



## Handling E-Commerce Returns

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Ninety percent of online shoppers consider good customer service to be critical when choosing a web merchant.

## How to Deal With E-Commerce Returns

As the number of e-commerce web sites increases, price becomes less of a factor in determining where to shop. Naturally, a web site must still offer competitive prices to survive. It is how a company is able to handle the extras, like customer service, that will ultimately determine its online profitability.

A whopping ninety percent of online shoppers consider quality customer service to be critical when choosing a web merchant. The three most critical components to solid reactive services are: a well-staffed and responsive service organization; a simple return process; and easy order tracking. Three quarters of online purchasers report that they are more likely to make additional purchases from a site from which they have received excellent customer service.

"If online shopping is to continue the promise of convenience, merchants will need to pay close attention to building return policies that are customer friendly," said Paul Bates, VP of Information Products Group for BizRate.com. "Online buyers tell us every day that the key to winning their loyalty is the level and quality of customer support."

From the other perspective, a significant (17%) of online shoppers have indicated that a negative return experience has negatively impacted the likelihood of them choosing that specific company's stores or catalogues again. By offering easier returns policies, a company can go a long way towards securing a life-long customer, instead of a customer that will not only avoid shopping on your site but tell others to avoid dealing with you as well.

## Return Statistics

### Leading products returned:

- Clothing (27%)
- Computer software (20%)
- Books (15 %)

### Action taken on returned products:

- Refunds (59%)
- Exchanges (27%)
- Credit at an offline or online store (11%)

- 92% of online shoppers would be most likely not do business with online merchants who charge a service fee to return a product to their physical store
- 94% of returns were mailed back to the online retailer instead of returned to an offline store

## Reasons for Returns

Reasons for Returning Online Purchases Among Respondents that Have Ever Returned a product :

|  |     |
|--|-----|
| Product not what I expected                      | 40% |
| Product broken/damaged                           | 31% |
| Product quality not as expected                  | 31% |
| Right product shipped, but wrong characteristics | 27% |
| Wrong product shipped                            | 26% |
| Decided that I simply did not want product       | 19% |
| Arrived too late                                 | 17% |
| Received only part of an order                   | 7%  |

Multiple responses accepted.

**Source:** PricewaterhouseCoopers LLP

## E-Tail Return Problems

**The three biggest problems associated with returning online purchases:**

1. Being charged for return postage
2. Returning an online purchase requires a trip to the post office
3. Being forced to return products to a physical store

**Unfavourable return policies can actually drive potential customers away:**

1. Inability to receive credit on a credit or debit card
2. A time limit to return products that is "too short"

Sixty-two percent of consumers said they would prefer to return products by mail instead of traveling to the brick-and-mortar store.

**Components of return policies online buyers consider most important:**

1. Can the product to be returned by mail
2. Can a product be exchanged for another item

Sixty-two percent of consumers would rather return products by mail than travel to a brick-and-mortar store.

## Ways to Improve Return Service

Dealing with customer returns when operating an e-business site is a certainty. It is up to business owners to make this process as easy as possible to their customers.

To increase customer satisfaction with the return process, online retailers should aim to make the process cheaper, quicker and easier.

**Here are a number of ways to make returns easier on the customer:**

When customers know they will be able to return products with no hassle and no cost, they will be more inclined to buy from you in the first place.

- An ideal online return policy is a 100 percent money-back guarantee (although this may not be feasible)
- A reasonable period for customers to return products with no penalty (i.e. three weeks after receiving product)
- No late fee to have the merchant restock the product
- Free postage when returning products by mail
- E-mail contact so online purchasers can keep in touch with a company when making a return
- Toll free help line
- Provide the option of returning products to a local store

When customers know they will have a hassle-free, no cost, return they will be more inclined make that initial purchase. Offering excellent customer service and trouble-free returns is an important selling point for your web site. Within the next few years these features will become commonplace in online commerce. Now is the time to make use of them and build customer loyalty.

## Contact Us

The Alberta E-Future Centre, a service initiative of The Business Link, is your first stop for e-business information in Alberta. We offer free, impartial, and easy-to-understand e-business advice and information for small and medium-sized businesses. Our goal is to help entrepreneurs make more informed decisions as they adapt to technological change. If you have any questions, we are only a visit, click or a call away!

### The Business Link's Alberta E-Future Centre

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