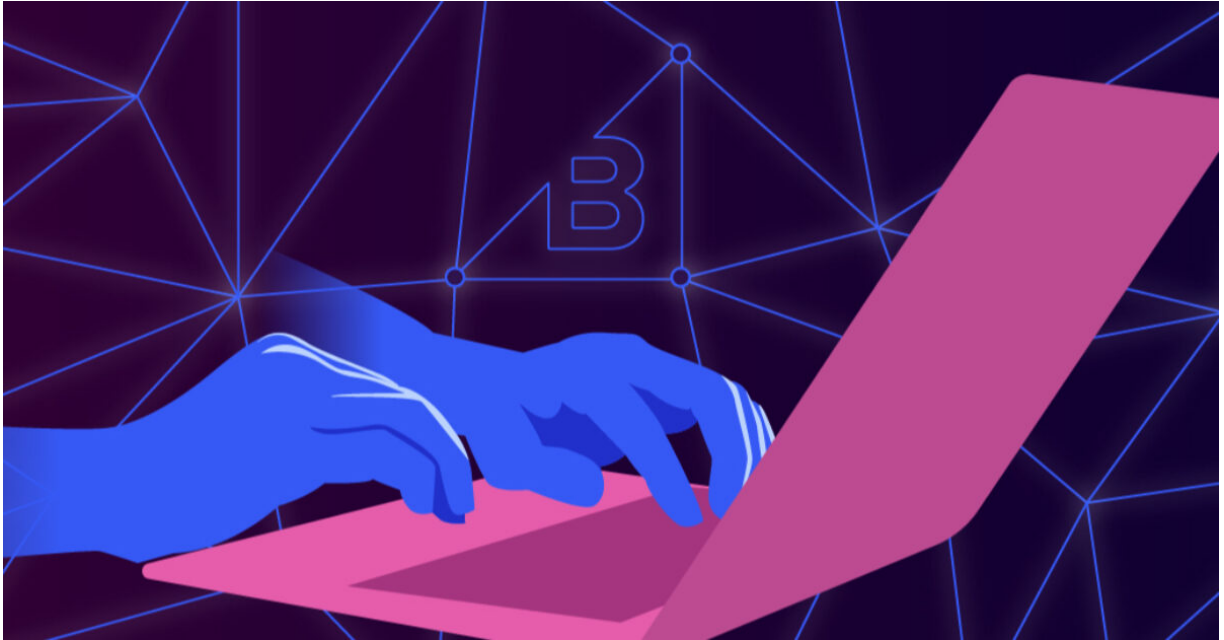


Ecommerce Returns



Ecommerce businesses always want to be the sender instead of the receiver, but returns are part of doing business.

The reasons for a return are numerous — some may be completely out of your control — but how businesses handle intake, refunds and the rest of the return process can be the difference between a repeat ecommerce customer or one that never shops with you again.

Ecommerce returns, the process of reverse logistics in which products are returned to the sender, are common.

The rate of return for ecommerce sales hovers in the 20% to 30% range. They are commonly higher than brick-and-mortar stores and should be accounted for as part of common business practices.

Why Do People Return Purchased Items?

Ecommerce brands have the added burden of selling products sight unseen. This is the [primary reason](#) why 30% of online orders are returned, versus just 9% for in-person retailers.

Ecommerce retailers can describe and show what a product looks like and does as much as they can, but it does not replace the advantage of experiencing it live.

Broken or damaged product.

The shipping process can be a perilous one. Somewhere in the trip from a warehouse to the customer, there are multiple opportunities for a product to be damaged. The only right course of action here is to simply replace the product.

Product not as described.

Customers trust the retailer to accurately describe the product they're purchasing. If there's a disconnect between what is written and what the product experience is, a return is far more likely to occur.

Poor quality product.

Related to the above, if a product is shoddily made, the chances of a return significantly increase.

Delivery problems.

This frequently happens with international orders. The farther a product must travel — and the more borders it must cross — the more likely it is that something can go wrong. Reliable shippers, taxes and local laws may all play a role.

Product no longer wanted.

Sometimes buyer's remorse happens, as do impulse buys. What made sense to buy late one night may not make sense when the package arrives.

The customer ordered more than one of the same items.

Mistakes happen and the customer accidentally orders multiples of the same item. It happens more often than you think.

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Cost of Returns to Ecommerce Businesses

Much like it requires resources to ship a product, reverse logistics also bring associated costs for online stores. Processing returns is suboptimal to logistics because they require additional and unexpected resources that would be better spent elsewhere.

Labor.

Intake means more man hours to receive and properly process a package. At every step of the package's return journey, there is labor involved, which means costs. There's an additional burden on inventory management and restocking processes as well.

Reselling.

Assuming the product is still viable, reselling the product means re-packaging it and returning it to the sales supply chain. This takes more time and effort than should be needed.

Transportation.

Moving the package from the buyer back to the seller means transportation costs in fuel and equipment.

Damaged goods.

If a product is damaged beyond repair, consider it a complete loss. However, if it can be salvaged with some repair, it often makes sense to do so, even with the additional expense of the repairs.

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How to Handle Ecommerce Returns

Though customer returns are a net negative to most online retailers, that impact can be reduced by following standard return processes. These approaches will help ensure a good customer experience and that the product is handled properly and efficiently.

Send the return back to your warehouse.

This is especially true for ecommerce companies. Upon accepting the product, returning it to its warehouse of origin is often the best approach. That facility is set up to store the product in question and can more easily return it to the order fulfillment process.

Return to a brick-and-mortar store.

For in-store purchases, a simple drop off at the physical store is probably ideal. It reduces the logistics needed to return the item to the sales supply chain, instead allowing the location to simply put it back on the shelf.

Use a fulfillment service to manage returns.

For companies that outsource their logistics, it makes sense to outsource reverse logistics as well. Letting the fulfillment service handle all shipping-related issues — coming and going — is the easiest way to handle returns.

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Best Practices for Ecommerce Returns

You can't always control if a return will happen, but you can control what happens when one occurs. These best practices will help ensure an efficient and effective returns process.

Product information should be easy to find and accurate.

All customer-facing product descriptions should be clear to properly set online shopper expectations. If what the customer receives differs from what was advertised, the chances of a return increase.

Streamline communications and be transparent about what a product can and can't do. A returns portal with a similar functionality to the checkout process helps.

Make sure you pack and ship items securely.

Strange things can happen during the shipping process, but by properly packing items at the point of departure, the possibility that a product is damaged during transit decreases. Delicate or fragile packages should be noted so and using a right-sized box means less jostling during shipping.

Offer exchanges or store credit.

By offering exchanges or store credit, you're decreasing the possibility of having to intake a returned item and issue a refund. By doing so, you're at least keeping the sales revenue and encouraging a repeat customer.

Utilize reviews.

Customer reviews on product pages add a layer of authenticity to online shopping and are a valuable tool for correctly setting customer expectations. Product users like what's found on Amazon or Zappos can reveal what their experience has been like — good and bad — and even answer questions.

A good product will leverage evangelists to encourage even more sales and create lifetime value from the customer.

Your ecommerce returns policy should be easy to find.

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Don't hide your returns policy. Make it easy to understand and be transparent with your customers. It builds loyalty and may even encourage purchases. Costco's returns policy has been cited as a differentiator for them in the market and encourages customer retention, for example.

Make your returns process sustainable.

Environmental issues — and how companies impact the ecosystem — are now at the forefront of customer concerns. The carbon footprint that companies leave is a significant governance issue.

Maintaining a sustainable returns process that eliminates wasteful packaging and inserts is a good step towards limiting your environmental impact. Also, returned products should be returned to the sales supply chain versus ending up in a landfill.

Keep customers informed about their return's status.

Don't keep return information behind internal systems. Be up front with customers on where their package is and what next steps are for their online return. If a refund is to be issued, provide an estimate on when that will complete.

A good returns management process builds customer satisfaction in your process and builds loyalty.

Protect your business against ecommerce return fraud.

Ecommerce return fraud occurs when someone returns a stolen item or claims an item never arrived, only to return it later. It costs companies multiple billions of dollars a year.

By tracking customers and flagging suspicious activity or customers with high return rates, Serial returners should be identified and banned if necessary.

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The Final Word

Ecommerce returns are inevitable. It's a negative for your company that impacts profit margins and may be viewed as an unnecessary expense, but it's the cost of doing business.

However, creating an efficient returns experience with little hassle can not only reduce losses, it can build customer loyalty and encourage them to make online purchases with you again, which impacts the bottom line.

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FAQs About Ecommerce Returns

What should be included in an ecommerce return policy?

A good ecommerce return policy will be clear and easy to understand. It should include forms of refunds, time limits and any other restrictions that may be relevant. Is there free return shipping? Will you provide a return label?

Is there seasonality to return rates?

Yes there is. There is often a rise in return rates around the holiday season as gifts are given that may not fit with what the recipient wants. Product returns see a spike during this time.

What is the average return rate for ecommerce?

The average ecommerce return rate is typically between 20% and 30%. However, some categories have variances. One study found apparel at 10%, jewelry at 8% and beauty products at 5%.

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