TROUBLESHOOTING GUIDE TO RETAIL RETURNS.

Doddle

Retail has a returns problem

Retail has a returns problem. It's 'the profit killer', a headache, a drag on the bottom line, a spanner in the works during peak and another ridiculously high customer expectation around logistics. Shoppers want ecommerce orders fast, they don't want to pay for shipping, and they expect it to be easy to hand it back to the retailer if they're not satisfied – again, for free.

Of course, none of these expectations are actually ridiculous. They're perfectly rational things to want, especially when consumers can see that many retailers are able and willing to deliver them. After all, these offers started as customer acquisition plays by the retailers themselves. Now though, it can feel hard for retailers to know where to start with returns – where are the problems occurring for them? What are the best practices, and who needs to take ownership?

That's why we've created this guide. It walks through the entire returns journey, starting before your customer has even purchased their item, and covers each step of the process with detailed best practice advice, common problems and troubleshooting recommendations. The first step to tackling returns and turning the challenges into opportunities is to shine a light on the practical problems and understand the gap between customer expectations and reality.

BEFORE THE SALE

54% OF SHOPPERS CHECK RETURNS POLICIES BEFORE THEY BUY

UPS Pulse of the Online Shopper 2019

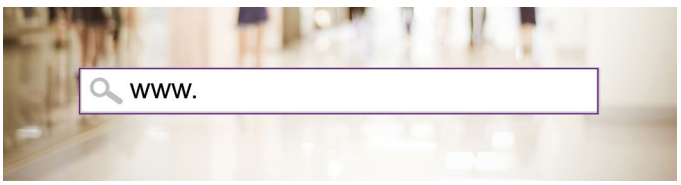
The policy

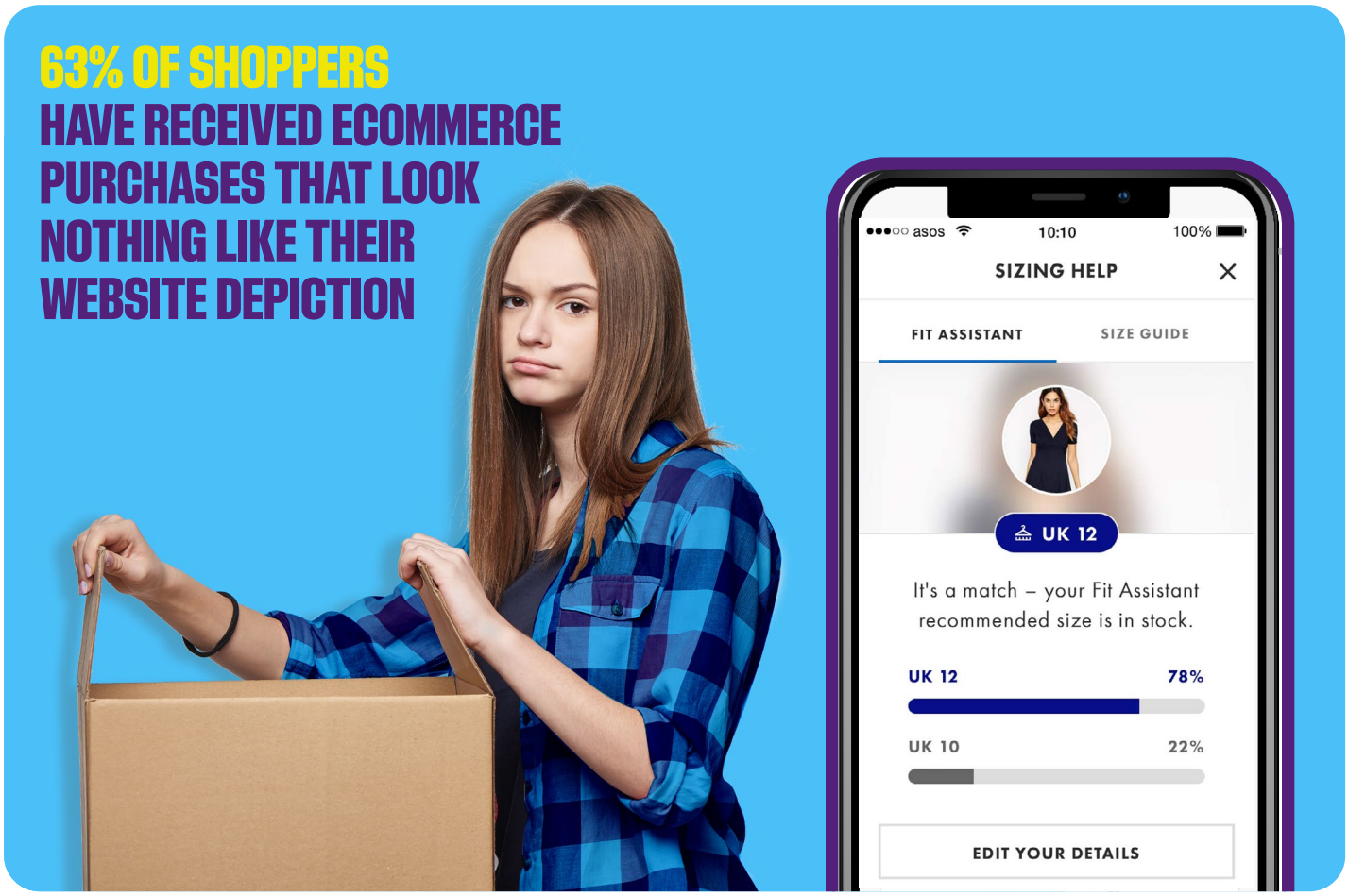
60% of shoppers check returns policies before they buy. That makes having a clear returns policy which meets consumer expectations essential to converting those shoppers. The ability to return items within 30 days of receiving them is more or less industry standard in online retail, and increasingly consumers are looking for free returns, with 78% reporting that they'd shop more if returns were free.

78% OF SHOPPERS REPORT THAT THEY'D SHOP MORE IF RETURNS WERE FREE

Marketing returns

Having a great returns policy isn't just about making a page on the website. Leading retailers like ASOS use their returns proposition as a part of their marketing and brand identity, which both drives additional awareness of their policy and maximises its positive impact on conversion and loyalty. It's a bit of a cliché now, but businesses like Zappos had a huge customer acquisition strategy on the back of a 360 day no-quibble returns policy. There's no concrete data on whether that was good or bad for profits, but it definitely drove their brand awareness.





Product data

It's so obvious that it might get taken for granted, but customers need to be really sure of what they're purchasing to minimise the frequency of returns. A shocking 63% of shoppers have received ecommerce purchases that look nothing like their website depiction.

There are lots of areas for improvement here. The more product images the better. Video is great for conversion and demonstration. Clear titles and informative descriptions give customers all the information they need to be confident in their purchase. Unsurprisingly, investing in this product content is also fantastic for search engine optimisation and ranking.

You can also use customer feedback to crowdsource some information about products. ASOS has a sizing assistant which uses customer-supplied measurements to recommend which size they should purchase of a given item. This intelligent tool uses data from other customers purchases and returns to assess which size is most likely to fit. Mr Porter (and other fashion retailers) also tell customers which size the model in the product photo is wearing and their height, which helps them to decide which size they should be using.

Checklist:

1. Is your returns policy clear, easy to find, and part of your marketing message? ☐
2. Are you offering free returns within 30 or more days of purchase? ☐
3. Are your product descriptions accurate and informative? ☐
4. Do you have multiple high-quality images for every product? ☐
5. Do you make use of reviews, social proof and other user-generated content to increase conversion and help customers find the right product? ☐

AFTER THE PURCHASE

Harnessing user generated content: reviews and customer social posts

Are you encouraging your customers to talk about their purchases? The value of reviews and customer-supplied images and text is hard to overstate as user-generated content (UGC) has benefits for many areas of your business.

Firstly, Google loves UGC, and it can significantly improve page ranking, drawing more traffic to your ecommerce site.

Then, once visitors are browsing your product pages, they can see that real customers have purchased and given feedback, adding social proof which improves conversion. This feedback can also be harnessed to guide shoppers to the right product for their needs, which should help to minimize returns.

In the long term, monitoring this feedback and passing it back through the business to design and product teams lets these departments focus on what customers are experiencing to improve their work – fixing common issues and reducing returns in future.

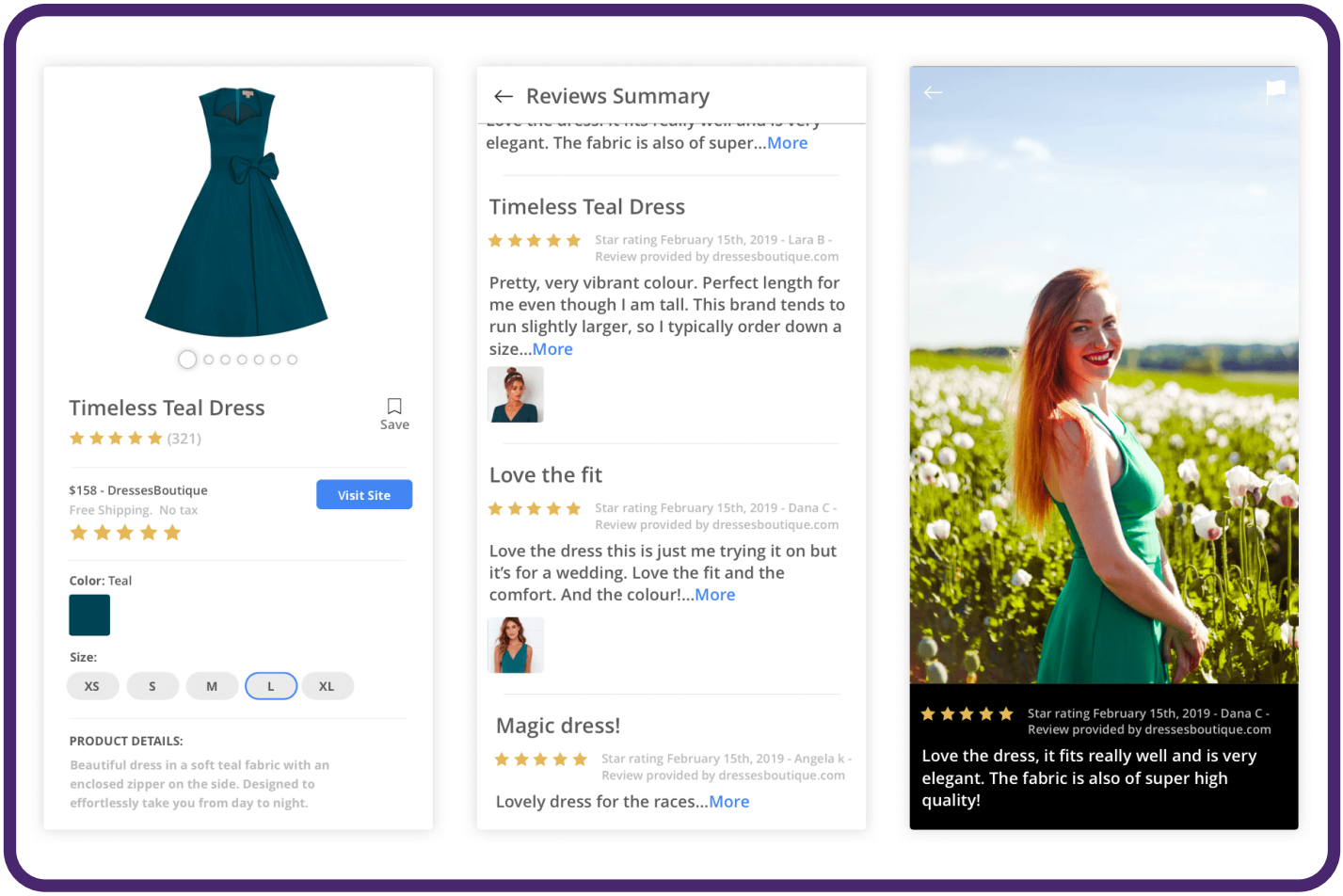
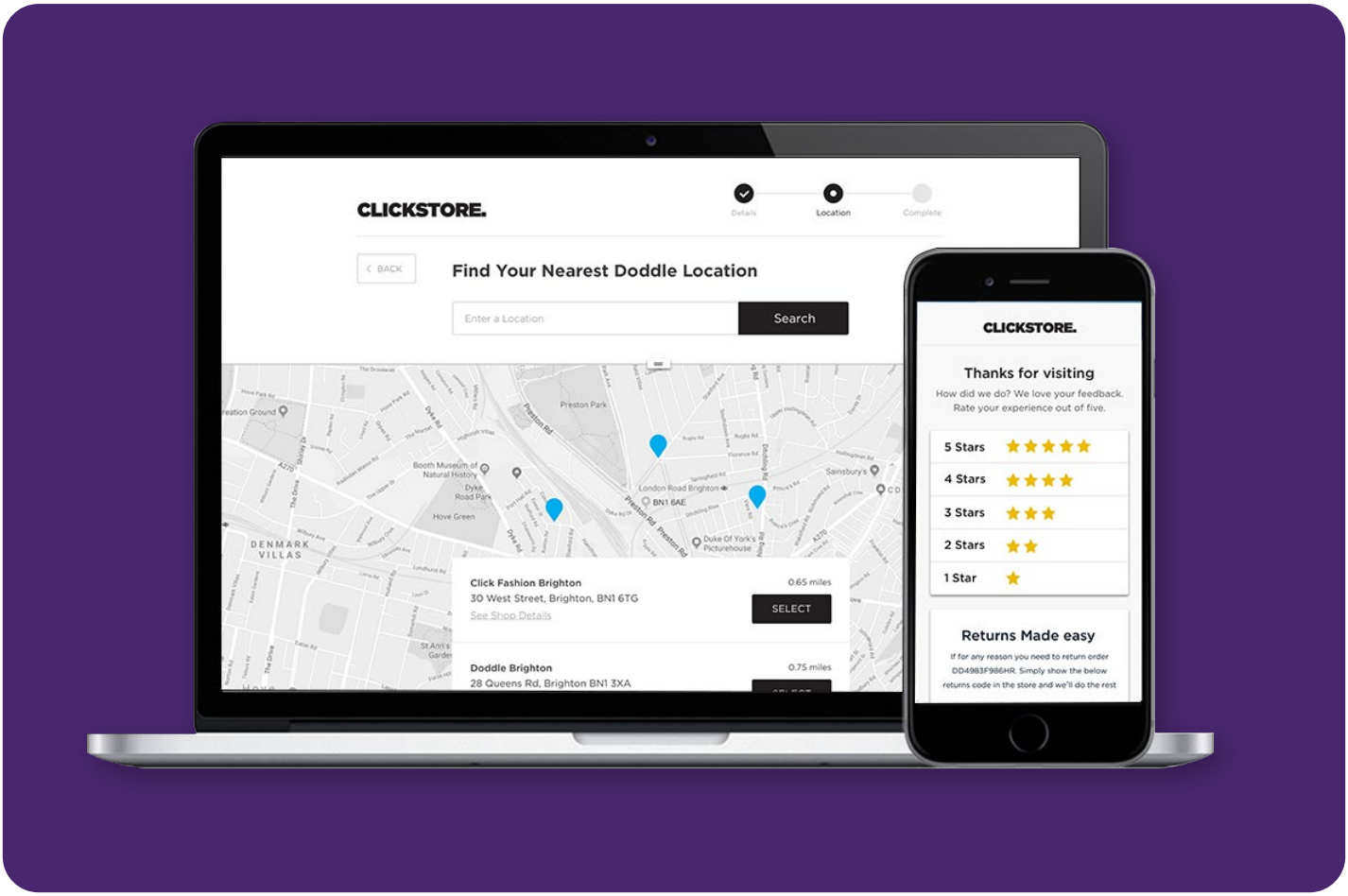


Image: Yotpo.



Communications

Most purchases don't come with much digital follow-up from retailers. That means that the first indication of an issue is often the returning product arriving at the warehouse as the customer defaults to returning the product, even if an exchange might have been a good option for them.

A follow up message to check how the customer is getting on with their purchase is a great opportunity to offer upsell messages, correct any issues, or suggest exchanges as an alternative to returns. It also provides the retailer with much more data about their returns process and allows for some forecasting of return volumes for the distribution centre/returns processing centre.

If the shopper is happy with their purchase, fantastic: this follow-up message can act as a jumping-off point for them to provide a review, post something to social media, or share the word with their friends.

Exchanges

Most returns happen because the customer was not satisfied with the product they bought, meaning that they now need an alternative. For retailers, this is potentially the perfect moment to try to introduce customers to similar products they might replace their previous purchase with. This not only prevents the retailer needing to issue a refund (and potentially helps to generate more revenue), it can also ensure that a rival does not end up snagging the customer as they search for alternatives later.

Customer return time

Without communication, customers tend to leave returning items til the last minute – that's just human nature. However, the longer the product is with the customer, the less effective the retailer's supply chain becomes. Encouraging customers to make quicker decisions helps retailers to turn around products faster and have them ready for sale again sooner. For example, where a customer purchases two pairs of trainers in different sizes, the odds are that they're going to return one pair after they've found the best fit. Offering free returns for the first 14 days and then charging a cost-covering fee after that period may be the easiest way for retailers to enable this type of trying-on-at-home behaviour without as much value leakage.

Returns reasons

If they do choose to return the product at this point, a digital journey gives retailers the ability to capture returns reasons in a more easily processed way than through paper return slips. The currently popular paper-based system is poor at capturing accurate return reasons – retailers tell us that most returns come back without a reason added and when one box is ticked, it's disproportionately likely to be the first option in the list, regardless of the reason this corresponds to.

The alternative is to give shoppers a digital interface where they can press a button to confirm the reason for their return. The order of reasons can be randomised to prevent one option being artificially exaggerated by customers tapping the first option every time.

Channel options

We all like it when our lives get made a bit easier. Customers trying to return something are no different, and the more convenient retailers can make this process for them, the better. The location and availability of drop-off locations is key to helping customers send you their returns faster.

75% of shoppers in a study cited by eMarketer suggested that they would prefer to return products to stores. Having this channel available for returns also enables retailers to control the customer experience and brings a paying customer back into a store, increasing the likelihood of reconversion. As with incentivising faster returns, leaders in this area are incentivising store returns. Next offers free returns to stores, or charges £2 for posted returns via Hermes.

75% OF SHOPPERS IN A STUDY CITED BY EMARKETER SUGGESTED THAT THEY WOULD PREFER TO RETURN PRODUCTS TO STORES.

Personalisation

Nobody wants to feel like just another customer. Creating personalised experiences after purchase keeps customers engaged and ready to buy again. Combining customer data such as browsing and purchase history with the follow-up communications we've described enables retailers to improve their upsell capability and intelligently offer their highest value customers rewards like instant refunds.

Checklist:

1. Are follow-up communications in place? ☐
2. What percentage of shoppers leave feedback after a purchase? ☐
3. Do customers get offered exchanges to prevent them diverting to a competitor? ☐
4. How long does it take for customers to send their returns? ☐
5. What percentage of returns come back with a clear reason for the return attached, and how does this data get passed back through the business? ☐
6. Which channels are available for customers to return their purchases? ☐
7. Which channels are the most profitable for returns? ☐
8. Do shoppers who returned a product come back and repeat purchase? ☐
9. Are all returns treated the same? ☐

WITH THE CARRIER

Tracking and refunds

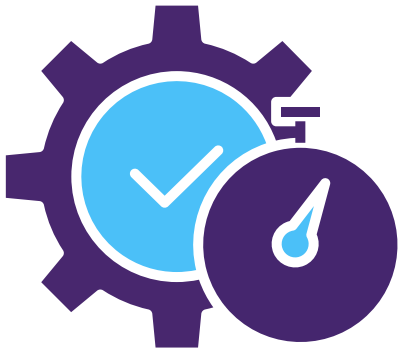
Shoppers need to know what's going on after they lose sight of their parcel. The biggest driver of calls and complaints into customer service teams is shoppers looking for information on their return and the status of their refund. Retailers we work with regularly report over 50% of customer contacts being associated with this sort of activity. Following up with retailer branded tracking updates to let the customer know where their parcel is and give them an expected refund date is a great way to head off those incoming enquiries.

To achieve this, retailers need to be able to pull information from the carrier and deliver it in a customer-friendly, on-brand email format.

One way to completely ensure that refund queries are reduced is to offer instant refunds for shoppers who hand in returns through stores. After all, they've done their part once it's in the hands of the store employee. Amazon takes this one stage further and refunds high value customers as soon as the parcel is scanned into a locker or counter location.

Forecasting and efficiency

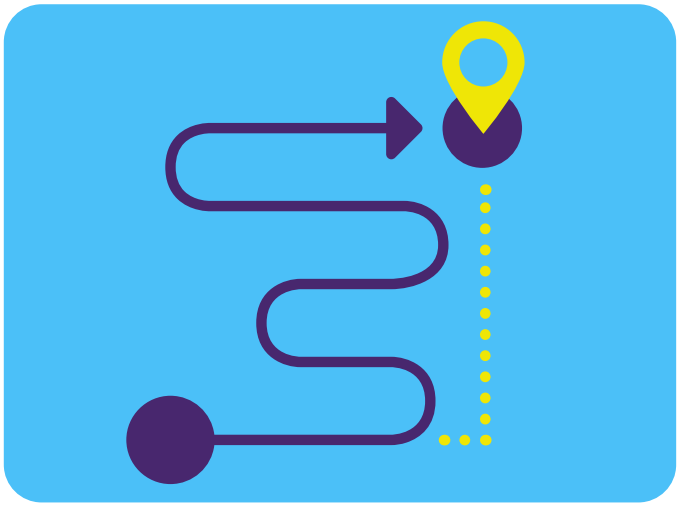
Just as shoppers need to know where their parcel is, retailers' logistics teams need to know how many parcels are coming back and when they will arrive so that they can process them effectively. Integrating carrier data into their order processing and stock management system enables retailers to prepare for and process returns efficiently.



Intelligent routing

Not all products and returns are equal. High margin, high value items should be fast-tracked to get back into stores or in stock online faster to improve profitability. Low value items can be directed straight to charity or recycled. By processing each return on its own merits, retailers save time and money. This can extend to locations – sending returned products to one central location and then shipping them back out may not be the most efficient way to deal with every item. Items still in good condition (unopened, etc) could be processed in local stores to save logistics costs.

Think about two orders being returned: a £5 pair of socks and a £100 pair of trainers. Treating these the same way is not efficient when one will now likely never be profitable and the other has the potential to return significant margin still.



Checklist:

1. What percentage of calls to the call centre are coming from customers who don't know what happened to their return since they dropped it off? ☐
2. Can warehouse teams forecast the number of incoming returns? ☐
3. Are all returns processed exactly the same way and in the same place? ☐

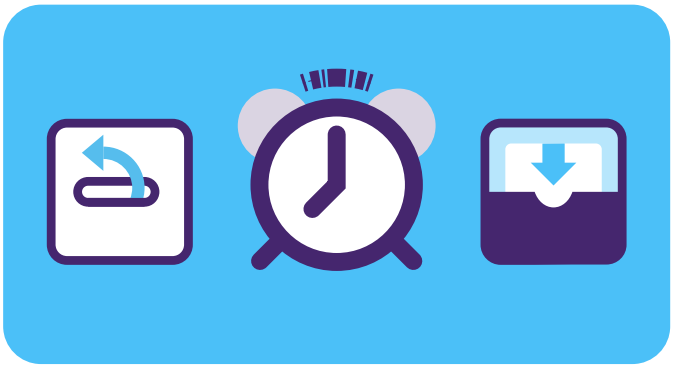
IN THE WAREHOUSE

Manual processes – return reasons entry

Doing manual data entry from paper slips is the first job to be rushed or forgotten in a processing centre during peak. Having customers pre-book returns through a digital platform or allowing store staff to capture return reasons skips the need for this step entirely, improving peak efficiency and data quality.

Dedicated space and grading

Having dedicated space for bringing returned goods into the distribution centre is essential. Once goods are in, do employees immediately put them away, rare they stored separately for grading at a later stage? The best approach here will vary according the needs of the warehouse and the resourcing available. The most important thing is to have a structured approach to returns and dedicated staff and space to manage them, so that each return is accounted for. Using handheld scanners to check goods in and store them is a much faster way to process returns than using paper-based methods.



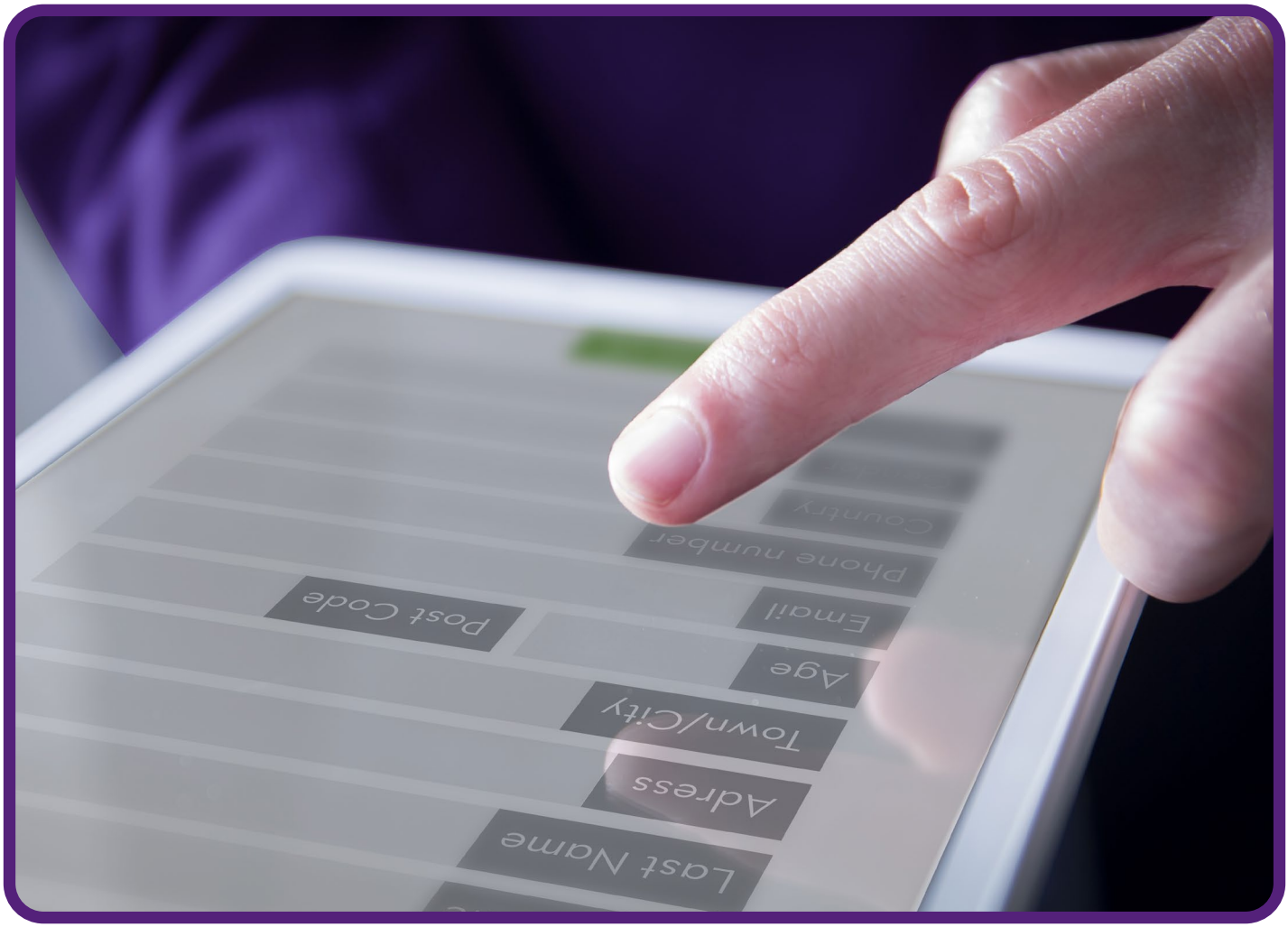
Turnaround time

How long does it take from a customer sending their parcel to their refund being released? For the retailer, how long does the item spend in the reverse logistics system until it is available for sale again? Keeping these delays to a minimum is essential for customer experience and efficiency. Different channels will often have different turnaround times too, so retailers may want to try to drive more returns through certain channels like in-store returns which typically get processed faster.

Checklist:

1. How much of your returns processing is manual? ☐
2. How much data can you capture from each individual return? ☐
3. Is the warehouse space sufficient and structured to bring returns in and put them away effectively? ☐
4. Do staff rely on paper-based processes? ☐

TROUBLESHOOTING RETURNS



Identifying the specific problem areas within your returns process is the first step towards returns which drive long term value for your business. Returns don't have to be a painful cost – but part of the transformation needed by many retailers is in their mindset.

60% of retailers believe returns is a function for the logistics department, but the reality is that returns are the responsibility of a much wider set of teams. From marketing to IT, finance to logistics, there needs to be an understanding of why returns are important, and what outcomes they actually produce.

To achieve that, better data capture and representation is required. The ability to see how returns impact lifetime value, repeat purchasing, brand engagement and customer satisfaction is crucial to convincing stakeholders that returns need and deserve investment. That data and sharing of data cannot come without digitising the returns process to bring it up to date with the rest of the business.

Doddle is a technology provider supporting retailers with delivery, returns, and fulfilment from stores. Our unique intersection of experience with customers, retailers, carriers and technology means our partners can make powerful lasting impressions and continually earn customers' loyalty. Find out how we can help to make returns a powerful, profitable way to deliver great experiences for your customers.

GET IN TOUCH

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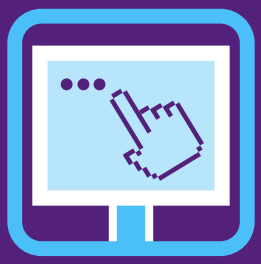

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