



Consumer Study 2021

The State of Returns: Finding What Fits



Executive Summary

According to the [National Retail Federation](#), retailers saw \$428 Billion of returns in 2020. While this is a huge and growing problem, especially with the higher return rates and costs of ecommerce, **the returns experience continues to be an opportunity to build loyalty as the last touch on the customer journey.**

As a result, **the need to find balance between consumer convenience and business realities has come to a head.** It's critical to find the right fit at that intersection, and consider a more bespoke approach to crafting a holistic returns experience.

This research, our 5th annual consumer returns study, explores how retailers can tune their approaches to keep customers happy while reducing the impact on their bottom line. We also showcase examples of retailers who are getting it right.

Key insights:

- Fit and size continue to be the primary reason for online returns, accounting for 42% of returns. Bracketing remains high at 58%, as everyone struggles to predict the right fit without being able to try on in-store or because they're experimenting with new brands.
- While there is appetite for “fit technology” tools like AR, shoppers overwhelmingly rely on more traditional resources: 88% use photos, descriptions, reviews, and sizing guides. As to whether they help prevent returns, perception is that they do, though results are mixed.
- When we look at the impact of personalized or VIP returns policies as evidenced by a flagship loyalty program — Amazon Prime — we see clearly that members appreciate these benefits which drive higher CSAT and propensity to stay loyal.
- Consumers are savvy about supply chain disruptions this Holiday, with nearly half expecting delivery delays and 37% planning to shop earlier as a result. They expect to be conservative with spending and continue to shop more online than in stores, with the exception of those under 30 who plan to splurge.





Background and Methodology

Narvar conducted its **5th annual** consumer study of the state of online returns in October 2021.

This study captured sentiments through an online survey:

- 1,040 US consumers
- Between 18-65 years old
- Returned at least one online purchase in the last 6 months

Key goals of the 2021 study included:

- Gauging whether pandemic-influenced behaviors persist or if shoppers are reverting to previous preferences.
- Measuring appetite for and usage of technology and information to assist with fit, and whether these tools reduce propensity to return.
- Understanding what consumers find most valuable in return policies, including what they're willing to pay for.
- Evaluating the impact of a VIP return policy on sentiment and loyalty.



A woman with curly hair, wearing a red turtleneck sweater, is smiling and holding several wrapped gifts. The gifts are wrapped in various colors: green, white, gold, and brown. The text "Holiday Expectations" is overlaid in white on the image.

Holiday Expectations

Holiday shoppers expect delays this year and will shop online earlier to accommodate.

What do you expect to change this Holiday season vs. "normal" for you? (select all that apply)

Over half of those surveyed expect to shop more online this year. Many are savvy to potential shipping delays and plan to shop earlier in the season.

Expect to shop more online , less in stores	52%
Expect shipping to take longer than usual	49%
Plan to shop earlier in the season	37%
Plan to spend less on gifts	27%
Expect to shop less overall	24%
Plan to ship more items directly to gift recipients	21%
Plan to spend more on gifts	18%
Expect to shop more in stores , less online	15%
Plan to spend more on travel or experiences than products	11%



KEY TAKEAWAYS:

Consumers continue to be cautious about shopping in stores, and about a quarter of them plan to spend less on gifts and on themselves.

That revenue isn't being diverted to travel or experiences, either, even among those with high household incomes.

Regardless, **retailers should be prepared to communicate more than usual to fill the longer delivery wait times** to avoid disgruntled customers and higher call volumes.

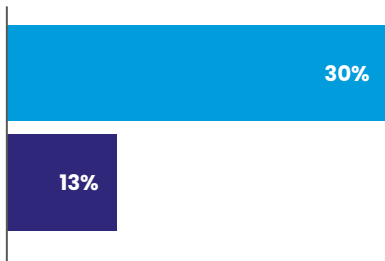
Consumers under 30 years old plan to splurge more than everyone else this Holiday.

What do you expect to change this Holiday season vs. "normal" for you? (select all that apply)

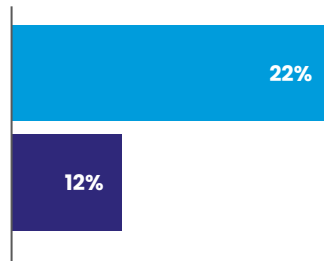
● 18-29 yrs old ● 30+ yrs old



Plan to spend more on gifts



Expect to shop more in stores, less online



KEY TAKEAWAYS:

While everyone else is being cautious about shopping in stores, those under 30 years old are more likely to do so.

They also plan to splurge considerably more than everyone else — a whopping 30% of them said they expect to spend more on gifts this year, and just 17% said they would spend less overall.

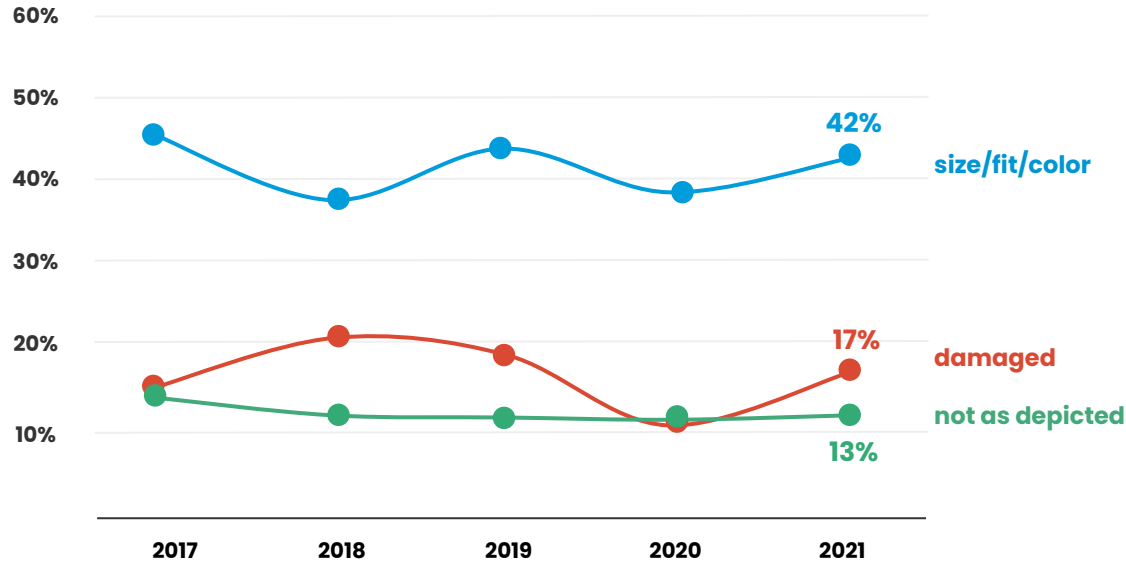
Given the inventory issues expected this year, it will be interesting to see if youths will ultimately manage to spend as much as they anticipate on their friends, family, and themselves.

A person is holding a tablet that displays a shoe sizing application. The app's interface includes a header with a logo, a sub-header asking for shoe type, a main question 'What shoes do you wear?', and a list of shoe brands like Adidas, New Balance, and Converse. Below the list are several shoe icons and a 'Get a fit' button. The person holding the tablet is wearing a blue denim shirt and a brown leather watch with a perforated strap.

How Sizing Solutions Measure Up

The #1 reason for online returns, by a wide margin, remains issues with fit, size, or color.

Top Reasons Consumers Return



KEY TAKEAWAYS:

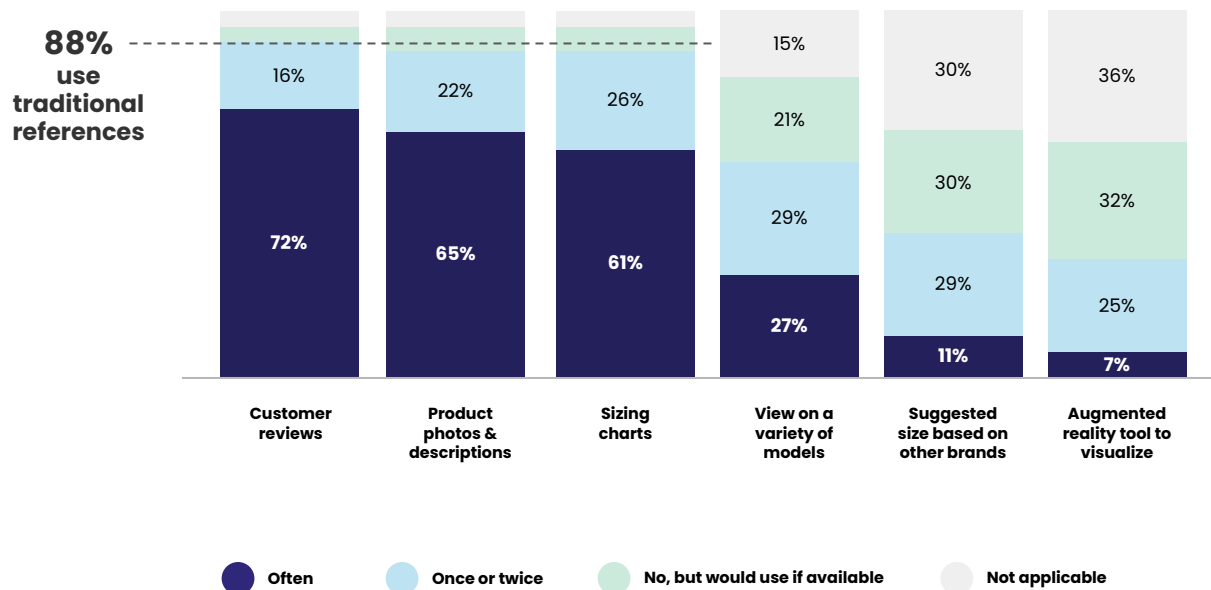
Fit issues continue to plague online shoppers and are responsible for around 40% of returns every year. Related to this is about 12% of returns are due to inaccurate product details.

There are also a substantial number of damaged items in the mix, accounting for about 17% of returns this year.

The good news is that many of these returns are avoidable. Retailers can leverage timely data about return reasons to provide more accurate information on the PDP or to identify and resolve shipping or quality control issues that may be contributing to high returns due to damage.

Consumers are making use of fit tech and other tools to help inform decisions...

Have you ever used any of these tools or methods to help determine fit or style online?



KEY TAKEAWAYS:

Traditional PDP information (product photos/descriptions, size charts or measurements, reviews) are still the most-used tools that consumers consult to make decisions about fit — around 88% of people reference these.

Retailers can prevent returns by focusing on improving the accuracy of these PDP details.

An area of opportunity is for retailers to provide more looks with a variety of models — as one respondent asked: *“Please use more models of different sizes. It’s so useful, especially for bags and luggage.”*

There is also appetite for AR and other tech tools, with 32% of consumers saying they’d use them if available, though most have only had the occasion to try them once or twice.

...and although many believe these tools help prevent returns, the reality may be less clear.

Do you think it helped prevent you from making a return?

	Yes	No	N/A
Reviews from other customers	83%	14%	3%
Sizing charts or measurements	77%	20%	3%
Product photos & description on the retailer's site	73%	23%	4%
View on models of different shapes & sizes	66%	26%	7%
Provided the size I wear in different designers to get recommendation	64%	23%	12%
Augmented Reality to visualize on me or in my home	58%	28%	14%



However, of the 42% of shoppers whose last return was due to fit issues, 88% used at least one tool to support their purchase to help inform their decision, yet still had to return the items.



KEY TAKEAWAYS:

Consumers strongly believe that these tools have been effective in preventing returns.

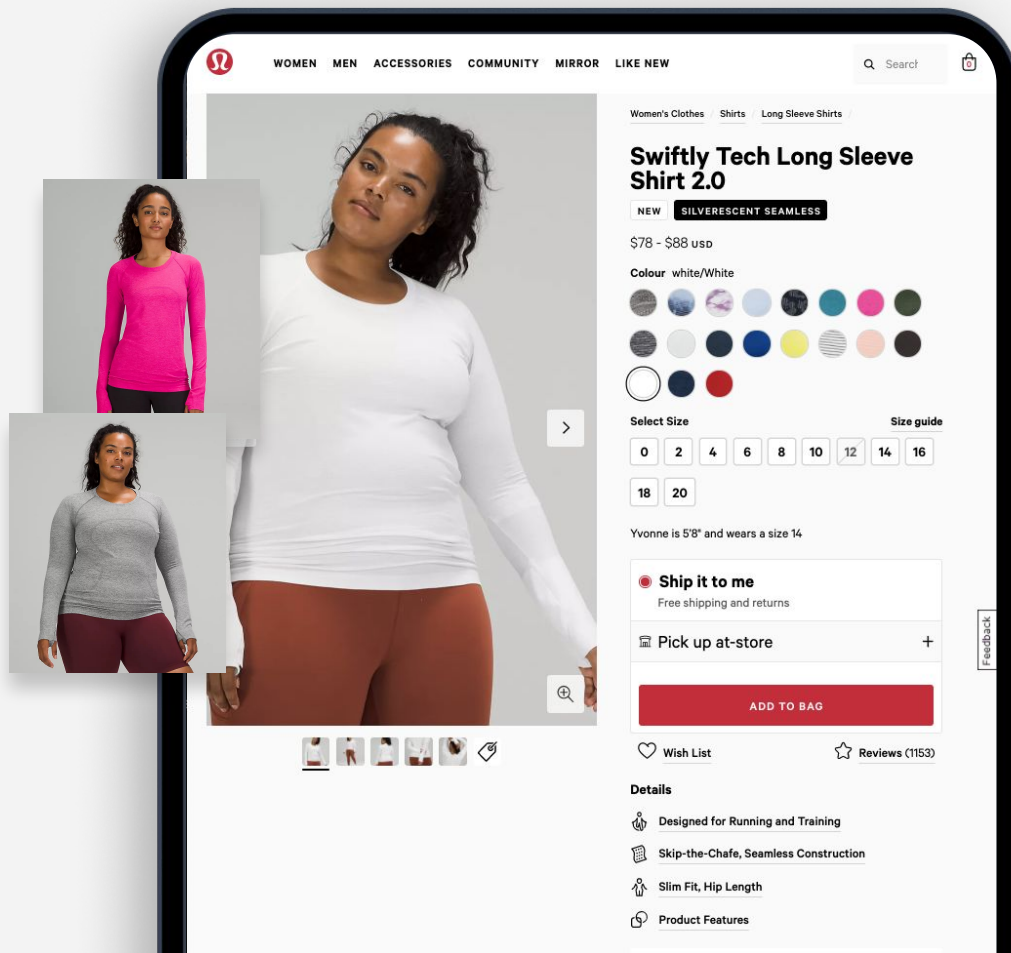
Customer reviews are #1 most used and considered most effective; other PDP elements are also highly rated to prevent returns, so it's still worth focusing on improving these elements on your website.

Of those who have used AR and similar visualization tools, 58% believe it has prevented them from having to make a return.

None of these is a silver bullet of course — even those who used more than one tool had to make their last return due to sizing issues. As one respondent noted, “**Product photos and description help only when accurate (rare).**”

Product detail pages that pack a punch.

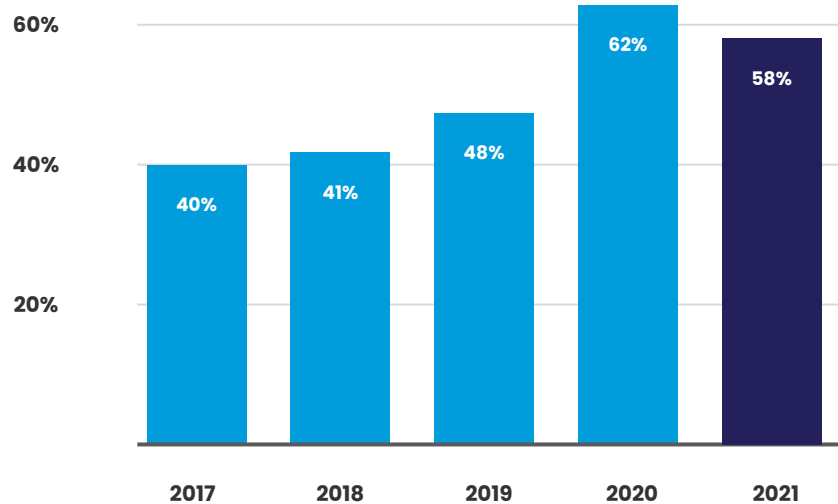
- To help visitors understand product fit, Lululemon has a different model for every clothing color option. As you click between colors, you'll see models of different height, sizes, and shapes.
- The Product Detail Pages (PDPs) also leverage customer reviews, aggregating an overall customer rating out of 5 stars, plus a fit scale to explain if other wearers felt something ran small or large.
- Finally, if you still have questions as you browse through customer reviews, you can always talk to a virtual shopping educator to answer any questions.



Bracketing remains high: consumers are not able to try on in-store or are experimenting with new brands.

Reasons people don't bracket:

- 49% find returns a hassle.
- 48% find bracketing wasteful.
- 43% cite financial reasons.



48% say they only bracket when sizing or other options aren't clear



BRACKETING:

Buying multiple versions of an item, trying them at home, and returning those that don't work.



KEY TAKEAWAYS:

Bracketing still hovers around 60% after the disruptions of 2020 caused the practice to skyrocket.

72% of bracketers are doing it more in the past year than before, primarily because they're **still not able to try things on in-store (36%), or are trying unfamiliar brands (26%)**.

Only about half as many as last year say their weight has changed (23% vs. 41% last year), so it appears pandemic weight fluctuations have tapered off.

A photograph showing a FedEx employee in a blue uniform handing a FedEx shipping box to a smiling woman in a pink top. The scene is set inside a Walgreens store, with the store's logo visible in the background. The FedEx box is labeled 'Small Box' and has a shipping label with 'HAL' and '87 CRSA' visible. The text 'Evolving Return Methods' is overlaid in large white font across the center of the image.

Evolving Return Methods

The shift to convenient drop-off locations marches on, despite perception that in-store returns are easier.



KEY TAKEAWAYS:

Amazon's returns experience continues to have an outsized influence on consumer behavior, as evidenced by the doubling every year of drop-offs to alternative retailers like Kohl's,

There's also a lingering appetite for convenient alternative locations like pharmacies and lockers to drop-off returns, increasing from 31% last year to 42% this year.

Rural dwellers are more likely to schedule a carrier pickup or drop off at an alternative location, and not surprisingly are less likely to return in-store or to a different designated retailer due to proximity.

Retailers should continue to provide a variety of return methods and convenient locations to serve different circumstances.

Last return method used	2019	2020	2021
Mail: Took to carrier to mail back	40%	35%	37%
In-store: (e.g. Levis.com to Levi's)	11%	12%	9%
Alt: Returned to different retailer (e.g. Amazon/Kohl's)	3%	7%	15%
Alt: Designated alternative drop-off location (e.g. pharmacy, locker)	13%	22%	20%

Attitudes towards return methods	2019	2020	2021
It's easier to return by mail	25%	30%	33%
It's easier to return to a store	38%	37%	41%
I wish I could return items to the nearest store like a grocery store or convenience store	17%	31%	42%

Both desire for and actual use of alternative drop-off locations (esp alt stores) continues to see high growth.

Gap between perception that in-store returns are easier and people actually returning in-store is growing.

Convenience is paramount for those returning in-store or to alternative locations.



Top reasons for choosing an alternative drop-off location



Alternative location was more convenient



Able to handle other errands at that location



Hours worked better for my schedule



Top reasons for choosing to return in-store



Lowest hassle option



Didn't want to pay for return shipping

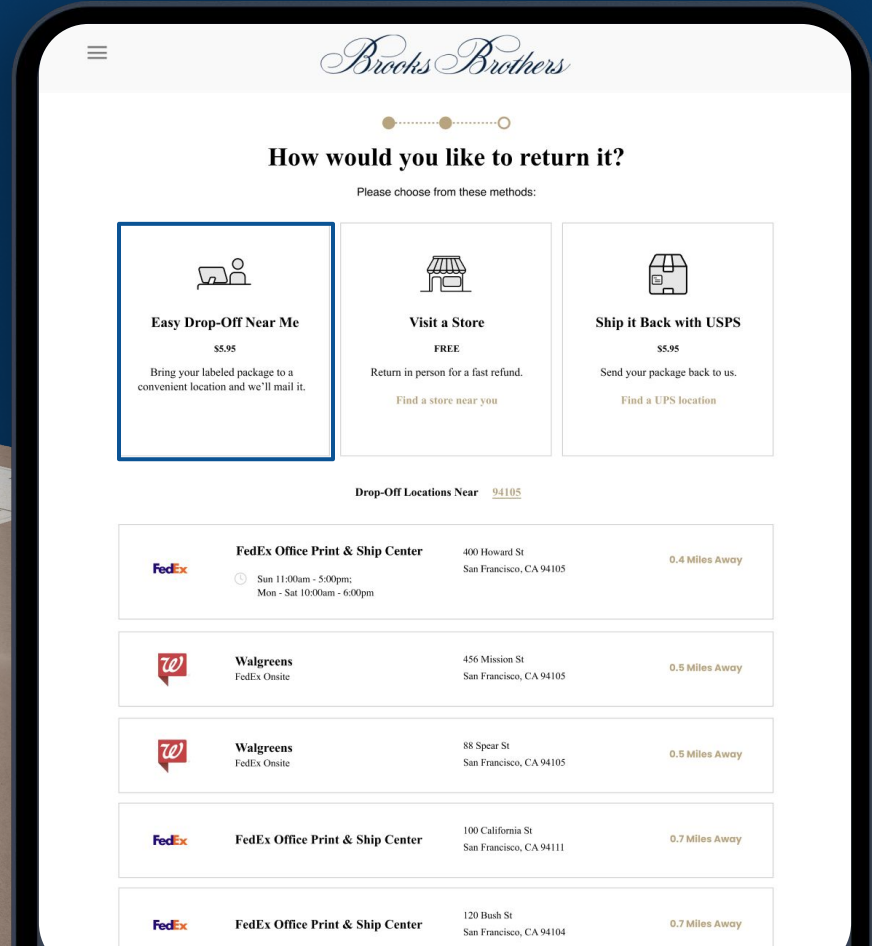


Store location was more convenient

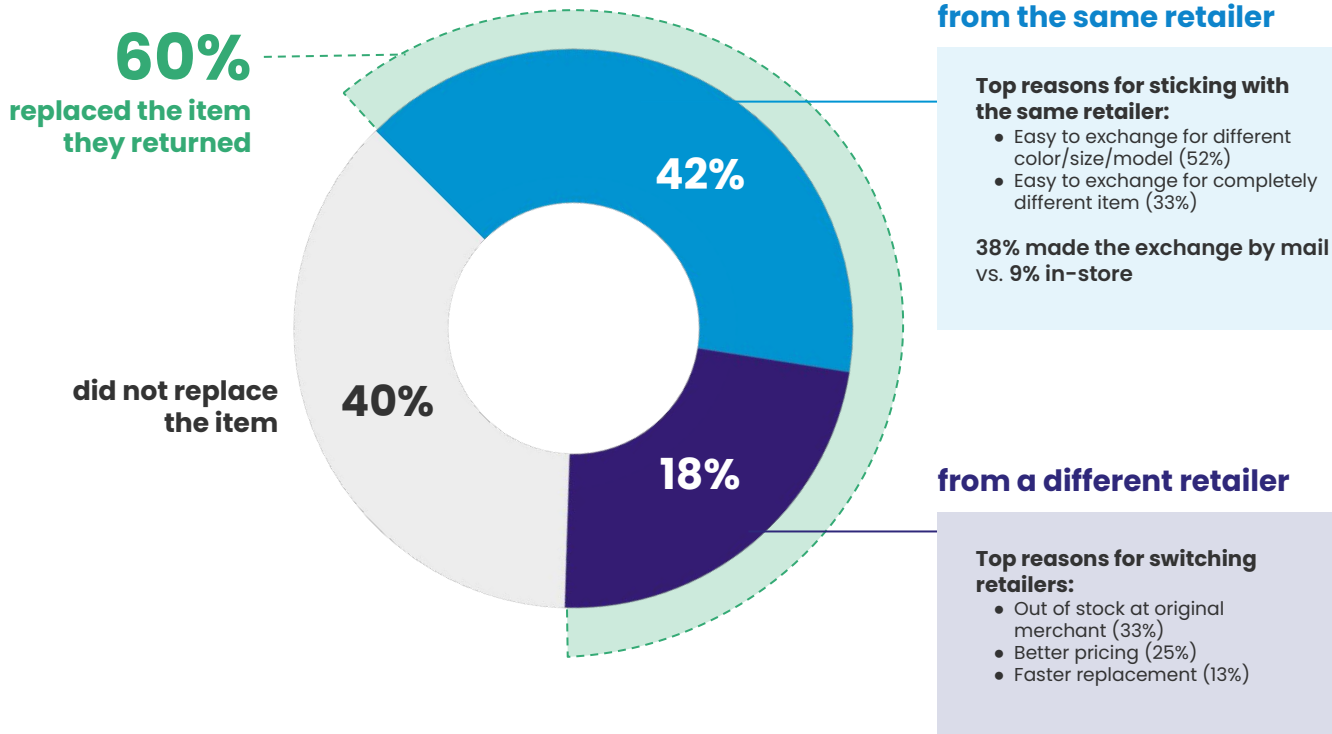
Brooks Brothers

A convenient returns experience with more return location options.

- Brooks Brothers accepts returns via standard methods, including in-store, and by mail through FedEx or USPS.
- The retailer also offers a wide range of return location options to make it even easier for customers to make their returns.



Consumers are becoming accustomed to making exchanges online, helping retailers “save the sale”.



KEY TAKEAWAY:

Consumers are highly likely to replace a returned item, whether that's via direct exchange or returning then making a new purchase.

Retailers have an opportunity to retain the sale simply by enabling easy online exchanges for a different size, color or style — or for a completely different item.

The exchange process is shifting online: 38% made their exchange by mail this year vs. 34% last year, and only 9% exchanged in-store vs. 12% last year.

A woman with dark hair, wearing a blue and white striped shirt, is smiling as she holds a red garment from a cardboard box. The background is a blurred indoor setting with a plant and a chair.

Returns Services Consumers Value Most

Lack of transparency or convenient options make consumers think twice about making a purchase.

Transparency



39%
won't buy if they can't find the return policy.



35%
won't make a purchase if they don't know when the item will arrive.

Convenience



39%
won't buy if they don't have the option to return by mail
(only 19% insist on being able to return in-store).



28%
will walk away if they have to contact Support to initiate a return.



KEY TAKEAWAYS:

We all know that consumers highly value free returns*, and — especially for unfamiliar brands or retailers — charging return shipping or restocking fees can be a deterrent to purchasing.

But when we put that aside and dig into other elements that consumers look for before making a purchase, it's clear that convenient return options and transparency are paramount.

**When researching published return policies for our [Narvar Returns Benchmarks Report](#) in August 2021, we found that while all Fortune 500 retailers cover return shipping costs, only 45% of omnichannel retailers and 22% of D2C retailers do so.*

Consumers are willing to pay for convenience.

Which of the following delivery or returns methods have you tried, and which would you be willing to pay a fee for? (exclude Amazon Prime)

	Have tried but would only use for free	Would pay up to \$5	Would pay more than \$5	Would pay a monthly or annual subscription fee
Same-day delivery	24%	32%	16%	14%
Scheduled pickup of returns from my home	39%	24%	6%	7%
2-day shipping	41%	25%	8%	16%
Scheduled delivery to my home	43%	26%	8%	10%
Return packaging materials & service provided	51%	21%	5%	8%
Instant refunds	53%	15%	4%	7%
Curbside pickup or returns	58%	14%	4%	5%

Expedited shipping is viewed as a subscription service



KEY TAKEAWAYS:

As we saw last year, consumers are willing to pay for premium delivery & returns options, especially those that offer predictable, convenient scheduled services.

Although consumers expect to pay most for same-day delivery, it's clear that there is appetite for expedited shipping to be part of a subscription (most likely thanks to Amazon Prime and services like ShopRunner and Instacart), whereas other services are seen as more transactional.

Retailers can use this as a blueprint when crafting return policies.

A woman with long dark hair, wearing a light grey sweater, is smiling warmly as she receives a cardboard box from another person whose hands are visible in the foreground. The background is slightly blurred, showing what appears to be an office or retail environment with a whiteboard and a door frame.

A Virtuous Cycle of Returns Experience & Loyalty

The returns experience is improving, and contributing to customer retention.

How would you rate your return experience?

● Difficult ● Okay ● Easy

Amazon Returns



Non-Amazon Returns



77% of first-time shoppers who rated their return experience well (easy/very easy) said they would shop with that retailer again based on this experience.

That jumps to 96% across first-time and repeat customers who rated their return experience positively.



Key takeaway:

People still rate Amazon's returns experience higher than all other retailers, but generally they are happier with the returns experience across the board.

Retailers are improving, mainly with respect to making it more convenient and providing better communications about refunds and return package status.

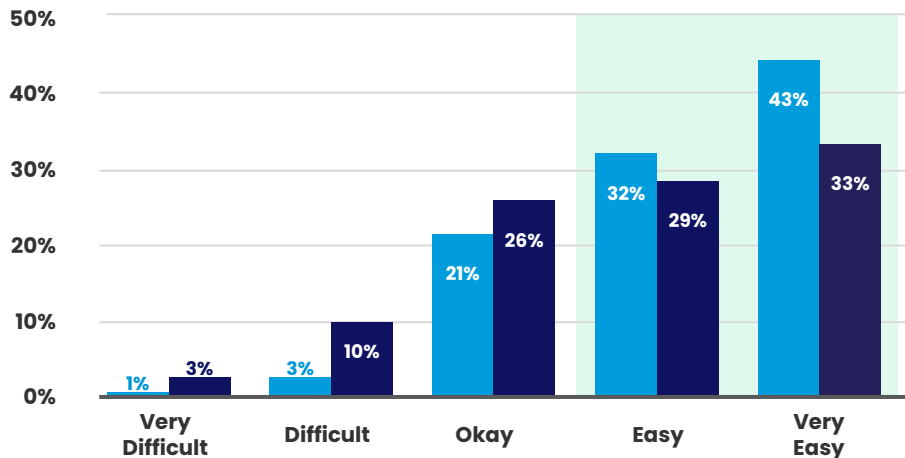
VIP benefits drive better experience and higher loyalty.



91% of Amazon Prime members said they would shop again based on this experience, compared to 86% of non-members.

How would you rate your return experience?
(those whose last return was to Amazon)

● Amazon Prime members ● non-members



Amazon Prime Members reported higher satisfaction because they were:

- More likely to get an instant refund
- Less likely to have to repackage the item
- More likely to track their return package
- More likely to drop off at a convenient location



KEY TAKEAWAYS:

When we evaluate customer sentiment based on a classic loyalty program experience, Amazon Prime, it's clear that members have a better return experience and stay more loyal than those who are not members.

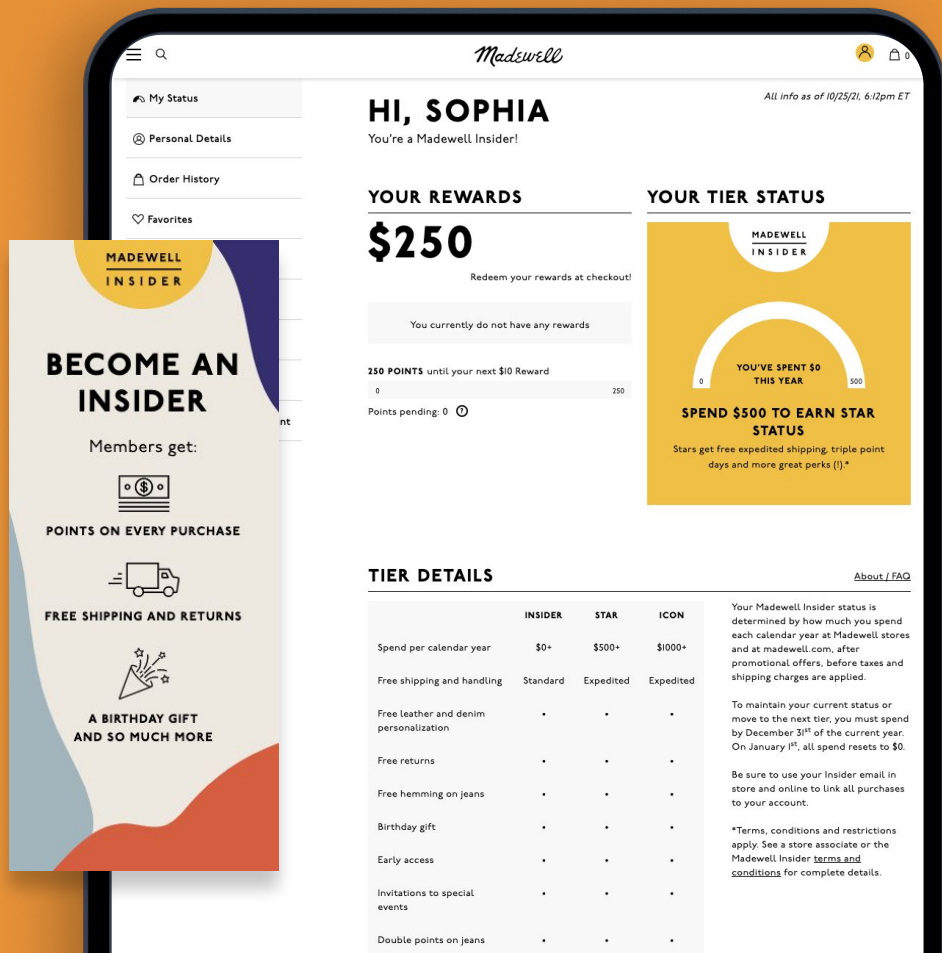
Retailers can reward VIPs and loyalty program members with a personalized returns experience leveraging the most valued benefits.

Reserving free return shipping and other costly offers for these VIPs will help retailers mitigate the high costs of online returns. See our [Consumers Tell All: VIP Returns and Keep the Item Policies](#) report for more details and examples.



Driving loyalty and repeat purchases through its Madewell Insider program.

- Madewell offers a membership program to attract loyal, repeat customers.
- For Madewell Insiders, return shipping is free if the return is made within 30 days. For all other U.S. customers that use a prepaid shipping label, the cost of return shipping is a \$7.50 flat fee.
- The membership program also includes a point reward system for every dollar spent, free outbound shipping, birthday gifts, free personalization, and more.



The Playbook for Returns That Fit:

What retailers can do now.

1

Leverage real-time data intelligence from an online returns portal to improve the accuracy of PDP details and prevent returns.

- ❑ Many returns are preventable, or at least can be reduced with accurate info on the PDP. Getting this right will go a long way towards reducing bracketing and the 42% of returns due to fit issues.
- ❑ Accurate photos, descriptions, reviews — plus seeing different types of models — are all tools that consumers rely on.
- ❑ This applies to not only apparel, but beauty, luggage, home goods — there are similar challenges across categories.

2

Personalize the returns experience for different customer segments to better balance costs & expectations.

- ❑ It's time for retailers to fit their returns policies to different types of customers. Members of VIP programs like Amazon Prime are happier with the return experience and are more likely to stay loyal - other retailers can learn from this.
- ❑ Look at what consumers say they're willing to pay fees for to guide which valuable benefits you can use to craft a VIP program.
- ❑ Reserve high-cost benefits like free return shipping for VIPs or to acquire new customers who may need that peace-of-mind to experiment with your brand.

3

Provide consumers the variety of convenient drop-off locations for returns they demand beyond owned stores.

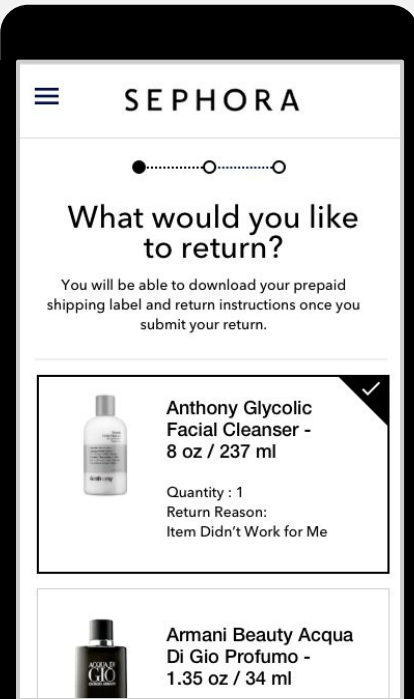
- ❑ The shift towards ecommerce during the pandemic is a lasting change.
- ❑ Although many consumers still cite in-store returns as being easier, they are steadily shifting their behavior to online returns & exchanges, and are increasingly utilizing alternative drop-off locations convenient to them.
- ❑ Make it easy for customers to return or exchange online and ensure the return policy is very accessible up front.



Make every return count

Remove friction from returns and exchanges with a beautifully-branded, self-service solution that simplifies the experience for customers and creates new opportunities to reduce costs and recapture revenue.

- Provide an on-brand, seamless and flexible returns experience
- Empower customers to help themselves
- Build loyalty with proactive return communications



96%
of customers who are satisfied with the returns process said they'll purchase with the retailer again.
 "The State of Online Returns"
 Narvar Consumer Report, 2019

Narvar Return capabilities



Eligibility Enforcement



Reason Code Selection



Label Generation



Printerless Returns



Accept Payment for Label



Return Tracking



Email Communication



Return Analytics



Dynamic Disposition



Return to 3rd Party Vendor



Narvar is on a mission to simplify the everyday lives of consumers.

Narvar pioneered how brands engage with consumers beyond the “buy” button through branded order tracking, delivery notifications, returns and exchanges. Today, Narvar’s comprehensive Post-Purchase Platform empowers 1100+ of the world’s most-admired brands including Sephora, Patagonia, Levi’s, Sonos, Warby Parker, Home Depot, LVMH, and L’Oréal to deliver transparency, build trust, and grow customer lifetime value. Recognized by Fast Company as one of the most innovative companies of 2021, Narvar simplifies the everyday lives of consumers.

For more information, visit narvar.com