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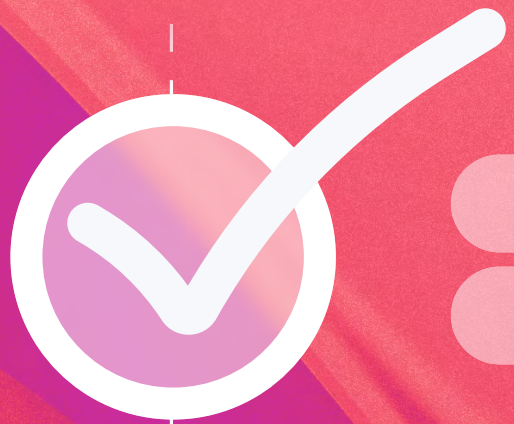
WINNING WITH RETURNS: PART ONE

Building a business case for a returns experience management solution



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1.0 Executive summary

Returns is no longer just a back-end process, it's a vital component of the customer journey that can make or break a retailer's relationship with its customers. In an era where customer expectations are higher than ever, relying on outdated or manual returns processes can severely hinder a retailer's ability to stay competitive.

Retailers face significant challenges, from manual processing and data fragmentation to high operational costs. These issues not only lead to inefficiencies but also impact customer loyalty and overall profitability. By embracing a returns management solution, retailers can transform these challenges into opportunities.

This ebook is the first in the 'Winning with returns' series that explores the importance of implementing a returns experience management solution. It highlights how such solutions can alleviate the pain points retailers face. **We'll guide you through building a compelling business case, exploring challenges, potential business impact, and the 5 P's best practices to transform returns from a cost center into a strategic advantage.**

1

The 'why'

Returns are hard for retailers and shoppers:

- Retailers struggle with several technology and data related challenges that take a hit on profitability and revenue growth.
- The shopper's returns journey is riddled with obstacles, right from initiating returns to getting the refund.

2

The 'how'

Find the ideal returns experience management solution that can help you make your returns process:

1. Pragmatic
2. Predictive
3. Prompt
4. Personalized, and
5. Pro-active

3

The business impact

The business impact of investing in the right returns solution to your tech stack:

- Strengthen revenue growth
- Reduce operational costs
- Drive brand loyalty and retention

2.0

Returns are inevitable

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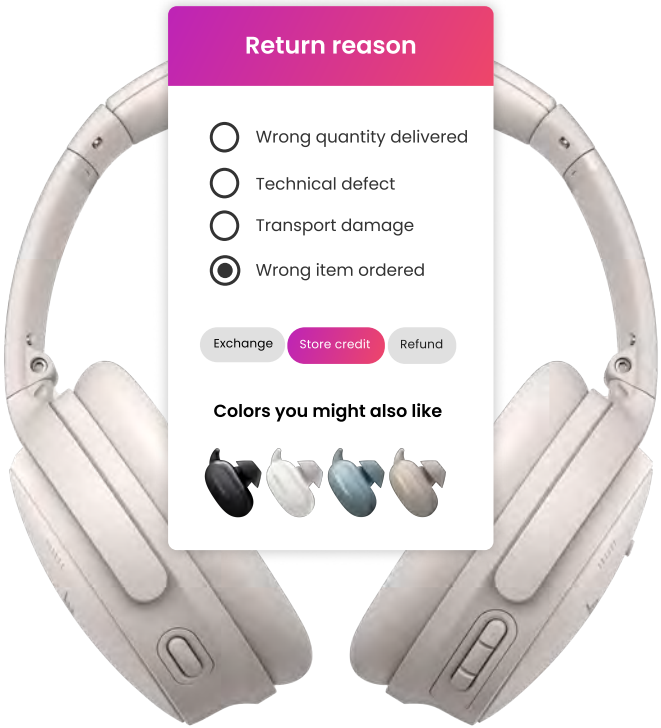
2.0 **Returns are inevitable**

In the dynamic world of retail and e-commerce, returns are not merely a cost to be minimized but an opportunity to be embraced. By fostering a returns-friendly culture, businesses can transform what is often seen as a challenge into a powerful driver of customer satisfaction and loyalty. Returns are here to stay, and forward-thinking retailers understand that adapting to this reality can set them apart in a crowded market.

Customers today expect seamless, hassle-free return policies and processes. They want the assurance that if a product doesn't meet their expectations, returning it will be straightforward and without penalty. This expectation is not just a trend but a fundamental aspect of modern consumer behavior.

Businesses that respond with empathy and efficiency not only retain customers but also attract new ones who value transparency and ease of service. Embracing returns means more than just policy adjustments; it's about changing the mindset and ensuring you have the right tools to support.



92% of shoppers are influenced by a brand's returns policy

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What makes returns so hard?

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3.1 Retailers' challenges in the returns journey

Let's try and understand what makes returns so hard and why most retailers struggle to get it right.



Lack of automation

Retailers often lack visibility into what products are being returned and why, making it difficult to forecast return volumes or frequencies accurately. This lack of data hinders effective inventory management and planning.



Off-brand third-party communications

Many retailers rely on carriers and logistics providers for return communication and status updates. This diverts traffic away from the retailer's ecosystem and results in an inconsistent and disconnected brand experience.



Data blackhole

Inadequate systems for capturing and analyzing returns prevent retailers from gaining insights that could improve their processes and customer service. This also limits the retailers' ability to personalize the returns experience for the shoppers.



33% Revenue loss from returns due to operational costs and missed sales.

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Slow returns processing

Lack of visibility and insights hampers the retailer's ability to predict and prepare for returns, slowing processing speed and increasing operational costs.



Lack of personalization

Retailers often lack a unified view of customer data, carrier data, shopping behavior and much more, which hinders their ability to provide personalized recommendations or incentives during the returns process. This lack of personalization can result in missed opportunities to enhance customer experience and loyalty.



High operational costs

Managing multiple carriers, integrations, customer return queries, and associated warehouse costs all lead to higher operational expenses for retailers.

3.2 Broken returns experience for the shopper

As retailers continue to struggle with these challenges, the shoppers' returns experience takes a hit.

Returns initiation

- **No digital returns booking:** Shoppers struggle when there is no digital option to initiate returns, forcing them to rely on inconvenient manual processes such as having to call customer service.
- **Limited returns options:** · Insufficient drop-off or carrier options can make the returns process inconvenient and time-consuming for the shopper.

Returns tracking

- **Unreliable tracking system:** Lack of a reliable tracking system makes it difficult for shoppers to know where their returned items are in the process.
- **Broken communication:** Inadequate or infrequent updates on the return status lead to shopper uncertainty and dissatisfaction.

Returns receipt and refund

- **Delayed refunds:** Long waiting times for refunds can cause frustration and negatively impact shoppers' loyalty towards the brand.
- **Irrelevant product recommendations:** Receiving irrelevant suggestions during the refund process can feel impersonal and unhelpful.



62% Shoppers are unlikely to shop again with a retailer that had a complex or difficult returns process.

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3.2 Broken returns experience for the shopper

The cascading impact of this broken returns experience is felt across the retailers' business:

Business function	What keeps them up at night	Negative business impact
Ecommerce	How do I drive omnichannel sales/conversion and optimize operational costs by reducing fulfilment pressures and delivering a seamless digital experience?	• High return rate • Low repeat purchases and conversion
Customer service	How do I improve customer satisfaction with support services while ensuring cost and operational efficiencies?	• High customer inquiry volume • High average handling time
Logistics & order management	How do I enhance logistics/supply chain operations while optimizing processes, reducing costs and ensuring control and visibility over the supply chain?	• High cost per return including shipping, handling, labor, etc. • High return processing time
Product	How do I drive product adoption, build better products while ensuring operational cost is low and making sure all customer expectations are met?	• Low NPS and CSAT scores • Low repeat purchases

Tip: Don't let inefficiencies hold you back – take control with a robust, integrated returns experience management solution.

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Business impact of having a returns experience management solution

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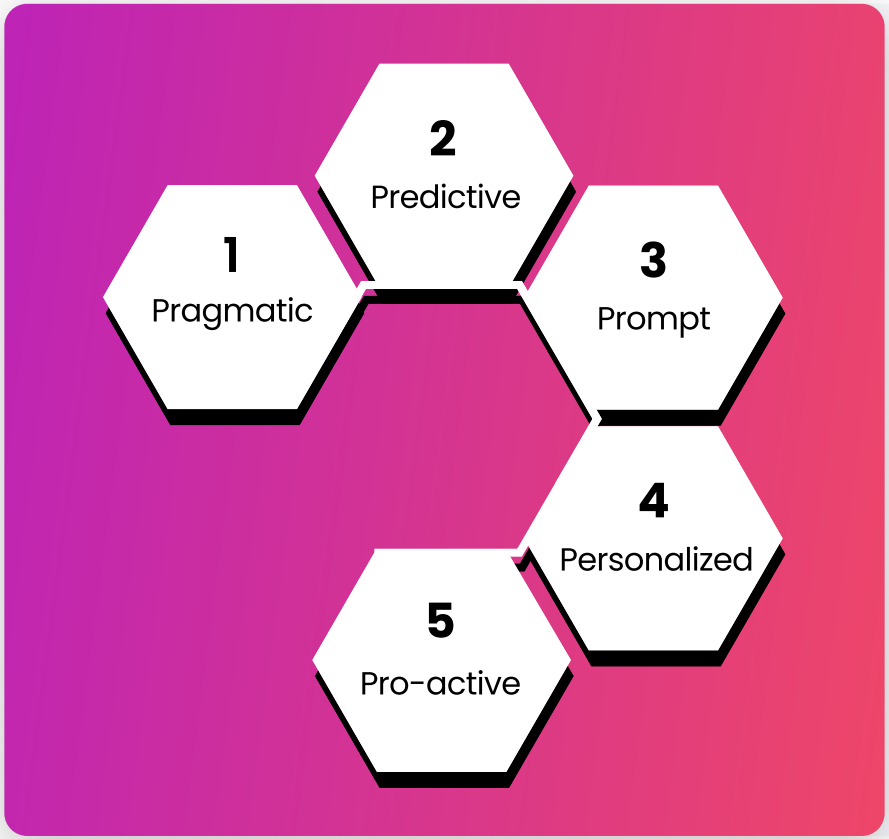
4.1 The 5Ps of returns

Finding the right returns experience management solution is the difference between success and failure for closing the post-purchase loop, and returns is no different. In order to create opportunities within the customer journey, retailers must have the right returns experience management solution, but knowing which criteria to look for can also compound the challenge.

Choosing the best vendor should feel simple and effective and it comes down to the 5 Ps of returns experience management. The right solution must be able to serve the following 5Ps of an ideal returns process:



Pragmatic: Making returns process seamless and giving the shopper an easy route to refund/exchange.

Predictive: Anticipating returns volume to ensure optimum resource allocation and reduce the processing speed.

Prompt: Processing returns quickly to issue timely refunds to shoppers.

Personalized: Delivering personalized follow-ups and product recommendations based on purchase history.

Pro-active: Sharing return status updates timely and pro-actively to keep the shopper informed.

Adding a returns experience management solution that delivers on the 5Ps of returns can lead to significant business impact for the retailer:

Reduce operational costs

- **Lower customer inquiry costs:** Automated updates reduce the need for customer service interventions.
- **Reduced processing time:** Efficient handling of returns processes minimizes labor and operational costs.

Conrad reduces return rate by 5%

Conrad, a major European electronics retailer, transformed its returns process by adopting parcelLab's online portal, replacing traditional return labels. Customers now register returns online, gaining the ability to track their status while receiving a printable label or QR code. This shift has made returns more efficient and sustainable, with transparent transit times, faster processing through automation, and reduced costs. With parcelLab, Conrad has streamlined its returns operations, lowered return rates, and provided customers with a smoother, quicker refund experience, benefiting both the company and its shoppers.

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Strengthen revenue growth

- **Plug revenue leakage:** By offering relevant exchange options and credits, retailers can find innovative ways of avoiding returns costs and protect revenue.
- **Increased revenue growth:** A seamless returns process and personalized product recommendations during the returns journey can boost repeat purchases.

Leading fashion retailer drives conversion by 4%

A renowned international fashion brand revolutionized its returns process by implementing a digital journey, adding four extra touchpoints per order. By harnessing the power of these touchpoints—where conversion rates soar up to three times higher than during the outbound order journey—the brand achieved a remarkable 4% average conversion rate among digital returns visitors.

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Drive brand loyalty and retention brand loyalty

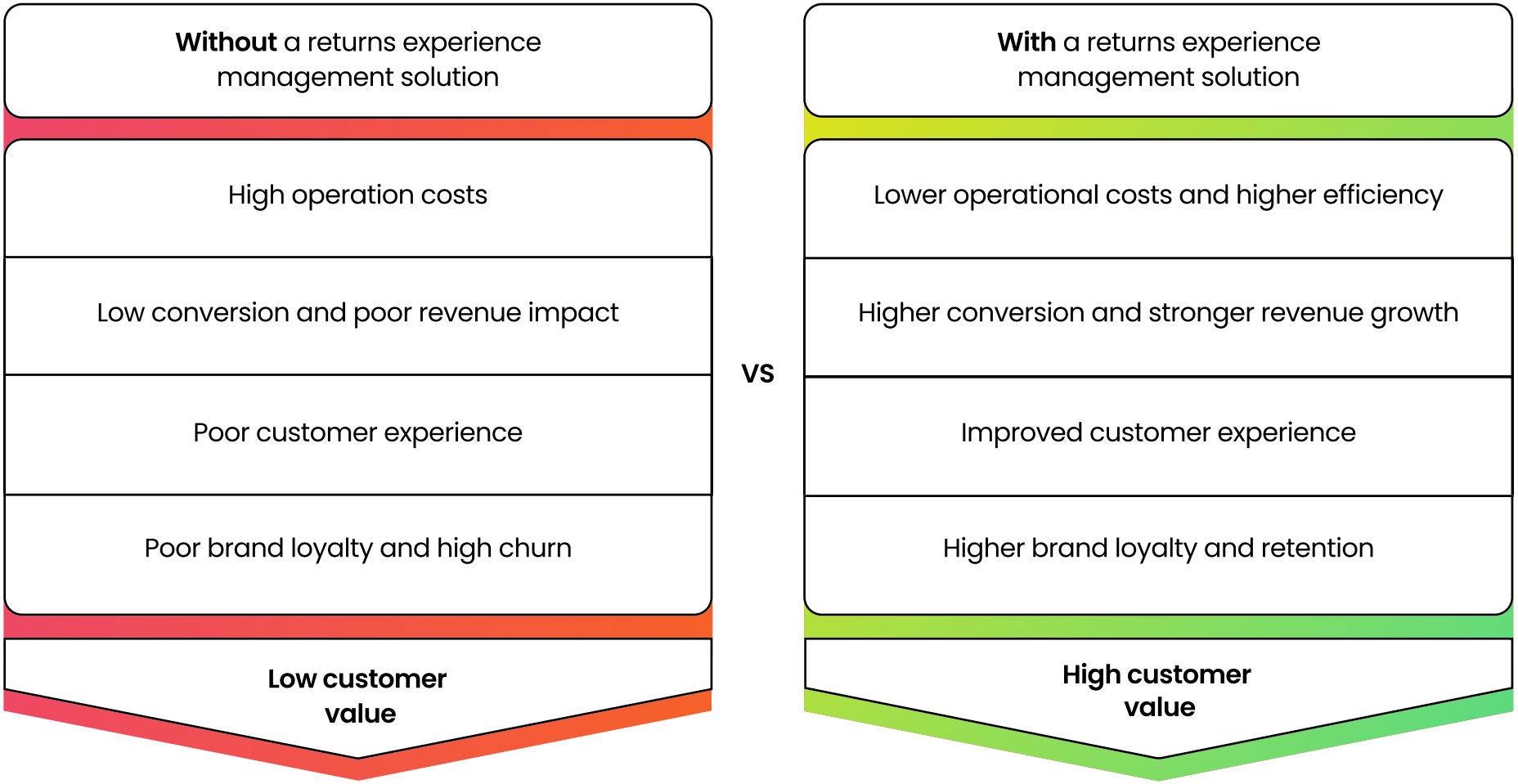
- **Enhanced personalization:** Deliver relevant product recommendations to customer during the returns process.
- **Improved NPS and CSAT Scores:** Positive returns experiences enhance overall customer satisfaction and loyalty.

Global retailer improves NPS by 7 points

The retailer now harnesses advanced data targeting tools to power precise customer segmentation. By integrating personalized capabilities, the company has introduced an Instant Store Credit refund option exclusively for their VIP customers—delivering a unique, high-touch experience that not only enhances customer loyalty but also safeguards the brand's revenue.

4.2 **Impact of getting it right**

The choice for retailers comes down to the following two scenarios:



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Conclusion

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5.0 **Conclusion**

Throughout this ebook, we've highlighted the vital role that returns experience management plays in turning what is often seen as a challenge into a strategic advantage. To truly transform your returns process, it's not just about implementing best practices—it's about having the right solution in place.

The 5 Ps of returns experience management—pragmatic, proactive, predictive, personalized, and prompt—are powerful guiding principles, but they can only be fully realized with a robust returns experience management solution.

This solution is essential for overcoming the manual inefficiencies, data fragmentation, and disjointed customer experiences that hold back many retailers. **By integrating the right technology, you can streamline operations, enhance customer satisfaction, and drive revenue growth, ultimately turning returns from a cost center into a key driver of business success.**

As the first part of the '***Winning with returns***' series, this ebook lays the groundwork for understanding why and how to elevate your returns management. But the journey doesn't stop here. In our next instalment, we'll guide you through the process of selecting the ideal vendor to partner with, ensuring that your returns strategy is supported by the best tools and expertise.

Learn how parcelLab can help you improve your returns experience

Contact us