns as a way to get something he wants for free. Whether it’s to have shipping fees waived, or to wear the right outfit once, Policy Abuse Returners like Paul buy with no intention of keeping. The reality of the financial damage these returners can inflict is real — and brands need to do everything in their power to combat their behavior. Gaining access to shopper data is a great place to start. By partnering with a return solution that has access to a network of shopper data, a brand can implement the necessary solutions to protect their bottom line.

The Policy Abuse Returner Quick Facts

— They have **no intention** of becoming long-term customers.
— They will create new accounts or take advantage of guest checkout to **avoid recognition**.

**Tip:** To help prevent fraudulent free returns, identify when free returns are costing you money, and set that rate as a threshold. Prioritize returns data and fraud prevention tools to help combat Policy Abuse Returners.
In Summary

1. **December 26th is the most important day for online returns**
   The largest amount of online returns started by shoppers in a single day is December 26th, twice as many as historically on January 2nd.

2. **Slow refunds are the largest source of online return stress**
   “Where is my refund?” is the number one customer support contact request after starting a return.

3. **The Loyalist Returner is every brand’s ideal returner persona**
   The Loyalists account for 39% of a brand’s revenue and return undamaged merchandise on-time. The downside? They make up less than 10% of the customer base.

4. **The online return journey is mobile-first, but desktop is king when returning expensive items**
   The majority of shoppers (56%) use a mobile device to start their returns online but when returning orders of $300 or more, shoppers take extra steps to make sure they will get refunded by brands, with 72% using desktop computers instead.

5. **Women are more likely to return than men**
   Women are nearly 1.5 times more likely to return than men, but faster to take action with 25% returning one day after they receive their goods.

6. **Peak returns time is 10:00 am – 11:00 am**
   Access to printers upon arriving in the office to print labels or including returns as part of the morning routine may account for this trend.
About Returnly

Returnly is a smart returns platform that helps direct-to-consumers brands offer a return experience like no other. Returnly is the only return solution that lets customers get the right item before returning the wrong one. The result is a world-class shopping experience with the industry-highest customer satisfaction score of (CSAT) of 91%.

Returnly has also developed a turn-key solution around its financial technology that includes returns management tools as well as hosted and fully brandable end-customer touchpoints like package tracking, online returns and exchanges and Green Returns.

MAKE RETURNS YOUR BRAND’S COMPETITIVE ADVANTAGE

If you’re struggling with returns, looking to put a smart returns platform powered by financial technology to work for your brand, or have questions about anything presented in this report, we’re here to help. Simply, email sales@returnly.com or request a demo, and Returnly Returns Specialist will be in touch!

With Returnly in place, returns present an incredible opportunity for merchants to deliver an exceptional customer experience, build brand loyalty, and increase Customer Lifetime Value.