



2025 TREND REPORT

HOW TO STRENGTHEN YOUR ECOMMERCE OPERATIONS

Get insights from our [webinar recap](#), featuring experts from Loop, Two Boxes, and Happy Returns.

In 2025, brands face a complex evolving landscape filled with growing return fraud, high customer expectations, and complex logistics challenges. While uncertainty clouds the future of ecommerce operations, one thing remains clear—success requires both adaptability and reliable technology partners. We've compiled our research into three essential trends to help your brand not just survive but thrive in this evolving landscape.

Here at Loop, we serve as a trusted partner to more than **5,000 Shopify brands**—and we've helped them retain more than **\$2.4 billion in sales**.

We also work closely with other best-in-class partners in the Shopify ecosystem that help merchants build a streamlined, cost-efficient ecommerce experience that maximizes impact at every stage of the shopper journey. As such, we've been able to get an insider's perspective on trends around merchant behavior and innovations that can fuel growth in the coming year.


5,000+
Merchants


\$2B+
Retained Revenue



In our recent webinar, we combined our expert insights with the perspectives of two of our partners, Two Boxes and Happy Returns, to talk through the changes we observed in 2024, as well as what's around the bend in 2025. Our expert panel featured:



Brittni Lebow
Enterprise Merchant
Success Leader at Loop



Evan Stalter
Co-founder and CPO,
Two Boxes



Kyle Miller
Partnerships Manager,
Happy Returns

Ready to take your business to the next level?

[Watch our webinar, or read on for a recap of everything we covered.](#)

01

2024 in review

In 2024, Loop processed over **23 million returns**, totaling **\$3.49 billion** in returned merchandise.

 **23M**

Returns Processed

 **\$3.49B**

Returned Merchandise

During 2024's Cyber Week alone, Loop merchants fulfilled over **13 million orders**, representing more than **\$1.62 billion in sales**. With such vast amounts of merchant data at our fingertips, we're able to identify key trends that are impacting merchant performance. These ones are at the top of the list.

Return rates & return fraud hit a new high in 2024

A study from NRF and Happy Returns estimates that **17% of annual sales** is returned, up **2.5%**. **Returns fraud** is also on the rise, reaching **\$103 billion in lost value**, up by \$2 billion from the previous year.

"These trends combined really underscore the critical role of balancing enhancements to the customer experience while also protecting margin," says Lebow. "And so connected commerce operations and data are really critical to drive sustainable growth and maximize your profitability."

Additionally, notes Stalter, return to stock rates are down by 7%, from 80% to 73%. That represents the percentage of returned merchandise that's returned to warehouse shelves for resale. *"That suggests that the inventory that's returned during this period is in a condition that can't be put back to stock as new,"* tying in with the increase of returns fraud.

Logistics challenges are increasing

Global supply chain disruption issues are causing challenges for merchants and making it harder for them to get inventory delivered on time. In fact, the lead time for getting production materials in is still **21% higher than in pre-pandemic days.**

As a result, we've seen merchants focus on making adaptations that help them minimize their risk.

↗ **21%**

"Number one is expanding their supplier base," says Lebow. "So it's really important to not just be reliant on one country of origin or one factory. How do you diversify so that you mitigate risk there? And then the second piece is pursuing regionalization and localization to, again, mitigate risk and try to gain back some more stability."

8/10

Companies are widening their supplier base

71%

Are pursuing regionalization and localization

Merchants saw **growth in holiday** sales metrics

Despite these economic challenges, merchants also had plenty to celebrate. Holiday Black Friday - Cyber Monday sales numbers were up across the board compared to 2023.

Loop merchants saw:

 **+12%**
Order volume

 **+14%**
AOV

 **+16%**
Increase GMV sales

 **+7.2%**
Increase in retained revenue, growing to **\$41.5M**

Loop merchants saw growth in repeat customers

"Loop Merchants actually saw a higher increase in repeat customers than new customers in these areas, which really highlights the importance of having that really seamless purchase and post-purchase experience to build brand loyalty and increase those customers coming back," says Lebow.



02

What's on the horizon in 2025?

Customer expectations are continually shifting, and merchants are struggling to deal with rising operating expenses. So what are they doing to build a winning business in 2025? Here are the key trends we're taking note of.

Customer expectations are rising

Today's customers expect faster delivery, simpler returns, proactive tracking, and tailored experiences—making these features essential rather than optional.

- **Faster delivery timeframes**

Delivery expectations have shifted: In 2019, 5.7 days was standard; by 2024, it's 2-3 days.

- **Hassle-free returns**

84% of shoppers prefer retailers with no-box, no-label returns with instant refunds

- **Real-time order tracking**

96% of online shoppers track their delivery at least once, with 43% checking daily.

- **Same-day delivery adoption**

Retailers expect $\frac{2}{3}$ of deliveries to be fulfilled same day or next day.

- **High expectations around returns**

67% say a poor returns experience makes them less likely to shop with that retailer again.

- **Distrust of cross-border commerce**

30% avoid cross-border shopping due to shipping time concerns, expecting delivery within a week.

TREND 1

Optimizing the **ecommerce** experience

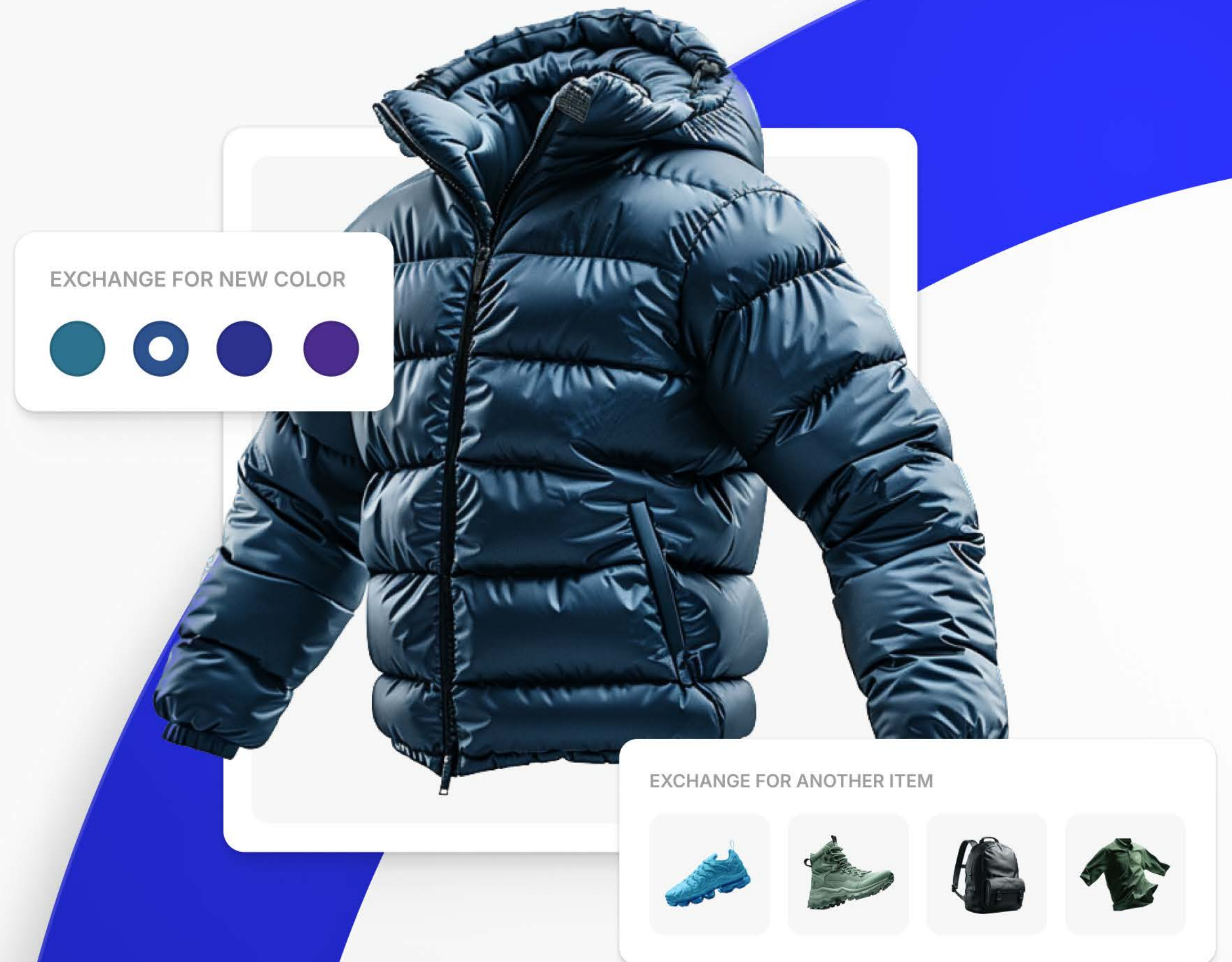
So how can merchants meet their customers' high expectations?

Enhanced order tracking

Customers are obsessed with tracking their orders—so make sure that your order tracking is accurate and up-to-date.

"Investing in a quality tracking solution that has clear updates and transparency is key," says Lebow. "If it's going to be late, letting them know ahead of time can again take something that could be really negative and turn it into a positive experience for a customer."

 **59%** Of customers say that real-time tracking boosts loyalty.



Optionality and personalization in returns

It's essential to offer shoppers flexibility in their returns—whether through convenient options that fit their lifestyle or a personalized experience that makes every step feel tailored to them.

"If you make the return a more seamless process for the customer, they're more likely to go back to shop again with you knowing that they can order a couple of sizes, which is another growing trend in our e-commerce shoppers, and to make sure that they don't have to do multiple returns," says Miller.

"They can get it done in one order and they're good to go. So by eliminating those boxes and labels while also helping retailers reduce costs while driving that seamless experience."

In fact, by offering Happy Returns' box-free returns experience combined with Loop, brands have seen a **24% increase in customer lifetime value.**

Personalization is also crucial to the customer experience, adds Lebow. "How can we add personalized moments throughout the customer journey to help retain them? By meeting consumers where they are."

Whether customers want to send back packages from home, or drop them off at a nearby drop-off center or brick and mortar store, it's crucial to give them the flexibility to choose the most convenient option for them.

46% of shoppers have abandoned a purchase because they were dissatisfied with the return process or options available.

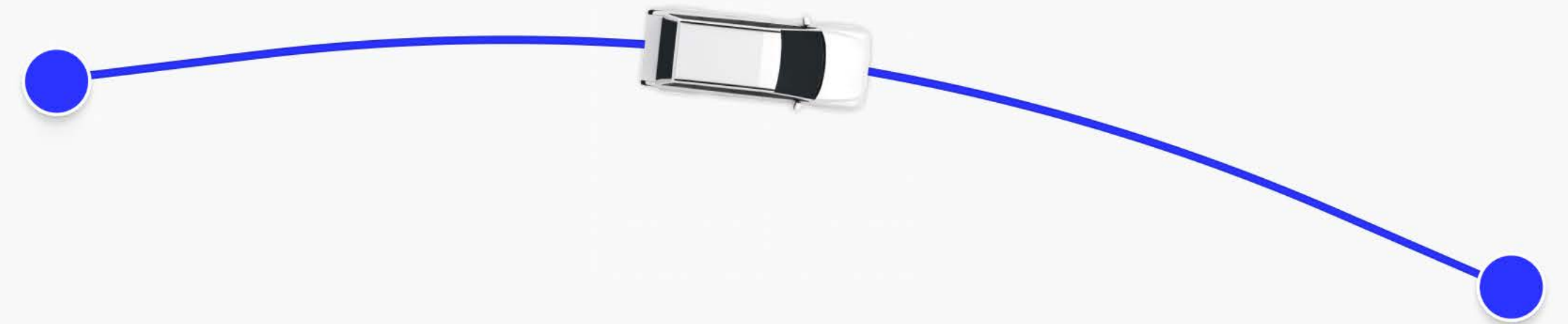


TREND 1

Better operational control

In order to meet customers' demands around delivery and return processing times, it's critical to have strong oversight over your logistics process.

"I think returns are generally a black box for returns for brands once they hit the warehouse," says Stalter. "And most brands don't have real time visibility into the processing of the return, and mostly because there's no system in place at the three 3PLs in order to provide them that visibility."



"Tools like Two Boxes can help. "We're a digital window into the warehouse, and we can give brands real-time visibility into the processing of their returns. And what that does is eliminate the back and forth between the three PL and the brands, and basically we can see improvements across CX, we can see improvements across all other areas of the business."

By using automated return hubs to speed up return processing, you can "increase accuracy [with] dynamic routing and strategically placed fulfillment centers to have those faster returns and improve customer satisfaction," adds Lebow.

82% of ecommerce leaders agree that faster delivery boosts shopper conversion rates.

Retailers are innovating to protect margins from rising operating costs

Operating costs in ecommerce are rising across the board, due to high fuel prices, geopolitical challenges, increased shipping costs, new legislation, and a host of other factors. Our data illustrates that rising costs have become a challenge, both for retailers and their customers:

↗ **38%**

Of global retailers cite operational costs as a major impact to their business

↗ **79%**

of Americans have felt the effects of inflation in the past 6 months

As a result, we're seeing ecommerce merchants shift their strategies—in particular, by charging return fees and finding other ways to reduce reverse logistics costs.



Driving innovation in reverse logistics

How are brands staying ahead of the market when it comes to rising reverse logistics costs? We've noticed several key factors.

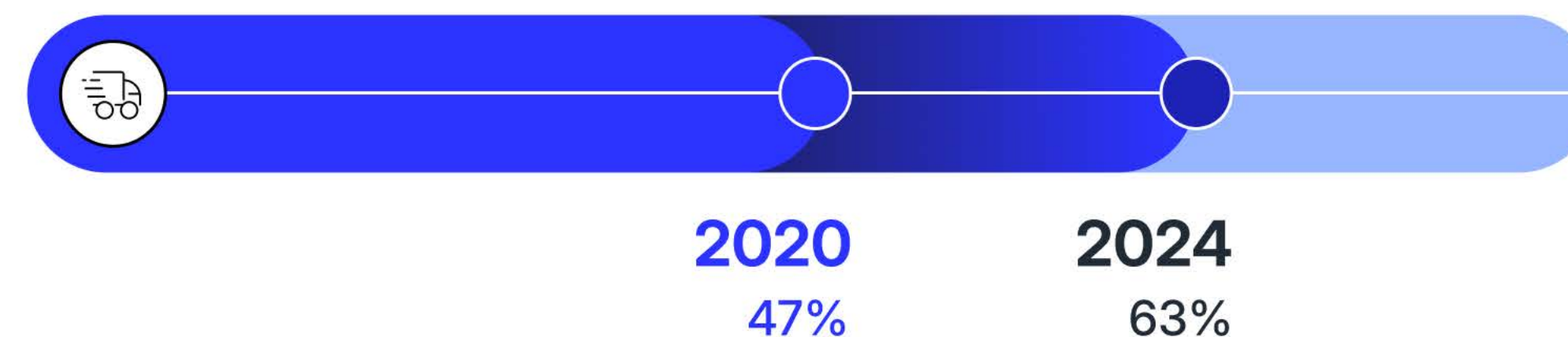
Charging return shipping fees

Most significantly, more brands are charging reverse shipping fees on some forms of returns. **Today, 63% of Loop merchants charge return shipping fees, up 47% from the start of 2020.** They're not alone: Large brands like Zara, J. Crew, and H&M are also charging return shipping fees to their customers, and shoppers now anticipate return shipping costs as an expected expense. Our data shows that brands who've added return shipping fees are not seeing any impact on overall return rates or repeat purchase rates.

Anywhere up to 30% of sales may end in a return, and reverse logistics expenses can cost half of an item's original retail price. As such, passing the cost of return shipping to the customer makes good business sense.



Loop merchants charging return shipping fees



Customizable fee strategies

Your return shipping policy shouldn't be one-size-fits-all—it's important to provide customization, using flexible fee strategies that adapt to shifting customer preferences, allowing you to offset operational costs effectively without compromising customer retention. For instance, invite customers to return items in store for free, while charging a fee for mail-in returns.

Efficient inventory management

Merchants are reviewing their supply chain strategies to mitigate risks from policy changes and enhance efficiency to protect margins. Optimizing inventory management not only helps streamline operations but also reduces return shipping and packaging costs—whether you're absorbing those expenses or passing them to customers. You can consolidate returns into bulk shipments through Happy Returns' drop-off bars, and use dynamic routing to identify the most cost-efficient routes and carriers for shipping your items, whether you're sending them back to a warehouse, or to a recycling or donation facility.

You can also enable shoppers to keep a refunded item if it's not cost-efficient to send it back—we've seen a 26% rise in Keep Item use over the last year.

↗ 26%

Operational visibility and control

Get insights around your returned item data (grading and disposition, return reasons, etc.) to help you optimize your reverse logistics strategy. When using our integration partner 2 Boxes, "we basically deploy everything on tablets that have a built-in camera and once the associate goes through the process, all of the decision making is automated," says Stalter.

As a result, "there's no question to what the next step should be for the associate. And what this means is we're reducing the number of decision points for the people in the warehouse, which means you have a more consistent and a more standard process, which ultimately means a more efficient process. You get more things back to stock and more things back to stock faster."



Returns fraud remains the top issue for retailers

Returns fraud was already a significant problem in ecommerce last year, and it's only escalated as an issue of concern: In 2024, retailers lost \$103B in value to returns fraud and abuse.

Nearly all retailers are impacted:

↗ **93%** of global retailers cite fraud and abuse as a significant issue for their business.

↗ **99%** of global retailers faced returns fraud or policy abuse in the past year.

Additionally, shoppers commonly participate in one common form of policy abuse.

↗ **57%** of shoppers admit to frequently bracketing in order to easily determine preferences.

Today, **fraud and abuse affect 15.4% of all U.S. retail returns**, yet most retailers struggle to tackle the issue effectively—only **46% rate their fraud detection and prevention measures as very effective**. The biggest challenge? Balancing prevention with a seamless customer experience, with 52% citing CX as their top concern when addressing fraud.

Uncover the latest peak season fraud trends

Building better fraud mitigation strategies

In order to strike the right balance between fraud prevention and a strong CX, try these tactics.

Make it simple to determine the right size

Most cases of policy abuse are due to bracketing—in which a shopper orders multiple items to test them out and find the one that fits best. “This is just the new norm of how people shop now,” says Miller. “In fact, we've seen that Gen Z is bracketing twice as much as the boomer population.”

To reduce the incidence of bracketing, it's important to give shoppers confidence in their purchases from the start, with accurate sizing information and detailed photos of the products that help them understand what they're getting. It's also important to provide clear, no-nonsense return policies to ensure shoppers understand their rights and responsibilities when sending back an item, such as ensuring that tags are not removed in order to obtain a refund.

Test out return fees

As we already mentioned, more retailers than ever are introducing return fees across the board—but you can also iterate on your fees to see if you're able to reduce return policy abuse.

For instance, “having an individual fee per item the customer's returning, on top of the overall handling fee, can mitigate customers going over the top with the amount of items that they're purchasing with intent to return on the backend,” says Lebow.

Return fees are a strong disincentive against returns fraud: **36% of shoppers say they're less likely to participate in returns abuse when there is a return fee.**

Total Refund \$138.68

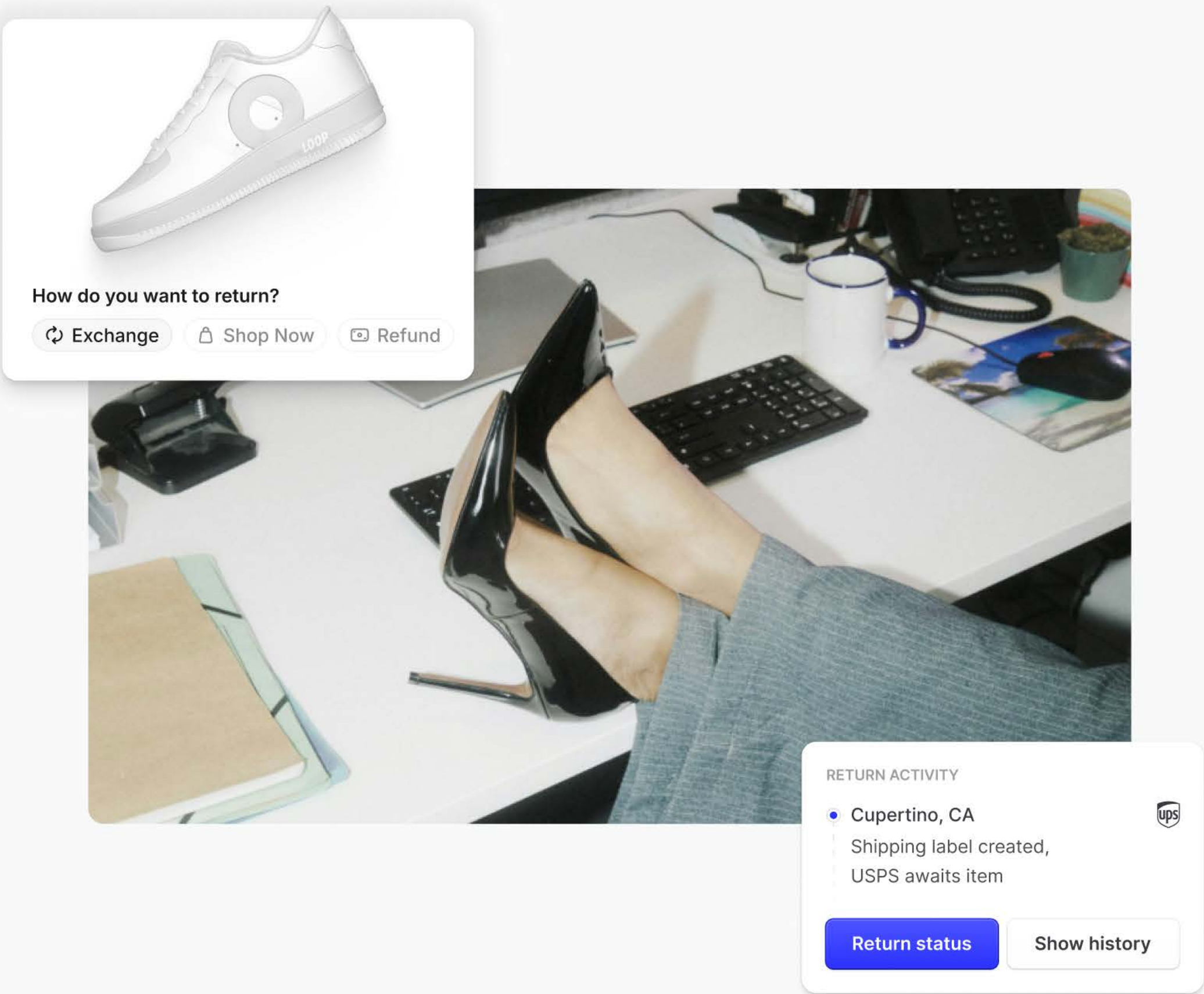
Submit instant return

Identify trends with data insights

"If you don't think you have a fraud problem, you probably do," says Lebow. "You just don't have the insights and data to realize you do."

By using Loop's Fraud Model, brands are able to correctly identify 87% of attempted fraud incidents. Loop's tools also help brands discover their customers' reasons for returns, which they can use to optimize their listings. For instance, if a particular line of sweaters is frequently returned because it runs small, your brand can recommend that customers size up to reduce the incidence of product returns.

↗ 87%



TREND 3

Item Verification

Not all fraud is related to policy abuse—in some cases, organized fraud rings take advantage of brands by initiating empty box or FTID fraud.

“There are actually organized groups on Telegram and Discord where you can buy returns fraud as a service,” says Stalter. “So you send them your shipping label, they’ll doctor it to deliver to an area nearby the warehouse. And what this is trying to do is take advantage of the delivery scan so that you get a refund when it’s delivered, even though it’s not delivered at the correct address.”

But with the right technology and controls in place, it’s simple to put a stop to this form of abuse. *“The easiest way to prevent this is changing your processing returns processing event to manual in Loop,”* says Stalter. *“And what that allows with Two Boxes in place is to have a refund only issued once somebody has the physical item in their hands. You could have fraud detection as part of your SOP, and then you’re not issuing refunds for all of these fake tracking ID fraud fraudulent packages.”*

03

2025 is the year of operational resilience

With so many unknowns ahead, one thing is certain—brands that prioritize operational resilience will have the competitive edge.

Sudden regulatory shifts, geopolitical tensions, and climate events will continue to disrupt global supply chains, driving costs higher. That makes customer retention and reducing acquisition costs more critical than ever. To stay ahead, brands need to focus on efficiency across every part of their business:

- **Customer Acquisition & Retention** – Optimize performance marketing spend by increasing repeat purchases. Best-in-class tracking drives customer loyalty. Resale integrations help shoppers recover costs, keeping them engaged.
- **Revenue Retention** – Turning returns into exchanges and repeat purchases.
- **Operational Efficiency** – Automation reduces friction and saves on operational costs, ensuring smoother workflows.

- **Supply Chain Optimization** – Work with top fulfillment partners, leverage dynamic routing, and streamline logistics for maximum efficiency.
- **Loss Prevention** – Minimize fraud and policy abuse to protect profits.

By reinforcing these areas, brands can weather uncertainty and emerge stronger, no matter what 2025 brings.

Optimize your **operations with the right technology**

Shore up your brand’s resilience with the right technology solutions.

Loop offers a **best-in-class returns + tracking experience** for brands.

 **23X** Increase the ROI on your order tracking investment by 23x through revenue retention

 **20%** Increase same-month repeat purchase rates by 20%

 **80%** Retain up to 80% of revenue through advanced exchange functionality

Two Boxes provides real-time visibility into warehouse returns ops.

- Clove, a **Loop and Two Boxes brand**, saves **\$10K monthly on return warehousing costs**.

Happy Returns offers nearly 8,000 no-box, no-label Return Bar locations.

 **26%** Brands using both the Loop Returns portal and Return Bars® see an average 24% increase in CLTV compared to using Happy Returns alone.

2025 Trend Report

By enhancing your customer experience with best-in-class returns and order tracking technology, you'll be able to deliver a superior customer experience for your shoppers from the first touch to the last—and tap into data insights that can help you conserve costs and retain more revenue.

Want to learn more?

[Watch the full webinar](#)

