



Building loyalty through returns:

See how retailers are
growing their business
through seamless returns



About this report

Your returns policies matter to your customers. Instead of viewing them as a cost of doing business, returns should be viewed as a strategic opportunity to build trust with consumers—and grow your bottom line.

This report was created by FedEx to provide your business with the necessary insights to optimize your return policy and amplify customer satisfaction. Findings in this report are based on third-party industry data and our own studies with:

1,500+ online shoppers

600+ e-commerce retailers

Online shoppers surveys were completed May 5–14, 2020.
E-commerce merchants surveys were completed May 6–22, 2020.

What's inside

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- The customer journey
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More online shopping means more returns

Since the pandemic, e-commerce sales have accounted for over 14% of all retail sales and are expected to grow.¹

- As more shopping moves online, the total rate of returns is increasing. Returns from online sales are higher than brick-and-mortar sales, at around 20%.²
- Approximately \$218 billion in online purchases were returned in 2021.²

As people shop more online:

16.6% the total returns rate reached in 2021

up from

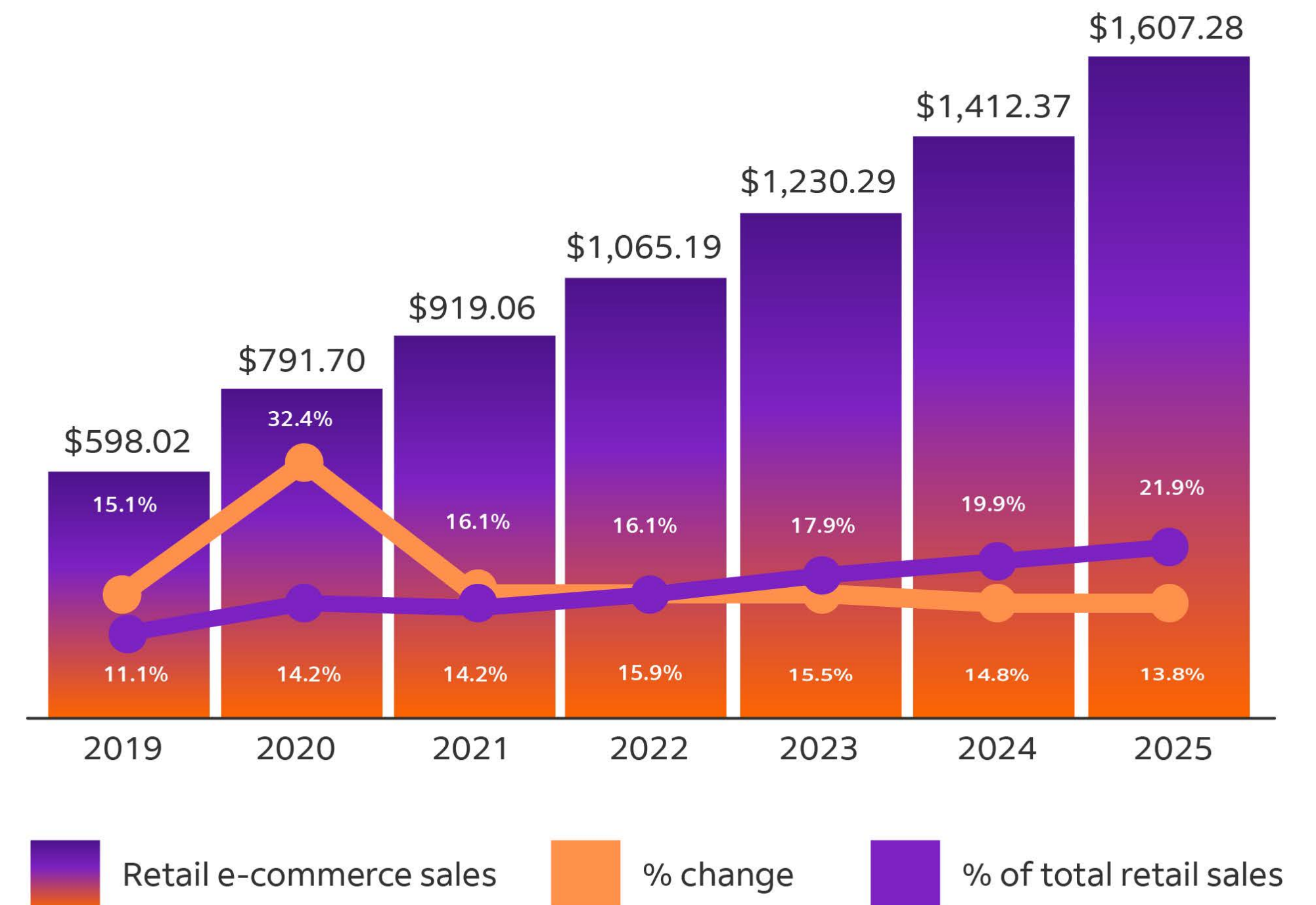
10.6% in 2020

1. "Retail Ecommerce Sales in the US, 2019-2025," eMarketer, May 2021, <https://www.emarketer.com/content/us-ecommerce-forecast-2021>

2. "Consumer Returns in the Retail Industry 2021," National Retail Federation, January 2022

US Retail E-Commerce Sales, 2019-2025

billions, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice good sales.

Source: eMarketer, Oct 2021

Returns for all

Whether online or in-store, returns are important for merchants across all retail categories. Apparel, auto parts, home improvement, and housewares experience especially high rates of returns.²



Return Rate by Retail Category

Retail Category	Blended Return Rate ¹
Auto Parts	19.4%
Apparel	12.2%
Home Improvement	11.5%
Housewares	11.5%
Department Stores	11.4%
Footwear	9.1%
Sporting Goods	7.6%
Beauty	4.3%
Hard Goods	3.8%
Drugs/Pharmacies	1.6%
Survey Average ^{2,3}	10.6%

(1) Retail Category rates derived from a 2020 Appriss Retail analysis of 44,000 stores in the specialty and general merchandise retail segments. Appriss Retail reviews data direct from anonymous e-commerce and POS T-Logs—so all returns, exchanges, online returns, employee sale returns, and other refund scenarios are considered to build a blended return rate.

(2) Survey average is derived from a survey of retailers by Appriss Retail and NRF, Oct-Nov 2021.

(3) The survey average return rate is different from the blended return rate in several of the retail categories because it includes retailers outside of these select categories, like grocery stores.

Revising the returns strategy

Does your policy meet shoppers' expectations of ease and flexibility?

The e-commerce boom spurred by the pandemic made providing returns a must for businesses. As consumers continue to shop online for convenience, businesses need to establish a seamless returns experience.

An easy, flexible return policy is increasingly expected by shoppers and is critical to helping them feel confident in making a purchase online.



Online consumers say that fear of the returns process has discouraged them from buying online.³

3 out of 5 online shoppers prefer retailers that offer free return shipping.³

74% of consumers feel retailers' returns experience needs to improve.⁴

3. "Predictions 2022: Retailers Will Compete On 'Pre-Loved,' Returns - And New Patners"
Forrester, October 2021, <http://www.forrester.com/blogs/predictions-2022-retail-trends/>

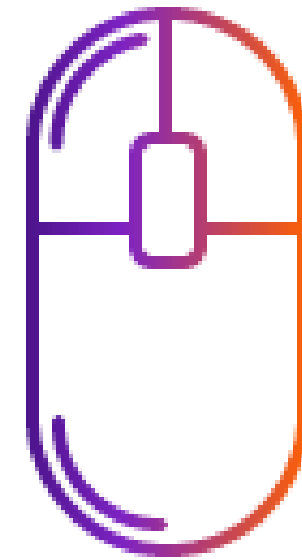
4. Doodle Consumer Survey conducted by YouGov, Fielded May 2020

Return policies impact the customer journey



Choosing a retailer

- **39%** said that free return shipping was a factor when choosing to shop with an online retailer.⁵
- **27%** said the flexibility of return policies mattered when choosing to shop with an online retailer.⁵



Placing an order

- **86%** of online shoppers have checked an online retailer's return policy before placing an order, with **63%** of those checking the policy most or all of the time.⁶
- **52%** of online shoppers have abandoned a shopping cart due to the return policy.⁶



Shopping again

- **96%** of shoppers would come back to a business that offered an “easy” or “very easy” return policy.⁷

5. Digital Commerce 360/Bizrate Insights September 2021 holiday survey, <https://www.digitalcommerce360.com/2022/01/03/the-shopper-speaks-did-i-say-i-need-to-make-just-a-few-returns/>

6. FedEx Returns Research, FedEx & KS&R, Fielded May 2020

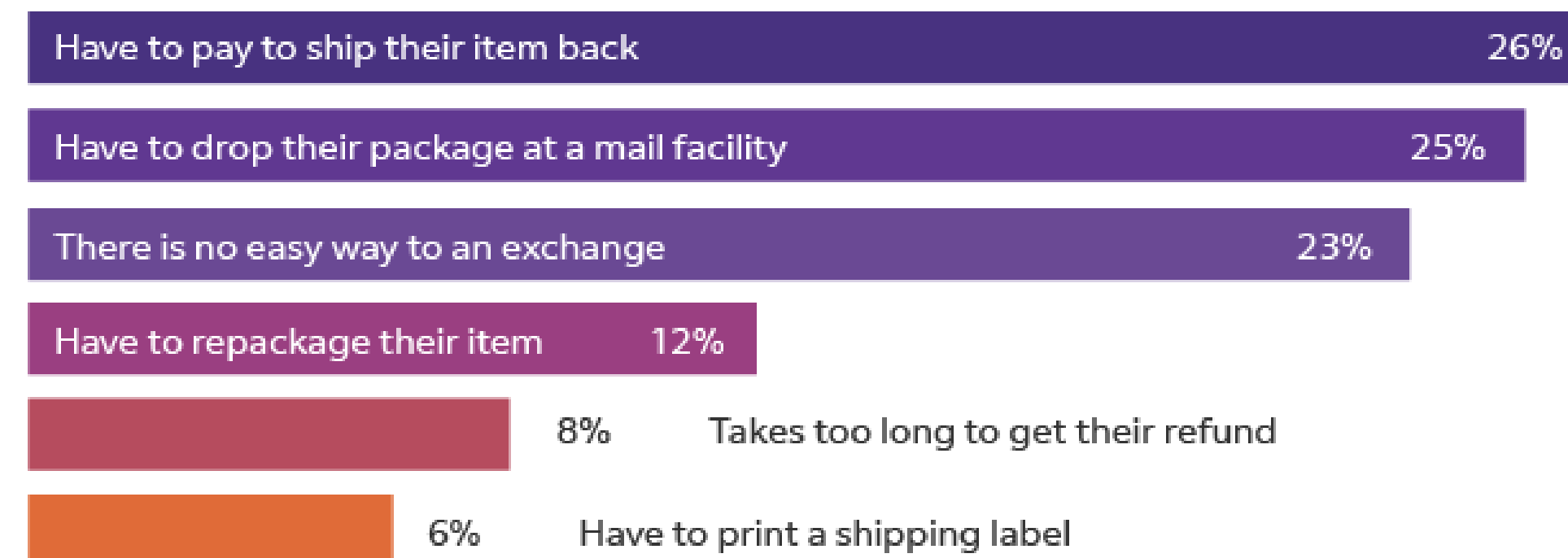
7. “The State of Returns: What Today’s Shoppers Expect,” Narvar, 2018, <https://see.narvar.com/rs/249-TEC-877/images/Consumer-Report>Returns-2018-4.3.pdf>

What makes returns difficult for consumers?

54% of online shoppers are not satisfied with retailers' return policies.⁸
Most prefer to return to the retailer's physical store.

Biggest Pain Point When Trying to Return Items Purchased Digitally According to US Adults, Dec 2020⁹

% of responses

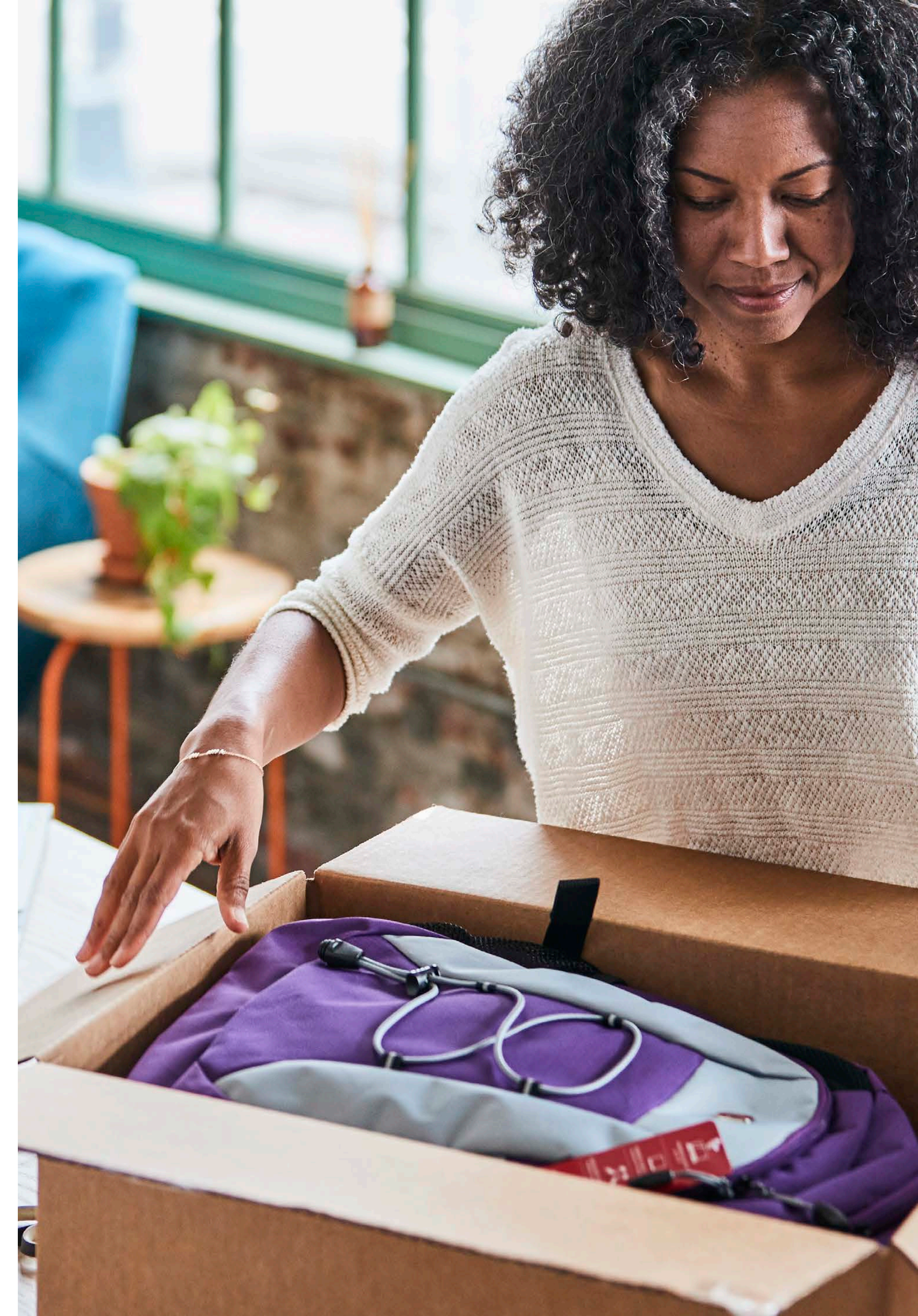


Note: n=2,527 ages 18+

Source: CivicScience, Dec 29, 2020

8. FedEx Returns Research, FedEx & KS&R, Fielded May 2020

9. "Biggest Pain Point When Trying to Return Items Purchased Digitally According to US Adults, Dec 2020," eMarketer, December 2020, <https://www.emarketer.com/content/returns-process-still-frustrating-some-shoppers>



Solutions to streamline the customer experience

According to consumers, a retailer's returns process should focus on these core pillars:



Generous window of time:

30 days is the standard timeframe for returns, but longer windows can be offered as a differentiator. Inform customers at checkout so there are no surprises later on.



No charges for making a return:

When making a return, shoppers don't want to have to pay for restocking fees or shipping costs.



Easy access to return labels:

Include a convenient pre-printed return label with delivery or provide a QR code for customers, so they don't have to print labels at home.



Simple drop off:

Offer customers quick, convenient, contactless, and nearby options to drop off returns.



Timely refund:

Customers expect a refund to be processed quickly. Provide a tracking number and consider making status updates to keep them informed.

Growing returns means growing concern for costs and sustainability

To manage costs, some larger retailers are choosing to allow shoppers to keep items.

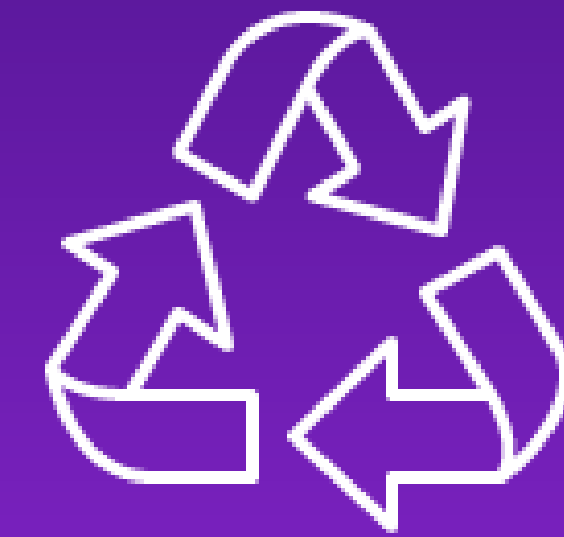
75% of consumers say they have been offered a refund without having to ship an item back.¹⁰ Other businesses offer discounts for shoppers to keep the items they otherwise would have returned.

Many businesses are looking to work with logistics and platform providers to automate steps in the process to minimize complexity and time spent processing returns.

10. "Consumers Tell All: VIP Returns and "Keep the Item" Policies," Navar Inc., 2021, https://see.navar.com/rs/249-TEC-877/images/Consumers%20Tell%20All_%20VIP%20Returns%20and%20Keep%20the%20Item%20Policies_October%202021.pdf

11. "The Returning Conundrum," IMRG, June 2021, <https://fhubspotusercontent10.net/hubfs/2182667/The%20Returning%20Conundrum.pdf>

12. Kearney Earth Day Consumer Sentiments Survey, Kearney, March 2020, https://www.kenney.com/consumer-retail/article/2/a/consumer-support-still-strong-as-earth-day-celebrates-its-50th-birthday&utm_medium=email&utm_source=vuturethankyoupage&utm_campaign=2020AmericasEarthDay



As they do more shopping and returning, consumers are becoming more aware of the impacts of their habits.

74%

of consumers intend to shop more with retailers that are making their returns process more sustainable.¹¹

71%

would be willing to pay more to return with a sustainable option.¹¹

78%

said companies could be doing more to help them make decisions that improve environmental outcomes.¹²



Better returns for better business

The online returns process has become an integral piece of the shopper experience. Savvy businesses won't just look at a returns program as a cost of doing business—they'll work to establish smart strategies that build trust with their customers, ultimately growing their bottom line.

- Build shoppers' confidence in choosing you
- Drive conversions and reduce cart abandonment
- Grow revenue by gaining repeat shoppers
- Increase loyalty with a seamless experience



Are you ready to optimize your returns?

Contact your account representative today or fill out this form to have a FedEx expert contact you:

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