

ONLINE RETURNS & REFUNDS

Report 2011



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CONTENTS

INTRODUCTION	5	3. RETURNS COSTS	31
EXECUTIVE SUMMARY	9	a. Who covered the cost of returning the goods – customer or retailer?	32
BACKGROUND	13	b. Did the retailer refund the original delivery charge?	34
About Snow Valley	14	c. In all, which costs did the retailer cover?	37
Methodology	14	4. RETURNS POLICY & INFORMATION	43
Year on Year Comparison	15	a. How long did the customer have to return unwanted goods?	44
1. RETURNS OPTIONS	17	b. What terminology was used as the homepage link to returns information?	47
Which returns method options did the retailer offer to the customer?	18	c. Did the delivery include clear returns instructions?	48
2. RETURNS PROCEDURE	25	5. REFUNDS	53
a. Post - what was the procedure for returning goods by post?	26	a. Did the refund arrive without the customer having to follow up?	54
b. Post returns - did the retailer provide a label with the returns address?	27	b. Where no follow-up was needed, how long did the refund take?	55
c. Carrier pick-up - what was the procedure for returning goods by carrier?	27	c. Did the customer receive automated e-mails about the return/refund?	60
d. Store - what was the procedure for returning goods bought online to a shop?	28	ACKNOWLEDGEMENTS	65
e. Refunds without return	29	FOR MORE INFORMATION	56
f. Retailers where the return was not possible	29	OTHER SNOW VALLEY INSIGHT REPORTS	65

INTRODUCTION

DELIVERY OPTIONS

Welcome to the 2011 Online Returns & Refunds Report. This is the fifth edition of this annual report and we're very pleased that it is sponsored this year by our friends at MetaPack.

Every year we produce our Online Returns & Refunds Report as a follow-up to the Online Retail Delivery Report. Every year the same analogy springs to mind as we write up our findings – if delivery, with all its promises, is the marriage, then the returns process is the divorce. With delivery, every year we see improvements across the board, as retailers and carriers try to make the process as attractive and efficient as possible. But it's a different story with returns and refunds: like divorce, the process of returning an unwanted item bought online can be surprisingly swift and amicable, or it can be a protracted and downright miserable experience for the customer.

Let's start with the less-than-positive news:

- **Limited flexibility in how to return an unwanted item:**

This year only half of the 229 retailers we tested gave us options for how we returned an unwanted item bought online. The other half offered a choice of methods, either allowing return by post, return by store, or offering a carrier pick-up. The multi-channel experience is also limited, with only 52% of retailers with stores allowing us to return the item to a shop.

- **Complicated returns processes:**

We returned 183 items by post and in 13% of cases we had to e-mail or call the retailer's customer service department before we did so. Of the 22 carrier pick-ups that we arranged, 7 of them involved us e-mailing or calling the retailer first and then having to contact the carrier ourselves. Most disappointing of all, 22% of retailers failed to provide returns instructions with the order, forcing us to call the customer service centre or visit the website.

- **Some returns/refunds still failing:**

6 returns/refunds failed this year, for a variety of reasons. The outcome is the same for the customer, however: disappointment and annoyance. A further 7% of the returns we made had to be followed up with a phone call several weeks later to chase the refunds.

However, there was also plenty of good news:

- **Big increase in retailers refunding the original delivery charge:**

30% of retailers refunded the original delivery charge this year, up from 17% in previous years. We rarely see such dramatic change within a 12 month period, which makes this a very interesting highlight. The Distance Selling Regulations have always stipulated that the original delivery charge should be refunded if the customer notifies the retailer that they intend to return the item within 7 days of receipt. However, in July 2010 a BBC investigation put Next in the spotlight for not refunding delivery and this may well have prompted other retailers to change their procedures over the past 12 months.

- **All store returns were hassle-free:**

For the first year, all of our store returns were completely hassle-free, as each one was processed without hesitation. In previous years, it has been common for store staff to be completely confused by an online return or to refuse it altogether. We were also really pleased to see that staff in TopShop and Laura Ashley were both aware that the original delivery charge needed to be refunded as we had returned the goods within 7 working days.

- **Vast majority of refunds made without further follow-up:**

88% of the returns we made were processed and the money was refunded to our account without any further follow-up. 56% of the refunds were credited within 4 working days of the return.

Looking ahead, the next twelve months could see considerable change for returns and refunds. If a piece of European Union legislation, the Consumer Rights Directive, becomes law then EU retailers will be obliged to a) process all refunds within 14 days b) give customers 14 days to return an item, rather than the current 7 and c) cover the cost of the return if the item costs more than €40. As you will see in this report, the vast majority of retailers already comply with the first two of these. However, the CRD also stipulates that retailers sell to every country within the EU, which could have huge financial repercussions if the retailer is forced to cover the cost of goods being returned from those countries. Opposition to the CRD has been fierce so we must wait to see whether it becomes law.

Our aim with this report is to provide the retail and e-commerce industry with a snapshot of best practice in returns and refunds. We very much hope you find it useful.

Sarah Clelland
Marketing Manager
Snow Valley

April 2011

MetaPack are again glad to support another excellent report from Snow Valley.

Following on from Snow Valley's introduction, it might be worth saying a few words about international returns. The international delivery opportunity is expanding at a furious pace. At the highest level, the complexity of returns mirrors the complexity of deliveries, that is, relatively straightforward for the EU, similarly straightforward for many developed markets and tricky elsewhere.

Possibly because international is a relatively new market, many retailers are leaving it up to the shopper to work out their returns route. This is not dissimilar to the domestic market five years ago. However, in the domestic market it is relatively straightforward to upgrade returns by including a postal label. This is not possible overseas. Typically retailers that offer a basic returns service are including a generic returns label and the shopper is advised to take this to the post office. Refunds are then arranged according to the retailer policy. Returns from the EU are straightforward as there are no outbound customs duties.

Shipments to larger non-EU markets, where historically markets have been open and developed (e.g. US, Canada and Australia) tend to have relatively generous custom thresholds for imports. This is very helpful for returns since there is no need to try and collect the import duty, when the product is repatriated. Where customs thresholds have been exceeded (unavoidable in some countries), it is desirable for the retailer or its carrier/broker to reproduce the details of the outbound delivery, in order to claim back the original export duty. This along with customs regulation, requires retailers, or their partners, to maintain shipping records for six years.

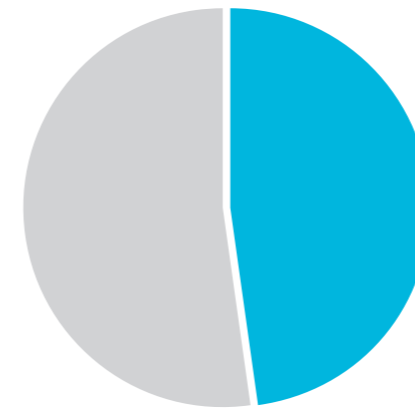
At the cutting edge, leading retailers are looking to minimize returns costs or avoid them all together. The smart retailers are using local postal networks to return goods to consolidation points where they can be bulk shipped at a lower cost back to the country of origin. Where retailers gain sufficient mass, there will be attempts to re-work returned product in the destination country with the hope to re-sell within each local market.

Patrick Wall
CEO
Metapack

May 2011

EXECUTIVE SUMMARY

DELIVERY OPTIONS



- Only 49% of retailers offered the customer a choice of methods for returning an unwanted item
- Post remained the most popular method - 91% of retailers let the customer return by post
- 23% of retailers offered to send a carrier to pick up the item
- 5% of retailers insisted on carrier collection
- Only 52% of the retailers with a store network supported return to store
- 68% of larger retailers had a choice of return options, compared to 49% of retailers generally
- 66% of larger retailers supported return to store, and 41% offered a carrier collection

 *Only 52% of the retailers with a store network supported return to store*

RETURNS PROCEDURE

Of 183 orders returned by post, in 13% of cases we had to either call or e-mail the retailer first

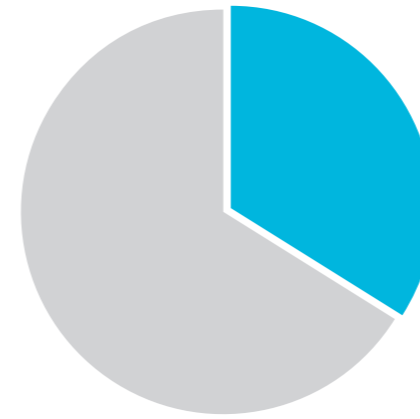
- 59% of retailers had a simple 'complete form' process for post return
- 56% of the orders we returned by post came with no labels, forcing us to create our own
- Of 22 carrier collections, 15 were very simple to arrange, with just one single phone call
- A third, however, required the customer to deal with the retailer and then the carrier separately
- All of our store returns were handled quickly and were successful without hesitation
- 6 retailers either refused the return or refund, or made it too difficult for us to return the item

RETURNS COSTS & WHAT IS REFUNDED



- 35% of retailers covered the cost of return, sending a carrier or providing a postage-paid label
- 30% refunded the original delivery charge; in percentage terms a 77% increase on last year
- For the first time, 2 of the store refunds included the delivery charge
- Only 18% of larger retailers refunded the delivery charge, compared to 30% overall
- 57% of retailers covered the cost of return, refunded the delivery charge, or did both
- Only 8% paid the cost of the return and refunded the delivery charge
- 32% paid neither - this number had fallen as more retailers have started refunding delivery
- 40% of direct retailers paid neither returns cost nor delivery, compared to 30% of store retailers
- 30% of the larger retailers covered neither cost

DELIVERY TIME & COST OPTIONS



- Return within 28 days was the most popular policy - 34% of retailers used this
- Over half of the retailers had a link on the homepage containing the word 'return'
- 78% of retailers this year sent some form of returns instruction within the package

REFUNDS

88% of refunds were made without the customer following up, down from 92% last year

- 56% of the refunds appeared in the customer's account within 4 working days
- 9% took 14 working days or longer to arrive
- 50% of retailers sent no automated e-mails to acknowledge a return or refund
- 35% sent a single e-mail to confirm that the refund had been made
- Next was the only retailer to whom we did a store return and still received an e-mail

BACKGROUND

In 2005, Snow Valley was asked to produce a report for IMRG (Interactive Media in Retail Group). At the time, delivery was seen as the 'Achilles Heel' of online retailing and IMRG wanted to provide their members with an overview of how delivery was being handled and where more work was needed.

That report was warmly welcomed by the industry, so we repeated it in 2006, 2007, 2008, 2009 and 2010. We also broke the report into two – one focusing on delivery and the other on returns and refunds.

The report you are reading now is the fifth edition of our Online Returns & Refunds report. It provides a snapshot of how retailers are handling returns and refunds and what trends are emerging.

As a provider of e-commerce services, Snow Valley has no particular axe to grind when it comes to delivery and returns – our objective is to understand e-commerce and share knowledge and best practice with our retail clients and the industry as a whole.

Snow Valley is the UK's leading provider of e-commerce services.

For over ten years we have been working with some of the UK's top retailers to build and grow their online businesses, usually as part of a multi-channel strategy. Clients include Majestic Wine, Clarks Shoes, Dobbies Garden Centres, Soletrader and Liverpool FC. Snow Valley is a subsidiary of MICROS Systems Inc, the leading provider of technology systems to the retail and hospitality sectors.

More information can be found at www.snowvalley.com

METHODOLOGY

This report is based on research conducted on 229 UK online stores. An order was placed on each of the 229 websites. The delivery process was monitored and is the subject of our Online Retail Delivery Report 2011, which is available at www.snowvalley.com/research

We then returned each item using the method of least cost to the retailer. Several aspects of the process were evaluated, namely:

- 1 What were the options for returning unwanted goods?
- 2 What was the procedure for the customer?
- 3 Who covered the cost of the return and what was refunded?
- 4 What was the retailer's returns policy and was information provided to the customer?
- 5 How long did it take for the refund to be credited back to the customer?

We also broke the results down so that we could analyse retailers by type, sector, and size:

- 1 Type: store-based retailers vs direct retailers
- 2 Sector: clothing, electrical, DIY, gift, sport, entertainment, B2B, health/beauty, childrensware
- 3 Size: 44 of our retailers feature on the IMRG/Hitwise Top 100 Shops List – do they act differently?

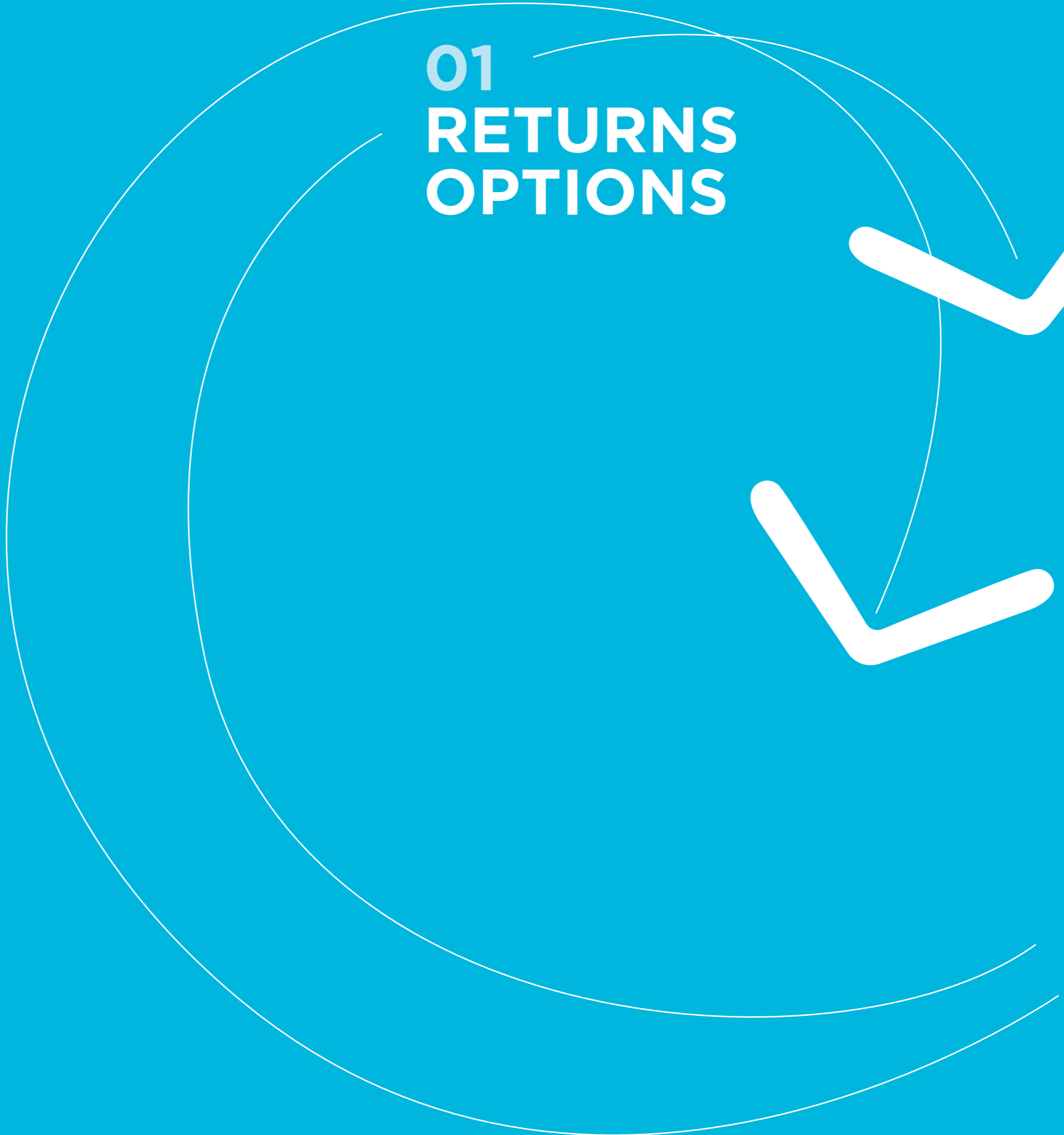
Year on Year Comparison

We tested 229 retailers for this research, compared to 137 retailers in the previous year. This is likely to have affected year-on-year comparisons. Wherever possible we have checked the raw data to see whether trends are due to the addition of the extra retailers, or are a result of retailers changing their returns and refunds policies and procedures.

To summarise the changes in this year's research:

- 15 retailers that were tested last year were not included this year
- 122 retailers were tested in both years
- 107 retailers were tested for the first time
- 29 of the additions were direct retailers and 78 had a store network
- Every sector had at least one new retailer

01
RETURNS
OPTIONS



In this first section, we look at the alternative methods offered to the customer for sending back unwanted goods bought online. How many options did the 229 retailers offer and what were they?

Which returns method options did the retailer offer to the customer?

Options	2010	%	2009	%	2008%	2007%
Post only	105	45.9%	56	41%	43%	51%
Post or store	68	29.7%	40	29%	21%	20%
Post, store or carrier	15	6.6%	11	8%	12%	11%
Carrier only	12	5.2%	10	7%	10%	3%
Carrier or store	5	2.2%	10	7%	7%	6%
Post or carrier	20	8.7%	7	5%	4%	6%
Store only	1	0.4%	1	1%	2%	0%
Carrier or Collectplus	1	0.4%	1	1%	0%	0%
Post or Collectplus	2	0.9%	0	0%	0%	0%
TOTAL	229	100%	137	100%	100%	100%

Less than half of retailers offered any flexibility for returning unwanted goods bought online

- Only 49% of the retailers offered the customer a choice of methods for returning an item
- Compared to last year, this marks a decrease: 50% of retailers offered a choice then
- The raw data shows that, while many retailers changed their returns options, there were no major trends – some no longer offered carrier collection as an option, others had added post
- We can conclude that retailers are much more likely to offer flexibility in delivery than in returns: in our Delivery Report 69% of retailers offered a choice on how the item arrived

Post remained the most popular returns method on offer

- 91% of retailers allowed the customer to return unwanted goods by post, up from 83%
- 46% insisted that the customer return by post

Carrier collection appeared to decrease in popularity

- 23% of retailers offered to collect unwanted goods by sending a carrier
- This was down on the 28% that offered this as an option in the previous year
- 5% of retailers insisted on carrier collection, down from 7%

Return to store was also less in evidence

- 39% of retailers allowed the unwanted item to be returned to a shop
- This was down on last year, when 45% allowed this
- The raw data shows that only one of the retailers had removed return to store - the decrease is a reflection of the fact that the extra retailers we added this year did not support it

This year also saw three retailers using the Collectplus service for returns option. Collectplus is a service from Yodel (formerly Home Delivery Network) that delivers or collects from 3500 corner shops and other outlets instead of the consumer's home.

Breakdown by Retailer Type

Here we look at whether retailers with a store network behave differently to direct retailers with no store presence:

Store:

Options	2010	%
Post only	63	36.8%
Post or store	68	39.7%
Post, store, or carrier	15	8.8%
Post or carrier	12	7.0%
Carrier or store	5	2.9%
Carrier only	7	4.2%
Store only	1	0.6%
TOTAL	171	100%

Direct:

Options	2010	%
Post only	42	72.4%
Post or carrier	8	13.8%
Post or Collectplus	2	3.5%
Carrier only	5	8.6%
Carrier or Collectplus	1	1.7%
TOTAL	58	100%

Half of store retailers allowed unwanted online orders to be returned to store

- Only 52% of the retailers with a store network supported return to store
- This had decreased from 63% in the previous year, but the raw data shows that only one retailer had removed this option – the drop was due to more retailers being included

Direct retailers were unlikely to offer any returns options

- 81% of direct retailers only offered one method for returning an item
- 72% insisted on return by post
- All of the Collectplus returns were offered by direct retailers

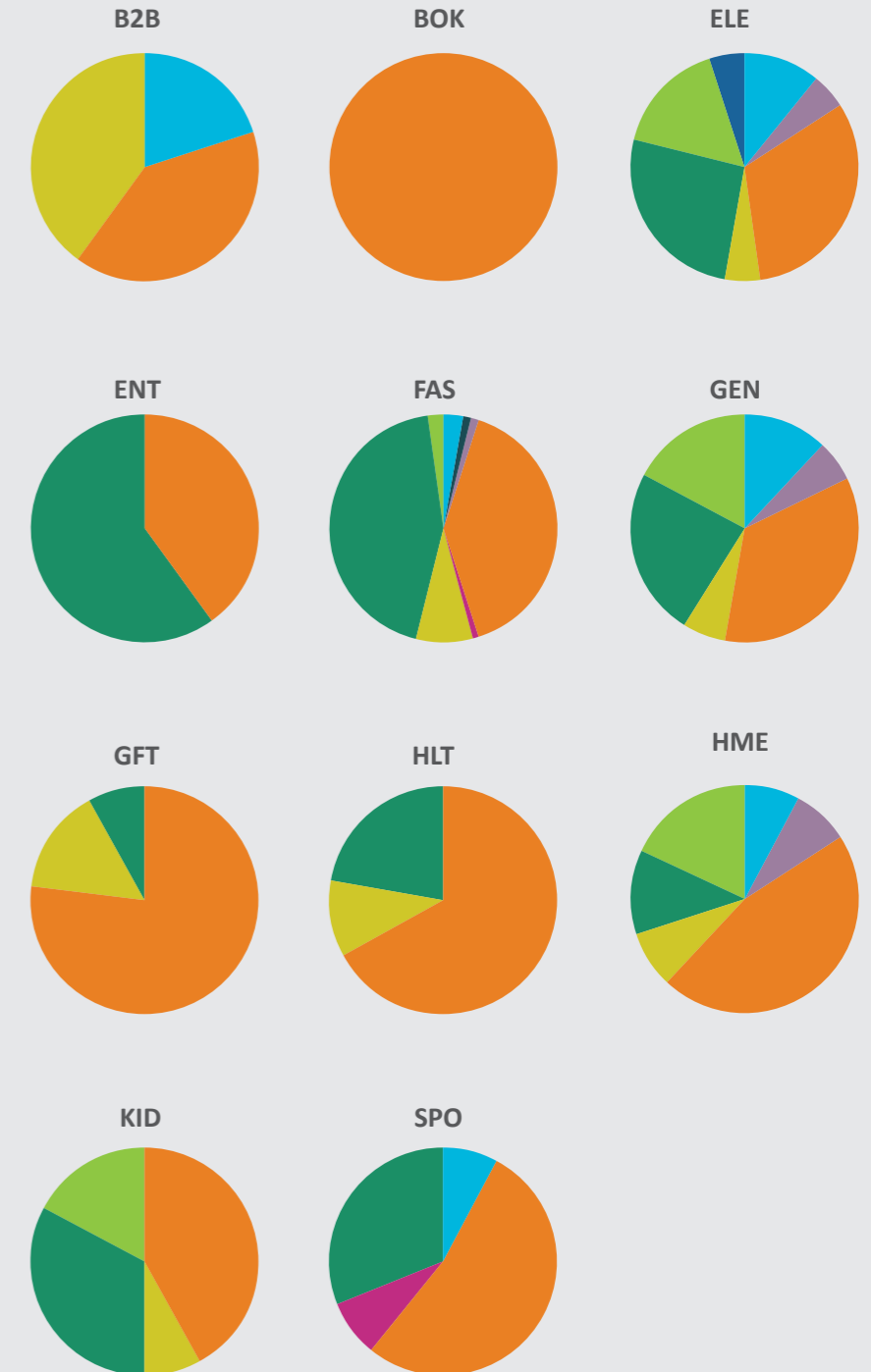
SECTOR BREAKDOWN

We also broke the retailers down by type to see if there were any sector-based trends:

KEY

- Carrier only
- Carrier or collect plus
- Carrier or store
- Post only
- Post or collectplus
- Post or carrier
- Post or store
- Post, store or carrier
- Store only

- B2B Business to Business
- BOK Books
- ELE Electrical
- ENT Entertainment
- FAS Fashion
- GEN General
- GFT Gift
- HLT Healthcare
- HME Homeware
- KID Childrenswear
- SPO Sportswear



Mandatory carrier collection was most popular in the B2B sector

- 20% of B2B retailers insisted on carrier-only returns
- Carrier returns were also popular in the homeware and general sectors (both 41%)
- Every book retailer insisted on return by post
- Store returns were most popular in entertainment (60%), electrical (47%), general (47%) and fashion (47%)
- In terms of flexibility, only 23% of gift retailers and 39% of sports retailers gave any options, while entertainment was most likely to offer a choice

Retailers on the Hitwise 100 Top Shops List

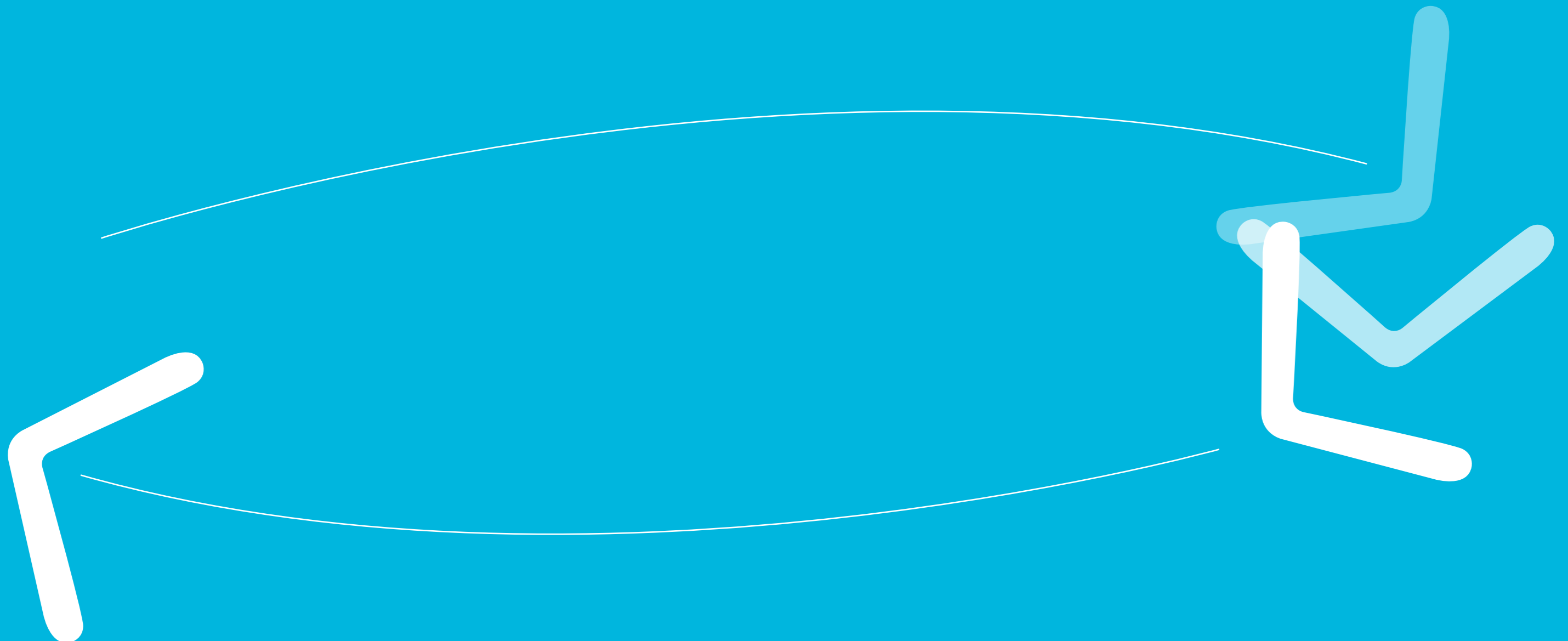
44 of the retailers we put to the test were on the Hitwise Top 100 Shops list. This breakdown allows us to see whether larger sites had a different approach to returns.

Options	2010	%
Post only	10	22.7%
Post or store	15	34.1%
Post, store or carrier	11	25.0%
Carrier only	4	9.1%
Carrier or store	3	6.8%
Post or carrier	0	0.0%
Post or Collectplus	1	2.3%
Store only	0	0.0%
TOTAL	44	100%

Larger retailers are more likely to offer returns options

- 68% of larger retailers had a choice of return options, compared to 49% of retailers generally
- 66% supported return to store, compared to 39% generally
- 41% of larger retailers offered a carrier collection, compared to 23% generally

02
RETURNS
PROCEDURE



Having established what returns options were available, we now turn to look at the procedure for returning the unwanted goods bought online. In every case, we tried to return the goods using the method of least cost to the retailer.

The breakdown was as follows:

Returns methods used by Snow Valley	2010	2009	2008
By post	183	95	64
To store	16	17	16
By carrier	22	15	12
Refunded without returning item	2	1	2
No return/refund was possible	6	9*	5
TOTAL	229	137	99

a Post - what was the procedure for returning goods by post?

Post was the most popular returns method on offer and we returned 183 items via the Post Office. We found that the process for returning items by post varied:

Instructions for returning goods by post	2010	%	2009	%	2008%	2007%
Customer instructed to fill in form	108	59.0%	46	48%	55%	48%
No instructions given, customer had to find out how to return item	15	8.2%	14	15%	9.50%	24%
Customer instructed to go to retailer's site for returns authorisation code	6	3.3%	3	4%	9.50%	10%
Customer instructed to call retailer for returns authorisation code	6	3.3%	9	9%	9.50%	12%
Customer instructed to call retailer for returns address/pack	11	6.0%	12	13%	9.50%	4%
Customer instructed to e-mail retailer for returns authorisation code	3	1.6%	0	0%	6%	0%
Customer instructed to send e-mail to retailer saying return was on way	4	2.2%	0	0%	1%	0%
Customer instructed to print off online returns form/labels	21	11.5%	6	6%	0%	2%
Customer instructed to go to retailer's site for returns address	9	4.9%	4	4%	0%	0%
TOTAL	183	100%	95	100%	100%	100%

A fifth of retailers still insist on the customer contacting customer services

- For 13% of the orders, we had to either call or e-mail the retailer as part of a manual process
- 59% of retailers had a straightforward process where the customer completed a paper form
- Only 8% of the post return orders contained no instructions on returning an item, a big improvement on last year where 15% failed to provide any information

b Post returns - did the retailer provide a label with the returns address?

Where we returned the goods by post, did the retailer provide us with address labels? Or did we have to create the label ourselves? And was the postage paid or did we have to cover the cost?

Were return address labels provided?	2010	%	2009	%	2008%	2007%
Yes, postage paid label was provided	56	30.6%	32	34%	31%	20%
Yes, label provided but not paid	25	13.7%	25	26%	38%	26%
No labels provided	102	55.7%	38	40%	31%	54%
TOTAL	183	100.0%	95	100%	100%	100%

Half of retailers provided no labels for returning items by post

- 56% of the retailers provided no labels at all, forcing the customer to create their own
- This was a marked increase on last year, when 40% did not include labels
- 31% of retailers provided a pre-paid postage label – most of these were in the fashion sector

c Carrier pick-up - what was the procedure for returning goods by carrier?

Return by carrier	Cases
Instructions were clear – single call to retailer who arranged pick-up, which then occurred as promised	11
Instructions were clear – single call to carrier arrange pick-up, which then occurred as promised	4
Customer had to ring up for a returns auth number and then ring carrier – pick-up took place as promised	4
Customer had to go online, log into account and fill in an online returns form, then ring the carrier to arrange collection.	3
TOTAL	22

Most carrier collections were easy to arrange

- 15 of the carrier collections we attempted were very simple to arrange, with just one call
- Of these 15, the majority asked the customer to call the retailer to set up the collection
- A third, however, required the customer to deal with the retailer first and then set up the carrier collection themselves
- 2 of the carrier collections subsequently went awry – see ‘Retailers where the return was not possible’ below

Who pays for the carrier collection?	2010	%
Retailer	45	84.9%
Customer	7	13.2%
Unclear	1	1.9%
Total	53	100.0%

Although most retailers covered the cost of the carrier pick-up, this year we included a summary of how many asked the customer to foot the bill.

- 85% of retailers covered the cost of a carrier service but 13% asked the customers had to pick up the cost.
- One retailer stated that the customer would be charged a “handling fee” of £4.50.
- One retailer (2%) was unclear as to who would pay, stating ‘If we collect the goods from you, we may charge you for the cost of collection (and we may if we wish deduct this from your refund)’.

d Store - what was the procedure for returning goods bought online to a shop?

Process	2010	%	2009	%	2008%	2007%
Return was handled quickly	16	100.0%	14	82%	69%	86%
Staff member was confused, but eventually processed it	0	0.0%	3	18%	19%	7%
Staff refused to handle the return	0	0.0%	0	0%	12%	7%
TOTAL	16	100.0%	17	100	100%	100%

All store returns were successful and handled without hesitation by store staff

- All of our store returns were handled quickly and were successful
- This shows the improvements that retailers are making in training store staff
- Impressively, Topshop and Laura Ashley staff members checked the date on our dispatch notes and refunded the delivery charges as well, in line with the Distance Selling Regulations which state that delivery fees must be refunded for returns within 7 days of purchase.

e Refunds without return

Two retailers refunded us without returning the item. One explained that the congestion charge was too high to justify them sending a driver to collect the item, and therefore refunded the item without us returning it. The other retailer also agreed to issue a refund without return, presumably as the item was of too low value to warrant a carrier collection.

f Retailers where the return was not possible

Last year, 9 retailers did not refund us for various reasons. This year, 6 returns/refunds were either refused or the process was made too difficult for us to attempt the return. This is an improvement, but is still 3% of the total attempted returns.

What Happened

Website instructed customer that goods could only be returned to a store. Called customer services to ask we could post it back and they told us to ring the local store. We did this and they said that we would have to pay £5 for a carrier collection. We did not pursue this as the item was worth less than £5

We sent the item back via post but the retailer mistakenly sent the same product out to us again. Either they wrongly assumed we wanted an exchange or some other confusion occurred. By the time we had worked out what had occurred, it was too late to return it.

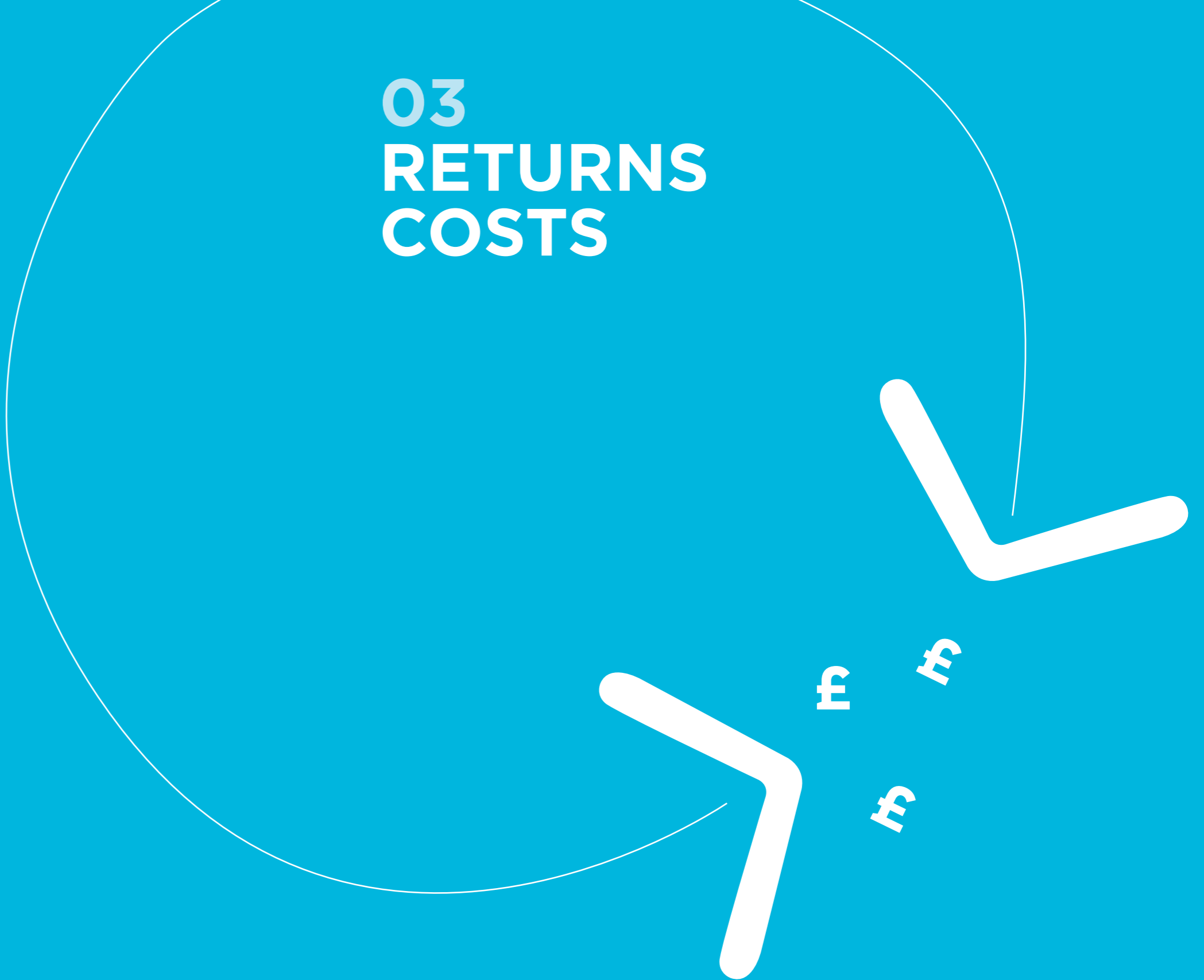
We returned the package via the post. The retailer sent the product back to us and said that we could not return hand cream for hygiene reasons.

Retailer stated we could only return the item to a store. We rang customer services to explain that this wouldn't be possible. A carrier would have cost £22 and so we did not return the item.

We rang to return the item and they sent a carrier to collect. The item got lost in transit and they refused to refund us.

A carrier collection was arranged but the item did not reach its destination and no refund was given. It is unclear where the goods went missing.

03
RETURNS
COSTS



a Who covered the cost of returning the goods – customer or retailer?

In this section we look at who paid the cost of returning the goods to the retailer. Note that if a retailer offered more than one option and one of them was funded by the retailer, they counted as retailer-funded.

Who covered cost of returning the goods?	2010	%	2009	%	2008%	2007%
Customer	140	61.1%	71	52%	48%	56%
Retailer	81	35.3%	55	40%	45%	41%
Had to return to store	0	0%	1	1%	0%	0%
Unable to return	6	2.7%	10	7%	7%	0%
Refunded without return	2	0.9%	0	0%	0%	0%
No charge, goods handed back	0	0.0%	0	0%	0%	3%
TOTAL	229	100.0%	137	100%	100%	100%

Retailers were less likely to cover the cost of the return

- 35% of the retailers covered the cost of returning the goods either by sending a carrier or providing a postage-paid label. This has decreased steadily year-on-year.

Retailer Type Breakdown

Store:

Who covered cost?	2010	%
Customer	103	60.2%
Retailer	62	36.3%
Had to go to store	0	0.0%
Unable to return	6	3.5%
TOTAL	171	100%

Direct:

Who covered cost?	2010	%
Customer	37	63.7%
Retailer	19	32.8%
Refunded without return	2	3.5%
TOTAL	58	100.0%

Direct retailers less likely to cover the returns cost

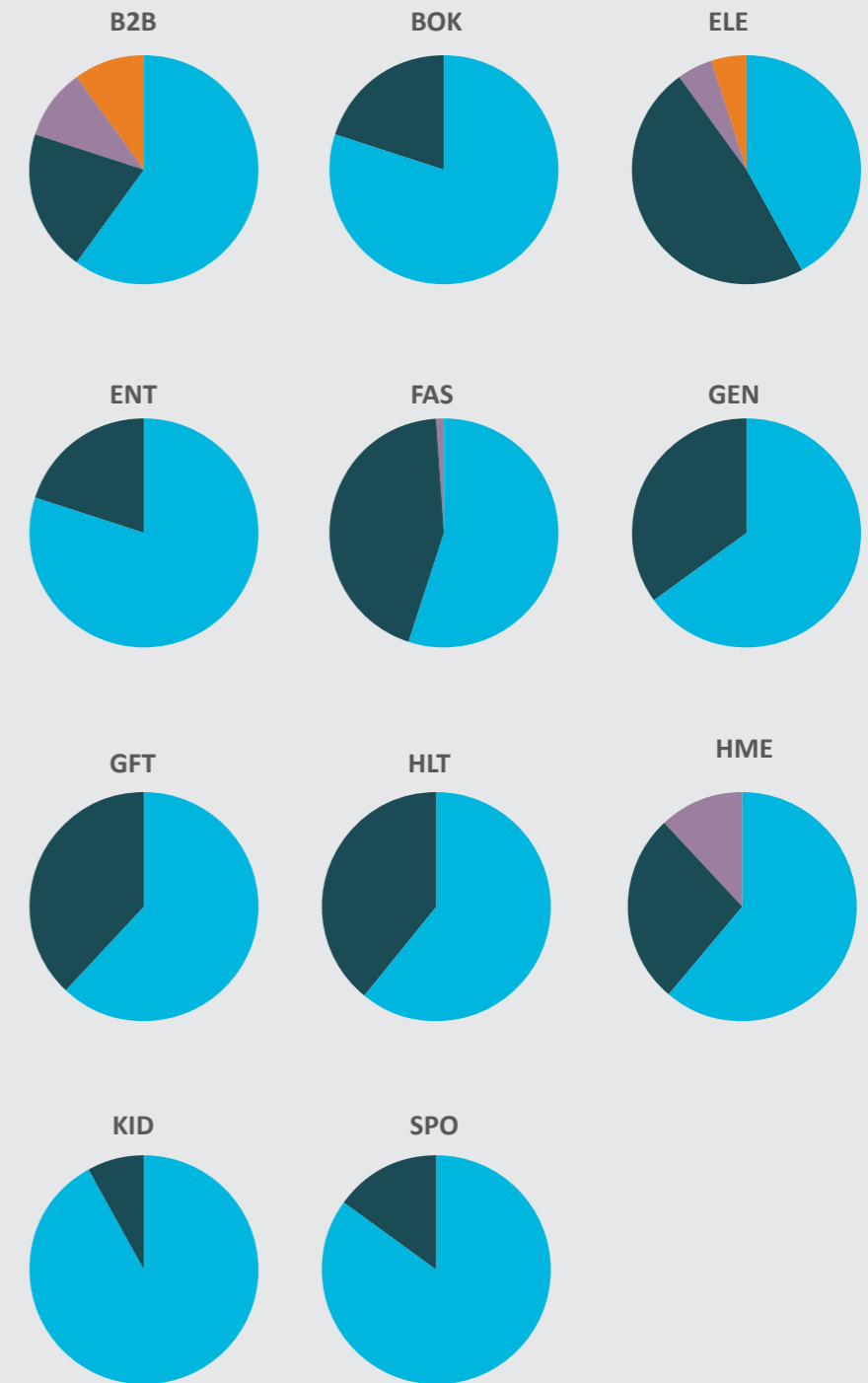
- 33% of direct retailers covered the cost of the return, compared to 37% of store retailers
- This was an increase on last year's 21% and the raw data shows that a number of direct retailers, including ASOS, had indeed introduced retailer-funded returns since last year

SECTOR BREAKDOWN

KEY

- Customer
- Retailer
- Not able to return
- Refunded without return

- B2B Business to Business
- BOK Books
- ELE Electrical
- ENT Entertainment
- FAS Fashion
- GEN General
- GFT Gift
- HLT Healthcare
- HME Homeware
- KID Childrenswear
- SPO Sportswear



There was a lot of variation between sectors

- Retailers of children’s products were least likely to cover the returns costs – 92% did not
- Electrical was most likely to pay this cost, with 48% covering the cost

Retailers on the Hitwise 100 Top Shops List

Who covered cost?	2010	%
Customer	25	56.8%
Retailer	16	36.4%
Unable to return	2	4.5%
Refunded without return	1	2.3%
TOTAL	44	100.0%

Larger retailers were slightly more likely to cover returns cost

- 36% of the larger retailers covered the returns cost, compared to 35% generally

b Did the retailer refund the original delivery charge?

The Distance Selling Regulations state that retailers are obliged to refund the original delivery charge as well as the cost of the items returned, if the customer informs the retailer within 7 days that they will be returning the goods. Are retailers following the rule?

Was original delivery re-funded?	2010	%	2009	%	2008%	2007%
No	125	54.6%	93	68%	67%	70%
Yes	69	30.1%	23	17%	17%	17%
Original delivery was free	25	10.9%	12	9%	8%	10%
Was never charged delivery	0	0.0%	0	0%	1%	1.50%
Still waiting for refund	4	1.7%	0	0%	2%	1.50%
Unable to return	6	2.7%	9	6%	5%	0%
TOTAL	229	100%	137	100%	100%	100%

More retailers than ever refunded the original delivery charge

- In percentage terms, we saw a 77% increase in retailers refunding our delivery charge compared to last year - nearly a third of retailers now give the customer their delivery charge back as well as the cost of the unwanted item
- A look at the raw data confirms that many retailers who did not refund our delivery charge last year appear to have changed their policies during the past twelve months

Retailer Type Breakdown

Store:

Original delivery?	2010	%
No	86	50.3%
Yes	56	32.7%
Original delivery was free	19	11.1%
Was never charged delivery	0	0.0%
Still waiting for refund	4	2.3%
Unable to return	6	3.6%
TOTAL	171	100.0%

Direct:

Original delivery?	2010	%
No	39	67.2%
Yes	13	22.4%
Original delivery was free	6	10.4%
TOTAL	58	100%

Direct retailers were less likely to refund the original delivery charge

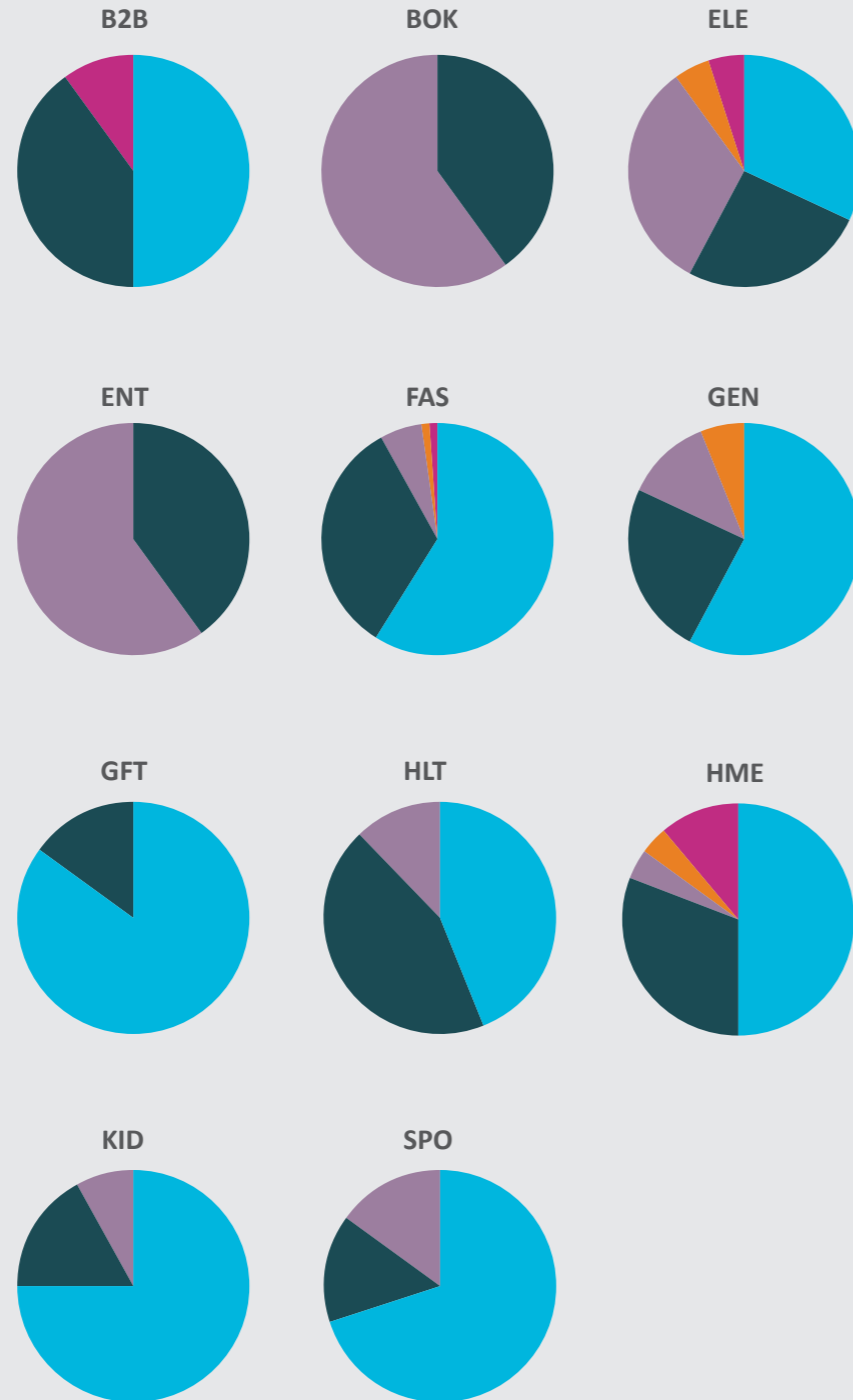
- 33% of store retailers refunded the original delivery charge, compared with 30% generally
- Only 22% of direct retailers did so, however
- As mentioned earlier, for the first time 2 of the store refunds this year also included our delivery charge as the staff members recognized that our return was within 7 days

SECTOR BREAKDOWN

KEY

- No
- Yes
- Original delivery was free
- waiting on refund
- Not able to return

- B2B Business to Business
- BOK Books
- ELE Electrical
- ENT Entertainment
- FAS Fashion
- GEN General
- GFT Gift
- HLT Healthcare
- HME Homeware
- KID Childrenswear
- SPO Sportswear



Gift and sports retailers were least likely to refund the original delivery charge

- Only 15% of gift and sports retailers refunded the original delivery charges
- Healthcare retailers were most likely to do so (44%)

Retailers on the Hitwise 100 Top Shops List

Was original delivery refunded?	2010	%
No	22	50%
Yes	8	18.2%
Original delivery was free	10	22.8%
Unable to return	2	4.5%
Waiting on refund	2	4.5%
TOTAL	44	100%

Larger retailers were less likely to refund the original delivery charge

- Only 18% of larger retailers refunded the delivery charge, compared to 30% overall
- In contrast to the general picture, where there had been a big increase in retailers refunding the delivery charge, there had been a decrease in the number of larger retailers doing so

C In all, which costs did the retailer cover?

In this section we are looking for the really generous retailers – the ones that covered the cost of the goods being sent back AND repaid the original delivery charge as well.

Which costs did the retailer cover?	2010	%	2009	%	2008%	2007%
Return cost + original delivery charge	18	7.9%	14	10%	8%	4%
Return cost only	50	21.8%	39	28%	30%	33%
Original delivery charge refund only	51	22.3%	9	7%	7%	13%
Return cost + free delivery	11	4.8%	3	2%	6%	4%
None of the above costs covered	73	31.9%	54	39%	40%	45%
Free delivery only	14	6.1%	9	7%	0%	0%
Unable to return	6	2.6%	9	7%	9%	1%
Refunded without return	2	0.9%	0	0%	0%	0%
Waiting on refund	4	1.7%	0	0%	0%	0%
TOTAL	229	100%	137	100%	100%	100%

Over half of retailers covered the cost of return, refunded the delivery charge, or did both

- Only 8% of retailers paid the cost of the return and refunded the delivery charge
- 32% paid neither - this number had fallen as more retailers have started refunding delivery

Store:

Costs	2010	%
Return cost + original delivery	15	8.7%
Return cost only	36	21.1%
Original delivery refund only	41	23.9%
Return cost + free delivery	9	5.2%
None of the above costs covered	50	29.5%
Free delivery only	10	5.8%
Unable to return	6	3.5%
Waiting on refund	4	2.3%
TOTAL	171	100%

Direct:

Costs	2010	%
Return cost + original delivery	3	5.2%
Return cost only	14	24.1%
Original delivery refund only	10	17.2%
Return cost + free delivery	2	3.5%
None of the above costs covered	23	39.6%
Free delivery only	4	6.9%
Refunded without return	2	3.5%
TOTAL	58	100%

Direct retailers were less likely to cover returns costs or refund delivery charges

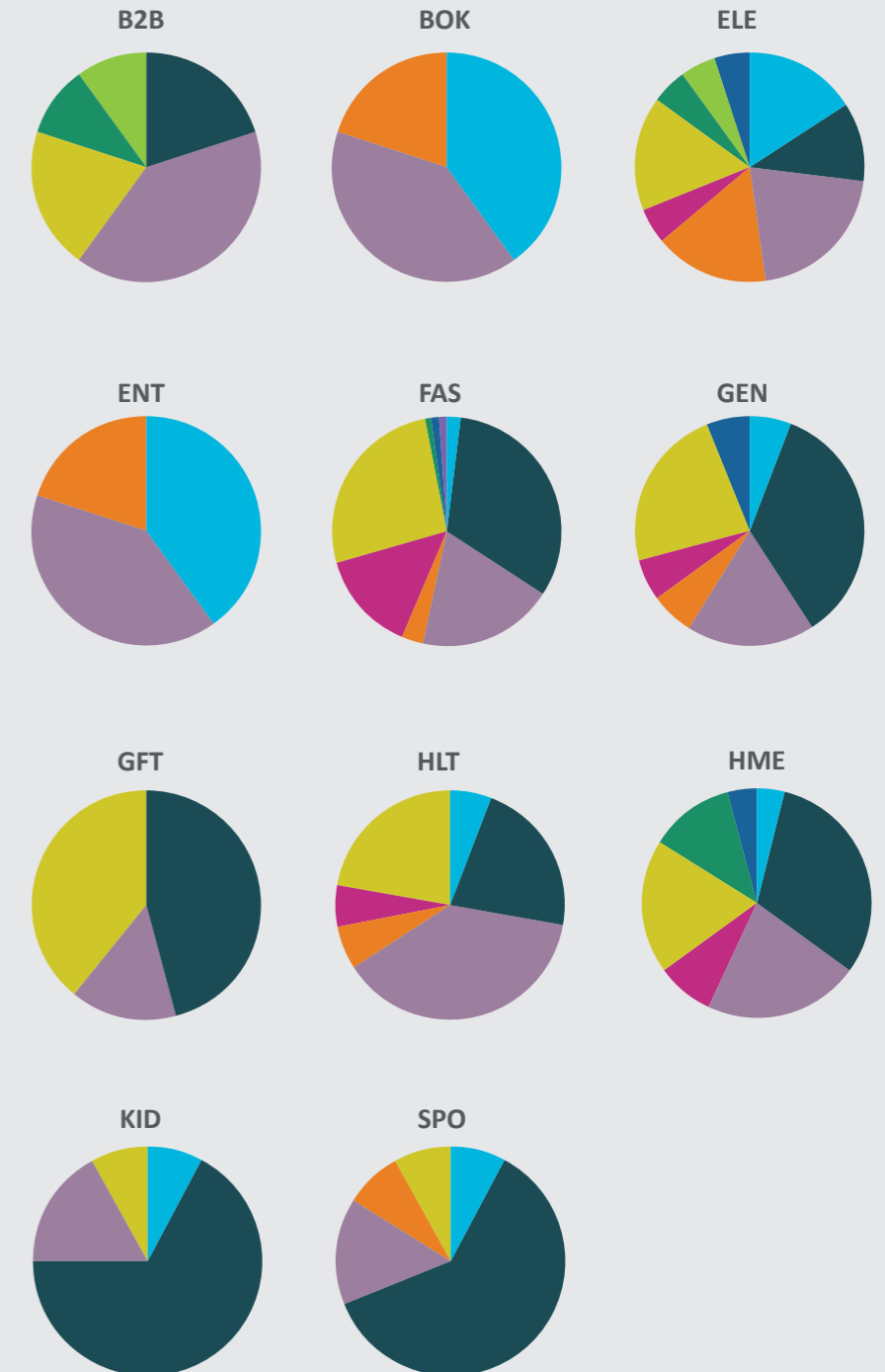
- 40% paid neither the returns cost nor the delivery, compared to 30% of store retailers
- 5% of direct retailers covered all costs, compared to 9% of store retailers

SECTOR BREAKDOWN

KEY

- Free delivery only
- None of the above costs covered
- Original delivery charge refund only
- Return cost + free delivery
- Return cost + original delivery charge
- Return cost only
- Unable to return
- Refunded without return
- Waiting on refund

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- HME Homeware
- KID Childrenswear
- SPO Sportswear



Fashion was most likely to refund the original delivery charge and pay the cost of return

- 14% of fashion retailers paid both the cost of return and refunded the delivery fee
- None of the B2B, books, entertainment, gifts, sports or children's products retailers did both
- All of the books and entertainment retailers covered at least one of the costs

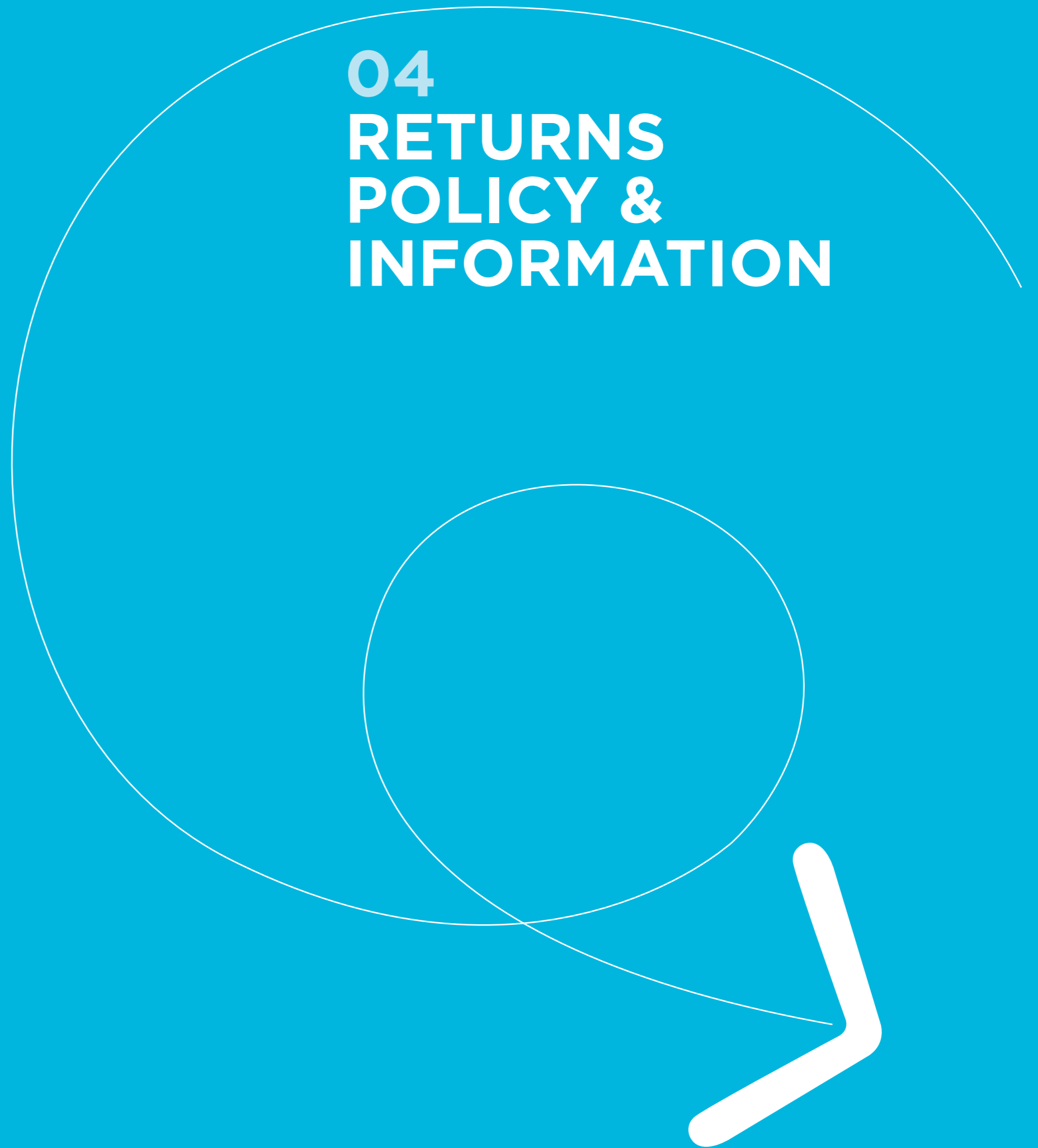
Retailers on the Hitwise 100 Top Shops List

Which costs did the retailer cover?	2010	%
Return cost + original delivery charge	2	4.6%
Return cost only	8	18.2%
Original delivery charge refund only	6	13.6%
Return cost + free delivery	4	9.1%
None of the above costs covered	13	29.5%
Free delivery only	6	13.6%
Unable to return	2	4.5%
Refunded without return	1	2.4%
Waiting on refund	2	4.5%
TOTAL	44	100%

Larger retailers were less likely to cover both costs

- Only 5% of larger retailers paid both the returns cost and refunded delivery

04
RETURNS
POLICY &
INFORMATION



a How long did the customer have to return unwanted goods?

Timeframe	2010	%	2009	%	2008%	2007%
7 days	22	9.6%	17	12%	16%	16%
10 days	0	0.0%	2	1.50%	2%	3%
14 days	54	23.6%	30	22%	21%	20%
21 days	8	3.5%	4	3%	4%	4%
28 days	78	34.1%	46	34%	30%	30%
30 days	38	16.6%	14	10%	11%	13%
35 days	1	0.4%	1	0.50%	0%	0%
60 days	1	0.4%	0	0%	1%	1%
90 days	6	2.6%	4	3%	2%	4%
1 month	1	0.4%	1	0.50%	1%	0%
3 months	4	1.7%	4	3%	3%	3%
365 days	5	2.2%	3	2%	1%	1%
Forever	9	3.9%	2	1.50%	3%	3%
Unclear	2	0.9%	9	7%	4%	1%
TOTAL	229	100.0%	137	100%	100%	100%

Return within 28 days was the most popular returns policy

- 34% of retailers had a 28 day policy for the return on online goods
- The data shows that only a few retailers tested both this year and last had changed policy

Retailer Type

Store:

Policy	2010	%
7 days	17	9.9%
10 days	0	0.0%
14 days	37	21.6%
21 days	5	2.9%
28 days	64	37.4%
30 days	29	17.0%
35 days	1	0.6%
60 days	1	0.6%
90 days	3	1.8%
1 month	1	0.6%
3 months	4	2.3%
365 days	1	0.6%
Forever	7	4.1%
Unclear	1	0.6%
TOTAL	171	100.0%

Direct:

Policy	2010	%
7 days	5	8.6%
10 days	0	0.0%
14 days	17	29.3%
21 days	3	5.2%
28 days	14	24.1%
30 days	9	15.5%
35 days	0	0.0%
60 days	0	0.0%
90 days	3	5.2%
3 months	0	0.0%
365	4	6.9%
Forever	2	3.4%
Unclear	1	1.7%
TOTAL	58	100.0%

Direct retailers preferred 14 day returns policies

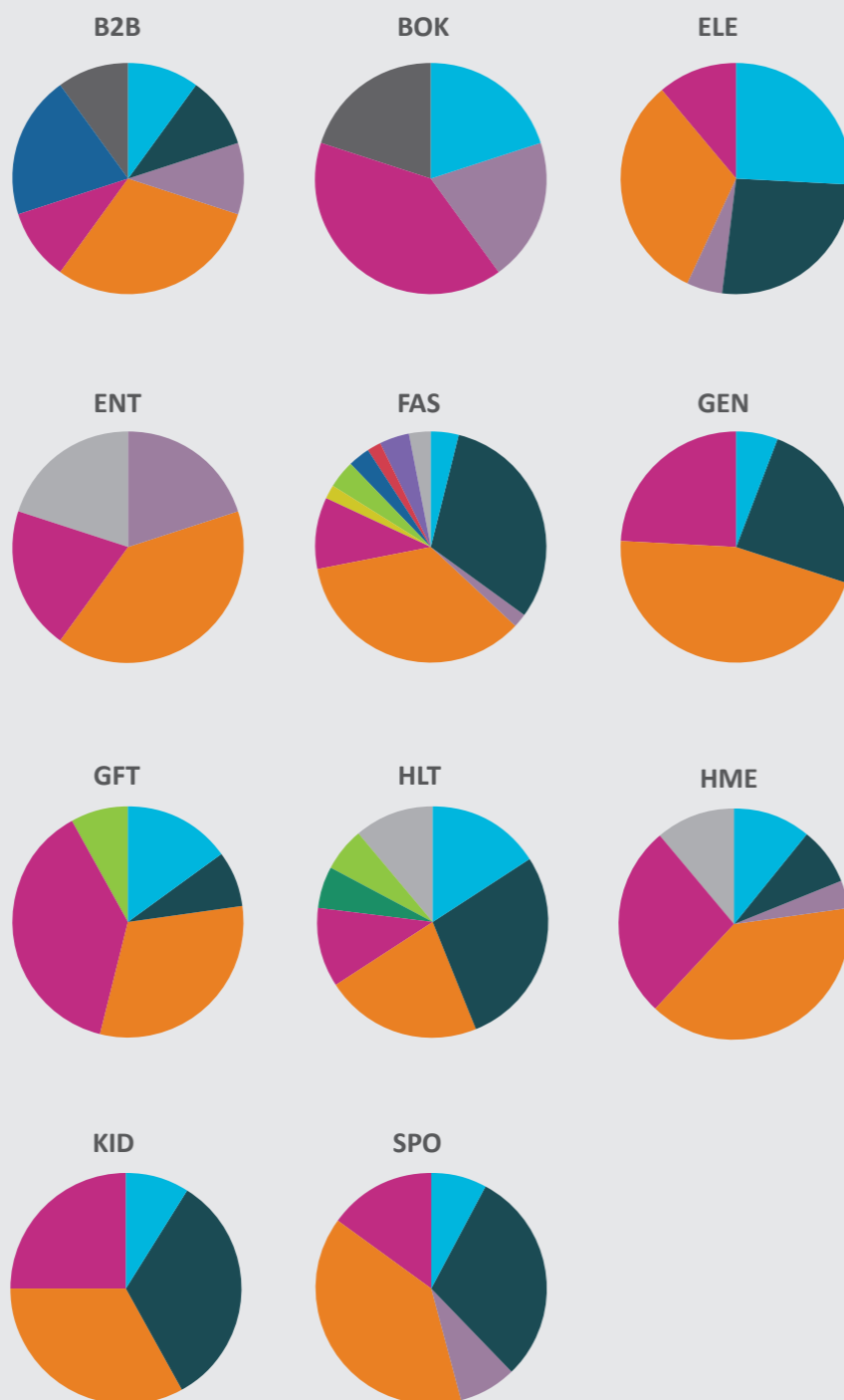
- 29% of direct retailers had a 14 day policy, compared to 21% of store retailers
- 37% of store retailers had a 28 day rule

SECTOR BREAKDOWN

KEY

- 7 Days
- 14 Days
- 21 Days
- 28 Days
- 30 Days
- 35 Days
- 60 Days
- 90 Days
- 365 Days
- 1 month
- 3 months
- Doesn't say?
- no limit

- B2B Business to Business
- BOK Books
- ELE Electrical
- ENT Entertainment
- FAS Fashion
- GEN General
- GFT Gift
- HLT Healthcare
- HME Homeware
- KID Childrenswear
- SPO Sportswear



Electrical goods retailers were most likely to have a 7 day returns policy

- 26% of the electrical retailers had a 7-day returns policy and a further 26% had a 14-day limit
- Entertainment, healthcare, fashion and homeware each had at least one retailer offering unlimited returns time

Retailers on the Hitwise 100 Top Shops List

Timeframe	2010	%
7 days	6	13.6%
10 days	0	0.0%
14 days	5	11.4%
21 days	1	2.3%
28 days	21	47.7%
30 days	9	20.5%
35 days	1	2.3%
90 days	0	0.0%
365 days	1	2.3%
Unclear	0	0.0%
TOTAL	44	100.0%

Larger retailers were more likely to have a 28 day rule

- 48% of larger retailers had a 28 day policy

b What terminology was used as the homepage link to returns information?

	2010
Most popular term	Returns (40)
2nd most popular term (joint)	Customer Service (21) and Help (21)
3rd most popular term	Returns Policy (20)
Total sites that had a link to returns information containing the word 'return'	155

Over half of the retailers used the word 'return' in a link on the homepage to returns information.

d Did the delivery include clear returns instructions?

Was returns info sent in package?	2010	%	2009	%	2008%	2007%
Yes	178	77.7%	103	75%	74%	74%
No	51	22.3%	34	25%	26%	26%
TOTAL	229	100.0%	137	100%	100%	100%

More retailers enclosed returns information with the delivery

- 78% of retailers this year sent some form of returns instruction within the package

Retailer Type Breakdown

Store:

Returns info in package?	2010	%
Yes	138	80.7%
No	33	19.3%
TOTAL	171	100.0%

Direct:

Returns info in package?	2010	%
Yes	40	69.0%
No	18	31.0%
TOTAL	58	100.0%

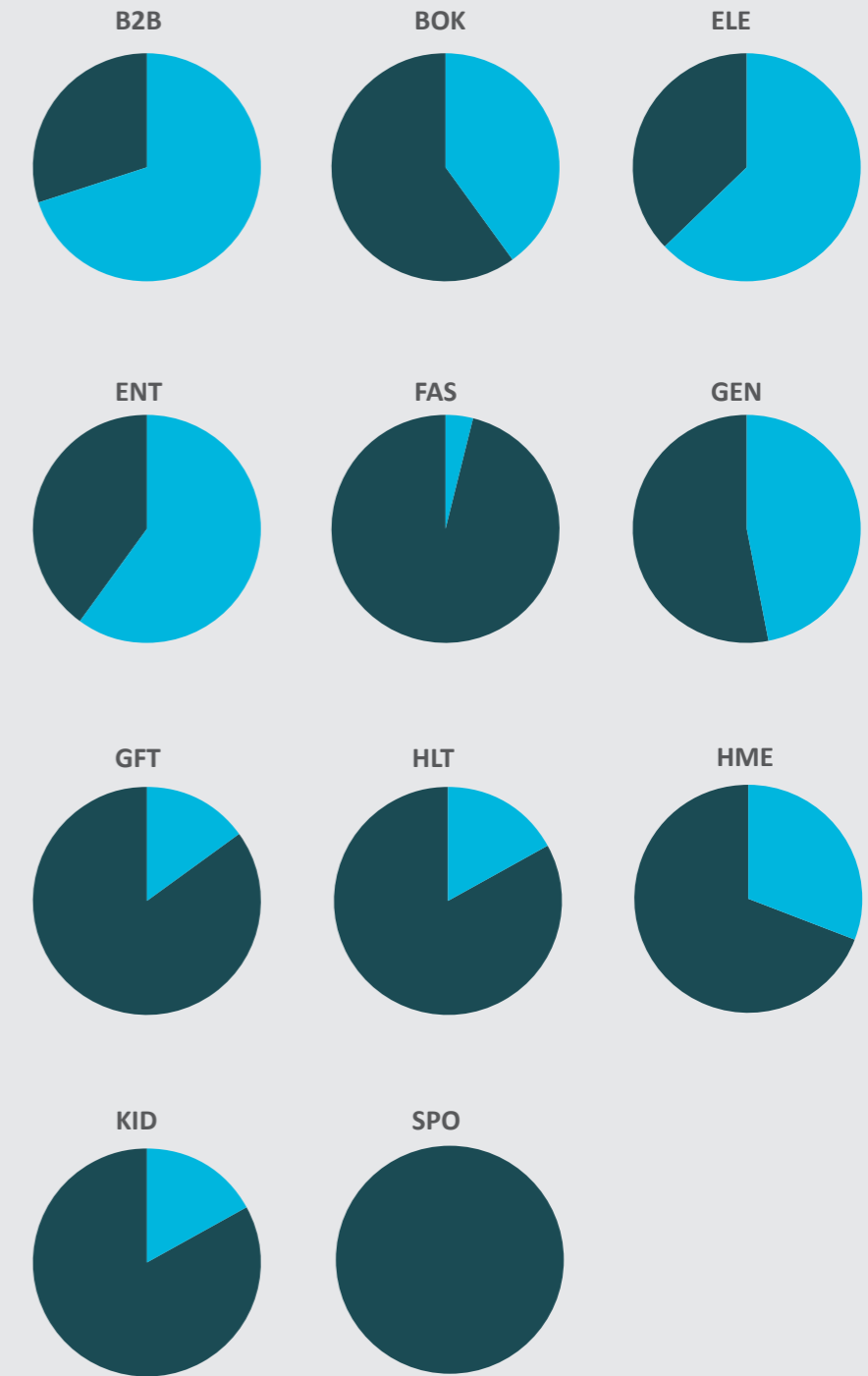
Store retailers more likely to include returns information

- 81% of store retailers included returns instructions in the package, compared to 69% of direct retailers

SECTOR BREAKDOWN

KEY

- no
- yes



Sport and fashion retailers were more likely to include returns instructions

- All of the sports and 96% of the fashion retailers included returns information in the package
 - B2B retailers were least likely to do so – 70% sent no returns instructions at all
-

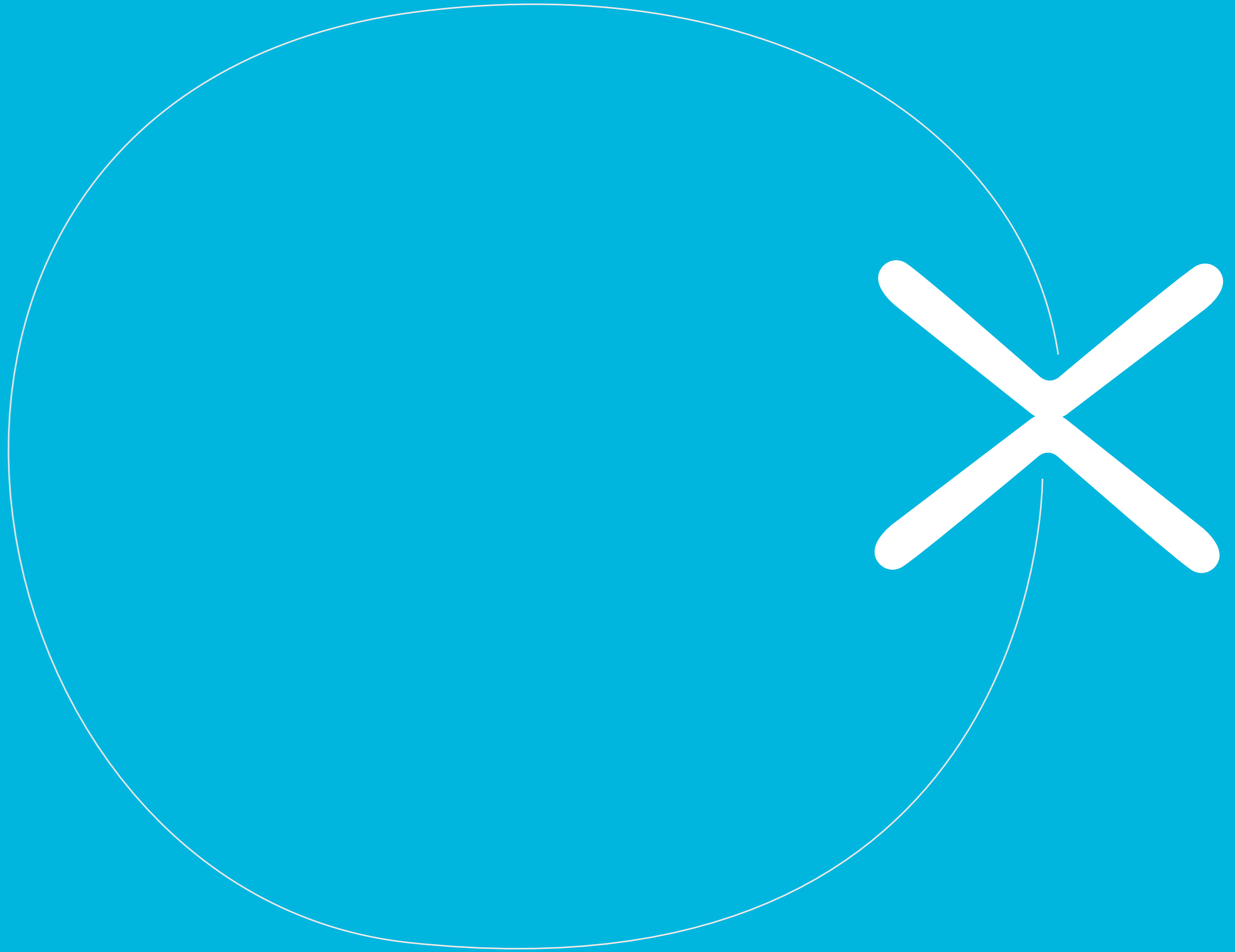
Retailers on the Hitwise 100 Top Shops List

Returns info in order?	2010	%	2009	%
Yes	31	70.5%	15	55.6%
No	13	29.5%	12	44.4%
TOTAL	44	100.0%	27	100.0%

Larger retailers reflect the bigger picture

- The larger retailers were fairly consistent with the bigger picture, with 71% enclosing returns instructions in the package

05 REFUNDS



a Did the refund arrive without the customer having to follow up?

What happened?	2010	%	2009	%	2008%	2007%
Refund was made without customer follow-up	202	88.1%	126	92%	90%	89%
Refund was not made and had to be followed-up	17	7.4%	7	5%	3%	9%
Refund is still outstanding	4	1.8%	0	0%	2%	0%
Payment and refund processed at same time	0	0.0%	0	0%	0%	1%
Payment never taken, so no refund necessary	0	0.0%	0	0%	0%	1%
No return was allowed/ no return	6	2.7%	4	3%	5%	0%
TOTAL	229	100.0%	137	100%	100%	100%

More refunds had to be chased up by the customer this year

- 88% of refunds were made without the customer following up, down from 92% last year
- 7% had to be chased before the refund was eventually made
- A further 3% refused to allow the return or the refund

b Where no follow-up was needed, how long did the refund take?

How long did a refund take?	2010	%	2009	%	2008%	2007%
Same day	19	9.5%	11	8%	18%	23%
1 working day	24	12.0%	16	13%	15%	10%
2 working days	23	11.5%	18	14%	15%	11%
3 working days	21	10.5%	15	12%	20%	18%
4 working days	25	12.5%	16	13%	8%	10%
5 working days	15	7.5%	7	5%	5%	3%
6 working days	15	7.5%	14	11%	7%	5%
7 working days	13	6.5%	11	9%	5%	7%
8 working days	10	5.0%	2	1.50%	3%	5%
9 working days	7	3.5%	0	0%	0%	3%
10 working days	1	0.5%	4	2.50%	0%	1.50%
11 working days	6	3.0%	2	1.50%	2%	1.50%
12 working days	2	1.0%	1	1%	1%	0%
13 working days	1	0.5%	1	1%	0%	0%
14 working days	3	1.5%	0	0%	0%	0%
16 working days	2	1.0%	1	1%	0%	0%
17 working days	2	1.0%	1	1%	0%	0%
19 working days	1	0.5%	0	0%	0%	0%
20 working days	4	2.0%	0	0%	0%	0%
21 working days	1	0.5%	0	0%	0%	0%
24 working days	0	0.0%	2	1.50%	1%	0%
25 working days	1	0.5%	1	1%	0%	0%
27 working days	2	1.0%	0	0%	0%	0%
30 working days	1	0.5%	1	1%	0%	0%
32 working days	1	0.5%	0	0%	0%	0%
34 working days	0	0.0%	2	1.50%	0%	0%
TOTAL	200	100.0%	126	100%	100%	100%

Over half of the refunds were made within 4 working days

- 56% of the refunds appeared in the customer's account within 4 working days
- This was down on last year, when 60% achieved this
- 9% took 14 working days or longer to arrive

Retailer Type Breakdown

Store:

How long for refund?	2010	%
Same day	18	12.2%
1 day	17	11.6%
2 days	17	11.6%
3 days	16	10.9%
4 days	14	9.5%
5 days	12	8.2%
6 days	11	7.5%
7 days	9	6.1%
8 days	8	5.4%
9 days	6	4.1%
10 days	1	0.7%
11 days	4	2.7%
12 days	0	0.0%
13 days	1	0.7%
14 days	1	0.7%
16 days	2	1.4%
17 days	2	1.4%
20 days	4	2.7%
21 days	1	0.7%
24 days	0	0.0%
25 days	1	0.7%
27 days	1	0.7%
30 days	0	0.0%
32 days	1	0.7%
34 days	0	0.0%
TOTAL	147	100.0%

Direct:

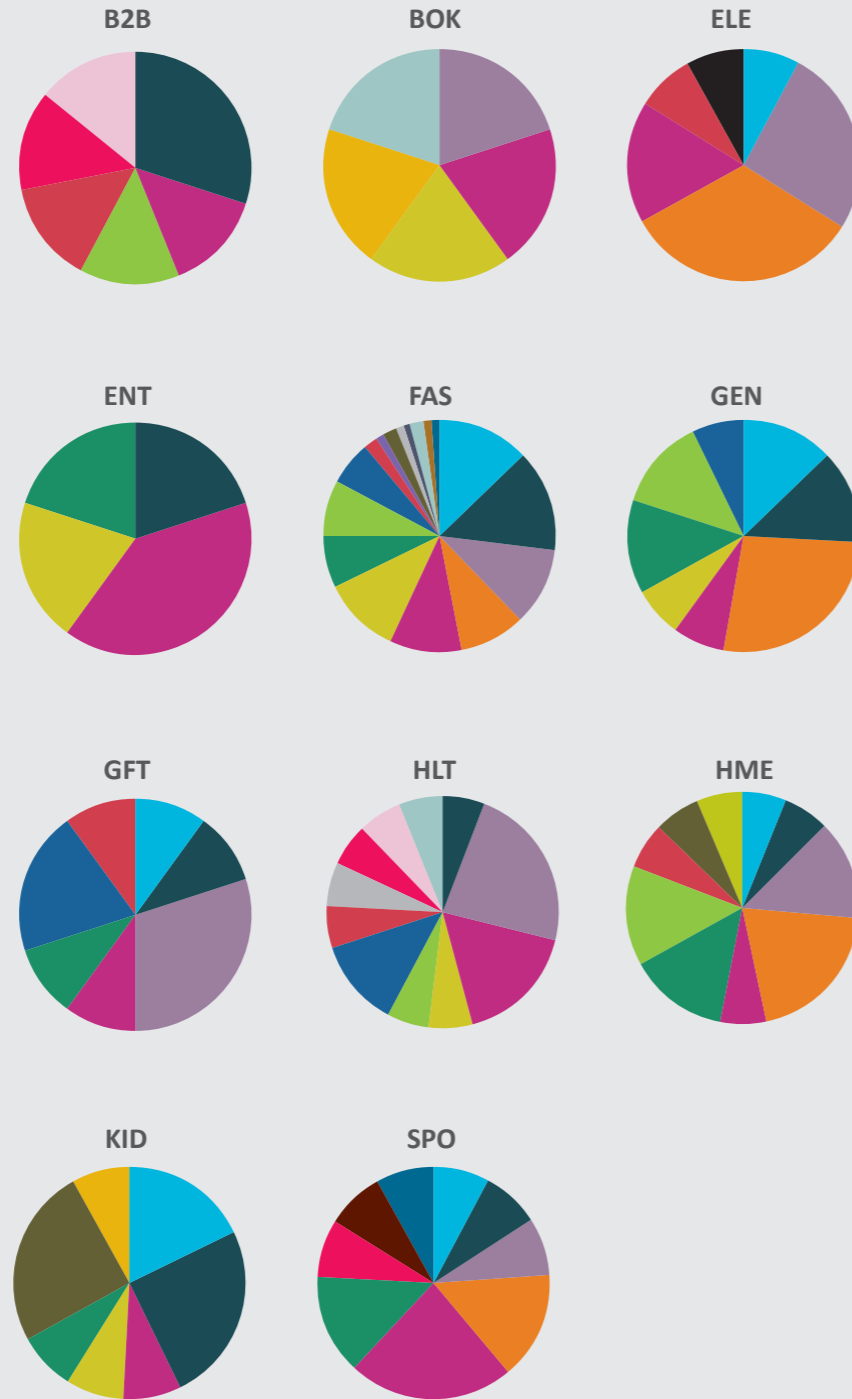
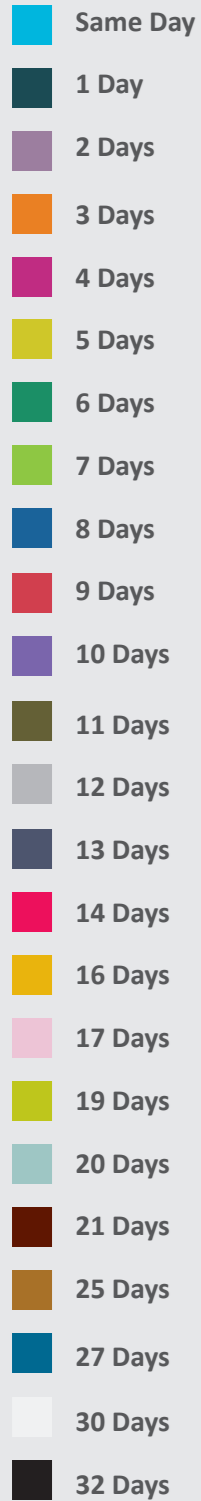
How long for refund?	2010	%
Same day	1	1.9%
1 day	7	13.2%
2 days	6	11.3%
3 days	5	9.4%
4 days	11	20.8%
5 days	3	5.7%
6 days	4	7.5%
7 days	4	7.5%
8 days	2	3.8%
9 days	1	1.9%
10 days	0	0.0%
11 days	2	3.8%
12 days	2	3.8%
14 days	2	3.8%
17 days	0	0.0%
19 days	1	1.9%
25 days	0	0.0%
27 days	1	1.9%
30 days	1	1.9%
TOTAL	53	100.0%

Direct and store retailers performed similarly on refund times

- 56% of store retailers and 57% of direct retailers refunded us within 4 working days
- However, nearly all of the same-day refunds were those items we returned to store - these refunds were processed immediately through a POS system

SECTOR BREAKDOWN

KEY



B2B Business to Business
 BOK Books
 ELE Electrical
 ENT Entertainment
 FAS Fashion
 GEN General
 GFT Gift
 HLT Healthcare
 HME Homeware
 KID Childrenswear
 SPO Sportswear

Electrical refunds were processed fastest

- 84% of refunds from the electrical sector were done within 4 days
- 40% of book retailers took more than 10 days to refund the customer

Retailers on the Hitwise 100 Top Shops List

How long did refund take?	2010	%
Same day	5	13.9%
1 working day	3	8.3%
2 working days	4	11.1%
3 working days	3	8.3%
4 working days	7	19.4%
5 working days	4	11.1%
6 working days	2	5.6%
7 working days	1	2.8%
9 working days	1	2.8%
10 working days	0	0.0%
11 working days	1	2.8%
12 working days	0	0.0%
13 working days	0	0.0%
16 working days	1	2.8%
17 working days	1	2.8%
20 working days	2	5.6%
24 working days	0	0.0%
32 working days	1	2.8%
34 working days	0	0.0%
TOTAL	36	100.0%

Larger retailers refunded us more quickly

- 61% of larger retailers managed to refund us within 4 working days, up from 51% last year

c Did the customer receive automated e-mails about the return/refund?

In this section we only include the automated e-mails that we received during the returns and refunds process – e-mails written manually, or e-mails containing returns authorisation numbers, were not counted.

E-mail notifications?	2010	%	2009	%	2008	2008%
Two e-mails, one to confirm return and one to confirm refund	16	7.0%	3	2%	3	3%
One e-mail to confirm refund	81	35.4%	50	36%	30	30%
One e-mail to confirm item had been received	7	3.1%	3	2%	3	3%
None	115	50.2%	72	53%	56	57%
Unable to return	6	2.6%	9	7%	7	7%
Waiting on refund	4	1.7%	0	0	0	0
TOTAL	229	100%	137	100%	99	100%

Half of retailers did not acknowledge a return with an e-mail

- 50% of retailers sent no automated e-mails to acknowledge a return or refund
- This was an improvement on the previous year, when 53% sent no such e-mails
- 35% sent a single e-mail to confirm that the refund had been made

Retailer Type Breakdown

Store:

Notification?	2010	%
Two e-mails, one to confirm return and one to confirm refund	9	5.3%
One e-mail to confirm refund	58	33.9%
One e-mail to confirm item had been received	6	3.5%
None	88	51.4%
Unable to return	6	3.5%
Waiting on refund	4	2.4%
TOTAL	171	100%

Direct:

Notification?	2010	%
Two e-mails, one to confirm return and one to confirm refund	7	12.1%
One e-mail to confirm refund	23	39.7%
One e-mail to confirm item had been received	1	1.7%
None	27	46.5%
TOTAL	58	100%

Direct retailers were more likely to send returns/refund acknowledgement e-mails

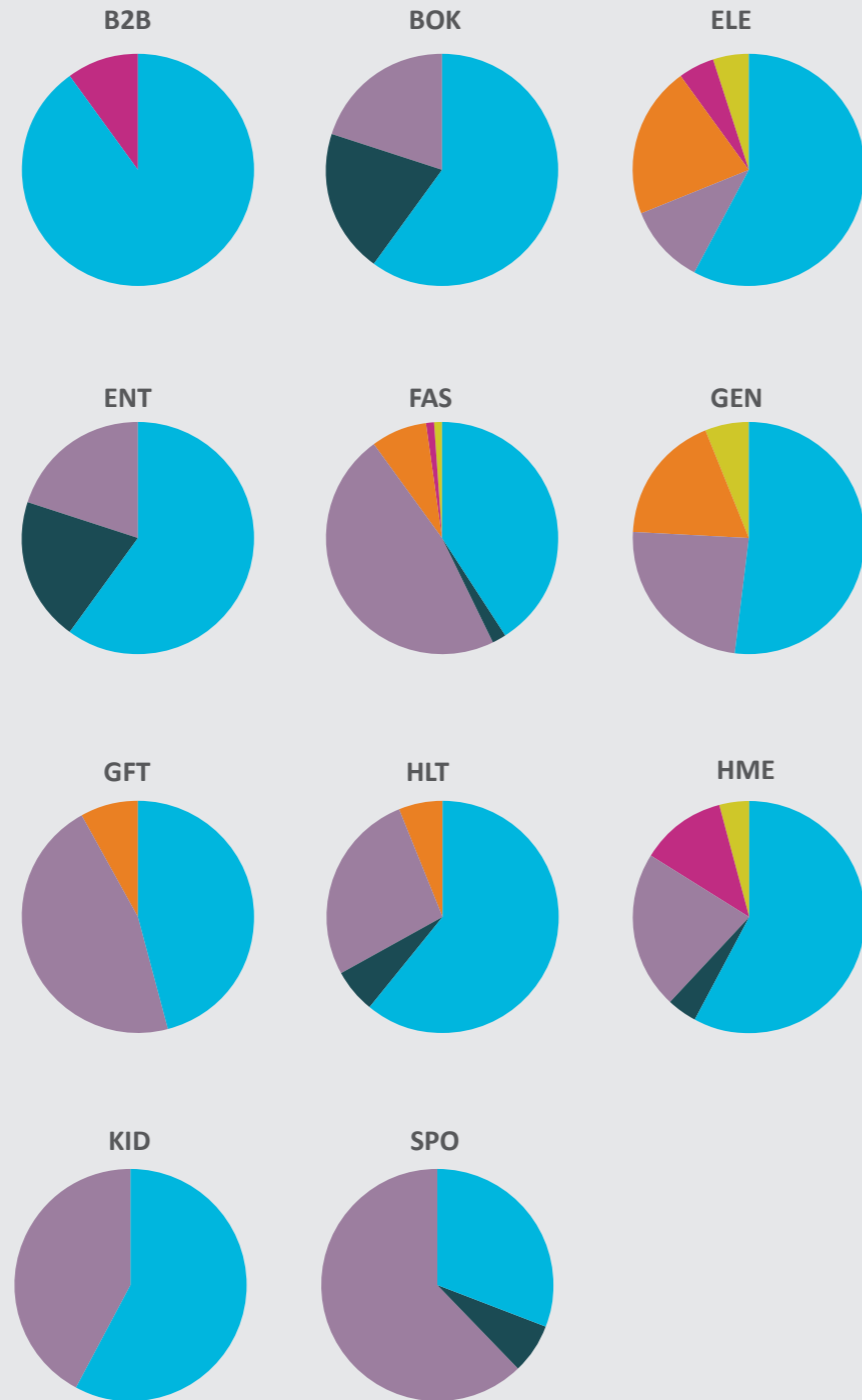
- 54% of direct retailers sent at least one automated e-mail; 43% of store retailers did so
- Next was the only retailer to whom we did a store return and still received an e-mail

SECTOR BREAKDOWN

KEY

- None
- One e-mail to confirm item had been received
- One e-mail to confirm refund
- Two e-mails, one to confirm return and one to confirm refund
- Not able to return
- Waiting on refund

- B2B Business to Business
- BOK Books
- ELE Electrical
- ENT Entertainment
- FAS Fashion
- GEN General
- GFT Gift
- HLT Healthcare
- HME Homeware
- KID Childrenswear
- SPO Sportswear



B2B retailers were least likely to send any e-mails regarding the return or refund

- None of the B2B retailers sent us any automated e-mails regarding our return
- 79% of sports goods retailers sent at least one e-mail
- Book retailers were most likely to send two e-mails

Retailers on the Hitwise 100 Top Shops List

Notification?	2010	%
Two e-mails, one to confirm return and one to confirm refund	6	13.6%
One e-mail to confirm refund	14	31.8%
One e-mail to confirm item had been received	1	2.3%
None	19	43.1%
Unable to return	2	4.5%
Waiting on refund	2	4.5%
TOTAL	44	100%

Larger retailers mirrored the general picture:

- 48% of larger retailers sent at least one return/refund e-mail, in line with the overall picture

ACKNOWLEDGEMENTS

The Snow Valley Insight team would like to thank Olivia Hallam and Priya Balsara for their contributions to this research. We would also like to thank MetaPack for their sponsorship of the report.

FOR MORE INFORMATION

If you would like to know more about Snow Valley's e-commerce solutions and services, please contact us on 020 7813 9520 or visit www.snowvalley.com

OTHER SNOW VALLEY INSIGHT REPORTS

Some of the other e-commerce reports available on our website:

2011 Online Retail Delivery Report, sponsored by MetaPack

The sixth edition of our Online Retail Delivery Report contains 112 pages of facts and figures on how UK retailers are managing the fulfilment of goods bought online.

International Retail Delivery Report, sponsored by Royal Mail

We created a panel of shoppers in 15 countries, including Ireland, China, the US, Canada, Hong Kong, Australia, New Zealand, South Africa and Brazil. The shoppers placed orders on 76 UK retail websites to find out how UK retailers are dealing with overseas orders. The 88-page report goes into detail about what we discovered.

Home Delivery: The Doorstep Experience, sponsored by Blackbay

Published in March 2011, this new report follows on from the Online Retail Delivery Report and looks in closer detail at the actual doorstep experience for the customer. We found that communication between retailer-carrier-customer could be improved, and that there is a lack of predictability around what happens when a customer is out.

DOWNLOADS

To access these reports, visit:
www.snowvalley.com/research

If you would like to know more about Snow Valley's e-commerce solutions and services, please contact Sarah Clelland on 020 7813 9520 or visit www.snowvalley.com

