RETHINKING RETURNS

INDUSTRY INSIGHTS REPORT

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THE RISE OF E-COMMERCE

The rise of e-commerce has led to a vast increase in retail returns, bringing significant logistical, financial, and environmental challenges, and opportunities, to retailers. DHL Supply Chain surveyed more than 1,000 senior e-commerce decision-makers from retail and consumer goods brands across five established markets to identify the challenges they face and gain insight into the future of retail returns.

In this report, we explore:

- The financial impact returns have on retailers and the potential for cost savings.
- The growing concern for sustainability and the challenge of waste for retailers.
- The potential technology and value-added activities have to revolutionise returns.
- How changing returns policies and processes can affect customer loyalty.

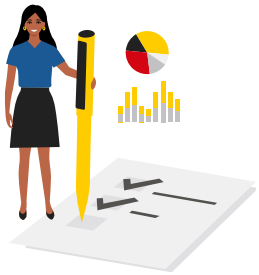
ECONOMY

EMERGING ECONOMIC TRENDS

Research reveals that returns have increased by 19% over the past two years, and 54% of businesses are concerned about the cost of returns.

To reduce the financial impact of returns, retailers are prioritising reducing the volume of returns, processing returns faster and shortening the time frame for returns.

90%
of businesses say inflation is driving a re-evaluation of returns processes and policies.



47%
are considering changes to their returns handling processes.

44%
are considering plans to shorten the time frame for returning items.

24% of businesses are currently missing their resale targets.

SUSTAINABILITY

THE HIDDEN COST OF E-COMMERCE RETURNS

The impact of e-commerce returns on the environment is more important than ever. However, one of the biggest environmental challenges for retailers is waste.

Measurement is an essential process for any business looking to make carbon reductions, making returns data extremely valuable. **29%** of businesses surveyed are already calculating the carbon emissions of their returns and **32%** plan to start doing so.

40% of businesses want to drive down the volume of returns being disposed of.

87%
currently have plans or targets to reduce carbon emissions associated with returns.

33%
of businesses have a goal to reduce environmental impact when considering return policy changes.

31%
of businesses sell returned items through a secondary marketplace.

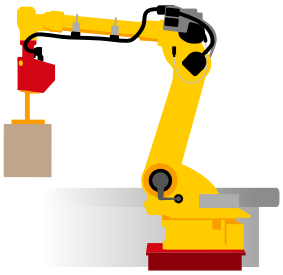
TECHNOLOGY

REDEFINING RETURNS THROUGH TECHNOLOGY

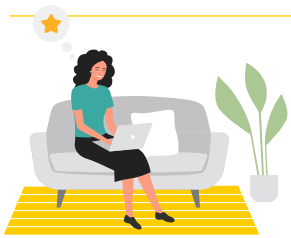
Technology is transforming returns, offering the potential for major improvements across the entire chain, from improved and more efficient guided workflows to cross-channel integration for greater data visibility and decision making.

However, many retailers are struggling with this cross-channel integration. **41%** of businesses' e-commerce returns are not yet integrated with their non-e-commerce channels, making it difficult to manage inventory and maximise resale.

40%
of businesses plan to invest in automation and robotics to improve fulfillment and returns processes.



57% are investing or planning to invest in technology to help reduce returns volume.



58%
of businesses want to be able to offer faster refunds.

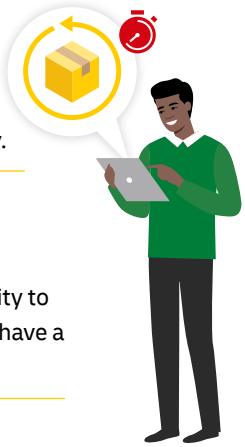
LOYALTY

PRIORITISING CUSTOMER LOYALTY

Although many retailers are considering making changes to their returns policies, 46% are concerned that these changes could impact customer loyalty.

However, making changes to the returns handling processes, rather than the returns policy, can deliver benefits such as reducing the operational cost of returns, improving resale revenue, and enhancing the customer experience while minimising the impact on customer loyalty.

89%
of businesses think that the speed of refunds is a factor in customer loyalty.



72%
think that offering customers the ability to track the status of their return would have a positive impact on customer loyalty.

72%
think that giving customers multiple return options would positively impact customer loyalty.

23%
of businesses are planning to introduce charges for returns not made in-store.

IN SUMMARY

Across all the regions surveyed (UK, Germany, US, Mexico and Japan) improving customer experience, driving down the volume and cost of returns, and reducing the environmental impact of returns were cited as the main goals when considering returns policy and process changes.

Many retailers are already planning their technology investments to ensure they don't fall behind, suggesting this could be one of the biggest areas for growth in returns in the coming years.

As consumer needs evolve, global economies continue to flux, and new environmental policies and standards come into effect, the industry needs to be prepared for continued transformation.

The findings suggest that retailers will need to align with these changes to effectively maintain customer loyalty, remain competitive in the market, and meet expectations of environmental sustainability. Many retailers are acting now to ensure they are prepared for the future.

THE INTERNET HAS MADE IT EASIER THAN EVER FOR CONSUMERS TO NOT ONLY BUY MORE BUT ALSO RETURN MORE.

Retailers looking to drive down the cost of returns, enhance customer loyalty and reduce their environmental impact will benefit from working with an experienced partner, able to deliver a fast, seamless, cost-effective returns process.

DHL is the leading global brand in the logistics industry, with over 395,000 employees in more than 220 countries and territories worldwide. DHL connects people and businesses securely and reliably, enabling global sustainable trade flows.

DHL Supply Chain is the global leader in supply chain management and third-party logistics, offering customised, integrated logistics solutions, to improve resilience, efficiency, and customer satisfaction, and create competitive advantage.

As part of its e-commerce offering, DHL Supply Chain provides its partners with the ability to develop their omnichannel strategy, scale fast and optimise execution, and better manage end-to-end customer experiences.

Get in touch with our experts to find out more.

Research commissioned by DHL Supply Chain and conducted by YouGov in March 2023. Survey among 1,059 senior e-commerce decision makers across retail and consumer goods industries in the US, UK, Germany, Japan and Mexico.

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