

# The Ecommerce Returns Benchmark Report



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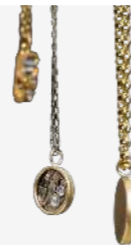
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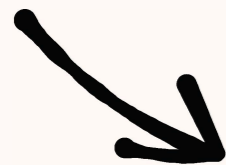
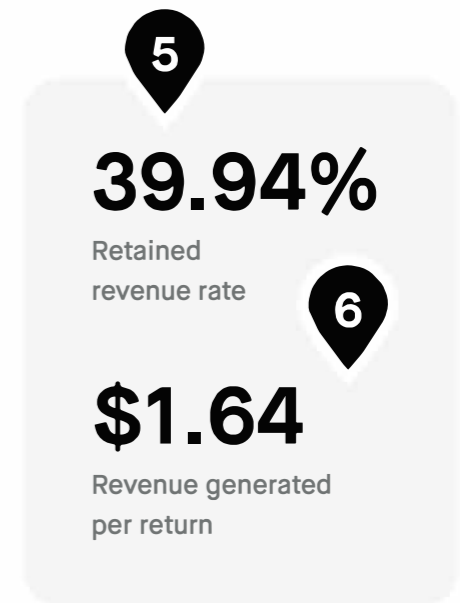
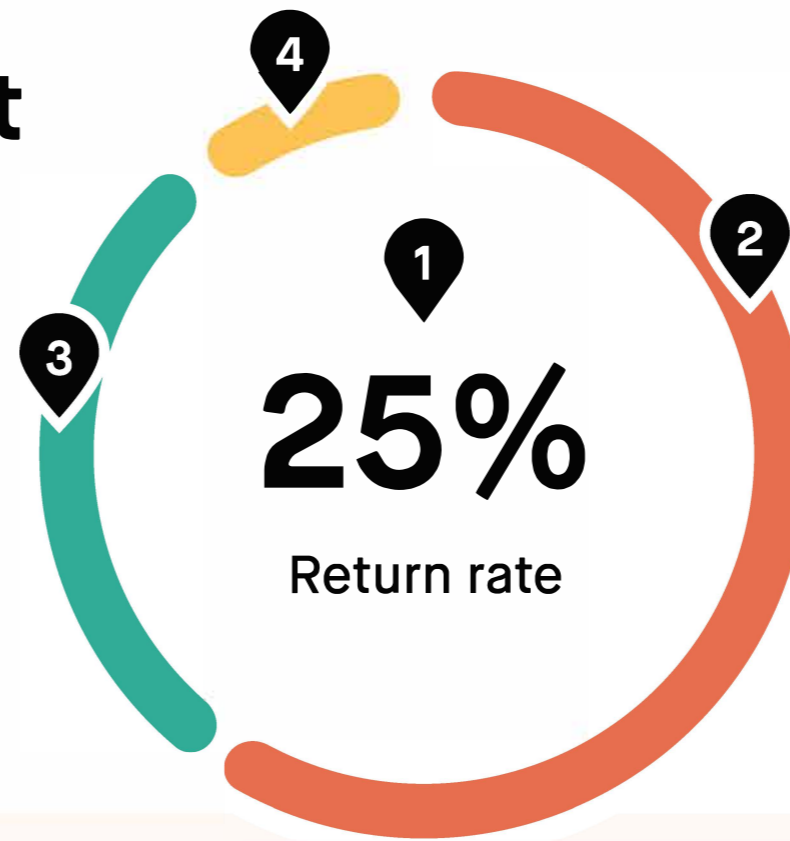
Other

# Here's What We're Covering in This Report

At Loop, a return does not equal a refund. We see a return as the container for a few different types of outcomes. A return alone is not a bad thing but, depending on your return composition, it can be. We encourage the brands we work with to implement strategies that increase exchanges while reducing refunds.

This report was generated by looking at returns across 336 brands that use Loop. This likely skews our data to have lower refund and higher exchange rates than you would see outside of Loop. But...that's one of the benefits of working with us :)

On this page, we are going to break down the metrics in this report and explain how they are calculated.



## 1 Return Rate

Your return rate is the highest level metric you can use when evaluating your return policy and process. It shows you what percentage of your revenue is being sent back as a percentage of all revenue. Your return rate is actually composed of three different return outcomes – refunds, exchanges, and store credit – that together contribute to your return rate. We'll cover these in the following sections.

**Returned revenue in a time period / Total revenue in the same time period.**

## 4 Store Credit Rate

This is the percentage of all returns where the value of the returned item is given to the customer as a gift card to spend at a later date.

**Revenue that were returned for a gift card in a time period / Total returned revenue in the same period.**

## 2 Refund Rate

This is the percentage of all returns where a purchase is being refunded to the original form of payment.

**Refunded revenue in a time period / Total returned revenue in the same time period.**

## 5 Retained Revenue Rate

We use this metric at Loop to show what percentage of returns are keeping money inside the brand. This is a great high-level metric to understand the health of your returns policy and process.

**(Total returned revenue - refunded revenue) / Total returned revenue in the same period.**

## 3 Exchange Rate

This is the percentage of all returns where the customer is choosing to swap their current product for another product. At Loop, we have two exchange types: variant exchanges and different product exchanges. For simplicity, both of those exchange types are included in this rate.

**Exchanged revenue in a time period / Total returned revenue in the same period.**

## 6 Revenue Per Return

With Loop, a customer can return an item and exchange it for a more expensive item or multiple items to create upsell dollars. Revenue per return is the measure of how much upsell revenue you are creating per return event you process.

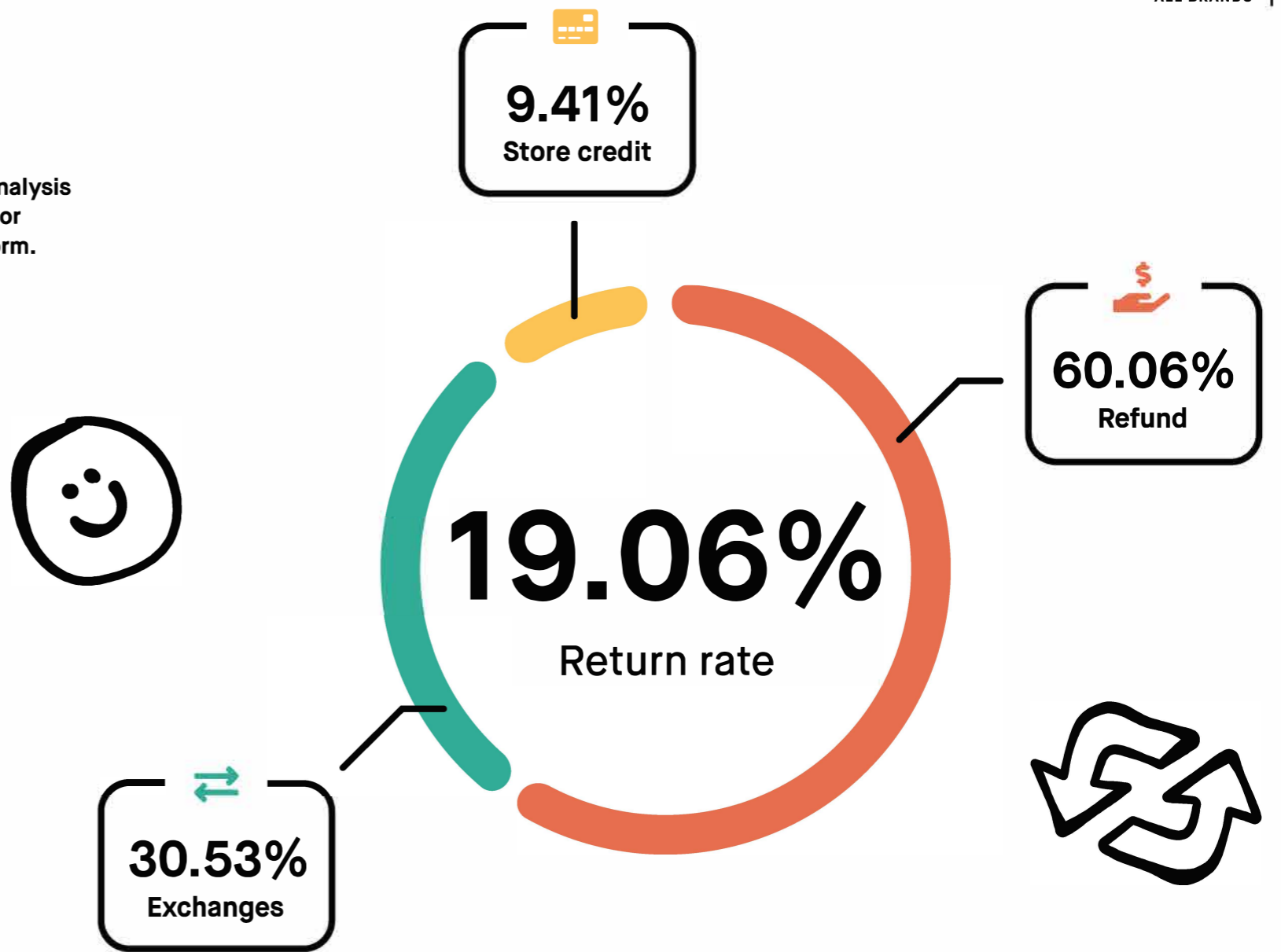
**Upsell revenue captured / Total returned orders.**



# Loop Brands

We analyzed over 300 brands and a couple million return events to discover the true composition of online returns. Not only what percentage of products are being returned, but also the makeup of those returns and when they happened.

All brands in this analysis are on the Shopify or Shopify Plus platform.



**39.94%**  
Retained revenue rate

**\$1.64**  
Revenue generated per return

Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC






● highest ● 2nd ● 3rd ● lowest

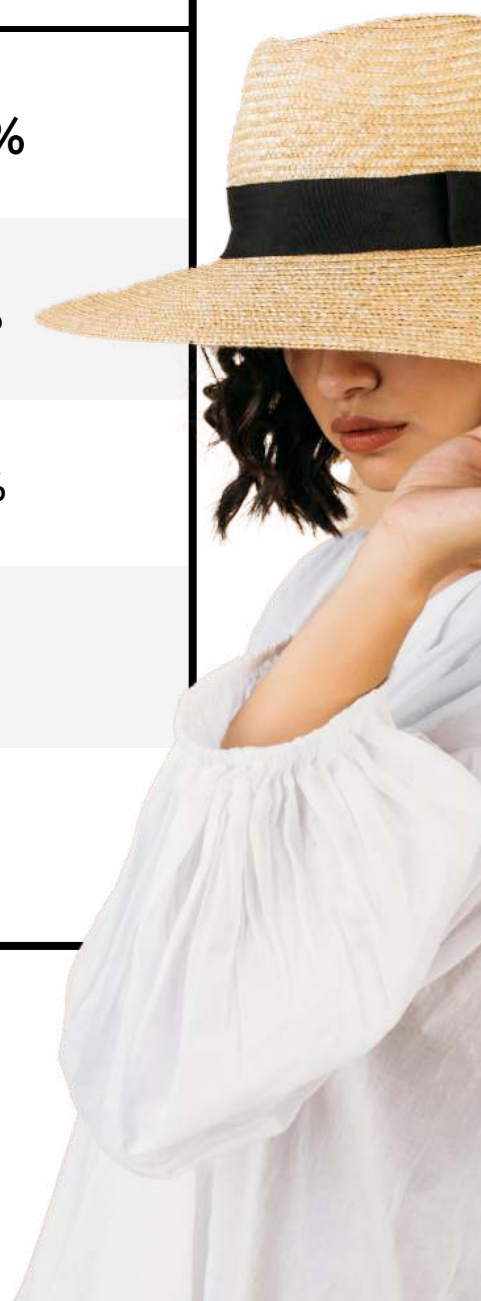
- Tips
1. Answer the 5 most common questions in your return policy
  2. Be generous with return windows, fees, and incentives to encourage exchanges
  3. Use your policy as a marketing asset across your site



# Brand Size

Return rates and return composition are very similar between brands of different sizes. Ecommerce brands see a similar proportion of orders being returned regardless of their annual revenue.

Revenue Range	 New Store \$0 - \$100k	 Startup \$100k - \$1M	 Small Business \$1M - \$10M	 Mid-Market \$10M - \$50M	 Enterprise \$50M +
Return Rate	<b>20.70%</b>	<b>18.62%</b>	<b>18.42%</b>	<b>18.02%</b>	<b>22.68%</b>
Refund Rate	<b>58.53%</b>	<b>56.51%</b>	<b>62.16%</b>	<b>62.25%</b>	<b>57.53%</b>
Exchange Rate	<b>30%</b>	<b>34.33%</b>	<b>29.15%</b>	<b>28.37%</b>	<b>34.22%</b>
Store Credit Rate	<b>9.67%</b>	<b>8.91%</b>	<b>8.45%</b>	<b>8.95%</b>	<b>7.21%</b>
Revenue per return	<b>\$1.89</b>	<b>\$1.75</b>	<b>\$1.50</b>	<b>\$1.61</b>	<b>\$1.90</b>

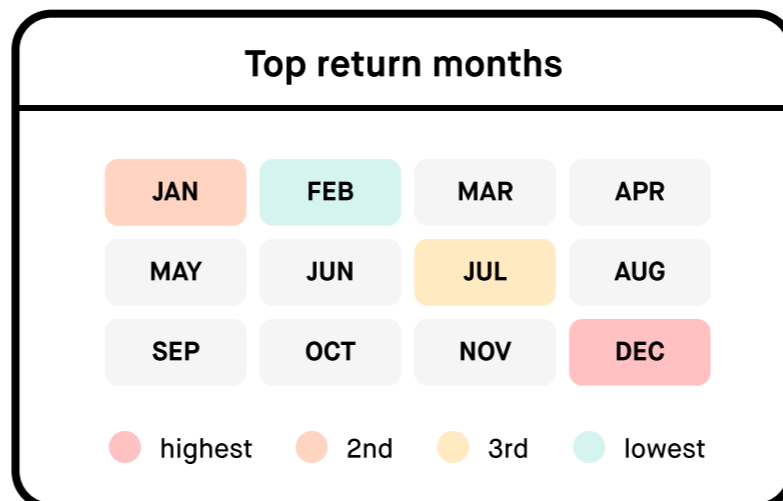
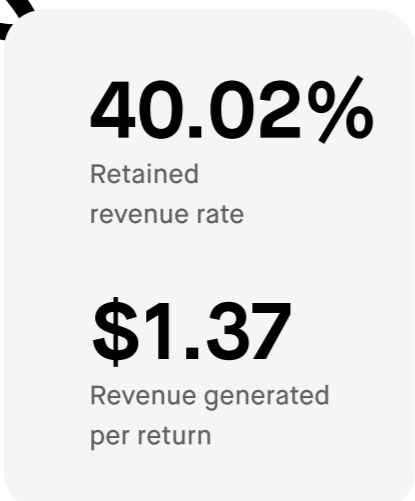
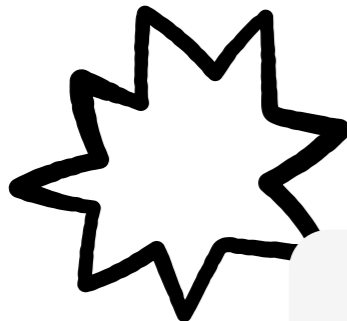
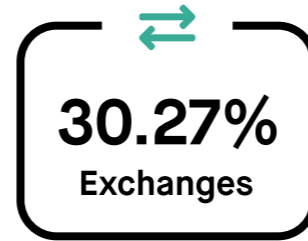
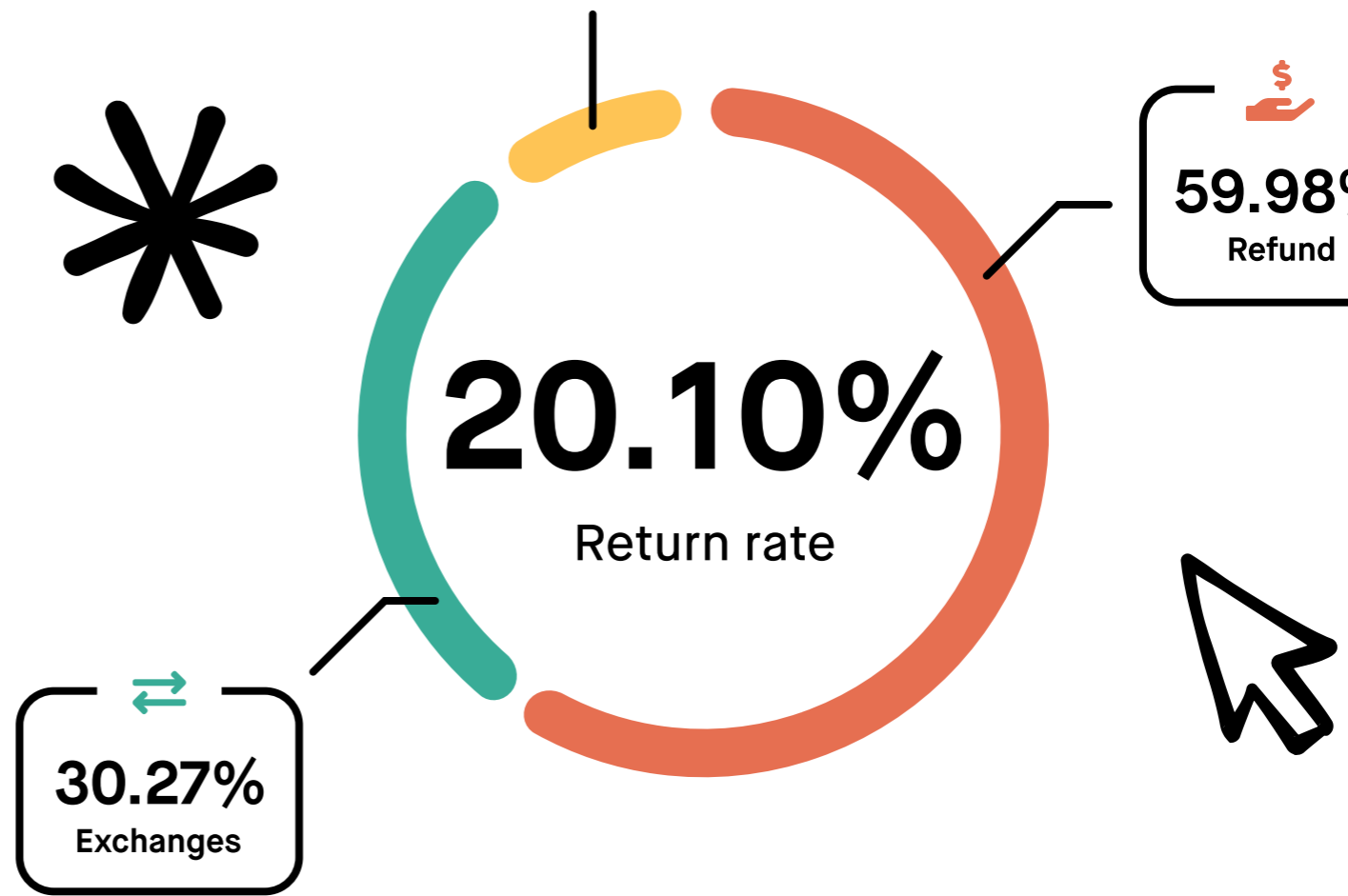


# Apparel



Sizing is inconsistent across brands which makes it hard for customers to size correctly. Add the fact that you need to accurately communicate colors and fabric, and you can see why this industry has one of the highest return rates in ecommerce.

Apparel brands also have a ton to gain by moving refunds to exchanges since 52% of returns are due to sizing issues. Apparel brands can retain some serious revenue and create potential for upsells.



- Tips
1. Incentivize exchanges over refunds to retain more revenue
  2. Leverage your policy as a marketing asset to help conversions
  3. Make it clear where to start, and let customers start a return on their time

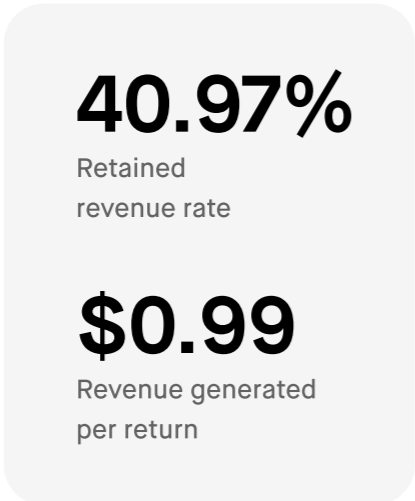
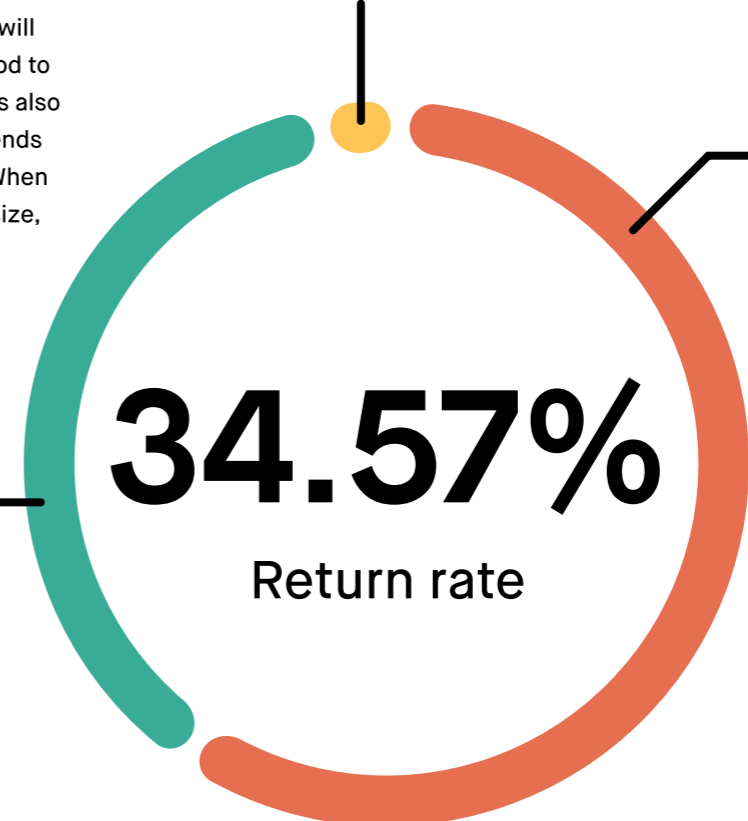
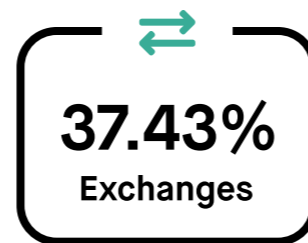




# Footwear

It's only natural that footwear has the highest return rate in ecommerce. Fit is super important for something that you may be wearing every single day. This means that customers are much choosier when purchasing footwear, which means that many of them are going to be looking to exchange.

Offering generous exchanges will increase a customer's likelihood to purchase by reducing risk. This also ensures that every customer ends up with the best fit possible. When every customer has the right size, satisfaction, LTV, and referrals increase.



Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

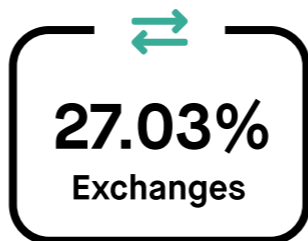
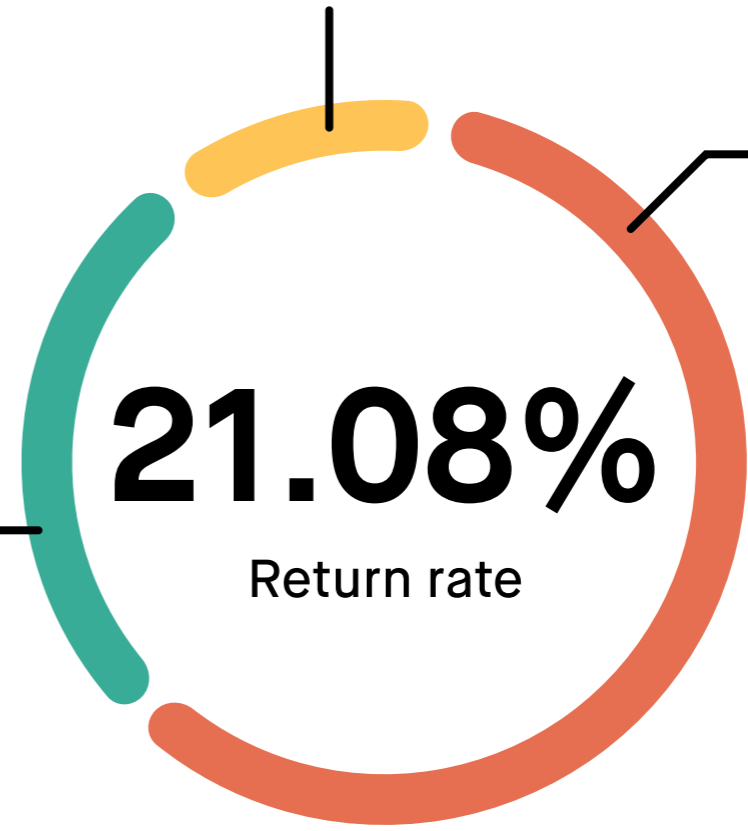
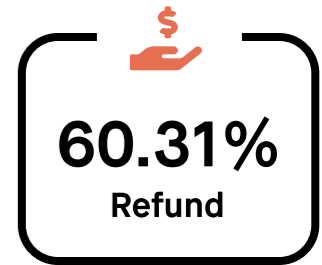
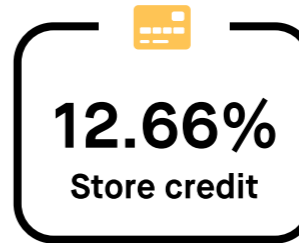
● highest ● 2nd ● 3rd ● lowest

Tips

1. Incentivizing an exchange over a refund is vital for an industry with such a high return rate
2. Invest HEAVILY in sizing aids like charts, videos, and even AR
3. Consider longer return windows and free shipping to reduce the perceived risk of a purchase



# Intimates



Intimates brands such as underwear and bathing suits are similar to the apparel category by numbers, but they have a very unique set of challenges. First, items are usually harder to fit than the average apparel brand. There are also a ton of hygienic issues that need to be accounted for in the return process.

Communicating hygiene practices throughout the return policy and post-purchase communication is vital to being able to offer exchanges at all. Clearly communicated hygiene practices also help customers feel secure in making a purchase.



39.69%

Retained revenue rate

\$0.87

Revenue generated per return

## Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

● highest ● 2nd ● 3rd ● lowest

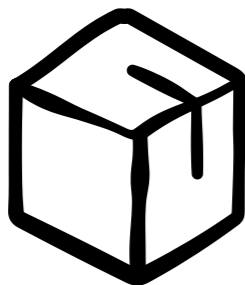
## Tips

1. Focus on creating customer sizing programs both pre- and post-purchase
2. Be explicit about hygiene practices
3. Encourage customers to exchange rather than request risky store credit





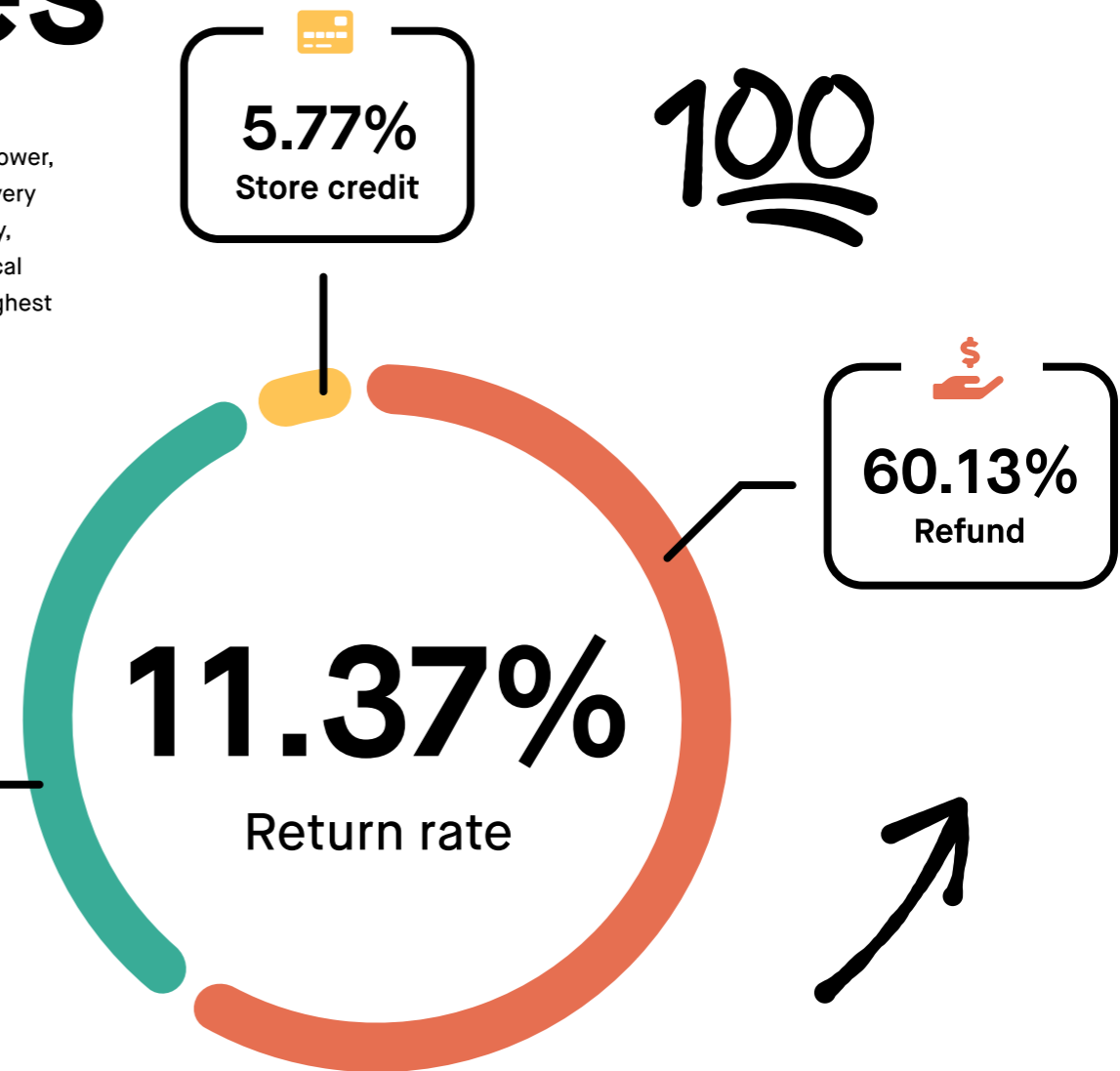
# Accessories



We classify accessories as anything that is apparel adjacent and not footwear. Examples of that include sunglasses, handbags, and belts. Return rates for accessories are much lower compared to apparel since sizing isn't as big of an issue for most.

Accessory items have an above-average revenue per return at \$1.91 which means there is a fantastic revenue-creating opportunity for accessory brands that allow customers to exchange for a more expensive item.

While overall return rates are lower, the composition of returns is very similar to apparel. Interestingly, accessories are the only vertical where December is not the highest return month.



**39.87%**  
Retained revenue rate

**\$1.91**  
Revenue generated per return

Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

● highest ● 2nd ● 3rd ● lowest

Tips

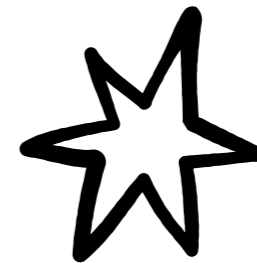
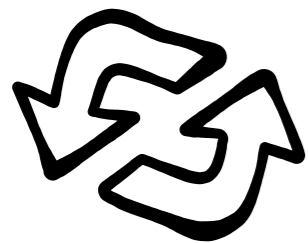
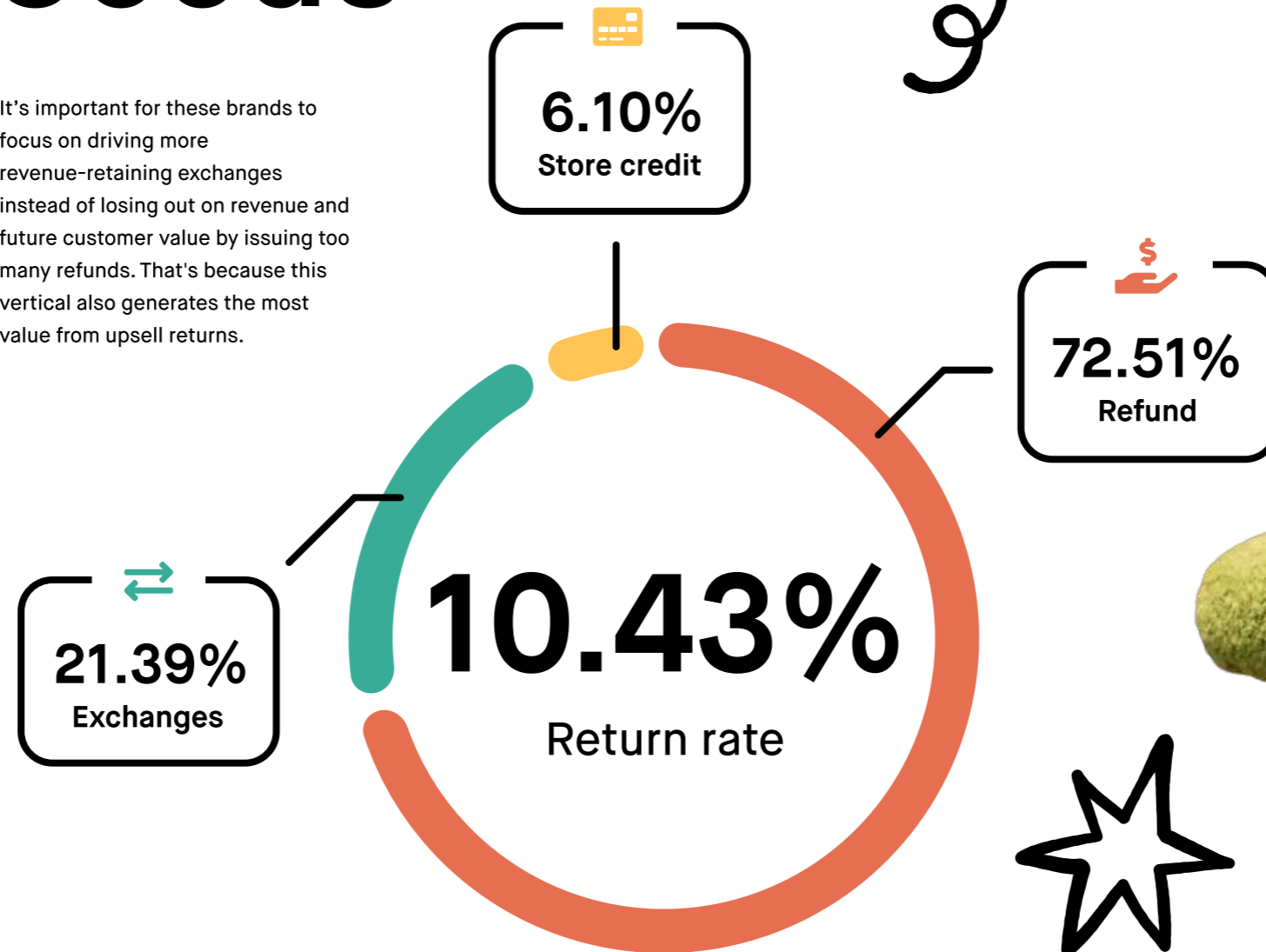
1. Consider AR tools to help customers visualize the item
2. Accessories are a commonly gifted item, so make gift-exchanges easy
3. Allow for different product exchanges because this vertical does not have traditional "size variants"



# Home Goods

Home goods, as we classify them, include bedding, towels, cookware, and other small home items. This category does not include furniture and other large, bulky home items. Home goods have one of the lowest return rates of all the verticals we are evaluating, but they also have the highest refund rate.

It's important for these brands to focus on driving more revenue-retaining exchanges instead of losing out on revenue and future customer value by issuing too many refunds. That's because this vertical also generates the most value from upsell returns.



**27.49%**

Retained revenue rate

**\$3.61**

Revenue generated per return

## Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

● highest ● 2nd ● 3rd ● lowest

## Tips

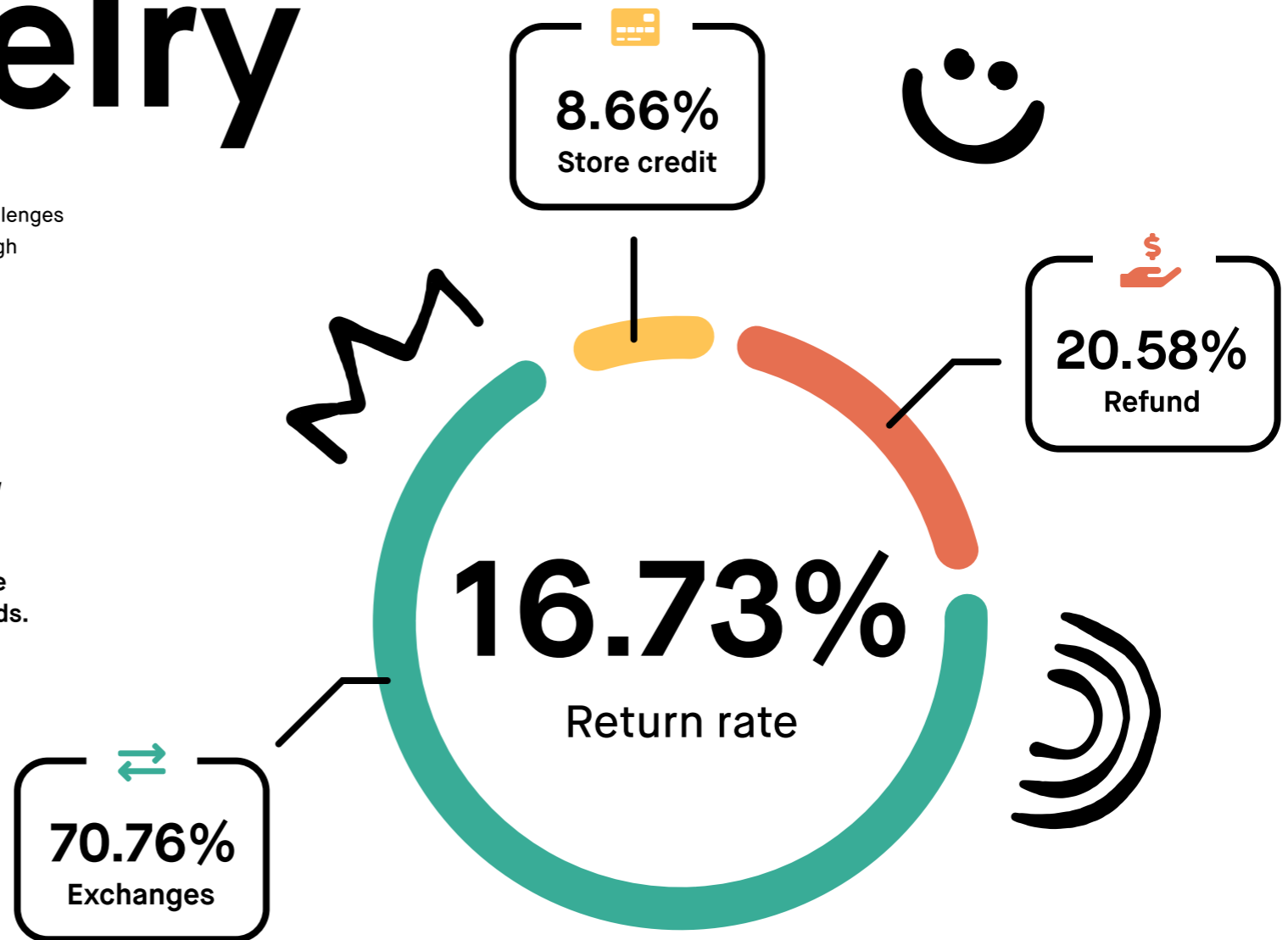
- Home good brands need to focus on moving refunds to exchanges
- Make sure that you understand the true cost of a refund for your brand
- Consider offering a longer exchange window than refund window



# Jewelry

Jewelry presents more than a few challenges when it comes to returns. Items are high value, difficult to size, and are often personalized with engravings.

While exchange rates are much higher compared to other verticals, that is likely because many jewelry brands only allow exchanges and will not issue refunds. It is also interesting to note that returns are high in the summer months for these brands.



**79.42%**  
Retained revenue rate

**\$1.15**  
Revenue generated per return

Top return months

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

● highest ● 2nd ● 3rd ● lowest

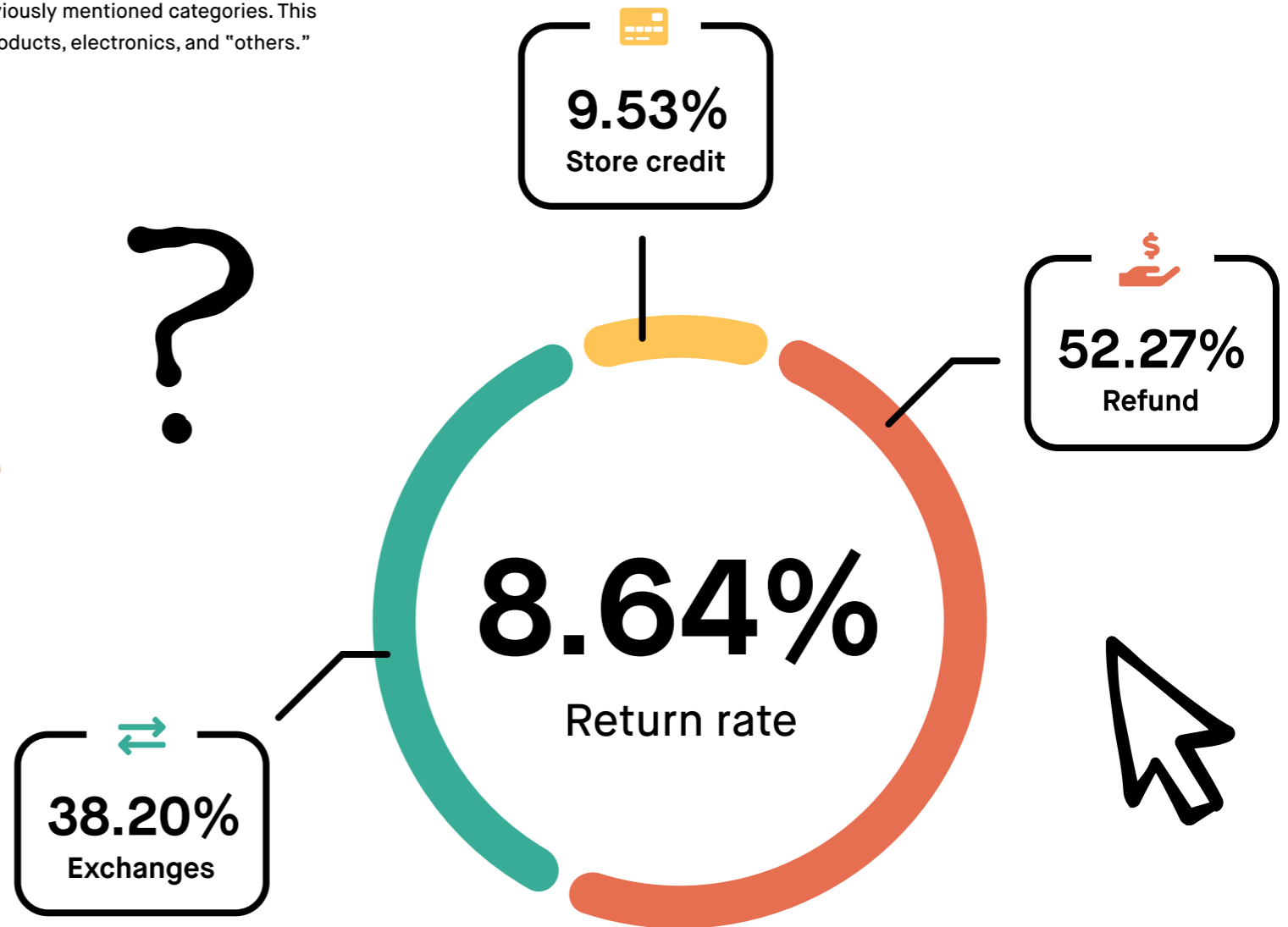
**Tips**

1. Provide safeguards for higher value items
2. Market your return policy to reduce the perceived risk of a high-priced item
3. Allow different product exchanges since most jewelry brands don't use traditional product variants



# Other

This is where we categorized any brand that did not fit into one of the previously mentioned categories. This includes novelty products, electronics, and "others."



**47.73%**  
Retained revenue rate

**\$4.00**  
Revenue generated per return

JAN	FEB	MAR	APR
MAY	JUN	JUL	AUG
SEP	OCT	NOV	DEC

● highest ● 2nd ● 3rd ● lowest



# About Loop

Loop is an automated returns platform that helps scaling Shopify brands save time for their support team and create a memorable experience for their customers. Want to learn more about what Loop can do for you?

[Book a Demo](#)

[Learn How Loop Works](#)

