zigzag
By Global Blue

*The retail returns experience:*

# What do UK consumers want?

*2023*

## Methodology

With the help of Dynata, a market-leading research agency, ZigZag conducted one of the most extensive and expansive returns studies ever.

Through methodical research involving a comprehensive survey of 2,000 online shoppers in the UK, all of whom made online purchases within the past six months. Ensuring a balanced representation across genders and age groups, our study strives to offer a multifaceted understanding of customer behaviour, satisfaction, and expectations. Dynata was chosen to carry out the survey being the world's largest first-party data and insight platform. Dynata serves nearly 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers in North America, South America, Europe, and Asia-Pacific.

ZigZag also surveyed 4,000 consumers in Germany, France and USA.
To access this data and to meet with ZigZag please contact us at
hello@zigzag.global

## About ZigZag

ZigZag is a software solution to help eCommerce retailers manage returns domestically and globally. In 2023, ZigZag processes £2bn worth of returns on its platform, providing consumers with quick and convenient returns solutions. The ZigZag platform connects major retailers to a global network of 1,500+ carrier services in over 170+ countries. ZigZag's clients include Selfridges, Frasers Group, New Look, The Hut Group, and many more.

ZigZag delivers best-in-class technology and services to transform the post-purchase and returns experience globally. ZigZag's mission is to reduce cost and waste, increase customer loyalty, and enable our clients to be more profitable and sustainable.

ZigZag has continually been awarded for its innovation and data winning 14 awards since 2019, culminating as Tech Innovator of the Year at the prestigious Drapers Awards 2023.



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# Introduction

*As eCommerce booms across the UK, naturally, so do returns.*

*70% of consumers shop online once a week with around half of them considering themselves frequent returners.*

# 01. Introduction

Viewed from the outside, the UK e-commerce landscape is booming. In recent years, it has witnessed a transformation like never before and is now the most advanced European market. Indeed, the UK e-commerce market is estimated to reach over $160 billion in sales in 2024, with future growth anticipated to give the market a value of $194 billion by 2027. There are now over 60 million e-commerce customers in the UK, with only a tiny minority of the population not buying products online.

This significant recent - and projected - growth brings to light the importance of a robust returns strategy for retailers. Additionally, there are a deep range of factors - such as high domestic and international competition, the after effects of Brexit, continually increasing interest rates, and historically high inflation - that are affecting organisations and consumers at all stages of the retail industry, forcing them to adapt their practices and make savings where they can. These factors are also limiting consumers' spending power, placing an ever stronger emphasis on each retailer's dedication to saving sales and providing reliable returns.

These challenges do not only affect e-retailers operating domestically in the UK, but also have a keen impact on those working on an international scale. To provide an accurate assessment of how these businesses must react to the ongoing challenges affecting the e-commerce sector, this report also provides a comparison to consumers' attitudes in the EU (France, Germany) and the US, and provides insight into how retail businesses must reconsider their practices for these markets.

Nevertheless, a staggering 57% of individuals in the UK shop online on a weekly basis, with the UK being home to the largest proportion of frequent shoppers (23% shop online multiple times each week) out of all regions surveyed. Established consumers (aged 36-45) lead this trend, with 70% of them shopping online at least once a week, indicating the strong need for retailers to communicate with this generation. These digital shoppers are well-informed and discerning, and therefore must be provided with a convenient returns experience if they are to give an e-retailer their repeat business.



*84% of shoppers always check the returns policy before making a purchase and 53% of consumers admit to cancelling their purchase as a result of a retailer's returns policy.*

While economic challenges are facing the UK, a robust market persists for non-essential products, with the leading purchase categories in the last six months being Fashion & Clothing (73%) and Beauty & Health (53%). This presents a substantial opportunity for e-retailers in these sectors. This challenging economic climate also offers retailers the chance to reevaluate their returns policies to place consumers' preferences at the forefront of their strategies. In fact, 84% of shoppers always check the returns policy before making a purchase and over half (53%) of consumers admit to cancelling their purchase as a result of a retailer's returns policy. So, without the right returns policy, retailers could be losing out on a significant portion of the online retail industry.

The key for e-retailers to see sustained success in this new landscape is customer retention. Many businesses take this part of the equation for granted, but a strong returns policy can often impact purchase decisions and influence consumers who need to make a choice between two retailers. Doing this properly can be a game changer for retailers to drive profit and improve customer loyalty, which is vital in a time of economic uncertainty.

# Retail returns

*Who, why, and what are consumers returning?*

*We take a look in this section into the most popular items consumers return, why they do so, and discuss some preventive measures retailers can take to reduce the rising levels of fraudulent returns.*

# 02.
# Retail returns

## Retail returns: The UK customer viewpoint

Nowadays a significant proportion of UK consumers are choosing to shop online. Nearly 3 in 5 (57%) of consumers in the UK shop online at least once each week, which is more than both France (36%) and Germany (46%), the other two principal European markets for e-commerce. The UK therefore represents one of the world's foremost markets for retailers and they must get their returns policy right if they want to see sustained success in this area.

## Why does a retailers' returns strategy matter?

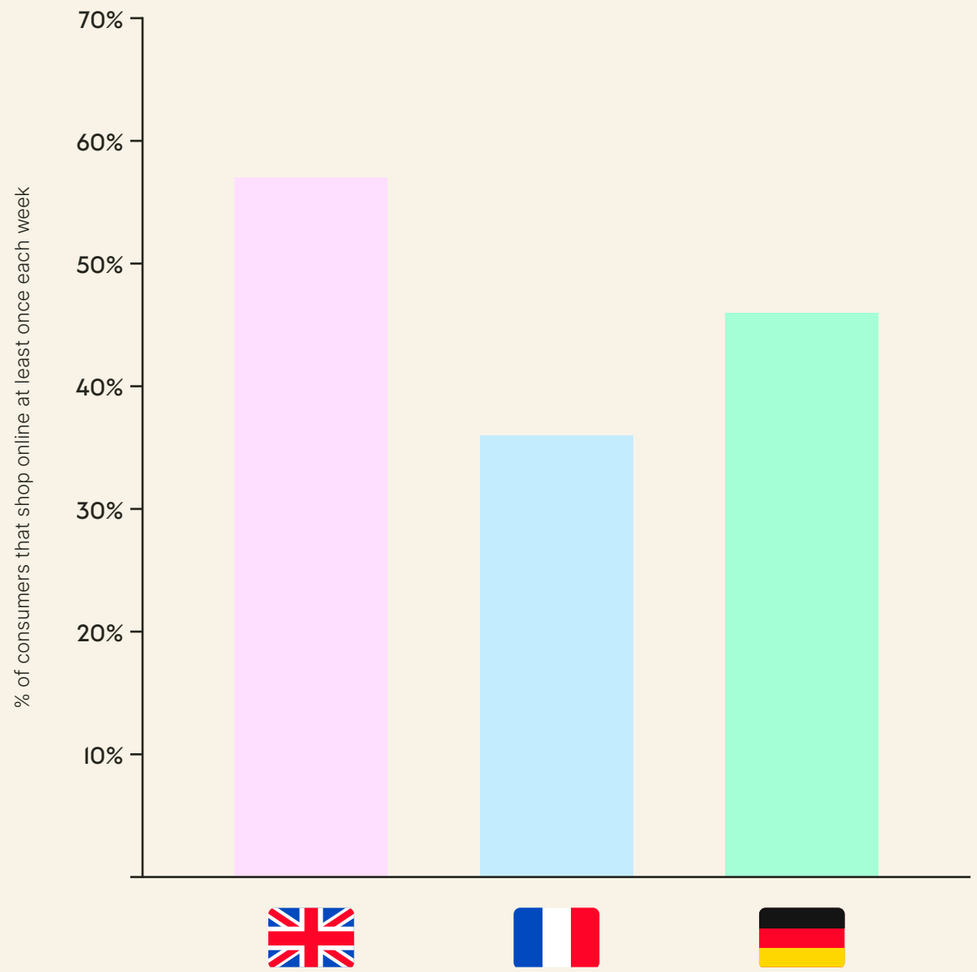
Getting the returns experience right is a crucial part of successfully engaging customers with your business. Whilst a return may mean you've lost out on that sale, it's all part of the service and could impact their future buying power with you. The fact that

*79% of UK consumers will not return to a retailer after a poor returns experience*

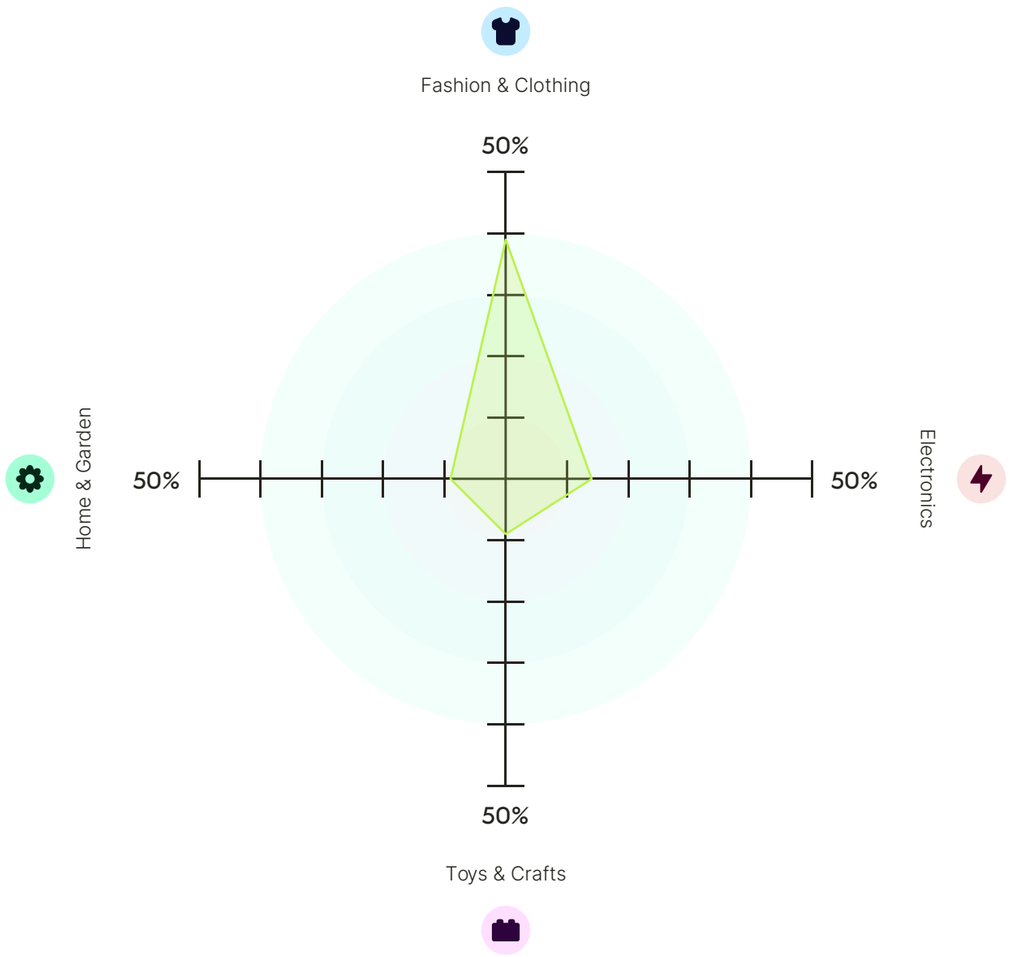
demonstrates just how vital it is for this experience to be positive to garner brand loyalty. Essentially, offering a positive returns experience is a low-cost, high-return strategy that is often overlooked by retailers. This is a huge mistake given how significant the results of getting this experience right can be.



**The percentage of consumers that shop online at least once each week**



## The most returned items in the UK






## What are consumers returning? And why?

To understand how retailers can meet people's needs when it comes to returns, it's important to understand what consumers are returning and why. This can help you save the sale and reduce returns. In the UK:

- the most returned items were Fashion & Clothing items **(39%)**, with Electronics **(14%)**, Home & Garden and Toys and Crafts **(both 9%)** among the other most returned categories.
- **46%** of women having returned an item of clothing bought online, compared to **31%** of men.
- **22%** men returning an electronic item, while only **8%** of women had done the same.

These high return rates point to the difficulty of purchasing specialty items - particularly clothing, where sizing can vary - online, and without having the option to try before you buy.

Indeed, our survey found that:

- Size is the most common reason for an item being returned. About **77%** of returns are processed due to this issue which represents a significant portion of total returns.
- The other top causes for returns are that the item arrived late **(27%)**, an item didn't match its description **(8%)**, and it arrived damaged **(4%)**.

These all highlight significant steps - such as working exclusively with high-quality carriers - that retailers can take to improve the customer experience and mitigate future returns.

*24% of younger consumers admit to staging (purchasing for sharing picture online)*

## The challenge posed by fraud

One thing that is worsening the returns situation for retailers is returns abuse. This often takes the form of a gaming of a retailer's returns system, such as bracketing. This is the practice of purchasing variations of the same item with the intention of returning most of it. A highly similar behaviour retailers are increasingly seeing is wardrobing: where customers buy an item, wear it, and then return it for a full refund. This is a tactic often employed by customers to find an outfit for a one-off event such as a wedding or a party.

An alternative form of returns fraud that is becoming increasingly common among younger consumers (18-24 - 24%) is staging. This is where an individual purchases items specifically to show them off through pictures on social media before returning them, and particularly affects high-end fashion brands.

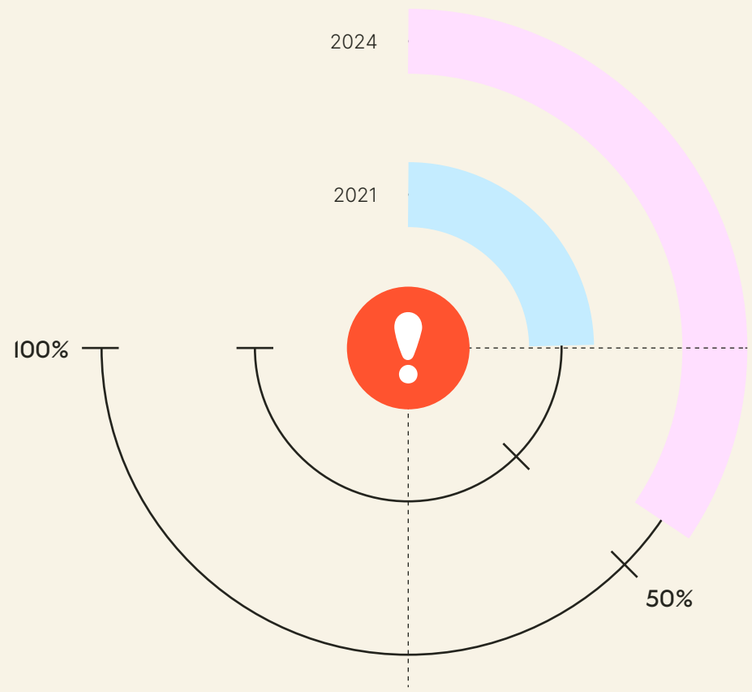
Worryingly for many retailers, these behaviours are on the rise, with

*46% of UK consumers buying multiple products with the intention of returning most of them*

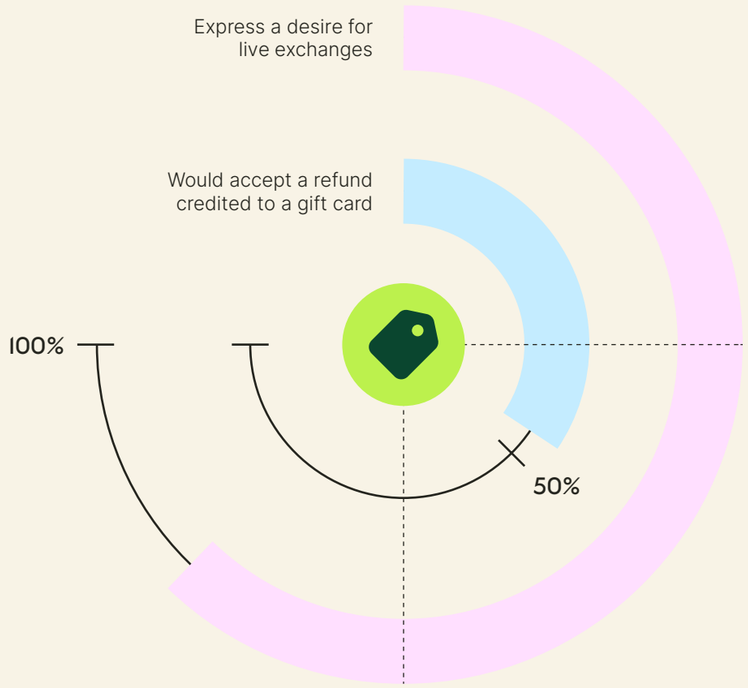
which represents a significant increase from 2021 (33%). Therefore, being able to combat these practices is crucial for retailers to protect their future revenue.



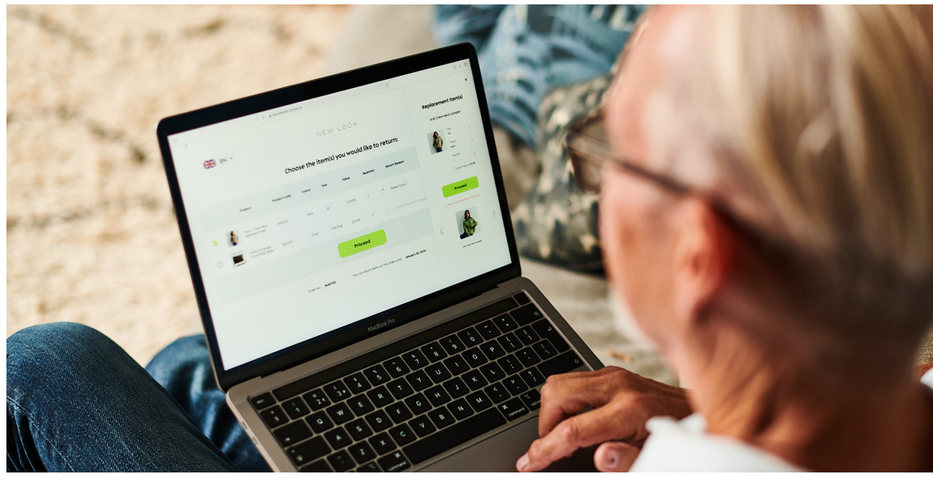
**The percentage of UK consumers buying multiple products with the intention of returning at least one item**



## UK consumers exchange policy desire





## Saving the sale and reducing returns

Not all returns are even returns...in a traditional sense. Consumers may make returns for any number of reasons. They may have simply misread the sizing guide or normally order a different size with another retailer. In these cases, retailers need policies in place to save the sale.

One potential solution to these challenges is for retailers to implement a strong, positive exchange policy.

UK consumers overwhelmingly:

- **83%** express a desire for easy exchanges, which offers a positive solution for retailers who are able to protect their revenue and provide a satisfactory experience for their customers.
- **57%** of UK consumers thinking of returning a product would accept a refund credited to a gift card.

Again, this helps businesses to secure their revenue while allowing customers the option to return unwanted products. These practices are highly effective at reducing returns. They ensure customers receive the outcome they are looking for - the return of an unwanted item - while retailers are able to mitigate the negative side effects of returns on a huge scale.

# Retail policy

*84% of consumers check a retailer's returns policy before they make an online purchase*

*Sales are won and lost on a retailer's return policy page, so what does yours say about your business?*

# 03.
# Return policys

## Return policies: How do they affect buying decisions?

Returning an item has increasingly become part of the buying process. This tendency is now reflected in how shoppers consider returns before making a purchase.

*84% of consumers check a business' returns policy when they shop online*

- a total that remains consistent across all categories and age groups.

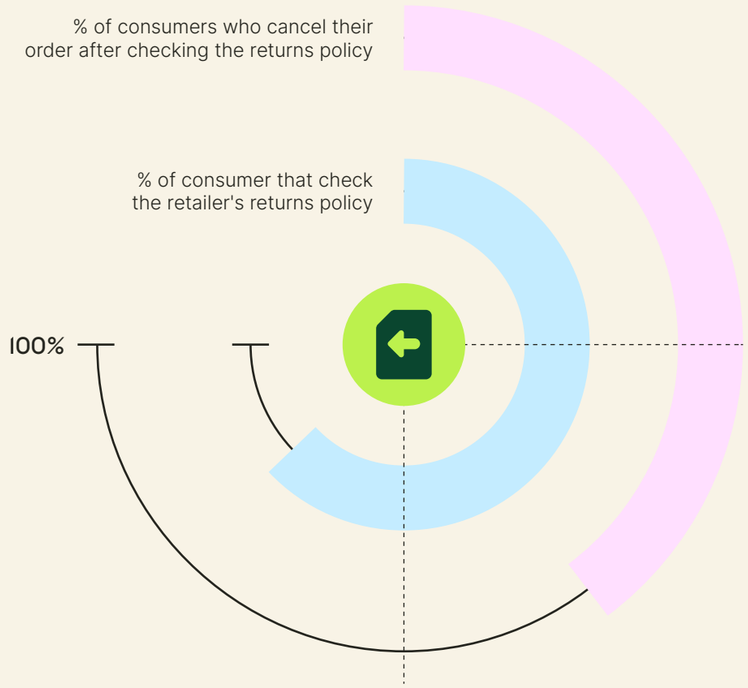
When these policies are obstructive, they often serve as a deterrent to a consumer making a purchase.

- **53%** of consumers have admitted to cancelling their purchase as a result of a retailer's returns policy.
- With the returns rate being highest across luxury categories, such as Jewellery **(78%)** and Beauty Products **(76%)**.
- As well as for products often bought in bulk, such as Office Supplies **(77%)**.

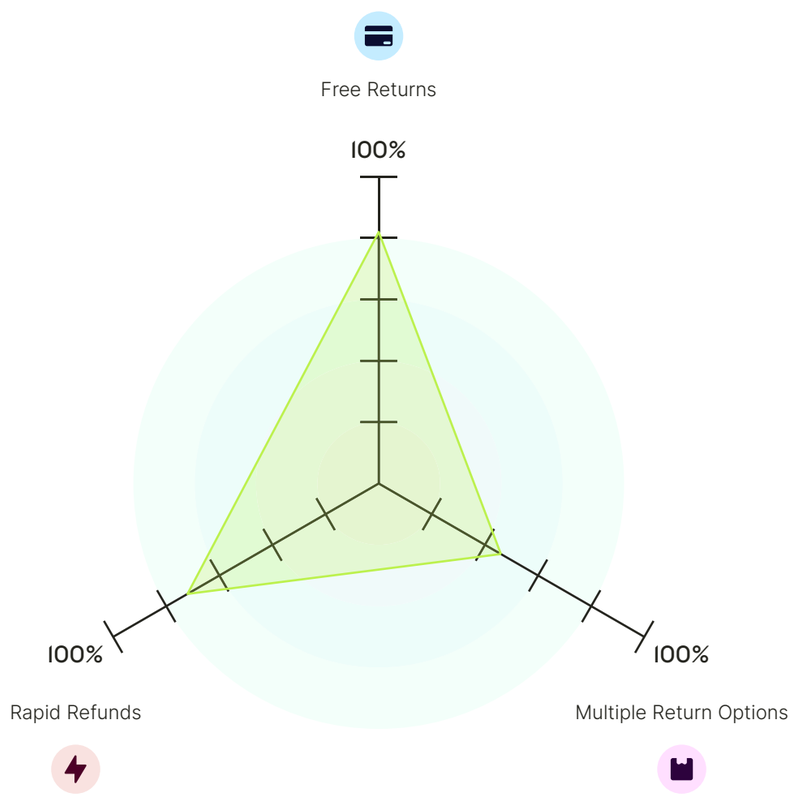
This is perhaps unsurprising given these items are often expensive and, as a result, returns policies must be forgiving in case the recipient does not like the item they receive.



**The percentage of UK consumers who check a business' returns policy and cancel purchases due to it**



## Most requested features for the ideal returns policy by UK consumers



## What does the ideal returns policy look like?

Providing a positive returns policy that helps consumers - while not a priority for many retailers - should be considered a vital part of any business' customer relations policy.

This poses the question: what does the perfect returns policy look like?

The most requested part of this was free returns, with 4 out 5 (82%) of UK consumers highlighting this as a core part of what they look for when returning an item. Next after that came rapid refunds (72%). Additionally, UK consumers value returns policies that work around them with nearly half (46%) favouring retailers who offer multiple convenient return options. This helps to paint the picture of what the ideal returns experience looks like in the UK; fast, affordable and convenient. These are the three pillars any retailer or brand must consider when looking to improve their returns offering.

# The paid returns debate

*It's the industry's hottest topic with 63% of retailers now charge for part or all of their returns.*

*Paid Returns is an obvious way to recoup some of the costs of the expensive returns process but is it right for your business?*

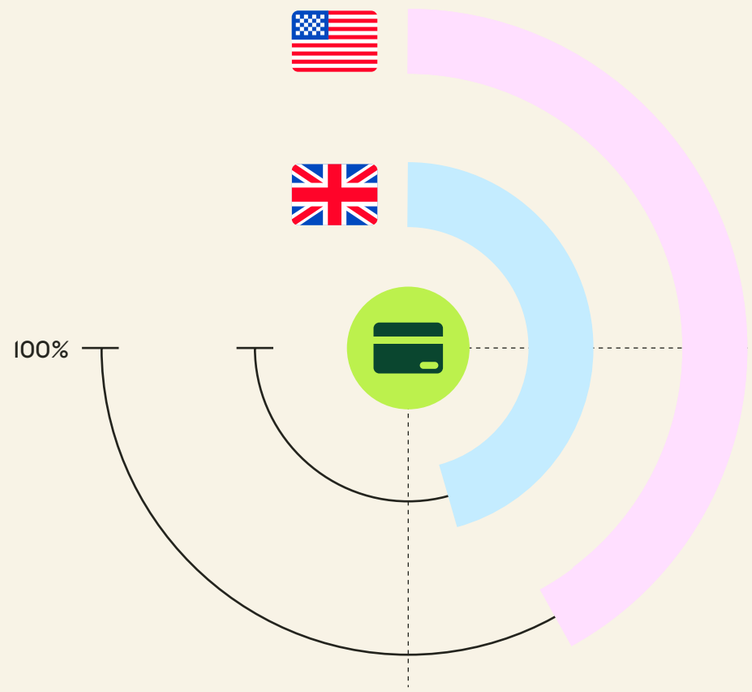
# 04.
# The paid returns debate

Given that free returns are a priority for many UK consumers, the choice for retailers to introduce paid returns can be a challenging turning point. This, however, is something that is becoming increasingly common in the UK, with several major retailers - Boohoo, Zara, Inditex and New Look - introducing paid returns. As would be expected, this decision has a direct effect on a retailers' bottom line with three fifths (61%) of consumers saying they will shop from a retailer if they only offer paid returns. This represents an increase compared to the US (56%), indicating the maturity of the paid returns market in the UK, and the influence that large-scale retailers have had in introducing paid returns successfully to date.

In a world with high return volumes, and increasing costs facing retailers who offer returns, finding a way to recoup these costs is the key motivation for retailers introducing paid returns. Those retailers who have already built strong relationships with their customers, and whose services are so high quality that they are a crucial part of the industry fabric, will be less affected by decisions such as these than those who do not have good customer relationships. For this reason, it is vital for retailers to provide their customers with the best experience possible if they are looking to secure a high customer retention rate.



**The percentage of consumers who claim they would not shop from a retailer that charged for returns**



# Meeting returns requirements

*By Al Gerrie*
*Founder & CEO, ZigZag*

# 05.
# Meeting returns requirements

*Al Gerrie, Founder and CEO of ZigZag Global, details the changes retailers must consider to provide a modern, fit-for-purpose returns solution.*

The recent cost of living crisis has exacerbated the number of returns shoppers are making, with our research indicating over a third of British shoppers are more likely to make a return as a direct consequence of the heightened cost of living.

This means retailers - and their carrier partners - are having to deal with a significantly increased load, as more and more deliveries are returned. This also has profound implications for retailers' bottom lines, as in many cases refunds have to be offered, and returns are offered free of charge.

Given the major impact returns policies can have on consumers' likelihood of making a purchase, it's vital for retailers to account for consumer preferences with any policy changes they make. For example, accessing a high-quality, free returns service is a priority for many customers, but retailers must be aware of the costs involved in offering this. They must also be prepared to make changes to their returns policy to ensure customer satisfaction while also protecting their revenue. This poses the question: what does the ideal modern returns model look like?

## What do consumers want?

In the UK, the conscientious consumer is an archetype that dominates the marketplace. The overwhelming majority of consumers will check a retailer's returns policy before making a purchase, and over half admit to putting the brakes on buying a product solely based on the returns policy. What's more,

*four-fifths of British consumers won't shop with a retailer again if they have a poor returns experience.*

This data all indicates the pressing need for UK retailers to provide their customers with a top quality, unobtrusive returns policy to maximise initial engagement with their brand.

The core concerns the majority of UK consumers have is for free returns and quick refunds, while they also place a strong emphasis on being able to conveniently make returns. These may sound like a challenging set of constraints for retailers to adhere to - especially in terms of how costly they can be - but there are several steps retailers can take to improve their returns policies that consumers will particularly appreciate.

## How can retailers update their returns policy to meet modern needs?

One of the key requests from UK consumers is that they are able to make returns conveniently. For the ability to have their return collected from their home, they are even prepared to pay a premium, which should offer significant encouragement for retailers looking to recoup the costs incurred from huge volumes of returns.

Another core part of the returns equation for retailers is 'saving the sale.' One way of doing this that is very well received by the vast majority of UK consumers is to provide the option to easily exchange an item, rather than seeking a full refund.

In perhaps the most encouraging sign for retailers, the British public is highly receptive to paid returns. This might be the result of recent large retailers, such as Boohoo, Zara, and New Look, switching to paid returns in an effort to fight returns fraud. This comes alongside the recognition from British consumers that the cost of living crisis is affecting every level of society, and requires strong action to ensure business is able to continue After all, many British consumers prefer to buy from British brands, and want to support the UK economy, and they are prepared to pay a premium to do so.



Be apart of the
switch to paid returns

# Appendices



# Appendix 1: Research & company

## Methodology

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