

Call us now on 1300 786 756

MERCHANT LOGIN



[Get Started](#) [Pricing](#) [Developers](#) [Enterprise](#) [Insights](#) [About](#) [SIGN UP](#)

[Home](#) [Insights](#) [Articles](#) [Christmas returns, part 2: What happens to returned goods?](#)

E-commerce insights

Get our e-commerce news delivered directly to your inbox.

Enter Email

[JOIN](#)

Articles



Most Read

1

Infographic: Top four consumer trends in Australia and New Zealand for 2015

2

Infographic: Four reasons to choose SecurePay Online Payments

3

SEO series, part 4: Five SEO tools for small businesses

19

Dealing with customer returns can be a costly and cumbersome process for retailers. In the lead-up to Christmas, we explore different tactics for shifting returned stock (and reclaiming valuable warehouse space).

56

Christmas can be a double-edged sword for e-traders. Sure, skyrocketing sales are great for business, but the inevitable flood of returns that follows is the bane of many retailers' existence. While the return rate for goods purchased at bricks-and-mortar stores hovers around 8 or 9 per cent, the figure is significantly higher for online retailers. [Research](#) from commercial real estate firm CBRE suggests it's as high as 30 per cent and increasing at a rate of 15 per cent each year.

2

1

G+1

0

It's easy to understand why. The size, colour, texture and style of clothing and footwear, in particular, are difficult to gauge without seeing garments in person. Yet this barely scratches the surface of the returns world; there are also faulty goods to contend with, as well as those that are damaged in transit. Customers may have misunderstood a product's purpose or simply changed their mind. There are also those who buy multiple items with the intention of returning what they don't need, not to mention 'wardrobers' who make a habit of buying clothing, wearing it once, then returning it. Many retailers have come to expect such behaviour and offer easy and free 'no-questions-asked' returns policies to differentiate themselves from competitors.

So, where does all that returned merchandise end up? In many cases it's destroyed, says Dion Stojavljevic, General Manager of [Solvup](#) – cloud-based technology that helps retailers streamline returns processes. "A small-appliance manufacturer can put over 30,000 sm

Call us now on **1300 786 756**



[Get Started](#)

[Pricing](#)

[Developers](#)

[Destroy, recycle, resell](#)

[Enterprise](#)

[Insights](#)

[About](#)

[SIGN UP](#)

5

**Interactive
infographic: I love
online shopping!**

Sign up and start

**SELLING
ONLINE**

appliances into landfill each year because of poor returns procedure he says. "From our experience, up to 50 per cent of returned items that are perceived to be faulty have no faults and are working as intended. That's a big problem if all these products are destroyed or sent to waste."

Destroy, recycle, resell

Under [Australian Consumer Law](#), customers are entitled to a refund or replacement product if the item they have purchased has a major problem. For minor issues, they must accept a free repair if it is offered; yet Stojasavljevic believes many retailers still choose the 'easier' alternative of refunding or replacing such goods. "As items are getting cheaper, it's too expensive in markets with high-labour costs like Australia to check if returned products are workable and to have them certified and resold. A large amount of electronic items under \$250, for example, are just destroyed."

If retailers do have the resources to check whether an item is defective, and it transpires that a manufacturing fault is to blame, they can [send the item back to the maker](#) or importer for repair or compensation.

Otherwise, faulty or not, returned goods typically have three main outcomes: destroy, recycle or resell. "First, items can be destroyed at the supplier's discretion," says Stojasavljevic, explaining that in the case of perishable or dangerous goods, or those that are past their use-by date, this is usually the only possibility and is mostly dictated by legislation.

"Second, retailers can recycle the item, which could mean refurbishing it and selling it as a previously owned product at a reduced price," he says, adding that it can also mean harvesting the merchandise for parts or recycling for raw materials. "Third, if the item is pristine, it can be resold through the usual channel."

In some cases, retailers are also partnering with reverse logistics providers, or passing items on to third parties to sell on their behalf. For example, the parent company of Solvup, [TIC Group](#), handles over 15 million returned items each year, from over 3,000 stores across Australia and New Zealand – many of which are sold into overseas markets for repair, repackaging and on-selling as secondhand goods. "We'll predominately sell electronic or high-value goods that are in working or repairable order that can be resold as is, or with minimal intervention," says Stojasavljevic.

In the US, this type of 're-commerce' business is booming. Returned goods from retailers such as Amazon and Groupon are collected by logistics companies and resold to specialised liquidators, who then sell the products at discounted prices.

Reduce your return rate

Prevention, as they say, is better than the cure; for e-tailers, this means providing accurate product descriptions and plenty of pictures to minimise the likelihood of returns. Stojasavljevic also encourages retailers to use returns to learn more about their customers and improve their product offering. "Ask yourself: Why was this product returned?" he suggests. "How can we stop someone returning it again? How do we know that certain people are buying it for a certain reason? Maybe the way it was advertised is not how they want to use it."

Call us now on **1300 786 756**


[Get Started](#)
[Pricing](#)
[Developers](#)
[Enterprise](#)
[Insights](#)
[About](#)
[SIGN UP](#)

Providing extended warranties on products, he continues, could also encourage suppliers to create better-quality products. And when it comes to giving customers a positive returns experience, he believes ‘no-questions-asked’ strategy isn’t always the best approach. “Most of us buy things to own them, not to return them,” he says. “Just by making it easy to return something, you haven’t fixed that customer problem. If better advice or pre-sale service is provided – or if the problem could be resolved without a return – most customers would rate that experience higher than an ‘easy’ return.”

Did you know?

Looking for more industry insights? [Sign up](#) for SecurePay’s newsletter to get fresh content delivered straight to your inbox.

Related articles



BUSINESS TIPS

Christmas returns, part 1: How to handle post-Christmas returns



BUSINESS TIPS

What you need to stock for Christmas 2016



BUSINESS TIPS

Five ways for e-commerce retailers to prepare for January

These businesses trust us with their payments



Get Started

What is an online payment solution?

Pricing

Direct Debit
SecurePay Online Payments
Payment gateway only

Enterprise

Solutions and capabilities
Compliance
Contact

About Us

SecurePay profile
Privacy policy
Testimonials
Careers

How to get started with
SecurePay Online
Call us now on 1300 786 756

Payments



SecurePay?

Integrated shopping
carts

Supported payment
methods

FAQs

Find a developer

Developers

Integrated shopping

carts

Integration guides

Products and services

Referral program

SecurePay logos

FAQs

List your services

Terms and conditions

Insights

Business tips

Inspiration

Marketing

Payments

Technology

MERCHANTS
Australia Post

Pay your account

Social

Facebook

Twitter

LinkedIn

Google+

YouTube

Get Started

Pricing

Developers

Enterprise

Insights

About

SIGN UP

© 2016 SecurePay Terms of service Privacy Sitemap

Online payment solutions by SecurePay - a business of Australia Post