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From Online Product Returns to Resolutions: Innovative Strategies for Reducing Returns

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Abstract

The increasing liberalization of product return policies driven by sales and competitive pressures has led to rising return rates, resulting in significant economic costs and environmental impacts. There is a growing need for innovative solutions that prevent returns before they are initiated by customers. This research, based on a comprehensive review of innovative solutions for return avoidance, finds that these solutions can be grouped into three categories, each addressing different return reasons: opportunism/fraud, product (fit) uncertainty, and faulty/damaged items. Technologies such as customer and product ID tracking, along with blockchain technology, have the potential to mitigate opportunistic and fraudulent returns by ensuring transaction authenticity and tracing product origins. To address product (fit) uncertainty, AI-driven presentation technologies, offline showrooms, and strategic packaging play a crucial role in aligning customer expectations with product realities. Additionally, advanced data analytics enable retailers to take proactive measures to mitigate returns. For faulty or damaged items, AI models provide efficient processing and evaluation of returns. This research emphasizes that the choice of solutions for reducing returns should consider factors such as product value, customer privacy concerns, required customer effort, targeted service levels, and the cost of implementing technological systems. By adopting a tailored approach based on these variables, retailers can optimize their return management processes, reduce unnecessary returns, and enhance both customer satisfaction and sustainability.

Keywords: advanced data analytics, return avoidance, return management, sustainability, technological solutions