

# Online Shopping

## Reducing returns is the next big thing

By James E. Ellis

Online sales are growing at about three times the rate of those from brick-and-mortar stores, in part because of the popularity of free shipping. But that's led to a big problem: an explosion of online returns. Almost a third of web orders end up being sent back, vs. 9 percent of purchases at physical stores. The expense of processing and shipping boomeranged items can range from 20 percent to 65 percent of an e-tailer's cost of goods sold, says United Parcel Service Inc. So web merchants are seeking ways to make returns less costly.

### All in the timing

Some merchants craft return policies to get merchandise back quickly enough to resell at a good price before it goes out of style or is superseded by a later model. But electronics kingpin Best Buy Co. also is using longer return windows as a selling point for its best customers. While regular shoppers get only 15 days to return most items, members of its My Best Buy loyalty program who gain Elite status—those who spend \$1,500 in a calendar year—get double that period. Elite Plus members—who must spend \$3,500 in a year—get 45 days.



### Easier returns—at a cost

Bestbuy.com lets customers print a prepaid return label that can be slapped on a box and dropped off at a UPS location. Easy peasy—but the shipping fee is deducted from your refund.

### Why in-store returns are preferred

About 58 percent of consumers prefer being able to return goods to a physical store, according to a UPS study of online shopping habits. And merchants have good reason to want returns handled this way: UPS says 66 percent of respondents who bring back online orders to a physical store make a new purchase during that visit.

### You've got a friend

Some e-tailers let partners help with returns. Kohl's Corp. will start accepting free returns of Amazon merchandise at 82 Kohl's stores in Los Angeles and Chicago. And startup Happy Returns accepts returns for several online retailers including Tradesy Inc. and Everlane at counters inside malls or at neighborhood boutiques.

### A discount one-way ticket

Jet.com, the online seller bought by Wal-Mart Stores Inc. in 2016, gives a lower price for an item if a buyer agrees to opt out of its usual free-return policy. Change your mind? Pay a fee of \$5.99 plus 5 percent of the item price.



### It's a keeper!

Retailers are providing more sizing information and photos of goods—obviating the need for many returns. Dockers.com gives the size in inches of thigh and leg openings for its eight clothing fits for men. E-tailer ModCloth lets customers upload photos of themselves wearing its clothes—helping others envision how the styles look on bodies that aren't a model's.



### Staying close to home

Amazon.com Inc. allows free returns to the lockers it's installed in many areas. They're often in locations that keep long hours, such as convenience stores or gyms. Consumers process the return online, pick an available locker location, and receive a code to open the locker door.

### Re-boxing is the new normal

A full 75 percent of online shoppers returned merchandise this year by shipping goods back to the merchant, according to the UPS study.