

DeliveryX  
**Returns**

2024

In partnership with:



# Introduction



Last year, we introduced the first dedicated report looking at retail returns, with a focus on the impact of ecommerce and how the top retailers were trying to limit the “tsunami of returns”. Zara had set the precedent of charging

for returns in 2022, and the retail industry and consumers were quick to react.

Unsurprisingly, Zara was only the first retailer to introduce reverse logistics fees, and more followed throughout 2023 and into 2024. The issue has become more nuanced however, a subject we cover in the Oh Polly retailer profile. The fashion etailer has introduced a percentage scale for its returns, while H&M is utilising its loyalty programme.

Loyalty remains a top priority for retailers, and returns are no different. As consumers want convenient returns, retailers are implementing strategies and technology to make it easy for shoppers – while learning from the returns process.

Understanding more about returns not only helps retailers conserve their brand image with customers, but also could help to streamline operations and protect their bottom line. Additionally, there are environmental wins to managing returns.

Returns are a piece of the sustainability puzzle for retailers, and they fit into a wider ecosystem

of recommerce and repairs. Steve Pendleton, services operations director of Currys, tells us about the technology retailer’s repair offering, and their sustainability efforts.

With the balance of green initiatives, cost saving strategies and winning customer loyalty, retailers are spinning a lot of plates – and returns are something else to be managed. This report looks to showcase how the top retailers aren’t leaving returns out of their operational equations, and by handling returns with care are being seen as reliable and sustainable.

**Katie Searles, Editor, DeliveryX and InternetRetailing**

## Contents

How retailers handle returns	04
What consumers think of returns	06
The cost of returns	09
Sustainability	10
Retailer interview: Currys	11
Recommerce, rental and repair	13
H&M company profile	14
Oh Polly company profile	15
2024 and beyond	16

## Figures

UK Top500 Delivery Practices	04
Advertised UK Top500 Returns Methods	04
Frequency of delivery extras or returns in past year	06
Importance of different benefits when shopping online	06
Importance of packaging features when ordering items online	07
Willingness to pay extra to return unwanted items	07
Customer expectations during seasonal shopping events	08
Projected size of the reverse logistics market, 2022-29	09

# Market context

## Are product returns a “necessary evil” for online retailers?

According to consumer group Which?, most retailers choose to provide a ‘goodwill’ returns policy, offering an exchange, refund or credit note for most products. How far this ‘goodwill’ stretches varies from retailer to retailer, and in many cases can be generous.

Looking at companies in the RetailX UK Top500 2024 report, Elite retailer Amazon has set a benchmark with its 30-day ‘no questions asked’ policy for returns. High street fashion retailer Next gives a generous 28 days to return unwanted items – with the precise stipulation that items are “in perfect condition and in the original packaging”. Building trade supplier Screwfix currently maintains a free, 30-day, money-back guarantee.

These lengthy return policies will undoubtedly be popular with their consumers, counting as a positive factor towards building brand loyalty. However, such policies can prove to be a challenge in this multichannel retail environment.

Even with long return policies, instore returns have the potential to find their way back onto the shop floor for selling once more. This is more challenging for online returns, with stock taking much longer to get back into the supply chain. Managing the difficulties around ecommerce returns will be key for many retailers and brands.



### ONLINE IMPACT

While there has been something of a high street revival across the UK, the ecommerce market continues to grow. It is expected that revenue from ecommerce will reach the £100bn mark in 2024, with UK ecommerce user numbers hitting 81.5% this year<sup>[1]</sup>. This will continue, with the equivalent figures expected to reach 97.2% by 2027, and UK ecommerce users hitting 62.7mn.

Any growth in ecommerce naturally provides retailers with an opportunity for an increased share of the consumer wallet, but it also linked to growing numbers of items coming back to them. The average return rate in ecommerce is between 20% and 30%, with clothing the sector that is most likely to be impacted. Furniture is among the lowest, at around 7%.

For fashion, returned items have created a substantial issue, with the British Fashion Council finding the process in the UK generated 750,000 tonnes of CO<sub>2</sub> emissions in 2022 – with 23mn garments sent to landfill or incinerated.

As well as the environmental cost, it is estimated returns within the UK ecommerce sector reached £4.2bn in 2023<sup>[2]</sup>. While the majority (75%) of retailers have accepted returns are a necessary evil<sup>[3]</sup>, many are working to better manage their return numbers and the cost attached.

<sup>[1]</sup> [www.statsita.com/outlook/emo/ecommerce/unitedkingdom](https://www.statsita.com/outlook/emo/ecommerce/unitedkingdom)

<sup>[2]</sup> <https://builtinforgrowthdigital.com/navigating-ecommerce-returns-trends-and-insights-for-uk-businesses/>

<sup>[3]</sup> [www.mckinsey.com/industries/retail/our-insights/returning-to-order-improving-returns-management-for-apparel-companies](https://www.mckinsey.com/industries/retail/our-insights/returning-to-order-improving-returns-management-for-apparel-companies)

# Handling returns

**As the returns process can be complex, retailers are having to find the right-fit solution for them**

An ecommerce trend that has proven popular with consumers is free delivery, and many leading retailers take on the cost of the last-mile to entice customers to spend in the first place. The RetailX UK Top500 2024 report, published earlier this year, highlights just how many retailers are willing to fork out for the delivery costs – 59% of the Top100. Some chose to only offer this free delivery service with a minimum order (25% of the Top100 and 51% of the Top500).

But has this ability to get a range of products, colour or sizes delivered for free, in turn, resulted in the returns culture retailers are now facing?

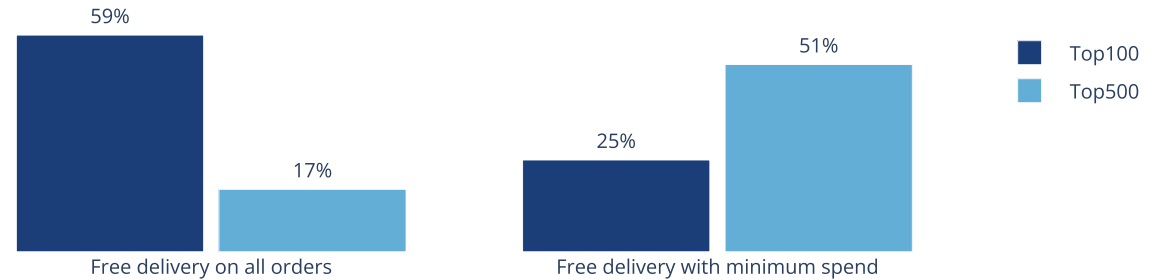
Looking at the fashion sector alone, UK shoppers posted back more than £4.1bn of online clothing purchases last year<sup>[1]</sup>. With the practices of bracketing (customers buy multiple items, keep just one and return the rest) and wardrobing (consumers buy items to use temporarily and then return them for a full refund) showing no sign of slowing down, retailers are faced with a balancing act of offering such ‘perks’ as free delivery and managing returns.

## RETURN TO SENDER

While retailers may have full visibility of the delivery journey – free to the consumer or otherwise – the

## UK Top500 Delivery Practices

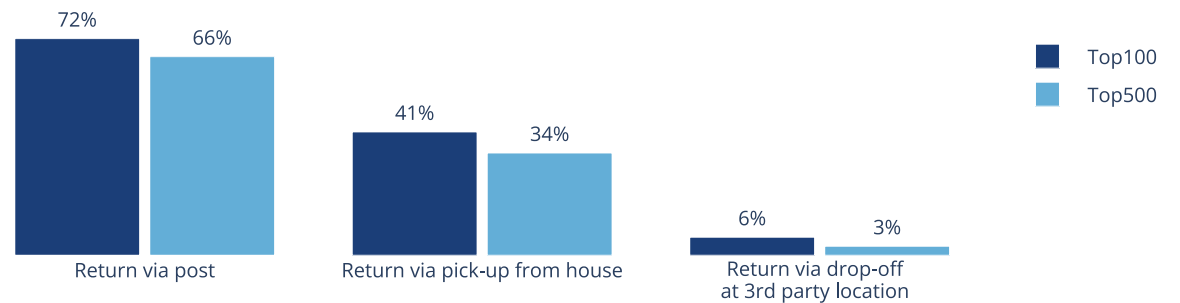
The percentage of Top100 and Top500 companies offering a service



The RetailX UK Top500 2024

## Advertised UK Top500 Returns Methods

The percentage of Top100 and Top500 companies advertising a service



The RetailX UK Top500 2024

returns journey can be more opaque. The majority of retailers offer returns via a post service – 72% of the Top100 UK retailers. A growing number are turning to third-party locations including convenience stores or parcel lockers.

However, these returns options put the onus on the consumers and leave the retailers with little real-time visibility. Not only does the retailer have little information about when an item may make it back into its supply chain, they also do not yet know if it is in a resellable condition.

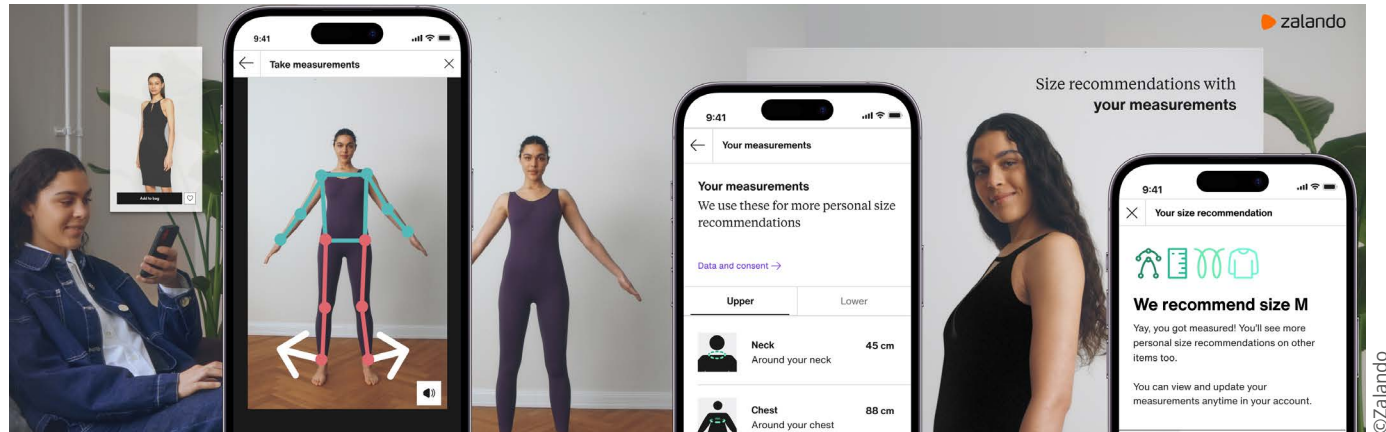
Returns management, or reverse logistics, technology and partnerships can take some of this strain. But handling returns will continue to be a significant challenge for retailers, and for some the costs associated with this have already proven high.

Fast fashion etailer Asos went as far as to say a “significant increase” in returns rates had hit its profitability. It is therefore no surprise that it joined a host of retailers in beginning to charge for ecommerce returns.

### FREE DELIVERY BUT THE END OF FREE RETURNS?

Asos may have started charging customers £1.99 for sending back unwanted purchases last year, but it was far from the first to do so.

In May 2022, Zara set the precedent by introducing a £1.95 charge to shoppers who return unwanted goods to a third-party drop off point. Customers going into a Zara store would not be charged. Boohoo, New Look, Mountain Warehouse and Moss Bro also began deducting the returns cost.



Zalando has reported that more than 30,000 customers have tried out this virtual fitting room technology

H&M chose to harness its loyalty programme; it has a £1.99 fee for returns but this will not be passed onto consumers who are part of the fashion giant’s membership programme.

In the luxury space, Net-a-Porter and Mr Porter have been experimenting with a ‘you try, we wait’ premium service, whereby customers can send anything that doesn’t fit back with the same courier that delivered the items.

Could an ‘at home try-on service’ be a viable solution for fashion returns, or will retailers turn to new forms of technology to limit returns?

### VIRTUAL FITTING ROOMS

As one of the most quoted reasons behind fashion returns is fit, some retailers are looking into augmented and virtual reality to help. For example, German ecommerce giant Zalando has piloted an

online body measurement feature which assists customers in finding the right size, with just a photo upload.

An expansion of its 3D avatars and virtual fitting rooms, by taking two pictures of themselves with their devices in tight clothing, Zalando claims it can predict the customer’s body measurements to help them find the right fit for their fashion purchases, reducing returns in the process.

Some retailers may be testing and trialling similar technology in the future, but AR and VR solutions will not be for everyone with others simply focusing on returns data instead. Harnessing this returns data will help retailers who cannot offer a try-before-you-buy service, technology driven or courier-waiting service.

<sup>[1]</sup> <https://www.globaldata.com/store/report/online-returns-in-the-uk/>

# Consumers

**Retailers are looking to limit returns, but for consumers a convenient and clear returns policy remains of the utmost importance**

There is a misconception that ecommerce is a driver of returns rates. In fact, consumers are returning items bought online and instore. Over the past 12 months, 65.6% of consumers have sent back online purchases, while 61% have returned items bought in bricks-and-mortar locations.

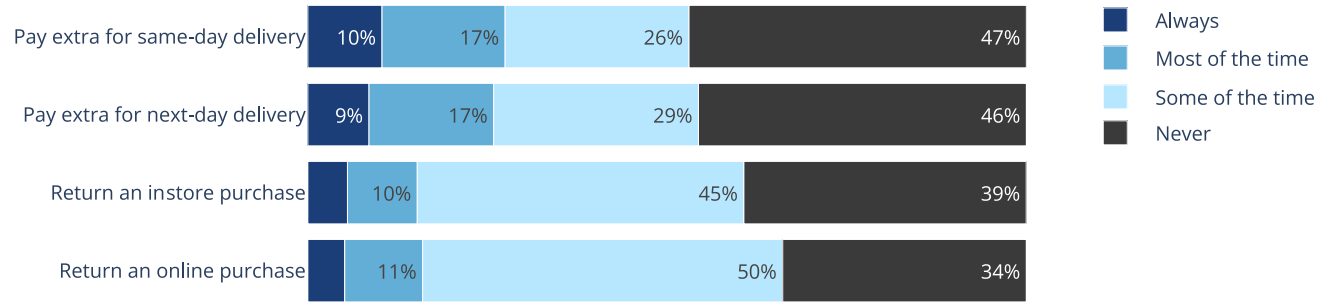
There are a number of reasons for these high percentages. A survey found that 70% of returns in the fashion industry occur due to a poor fit or style<sup>[1]</sup>. But the cost-of-living crisis has also seen 35% of shoppers return products bought online, shopper regret is very much an issue during challenging economic times<sup>[2]</sup>.

For whatever reason, and whether online or offline, convenient returns are critical for customers. ConsumerX research found 54% see easy returns as very important. The ease of this process has the potential to shape their opinion of a retailer, 67% of shoppers admitted that a retailer’s returns policy influences how much trust they place in them<sup>[3]</sup>.

Defining what is ‘easy’ for consumers could be a challenge for retailers. Some consumers may see going back to the store or a third-party location as tiresome. A substantial 77.9% of consumers want their ecommerce packaging to be easy to re-seal.

## Frequency of delivery extras or returns in past year, excluding takeaway food

Worldwide



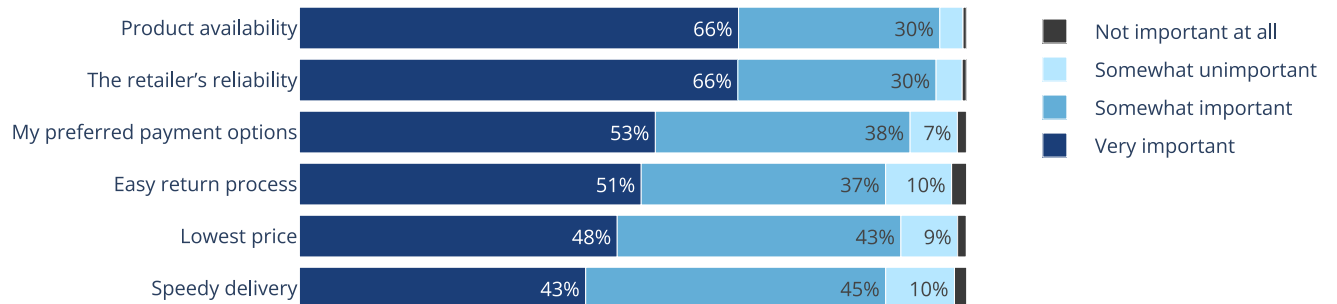
Based on 9,165 respondents who shop online at least once a year in 20 countries (aged 15-99), Aug 2023 - May 2024. Surveys conducted in 12 languages. Question: 'Excluding takeaway (ready-made) food and considering purchases in the last 12 months only, how frequently did you:'. Chart ID: CX61173

Source: ConsumerX

RetailX 2024  
RXMRTUK24RP-4-v2

## Importance of different benefits when shopping online

Worldwide



Based on 9,165 respondents who shop online at least once a year in 20 countries (aged 15-99), Aug 2023 - May 2024. Surveys conducted in 12 languages. Question: 'How important to you are the following factors when purchasing an item online?'. Chart ID: CX61175

Source: ConsumerX

RetailX 2024  
RXMRTUK24RP-5-v3

### WHAT CONSUMERS MAKE OF RETURN FEES

Making returns 'easy' comes at a price, and since 2022 some retailers have taken this from refunds. There has been mixed reactions from shoppers. ConsumerX research found 24% were willing to pay for returns. While, 35% admitted to never considering the financial impact on retailers of returning items purchased online. It remains to be seen whether consumers will turn their back on retailers charging for returns, or if more shoppers will think about the cost of sending unwanted items back.

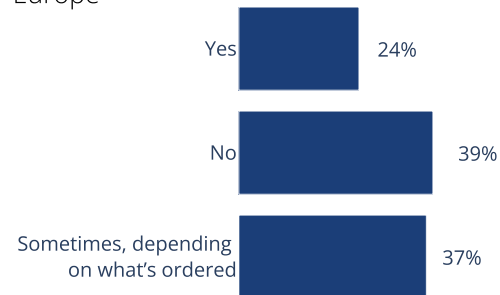
<sup>[1]</sup> www.mckinsey.com/industries/retail/our-insights/returning-to-order-improving-returns-management-for-apparel-companies

<sup>[2]</sup> www.theguardian.com/business/2023/nov/10/many-unhappy-returns-uk-retailers-count-the-costly-growth-in-sent-back-items

<sup>[3]</sup> https://press.trustpilot.com/trustpilot-research-finds-6-in-10-brits-think-returns-fees-wrong

### Willingness to pay extra to return unwanted products

Europe



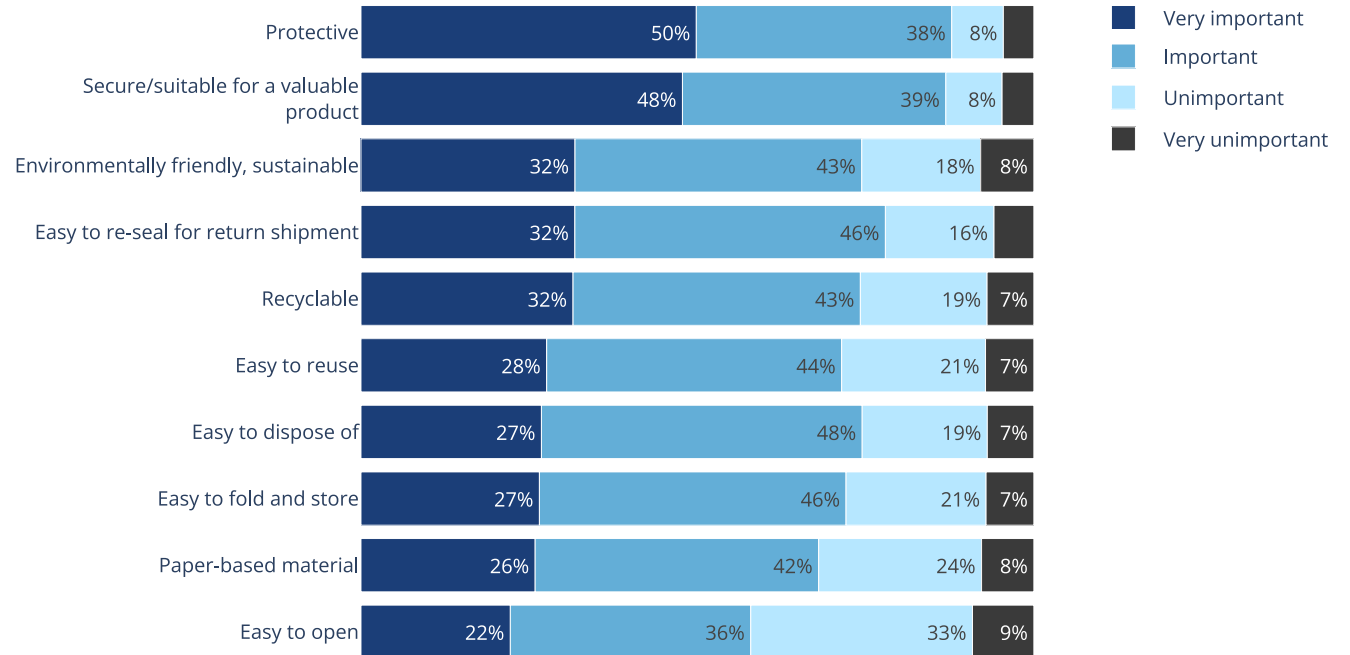
Based on 5,253 respondents who shop online at least once a year in six countries (aged 16-85), Sep 2023 - Oct 2023. Surveys conducted in six languages. Question: 'Would you be willing to pay extra to return products you no longer like or regret ordering?'. Chart ID: CX48754

Source: ConsumerX

© RetailX 2024  
RXMRTUK24RP-3-v4

### Importance of packaging features when ordering items online

Europe



Based on 5,253 respondents who shop online at least once a year in six countries (aged 16-85), Sep 2023 - Oct 2023. Surveys conducted in six languages. Question: 'How important are these aspects of packaging to you when you have online orders delivered?'. Chart ID: CXCX48752

Source: ConsumerX

© RetailX 2024  
RXMRTUK24RP-2-v4

### PEAK RETURNS

With increased numbers of deals, discounts and offers at certain times of the year, there is often an increased number of returns.

There was a time when these discount days were limited to the period directly running up to and following Christmas. However, as many retailers look to win a larger share of the consumer wallet, it seems the peak period is no longer limited to the festive season.

In fact, a small peak can be seen as early as the first day of the new year. With many consumers pledging new beginnings or fitness goals on New Year’s Day, the health, wellness and sports retail sectors instantly see a jump.

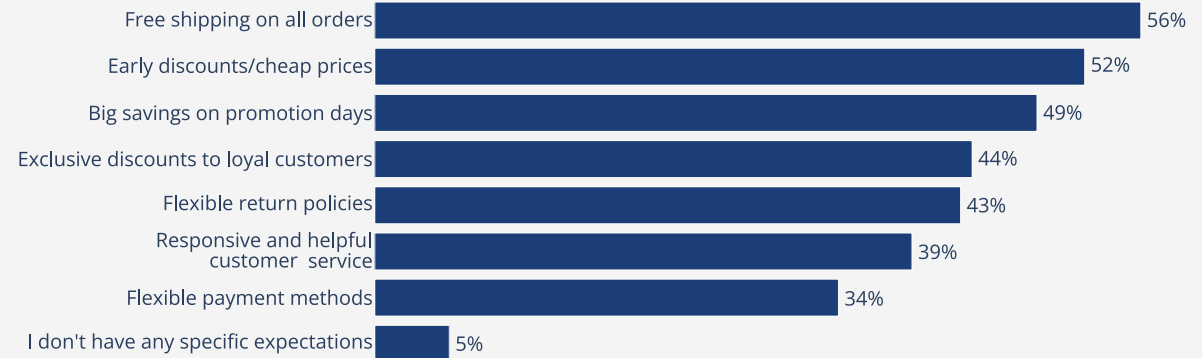
For gifting retailers, the combination of Valentine’s Day and Mother’s Day early in the year also results in another small peak. The summer season and back-to-school rushes also go some way to creating a demand spike.

Summer peaks can also be seen during events such as Amazon’s Prime members discounts days. This is repeated again in October, before Black Friday and Cyber Monday now stretches for the full month of November.

Furthermore, consumers are looking for more than a bargain during these events, they have also come to expect additional services such as free delivery (56%) and a flexible returns policy (44%).

### Customer expectations during seasonal shopping events

Worldwide



Based on 9,165 respondents who shop online at least once a year in 20 countries (aged 15-99), Aug 2023 - May 2024. Surveys conducted in 12 languages. Question: 'As you plan your spending during annual busy shopping periods, which of the following will you expect from the retailers you choose?'. Chart ID: CX61189

RetailX 2024  
RXMRTUK24RP-8-v2

Source: ConsumerX

Around a third of retailers offer a seven-day return window, 27% offer 14 days, 28% offer 30 days and 7% offer up to 90 days, according to goTRG’s survey<sup>[1]</sup>.

While offering a lengthy returns policy during these events, alongside ‘bargain’ prices, may encourage consumers to shop in the first place, it can also result in them returning items after the buzz of peak has worn off.

Ecommerce returns were up 15% YoY for peak season 2023, with the earliest return reported on Cyber Monday itself<sup>[2]</sup>.

And with many retailers now charging for the reverse logistics, it is unsurprising that 48% of all returns over the Christmas period were paid returns<sup>[3]</sup>.

As charging for returns does not seem to be much of a deterrent in the peak season, 40% of retailers are now considering shortening their return windows during such busy periods.

<sup>[1]</sup> [www.supplychaindive.com/news/retail-peak-returns-season-holiday-shopping/702972/](https://www.supplychaindive.com/news/retail-peak-returns-season-holiday-shopping/702972/)

<sup>[2]</sup> [www.aftership.com/data/2024-bfcm-ecommerce-returns-statistical-report](https://www.aftership.com/data/2024-bfcm-ecommerce-returns-statistical-report)

<sup>[3]</sup> <https://postandparcel.info/154834/news/e-commerce/zigzag-48-of-all-returns-over-the-christmas-period-were-paid-returns/>



# Cost of returns

**Maintaining customer loyalty is hugely important for retailers, but it needs to be finely balanced against the financial implication of returns**

Getting the returns experience right is a major part of the post-purchase experience. And as disclosed in the previous section, convenience comes top for consumers. However, for retailers offering this convenient return journey comes at a cost.

## REVERSE LOGISTICS

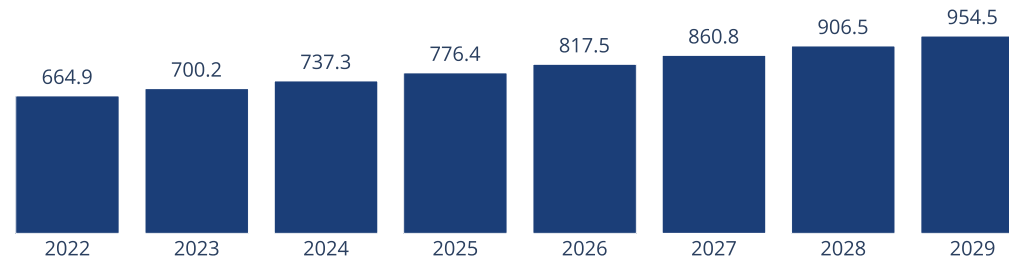
Online parcel returns typically cost £3 more compared with instore returns, and the process of returning an item can cost up to twice as much as delivering it. In 2024, the average cost of returning an online purchase to leading retailers in the UK was £11.50. The median fee was much lower at around £6.<sup>[1]</sup>

Therefore, it is unsurprising that the global reverse logistics market is expected to be worth \$954.5bn by 2029. In 2023 it sat at \$700.17bn, and this year is predicted to hit \$737.28bn.

As well as these rising costs, retailers are now faced with increasing amounts of serial returners and returns fraud.

According to the Barclays Consumer Spend Index, many shoppers are 'serial offenders', returning up to £7bn each year. While a recent consumer poll

Projected size of the reverse logistics market (bn USD), Worldwide, 2022-29



All data is based on a March 2022 forecast

Source: Statista, Data Bridge Market Research

© RetailX 2024  
RXMRTUK24RP-1-v3

found 46% of UK consumers buy multiple products with the intention of returning most of them. This has jumped from a third of shoppers in 2021.

The common consumer habit of bracketing – purchasing multiple items to return what doesn't fit – isn't technically fraudulent, but it does come at a cost to the retailer. Potential future sales are delayed as long as the shopper has the item, with the cost of processing and restocking hitting the retailer.

## RETURNS FRAUD

Furthermore, retailers are now faced with a vast range of fraudulent returns. For example, item-not-received false claims has seen a startling increase of 35% in 2022, while 32% of UK consumers admitted to filing false damaged claims in order to keep the item and receive a refund.

There are also multiple reports of the wrong item being returned purposely. Whether these are fake versions of luxury goods, or in some cases store cupboard staples – recently UK electronics retailer Maplin received a can of baked beans instead of a Playstation, as the weight of each item is similar enough to pass initial checks<sup>[2]</sup>.

These return scams have retailers rightly worried; 41% of them reported that the biggest challenge they faced was lost revenue due to customer abuse, which included returns fraud.<sup>[3]</sup>

<sup>[1]</sup> [www.statista.com/statistics/1381534/uk-online-order-return-costs/](https://www.statista.com/statistics/1381534/uk-online-order-return-costs/)

<sup>[2]</sup> [www.business-reporter.co.uk/retail/fighting-return-fraud](https://www.business-reporter.co.uk/retail/fighting-return-fraud)

<sup>[3]</sup> <https://brc.org.uk/news/associate-insight/city-dwellers-across-britain-more-likely-than-most-to-make-ecommerce-returns-as-cost-of-living-crisis-continues/>

# Sustainability

## Can the returns process be cleaned up?

The cost of returns is not simply on retailers' bottom line, the scale of the problem could also be costing the Earth. There are heavy emissions associated with the reverse logistics process, and questions are now being asked of what happens to items when they are returned to warehouses.

Some retailers hit the headlines with reports of burning returned stock, while there were startling images of huge piles of discarded clothes piled on beaches in Ghana. In 2022 alone, companies sent over 9.5bn pounds (4.3bn kilograms) of returned products straight to landfill<sup>[1]</sup>.

### RECOMMERCE, REPAIR AND RENTAL

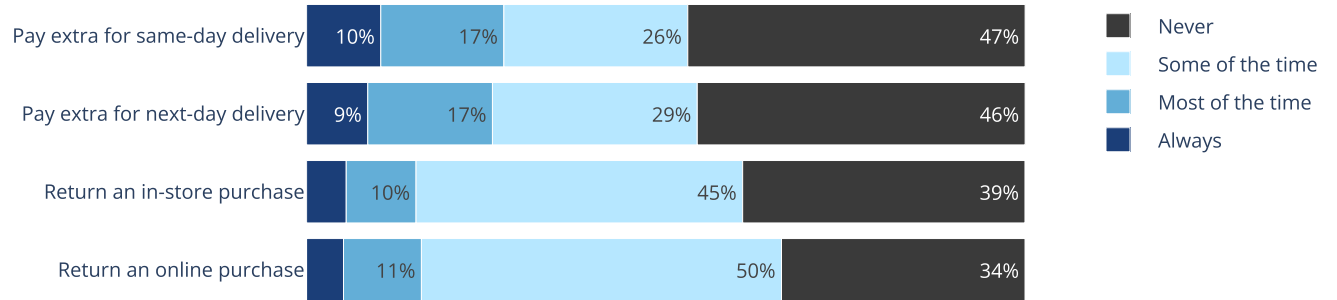
With the environmental cost of returns put into focus for consumers and retailers, both are considering more circular approaches. While second-hand is not a new form of retail, the growth in recommerce provides an opportunity to not only stop returned items being discarded but also for retailers and even shoppers to profit.

Retailers are introducing their own resale platforms and also are leveraging resale marketplace partnerships to list and sell returned merchandise – if it is in good condition but cannot be restocked.

Peer-to-peer sites such as Vinted and Depop are joining the well established marketplaces such as eBay to offer consumers an opportunity to sell

## Frequency of delivery extras or returns in past year, excluding takeaway food

Worldwide



Based on 9,165 respondents who shop online at least once a year in 20 countries (aged 15-99), Aug 2023 - May 2024. Surveys conducted in 12 languages. Question: 'Excluding takeaway (ready-made) food and considering purchases in the last 12 months only, how frequently did you?'. Chart ID: CX61173

Source: ConsumerX

RetailX 2024  
RXMRTUK24RP-4-v2

unwanted goods. [Recommerce will be looked at in further detail in this report on page 13.]

Some consumers are turning their back on buying anything new, with the growing trend of rental. ConsumerX research found that 23.7% of consumers rent some of the time, 14.3% most of the time and 6.7% said they always do.

Furthermore, repairs and refurbishment is part of this more circular approach to retail. And this is not simply for those working in fashion, technology retailer Currys is championing restoring products [read an exclusive interview on page 11].

<sup>[1]</sup> <https://blog.cleanhub.com/ecommerce-returns-environmental-impact>

### ENVIRONMENTAL IMPACT OF RETURNS

- 750,000tn of CO2 emissions due to returns
- 350,000tn of CO2 emissions due to reverse logistics
- 3% of all returns are not resold
- 50% of returned items that cannot be resold are sent to landfill

Source: British Fashion Council, Institute of Positive Fashion

# Retailer interview, Currys



**Steve Pendleton,  
Services Operations  
Director, Currys**

**Q: Has Currys witnessed a change in consumer's attitudes towards repairs, and refurbished technology? Is the repair offering growing in popularity due to the sustainability element – people looking towards circularity – or are shoppers being driven by affordability?**

Absolutely. It's safe to say that sustainability is a growing area of concern for all our stakeholders, including consumers. Frankly, things have to change – with electronic waste being the world's fastest growing waste stream, expected to grow to almost 75 million tonnes by 2030, we all have to face facts, we can't keep throwing stuff away.

Here at Currys, we see ourselves best placed to lead the way in changing everyone's relationship with tech and know our customers are looking to reduce their impact on the environment. It's our job to make that easier, which is why we help customers make more sustainable buying decisions, through best-in-class repairs and selling refurbished tech. And in terms of customer demand, this is what we

have seen really change, accelerated by the cost-of-living crisis.

In fact, we're witnessing, and encouraging, a normalisation of second-hand shopping when it comes to technology, in the same way everyone has generally embraced second-hand clothes shopping in the fashion industry. It's been a real result for customers who can access high-end devices at cheaper prices, and the environmental wins are self-evident, in the sense we are reusing valuable, mineral-rich devices far more than ever before.

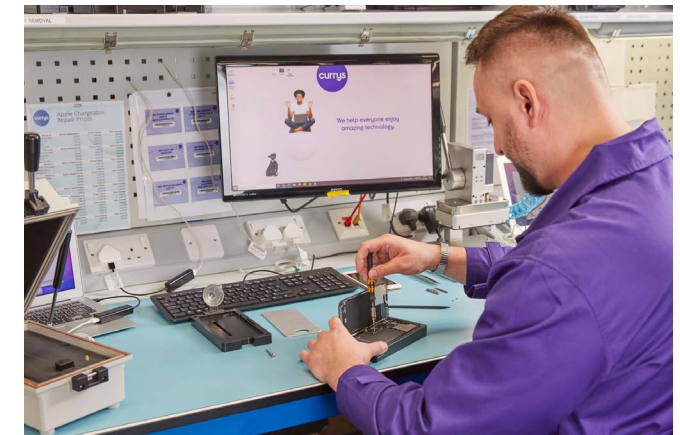
**Q: Do repairs and refurbishments fit into your own sustainability efforts?**

Wholeheartedly, and we're super proud of the work we've done and are continuing to do to give tech a longer life. We've invested millions in building Europe's biggest technology repair centre in Newark, Nottinghamshire. It's a great facility, half a million square foot of space, 1,000 expert colleagues, all of whom are highly engaged with an average tenure of almost a decade. They're open 363 days a year, processing 3 million products a year across all of our major categories and for over 40 major brands.

Key to this operation is having colleagues with the technical expertise required to take one product apart in order to harvest valuable components to be used in the refurbishment of another. So, for example, if we receive a unit which is heavily damaged and unrepairable, our experts will still be able to take it apart and harvest the working parts to be used to repair and refurbish another unit from the same product line. This team harvest the parts



In May 2024, Currys became Microsoft's first official retail repair partner in the UK



As well as repairs, Currys actively recycles 60,000 tons of old technology a year

from over 5,000 products each week, and they're not just working on laptops either, they're working on TVs, mobiles and white goods.

So, we're repairing and re-using as much as we can – in many cases giving us a significant source of recurring, higher-margin revenue – but we're also recycling what we can't use. Working with best-in-class recycling partners to turn what can't be extracted by our experts in Newark, into recyclable materials that can be sold in bulk and reused in the manufacturing of future products.

**Q: How does Currys balance offering repairs with still operating a successful 'latest tech' retail business?**

We firmly believe purpose and profit go hand in hand, that they complement each other. The fact of the matter is that businesses are commercial enterprises and it's by making profits that we earn the right to continue to be a powerful force for good in the world. We make money – profit – by giving tech a longer life, just as we make money by selling lots of shiny new kit. And by giving tech a longer life we also ensure that our customers keep coming back to us because they know that we can help them to get the most out of their tech. And that's why we're serious about it, precisely because it's in our interests and we don't apologise for that.

**Q: With technology, what are the challenges around ensuring trust of refurbished products?**

We understand the concerns of our consumers when it comes to refurbished tech – from data security

to quality – which is why we've built in layers of reassurance throughout the process.

Firstly, data security. Providing piece of mind is critical: it's a huge factor in the buying journey, or indeed when customers trade their unwanted tech with us. All products we sell and receive are data wiped to a government-approved standard. This way, both the original owner and the new owner can rest assured that their data is 100% safe.

Next, quality. We're uncompromising when it comes to quality as we want our customer to trust our products. All our refurbished devices are meticulously reviewed by our expert technicians to make sure that they are in the right condition, for customers this means they are buying something they can trust alike to a brand new equivalent.

We test both the hardware and software on every unit before cleaning and repackaging the unit. We also have a separate Quality Assurance function to double check standards and quality before we release any stock for resale. We are aware of just how important it is to build consumer trust in second-hand tech, so we're not taking any risks when it comes to quality. But, in any case, all our refurbished items come with a 12 month technical warranty for extra peace of mind.

We also have a robust grading criteria which we apply to all of our refurbishes, this helps us to identify what grade it is, and enables customers understand what they are buying. In terms of what refurbishes we stock, we don't have a cut-off point when it comes to specification. This is important as this gives us a

wide range of options for our customers, many of whom will be shopping for a bargain. For example, even if a device is a good few years old, we will consider refurbishing it as it will be available at a lower price point for the customer than if they were buying it new.



Currys was founded in 1884 to bring the technology of the moment – bicycles – to its customers. Today, 140 years later, it sells the latest consumer technology products – from household appliances to TV, audio, gaming and computing equipment – to shoppers across the UK and Europe.

It is also a leader in giving technology a longer life through reuse, repair and recycling. The tech retailer is reducing its impact on the environment across operations and wider value chain. It aims to achieve net zero emissions by 2040.

During the 2022-23 financial year, it collected more than 1.6mn items for recycling – up by 51% on the previous year, in part thanks to its 'cash for trash' initiative.

# Reverse commerce

## Can the growth in second-hand shopping also offer a revenue stream for returned items?

As covered in our feature on sustainability, the re-emergence of second-hand shopping is increasing in popularity with consumers. According to ConsumerX research, nearly 30% of shoppers have purchased second-hand or refurbished clothing in the past year. However, this is still below the 34.2% of consumers who do not purchase second-hand products.

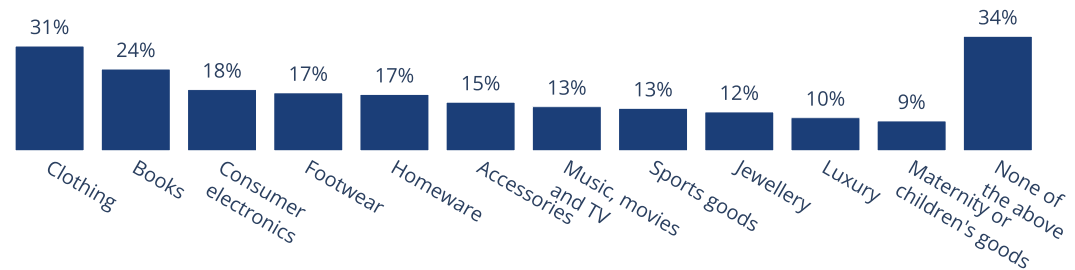
There are a number of barriers for consumers. As alluded to in the interview with Currys (see page 11), trust is a big factor when it comes to pre-loved. With clothing, there is a cleaning element. With technology, there needs to be a combination of testing, guarantees and safety measures in place.

Additionally, the process of purchasing pre-loved has been a hurdle for some shoppers too, and an element of second-hand that brands and their partners are trying to address. Ahead of speaking at the RetailX Spring Festival, Francesca Lascelles, brand partnership manager, Reskinned, explained that: "We try to make shopping pre-loved as much like buying new as we can."

Furthermore, Reskinned's founders have a background in the textile waste industry, and started the platform to provide a one-stop shop for takeback, resale and recycling services, to

## Second-hand or refurbished purchases in the past year

Worldwide



Based on 9,165 respondents who shop online at least a year in 20 countries (aged 15-99), Aug 2023 - May 2024. Surveys conducted in 12 languages. Question: 'In which of the following categories have you purchased second-hand or refurbished goods in the past 12 months?'. Chart ID: CX61186

Source: ConsumerX

© RetailX 2024  
RXMRTUK24RP-7-v3

ensure zero waste goes to landfill. As well as offering resale options, Reskinned also processes deadstock, samples and items that have failed quality control checks.

"Different brands have different drivers for doing a programme like this," says Lascelles.

"Some brands are really transparent about wanting resale to be a second revenue stream, whereas others want to be sustainable and involved in a more circular business model. The majority of brands sit somewhere in the middle."<sup>[1]</sup>

Looking at the UK Top500 retailers, 58% of Top100 offer recycling schemes, while 23% of the wider

Top500 do so. Such schemes could provide retailers with a way of dealing with returned stock too.

Due to the seasonal nature of retail, and 30-day return policies, items coming back to retailers may have missed their window to go back out onto the shop floor or onto a D2XC website.

Reverse commerce, or Recommerce, partnerships could help retailers make money from returned items, while limiting the amount sent to landfill or destroyed.

<sup>[1]</sup> <https://internetretailing.net/reskinned-we-try-to-make-shopping-pre-loved-like-buying-new/>



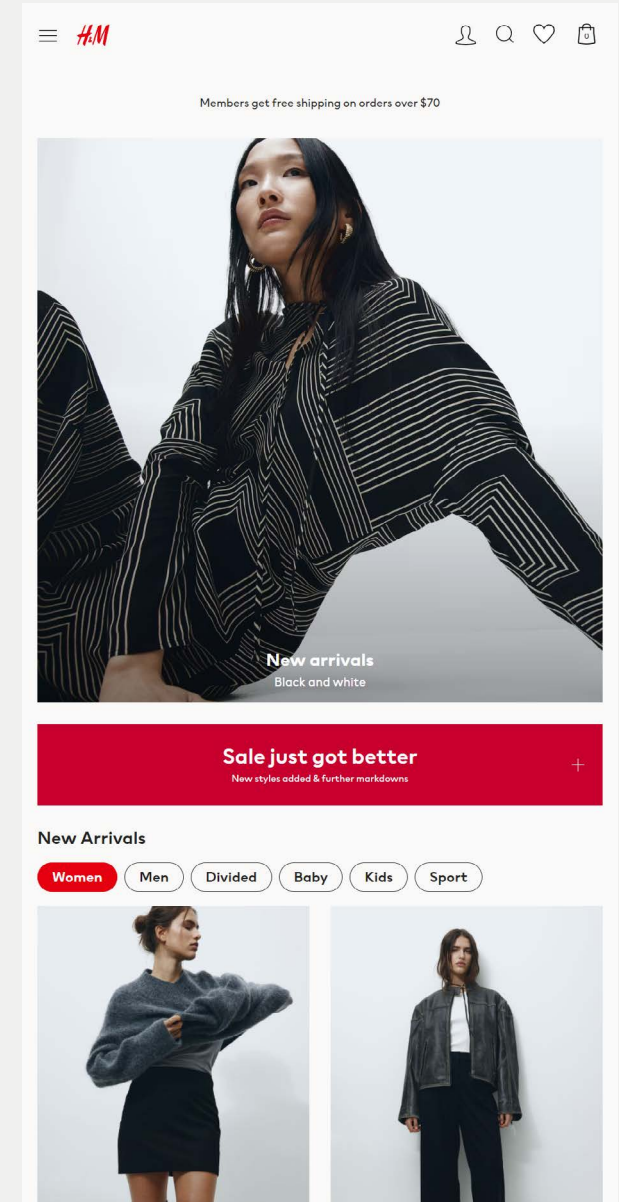
## It pays off to be a member

Enjoy special member prices and exclusive discounts. It's free, and you get 10% off your first purchase.

JOIN NOW

READ MORE

©H&M



# H&M

In September 2023, H&M became the latest retailer to charge for ecommerce returns. The Swedish fashion chain charges now £1.99 for postal returns, with the cost subtracted from the customer's refund.

There was initially some confusion over online returns coming back to store, with the fashion retailer having to clarify it would not charge for ecommerce returns made instore, and that the information on its website had been "inaccurate".

Furthermore, returns would remain free for customers that have signed up to H&M's membership scheme. As becoming part of H&M's

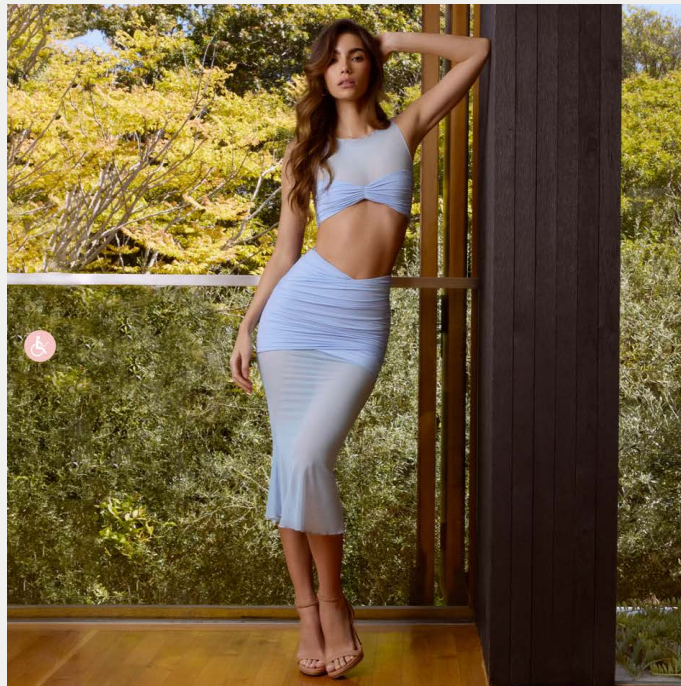
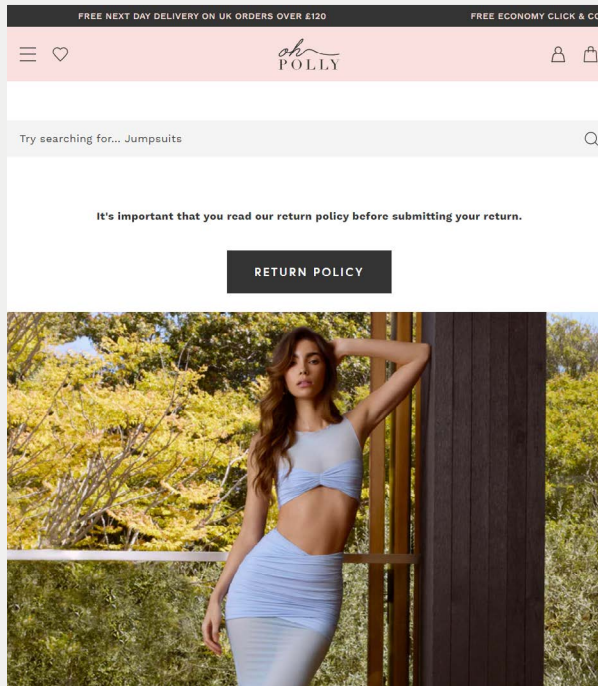
loyalty programme is free and as simple as creating an online account, the free returns perk could incentivise consumers to join.

Members also receive 10% off one purchase when they join; free delivery to home or pick up point with a minimum spend of £30; as well as offers and discounts.

For H&M, harnessing the membership scheme not only helps it to limit returns but will also provide H&M with vital data. This can help it make informed decisions about the returns journey and products coming back.

A H&M spokesperson, said: "We strive to help our customers to find the right size and fit from the outset, in order to reduce the returns rate."

©H&M



**Return timeframes:**

UK: You have 21 days to return your order for a refund or an exchange, extended to 30 days to return for store credit. This is from the date your order was placed.

International: You have 30 days to return your order for a refund or an exchange, extended to 45 days to return for store credit. This is from the date your order was placed. International return fees may vary and will be deducted from your return, unless you're using self-post.

We've recently updated our [return fees](#)

[View return policy here](#)

**REGISTER YOUR RETURN**

©Oh Polly

©Oh Polly

# Oh Polly

At the end of May 2024, fashion retailer Oh Polly alerted its customers to a change in its returns policy – a fresh initiative brought in to combat repeat refunders.

Oh Polly said in an email sent to customers: “We’d like to inform you of an important update to our returns policy. We really value each and every one of our customers, and one of the ways we keep pricing down is by being fair to all.

“Customers with high return rates increase the cost of the business, and we can either alter prices collectively for all, or only for those who fall into the high returner category.”

Under the updated policy, Oh Polly is set to calculate the returns fee based on the percentage of items returned.

If a customer returned up to 50% of their order they will be charged £2.99 to send it back. If they wish to return between 90-100% of their order then the charge rises to £8.99.

Furthermore, customers that are deemed to have high return rates and therefore display “unusual returns activity” will be subject to an increased fee. This will only decrease once their return rate falls and a review into their activity is carried out.

Previously, the UK-based fashion brand, which started selling on eBay in 2015 before introducing their own website, had implemented a flat £2.99 reverse logistics charge.

# 2024 and beyond

## Understanding returns data has never been so important, and a smarter use of this data will be key going forward

As the cost of returns – on consumer loyalty, a retailer's bottom line and on any sustainability targets – has been brought into sharper focus in the past few years, retailers are looking to get a better grasp on the situation.

This has inevitably led to companies looking at their data for insights into how to manage returns and hopefully limit them. By taking a more analytical approach to returns, retailers could protect customer loyalty by understanding their reasons for sending items back while also improving the operations when items do have to be returned.

### CUSTOMER DATA

As consumers ourselves we will have all received a printed out returns slip in an ecommerce order featuring a short list of possible return reasons:

- Too small
- Too large
- Did not meet expectations
- Damaged
- Arrived late

Or something along those lines. Some of us may have also used a digital returns portal, as some retailers turn their back on the paper wastage represented by return slips.

Whether on paper or online, entering return reasons give retailers an insight into why products are coming back – even if they can be vague and on occasion false.

What retailers do with this information has never been more important. This data can be used to identify patterns in customer behaviour, market trends and inventory issues.

Keeping track on which customers are returning and why can help a retailer separate serial returners from loyal customers. It can also help them to identify flaws in design, product performance and sizing problems.

As previously highlighted, 70% of returns in the fashion industry occur due to a poor fit. If a retailer can harness its returns data to ensure sizing across their own products is constant, this will go some way to regulating fashion's sizing issues.

### ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

With the sheer amount of returns, and therefore a mountain of data, any analysis of the returns process and reasons for items coming back to a retailer could be labour intensive. However, the right returns management system can take some of the strain, and advancements in artificial intelligence and machine learning are making this easier than ever.

AI and ML tools have the power to take historical returns data and use it to predict future problems – whether that be customers or products. These algorithms also have the potential to highlight the source of product issues such as inconsistent sizing, recurring defeats or manufacturer concerns.

When looking at consumer behaviour, these advanced systems can detect fraudulent behaviour or help retailers understand customer feedback through Natural language processing of reviews and returns reasons.

Additionally, AI is being harnessed to improve product descriptions in the first place which in turn could help limit returns. In September 2023, Amazon introduced a generative AI tool to help sellers improve product descriptions.

Robert Tekiela, VP of Amazon selection and catalogue systems, explained: "With our new generative AI models, we can infer, improve, and enrich product knowledge at an unprecedented scale and with a dramatic improvement in quality, performance and efficiency.

"Our models learn to infer product information through the diverse sources of information, latent knowledge, and logical reasoning that they learn."



# Who's mastered the perfect return? We have.

Returns cause problems in almost every department. But whose job is that to fix? **Ours.**

Prevent out-of-policy returns, automate manual processes into real-time decisioning and make inventory more visible. Fulfill your potential™

Find out more at  
[now.blueyonder.com/retail-returns](https://now.blueyonder.com/retail-returns)



## Expert insight

# How Retailers are Transforming to Manage Returns



**Mike Richmond, VP of Sales at Blue Yonder.**

**We've seen retailers make some changes in response to returns over the last few years – how successful have these been?**

Our research at the start of 2024 showed that in the previous 12 months, 89% of US online retailers had tightened up their returns policies and/or started to charge fees for returns. But at the same time, a majority reported return rates had increased in that time, and 63% said they're still a significant issue for their business. So it appears that the challenge hasn't gone away, even if more retailers are now recovering some of the cost of returns by charging customers.

That financial imperative seems to have become a lot stronger in the past few years, where prior to the pandemic we saw a heavy emphasis on growth and CX, with generous policies and free returns becoming the norm.

## **How can retailers balance CX with cost-effective returns propositions then?**

We know that returns has a huge impact on the

customer experience, and businesses already know the loss that means to revenue if the experience becomes a damaging one. But at the moment they're optimizing for cost reduction with limited tools or outlook, which risks long-term reputational erosion.

The challenge is how can you offer a great returns experience, while retaining control of costs?

At a base level you need two things: visibility across the whole returns journey, and an interconnected approach between teams. Digitalizing the process with a centralized, end-to-end decisioning engine which is adaptable to each individual returns situation will allow you to go beyond blanket decisions like charging vs not charging. For example, if you can improve the routing and processing of returns, you can also improve the rate and price at which you resell them. You're throwing less stuff away and selling more.

## **What does an interconnected approach mean in practice?**

It means implementing a digital returns process all the way from the customer to the warehouse, so that data is captured, visible and can be used at every point in the journey.

The customer gets a clear set of personalized options for the items that are eligible to be returned. Your customer support team have fewer requests about returns with no need to manually authorize; and your product owners can see why goods are being returned. Now that returns is a digital process, your logistics can be more sophisticated about how, when and where to direct them, depending on the item, the customer, the returns reason and the location. Why transport things two or three times when you could send them straight

to the right place?

And with the data being visible, warehouse staff know what to expect and what to do with the returned goods, even before looking in the box - they're working with a digital process that is connected to the order data and the customer data.

The point is that every team works with the same information and ends up collaborating to solve each other's issues, so that the same solution that drives a better customer experience is also driving warehouse efficiency, reduced transportation costs and smarter purchasing and merchandising decisions.



Blue Yonder Returns Management powers end-to-end returns for over a thousand retailers around the world, enabling retail teams to collaboratively address returns issues across the business.

With automated intelligent decision-making for returns, convenient and simple customer experiences, and rapid returns processing, Blue Yonder's Returns Management minimizes the costs and maximizes the value of returns.

Find out more at [now.blueyonder.com/retail-returns](https://now.blueyonder.com/retail-returns).

# Conclusion

We hope you have found our research and analysis to be of interest and value. We would be very pleased to hear from you with questions, suggestions or comments. In particular, do let us know of any areas of research that you would like us to investigate for possible inclusion in the 2025 report.

Please get in touch via [research@retailx.net](mailto:research@retailx.net)

## RESEARCH:

**Researcher** Anna Segarra Fas

For questions about our research and to send feedback, please email the team via:  
[research@retailx.net](mailto:research@retailx.net)

**Research Director** Martin Shaw

**CEO** Ian Jindal

## EDITORIAL:

**Editor** Katie Searles

**Production Editor** Gary Tipp

**Managing Editor** Jonathan Wright

## DESIGN:

**Art Editor** Lauren Coburn

**Cover Design** Freny Antony

## MARKETING:

**Marketing and Circulation**

Addison Southam [marketing@retailx.net](mailto:marketing@retailx.net)



## SALES:

**Commercial Director** Andy James

[andy@retailx.net](mailto:andy@retailx.net)

**Group Creative Solutions Director**

Marvin Roberts [marvin@retailx.net](mailto:marvin@retailx.net)

This report may not be stored in a retrieval system, distributed or sold in whole or in part without the publisher's express permission. Fair quotation is encouraged, with a link to the report's URL on RetailX.net. All charts and figures marked with  are provided under the Attribution-NonDerivatives 4.0 International (CC BY-ND 4.0) license (<https://creativecommons.org/licenses/by-nd/4.0/>). You are welcome to use these in full with a link to this report, retaining the copyright notice .

This report is based upon our reasonable efforts to compile and analyse the best sources available to us at any given time. Opinions reflect judgment at the time and are subject to change.

## DeliveryX at InternetRetailing Media Services Ltd

27 Clements Lane

London, EC4N 7AE

Tel: +44 (0) 20 7062 2525

Printed in Great Britain

[www.deliveryx.net](http://www.deliveryx.net)





in partnership with



Download at [internetretailing.net/report-hub/deliveryx-returns-report-2024/](https://internetretailing.net/report-hub/deliveryx-returns-report-2024/)

