zigzag
By Global Blue

Return Secrets Exposed:

Inside the UK's Leading Retail Practices



2024

Contents

Introduction & Foreword by Al Gerrie, CEO at ZigZag 4

The Paid Debate 6

Retailer Spotlight New Look 7

A Window into the Returns Landscape 8-9

Convenience and clarity for the Customer 10-11

Return to Store, even if you've bought items online 12

Retailer Spotlight Next 13

Carrier Services 14-15

Refund to Store Credit & Live Exchanges 16

Refund Rates 17

Conclusion 18

Introduction & Foreword by Al Gerrie, CEO at ZigZag

UK e-commerce is expected to be worth £152 billion by 2027



"Our 'Return Secrets Exposed: Inside the UK's Leading Retail Practices' offers an insight into the returns policies of 130 of the UK's largest retailers and how this is defining the shopper experience. We have examined some of the most crucial elements of a returns policy and how each retailer is shaping up when it comes to paid returns, returns windows, and meeting consumer demands for choice and flexibility.

"UK e-commerce is expected to be worth £152 billion by 2027. Returns policies are a big factor when it comes to consumer experience and, in turn, sales. In fact, our recent research found that 84% of shoppers check the returns policy before making a purchase. So, with the UK retail landscape on an upward trajectory despite challenges such as greater international competition and the after effects of Brexit and rising interest rates, now is as good a time as any to unwrap the current retail returns trends.

"Understanding these trends and consumer preferences is essential for retailers to remain competitive. By providing insights into the current returns landscape, we aim to help retailers enhance their returns processes, improve customer satisfaction, and drive business success".



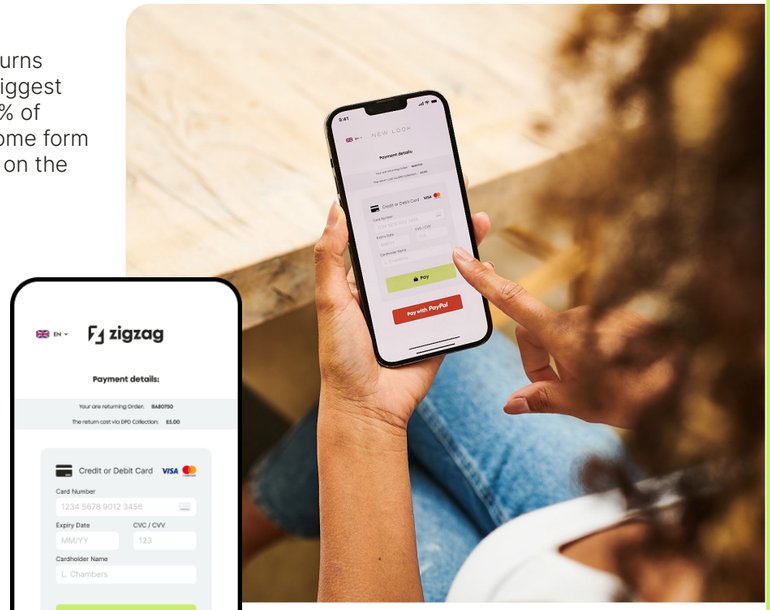
The Paid Debate

33% of retailers now charge for all online returns, up by 17% on last year

Paid returns continue to be a key focus for retailers and consumers. Since paid returns took off in 2022, complete adoption has increased by 17% in the past year, reflecting efforts to manage return costs in a competitive market. Initially, this decision shocked shoppers who were used to free returns. However, ZigZag's 2023 study found that 61% of shoppers would still buy from a retailer that charges for returns, and 47% would pay extra for quick home collection services. Fewer shoppers now expect free returns compared to 2022 when 75% insisted on them. Convenience has become a priority, with many willing to pay a small surcharge for a hassle-free process.

Currently, 33% of retailers offer paid returns from our research into 130 of the UK's biggest retailers. This rises to an astounding 63% of retailers on ZigZag's platform offering some form of paid returns - clearly, they are acting on the advice of the returns expert!

This trend is expected to grow as retailers seek to recover profits impacted by high return costs. Retailers are starting to realise that customers are open to sharing the returns burden - as long as they get a seamless, flexible process as a result. So, with business costs on the rise and return rates higher than ever, paid options are essential for many retailers. However, free returns won't disappear entirely. 71% of UK consumers would pay for a membership with free returns, so retailers are likely to continue offering them as incentives.



Retailer Spotlight

NEW LOOK

New Look reduced its returns volume by 0.5%pt since moving to paid returns, without impacting sales.

New Look has been a leader in women's fashion for over 50 years, boasting close to 400 stores across the UK & Ireland and an impressive online presence attracting hundreds of millions of visits per year.

New Look was one of the many retailers that moved to paid returns in 2023, albeit only through a small £2.50 charge, as brands look to recoup some of the cost associated with reverse logistics. We spoke to New Look's Senior Product Manager Rachel Troke about how they managed to move to paid returns so flawlessly.

Free in-store return kiosks

New Look rolled out a trial of innovative return kiosks, powered by ZigZag's returns platform, across a small selection of the retailer's stores in August of 2023. The kiosks provide a convenient and free return option for customers.

Rachel commented, "It came as no surprise that less shoppers returned online after charging for online returns, and our in-store returns doubled as a result. Offering the free in-store option softened the blow of paid returns online and we've had loads of really positive feedback. With customers stating it's great that you've changed the in-store returns policy because we love it now. It's just so much easier."

Improving the customer experience

New Look ensured the customer experience was doing everything they wanted it to before rolling out paid returns. Before moving to paid returns New Look: switched to ZigZag's online portal for quicker and easier returns, created FAQs and updated the help centre, and improved their refund status tracking. Rachel confirmed, "We've seen a reduction in "where is my return?" queries of 20% since we've been able to facilitate better tracking."

Monitor your customers

Rachel continued, "When monitoring [our high-value high-frequency customers] we have not seen any drop in average order value, nor the overall number of orders placed. The frequency at which they shop has not dropped either. They are still coming back after realising they have to pay for returns."

Not going first

It's important to emphasise that a lot of the groundwork has been set for retailers considering a move for paid returns. Rachel stated, "We were not the first retailer to do it... and customers are generally understanding of the challenging climate retailers have found themselves in."

The result

New Look's "Trustpilot score has increased from 4.3 to 4.7 during the time we rolled out paid postal returns and changed the in-store returns process. We are delighted with the impact the convenient drop-off kiosks and improved tracking has had on our customer satisfaction."

A Window into the Returns Landscape

42% of retailers extend their returns policy for peak season

The duration of the returns window remains a critical aspect of the shopper experience. While some retailers prefer shorter periods, ZigZag's research shows that 68% of retailers stick to a 28-or 30-day window. This time frame allows consumers to assess their purchases and make informed return decisions without extending the period too long, providing retailers with a predictable timeline in which to expect returns.

Only 12% offer a 60+ day returns window, with the main reasons likely being the product depreciation associated with extended returns periods and reducing the risk of random, unforeseeable returns spikes. However, it does convey a sense of trust to consumers. It's a customer-centric policy that doesn't force consumers into a panicked return and shows consumers that the retailer is confident in their product's quality.

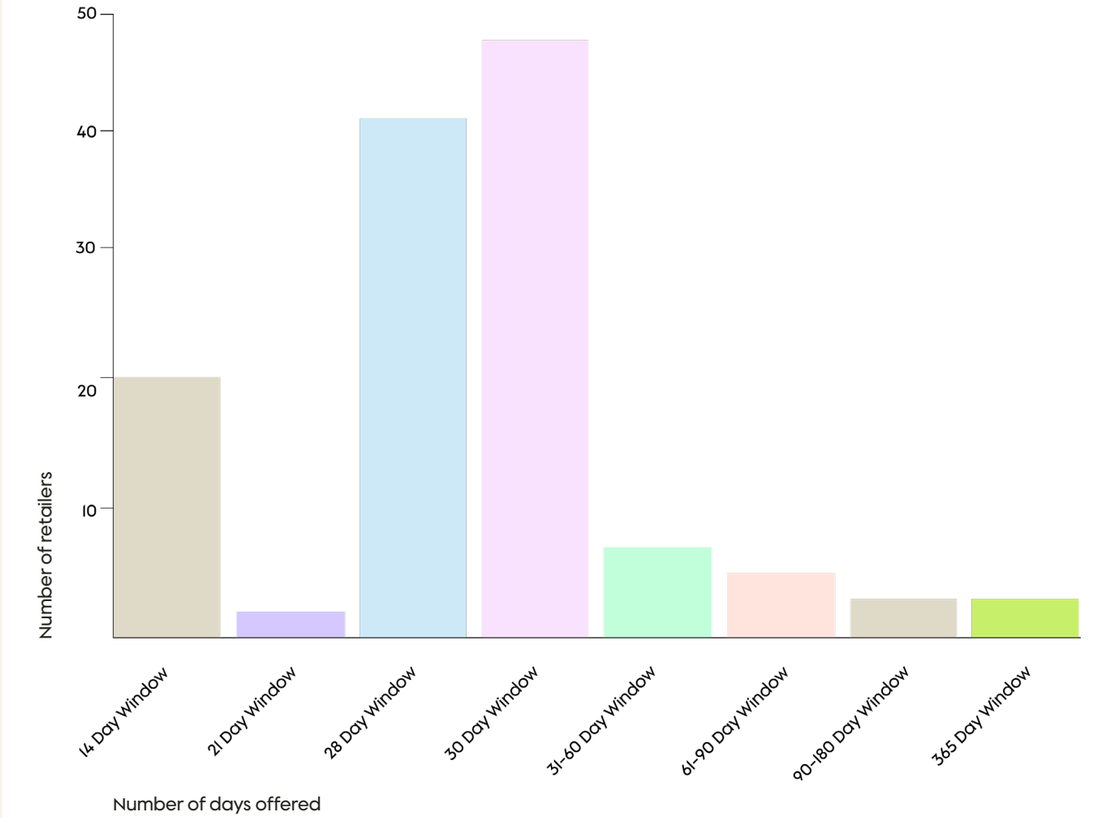
Retailer Spotlight

The three retailers showing their customers what trust looks like with a year long returns policy window...

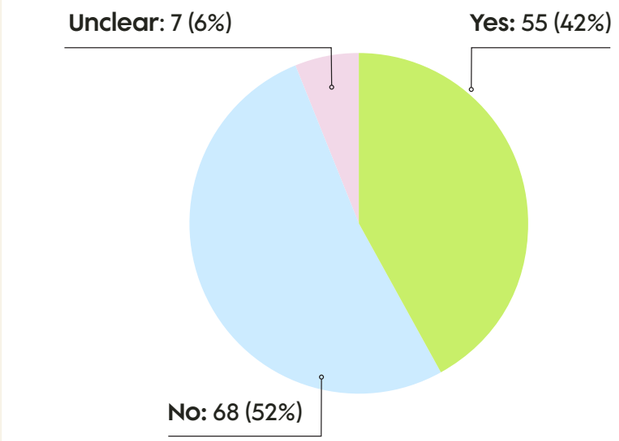
schuh DECATHLON IKEA

Policies often change seasonally; 42% of the 130 retailers surveyed extend the returns window during peak seasons to handle increased returns volume and avoid post-holiday bottlenecks. This strategy not only improves returns management but also enhances customer satisfaction by offering a more flexible return process during busy times.

How long are return policy windows?



How many retailers offer extended return policy windows during peak season?



Convenience and Clarity for the Customer

49% of retailers scored perfectly for the findability and clarity of their online returns policy.



Consumer convenience is the key factor shaping returns policies. Although 7% of retailers still do not offer combined returns (which is where a consumer can return items from different orders at the same time), this number will drop to zero within 5 years as those few retailers emerge from the dark ages. Convenience remains crucial, with 84% of shoppers checking the returns policy before purchasing and 53% avoiding purchases due to unfavourable policies. Therefore, returns policies must be easily accessible and user-friendly.

Retailers are heeding consumer preferences. ZigZag's 'How easy to find it' metric averaged 4.8/5, and the 'User friendly' metric averaged 4.32/5. This shows that retailers recognise the importance of clear and simple returns for customer loyalty. However, only 49% scored perfectly across both of ZigZag's metrics, so there is plenty of room still for improvement.

Displaying return policies prominently on websites and social media sets customer expectations. At ZigZag, we advise transparency: clearly outline the returns window, conditions, and any fees. A straightforward policy not only informs customers but also builds trust and shows a retailer's commitment to customer experience.

Which return methods do retailers use?

Label in the Box Only - 1%

This method of returning is uncommon with larger eCommerce businesses, with just one retailer of our investigated 130 still using it. By providing a Label in the Box, retailers are unlikely to get complete or accurate data back from the consumer and warehouses will have no idea what, when, and why the box has arrived, lengthening processing times. The method is not suitable at all for international returns in and out of the UK due to the complexity of the customs process.

Returns Portal Only - 58%

A returns portal is the only way a retailer can get accurate returns data, keep their supply chain and customers informed of the process, offer unique save the sale features like Live Exchanges, easily take payment, and keep customers happy whilst maintaining control of the process.

Carrier Portal and Label in the Box - 2%

The retailer combines the two options listed above, offering both a carrier portal and a label in the box return method.

Carrier Portal Only - 15%

The retailer directs customers to one or more return options that are hosted on the carrier services own website. This will most likely provide customers with a reliable level of service as carriers are naturally experts in reverse logistics. However, not all carriers have complete first and last mile coverage, which could leave consumers with a singular inconvenient return option. Also, it removes an element of control from the retailer with both customer enquiries and costs.

Customer Self-serve - 15%

Here, the retailer puts the onus completely on the customer to get the return back. The retailer's website will often have some instructions on the best way of sending the item back, but not always. This will get the poorest results of all return methods with costly and untraceable returns hitting the warehouse at random times, poor or non-existent returns data collected, and ultimately unhappy customers.

Returns Portal and Label in the Box - 9%

By including the Label in the Box in addition to the returns portal, the retailer will get all the benefits of a portal whilst serving the very select few 'technophobes' that still prefer the old fashion way. However, those label in the box returns will have the negatives that come with it mentioned above regarding data collection, warehouse visibility, and costs.

Return to Store

56% of US consumers will return their item to the retailer's store, making it their favourite return option.



In 2024, 59% of retailers provide return-to-store options. This benefits consumers with immediate refunds or exchanges and eliminates the need for packaging and shipping, simplifying and speeding up the process. Customers can choose between mail or in-store returns based on convenience.

For retailers, Return to Store leads to faster processing and better data insights. In-store returns allow quicker resolution and restocking, and immediate feedback helps improve products and marketing. New Look trialled return kiosks powered by ZigZag in August 2023, offering a free, convenient return option that reduces staff workload and enhances data collection.

Of course, returning to store is not an option for every retailer, but those that can and do offer the option can expect a boost in brick-and-mortar foot traffic and customer satisfaction. Of the retailers with 20+ stores, an astounding 82% offer buy online, return in-store.

Retailer Spotlight

next

Next offers free in-store returns and a second chance for late returners

Next is at the heart of UK retail. The omnichannel retailer offers customers quality clothing, homeware, and beauty products from both its own brand and that of nearly a 1,000 others listed on its website.

Boasting around 700 stores - with around 500 of those being in the UK - Next is one of the largest retailers by sales in the country.

After years of offering free returns, Next made the decision to begin charging for online returns at the start of 2023. Given the scale of its fashion sales, the retail giant would naturally have a high return volume too, so it isn't surprising Next was an early adopter of paid returns. However, at just £2.50, it's hard to imagine the fee covers much of the total returns cost!

Free in-store returns

Next is another retailer that offers free in-store returns as an alternative to paying the online return fee. This is an excellent way of driving some extra footfall to its stores, where the returns can be handled either by friendly staff or their parcel drop boxes. The method is also "the quickest way to get credited/refunded for your returns".

Shoppers can also explore the nearest stores and their opening times on Next's website.

Expansive returns options

Next make it easy for the consumer to get their returns back. With return to store, home collection, Parcel Shops, Post Offices, and even locker drop-offs available, consumers have a multitude of options to choose from. By providing choice, Next make the process convenient for their shoppers and reduce customer service enquiries. ZigZag's Retail Returns Report highlighted that convenient returns options played a vital role in the determination of a good returns policy, and it's something Next are doing perfectly.

Late returns

Unlike the majority of retailers we investigated as part of The Return Secrets Exposed Report, Next offers a late return option outside of the legal return window requirement. Customers that are returning items outside of the 28-day period can still receive an eVoucher refund (that can also be used across their brick-and-mortar stores) if they are in their initial unworn condition. A customer-centric stance to returns that we are sure has been warmly welcomed by procrastinators or the forgetful!

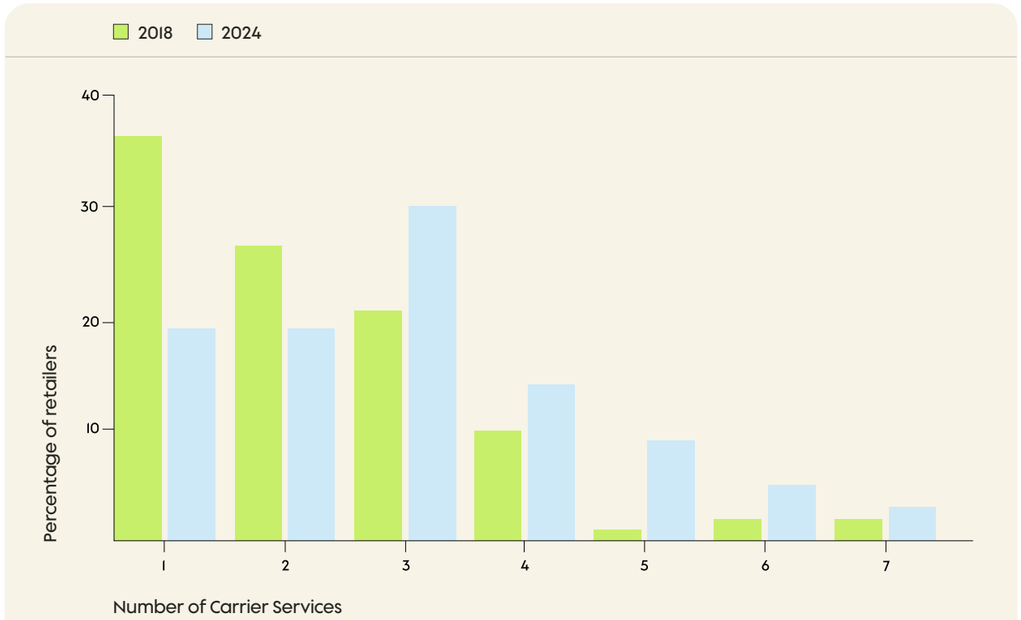
Carrier Services

62% of retailers now offer 3 or more carrier services in the returns process, a 26%pt increase from 2018.

Customers will most likely be spread out all across the UK and will thus have access to different carriers and methods of service. A Cornish shopper out in the countryside may only have access to a local Post Office a few miles away. A Londoner may require a home collection service whilst working from home on Mondays but like to use a locker on their commute on Thursdays. Retailers must therefore be able to provide the minimal level of service for the entire country, but also provide choice wherever possible to reduce frustration and boost loyalty.

From 2018 to 2024, the number of carrier services offered by each retailer in The Return Secrets Exposed Report increased from 2.21 to 3.03. So, the average retailer has added an additional carrier service to its returns experience to help provide a more comprehensive range of options for their customers.

How many carrier services are offered by retailers?



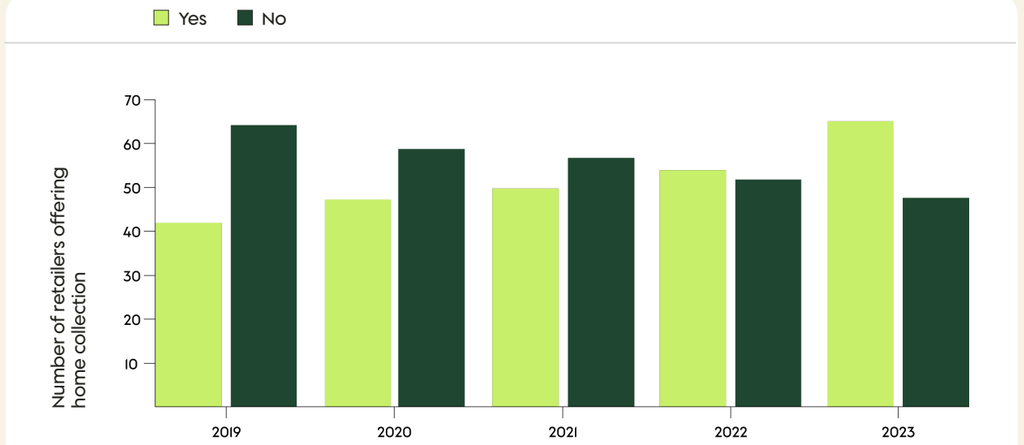
Carriers

Royal Mail was unsurprisingly the most popular choice of carrier for UK retailers in 2024. It was advertised by 45% of the 130 retailers, however not all retailers showcased their carriers on the returns policy. Of those that did, Royal Mail was actually used by 62%. Other carriers promoted included Evri (45%), DPD (14%), Yodel (14%), DHL (10%), UPS (9%), and FedEx (2%). With locker usage up 68% across 2023/24 peak season compared to the previous year, it is also no surprise that InPost was advertised by a quarter of the group of upfront retailers showcasing their partners.

Home collection

Home collection has become increasingly popular amongst consumers that have shifted towards a more WFH life since the pandemic. The convenient returns option is rarely offered for free by retailers, however with home collection the UK's second favourite option, and its adoption growing by 77% in 2023/24 peak season, that isn't stopping them going for it!

How many retailers offer home collection?



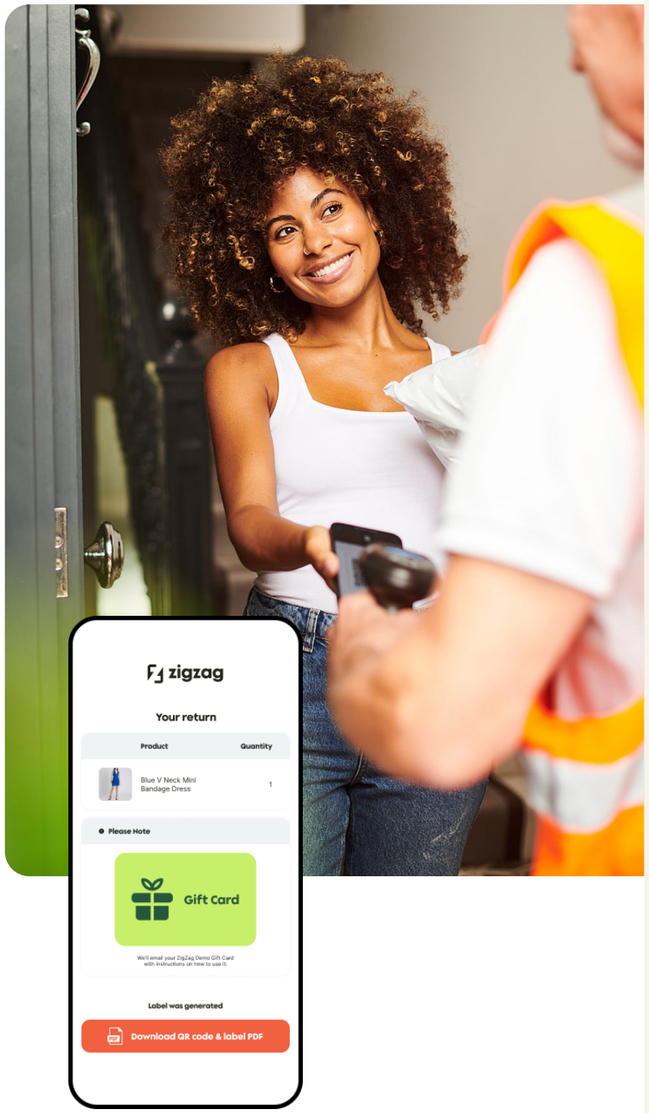
The little extras

Sometimes it's all about the little useful extras that make the consumers life easier. Around 29% of retailers allow customers to check drop-offs or retailer store locations on an interactive carrier map with opening times. We expect more retailers to introduce PUDO maps as consumers get more familiar with using it and frustrated with those that don't offer the interactivity.

Our research also highlights that consumers are getting irritated by the need for a printer to make their return. In fact, 42% of shoppers demand a printerless option. Out of the explored 130 leading retailers, 60% of them offer a printerless returns option (up from the lowly 20% in 2018). No doubt to the delight of shoppers across the UK.

Refund to Store Credit & Live Exchanges

22% of retailers offer the ability to refund gift purchases to store credit or gift cards



Offering options like Refund to Gift Card and Live Exchanges enhances a retailer's chance of retaining sales and customer revenue.

According to ZigZag's 2023 research report, 57% of consumers considering a return would accept a refund credited to a gift card, demonstrating a strong appetite for these options. However, currently only 22% of retailers offer the ability to refund purchases to store credit. Which means 78% of retailers are missing out on opportunities to save the sale.

Of the 22% of innovative retailers gently pushing shoppers towards a refund to store credit, 9% incentivise their shoppers with additional credit and 18% use it for returns coming back outside the policy window.

Additionally, 12% of the 130 investigated retailers offer Live Exchanges through their online returns portal. An incredible 83% of shoppers demand an easy exchange option from their retailer, so not only is there appetite for the functionality, but there's also a growing expectation.

31% of retailers do offer in-store exchanges and a further 15% offer exchanges through a convoluted customer service enquiry or by requesting it on the physical returns label.

We expect both Refund to Store Credit and Live Exchanges to be pre-requisites for selling online as return costs rise and consumers become savvier. We expect both Refund to Store Credit and Live Exchanges to be pre-requisites for selling online as return costs rise and consumers become savvier.

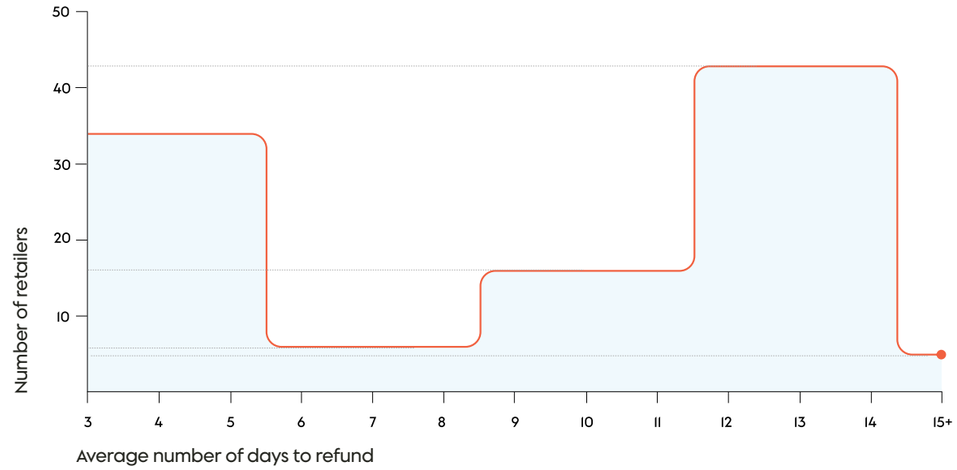
Refund Rates

The average refund period is 9.5 days

Refund rates vary significantly across retailers, ranging from just 3 days to as many as 30 days. Consumers can expect to wait for a refund for 9.5 days on average, highlighting substantial variation. Retailers need to address this inconsistency because a rapid refund is crucial for consumers; 72% of shoppers told ZigZag that quick refunds is a key aspect of an ideal returns policy. A surprising 12% of retailers offer no estimation for when a consumer can expect their refund, a policy admission that will almost certainly lead to an increase in customer service enquiries.

In unfortunate news for retailers, 85% of shoppers are only willing to wait up to a week for a refund, significantly short of the average promoted refund times from our surveyed retailers. This means consumers are likely to be frequently pestering Customer Service Teams with "Where is my refund?" enquiries, causing a drain on resources and raising costs.

How long are consumers told to wait for their refund?



Conclusion

In the world of paid returns, convenience is king

Retail returns have evolved immensely over the years, yet many longstanding practices still shape the industry.

The majority of returns remain free, but paid returns are becoming increasingly common. Returns charges were embraced by 33% of retailers in 2023, up from 28% in 2022, as retailers aim to manage costs in a competitive market. This trend is expected to continue, narrowing the gap between free and paid returns.

And as the market shifts towards a returns process that is partially or completely funded by the consumer, the experience will come under great scrutiny by those shoppers.

Convenience will therefore continue to take centre stage. It will be the most important word for consumers when it comes to returns. That starts with how retailers outline their returns policy and its contents. Clear, user-friendly policies are essential and retailers without them risk falling behind competitors who prioritise customer needs.

Retailers are still largely sticking to returns policy windows at the legal minimum; however, many are getting more flexible beyond 30-day windows (particularly around peak) and late returns.

There's a clear topic that needs addressing as a priority with the introduction of paid returns. Refund times are still longer than what many consumers consider acceptable at 9.5 days on average, and that unrest will grow. Fast refund methods like Refund to Store Credit or Return to Store might become a necessity to close the gap between refund speed expectation and reality.

Retailers must continue to innovate and adapt their returns strategies to meet changing consumer demands and market dynamics. Hassle-free Live Exchanges is the new requirement for consumers looking for convenience and retailers will need to continue bolstering their carrier service options.

By leveraging data insights and embracing diverse returns methods, they can improve operational efficiency and provide customers with better, happier, and everlasting experiences.

Methodology

ZigZag's research methodology involved comprehensive data collection and analysis of returns policies across 130 leading UK retailers. The research was undertaken in June 2024 by a team comprised of ZigZag's returns experts.



zigzag
By Global Blue