

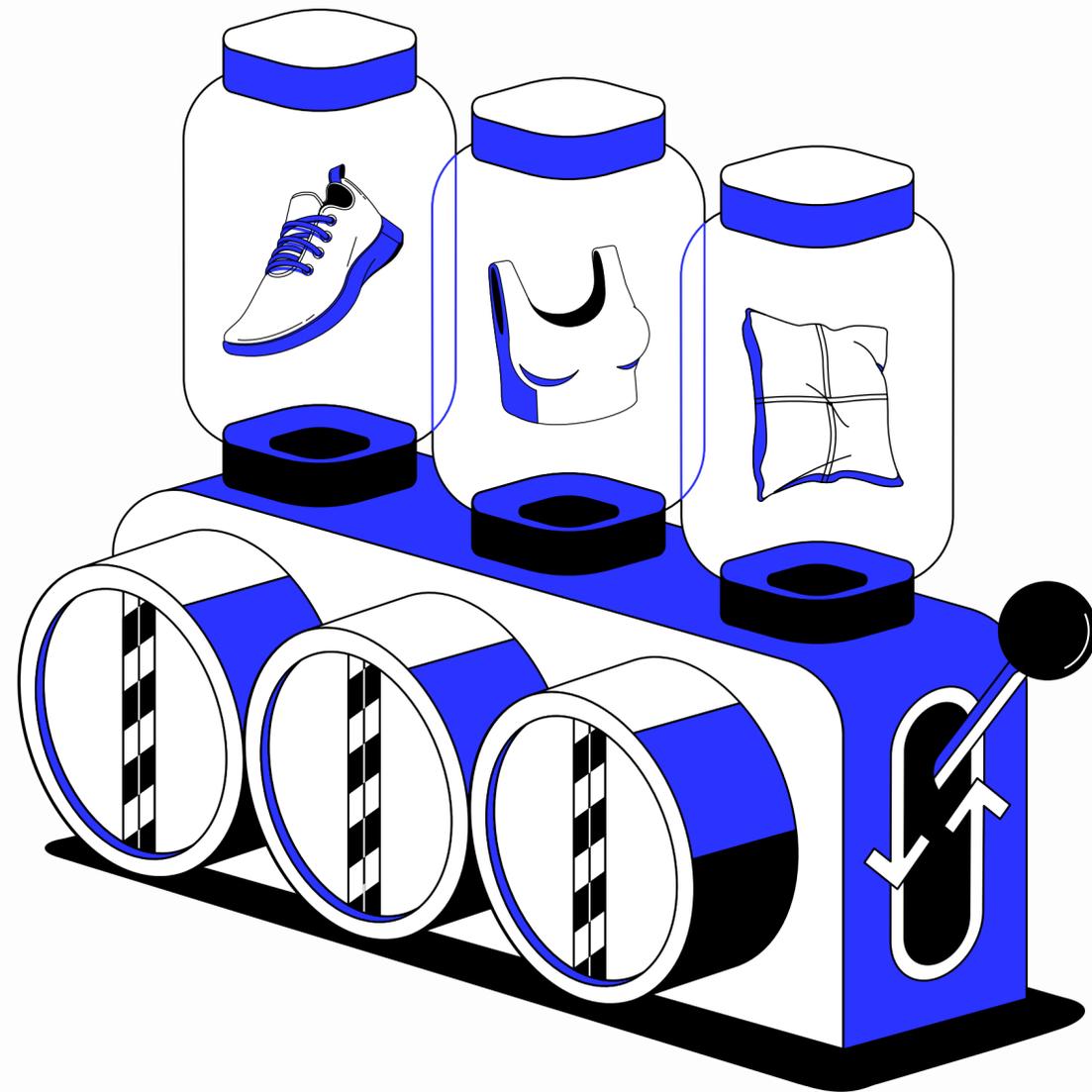


NEW CONSUMER REPORT:

How Returns Impact

**Customer
Retention**





We all know how much consumer trust matters in a brand-saturated world. Yet, many brands still struggle to optimize a part of the customer journey critical for building lasting customer relationships: **the post-purchase experience**. By failing to address customer journeys beyond the point of purchase, brands are missing out on key components for increasing customer retention.

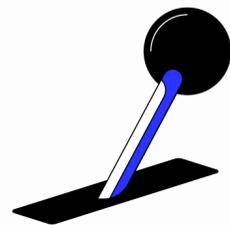
To understand consumers' return preferences and thoughts on the post-purchase experience, we surveyed 1,000 U.S. online shoppers in July 2022. The results overwhelmingly showed customers pay attention to brands' return and exchange policies — and they believe return policies are a clear indicator of how much retailers prioritize and value their customers.

From **post-purchase incentives to environmentally friendly return options**, we uncovered what consumers really value in return and exchange experiences. Curious what we found? Let's take a closer look at our survey's key findings — and explore how retailers can increase customer retention with premium post-purchase strategies.

“ **Nearly all (97%) consumers** say retailers with flexible and extensive return policies care more about their customer base. ”

Consumers believe
return policies
show **how much**
retailers care.

What are you signaling to shoppers?



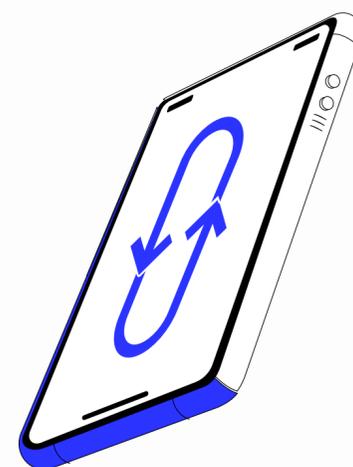
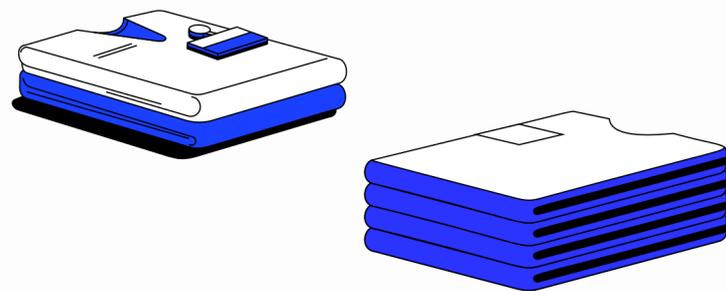
Most consumers believe return policies are a clear indicator of how much retailers prioritize their customers.

Nearly all consumers surveyed (96%) regularly review retailers' return policies before making an online purchase. Just under half (45%) always do.

Our report found that flexible processes and extensive return and exchange options are cornerstones of customer-conscious return policies, alongside free returns and exchanges.

In fact, more than half (54%) of consumers indicated they're unlikely to make a purchase from an online retailer that doesn't offer free returns. Free returns and exchanges are also the No. 1 retailer offering that would make consumers more likely to make an online purchase overall (69%), followed by an easy-to-follow return process (44%).

In 2022, these offerings are much more than nice-to-haves — one negative return experience can mean the loss of customer loyalty forever.



96%

Of consumers review retailers' return policies before making an online purchase

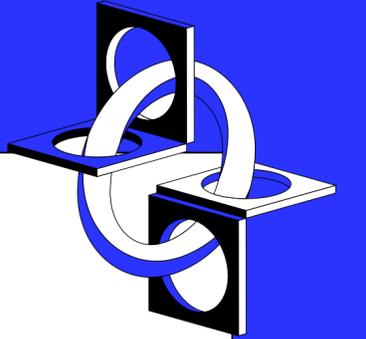
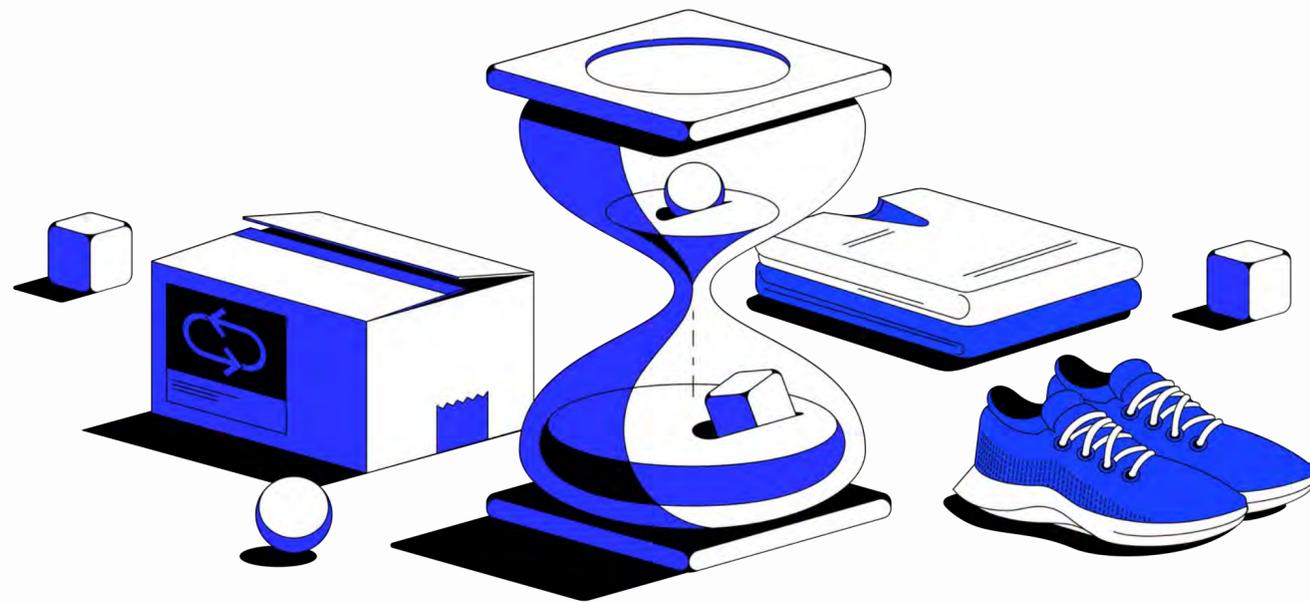
54%

Of consumers indicated they're unlikely to make a purchase from an online retailer that doesn't offer free returns.

“The majority (57%) of consumers have stopped purchasing from a particular retailer after a bad return experience”

Among consumers who abandoned a brand entirely, fear of another negative return experience was the No. 1 reason why.

It's easy to understand this behavior. We've all been on the receiving end of a terrible return experience — and while we may forgive, we certainly don't forget.



Top 5: Aspects of return experiences that have prompted shoppers to stop purchasing from particular retailers

1. Fear of another negative return experience in the future: **58%**
2. The retailer did not offer free returns and exchanges: **41%**
3. Other retailers offer better return experiences: **36%**
4. The return window was too short: **28%**
5. The return process was difficult to understand: **26%**

The takeaway:

Put customers at the center of your return and exchange policy to avoid sending them running in the opposite direction (or to a competitor's website). Customer retention benefits from integrating free returns and exchanges, easy-to-follow return processes and extensive exchange options. These factors are now must-haves.

Consumers value their time and effort when making returns



When you're ready to make a return, where do you go? Maybe you drop off a package on your commute to work. Or perhaps you ask somebody to swing by and grab the return from your home.

When it comes to seeing through the return process itself, we found that preferences vary. Many shoppers (42%) prefer to drop returned items off at a shipping partner like UPS or FedEx, while nearly a quarter (24%) opt for at-home product pick-up. A significant chunk of consumers (18%) prefer to return products directly to a retailer's storefront.



42%

Of shoppers prefer to drop returned items off at a shipping partner like UPS or FedEx.

24%

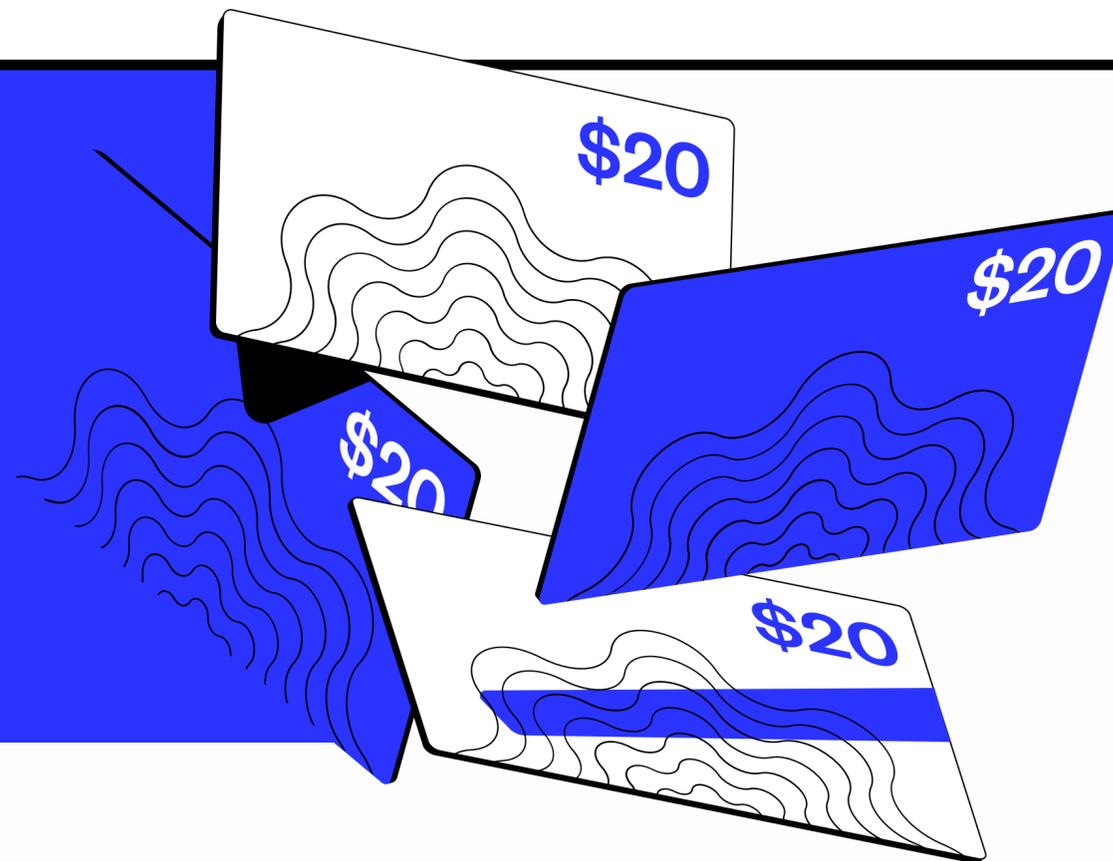
Of shoppers opt for at-home product pick-up.

18%

Of shoppers prefer to return products directly to a retailer's storefront.

Top 5: Reasons shoppers haven't already made returns they have at home

1. Making a return takes too much time and effort: **43%**
2. The value of the product I purchased is not worth making the return: **39%**
3. The return location is not open at a time that is convenient for me: **32%**
4. The return policy is hard to follow and I have questions: **30%**
5. I'm waiting for more products to arrive so I can make all my returns at once: **25%**



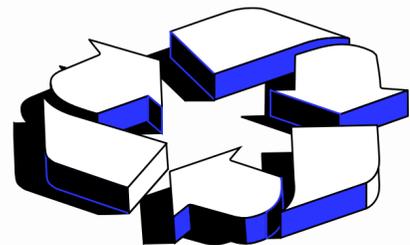
Across these return methods, time is not always of the essence. Most consumers (79%) reported they have retail goods sitting at home that they intend to return in the future. The No. 1 reason they haven't yet done so? Because making the return takes too much time and effort. Raise your hand if you can relate.

Digging deeper, nearly half (45%) of consumers say a product price point of \$50.00 or less would discourage them from making a return because the refunded amount isn't worth their time and effort. A quarter (25%) of consumers always make returns for unwanted products — no matter the value of the product.

The takeaway:

Many consumers end up eating the cost of unwanted products rather than suffer through a confusing or time-intensive return process. To ensure customer loyalty, make it easy for shoppers to return unwanted products and exchange for items they'll love. After all, positive experiences drive customer retention — and one bad return experience (or a lack of interest in making any returns at all) can disrupt your customer relationship and trigger complete abandonment.

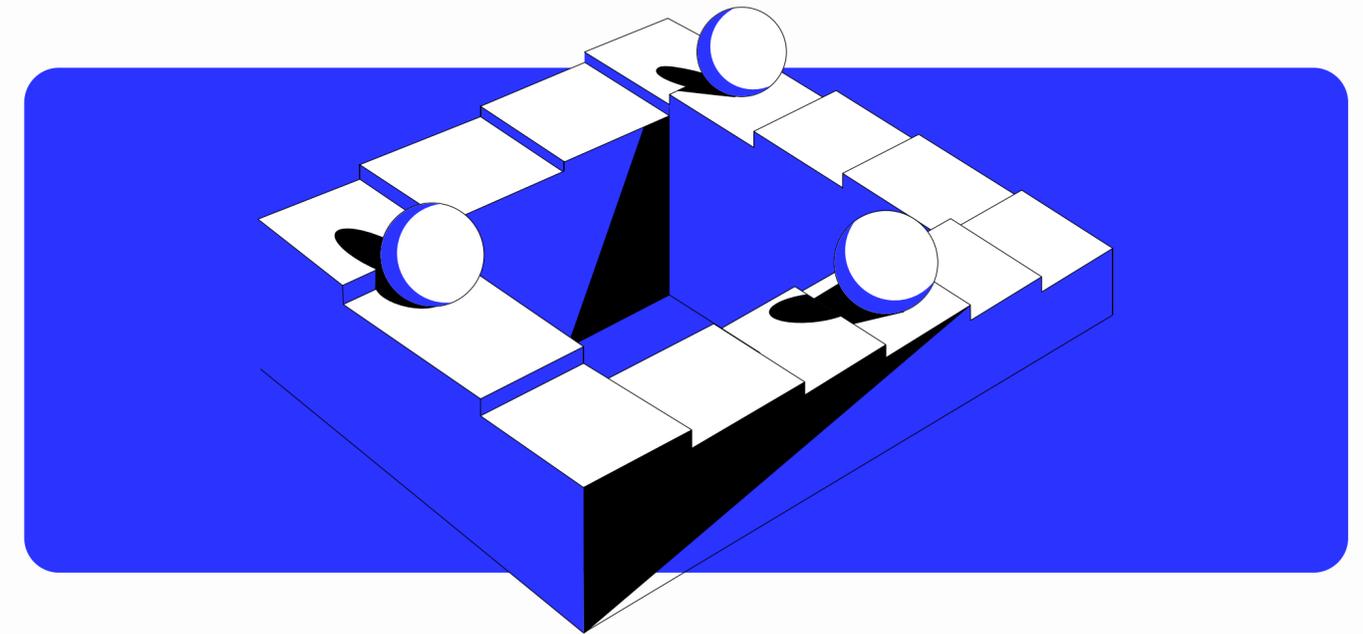
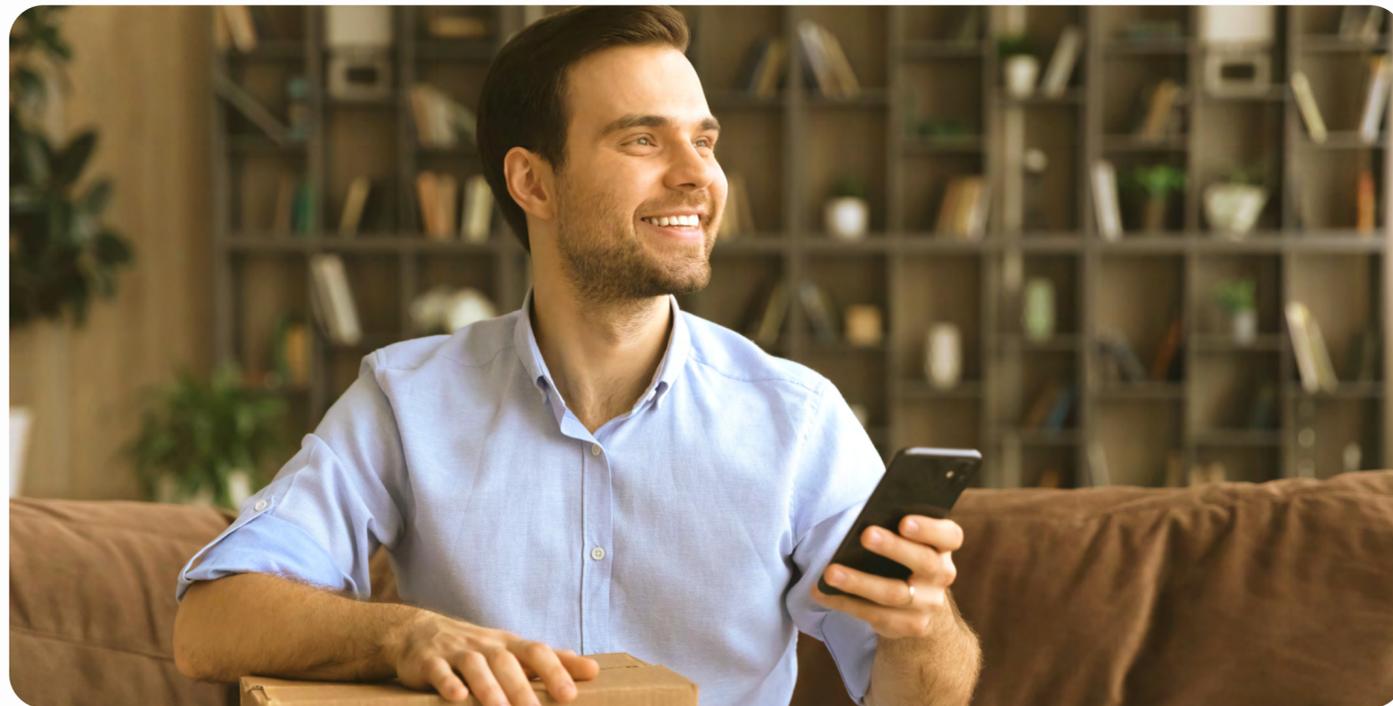
Post-purchase
incentives and
**environmentally
friendly returns**
boost customer
retention



A major takeaway from our report is that, for today's consumers, the post-purchase experience is about much more than product returns. Moving forward, brands can build loyalty by offering first-time buyers incentives to make another purchase, like discounts on future items or an unlimited return window.

Most consumers (87%) say they're likely to purchase from a new brand if they know that brand offers these types of incentives.

More than half (52%) of consumers point to product discounts as the incentive most likely to encourage them to make a first-time purchase — the No. 1 offering cited.



52% Of consumers point to product discounts as the incentive most likely to encourage them to make a first-time purchase.

Post-purchase incentives most likely to encourage first-time purchases with retailers

1. Product discounts: **52%**
2. Coupons for future purchases / Store credit: **41%**
3. An unlimited return window: **34%**
4. First look or “insider” peeks at new products: **25%**

Environmental impact is another growing trend in customer retention efforts. More than half of consumers (56%) care about the environmental impact of returns “somewhat” or “a lot” — and only 20% of consumers don’t consider them at all.

Over a third (35%) of consumers have even opted out of returning a product due to the potential environmental impact — like the possibility the returned product ends up in a landfill.

Another interesting callout from our survey is the fact that the majority of consumers (66%) have never purchased a product with the intent of returning it — for example, knowing they only needed the product for one-time use. This behavior could be due to the environmental impact of returns or the fact that consumers want to avoid the time and effort required to return products. Either way, clarifying the ease and efficacy of your return process can act as a major stepping stone in getting shoppers to hit purchase in the first place.



56%

Of consumers care about the environmental impact of returns “somewhat” or “a lot”.

66%

Of consumers never purchased a product with the intent of returning it.



The takeaway:

Along with free returns and exchanges, providing post-purchase incentives (like product discounts, coupons and an unlimited return window) and environmentally conscious return options can boost customer retention. These offerings create a full-cycle retail experience that rewards your customers and celebrates their values at every step.

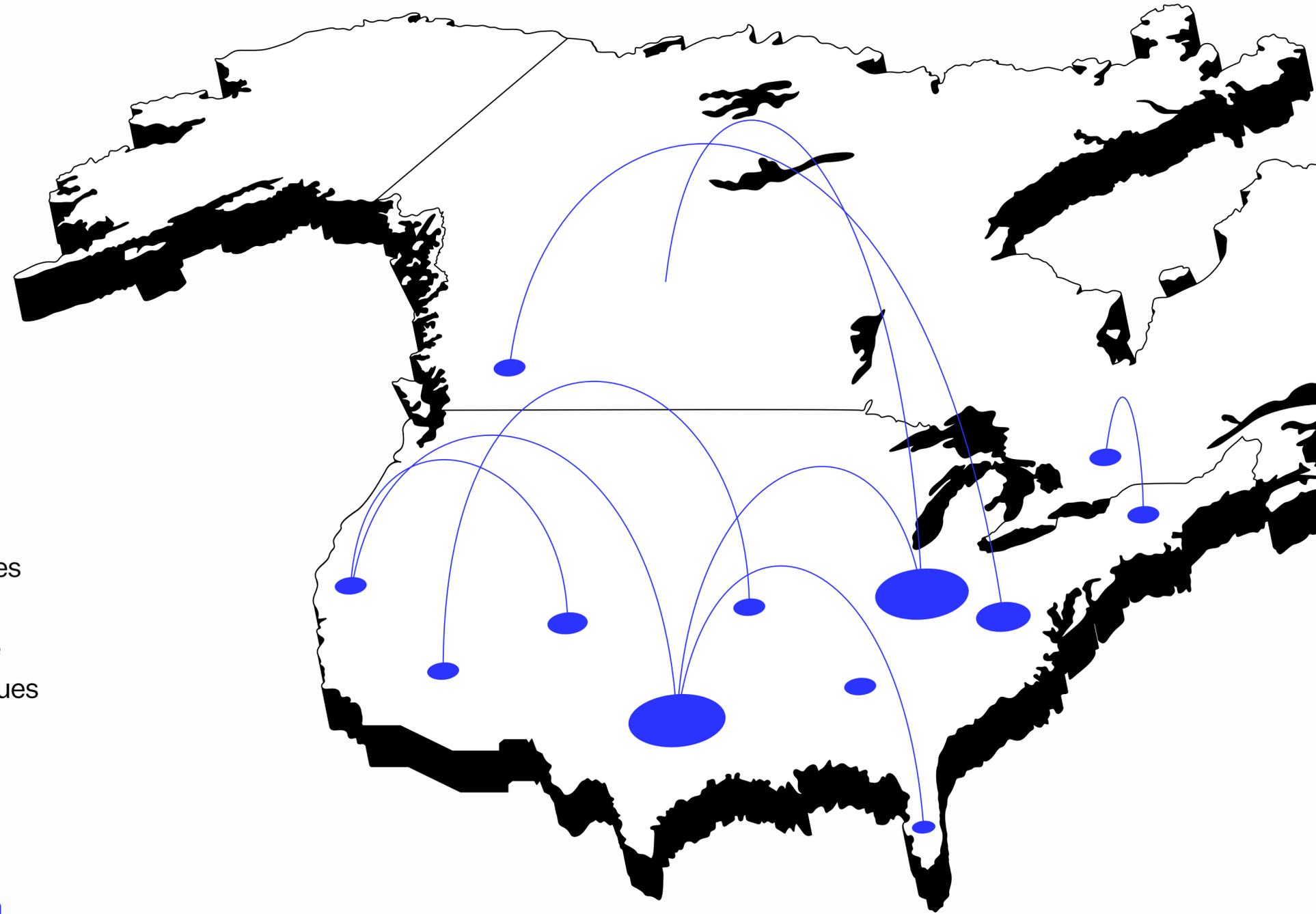
It's time to extend the **customer** **journey**

Ready to get started?

In 2022, consumers are looking at retailers' return and exchange policies to gauge how much they care about their customers. If you aren't considering the customer journey beyond the point of purchase, you're missing out on major opportunities to communicate your company values and build trust in your brand.

Putting consumers at the heart of your return and exchange policy ensures high customer retention — today and for the long haul.

Want to learn how Loop can help you increase through returns? [Book a demo.](#)





Get in *the Loop*

Loop is an automated exchange-first platform that provides scaling Shopify brands with tools to optimize their post-purchase capabilities. Want to learn more about what Loop can do for you?

BOOK A DEMO →