

accentureconsulting

# RETURNS

## THE VALUE CONUNDRUM

Accenture Post and Parcel  
Industry Research 2018



# THE RETURNS STORY

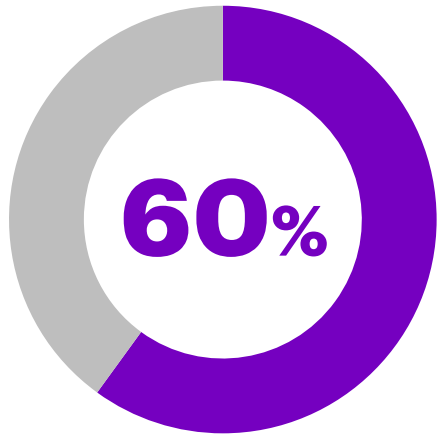
**With the rise of e-commerce, returns have become an integral part of the digital customer experience.**

**Customers expect **disposable digital**, want **access to the New** and are **time poor**.**

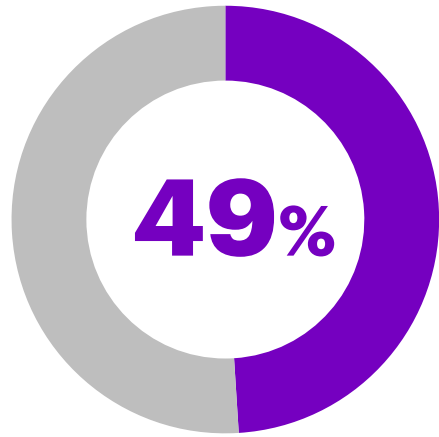
**This has led to significant disruption in how consumers shop and a growing demand for fast, free & frictionless returns.**

# THE CONSUMER STORY

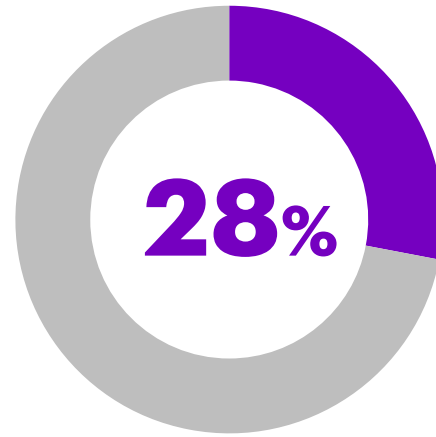
## EXPECTATIONS ARE EVOLVING



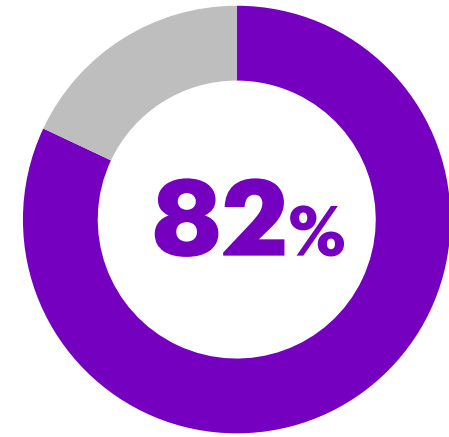
Of consumers review a return policy before buying



Were deterred from making the purchase by an e-tailer's return policy



Are satisfied with retailers' return policies

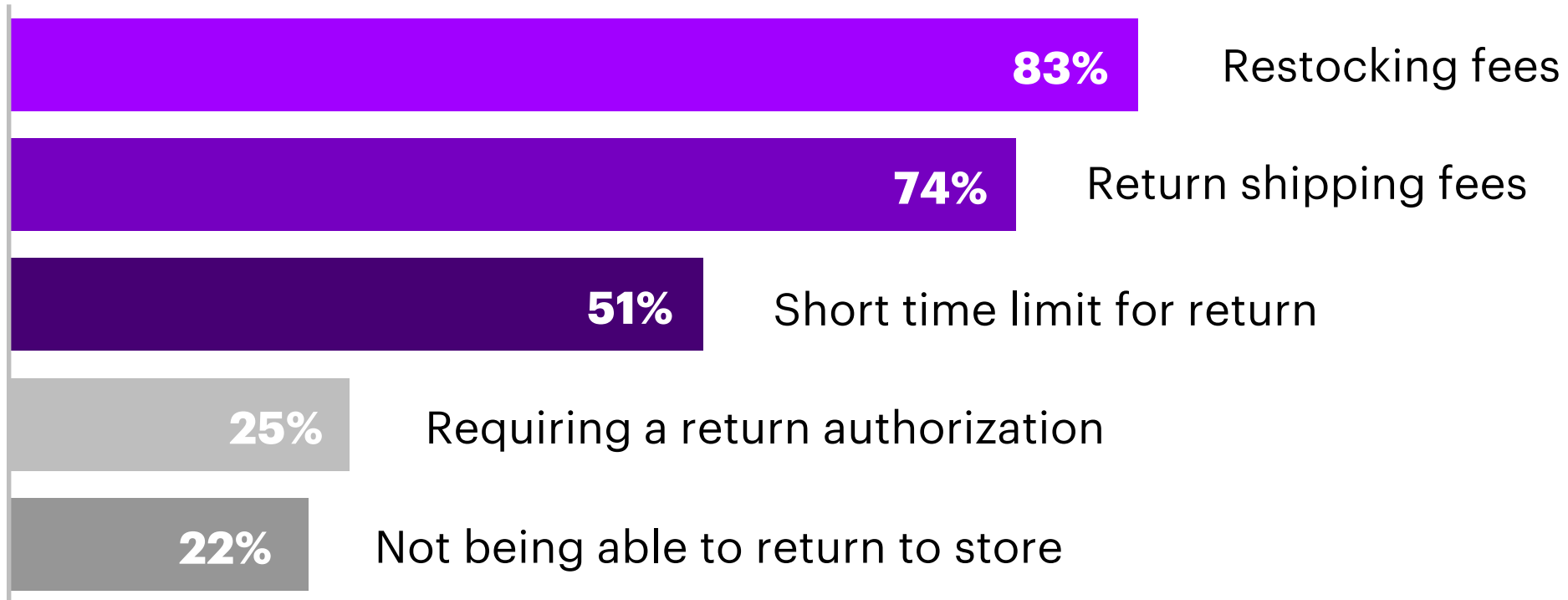


Of consumers consider the returns policy to be important when making an online purchase

# THE CONSUMER STORY

## EXPECTATIONS ARE EVOLVING

### Return characteristics that prevent purchases

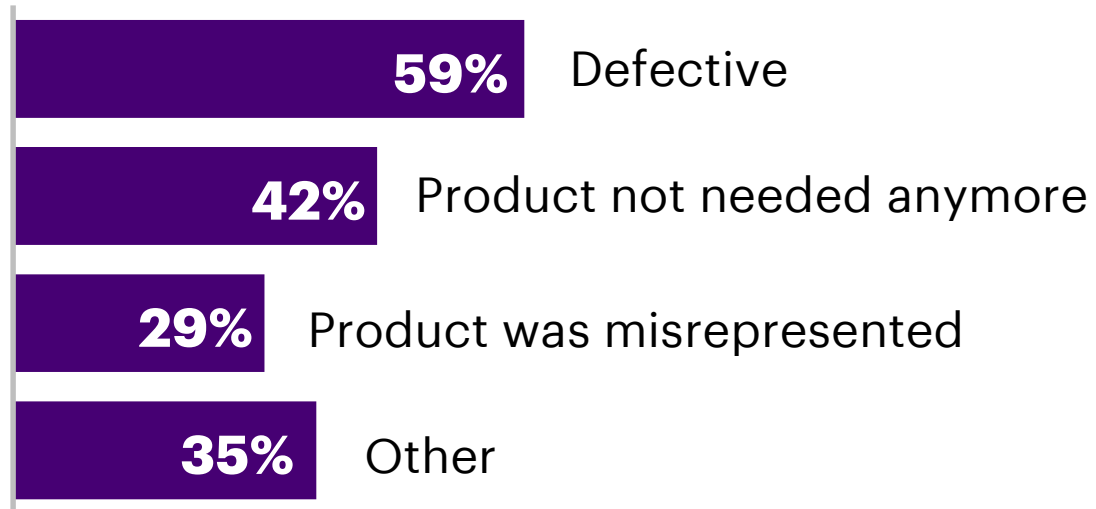


# THE RETAILER STORY

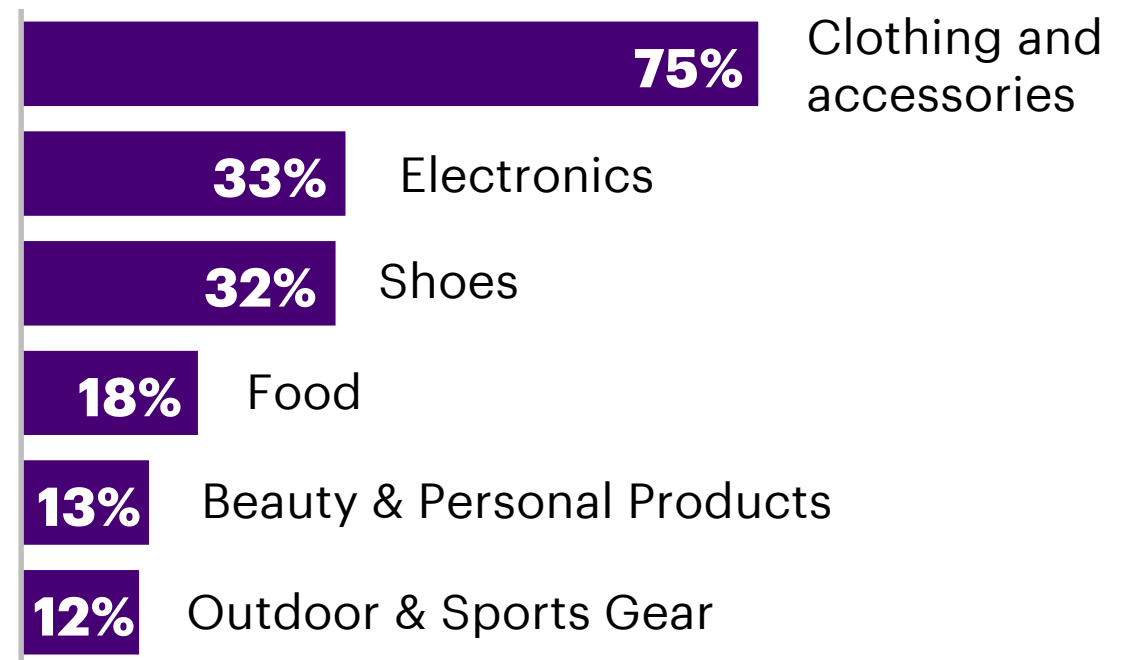
**20%** growth in e-commerce reverse logistics costs

**3x** more likely to return online purchases than those made in-store

## Common reasons for returns



## Most returned goods by online shoppers



# THE RETAILER STORY

The categorization of retailers below is based on orders placed on **Cyber Monday 2017** in the United States



## STUDY AVERAGE

**11.4 DAYS**

Average days to process a unit's return—from the date the package is placed in the mail until the credit posts

# MODELS ARE CHANGING...

## RENTAL MARKET

Circular supply chains involving scheduled, guaranteed reverse logistics operations

### EXAMPLE

#### **Rent the Runway**

Over 8 mn customers and began making profits in 2016

## HOME TRY ON PROGRAM

Delivering more than needed to consumers to enable them to try and the select the best suited product

### EXAMPLE

#### **Amazon Prime Wardrobe**

Allows customers to order 8 items to try for 7 days before their being charged

## SHOP AT HOME—CURATED BOXES

Analytics driven models sending curated selections at regular intervals

### EXAMPLE

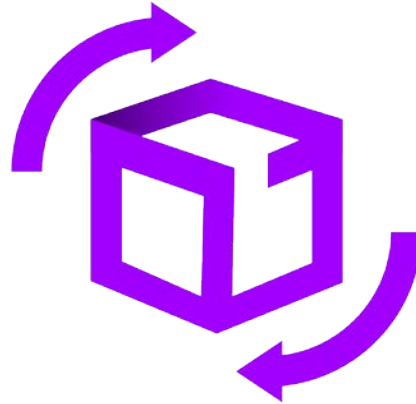
#### **Trunk Club**

It scored the highest in customer experience for returns in Accenture's Love Index

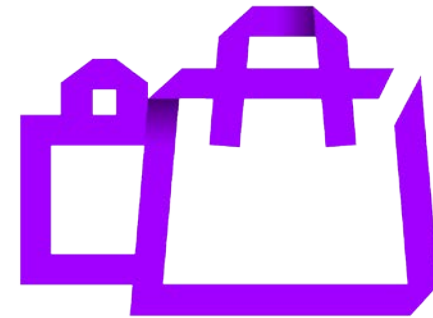
# CONSUMERS ARE CHANGING TOO...



**SUBSCRIPTIONS**



**RENTAL**



**BRACKETING**



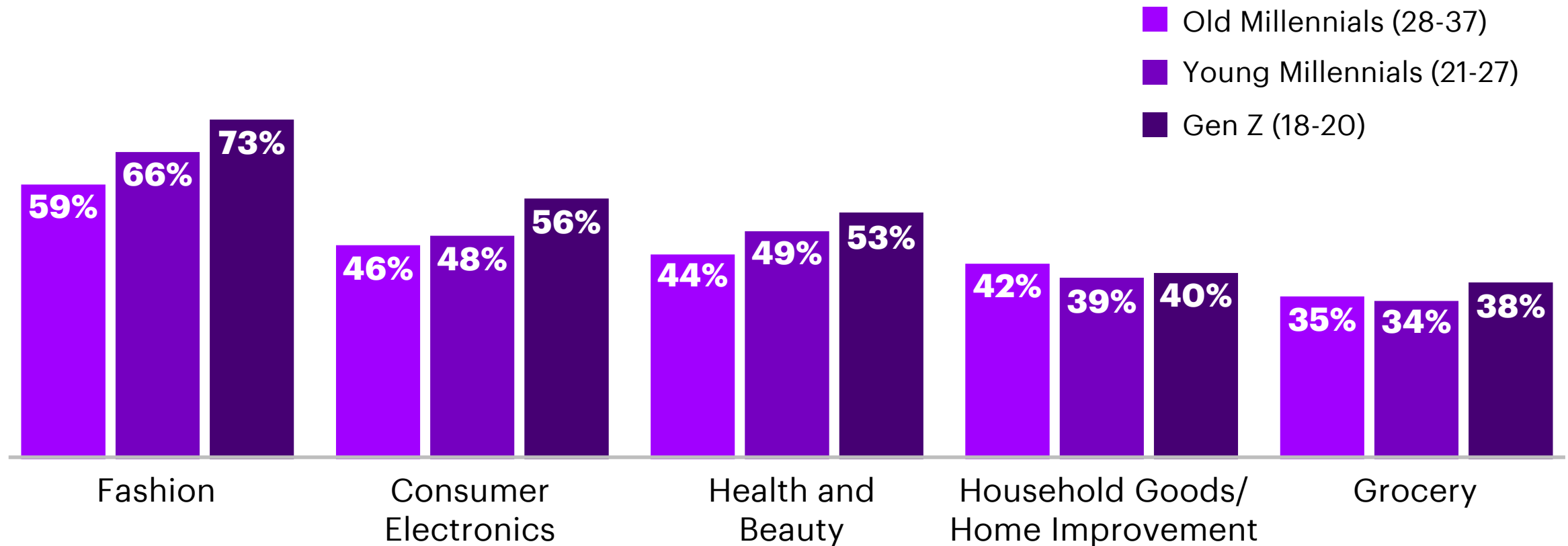
# SUBSCRIPTIONS

Imagine your favorite apparel/accessories/footwear retailer sent you items that they think you might like based on your shopping or browsing activity. You could choose to pay for and keep the items that they sent or simply send the items back at no charge to you.

**If this were a way for a trusted retailer to personalize your shopping experience, would you be interested in that service?**

# SUBSCRIPTIONS

## Interest in Monthly Curated Subscription Programs — Global Consumer Survey



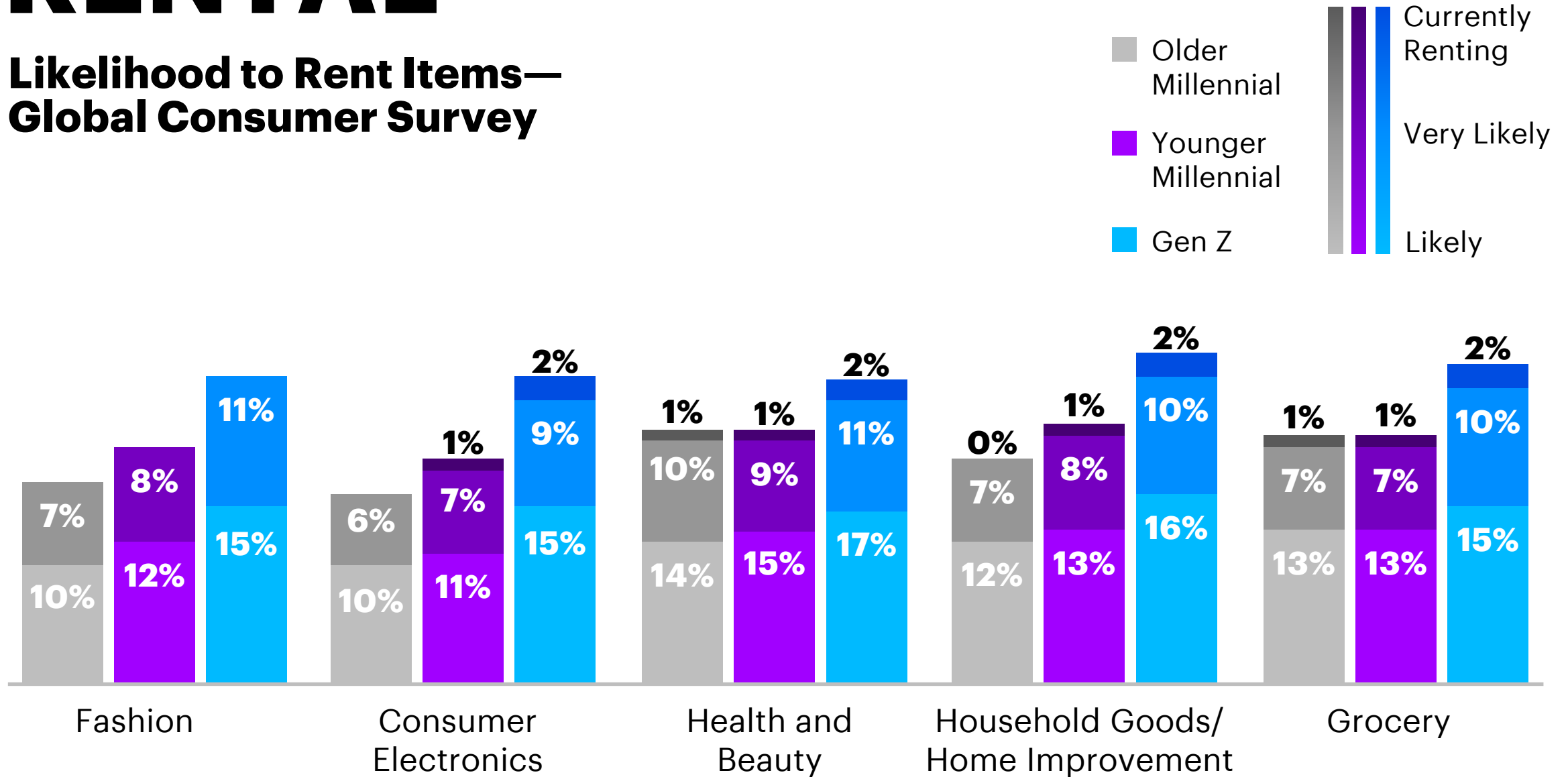
# RENTAL

Now there are more and more opportunities to rent items instead of buying the item outright.

**How likely are you to rent an item in the following categories?**

# RENTAL

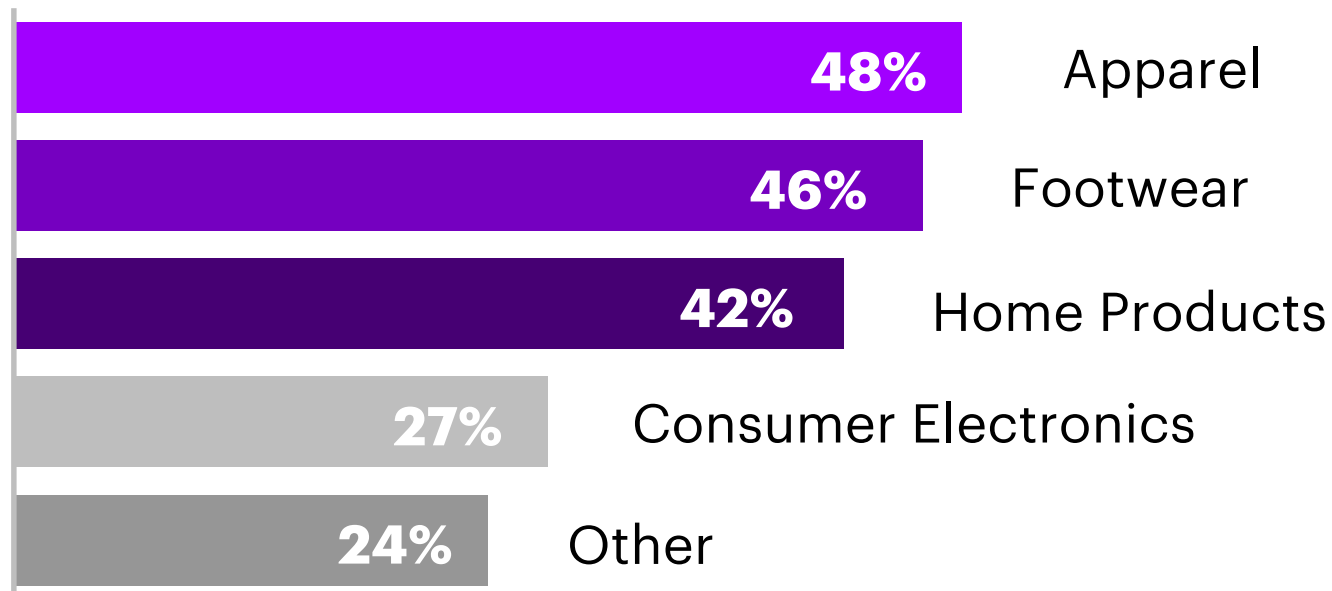
## Likelihood to Rent Items— Global Consumer Survey



# BRACKETING

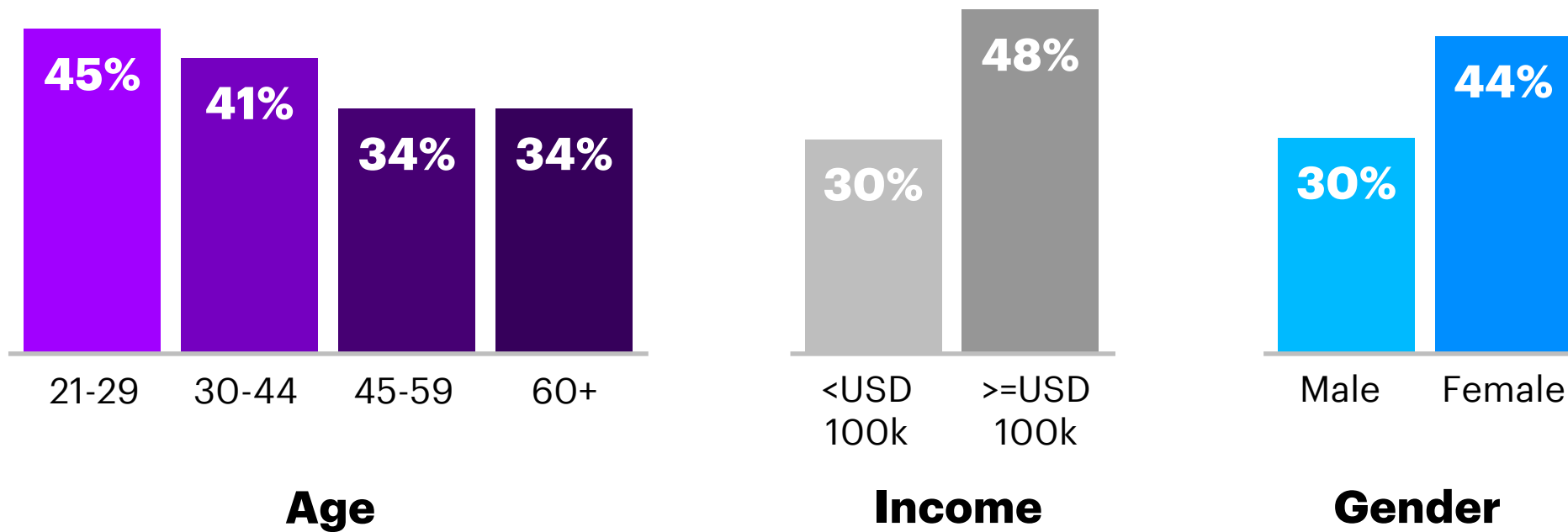
**THE PRACTICE OF BUYING MORE ITEMS THAN NEEDED TO TRY AT HOME**

## Most common goods bracketed by U.S. shoppers 2018



# BRACKETERS MATTER

Shoppers who have purchased multiple variations of an item with the intention of returning some (bracketed):



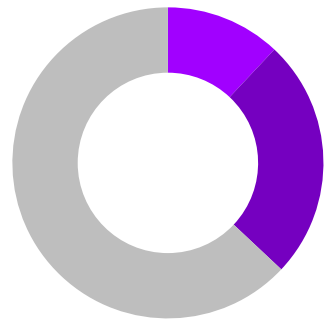
# RETURNS=PROFITS?

## The power of effectively managing returns

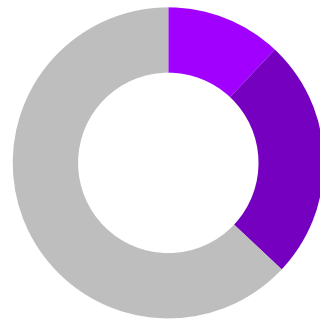
**22-46%** increase in profit per customer on average over six months

**29%** increase in profit per customer over a three year span than the firm's normal strategy

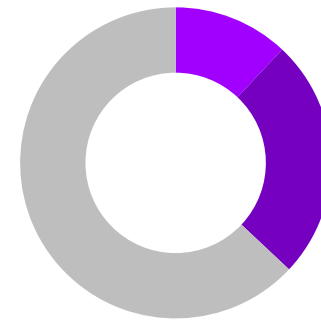
## How they do it



**12-25%** increase in profit from additional purchases



**26-50%** reduction in lost profit from returned items



**18-39%** decrease in marketing costs

# THE OPPORTUNITY

To win in returns:

## DYNAMIC FRICTION CONTROL

Solutions that dynamically manage the consumer experience

- **Cost:** free—paid
- **Speed of refund:** immediate—receipt of goods
- **Convenient Locations:** home—shipper
- **Convenient Methods:** label-less—request authorization
- **Digital:** app—social
- **Time to Return:** unlimited—short

## DYNAMIC ROUTING CONTROL

Solutions that dynamically return operations and associated costs

- **Location:** DC—local store
- **Quality Check:** local—central
- **Induction:** pickup—drop-off
- **Disposition:** secure destruction—wholesale
- **Dynamic Label:** label-less—fixed disposition
- **Refund Processing:** at induction—at DC



# FOR MORE INFORMATION



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