



Consumer Study 2020

State of Returns: New Expectations



Background and methodology



Narvar conducted its 4th annual consumer study of the state of online returns in September 2020.

This study captured sentiments through an online survey:

- US (1,161 consumers)
- Between 18-65 years old
- Returned at least one online purchase in the last 6 months



Narvar Insights:

We've included insights based on Narvar platform data for the same period to provide additional context. Narvar handles over 6B interactions per year across 125M consumers. Over 300 of our 800+ retailers use Narvar Return.

Key goals of the 2020 study included:

- How consumer expectations have changed in light of the COVID-19 pandemic.
- Drivers of satisfaction and dissatisfaction in the ecommerce shipping and returns flows.
- Opportunities for retailers to improve customer delight, increase loyalty and ensure returns become a competitive advantage.

What's changed?



A few trends we've seen bubbling over the years have surged in the face of the uncertainty wrought by the pandemic, with its upending of normal routines, access, schedules, economic confidence, and cultural norms:

- **Consumers are prioritizing convenience and predictability.** We see this in the steep adoption of alternative locations, convenient pickup & returns options, and printerless returns.
- Customers are **willing to pay for predictability**; there is some tolerance for fees for scheduled and expedited options that can help retailers offset operational expenses.
- **Bracketing has surged**, but continues to be due primarily to size and fit issues, which can be mitigated with better information.
- There's been a massive **"loyalty shock": more than half of consumers experimented with new retailers**. A large number did it out of necessity due to supply chain disruptions, but many for more emotional reasons including supporting local business or D2C brands. There is a great opportunity to win these new customers longer term — and the returns experience is a critical element to retention.

What *hasn't* changed:

- Consumers expect proactive communication, especially with longer fulfillment times.
- They don't want to pay for return shipping.
- Making online exchanges easy can preserve revenue.



The pandemic rewrites the rules for retail

Over half of consumers expanded the set of retailers they shopped with this year.



56%

of consumers tried a
new retailer during
the pandemic.

They experimented both out of necessity
and for more emotional reasons:



could not get **timely delivery** from their regular retailer



needed an item that was **out of stock**



needed something they **don't normally buy**



wanted to **support local business**



purchased D2C from the brand instead of their regular retailer



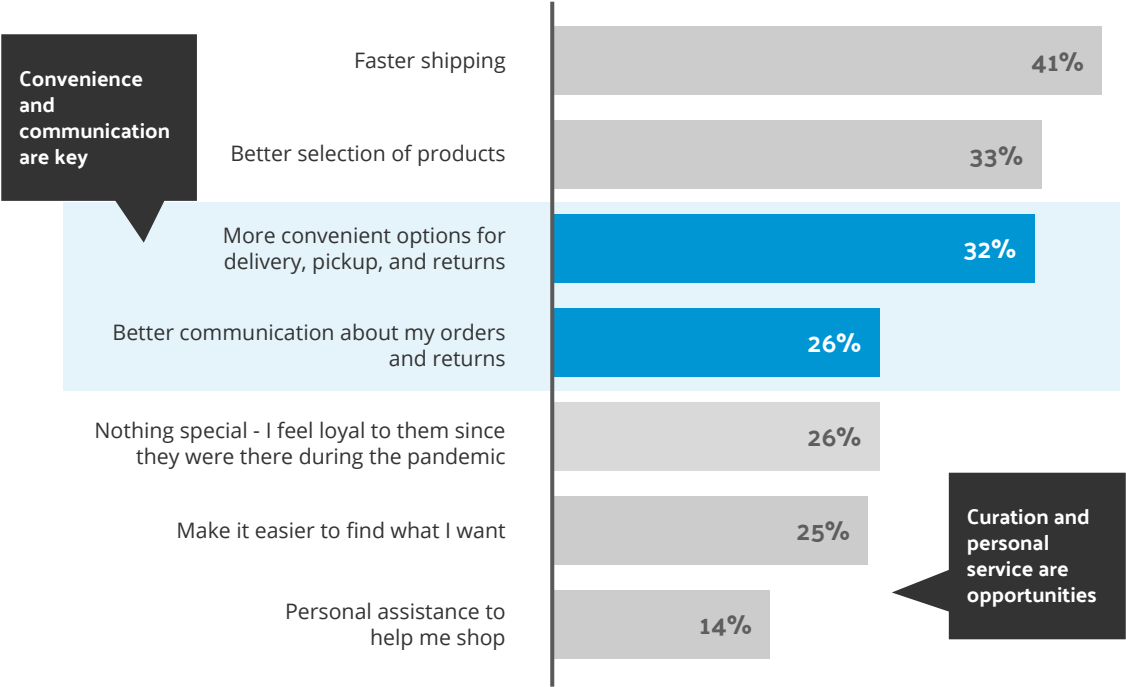
just **trying something new**

Retailers and D2C brands have opportunity to retain new customers from this “loyalty shock”.



87%
of them expect to continue shopping at these new retailers as things get back to normal.

How retailers can keep these newly acquired customers:



Over 60% of consumers now bracket their purchases – certain segments are even more likely to do so.



Bracketing:

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



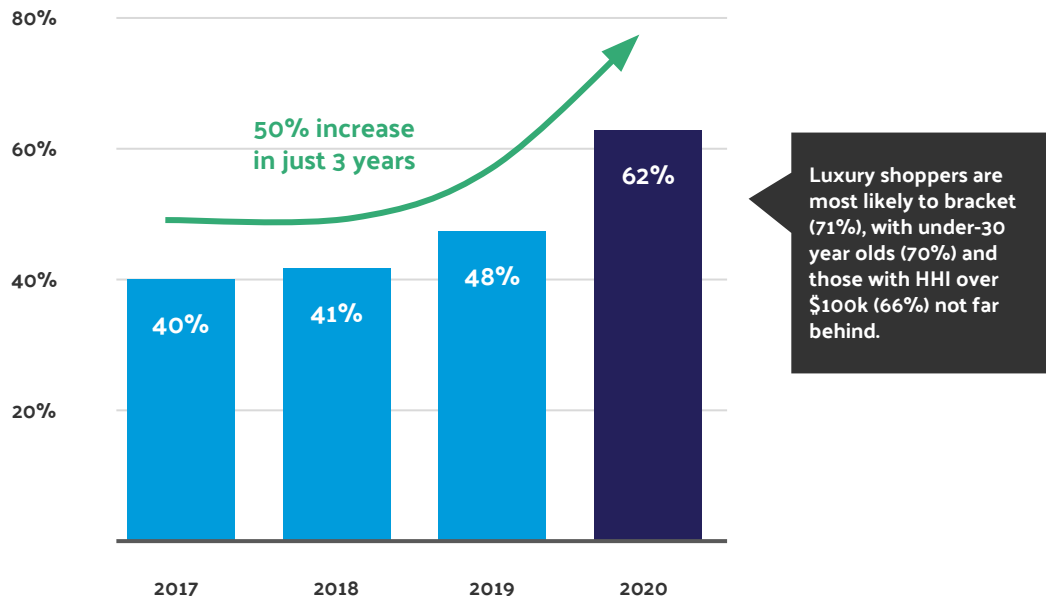
Key takeaway:

Consumers were already in the habit of using their bedrooms as fitting rooms for online purchases, but the practice skyrocketed this year. Size, fit and color continue to be the predominant reason for bracketing.



Narvar Insights:

Across the Narvar platform we saw a spike in bracketing in May (measured by variations of the same sku in a single order) of 31% over last year, and have seen that settle to a consistent 15% year-over-year since then.



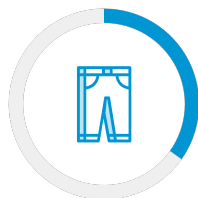
29% say they **only** bracket when sizing or other options aren't clear

Shoppers rely on bracketing to navigate fit issues and store closures...while those who don't bracket find it wasteful.

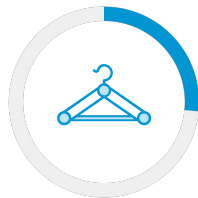
Top reasons for bracketing MORE NOW than previously:



41% have gained (22%) or lost weight (19%) and no longer know the right size

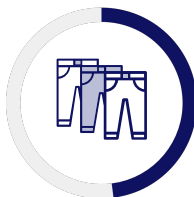


31% typically try things on in-store first but couldn't due to pandemic constraints



21% are trying new, unfamiliar retailers

Top reasons for NOT bracketing:



48% find bracketing **wasteful**



45% find **returns a hassle**



40% cite **financial reasons**

Consumers under 30 years old are more likely to avoid bracketing due to financial concerns (47%).



Key takeaway:

As shoppers rapidly shifted online, experienced size fluctuations, and experimented with new retailers, many reported bracketing more frequently than in previous years.

It continues to be critical for retailers to provide **high-quality product information and sizing advice on the PDP** to mitigate the impact and costs.

Monitoring trends in returns reasons from an online returns portal can provide timely data to assist with honing product details and prevent these types of returns in the first place.

Shipping delays are common occurrence, but consumers are forgiving with good communication.



36%
experienced
substantial delays

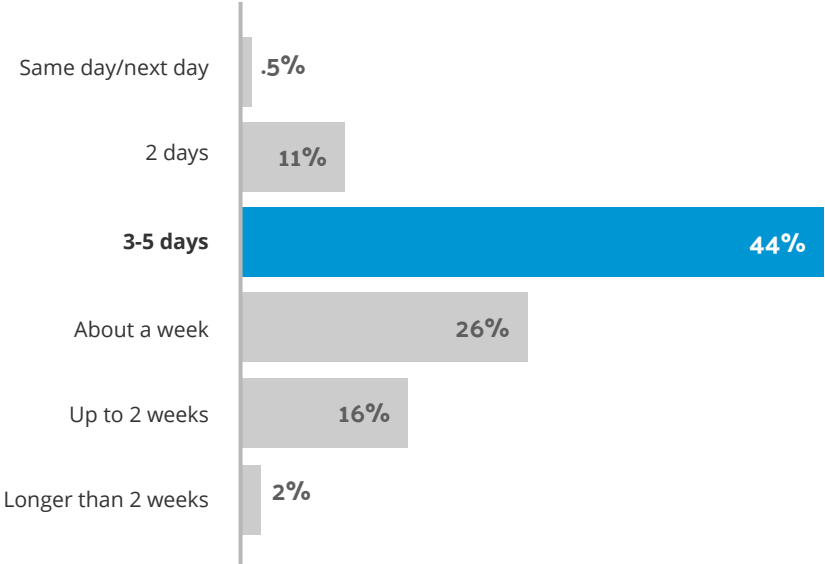


19% were well informed by
retailers



17% were not well
informed by retailers

How long do you typically expect it to take to
receive an online order?



Key takeaway:

Despite delivery delays during the pandemic, consumers have been forgiving under the circumstances.

However, nearly half of the consumers who did experience substantial delays said they were *not* kept well-informed by retailers.

This indicates an easy opportunity to improve the post-purchase experience, especially as unusually long shipping times are expected to persist into holiday and beyond.



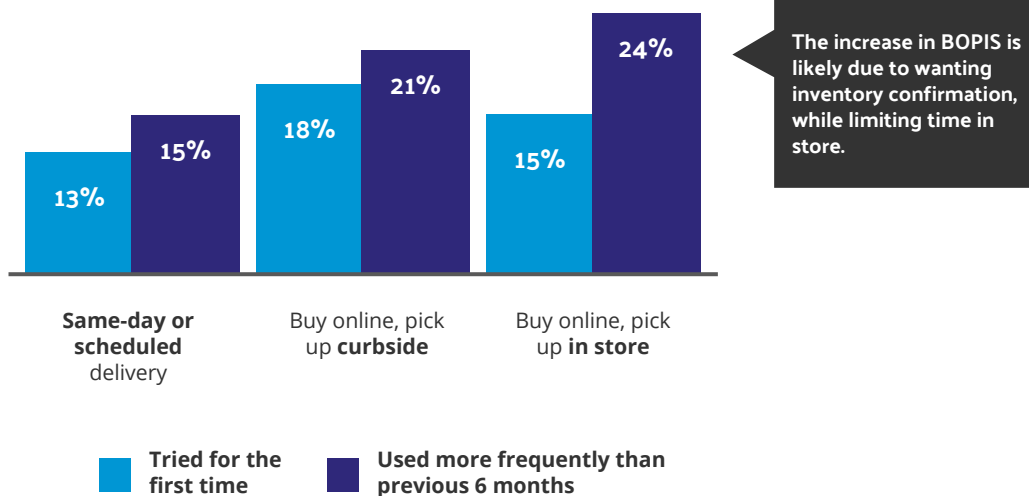
Narvar Insights:

Carrier delays aside, retailers struggled with fulfillment during the pandemic, with average time between order and handoff more than doubling from 1.9 days in February to 4.3 days in April.

Narvar retailers ramped up messaging during these longer journeys including new fulfillment delay emails, and saw a 70% average open rate by appreciative consumers.

Consumers latch onto contactless experiences like curbside pickup and same-day delivery.

During the pandemic, consumers tried a number of shopping and delivery options for the first time, or increased their activity:



Key takeaway:

Both retailers and consumers scrambled to find alternatives to match the speed and convenience of their normal routines which were disrupted by store closures and issues with fulfillment capacity and delays.

The winning methods meld the predictability of purchasing online with the immediacy of pickup or same-day delivery services — all while limiting contact with other people.



Narvar Insights:

Narvar retailers who offer contactless curbside pickup and BOPIS have told us they saw usage double during the pandemic.

Consumers are being more thoughtful about their shopping habits as they have become wary of store visits.

Think about your online shopping during the last 6 months (roughly during the pandemic) compared to the previous 6 months. Which of the following is true?

I'm more deliberate about what I purchase to avoid having to make a return	44%
I've avoided making certain purchases until I can go into a store	33%
I saved up my returns until I could bring them back to the store	19%



Key takeaway:

As consumers become more deliberate, so, too, should retailers. From a store perspective, it's important to focus on the unique aspects that make it worth the trip, which may include special services or experiences.

From an online perspective, it's critical to optimize the experience for convenience, which will go a long way to retaining customer confidence and revenue.

Telegraphing an easy returns process and giving consumers confidence about item details during the consideration phase can also help tip them into an online conversion.

A close-up photograph showing a pair of hands holding a green topographic map. Another hand is holding a compass, which is placed on the map. The background is dark and out of focus. The text "Solving the new returns puzzle" is overlaid in white, bold, sans-serif font across the center of the image.

Solving the new returns puzzle

The returns experience is critical to retention.

An excellent return can win over a new customer...



76% of **FIRST-TIME** customers who had an “easy” or “very easy” returns experience said they would shop with that retailer again.

...while a terrible return can lose an existing one.



33% of **REPEAT** customers who had a “difficult” or “very difficult” experience would NOT shop with that retailer again.

Those who rated their last return as “very easy”
didn’t have to check on tracking or refunds:

I was able to drop off my return at a **convenient location**

46%

I was **informed when my refund was processed**

43%

I got an **instant refund**

38%

I received **updates on the status of my return**

32%



Key takeaway:

Improving the returns experience is particularly critical to retaining newly-acquired customers, which is especially important now since the “loyalty shock” caused by the pandemic is driving more acquisition opportunities.

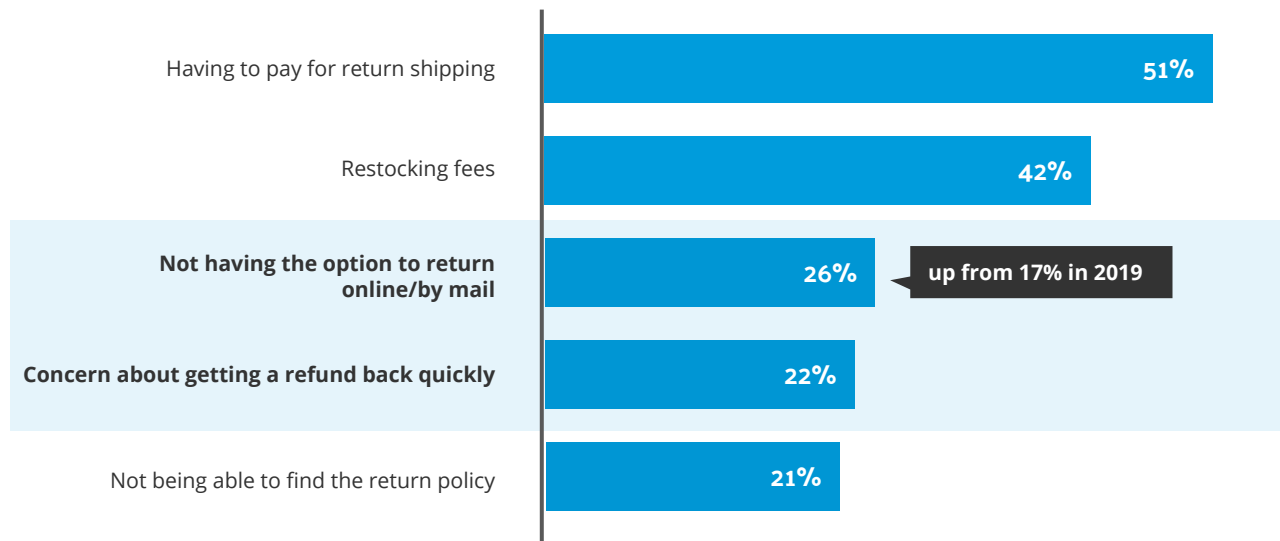
Making returns easy can also reduce churn among existing customers, though they are slightly more patient than new customers who have a bad first experience.

Communication, convenient locations, and fast refunds are key to satisfaction with the process.

Getting the returns experience right can also impact conversion.

Here are the key elements to bear in mind when crafting your returns experience to ensure that you're not losing sales up front.

What would prevent you from making a purchase in the first place (select up to 3)?

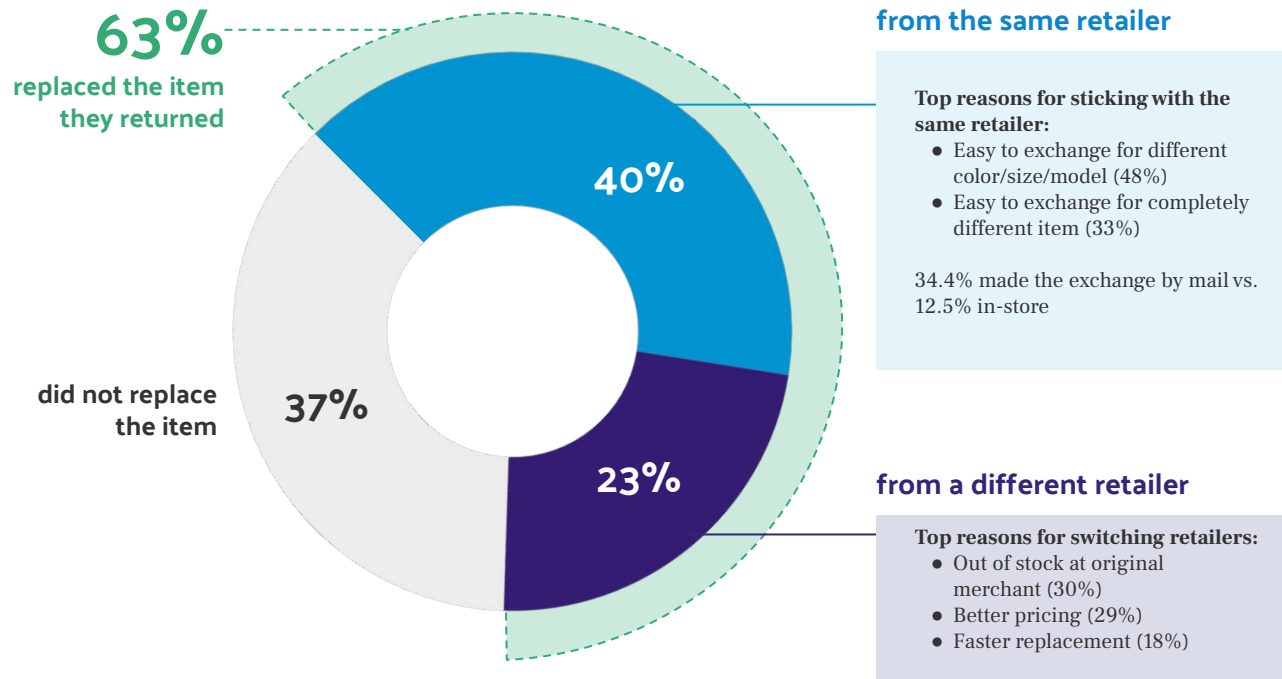


Key takeaways:

We heard loud and clear that consumers do not want to pay for return shipping — they are even more willing to put up with restocking fees. Unfortunately “free returns” has become table stakes, and charging a return shipping fee can impact conversion up front.

However, a substantial (and increasing) number of consumers are looking for mail-in returns and quick refunds during the consideration phase, so highlighting those options, as well as making the return policy easy to find on your site, will help.

Making online exchanges easy will help merchants “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.

Consumers are demanding alternative drop-off locations.

Last return method used	2019	2020
Mail: Took to carrier to mail back	40%	35%
Mail: Scheduled carrier pick-up	19%	12%
Returned in-store (e.g. Levis.com to Levi's)	11%	12%
Alt: Designated alternative drop-off location (e.g. pharmacy, locker)	13%	22%
Alt: Returned to different retailer (e.g. Amazon/Kohl's)	3%	7%
Refunded without having to return the item	12%	10%

Both desire for and actual use of alternative drop-off locations has nearly doubled

Attitudes towards in-store vs. mail	2019	2020
It's easier to return by mail	25%	30%
It's easier to return to a store	38%	37%
I wish I could return items to the nearest store like a grocery store or convenience store	17%	31%
I don't want to interact with a store associate	14%	22%

Perception gap btwn mail vs. in-store returns is closing



Key takeaway:

The pandemic has greatly accelerated comfort with convenient alternative locations and returns by mail.

As consumers stick closer to home and limit exposure by consolidating errands, retailers can provide some peace-of-mind and increase conversion by making the availability of these options clear during the consideration phase.



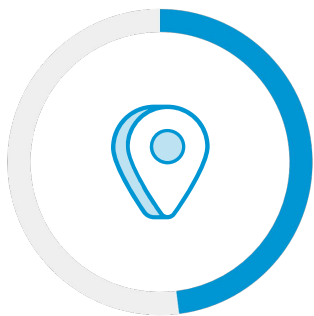
Narvar Insights:

During the pandemic, there was a 41% increase in utilization of the Narvar Concierge network of alternative locations, including Walgreens which was open as an essential retailer.

Convenience and efficiency drive adoption of alternative locations for returns.



Top 3 reasons why consumers choose an alternative return location:



44% find the **location** more convenient



41% like being able to **consolidate errands** in the same trip



32% find the **business hours** work better for their schedule

Shoppers are willing to pay for predictability and 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 free	Would pay up to \$5	Would pay more than \$5	Would pay a monthly or annual subscription fee
Curbside pickup or returns	56%	17%	7%	6%
Instant refunds	52%	16%	6%	8%
Return packaging materials & service provided	50%	21%	7%	8%
2-day shipping	40%	27%	9%	18%
Scheduled pickup of returns from my home	40%	22%	9%	8%
Scheduled delivery to home	37%	31%	10%	12%
Same-day delivery	23%	31%	18%	16%

Same-day delivery and scheduled windows for pick up & returns have highest perceived value.



Key takeaway:

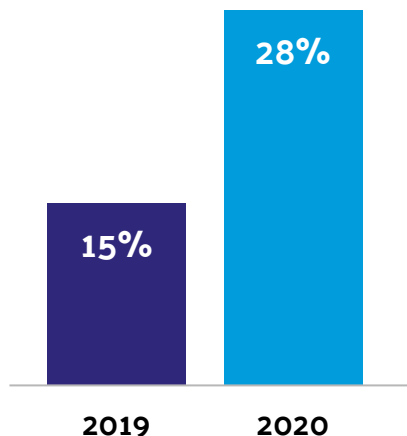
There is room for nominal fee collection for premium delivery & returns options, which can help mitigate operational costs for retailers.

We did not see significant differences in attitudes by age, household income, among luxury purchasers or Amazon Prime members, so this is good directional data.

However, it's important for retailers to understand needs and fee tolerance based on specific customer types or situations, and to experiment with price points or subscription/loyalty programs.

No printer, no problem!

Shoppers have rapidly adopted printerless returns options in the U.S.



Desire for label-less returns
(e.g. mobile code on phone) has
nearly doubled since last year



27%

**used a QR code on
their mobile phone
for their last
return**



Key takeaway:

Although 42% of consumers say they still want pre-printed labels for returns, remote work and preference for contactless transactions has driven both desire and actual use of printerless returns. Instead of printing a label, consumers are provided a QR code on their phones which can be scanned at the drop-off point.

By steering consumers to an online portal to process returns instead of providing a pre-printed label, retailers unlock a wealth of data, prevent out-of-policy returns, gain visibility into what's coming back when and why, and can dynamically route returns most efficiently.



Narvar Insights:

Narvar has seen a 60% increase in usage of QR codes for printerless returns during the pandemic.



The Post-COVID Playbook:

What retailers can do now

Prioritize convenience and predictability.

Center the experience around the busy, stressed-out consumer who is trying to minimize exposure while ensuring they keep the household running smoothly. Consider the elements that new, experimenting customers have said are important to keeping them beyond the pandemic.

- ❑ Offer prepaid returns, easy exchanges, and digital features like printerless QR codes for returns.
- ❑ Explore alternative drop-off locations like pharmacies or convenience stores through smart partnerships to increase accessibility for consumers and facilitate consolidated trips.

Reinvent the store experience for efficiency...and inspiration.

As consumers become more deliberate about in-store visits, it's important to consider two aspects: making transactions more efficient, while making the store experience valuable.

- ❑ For simple transactions like returns or checkout, offer expedited omnichannel options to minimize contact like BOPIS, BORIS, curbside pickup and returns, and buy in-store, return online.
- ❑ To invite store visits, focus on curation and services, rather than discounts and promotions, to make the trip worthwhile for the consumer.

Overcommunicate throughout the (longer) journey.

Fulfillment times are predicted to be disrupted through Q4 and beyond. It's critical to set clear expectations to give consumers peace of mind, while reducing load on your support team.

- ❑ Proactively message status of shipments and refunds regularly throughout the journey, especially when there are delays.
- ❑ Pay special attention to new gaps such as time between order placement and carrier pickup, or slower return processing times.

Meet customers' evolving needs

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



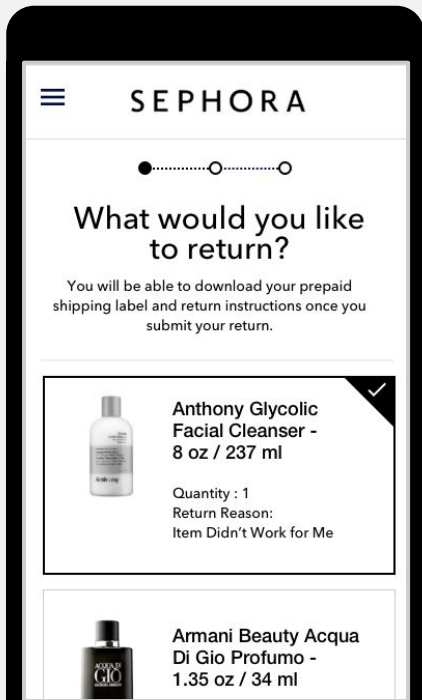
Return Analytics



Dynamic Disposition



Return to 3rd Party Vendor





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

Narvar is an intelligent customer experience platform that helps commerce companies simplify the everyday lives of consumers. Serving over 800 retailers globally including Sephora, Patagonia, Levi's, Sonos, Warby Parker, Home Depot, LVMH, and L'Oréal, Narvar ensures every touchpoint along the consumer purchase journey engages consumers and enables emotional connections—from pre-purchase to in-store experiences and beyond. With customizable customer messaging and tailored interfaces driven by unparalleled data intelligence, Narvar empowers commerce brands to turn every touchpoint into an opportunity.

For more information, visit narvar.com