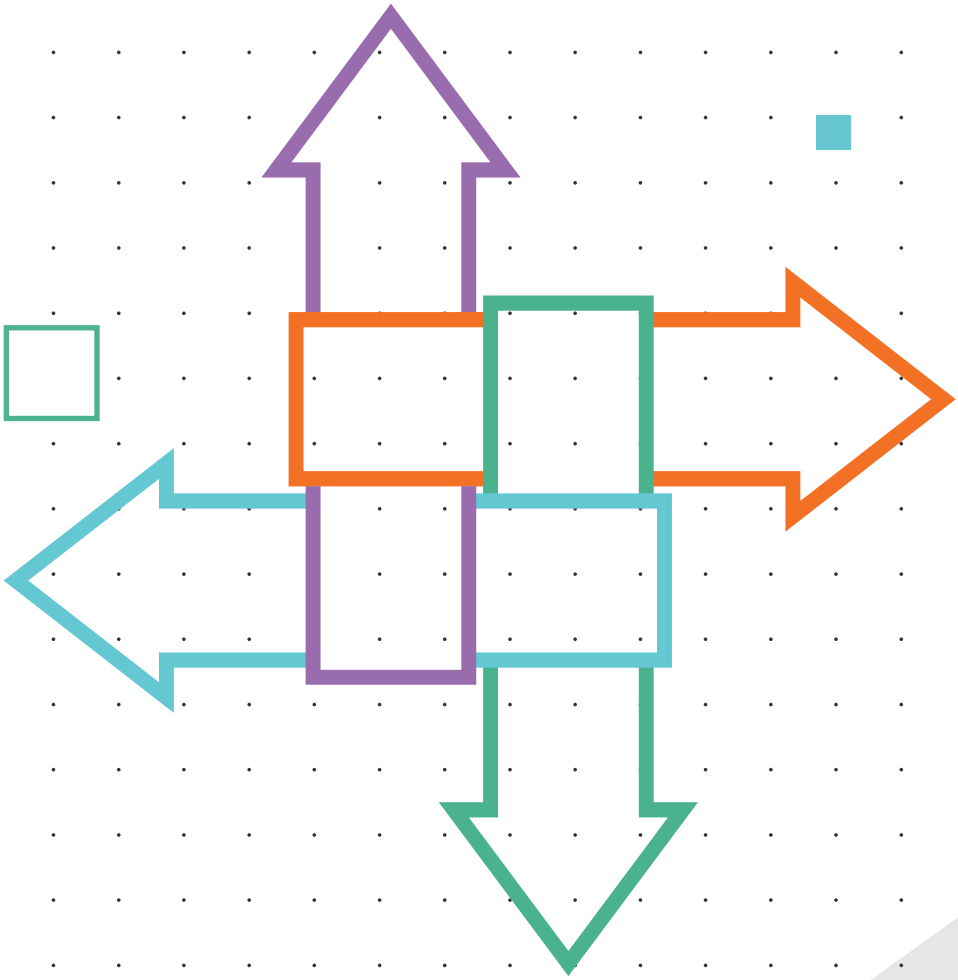
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30 Alternative Strategies to Charging Customers for Returns

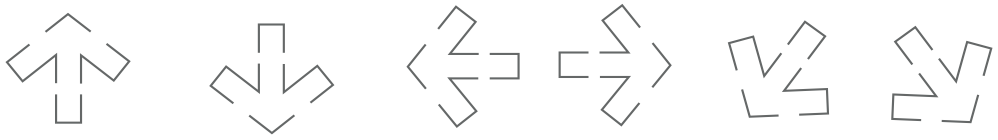
CHECKLIST



We're starting to see more and more retailers charge their customers for returns. Is this the best strategy amidst fleeting customer loyalty and intense competition, or can costs be managed differently to avoid eroding brand value?

The 'right to return' is ecommerce law. While there is no magic bullet, optimizing your returns strategy can be mutually beneficial and can help build brand loyalty. We've worked with some of the largest retailers and have seen the benefits of offering returns at no charge with the right strategies in place.

In this article, we'll dive into how to use your historic returns data to implement a better returns strategy and avoid passing on the cost to customers.



Analyze Before You Strategize

Before considering charging for returns, start with a comprehensive analysis of at least three to six months of data. Understand every return reason code and identify trends in categories or specific products. While we strive to sell the best quality goods, issues can arise. For example, if there's a clear indication of a bad batch, it's important to take action and review your quality control practices before the product gets shipped or arrives in your warehouse.

With a clear understanding of your specific data, actions naturally break down into two clear areas: Prevention Strategies and Positive Return Process and Revenue Optimization.

Return Prevention Strategies

The easiest way to lower the financial impact of returns is to prevent them in the first place. Below is a list of prevention strategies that have been proven to reduce returns.

Product Information and Presentation

- [ ] **1. Detailed Product Descriptions:** Provide accurate and detailed product descriptions, including dimensions, materials, and features. Ensure there is no ambiguity, so the customer clearly understands what they are buying.

- [ ] **2. High-Quality Images:** Use high-resolution images from multiple angles, and possibly videos, to give customers a comprehensive view of the product. Add a magnification feature so shoppers can see important details.

- [ ] **3. Customer Reviews:** Encourage customers to leave reviews and feedback to help others make informed decisions. Never ignore a bad review, ensure you provide public feedback, and deal with a trend emerging promptly.

- [ ] **4. For Fashion:** Use a fitting application or size guide, as this can often eliminate the simple 'bad fit' reason for return.

- [ ] **5. Product Usage Guides:** Provide comprehensive guides and tutorials on how to use the products properly.

- [ ] **6. Care Instructions:** Include care instructions to help customers maintain the products and reduce returns due to misuse or misunderstanding.

- [ ] **7. Real-Time Updates:** Provide real-time inventory updates on your website to prevent customers from ordering out-of-stock items.

Customer Interaction and Support

- [ ] **8. Chat Function:** Ensure you have a chat function on your website so customers can easily ask for help when they're struggling to decide on a purchase. An ML or AI-based chatbot may help, but always ensure a human is behind the service.

- [ ] **9. Post-Purchase Engagement:** Follow up with customers post-purchase to ensure satisfaction and address any issues promptly.

Personalization and Recommendations

- [ ] **10. Tailored Recommendations:** Use customer data to provide personalized product recommendations that match their preferences and reduce the likelihood of returns.

Product Quality and Feedback

- [ ] **11. Inspection and Testing:** Implement stringent quality control measures to ensure products meet customer expectations before shipping.
- [ ] **12. Feedback Loop:** Create a feedback loop between returns and quality control teams to continuously improve product quality.
- [ ] **13. Product Improvements:** Listen to your customers. Design and functionality are subjective, but if a strong opinion is forming, work with your supply chain to improve the product.
- [ ] **14. Picking the Order:** Whether in a warehouse or store, ensure you have a QA function to check the item is as ordered and there is no damage before packing.

Inventory and Order Management

- [ ] **15. Inventory:** Keep your inventory data accurate and regularly refreshed. Be clear about whether or not to accept backorders for products. Overselling and understocking are the opposite sides of the same coin.
- [ ] **16. Real-Time Updates:** Provide real-time inventory updates on your website to prevent customers from ordering out-of-stock items.
- [ ] **17. Buy Online, Pick Up In Store (BOPIS):** BOPIS is your last chance to prevent a return. If you sell clothing, offer a fitting room at the pickup point so the shopper can swap sizes if needed.
- [ ] **18. Pre-Owned/Rental Schemes:** Used fashion returns can be absorbed back into the inventory for pre-owned inventory flow or as inventory for a rental scheme.

Policies and Transparency

- [ ] **19. Policies:** Ensure your returns policy is embedded in your terms and conditions — no one wants legal action. Also, being open and transparent will encourage customer loyalty. Always include timeframes, conditions, and process details in the policies.

Technology and Infrastructure

- [ ] **20. Online:** Ensure your web application can support all of the above.

Seamless Return and Revenue Optimization

Having implemented effective prevention strategies, it is now essential to minimize the friction in the returns process. While you will never be able to prevent 100% of returns, you can still make the process easy for customers. Below is a list of ways to create a positive return experience while optimizing revenue.



Customer Experience and Convenience

- [ ] **1. Buy Online, Return In Store (BORIS):** In-store returns are certainly the cheapest option for vendors with retail stores, but this should not be a simple tick and pile up for re-stocking.
- [ ] **2. Easy Return Process:** Simplify the return process with prepaid return labels and easy-to-follow instructions.
- [ ] **3. Customer Initiated Returns:** Enable your customers to initiate returns from your website without having to call customer service.
- [ ] **4. Post-Return Engagement:** Follow up with customers post-return to ensure satisfaction and address any issues promptly.



Inventory and System Management

- [ ] **5. Process:** Remember you are taking back an inventory item and need to ensure it is absorbed into the correct inventory bucket.
- [ ] **6. System Support:** This is where a fully functional order management system can pay for itself with automated returns workflows and inventory management.
- [ ] **7. Automated Returns:** Use technology to automate the return process, making it easier for customers and reducing manual work.
- [ ] **8. Physical Actions:** The acceptance of returned goods should automatically trigger a return-to-stock action. Inventory should not be incremented until the products are in the correct place.

Revenue Retention and Alternatives

- [ ] **9. Exchanges and Store Credits:** Provide options for product exchanges or store credits instead of refunds to retain revenue.
- [ ] **10. Repair Services:** Offer repair services for damaged products to avoid returns.

It's no secret that acquiring new customers is significantly more expensive than retaining existing ones. Preventing returns and making the returns process seamless will drive customer retention and increase revenue in the long run. With the right returns strategy in place, it's a win-win for the retailer and the customer. Customers can feel confident in their purchases, while retailers gain the benefit of building brand loyalty.

About Kibo Commerce

Kibo Commerce is a composable commerce platform for retailers, manufacturers, distributors, and wholesalers who want to simplify the complexity in their businesses and deliver modern customer experiences. Kibo is the only modular commerce platform supporting experiences that span Order Management, eCommerce, and Subscriptions. Companies like Zwilling, Ace Hardware, Boscov's, Nivel, and REEDS Jewelers trust Kibo to bring simplicity and sophistication to commerce operations and exceed customer expectations.

Learn more at **kibocommerce.com**.

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About OLR

OLR is a specialist systems integrator of Oracle Retail and Commerce Solutions, headquartered in the London with operations in the UK, Portugal, USA, Mexico and India. OLR specialises in providing a full lifecycle of services for end-to-end Oracle Retail Centric Solutions for Stores, Merchandising, Commerce & Application Managed Services. OLR has a proud track record of delivery of Oracle Retail solutions to some of the most well-known global retail brands.

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