How to drive profit and loyalty through returns 3 industry tips for 2021

Re:turnista

Covid-19 has changed the perspective of consumers on ecommerce. In the past 14 months, consumers have shifted more and more towards e-tailers, which offer a lot of choices and conveniences, such as same day delivery, seamless returns, swift payment methods and personal customer support.

Ecommerce is expected to grow even further in the next couple of years. Returns are becoming a more important part of the customer journey. Here's why: ecommerce returns are 3-5x higher than brick-and-mortar due to inconsistencies in expectation and reality, with consumers ordering more items of one type, using their homes as fitting rooms and returning the unwanted items. The worldwide returns market (according to the National Retail Federation) grew to $428 billion in 2020. This is an increase of 16% compared to 2018.

To become a winner in your industry, long-term profitability is key. In this paper, we will give you 3 tips to tackle your returns-problem and move towards a profitable company whilst cutting carbon emissions in the process.
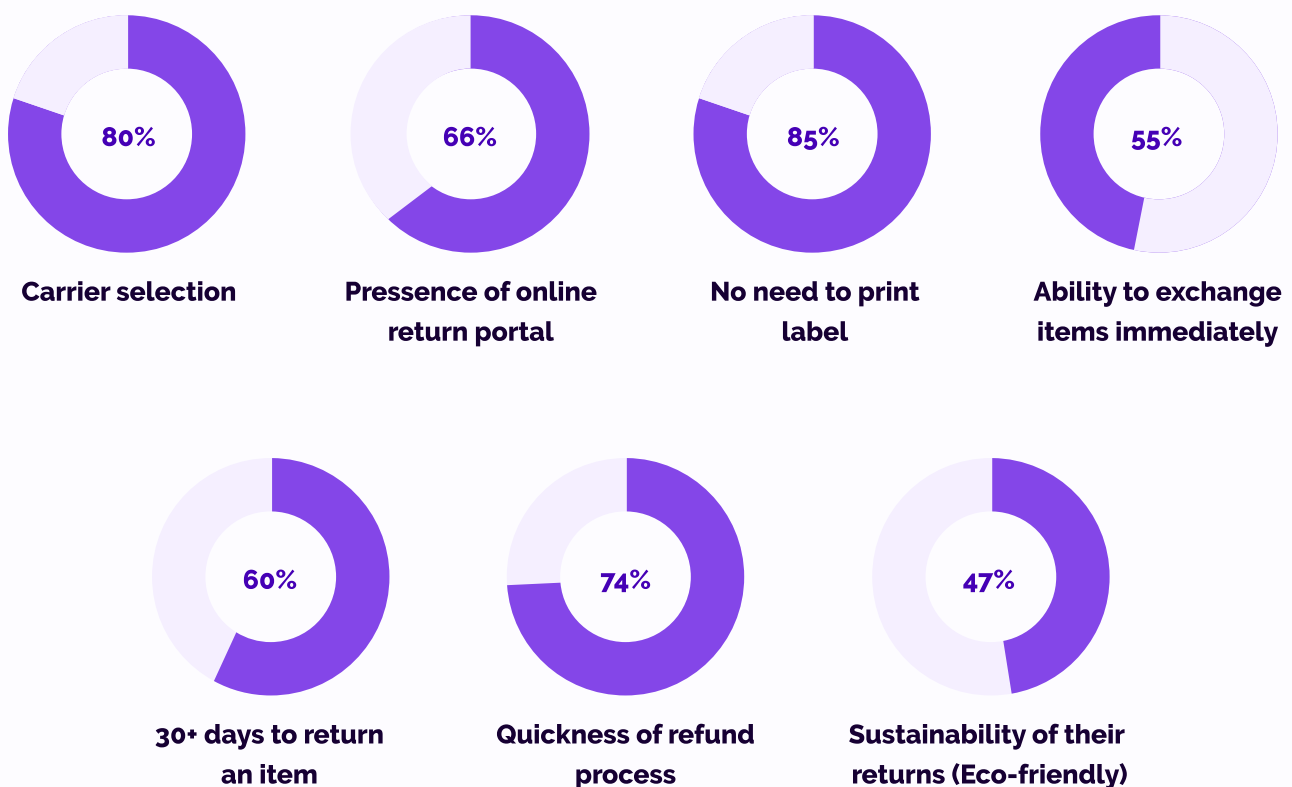
In the last 3 months, we surveyed over 2,519 respondents to find out what consumers expect from your business in the post-pandemic era. Ready to cut carbon emissions and maximize profit?

Read on.

1. Create a process that builds loyalty

Shoppers are using your returns-process more frequently than ever. In the past 3 months, 63% of our respondents returned an item. That is over 6 out of 10. There are differences between age groups, with 87% of 18-35 year-olds having returned an item in the same period. We also asked our respondents what the main drivers are for becoming a loyal customer through returns.

Main drivers for becoming a loyal customer through returns

80%
Carrier selection

66%
Pressence of online return portal

85%
No need to print label

55%
Ability to exchange items immediately

60%
30+ days to return an item

74%
Quickness of refund process

47%
Sustainability of their returns (Eco-friendly)

93% of consumers agreed that if all of the above conditions are met, it's very likely they will shop again at the e-tailer.

2. Drive profit and save the planet

Returns have a bad reputation when it comes to the environment. Luckily, over the coming years, that perspective will change. Most logistics companies are heavily focused on reducing their carbon footprints. Returnista, in the meantime, compensates CO_2 for all returns. We know this isn't a long-term solution, but it's the best we can do, for now. There are many strings you can pull to decrease returns. Data-insights can take a very big chunk out of your returns-percentage - up to 20%!

Do you know which items are being returned in real-time and on an SKU-level? Which countries have above average return-levels? Which categories are heavily contributing to wasteful returns? By collecting the right data, you can cut returns more easily. And getting this data is quite easy too. By cutting your returns you are doing yourself and the planet a big favor. Imagine the CO_2 and euros you save by cutting your returns by 10%. Right now, only 47% of consumers stated that 'green-returns' is an important factor in the returns process, but we expect this number to grow in the coming years.

It's not just logistics that can be more sustainable, it's also how your returns are handled; do you resell your damaged returns to a third party, for instance?

3. Turn returns into exchanges

55% of consumers want the chance to exchange an item instantly in the returns process. This offers a massive opportunity for e-tailers. Instant exchanges with Returnista will let you enable this for your business, turn your returns into exchanges and help retain your customers. The returns process is like a lost sales-channel. How many of your customers opt for an exchange in your current returns set-up?

Did you know it costs 5x more to acquire a new customer compared to retaining an existing one? Visit www.returnista.nl to retain yours.