

WHITE PAPER

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The ratio of BORIS returns to shipped returns within ecommerce grew to 54% in 2018, revealing that when returning ecommerce purchases, more consumers prefer the BORIS method.

Consumers Prefer BORIS for Ecommerce Returns

Key Findings Nationwide

With the rise of a society dependent on the internet, it is no surprise that retailers are actively shifting their methodology in advertising, merchandising, and store policy toward a more technology driven marketplace. Companies strive to offer consumers ease and convenience both online and in-store. In order to study the trends in ecommerce retailer activity, Appriss Retail gathered point-of-sale data from 10 major multi-channel United States retailers: six speciality, two big box, and two footwear. The data included sales, exchange, and return information from both online and in-store transactions. Additional procedural and policy information from 35 retailers was also analyzed.

From the years 2016 to 2018, major United States retailers saw a large increase in the amount of buy-online-return-in-store (BORIS) transactions processed. The percentage of BORIS transactions grew to 54% in 2018 compared to returns shipped back to the retailer.

In this study, we reviewed two types of purchases and three types of returns.

Purchases

1. In-store. Also called brick-and-mortar.
2. Online. Traditional online shipped orders and its counterpart, buy-online-pick-up-in-store (BOPIS) transactions.

Returns

1. Brick-and-mortar. These are tied directly to in-store purchases.
2. Buy-online-return-in-store (BORIS).
3. Shipped, as in buy online and return by shipping back to a non-store location. These are sometimes referred to as "online returns" or "ecommerce returns."

Ecommerce Sales and Returns

Ecommerce sales and returns rose over the years of the study, and retailers seized the opportunity to grow their markets.

Online Sales/Total Sales (2016-2018)

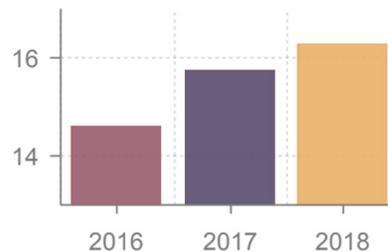


Figure 1: Proportion of Sales Originating from Online

This can be attributed to many factors, one being the BOPIS option for consumers. Ecommerce shopping usually provides consumers with a broader selection and increased shopping convenience. As seen in Figure 1, ecommerce transactions made up 16.3% of all sales in 2018, up from 14.6% in 2016.

With this rise in sales, also came a rise in returns of items purchased online. Omnichannel retailers often provide two methods to return merchandise: ship it or return it in the store.

BORIS Returns

BORIS policies have been adopted by 82% of Appriss Retail clients. BORIS options provide shoppers with the speed and convenience of returning unwanted items to physical locations and receiving an immediate refund or merchandise credit. This form of return connects online and brick-and-mortar marketplaces, improving the customer experience within both platforms.

In the study, BORIS transactions increased 73.37% from 2016 to 2018. In 2016, 10.82% of all returns were BORIS, and in 2018 15.97% were BORIS (see Figure 2). Some retailers experienced a dramatic increase. One retailer in the study, for example, had an increase in BORIS returns as a proportion of all returns from 15.5% to 34.1%.

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BORIS Returns/Total Returns
In Percentage



Figure 2. Ratio of BORIS Compared to Overall Returns

Shipped Returns

Many companies include prepaid return labels in each of their orders; 70% of retailers in this study provide free returns for ecommerce orders. Despite new options for returning ecommerce purchases, such as BORIS, shipped returns have grown over the past three years. This method is most popular in geographic areas that have no nearby physical stores. As shown in Figure 3, the percentage of shipped returns has grown more than 3% since 2016 and made up 14.11% of all returns in 2018.

Ecommerce Returns/Total Returns
In Percentage

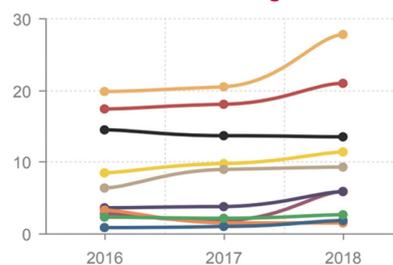


Figure 3. Ratio of Ecommerce Returns Compared to Overall Returns

Brick-and-Mortar Sales and Returns

The detailed data from the sample of 10 retailers illustrates that offering more options for buying and returning merchandise resonates well with consumers. Figure 4 illustrates the proportion of total sales originating from brick-and-mortar. In 2018 brick-and-mortar sales made up 83.7% of overall sales, a decrease from 85.4% in 2016. This means the sampled retailers experienced a 14.6% decrease in the proportion of sales originating from stores or inversely saw a 14.6% increase in sales from other channels. This decrease in proportion of sales originating from brick-and-mortar correlates directly with the influx of ecommerce sales seen from 2016 to 2018.

Brick-and-Mortar Sales/Total Sales
2016-2018

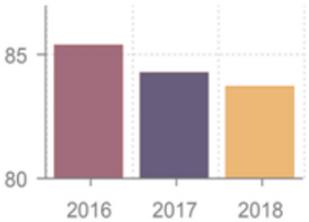


Figure 4. Brick-and-Mortar Sales saw a 2% decrease in ratio of overall sales

The decrease in the dominance of brick-and-mortar sales over ecommerce sales is also associated with a decrease in brick-and-mortar returns (excluding BORIS).

The decrease in the dominance of brick-and-mortar sales over ecommerce sales is also associated with a decrease in brick-and-mortar returns, items purchased and returned in store. brick-and-mortar returns (excluding BORIS) made up 78.33% of total returns in 2016 but dropped to 69.91% in 2018. Figure 5 illustrates the percent of returns taking place in-store as a proportion of all returns by each of the retailers used in this analysis. As shown, some had a very clear decrease, as noted by one retailer, decreasing from 60% of returns being handled in-store in 2016 to 44.8% in 2018.

Brick-and-Mortar Returns/Total Returns
In Percentage

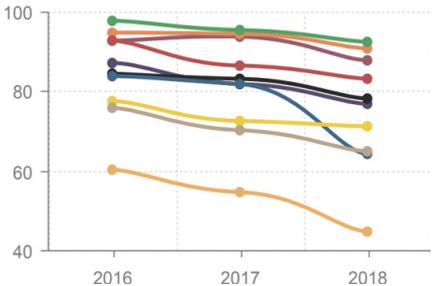


Figure 5. Ratio of Brick-and-Mortar Returns Compared to Overall Returns

Return Basket Sizes and Return Rate

For sales, ecommerce basket sizes were significantly larger than in-store baskets, averaging \$74.74 (27.51%) more. Return basket sizes in 2018 in the three return formats – brick-and-mortar, shipped, and BORIS – are different.

- Brick-and-mortar returns averaged \$43.05
- Shipped returns were \$60.06
- BORIS returns were \$57.47

The differences among the average return basket size between brick-and-mortar, shipped, and BORIS has grown over the years. In 2018, BORIS return basket sizes saw a drastic increase, remaining still slightly less than the average shipped return size but only by 4.3%.

In 2018, BORIS return basket sizes saw a drastic increase.

The average return rate is also different across the three channels. In 2018, the return rate for BORIS transactions was 10.02%, for shipped returns it was 9.75%, and for brick-and-mortar it was only 8.98%. This distinct difference in return rate between shipped and in-store can be traced to the difference in customer experience. It is common for online consumers to purchase multiple styles and/or sizes of the same item and return many of them because of the uncertainty of style or fit that accompanies ecommerce purchasing. Clearly the brick-and-mortar experience provides value to consumers and retailers alike.

BORIS transactions provide retailers a greater chance of exchange than shipped returns do. This study revealed that within the sample of 10 retailers 33.7% of BORIS transactions are exchanges, compared to brick-and-mortar, where only 14.3% of return transactions are exchanges.

Summary

BORIS is the preferred return option for consumers with those transactions reaching 54% in 2018. Consumers appreciate the convenience and use it often since ecommerce purchases have a greater likelihood of being returned than in-store purchases do. 

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