

## **E-commerce Survey Project**

### **I. PROJECT PURPOSE**

- The goal of this study was to learn about average return rates and ways in which returns are handled for online retailers.

### **II. METHOD OF RESEARCH USED**

- The University of Nevada, Reno, sent a questionnaire to a hundred online retailers, via e-mail and fax. Most of the contact names were mainly obtained from companies' web pages, and we also received some contacts from an RLEC member.

### **III. QUESTIONS ASKED**

1. *What are your company's return rates (preferably calculated as a percentage of units sold) for the products that you are selling through your website?*
2. *What are your company's top five reasons for accepting product returns?*
3. *What are the largest barriers to efficient returns management?*

Importance of reverse logistics relative to other issues

Company policies

Lack of systems

Competitive issues

Management inattention

Financial resources

Personnel resources

Legal issues

4. *Do you handle your own returns?*

Yes

No

If not, who is your logistics provider?

5. *How are your returns handled?*

Shipped/mailed to the manufacturer

Picked up by manufacturer

- Returned to Distribution Center
- Returned to brick and mortar stores
- Sent to centralized return center
- Other

**6. *Please describe product disposition practices by estimating the percentage for each disposition option:***

- Put back into inventory
- Sell through secondary market
- Repair
- Recycle
- Throw away

**7. *What are the primary products that you sell?***

- |                      |                    |
|----------------------|--------------------|
| Computers            | Drugstore Items    |
| Consumer Electronics | Office Products    |
| Apparel              | Household Products |
| Books/Media          | Movies             |
| Music CDs            | Software/Computers |
| Auction Venue        | Broad Selection    |
| Tools/appliances     | Groceries/Foods    |
| Flowers/Gardening    | Other              |

**IV. RESULTS**

- We got no responses back by fax.
- We only got 7 e-mail replies declining the invitation to participate in our survey. While they all thanked us for considering them for this study, they apologized for not being unable to participate. The major reason stated was that the respective companies have limited resources to respond to the numerous requests they receive.
- Observing our low response rate, we contacted Lauren Freedman, the president of the e-tailing group, and she provided us with the following information regarding returns for on line retailers.

### **More Sales, More Returns**

- 98% of online buyers said return policies influence their decision to shop with an e-tailer.
- Some experts estimated that as much as 12% of all goods ordered online during the holiday season were going to be shipped back.
- 67% of online marketers have return rates of less than 5%.

**Source: Catalog Age - December, 1999**

*WSJ - December 31, 1999*

### **Future of E-commerce Rests on Customer Service**

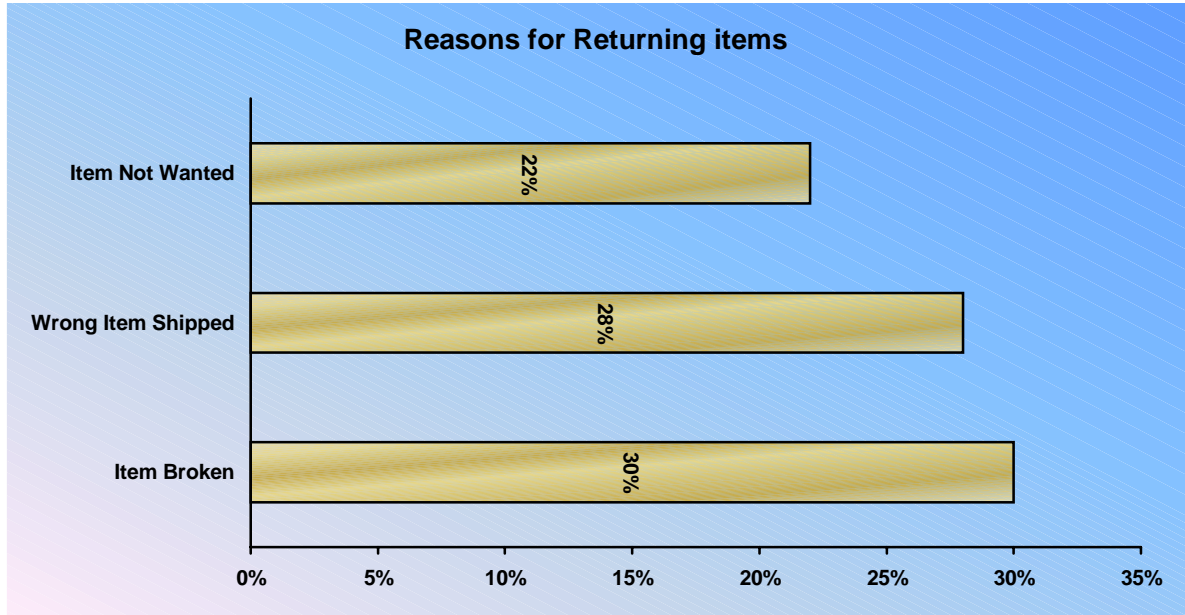
- **Refunds** (59%) ranked as the leading form of action taken on returned products followed by **exchanges** (27%) and **credit** at off-line or online store (11%).
- The three leading products returned were **clothing** (27%), **computer software** (20%), and **books** (15%).
- An overwhelming majority (92%) of respondents would be inclined not to do business with online merchants who imposed a **service charge to return a product to an off-line store**.
- 71% said that if they purchased a tax-free item online, they would not exchange it at a retailer's off-line store if a sales **tax were imposed on the exchange**.
- **94% of returns were mailed back to the online retailer** vs. returned to an off-line store.
- 73% of those surveyed said **return policies** of online stores are comparable to returning items purchased through a catalog.

**Source: BizRate Study, Cyber Atlas – January 5, 2000**

### **According to a recent BizRate.com Study of 9,800 consumers.....**

- Almost 88% said they didn't intend to return any items.
- Of those who returned items, 30% said they found it difficult to return their online purchases, while 70% found it "easy" or "very easy".

- For 32% of the respondents who declared they used customer service, 27.7% said the experience was negative, 48.2% said it was positive, while the rest were indifferent.



Source: eMarketer - January 14, 2000

## V. CONCLUSION

- Even though we were not able to gather answers, we can see from these statistics that reverse logistics will be playing a major role in the strategy of the e-commerce companies as well.
- Current e-tailers might not have all the data now or the necessary systems in place to handle returns most efficiently, but eventually the ones that seek competitive advantage will recognize the need to best manage and measure their returns.