

# CREATING A PROFITABLE RETURNS STRATEGY IN 2023:

Scaling Returns Management &  
Fulfillment Best Practices.



# A challenging economy demands an effective returns + fulfillment strategy.

The holiday season is over, and Black Friday, Cyber Monday (BFCM) has come and gone, which may leave you wondering about missed opportunities. How could you have prepared better, what can you improve before your next big sale, and how do you carry the momentum into the coming year? The good news is that it's never too late to take what you've learned and implement some positive changes to your ecommerce store.

With spring events nearly here and planning for BFCM 2023 already underway, this guide features advice from our partners to help your business make the most of this post-returns-season time. Whether it's site improvements, updating backend processes or creating a better plan for the future, we're here to make sure you have a solid foundation for success.

**Let's get into it.**



## Build a returns policy that maximizes promotional periods.

We're big believers in automation but also in leaving room for bespoke touches that make the customer journey special or, better yet, unforgettable. We also believe in creating profitable return policies that work for the shopper.

More often than not, this requires flexibility around peak times. Holidays are one such time, but sales and promotions throughout the year can be just as important. Ideally, a return policy should ebb and flow with your shopper's unique trends.

- Consider implementing multiple return policies for your store. This could mean that certain sales come with a longer return period while others automatically mark items as unreturnable. Regardless, ReturnLogic allows you to build unique workflows for each return policy and automate the process.
- Are customers happy with your policies? How do you find out? Well, leveraging data from across your tech stack to establish customer-centric return policies is often the best place to start.
- Automating return policies goes beyond convenience. Rather than manually tending to returns all day, your internal team will have more time to focus on providing an excellent customer service experience. This is good news for your retention goals and customer lifetime value.



## Make your return policy easy to understand.

Customers expect a clear policy that's easy to find on your website. Link your return policy from your site's footer or, in some cases, the product pages. A well-designed Shipping & Returns page and exhaustive FAQs can be highly effective.

Remember, a great experience can lead your customers to make an exchange instead of a return, so you don't lose out on the sale entirely. Just be sure you answer customers' most common questions and provide up-to-date information addressing any changes during promotional periods. These include:

- How long do I have?
- Where do I start?
- How long will it take?
- What will it cost me?

Of course, optimizing your warehouse operations is integral to managing returns and living up to your policy. Be sure your warehouse team has the tools and resources necessary for accurate picking and packing during peak times to minimize returns from mis-picks.

It's best to avoid picking inventory manually or counting stock levels with spreadsheets or notecards. Barcoding, scanning and a proper warehouse management software or inventory management system is a much better solution for you and your customers.

You'll also need to ensure you have enough operational capacity to handle peak season orders and the inevitable rush of returns that come with the holiday season and other high-volume times of the year.



Minimize future returns by reviewing available data about which products are getting returned the most. Insights into why items are returned can guide product improvements and lead to product descriptions that set expectations appropriately. Any retailer can analyze return reasons, read reviews, mine customer service tickets, and consider other customer feedback to identify valuable trends.

Obviously, it's critical to do everything you can to reduce returns as they can significantly cut into your profitability with these costs:

- Return shipment + original shipment
- Storage space for returned items
- Disposal of damaged items
- Loss of a customer
- Impact of negative customer reviews



## Dive deeper into returns data for new opportunities.

For us, it's all part of the process. Just as ecommerce storefronts and backend processes should evolve, returns need to be optimized and improved. Notably, the data from returns can also be used to elevate other parts of the customer journey.

Whenever there is an uptick in returns activity, there is an increase in data that can be leveraged to improve policies, PDPs, retention marketing strategy, pricing, sourcing decisions—you name it. When paired with other data points such as reviews, ads performance, and user testing data, returns can provide the information you need to bolster a comprehensive ecommerce strategy. So how will the data from your after-returns season improve your business?

- Collecting and organizing data down to the granular variant-level can provide a complete picture that might not otherwise be easily viewable. Is a particular color, size, or material underperforming compared to others? The solution could come from solving a vendor issue, improving product photography, or making a quick copy adjustment on the PDP. Regardless, it's an opportunity to decrease the return rate for that particular variant.
- Taking a look at why customers are returning certain items can also allow for pricing optimization. Were they underwhelmed by an item's quality or perhaps experiencing some buyer's remorse? Adjusting the item's price can reduce these types of returns and save money by cutting back on the shipping, restocking, and lost sale costs associated with a return.
- Returns data can also help evaluate ad campaigns after they're done. By including churn in the equation, you'll be able to calculate a more accurate ROAS that includes sales lost.



## Operations are crucial to creating "lifetime customers."

We all know an influx of holiday returns comes after the holiday ecommerce purchasing rush. According to the NRF, consumers likely returned more than \$816 billion worth of retail merchandise purchased in 2022, with an average rate of return of 16.5%.

Our 2022 Ecommerce Returns & Exchanges Report found that 96% of consumers are more likely to make a purchase if free returns are on the table. Meanwhile, 91% say that the ease of their returns experience impacts their willingness to shop with a retailer again, and 67% say a negative returns experience stopped them from shopping with a specific retailer again.

As mentioned, customers don't want to decipher a complicated returns policy. They expect a consumer-friendly ecommerce return shipping experience. Fortunately, this method can also encourage loyalty. Typically, retailers that embrace a simple returns process choose one of two strategies:

- Some keep customers at ease from the get-go by providing a clear policy upfront, calling out any seasonally-specific restrictions or special instructions for gift returns and exchanges.
- Others embrace automation by generating scan-based return labels to include with packages. It's a proven tactic to provide customers with a seamless, simple experience. Research shows that 30% of consumers prefer initiating a return using a pre-printed label, and 88% are more likely to purchase from an online retailer or brand that includes one of those labels with the shipment.

Whichever strategy you decide to implement, take time to consider how returns and exchanges play into your overall customer journey.



# SHYPYARD

## Close the gap between returns and your supply chain.

### Here's how:

- Streamline the return process: A returns platform can help streamline the return process by automating the return request and approval process and providing real-time tracking and visibility of returned items. This can save time and reduce the risk of errors, helping you manage your supply chain more efficiently.
- Improve customer satisfaction: Accurately tracking returned items using a digital system such as ReturnLogic can lead to a better customer experience. A returns platform can make it easier to identify the common reasons for returns, such as product defects or incorrect sizing. These insights can then be the impetus to prevent those issues in the future, leading to fewer returns and happier customers.
- Increase profitability: You can optimize your supply chain by accurately accounting for returned items using your returns platform and combining that data with the insights provided by Shypyard. For example, you may reduce the number of returned items by improving product quality, or you may be able to resell returned items as "refurbished" products.

By streamlining the return process, improving inventory management, and using insights to optimize a supply chain, merchants can transform returned items from a costly setback into a profitable opportunity.



## Iterate, improve and never stop getting better.

We've talked about "optimization" a lot, but from a purely returns-based perspective, what do we mean? Returns optimization focuses on iterative improvements to how retailers manage returns. Put another way, returns optimization focuses on the retailer experience, making returns easier for shoppers to complete and simpler for teams to manage.

We like to encourage transparency between teams. The more visibility that exists, the less likely it is that something will go wrong throughout the post-purchase process.

What this looks like for teams is:

- Customer service teams can see when a return is initiated but only have to dedicate minimal resources to the process, thanks to the customer-friendly portal. Still, additional integrations, such as Gorgias, mean the CS team can lend a hand when shoppers need extra support.
- Warehouse and operations teams can see when an item arrives at the warehouse, mark it as delivered, and provide a disposition and notes for the customer service team's awareness.
- Those in charge of strategy will be privy to data that can help inform their decisions moving forward. The visibility allows them to focus on improving key metrics across the board, including customer lifetime value, ROAS, and more.

We think of it as a hierarchy of needs. It starts with a simple way for shoppers to initiate a return, continues with seamless communication between CS and operations teams, and culminates with optimization on a strategic level.

## Accuracy and presentation matter, especially online.

- Are your product descriptions compelling enough? Are they filled with imagery and videos that entice people to buy and set expectations that can be met when the item arrives?
- Do you have walls of text that bullets or icons can replace?
- Do you have enough social proof and first-hand accounts of customers using your products?
- Are you missing any essential decision-making aids, such as sizing charts?
- Are all of your sales channels up-to-date with your product catalog for a consistent experience?





## Overlooked ways to streamline returns and boost customer loyalty.

- **Monitor your return rate and inventory that gets sent back.**
  - For items that get returned, promptly inspect the inventory and complete the right action, whether disposal or resale. Otherwise, it's possible that returned merchandise can accumulate and end up in costly long-term storage, taking up space that should be allocated for sellable inventory.
- **Implement DDP shipping for international orders to reduce return-to-sender returns.**
  - Without Delivered Duty Paid (DDP), consumers in other countries face long delivery times, delays at customs, and surprise fees (upon delivery). This often leads to a refusal to pay the final amount needed to collect their package and can result in the item being sent back to where it came from.

As a fulfillment company, ShipBob's DDP solution eliminates these post-purchase issues for a more streamlined approach to international order fulfillment while reducing customer service inquiries. DDP helps not only convert more shoppers globally by calculating and charging the appropriate duties and taxes upfront during the checkout process, but it also helps minimize returned packages while streamlining customs clearance.

- **Don't forget the unboxing experience.**

- The moment of delivery represents one of the most important touchpoints with your customer, yet the arrival of that order is often underwhelming for consumers. How can you ignore a customer interaction with a 100% open rate? Consider a few options to spice up your delivery experience:
  - Branded boxes and packaging: There's nothing like an eye-catching box to build your customer's excitement over their purchase! While it may be cheaper to use plain boxes, you miss out on a valuable opportunity to build brand recognition.
  - Marketing inserts or free samples: Putting it plainly, we all love free stuff, especially from brands we already know. Adding a free sample or gift with your orders costs you very little compared to the gratification it gives your customer. In addition, coupon codes or exclusive offers can help bring customers back.
  - Gift notes: Offering branded, personal gift notes to your shoppers will make the unboxing experience more memorable. You can also let customers add a custom note at checkout if they are sending the order to someone else as a gift. Either way, a personalized message can go a long way during the gift-giving season, especially for those who can't celebrate with the gift-giver in person.



## Returns can make or break a customer relationship.

That's why returns season is a great time to undertake testing to ensure everything—including the return process—works smoothly. This testing should focus on all the ways a customer might interact with your site, including those reliant on accessibility equipment to navigate online. That's because once you know the accessibility challenges of the customer journey, several options exist to remediate this.

Challenges for people with disabilities can come in almost limitless and often unanticipated ways. Therefore, an inclusive return policy should include a notice early on in the return process and frequently reiterate how customers can contact a member of your team directly for help if they encounter difficulty completing the process. Equally important, the team member will need to make it a priority to get back to the customer the same day if possible, but no later than the next business day.

Here's what to remember about making your site accessible to all customers:

- Let consumers know you care about WCAG Compliance and Web Accessibility and build that as part of your brand.
- By making your site WCAG Compliant and Accessible to all, you will simultaneously improve your search rankings.
- Almost 25% of all Americans have a disability, so you immediately increase your audience.
- Guarantee all facets of your ecommerce business are available to all potential customers, including the returns process.

# In Conclusion...

There you have it, every day might not be Black Friday, Cyber Monday, or another major sale, but you can implement some simple changes to your ecommerce strategy to create a positive customer experience while also positioning your team for success.

**We all wish you all the best in 2023 and beyond.**



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