

NEW DATA

See How You're Measuring Up to **the Latest** **Post-Purchase** **Benchmarks**

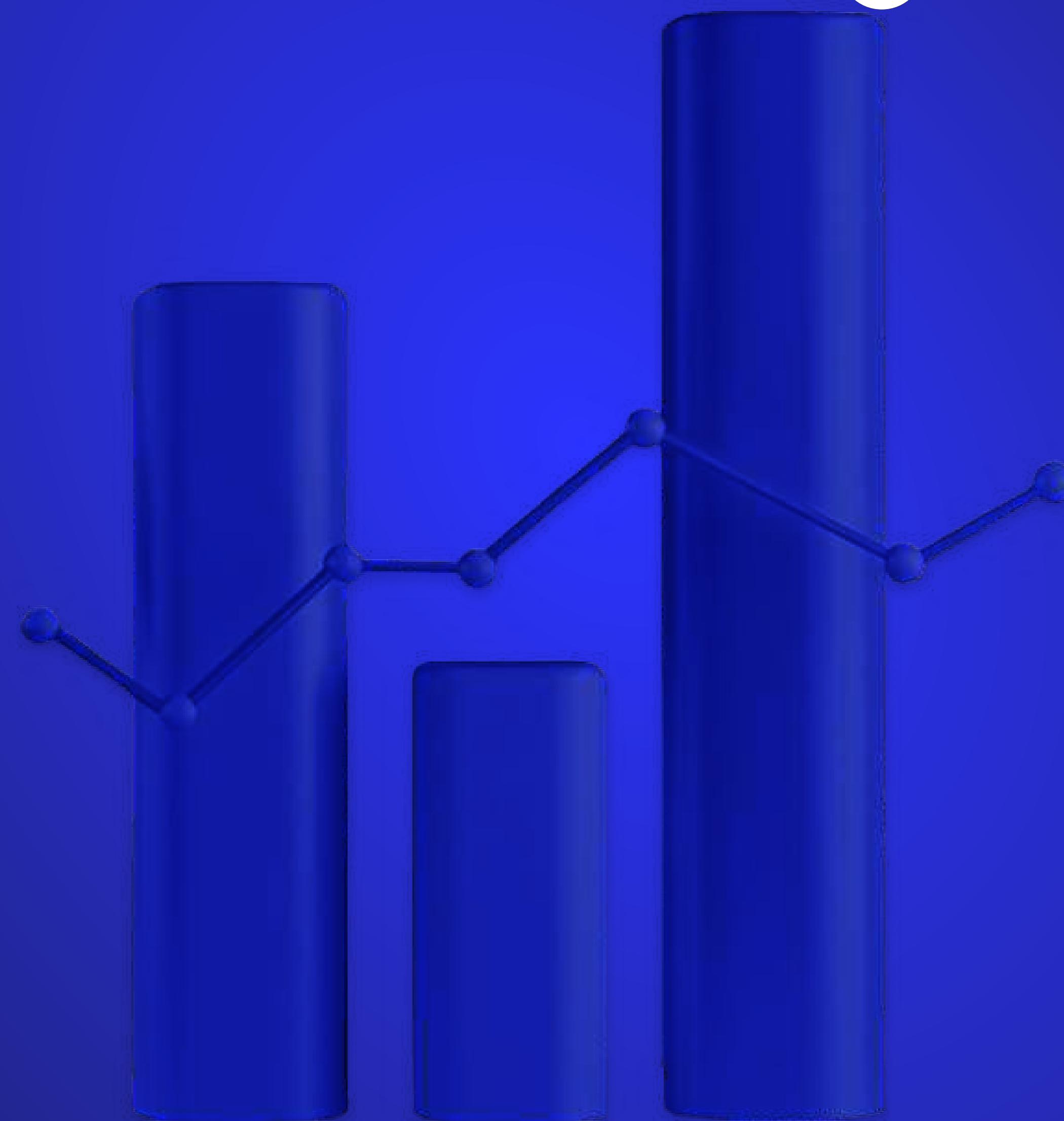


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Introduction

We all know that product returns are a central part of the ecommerce experience—but what can you learn from your return insights to make your brand even better?

Armed with the right data to understand how you’re performing, you can take action to optimize your brand’s success, leading to lower return rates and higher retained revenue through exchanges and store credit.

Last year, \$247 billion in merchandise purchased online was returned, representing 17.6% of total ecommerce sales. But how do return-related metrics break down across industry verticals? And how is return performance trending for the year to date?

In this report, we’ve rounded up and analyzed year-to-date data from over 22M processed returns from more than 4,000 Shopify merchants in a wide variety of industries. We’ve also identified some key strategies that top-performing brands are using to reduce their return rates and boost retained revenue.

You can use this report to assess your returns performance against your industry competitors, and identify new ways to leverage Loop’s returns management platform to lower your return rate and boost revenue retention.

Ready to dig into the data? [Let’s get started.](#)



Loop by
the
numbers

15%

of Shopify GMV

Powering returns for

4,000+

Shopify stores

57%

returns-to-exchanges
ratio

\$843M

in revenue savings

22M

returns processed in
2024 to date

64%

reductions in OOS

Loop Brands by Vertical

Loop is the leading post purchase operations platform for Shopify brands. With over **4,000 shops and 15% of Shopify GMV**, Loop is well positioned to help merchants understand how they should be performing in terms of benchmarks.

We power the returns engines for SMBs, mid-market, and enterprise ecommerce shops across a wide range of categories. Here are all of the vertical categories that we represent—where do you fit in?

Active Shops per Vertical

55.83%
Apparel

5.23%
Home Goods

8.87%
Accessories

3.45%
Jewelry

7.27%
Footwear

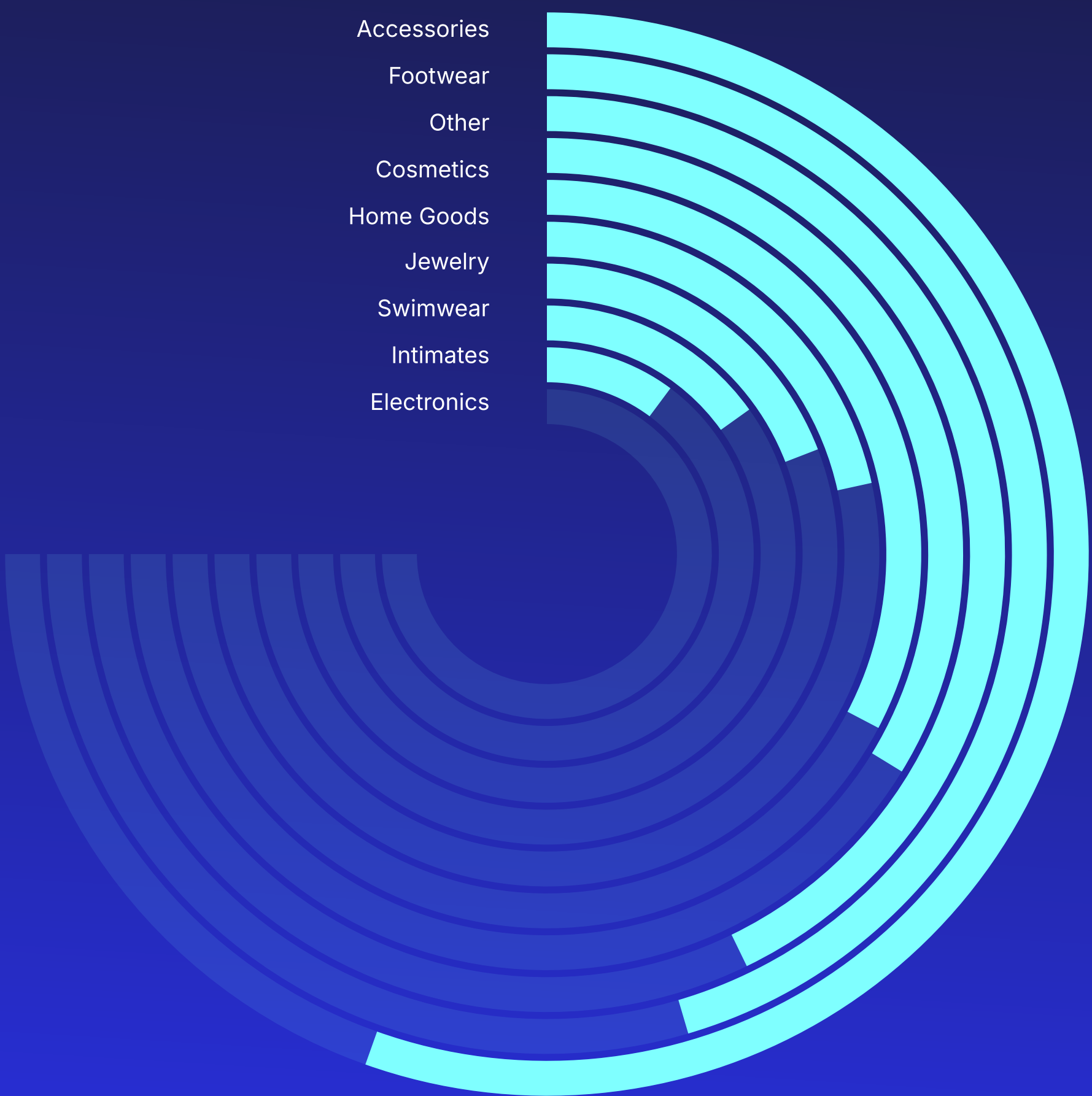
3.06%
Swimwear

6.85%
Other

2.42%
Intimates

5.40%
Cosmetics

1.63%
Electronics



About this Report

This report uses Loop data from over 22 million returns made by over 4,000 current merchants across ten verticals, collected from January 1, 2024 to October 31, 2024. This data consists of five specific metrics per vertical: adjusted return rate, retention rate, refund rate, upsell value per return, and average handling fees.

Return rate (Adjusted) The return rates in this report are adjusted return rates. This is our way of estimating a merchant's actual Shopify Return Rate, since many merchants process some percentage of their returns outside of Loop. To get this adjusted return rate, we looked at our Loop Return Rate (total dollar value returned via Loop divided by the total Shopify order amount) and estimated a more holistic return rate by also taking into account the proportion of Shopify revenue which was refunded outside of Loop.

Refund rate refers to the total dollar amount of refunds processed in a vertical, divided by the total dollar amount of returns for that vertical.

Retention rate refers to the total dollar amount of exchanges and store credit returns (without upsell value) of a vertical, divided by the total dollar amount of returns for that vertical.

Upsell value per return refers to the sum in dollars of all additional revenue captured via the shop now returns experience divided by the total number of returns.

Average handling fees refer to the average price charged to the customer for return shipping and restocking of a returned product.



Apparel



More than half of all Loop merchants fall into the apparel category, representing everything from sportswear to sleepwear to luxe cashmere sweaters. Whether they’re browsing resort wear for an upcoming cruise or scoping out snow pants for their toddlers, your shoppers love the opportunity to browse for new looks from the comfort of home and tap into a new wardrobe with the click of a button.

The downside? Many shoppers treat flexible return policies as a virtual fitting room—ordering multiple items with the intention of returning most of them. This practice, known as bracketing, is a common type of return policy abuse. (Our [Fraud Consumer Report](#) found that nearly 40% of shoppers have, or know someone who has, engaged in returns fraud or abuse within the past year.)

Other returns are more innocuous: Maybe the product didn’t fit correctly, or the consumer noticed a product defect. Whatever the case, it’s important to optimize your returns process to maximize revenue retention from returns.



Try this:

[Advanced Exchanges](#)

Take your exchanges to the next level with Advanced Exchanges. Your shoppers can go beyond basic variant exchanges and opt for a completely different clothing item with the click of a button. Now, your shoppers have more opportunities to find a product they truly love.

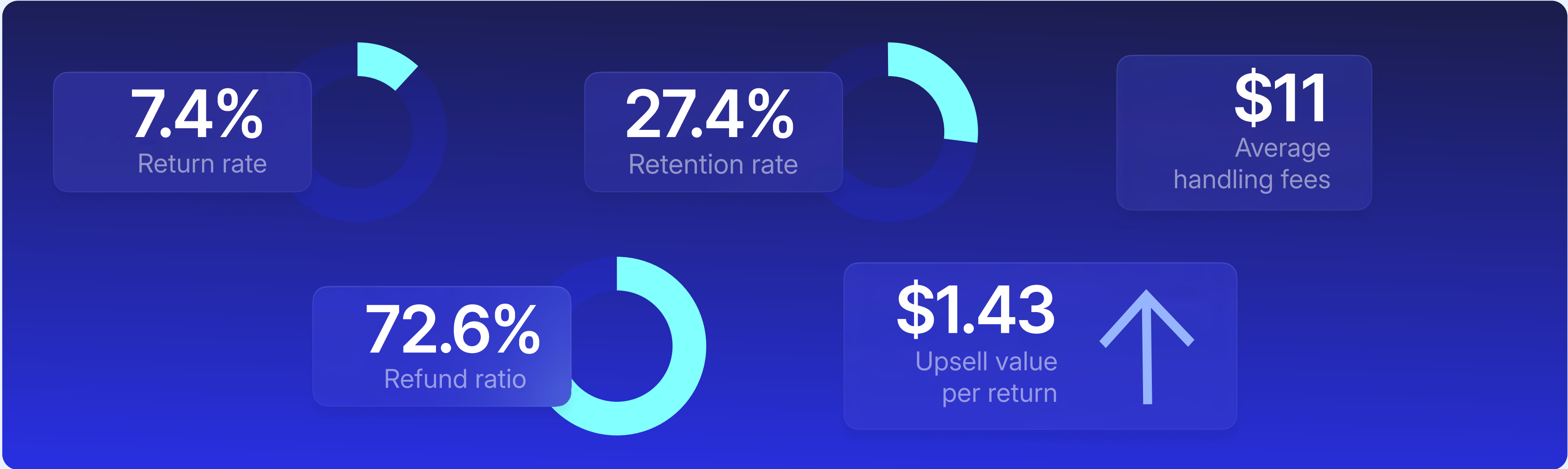
[Sizing focused integrations](#)

Test third party integrations like WAIR, TrueFit, and Bold Metrics that deliver AI based sizing recommendations to address the sizing issue and reduce bracketing.

- Resources
- Customer Story: Vitality

 - [How to create your clothing refund policy](#)

Accessories



Accessories can range from the very low-end (a \$10 pair of sunnies) to the very high end (a \$10,000 bag). While most types of accessories are one-size-fits-all, and not as likely to be returned due to a poor fit, shoppers may simply change their mind about an impulse purchase, or not like the item as much in person as they did online.

When a customer requests a return, that represents an ideal touchpoint to encourage them to explore your entire inventory for a product they like better. By converting them to an exchange, you'll be able to retain revenue from the transaction and hold on to a happy customer.



Try this:

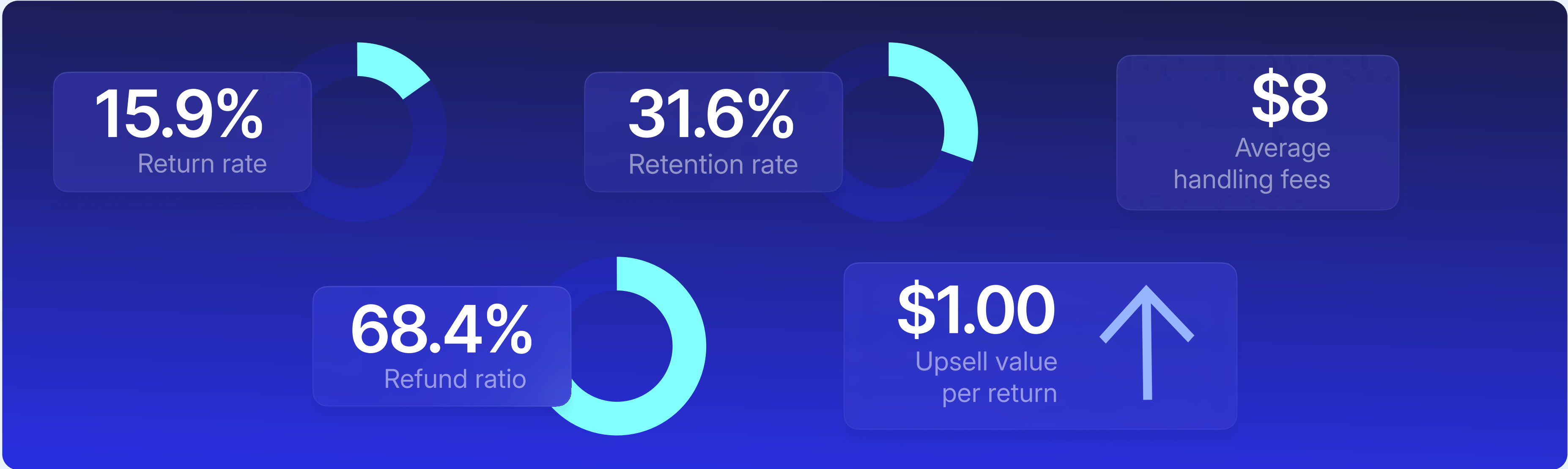
Different Priced Exchanges

Many accessories come in a range of variants—but a customer may be put off by being asked to pay extra to try something new. By using Loop’s “[Different Priced Exchanges](#)” feature, you can transform any variant exchange into an even exchange, making it a seamless process for the shopper to switch up their accessories with the click of a button.



Resources [Return policy strategies for fashion accessory brands](#)

Footwear



Finding the right fit is notoriously difficult when it comes to shoes, especially if the shopper is testing out a new brand for the first time. Sizing can be very different from brand to brand, so a shopper might struggle to fit into a 7.5 sneaker in one brand while the same size is too large in another brand.

Plus, it can sometimes take the customer time to break in a new pair of shoes before they know if they like them—so you’ll need to think about whether to allow a generous return policy, taking back even pre-worn shoes (a la Allbirds), or whether you only want to accept returns in new condition. It’s tough to strike the right balance between protecting profit margins and providing the best possible customer experience, but once you decide the best approach for your brand, you’ll be able to put a strong returns policy behind it.

Resources [How to build a return policy for footwear brands](#)



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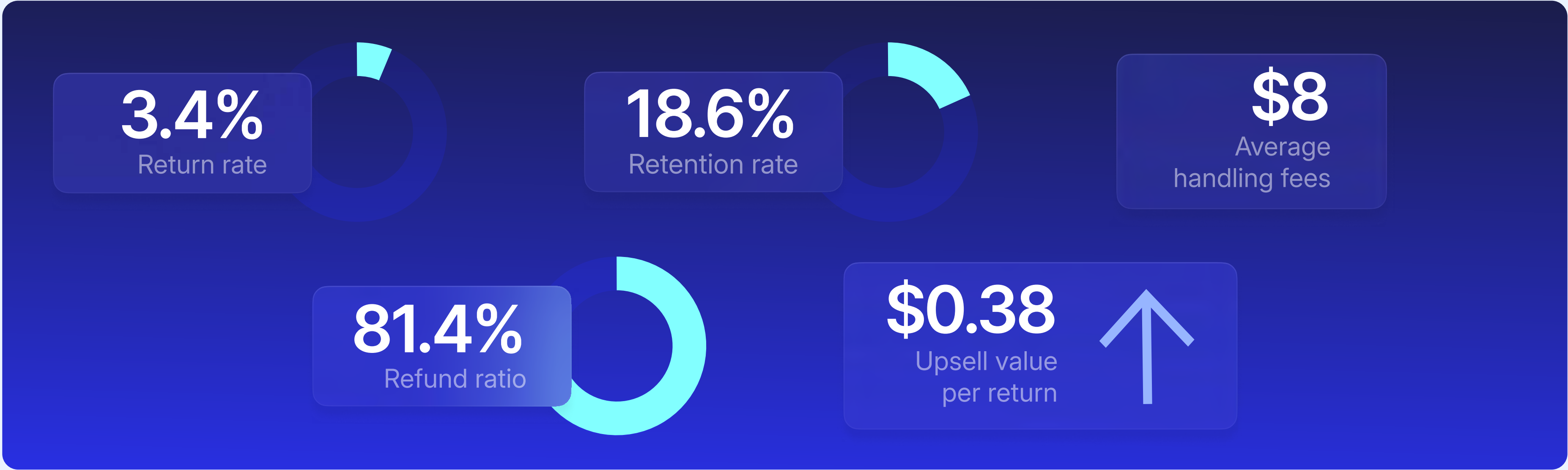
Insights

Dig into your Insights to identify low-hanging fruit, such as sizing-related issues. You can ask different questions for different models of shoes to identify specific return reasons, and use this data to adjust your product development or your product description pages, or make the decision to put your low-performing items on sale.

Advanced Exchanges

With Advanced Exchanges, shoppers can do more than swap one size or colorway for another—they can choose an entirely new product. The seamless, one-click experience incentivizes exchanges over refunds. By eliminating friction from the experience, you’ll be able to build strong customer experiences that boost brand loyalty.

Cosmetics and Personal Care



Shoppers are set to spend nearly \$88 billion on beauty and cosmetics online this year, and most customers love trying out new products. Beauty brands are making it easier than ever to get a feel for their products without testing them out in-person, with AR filters and personalized quizzes (from [Loop partners](#) like Digioh) to help customers find the right options for their needs.

Even so, not every product hits just right—and your brand can’t restock or resell the used beauty products that your customers don’t want to keep. That said, it’s still crucial to build a generous returns policy that prioritizes customer satisfaction.

Beauty consumers are also concerned with sustainability, both in the products they consume as well as the logistics process. Doing your part to avoid waste in the returns process by eliminating the need to send back used products will help you build a network of loyal customers for life.

Resources [Customer Story: Topicals](#)
[How cosmetics brands can improve their post-purchase experience](#)



Try this:

Build a generous policy that customers can trust

Leverage your return policy as a competitive advantage by giving shoppers the confidence that products that they don’t like can be easily refunded or exchanged for another product. With a clear, concise policy, you can outline terms that both protect your brand’s profits and ensure a great CX.

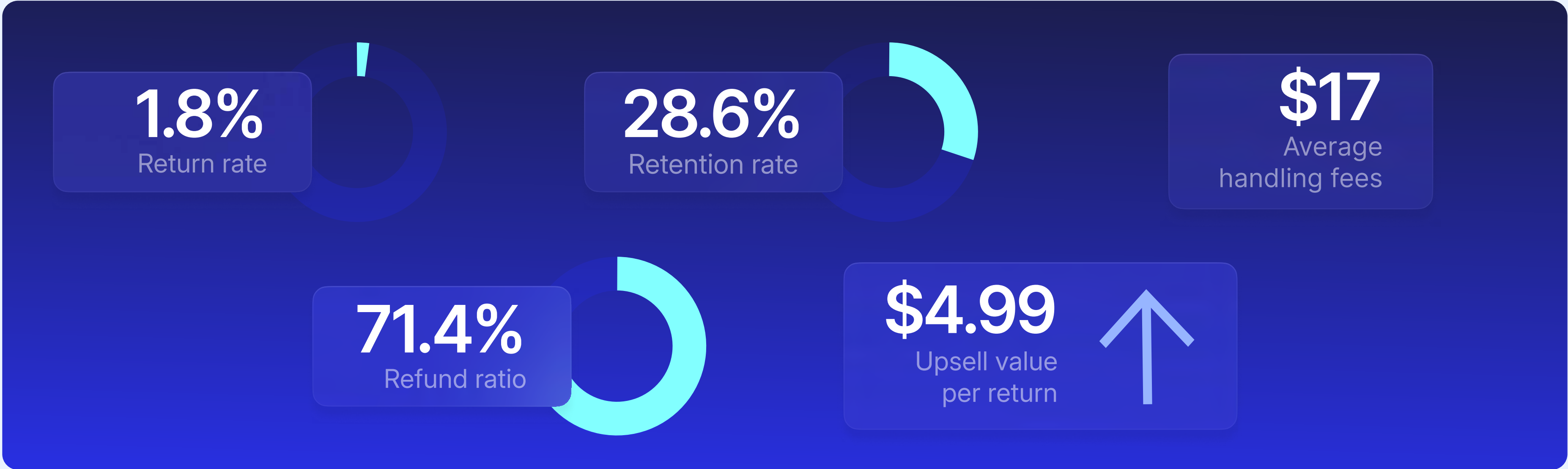
- When Jones Road Beauty added a "Free Returns and Exchanges" page to their navigation to educate the shopper that there is zero risk, they saw ~15% increase in conversion rate.

Keep Item

With Keep Item, you can allow your customers to keep an item under a certain value threshold rather than send it back. Shoppers will be delighted by your generous return policy, you’ll save on shipping labels, and help out the planet by reducing return waste. It’s a win-win!



Home Goods



Home sales hit a [13-year low](#) in 2023 due to high mortgage rates—causing a ripple effect on the home goods industry. Last year, shoppers spent around \$133.6B on home furnishings, representing a 5.4% drop from the previous year.

Only about 15% to 17% of these sales took place online, as many shoppers still prefer to shop in-person for larger items like furniture. However, AR experiences that let shoppers view an item in their room, as well as UGC showcasing how the item looks in others’ homes, can heavily influence the decision-making process and help both online and in-person shoppers make buying decisions.

Larger home furnishings can be unwieldy to return if they don’t work out, and may be damaged during the return shipping process—so it’s important to put a clear-cut return policy in place that outlines reasons for return and associated return shipping fees, including a cost for professional repackaging if required. That will help you manage customer expectations while protecting your brand’s profits.



Resources [The importance of using a multichannel strategy for your business](#)
[Give your shoppers confidence with Loop Warranties](#)



Try this:

Return shipping fees:
Customize your shipping fees for specific product types and sizes.

Leverage product tags - charge a higher return fee for larger/bulkier items

Build a custom Warranty policy that creates a seamless claims process for shoppers

Automation: save time and reduce operating expenses so your teams can spend more time on high-value customer interactions.

Customer Experience: delight shoppers with a self-serve unified flow for standard returns & warranty claims in the same portal.

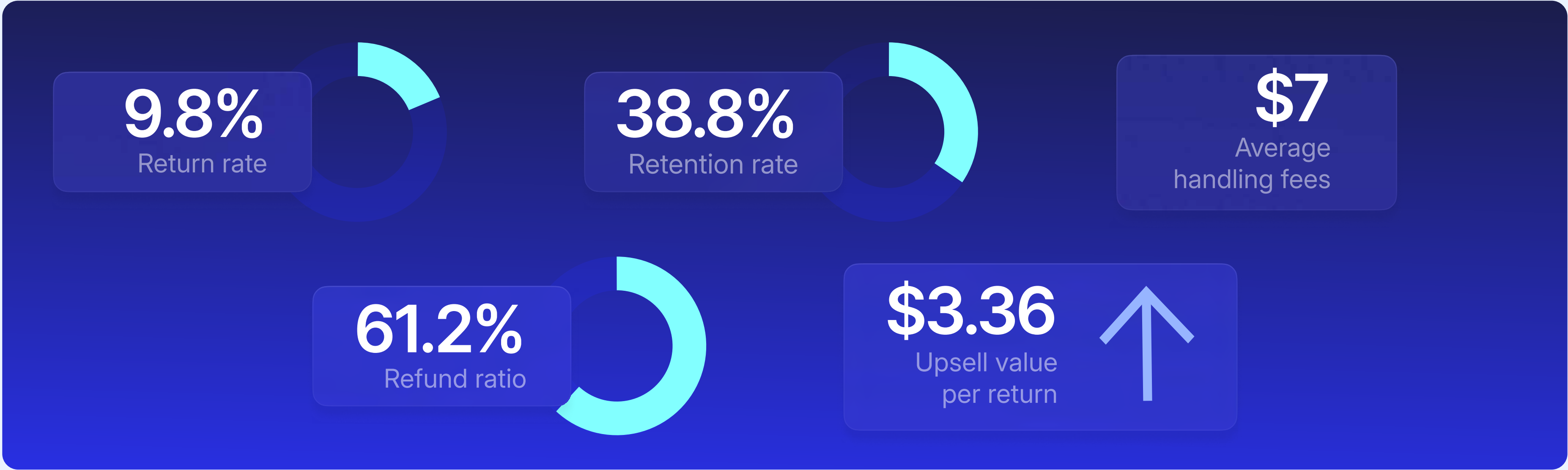
Insights: unlock increased visibility and streamlined reporting across all return types to improve your product catalog.



“We are confident in the quality of our products and are able to stand behind their performance with the hassle-free, elevated returns experience from Loop’s Warranties feature.”

Jenna Best, VP of Customer Experience

Jewelry



Try this:

Different Priced Exchanges

Make it a frictionless process for shoppers to swap out products for minor variants, such as selecting a necklace with a longer chain length. If the new item is at a higher price point, you can use Loop's Different Priced Exchanges feature to allow a seamless upsell experience, incentivizing the customer to choose a variant rather than seek a refund. If the new item is at a lower price point, you can autorefund the price difference, delighting shoppers.

Jewelry lovers are increasingly discovering their newest treasures online: The market for ecommerce jewelry reached [\\$20.1 billion in sales](#) in the U.S. last year, and it's expected to jump by 12.1% to \$22.5 billion this year. Younger shoppers, especially, are primed to buy from ecommerce shops: Almost half of shoppers who bought jewelry from the Top 1000 merchants are 34 or younger.

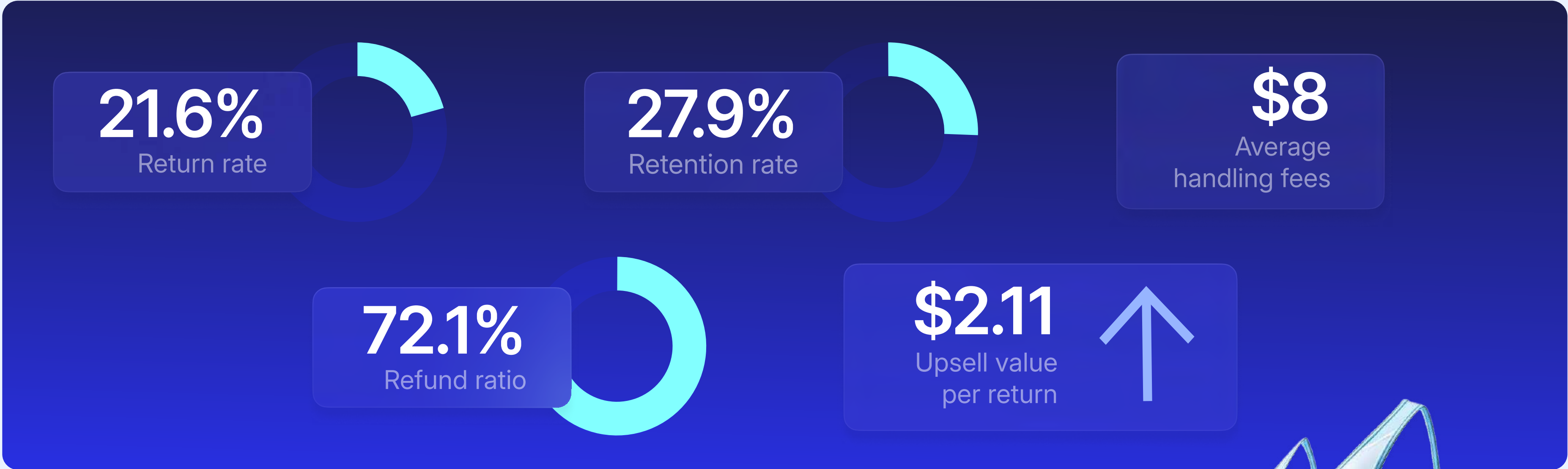
Customers might return rings or bracelets if they aren't sized correctly, or they may return any items if they don't look the way they expected online. For higher-value items, it's important to provide comprehensive marketing materials, such as close-up photography, in-depth videos, and AR try-on features so that customers can get access to all the information to make the right decision the first time around.



Resources

[Customer Story: JAXXON](#)
[Return policy strategies for jewelry brands](#)

Swimwear



Swimwear is the most return-prone of all of our tracked categories. Often, shoppers want to test out a few different swimsuits before committing to a single purchase, or they might purchase an item but not be happy once they see how it looks on them.

For merchants, it's important to build a clear-cut return policy that maps out your approach to hygiene standards: If you can't accept a return that's had tags and hygienic liners removed, make sure your shoppers know that upfront. Or, you might refuse to grant refunds on such items, but continue to offer exchanges if the shopper wants to replace the item with a new product. By doing so, you'll be able to preserve a customer relationship that you might have otherwise lost, which will deliver much more value to you than the money you'll lose from writing off a single unwanted product.



Resources [Return policy strategies for intimates and bathing suit brands](#)



Try this:

[Instant Exchange](#)

Instant Exchange is your secret weapon to ensure returners end up with a new product in hand vs. a refund. With IX, you can send exchanges to customers risk-free before they ship their return items, leading to a decrease in wait time, less out-of-stock instances, and more revenue in your pocket.

- 21% 64% reduction in out of stock notices with IX
- 31% increase in repeat purchase rates
- 49% rise in monthly spend per customer

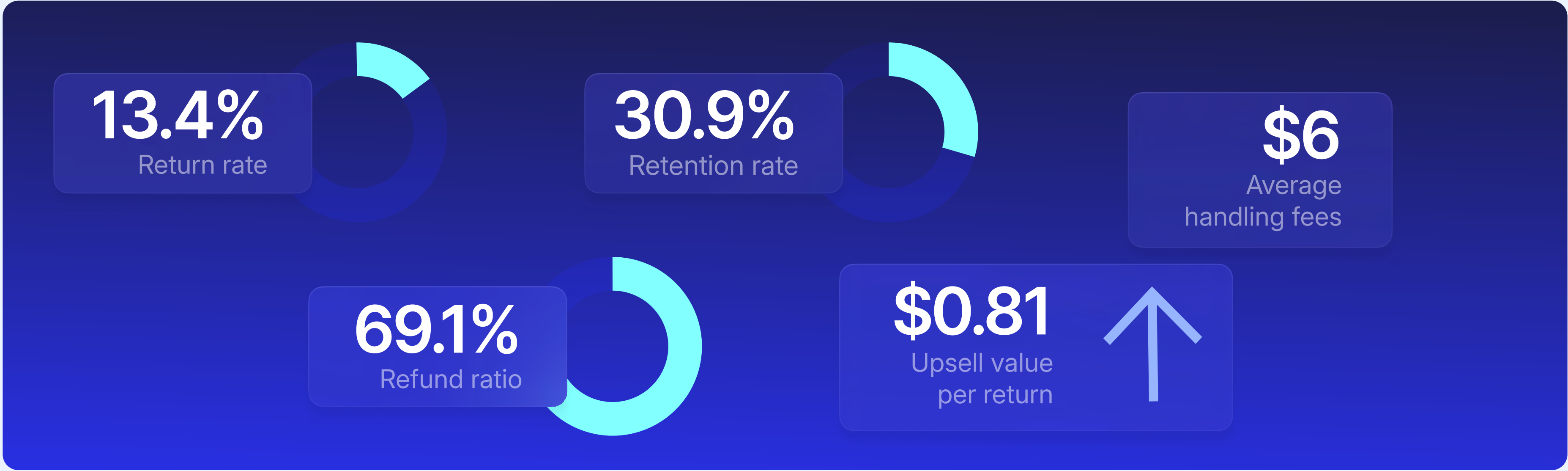


"The number of orders we get from it, the number of Instant Exchanges we get is phenomenal," says Lavelle.

[Keep Item](#)

Make your reverse logistics supply chain more sustainable by eliminating the need to repackage and send back swimsuits and intimate apparel that don't meet your hygiene standards. Even if you plan to offer the shopper a refund or exchange, you can encourage them to donate, gift, or recycle the original item—reducing landfill waste and your reverse shipping expenses.

Intimates



Brands that sell intimates face similar challenges to swimwear merchants—products that have been tried on often can’t be restocked due to hygiene standards, so it’s important to put practices in place to lower your return rate.

When it comes to intimate products like bras, returns often come down to a poor fit. To reduce your return rate, focus on providing detailed customer education materials that give your shoppers tips on how to self-measure their bodies for different products. Make sure to include a customer reviews section, where shoppers can share their feedback on whether a product runs small, large, or true to size; and can provide their thoughts on comfort and style. By arming your shoppers with the data to make the right decisions, they’ll be prepared to make better choices the first time around.



Try this:

Workflows

Workflows allows you to anticipate and even embrace common shopper behaviors (like [bracketing](#)!). Workflows take the manual effort out of your returns process by setting conditional return logic. Just tried the product on? No problem. Already worn, or sanitary strip removed? Sorry, no can do! Create the conditions that best suit your product and customer behavior.

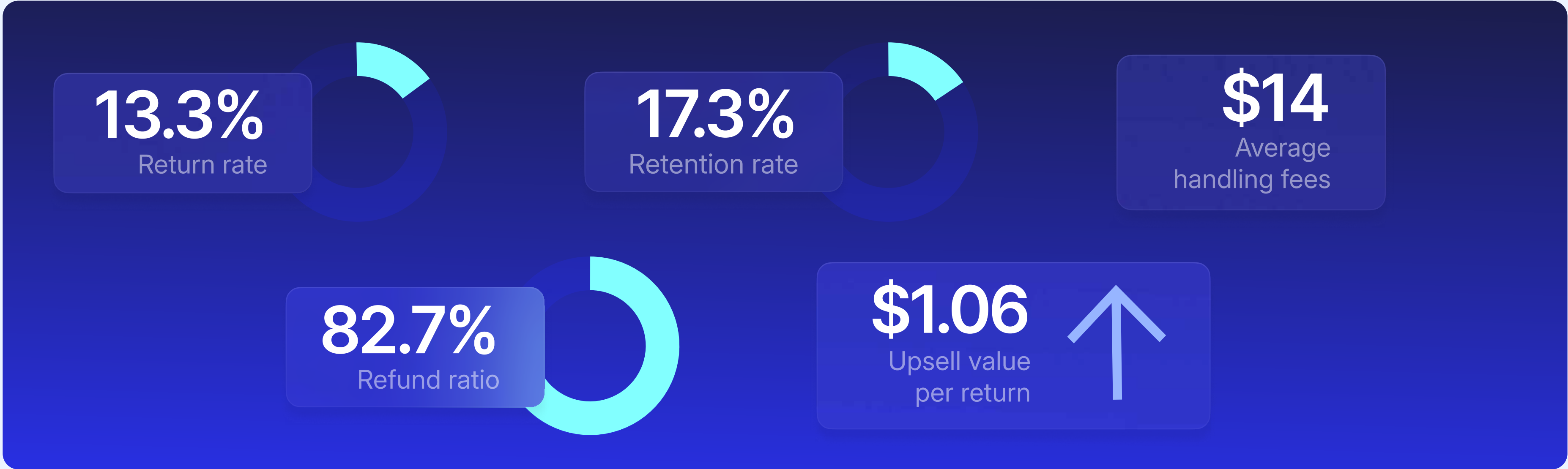
Item Grading and Disposition

Item grading & dispositioning resonates well with swimwear and intimates brands since they can't readily restock worn items or items without liners. This feature provides enhanced visibility and data to action on returned items’ condition and outcomes within the warehouse, enabling brands to maximize margins around returns. Partners like Two Boxes can take this even further when it comes to optimizing and decisions around returns inspections at the warehouse.

Grade & Disposition API, especially with Two Boxes, resonates well with swimwear and intimates brands since they can't readily restock worn items or items without liners.

Resources [Customer Story: Honeylove](#)

Electronics



Try this:

[Workflows](#)

Optimize your returns management with clear workflows based on set return reasons, such as whether the product is defective or if the customer simply changed their mind. By routing each item to the correct location (such as your warehouse, a third-party reseller, or an e-waste recycling plant), you can eliminate unnecessary spending on reverse shipping and ensure that you're not contributing to the e-waste problem.

Shoppers are highly motivated to purchase electronics, such as computers, phones, and other electronic products, online: In 2023, ecommerce purchases represented [72.9%](#) of all purchases made in the category.

But with high sales numbers come high return volumes— and unfortunately, when it comes to electronics returns, items can rarely be placed back in inventory. While some electronics are liquidated to other resellers and refurbished, others ultimately end up in landfills, contributing to the global e-waste problem. In 2022 alone, a record [62 million tons of e-waste](#) was produced worldwide.

By developing streamlined workflows for your returns process, you can minimize the amount of landfill waste while ensuring a positive returns experience for your shoppers.

Resources [Customer Success: DailySale](#)

Other



The “other” category encompasses all product types that aren’t covered by our existing verticals, like novelty products, packaged food, and auto parts.



Optimizing your returns process

How to reduce your return rate

Now that we’ve explored industry-specific data, let’s look at the big picture: What are some best practices across the board for merchants to lower their return rates, improve efficiency, and retain more revenue?

Here are some of our top recommendations.

Make your return policy clear and obvious

Present the information in a clear style in an obvious place. Give the shoppers the information they need before they request a return. This is particularly important for categories that see higher behavior of bracketing such as footwear, intimates and swimwear. You can also experiment with your return window to find the length that works best for your product and customer.

Make it easier for customers to find the right fit

Incorrect fit is one the biggest drivers for return reasons so it’s worth focusing on this in the purchase journey. Leverage returns data to identify product issues, and include recommendations to size up or size down based on shoppers’ return reasons. Include detailed descriptions, diverse body type models, and UCG reviews to help your shoppers get the right fit the first time around.

Prevent fraud

At the unique intersection between orders, customers, returns, and warehouse data, Loop is positioned to tackle [returns fraud and abuse](#). Leverage Loop’s free machine learning fraud model to proactively flag high fraud risk returns, so you can plan actions to help you increase operational efficiency and reduce loss.

ITEMS RETURNED

	Sport Hoodie Navy Blue / M	\$80.00
	Sport Hoodie Violet / M	\$80.00

☒ Restock all

Process items

Order #1531 -29.00\$
acme@corp.com

 Credit  Box & Ship  Risk for fraud

Optimizing your returns process

How to drive upsell and increase AOV

Returns are often a missed opportunity to retain revenue, and even drive upsell value, by incentivizing shoppers to exchange their product for a new option. These Loop features can help:



Shop Later

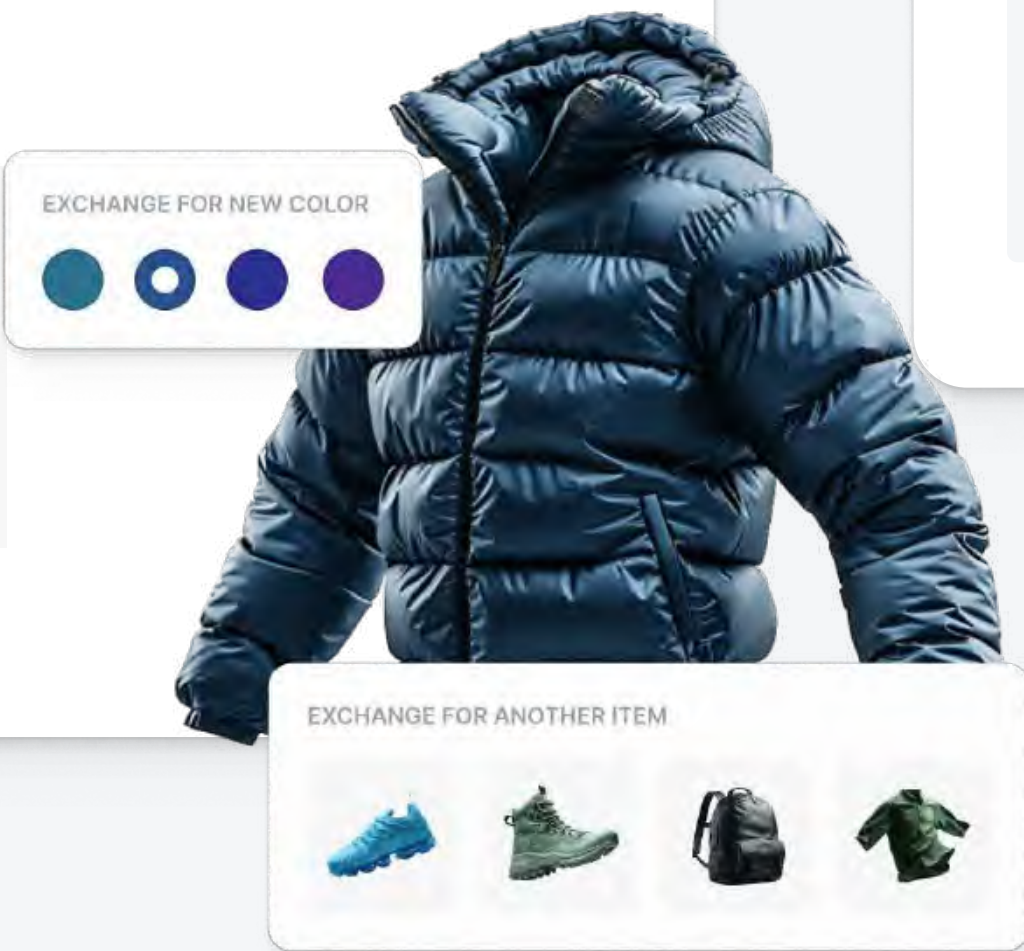
With Shop Later, you can incentivize customers that have already chosen a refund and convert it into an exchange or store credit. It's like a winback campaign, but for post-purchase. ⭐



Advanced Exchanges

Loop brands with Advanced Exchanges see a 1.3% reduction in refund revenue.

Recommendation: You can use Advanced Exchanges to enable shoppers to choose any product for exchange, not just a variant of the one they're returning. Use the feature to set up curated recommendations of products at the same price point, or to promote color variations if they're set up as separate products.



Track

Leverage all of the opportunities you have to re-engage your shoppers. Tracking pages are 3x more often viewed, so use this as an opportunity to drive upsell. Make exchanges as easy as possible from the order page.

Offset

Invite shoppers to gain the peace-of-mind of a free return if needed. By using our Offset product, they'll be able to pay a smaller amount upfront to cover the cost of a more expensive return label later. Boosting their confidence in a hassle-free returns experience will encourage them to consider higher-ticket items, bumping up your brand's revenue.

↑ **10% increase in net AOV with 80% attach rate from shoppers.**



"We are excited to see a significant portion of our customers embracing Offset. With the high cost of returns, we look forward to leveraging the tool to continue to optimize savings as we approach the upcoming holiday shopping season."

MacDuggal

Optimizing your returns process

How to drive upsell and increase AOV

Shop Now On Store

Drive customer exchanges by presenting a full view of your product catalog to make finding an exchange item as simple and as pleasant as possible. Easier shopping means easier exchanges and more retained revenue.



“We’ve seen a huge increase in customers choosing Shop Now. It went from 9% to 18% after we implemented the policy changes Loop recommended. The flexibility to experiment on our offers with [Loop has helped us find great opportunities for revenue growth.](#)”

Caela Castillo, Director of CX, Jaxxon

42% of Loop brands leverage [Shop Now](#) for customers to exchange for any product and see a 5% total reduction in refund revenue and an average \$1.37 upsell / return

Recommendation: leverage Shop Now to reduce your refunds and generate upsell revenue; use pre-discount credit or bonus credit (average = \$10) to maximize results



Shop Now Bonus Credit

Loop offers bonus credit for exchange and store credit to improve revenue retention. In giving customers an incentive to choose another item, it helps decrease refund rates.

81.3% of Loop brands offer store credit and it accounts for 7.6% of total return revenue

Recommendation: Offer store credit with bonus credit to minimize refunds. If the customer is not ready for an exchange but intends to shop at your brand again, make it easy for them to keep the credit for later use AND save the sale!

patagonia

2 items



Add to cart

\$68 available credit



Extend discounts back to shoppers

Loop offers merchants two ways to extend a credit back to shoppers when they request an exchange on an originally discounted order.

- A feature called [Pre-Discount Credit](#) can offer the original value of discounted items via Shop Now, instead of the lower price paid to.
- Alternatively merchants can leverage Workflows to configure a Shop Now Cart Discount (percentage based) to pass the original percentage discount to the Shop Now cart.

Are your brand's returns performing the way they should?

Learn how Loop can make your returns profitable.

[Book a demo](#)

