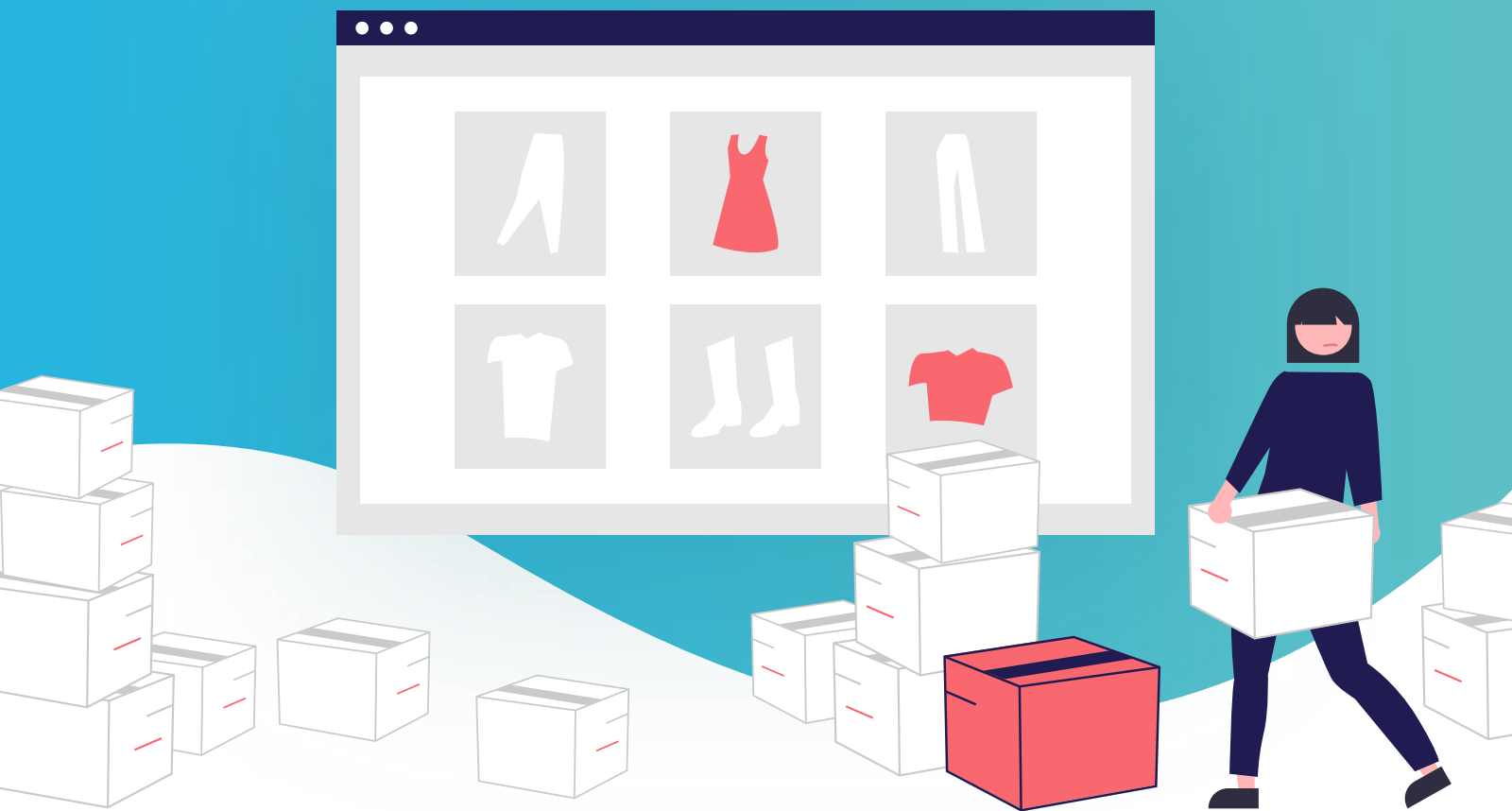


The Returns Hangover



2021 / 22

Table of Contents



- **Overview of Market**
- **Methodology**
- **Key Insights**
- **Recommendations**
- **Moving Forward**

Overview of Market

As Covid-19 slowly moves from pandemic to endemic, the shift from online retail back to brick-and-mortar is revving up. Consumers are vaccinated and ready to engage with the physical world, and many have significant amounts of disposable income thanks to months of reduced and conservative spending during lockdown seasons. This past holiday season, Yahoo! Finance reported record-breaking sales metrics, indicating promising sales for 2022. With consumers finally able to release pent-up demand for shopping this past holiday season, retail sales showed a 17% year-over-year growth, signaling a healthy retail sector in the upcoming year.

As 2021 came to a close and we move closer to a post-pandemic landscape, The Economist has predicted a new period of “economic dynamism”, marked by business mogul Timan Fertitta’s comment that the consumer is returning for what he calls the “roaring 20s”. Trend experts are forecasting that a post-pandemic consumer will be looking for more ways to connect socially, including a key focus on clothing and apparel as a form of reconnection and self-expression.



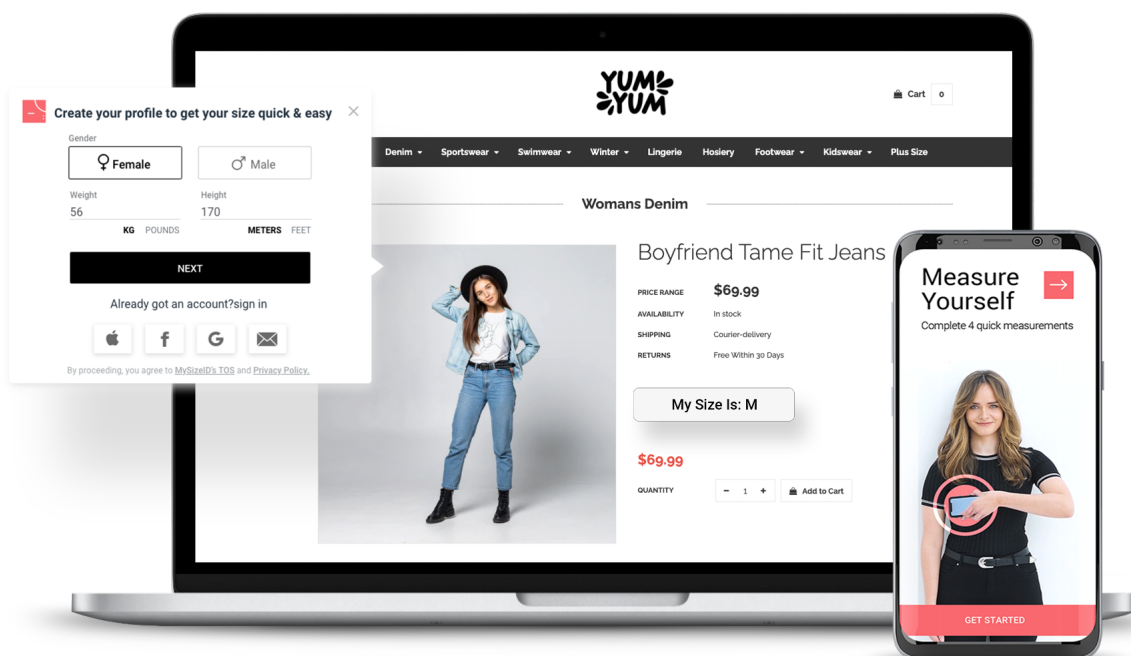
With consumers more attuned to online shopping experiences thanks to pandemic and lockdown online purchasing, it's more important than ever for online retailers to continue to offer customer-centric shopping experiences through strategic design and data-driven enhancements. Savvy online retailers can also look to a global consumer base and cater to different regions at varying stages of pandemic recovery, identifying opportunities to engage with new demographics and open up market share.

The research encapsulated within this report speaks to opportunities for online retailers to satisfy a wide variety of consumer concerns through AI-driven measurement technology, meeting the challenges of physical store competition through enhanced at-home purchasing experiences and therefore reducing returns. Implementing this technology suggests an overall increase in profitability potential for retailers.

Methodology

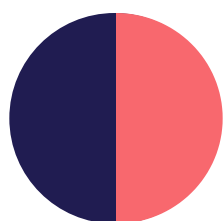
MySize is a leading retail measurement technology company and a trusted partner of leading brands including Levi's, Speedo, and Trutex, as well as e-commerce platforms Shopify, WooCommerce, Bitrix, Lightspeed, and more. As pandemic restrictions come to an end, MySize sought to better assess how shoppers make key purchasing decisions around sizing when ordering apparel and the elements that most impact customer returns.

To capture these insights, MySize surveyed 1,000+ respondents across the UK, the US, France, Germany and Italy, using a representative sampling method of all ages and genders. Respondents ranged in age from 18 to over 65. MySize asked 10 questions regarding customer preferences and experiences in both online and in-person shopping, as well as reasons for returning apparel and footwear, satisfaction levels with various aspects of the customer journey, and their purchasing habits.

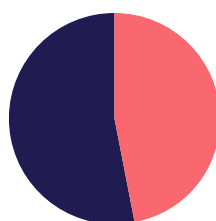


Key Insights

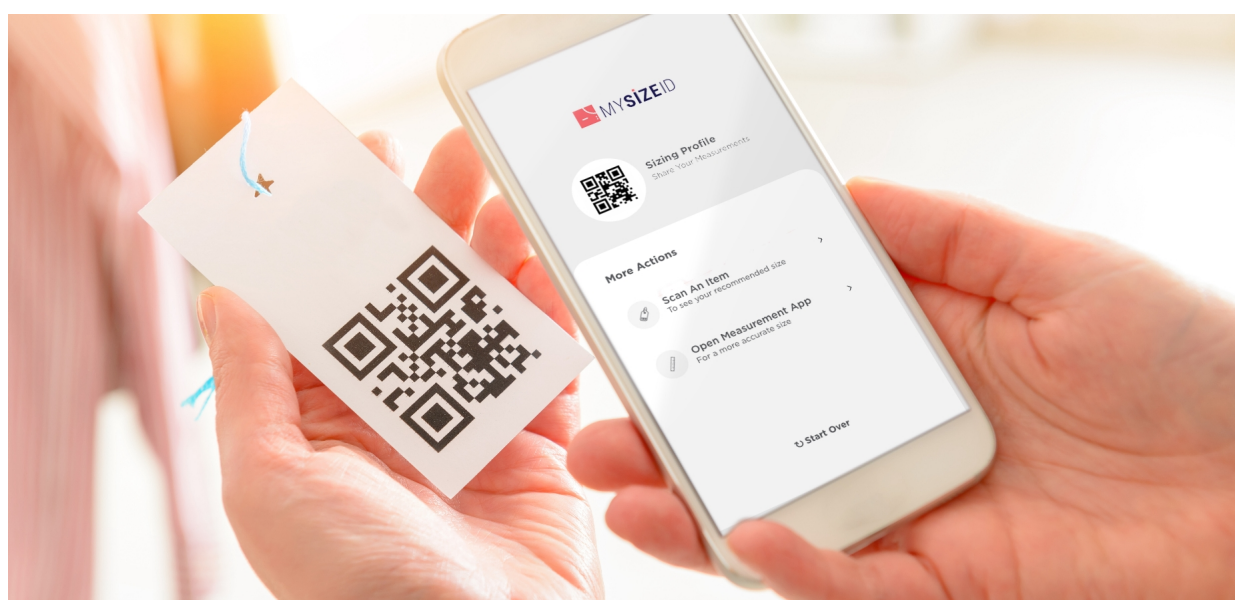
The data derived from this survey revealed that a **staggering 50% of consumers return** apparel and footwear bought online because of a sizing issues. **Thirty-three percent (33%)** of respondents admit to engaging in bracketing, a practice where one buys multiple sizes, colors or styles of an item to try on at home with the intention of returning most items. Bracketing costs retailers millions each year, but it's viewed as a tool that gives peace-of-mind to consumers who are unsure if garments they order online will properly fit them.



50% Admit to Bracketing



33% Return Apparel



The majority of respondents - **72%** - stated that the COVID-19 pandemic has not negatively impacted their will to shop in-store. At the same time, a plurality of consumers report that they dislike the in-person dressing room experience. Online retailers must capitalize on the opportunity to offer customers **the best of both worlds**.

Bringing customers the convenience of at-home shopping without lines and cramped fitting room stalls, and the peace of mind knowing they can confidently order a garment that fits, is mission critical. Superior **at-home, reliable measurement and sizing technology** can help deliver what customers want, leading to increased customer accessibility, lower return rates, and a significant boost to consumer satisfaction and higher-value purchases.

With 'wrong size' as the number one reason for returns across the board, it's time for retailers to step up to the challenge.

Brand approaches towards returns

Online-first brand Fashion Nova only gives store credit, and does not issue cash refunds to unhappy customers. Market-leading fashion titan ASOS requires non-UK customers to pay for the cost of return shipping, and luxury fashion label All Saints has a similar policy.

When considering how damaging returns are to e-commerce apparel sellers' bottom lines, just look at Revolve, which sold \$499 million in product in 2019 but in the same year spent \$531 million on customer returns. It is logical for retailers to switch to a model in which return shipping becomes the customer's responsibility.

At the same time, studies show that 60% of customers will not make a purchase without free shipping guaranteed. Being able to ship back purchases in an easy, consequence-free way has become an expectation for customers - but a huge burden for retailers.



The hassle of dealing with returns has led to industry giants like Amazon deciding to bite the bullet and issue refunds to customers, without the requirement for them to send back their unwanted items. But for businesses that aren't at the peak of the industry, raking in billions on a monthly basis, such a policy is likely unfeasible.

Incorrect sizing directly correlates to returns rates, and retailers understand this critical weak link in the purchase journey. Embracing sizing tech can help online apparel sellers curb return rates and plug that money drain, while encouraging customer confidence.

In-store Frustrations

The survey discovered that women also find store dressing rooms more frustrating than men, with 21% of female respondents noting that their experience waiting to use the store's dressing room was 'somewhat or extremely frustrating'.

Only 10% of US customers, 4% of UK customers and 15% of French customers enjoy their experience waiting for the dressing room, while a large segment of shoppers - a staggering 51% in Italy, 40% in Germany, 31% in the US, 21% in the UK and 38% in France - found it either "frustrating or "extremely frustrating."



Gender Differences in Shopping Experiences

For men, the survey identified that purchasing correctly-sized shoes was the most frustrating part of their online shopping experience, with women noting that buying the right size across shoes, denim, and bras was equally frustrating.

The survey also discovered that women more often return online clothing purchases for sizing-related issues than men, and are more likely to stop buying from online fashion retailers for sizing issues than their male counterparts.



Returns & Purchase Habits



29% Of Respondents
Return Items

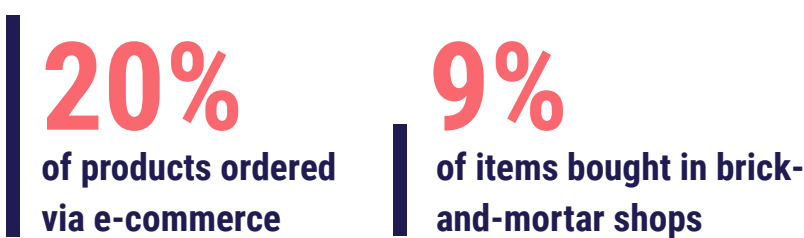


Twenty-nine percent (29%) of respondents return items at least sometimes, with over 14% of Italian shoppers, over 11% of US shoppers, over 10% of UK shoppers, nearly 10% of German shoppers and almost 8% of French shoppers stating they return “often” or “very frequently”.

According to research, consumers are much more willing to return an item they bought online, compared with a product purchased in-store. On average, 20% of products ordered via e-commerce sites are returned, while just 9% of items bought in brick-and-mortar shops are returned.



Willingness to return an item



It’s evident that retailers have done little to reduce returns from pre-pandemic return rates. Now, with more consumers than ever before shopping online as a result of shifted consumer habits within a COVID-19 environment, that percentage also represents a far larger segment of online retailer business.

Incorrect sizing as a reason for returns was reported more than double the amount than the reason of not liking how the clothing looked. Sixty-one percent (61%) of US respondents, over 25% of UK respondents and over 29% of French respondents who returned items also cited size as the reason for the return.

Returns Due to Incorrect Sizing



A significant **32% of US respondents identified as using bracketing to varying degrees**, with behavior including the purchasing of multiple sizes and styles with the intention of returning some items (effectively looking to ‘try on at home’). **Over 33% of UK respondents and 27% of French respondents had also practiced bracketing in their online purchasing.**

Seventy-five percent (75%) of Italian respondents, 74% of US respondents, 72% of UK respondents, and 74% of French respondents expressed either neutrality about COVID-19’s impact on in-store shopping or disagreed that it would change their preference for in-person shopping.

In a key demographic of **18-24-year-olds**, a major outlier in dressing room frustrations was exhibited, with almost **50% of them expressing frustration with current dressing room waiting periods.**

This overwhelming response indicates the opportunity that exists for online retailers to find new ways to create an equivalent to the in-store try-on experience that is valued so highly by so many consumers.

Return Policy Frustrations

Thirty-seven percent (37%) of US respondents agreed or strongly agreed with the statement “difficult return policies discourage me from ordering the things I want online”, closely matched by 38% of UK respondents, 36% of French respondents and 34% of Italian respondents. This was even more impactful with women, who identified that difficult return policies discouraged online shopping for 40% of respondents, as opposed to 33% of male respondents.

Customers reported a major lack of easy-to-use sizing tools, with 71% of respondents saying that the retailers they usually shop didn’t offer any sizing solutions whatsoever. An underwhelming 8% (UK and US) and 14% (French) of respondents were offered a sizing solution that they actually enjoyed using.

This opportunity was even more evident in the specific respondents of the 18-24-year-old demographic, a significant leader in future shopping trends, with only 40% of retailers offering a sizing tool (compared to the 71% average) and a meager 32% using a sizing tool that enriched their shopping experience.



Category Findings

In leading market categories of shoes, denim, and bras, consumers experienced the most difficulty to identify correct sizing when online shopping. Thirty percent (30%) of respondents struggled to find correctly sized shoes, with 27% struggling with denim and 20% with bras.

Despite a wave of recent campaigns touting acceptance for plus-sized items, these also only reach about 10%, which is a significant portion within the context of the plus-sized category not being relevant for a large portion of respondents.

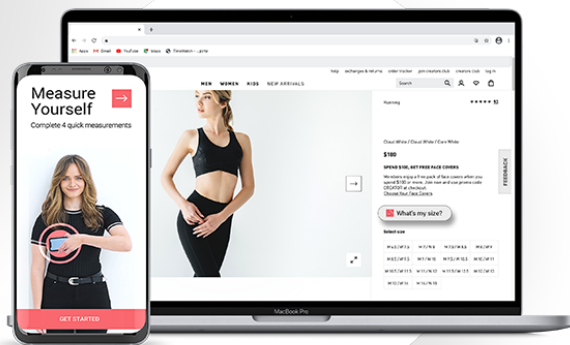


Only 23% of US and UK respondents and 29% of French respondents would continue to purchase from a retailer if the clothes didn't fit them well. Middle-aged consumers also indicated that 45-64% of them were most likely to increase their order size if they had further certainty that apparel was going to fit them.

A market share opportunity is evident in the 46% of respondents who stated they would be more likely to purchase apparel online if they knew it was going to fit them. With stringent competition amongst retailers, and the operating costs of online purchasing making it a more expensive option to fulfill, it is evident that sizing can be a defining factor in both increasing order size and in making online purchases more profitable.

Recommendations: How MySize combats online retail issues via its returns solution

Here are tailored recommendations online retailers can use to stand up to intense physical retailer competition and provide their consumers with targeted, strategic shopping experiences.



As issues with sizing when purchasing online is the number one reason for consumer returns, accurate sizing and peace of mind for consumers can drastically reduce returns and increase online retail profitability.

MySizeID's AI-driven measurement solutions can also remove the frustration of dressing rooms for large numbers of consumers who did not enjoy waiting for them in-store, while also allowing for the importance of the in-store 'try-on' experience to be matched via accurate sizing technology.

This sizing technology can also decrease the occurrence of 'bracketing', with consumers utilizing accurate size forecasting rather than purchasing multiple sizes with the intent of returning items that do not fit, leading to further online retail profitability.

MySizeID equips online retailers to increase their competitiveness within a key 18-24 year old demographic, who are already being more catered to than counterpart demographics for their industry-leading purchasing habits.

Accurate sizing as an online tool can also increase customer loyalty, with 77% of consumers opting not to continue purchasing from retailers if their clothes don't fit well upon purchase.

Increase your consumer purchase size via AI-driven measurement solutions. Meet the needs of almost half of consumers who are more likely to purchase online if they know the item is going to fit them.

For more information about how can MySizeID help your store decrease returns and boost up your sales, **visit us at [MySizeID.com](https://www.mysizeid.com)**

Moving Forward

It's clear that the status quo is no longer enough. From customer dissatisfaction with ill-fitting garments to the costly logistical nightmare of returns and negative environmental impact from returned merchandise waste, it's time for e-commerce retailers to adopt accurate sizing technology. With a lack of retailers offering sizing tech to their customers on their sites, there's a critical gap in the market that must be filled for better sales and consumer experience.

It's up to each retailer to research and implement the right solution for their business, but programs that enable customers to take real measurements are particularly powerful. Systems that go beyond the standard brand-to-brand sizing chart comparisons resonate more strongly with consumers, and increase brand confidence along the way.

E-commerce businesses must leverage the unique opportunity presented by consumer preferences for the convenience of online shopping, coupled with a hunger for the security that comes with physically trying on an item. Companies that can marry the best of the online and physical retail worlds are sure to boost both brand loyalty and their bottom lines.

