



eCommerce Returns

UK Consumer Trends and Best Practice

Research and Insights, from Whistl
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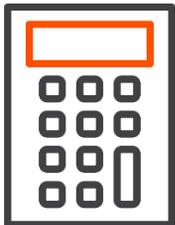
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The eCommerce returns landscape



The growth of the reverse logistics market

The worldwide reverse logistics (returns) market is expected to be worth \$954.5bn by 2029, a \$250bn increase on 2023 figures.¹



Online parcel returns typically cost £3 more compared to in-store returns with some reports suggesting the process of returning an item can cost up to twice as much as it does to deliver it.²

4 key retailer focus areas in returns management

1 Flexibility

The ability to offer exchanges, store credit and returns subscriptions.

2 Platforms

End-to-end tech is a must to ensure customer satisfaction.

3 Sustainability

Reducing waste & emissions remains top of mind.

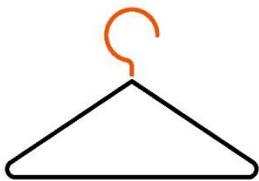
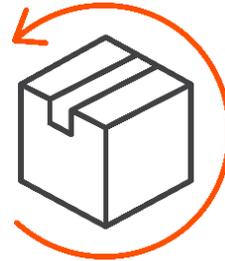
4 Omnichannel

Returns via multiple channels can be a key differentiator.

UK eCommerce returns statistics

Fashion items set the trend

The fashion industry is the biggest contributor to UK eCommerce return rates, a pattern repeated across the globe.



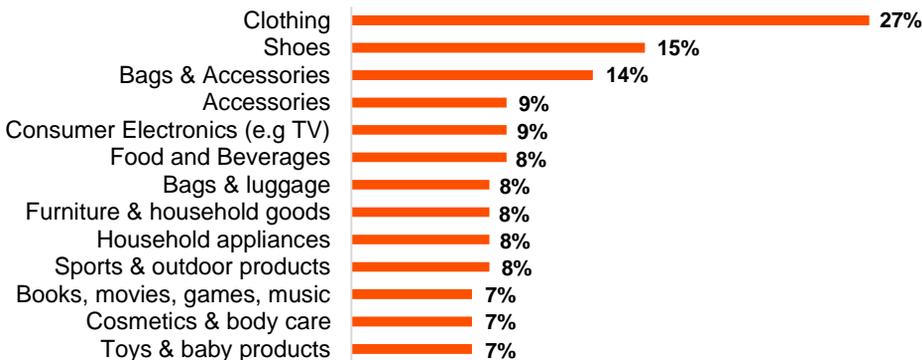
Clothing (27%), Shoes (15%) and Bags & Accessories (14%) are the most returned items by UK consumers.³

We're a nation of 'serial returners'

71% of UK online shoppers return items at least some of the time⁴

What items are we returning?

Most returned online purchases by category in the UK as of December 2023⁵



Return reasons and the challenge to retailers

Main reasons for returning online purchases in the UK in 2022⁶



Recent research further highlights the issues encountered by eCommerce retailers.

False damage and refund claims top the list of return reasons while nearly a third of online consumers had falsely claimed they'd never received their item.

This marks a shift from more traditional grumbles about items not being the correct fit or arriving in poor condition.

“Buy, Try, Return” has become a more frequent habit

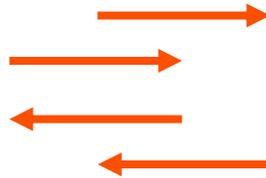
Younger shoppers already felt comfortable enough to "buy, try, return". But since the pandemic this has also become learned behaviour for older consumers ⁷:

- 38% of all UK online shoppers said they now feel **more confident in returning** online purchases.
- 49% of UK online shoppers have **returned goods** back in the past year, rising to 60% for 16-34 year olds.

Most UK consumers expect free returns...

65%

of UK online shoppers expect returns to be free under any circumstance.⁸



48%

But nearly half who shop online weekly or more often would be willing to pay a £20 annual returns fee.

...but compromises must be made

In 2023, the average cost of a return to a leading UK retailer was £13.10 but this amount decreases for smaller items.⁹

£3.19 average cost of returns for fashion items with leading UK retailers.



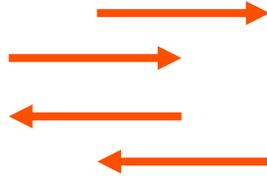
£4.70

amount UK consumers are willing to pay for returns valued at £15.

eCommerce returns behaviour

#1

The Post Office is the preferred destination for eCommerce returns with 42% opting for this method.¹⁰



39%

Of UK consumers would opt for home pick-up but only 6% of retailers currently offer this option.

Sustainability is still high on the priority list

Consumers are more eco-conscious than ever, and this is reflected in their attitude to online buying behaviour. Nearly three-quarters (74%) of consumers want retailers to be more sustainable.

57%

of consumers are willing to pay more for products if they're produced and transported in a way that doesn't harm the environment.¹¹



Best practice for managing eCommerce returns



Understanding reasons for returns

Enhanced technology and processes give retailers reasons to be optimistic. By adopting new systems and ways of working it's possible to reduce the number of returns while boosting revenue and customer satisfaction.

Learning from your returns data enables you to understand why customers may be returning products and make better decisions in the future.

A review of your supply chain will help to limit the number of 'common returns', including:

- Broken/faulty product
- Wrong Size sent
- Arrived late
- Item does not match description

Review supply chain inefficiencies



Inventory Management



Pick & Pack



Despatch & Delivery



Customer Service

- **Inventory Management:** Swift and efficient re-stocking and refunds.
- **Pick & Pack:** Ensuring efficient selection and packaging.
- **Despatch:** Provision of smooth delivery and minimised damages.
- **Customer Service:** Prompt responses to queries and disputes.

Ways to manage returns

For eCommerce retailers, the way you manage returns could be dependent on whether you have offline and online destinations, the type of items you sell, or the volume of returns you typically expect to handle.

In this Fact Sheet we've outlined three of the most common methods for dealing with returned items.



1. Return to store

If you have a physical store, then this is a convenient and popular choice for all parties. It allows retailers to inspect items and deal with any issues promptly. Meanwhile, customers can have refunds issued in-person and browse more of your stock while returning items. This can encourage other purchase while in-store.

If online retailers don't manage their returns effectively, it will have a significant **impact on their sales and profitability**.

They also **risk losing competitive advantage** to retailers offering an easier, faster and more efficient returns journey.

Ways to manage returns

2. Outsource to a 3PL provider (Fulfilment solution)

Returns management can be added as part of a fulfilment process. The appointed **Third-Party Logistics (3PL)** partner ensures:

- Return reasons are properly logged and assigned to each item.
- Items are inspected for any damages.
- Items are refurbished or repaired where possible.
- Saleable items are added as 'in stock' to your inventory and placed back in their pick location for resale.
- Customer refunds are processed efficiently.



Having a returns policy that aims to retrieve your items in a sellable condition is important to avoid lost profits. Some fulfilment companies offer refurbishment services to maximise saleable inventory. Examples include: quality control checks, cleaning, re-wrapping, re-labelling, repairing and replacing missing parts.

Ways to manage returns

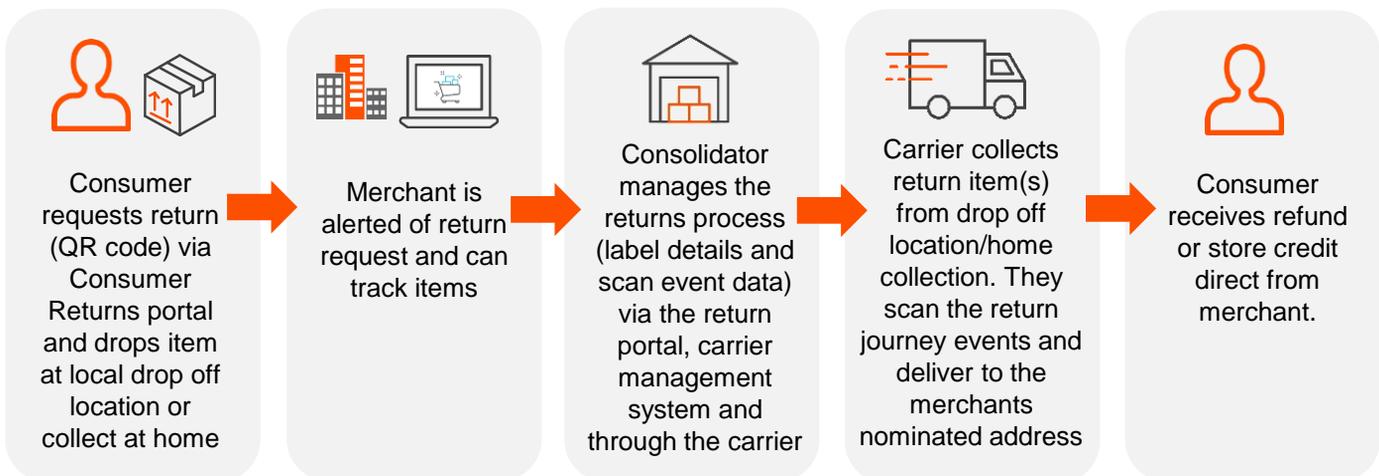
3. Returns Management with a Consolidator (Platform solution)

Consolidators such as Whistl can provide the best options from the many returns software platforms available. By leveraging their own partners and integrations a consolidator can streamline the returns process and offer a fully managed service.

Ecommerce retailers exploring this option can benefit from:

- A customisable online portal with simple dashboard to manage all returns.
- Management of the returned parcel journey through the carrier networks, providing real-time consumer and merchant notifications.
- Enhanced visibility for consumers, including the return journey and refund timelines.

The Consumer Returns process



Grow your business with reliable and efficient logistics and communication solutions, powered by expert support.

At the Whistl Group, we offer a unique portfolio of solutions to support the end-to-end logistics process. From fulfilment to customer experience, thousands of businesses value our people, trust us to deliver, and benefit from the efficiencies we create. Discover what the UK's leading logistics specialist can do for you.

Customer Acquisition

Increase your customer base with relevant and targeted advertising services
Acquire new customers and boost engagement with cost-effective postage solutions, advertising mail or the planning and delivery of promotional leaflets, brochures or magazines. We also offer highly-targeted product sampling.

Fulfilment Solutions

Multi-channel fulfilment supporting B2C/B2B orders and drop-shipping
Fully scalable and tailored fulfilment provides a seamless customer experience. You're covered from the first click to delivery, and we even offer a fully managed returns service, including product refurbishment of saleable inventory.

Delivery Management

Managed middle-mile/ final-mile solutions for efficient customer deliveries
Save time and boost profits with our domestic parcel delivery solutions. You can also reach new markets with simple and integrated Cross-Border Solutions that get your goods to your customers wherever they are in the world.

Contact Centre Solutions

Empathetic and human outsourced contact centre services, from Whistl
Our experienced team make every conversation empathetic and intelligent to deliver real results. We can manage all your inbound calls, emails and social media platforms with the same diligence as an in-house team.

Returns Management

Save time and money when you simplify your consumer returns process
Improve customer satisfaction and retention when you utilise our Consumer Returns solution. Benefit from full visibility of the return journey while we manage carrier and customer relationships.

Create a simple and seamless parcel returns experience for your customers with Whistl's bespoke services.

01628 702 988 | www.whistl.co.uk/enquiries

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