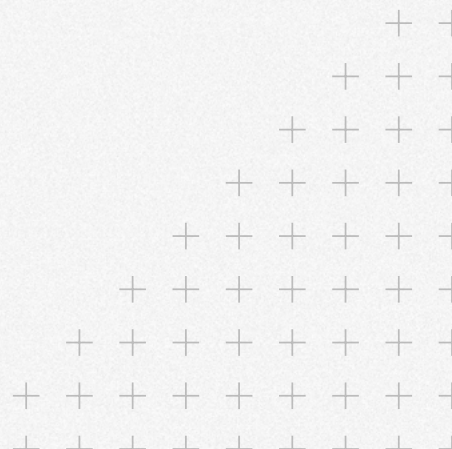




ANNUAL SURVEY

The Cost of Retail Returns Spring 2023



Unlocking Returns Management Success for Retailers

The retail industry faces the ongoing challenge of efficiently managing returns while meeting consumer expectations. In this report, we surveyed retailers directly to uncover their current returns-related priorities and the strategies they employ to minimize costs and maximize recovery potential.

To ensure the report's credibility, we conducted surveys with 500 prominent US-based retailers generating annual revenues exceeding \$750 million, excluding the grocery, pharmaceutical, pet, and dollar-store industries. Each respondent held a position of Director, or above, within their respective organizations.

This report serves as a valuable resource, providing insights into key challenges, emerging trends, and actionable strategies to optimize returns processes and enhance financial outcomes. We invite you to explore the valuable insights presented here and engage with goTRG's returns experts to discover how our solutions can effectively solve your returns problems.

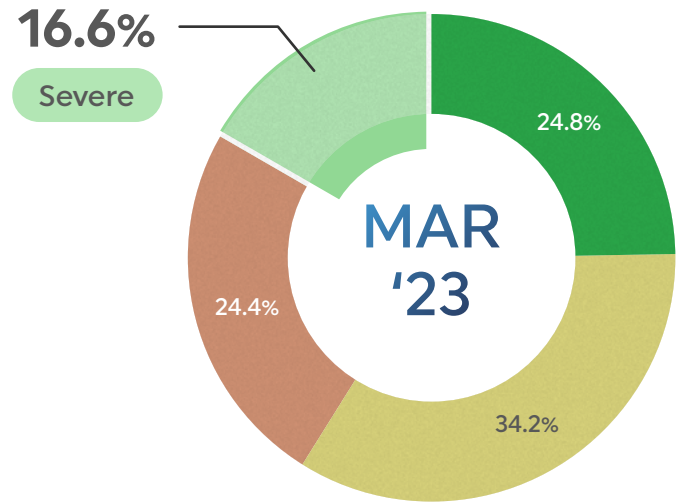
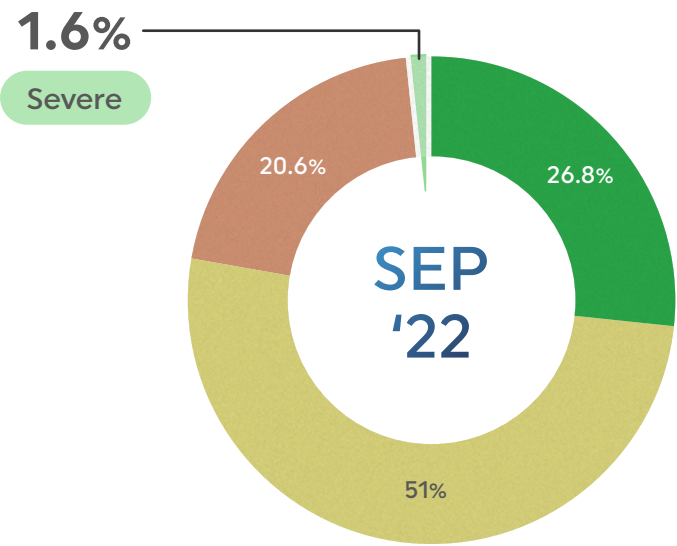


In a span of just six months, there has been a notable shift in how retailers perceive returns as a significant challenge for their business. The number of retailers who now rate returns as a severe problem has surged **from a mere 2% to a substantial 17%**. This drastic increase emphasizes the growing importance of returns management in the retail industry and highlights the urgent need for effective strategies and solutions to address this pressing issue.

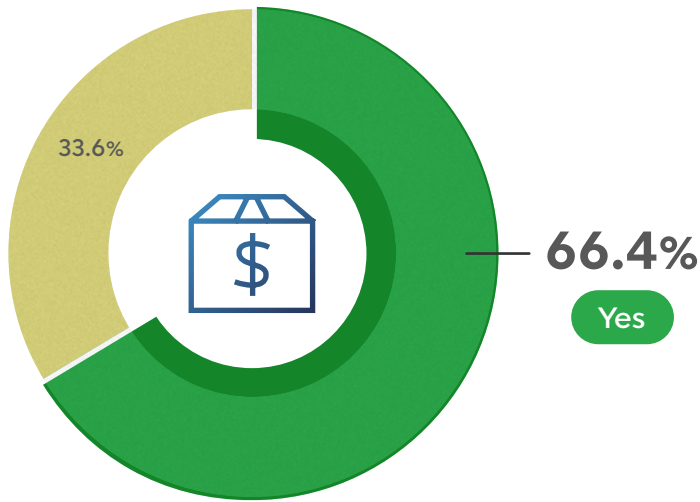


Complete this sentence:
Retail returns are a _____
problem for my business.

● Minor ● Moderate ● Significant ● Severe



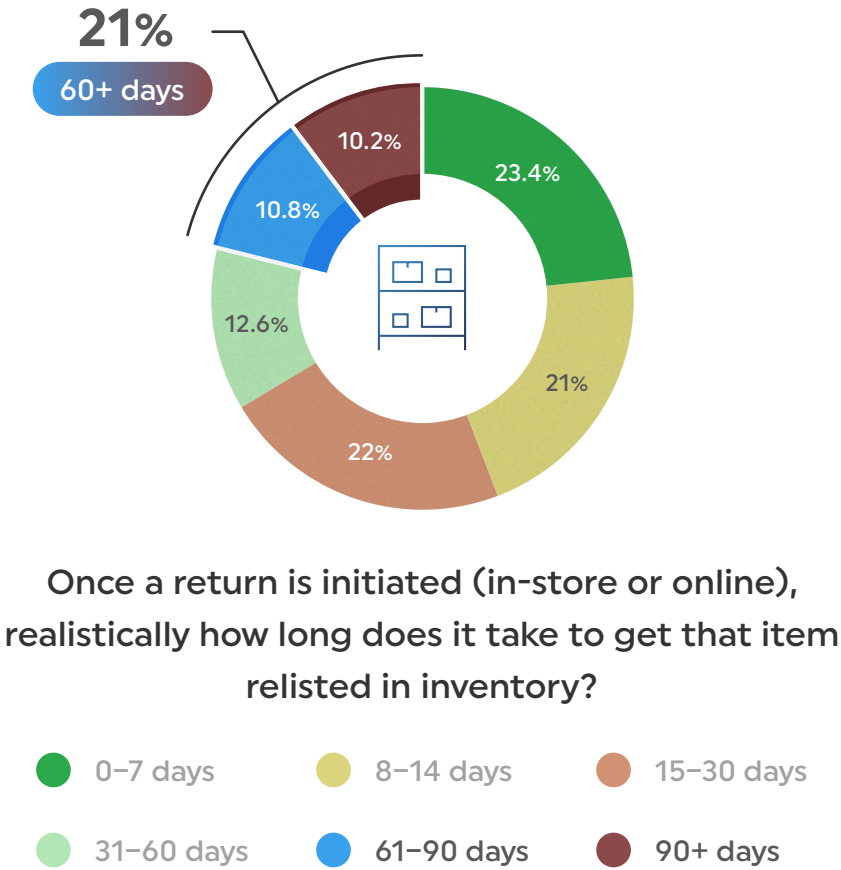
To help address the problem, retailers are becoming more mindful about managing their returns costs. This has led to them tightening returns policies and charging for returns. **Sixty-six percent now charge for returns**, up from 60% in September 2022.



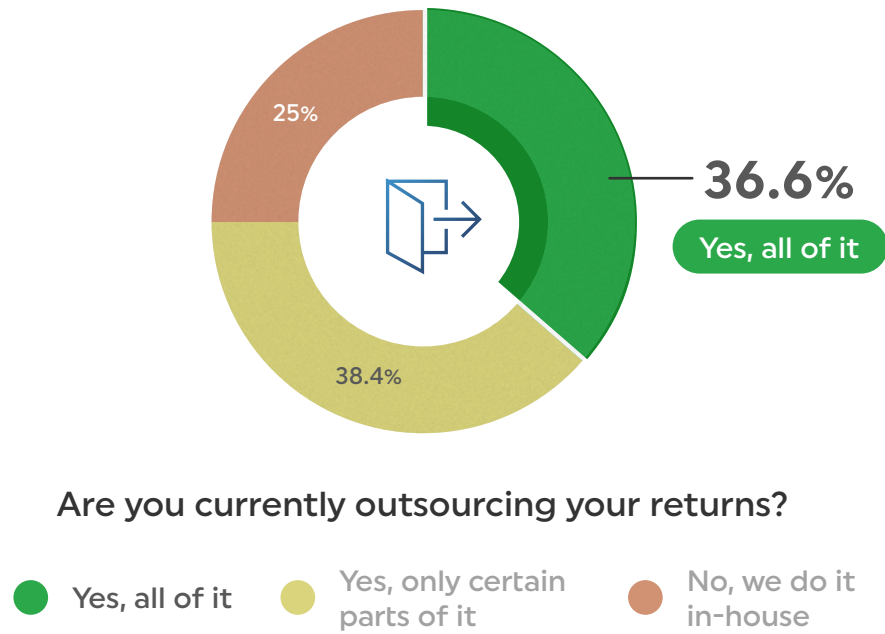
Do you currently charge fees for accepting returns such as restocking fees or return-shipping fees?

● Yes ● No

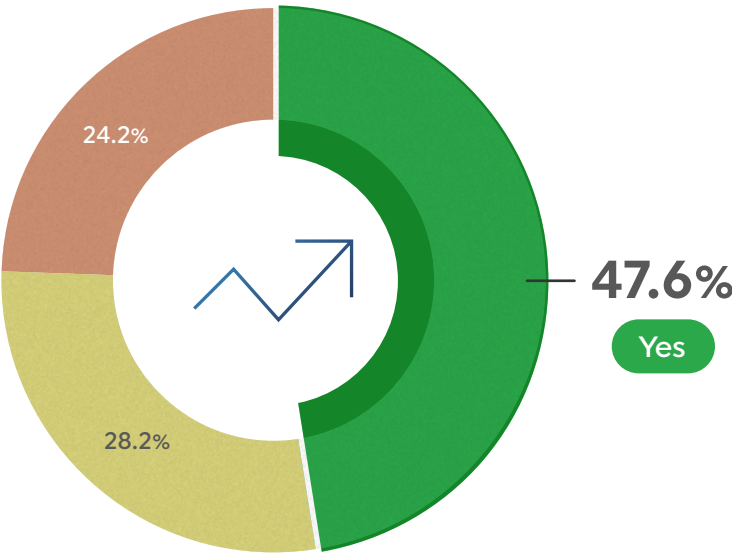
Delays in processing inventory and getting it back on a shelf pose several challenges for businesses. Capital becomes tied up as resources are allocated to products that are not generating revenue, which ultimately impacts cash flow and profitability. As this inventory ages, it is at a higher risk of becoming obsolete or losing value, and **21% of retailers told us it takes them at least 60 days** to get inventory relisted once an item is returned. Storing this inventory requires space, resources, and ongoing maintenance costs creating greater financial burdens for retailers. To effectively handle heightened returns volumes and get inventory back to shelves faster, retailers must implement efficient strategies, including leveraging returns management software to make informed, data-driven decisions that expedite the returns lifecycle.



Another way that retailers can prevent inventory piling up is by outsourcing their returns and excess inventory to returns management companies. Currently, **only 36.6% of retailers are completely outsourcing their returns**. By doing so, they can free up valuable storage space and allows businesses to better utilize resources and focus on core activities. Additionally, partnering with experts in returns management benefits your brand by leveraging their expertise and existing network of buyers to reach a wider audience and guarantee the highest resale recovery. Outsourcing excess inventory can help minimize losses, improve operational efficiency, reduce the burdens of customers service and marketing, and generate revenue from items that would have otherwise gone to waste.



Online returns are more expensive to process due to the additional transportation required. Therefore, retailers have begun promoting “buy online, return in-store” (BORIS) to help minimize their financial impact. This has caused the rate of in-store returns to nearly double from 8–10% in prior years to 16.5% in 2022. For the first time ever, the rate of online returns was equal to the rate of in-store returns.

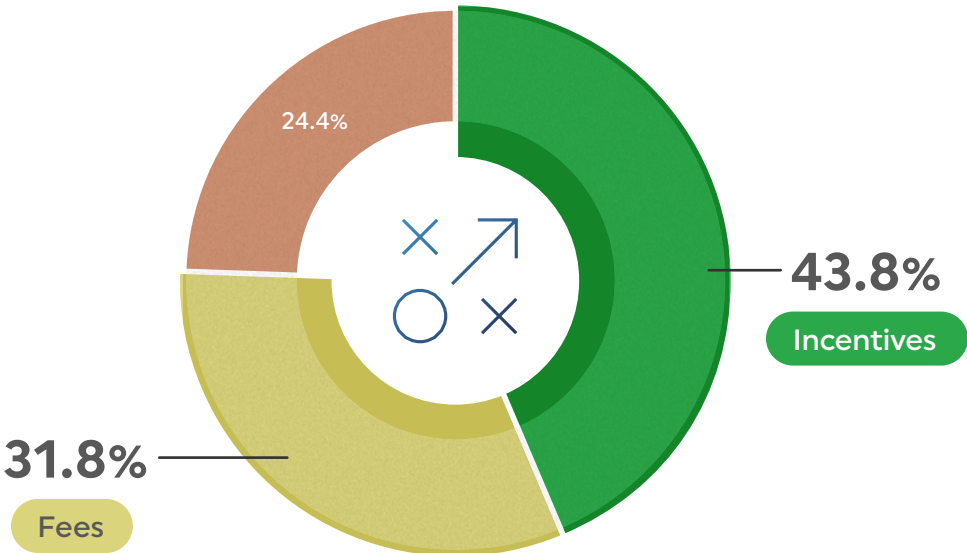


Has the number of BORIS returns increased in the past 12 months?

● Yes ● No ● Stayed the same

Nearly half of retailers admitted to seeing an **increase in BORIS returns in the past 12 months**. With over **40% offering in-store incentives** to help minimize expensive ship-back fees.

Retailers can also disincentivize customers from shipping back online returns by imposing restocking fees, not offering free returns shipping, or not offering box-less returns, which 32% admitted they do.

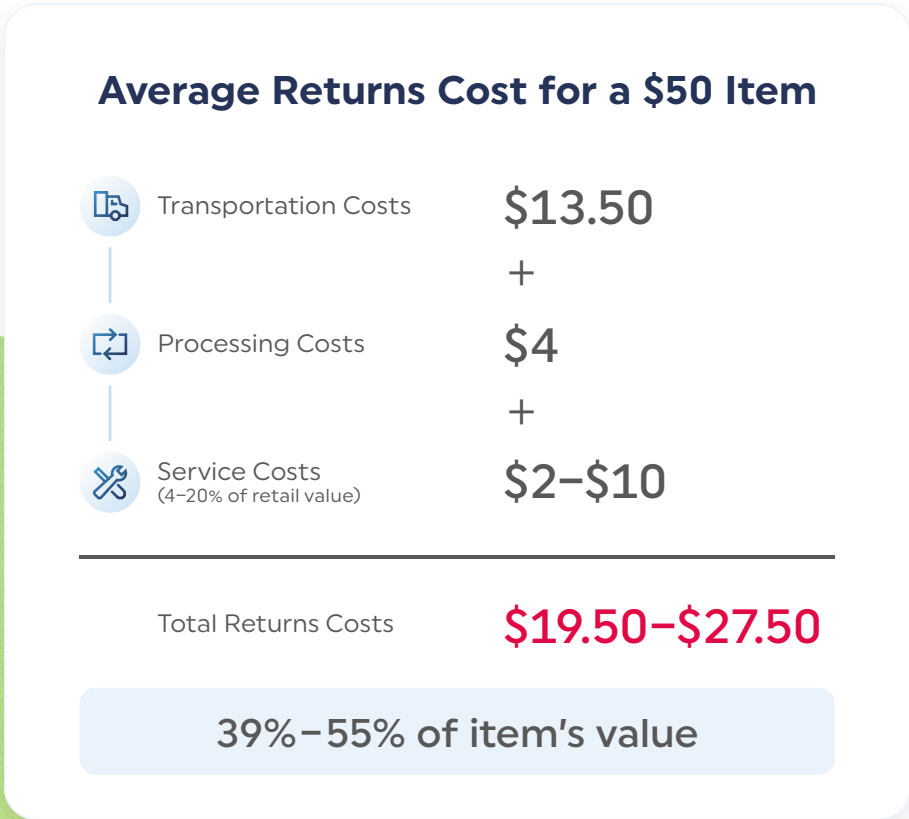


Are you currently deploying strategies to encourage online shoppers to return in store?

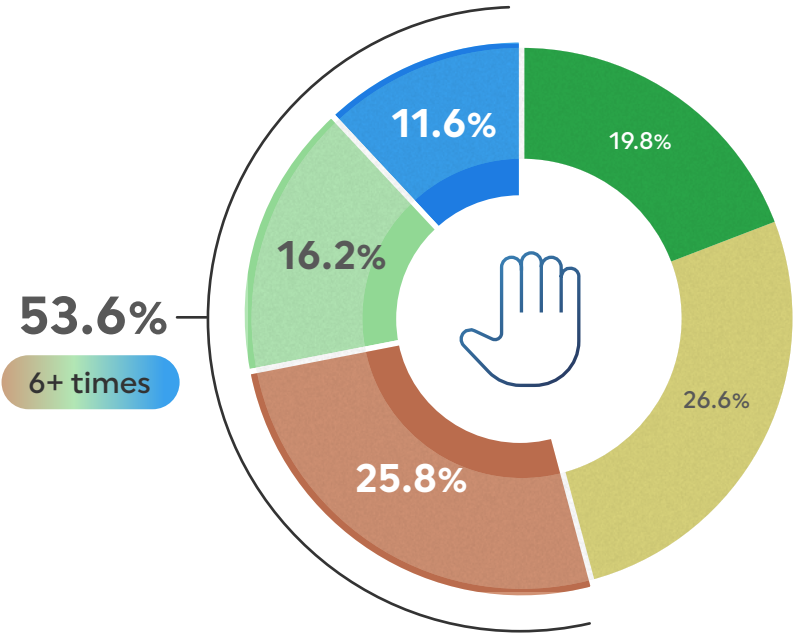
● Offering in-store incentives
● Charging fees for returns shipping
● We are not encouraging BORIS



A significant challenge retailers face in return processing is the cost, which can accumulate to over 55% of an item's value. Excessive touches during transportation and handling contribute significantly to this cost. In fact, **more than 50% of retailers told us that their returns are touched more than six times** before making their way back to the shelf.

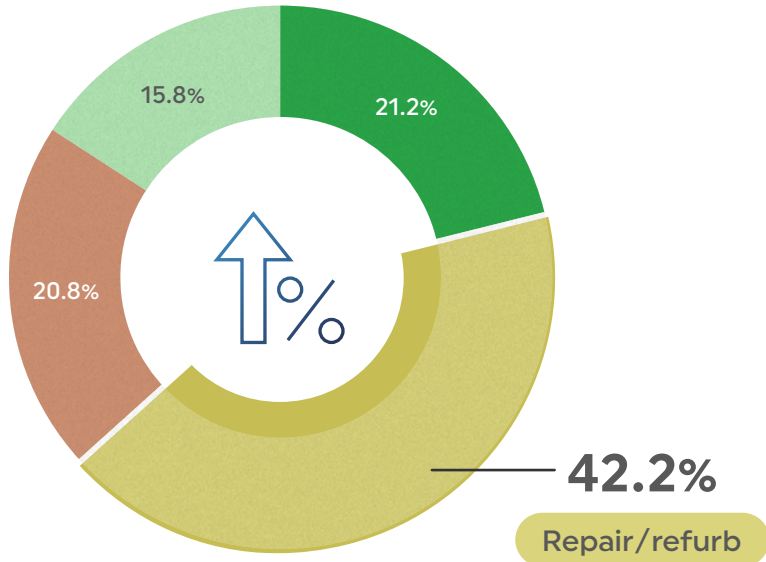


Deploying intelligent disposition software at the point of returns initiation, whether online or in-store, optimize the decision-making process for managing returned products and eliminate unnecessary touches. Of equal importance is to ensure that when an item does need to be touched, the touch is adding value. Only **42% of the 500 retailers we surveyed said that they conduct value-add services** like repair or refurbishment, and 16% told us they do absolutely nothing to improve yield and recovery potential of their returns. Failing to add value with every touch result in unnecessary financial cost and missed opportunities for improving yield and resale value.



On average how many times are your returns touched before they reach their final disposition?

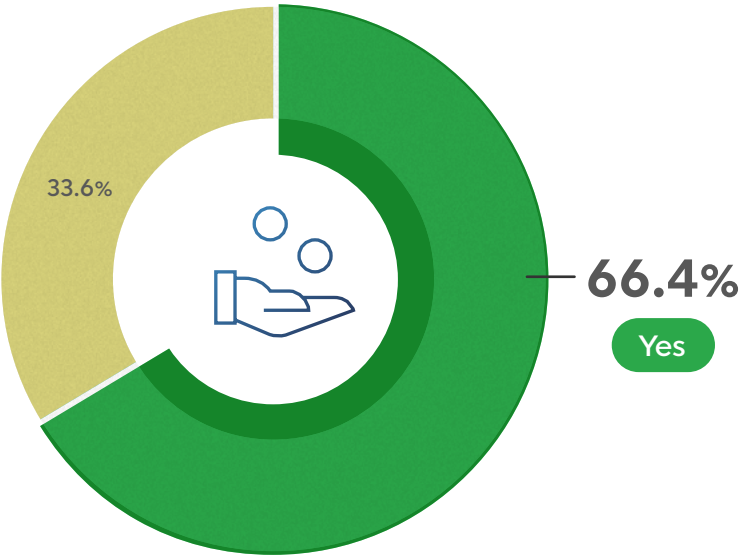
- 0-2 times
- 3-5 times
- 6-8 times
- 8-10 times
- 10+ times



To improve your recovery potential for returns do you:

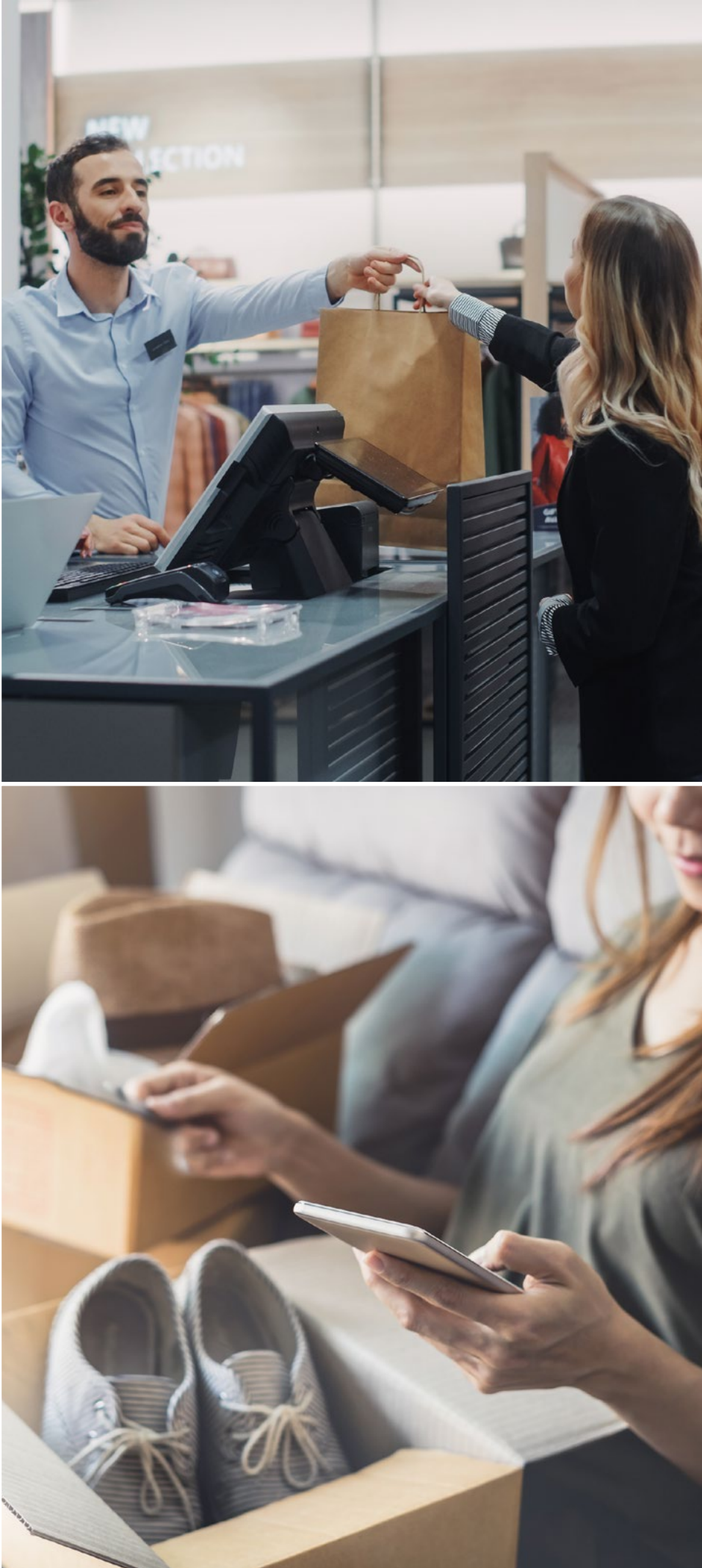
- Consolidate similar items for resale
- Improve item yield and resale value through repair or refurbishment
- All of the above
- None of the above

Traditionally, in-store return rates were much lower than eCommerce return rates. However, for the first time, both in-store and eCommerce returns rates reached 16.5% in 2022, according to NRF. This is because retailers are encouraging their customers to return their online purchases at the store. In fact, **66.4% of retailers are now charging fees for online returns** such as restocking fees or return-shipping fees, up from 60% six months ago when asked the same question. While this approach does help retailers avoid returns shipping costs, it can create other complexities.

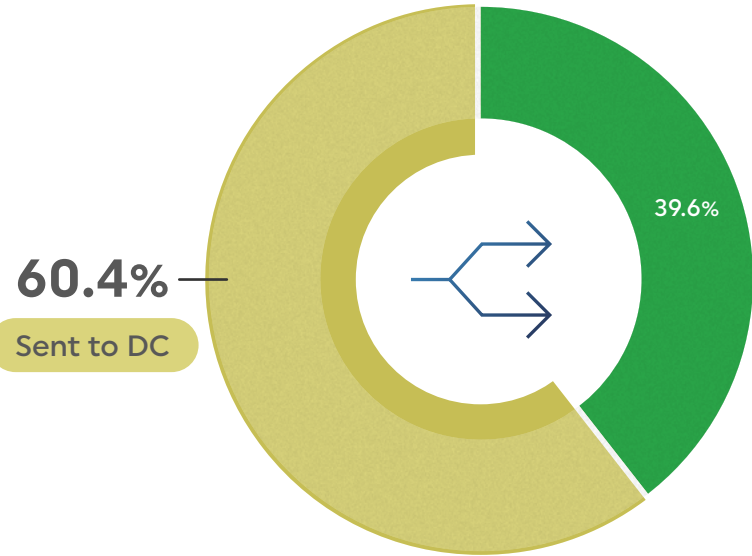


Do you currently charge fees for accepting returns such as restocking fees or return-shipping fees?

● Yes ● No



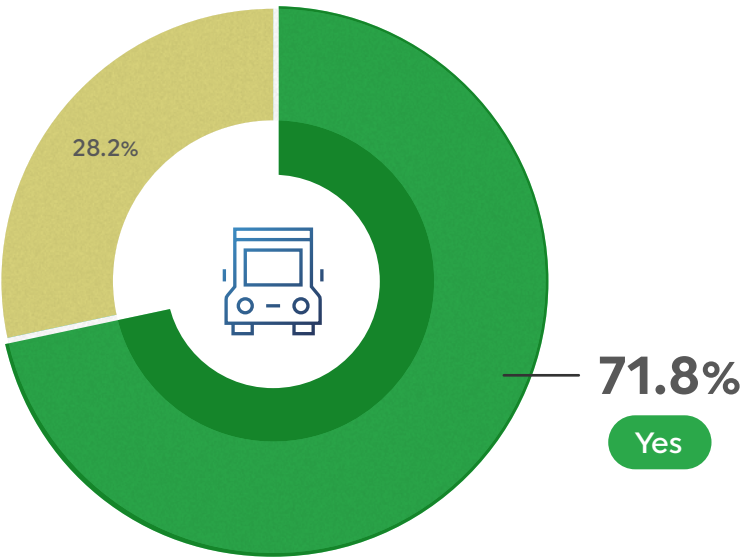
One challenge retailers revealed is that they are **unable to reshelve over 50% of the returns that were purchased online and returned to the store**. Instead, these returns are sent to a distribution center for processing, putting the costs back on the retailers to pay for outbound shipping. Retailers need to ensure they have the right returns management software in place that can help synchronize these disparate systems and identify which items are eligible to be restocked immediately so they can offer the customer the return option that yields the largest financial benefit.



If a customer buys something online but returns it in store (BORIS), does your POS system allow you to reshelve that item in your store or does it have to be sent to a distribution center first?

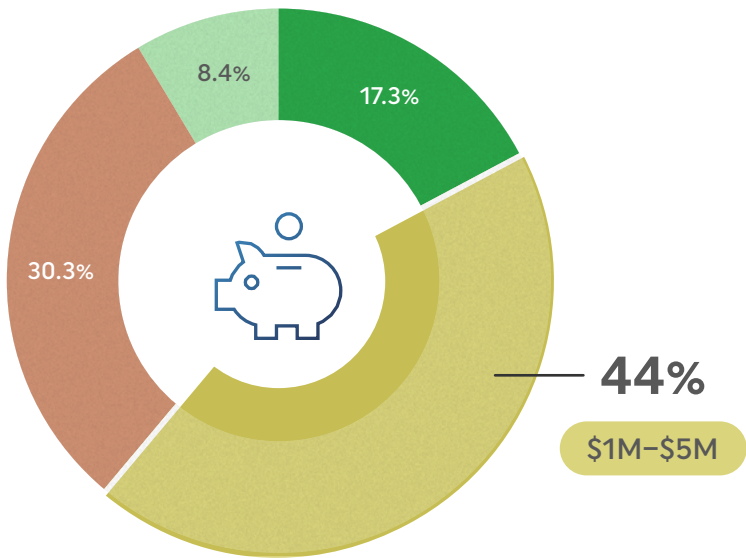
● We can reshelve that item immediately
● Sent to a distribution center to be processed first. Our inventory systems are different for in-store vs eCommerce.

Retailers operate in a dynamic and complex supply chain environment where returns management has become a critical factor for success. Yet, 34% of retailers told goTRG in a recent survey that they believe their business does a very poor-to-mediocre job with their returns process. Hopeful news, **72% shared that they have invested in enhancing their reverse supply chain processes**, with a majority investing between \$1–5 million.



In the past 12 months have you made any investments to enhance your reverse supply chain/returns processes?

● Yes ● No



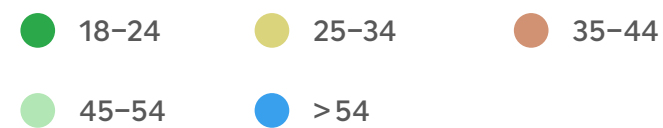
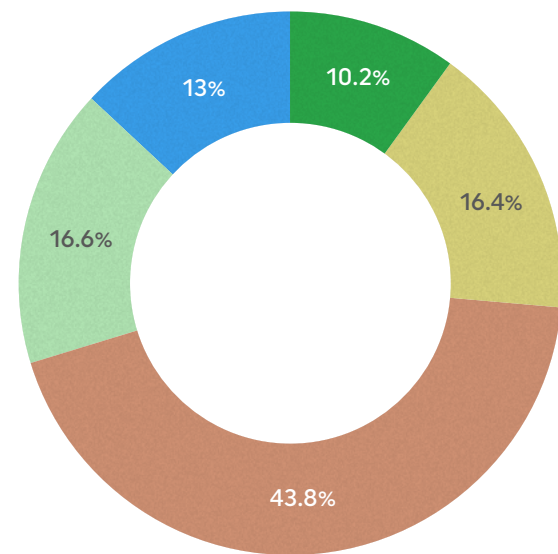
If yes, how much have you allocated?

● < \$1 million ● \$1 million – \$5 million
● > \$5 million ● Don't know

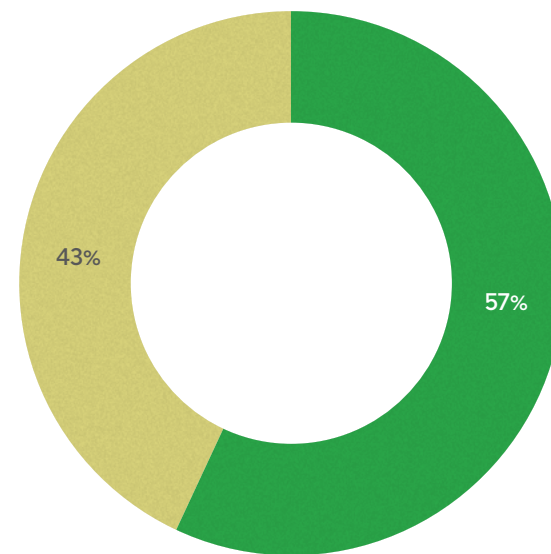


Participant Demographics

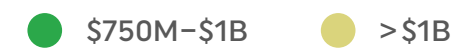
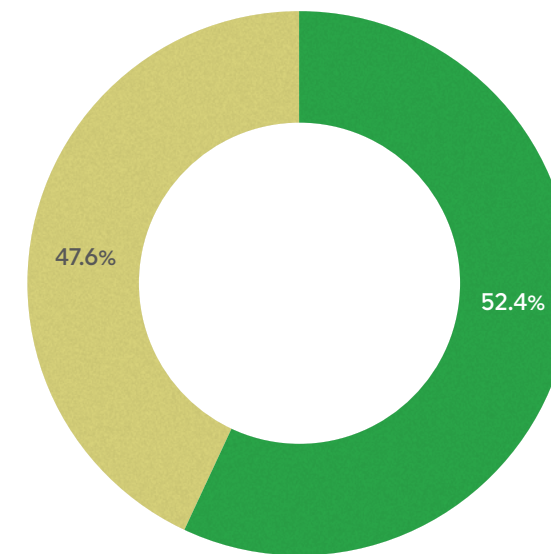
Age Groups



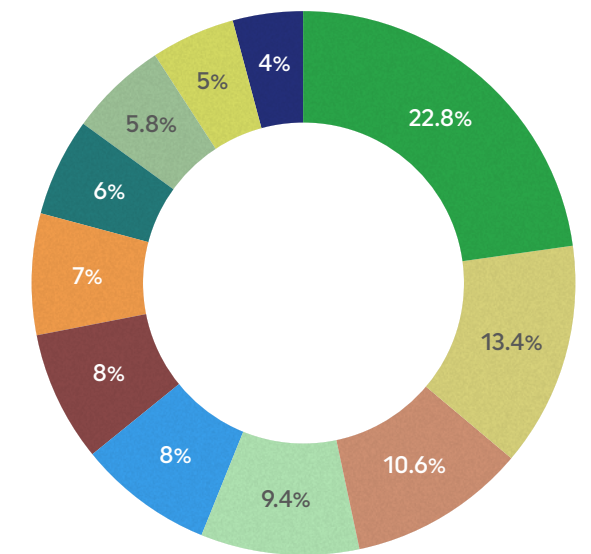
Gender



Revenue



Industry





Let's talk!

Over our 15 years of experience in returns management, we have recognized a significant challenge in the complexity associated with handling returns. This intricate process consumes valuable time, space, and resources, often leaving businesses struggling to optimize efficiency and reduce costs. Our end-to-end returns management platform was specifically designed to transform these challenges into opportunities.

With our extensive expertise, we can help you seamlessly manage the entire reverse lifecycle, encompassing returns initiation through final disposition. This comprehensive approach results in maximized recoveries, expedited turnaround times, and an elevated customer experience.

To take the first step towards overcoming these challenges, we invite you to get in touch with one of our returns experts today to discuss your existing concerns and showcase how goTRG can effectively solve your returns-related problems.