

goTRG Survey: General/Holiday Returns During the COVID-19 Pandemic

Key Findings:

- In-store returns were hot, but consumers are taking precautions post-pandemic
- Returns have worsened since the onset of the pandemic and they are frustrating for consumers
- Returns and refunds are synonymous, including a minimum monetary threshold that makes going through with a return worth the effort
- Consumers are tuned into the challenges associated with holiday shopping this year, and are actively altering their shopping plans to avoid delays
- Younger generations perceive refurbished products as viable gift options this season, and \$\$ can be the driving factor
- Retailers should expect to deal with unwanted holiday gifts this season via online channels more so than in-store

In-store returns were hot, but consumers are taking precautions post-pandemic

Before the pandemic, 77% of respondents made their returns in-store more frequently. That number decreased 18% to 63% when respondents were asked if in-store would be their preferred method of return when the pandemic is over.

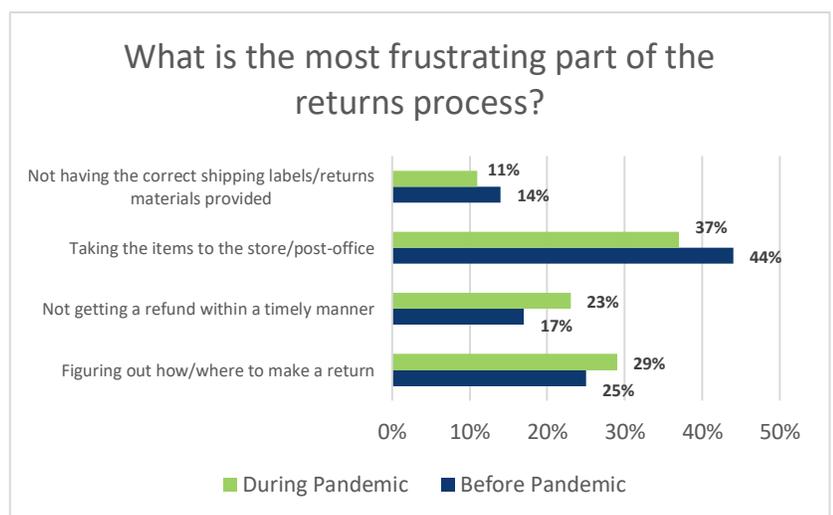
With 61% more respondents sticking to online returns post-pandemic, it is clear that the changes in consumer behavior brought on by COVID-19 will have a lasting impact down the line.



Returns have worsened since the onset of the pandemic, causing frustration among consumers

Over 25% of respondents said that the returns process has worsened since the start of the pandemic. Younger generations were the most vocal on their feelings about returns – 35% of Gen Z and 28% of Millennials said the returns process has gotten worse since the start of the pandemic.

Additionally, frustration as to how/where to make a return has grown along with not getting a refund within a timely manner.

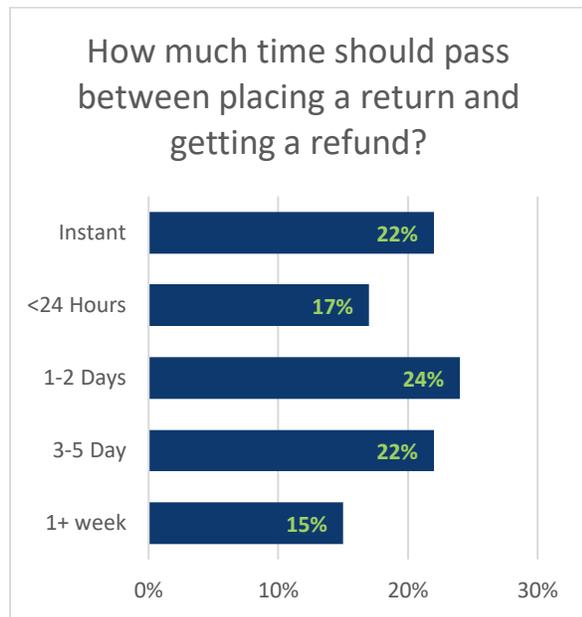


Returns and refunds are synonymous, including a minimum monetary threshold that makes going through with a return worth the effort.

Since the pandemic began, the number of respondents frustrated about not getting a refund within a timely manner increased by 35%.

When asked how much time should pass between placing a return and getting a refund, nearly a quarter of respondents said refunds should be instantaneous.

What's more is that over 60% of respondents said two days or less. This was especially true for Gen Z (68%) and Millennials (65%), two generations living most of their lives in the 'instant' economy, putting pressure on retailers and online marketplaces to adapt to their needs and on-the-go lifestyle.



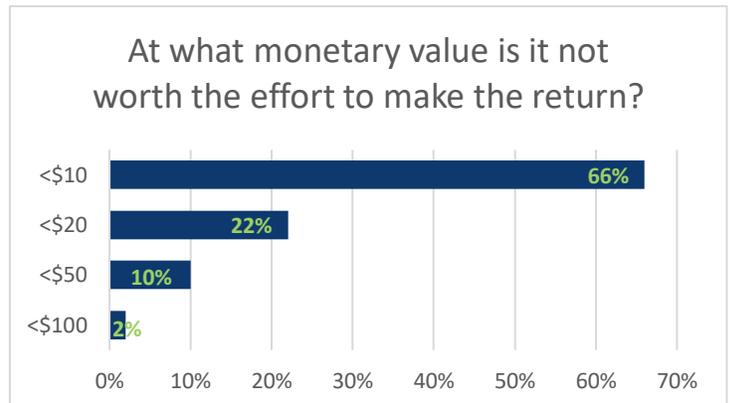
This pressure should not go unaddressed – 64% of respondents said that an online marketplace's returns policy (or lack thereof) has actually deterred them from purchasing a product.



Additionally, 44% of respondents said that they would not purchase a product on Black Friday/Cyber Monday if it was final sale and they couldn't return it. Baby Boomers in particular hold this sentiment, with 63% responding that the inability to return an item on Black Friday/Cyber Monday would deter them from making the purchase.

From an environmental standpoint, when asked to rate the importance of an environmentally friendly return on a scale of one to ten, nearly a quarter of respondents chose ten.

The returns process is make-or-break during purchase decisions, but can also impact consumer behavior even after, with nearly 90% of respondents saying that it's not worth going through the effort of making a return if the product is less than \$20.



Consumers are tuned into the challenges associated with holiday shopping this year, and are actively altering their shopping plans to avoid delays.

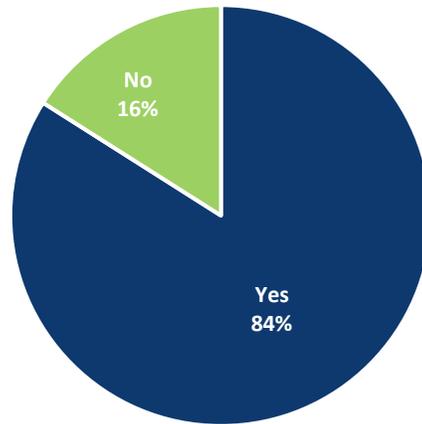
84% of respondents expect holiday shopping delivery delays and out-of-stock issues to be worse this season because of the pandemic.

As a result, 52% of respondents are shopping earlier than usual this year and nearly a quarter are opting to purchase e-gift cards in order to avoid running into any issues.

Interestingly, Gen Z are less inclined to purchase e-gift cards this season than any other generation – only 17% said they plan to do so compared to say, Baby Boomers (24%) for example.

Instead, 28% of Gen Z respondents said they are planning to shop in-store this year, the highest of any other generation. These findings are interesting because retailers have spent the past few years trying to cater their strategies to attract Gen Z consumers, who think and shop differently to their older counterparts.

Will delivery delays and out-of-stock issues be worse due to the pandemic?



Industry research points to Gen Z opting for tangible, in-store experiences, and it is evident that this desire remains strong even during the pandemic.



Younger generations perceive refurbished products as viable gift options this season, and \$\$ can be the driving factor.

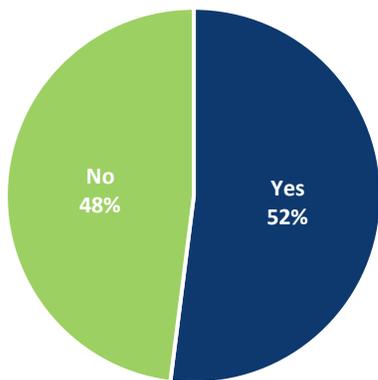
With the refurbished tech market growing in reputability thanks to experts in the field and smart technology managing the returns process, the stigma is being broken.

Consumers are more open to purchasing products on the second-hand/refurbished market without having to be skeptical about the quality of the product they receive – 68% of respondents have already purchased a refurbished product, and over half are open to buying a refurbished product this holiday season if the one they want is out-of-stock, especially Millennials (62%).

Gen Z leads the pack with this decision – 51% said they would buy the item refurbished/second-hand if they knew about the discount, versus Millennials (33%), Gen X (33%), and Baby Boomers (18%).

Given the current economy, consumers this year are likely shopping on tighter budgets which is certainly impacting their buying decisions. With 29% of consumers planning on purchasing electronics, a category of product popular for refurbishment, there is opportunity for resellers looking to capture more of the shopper market this holiday season.

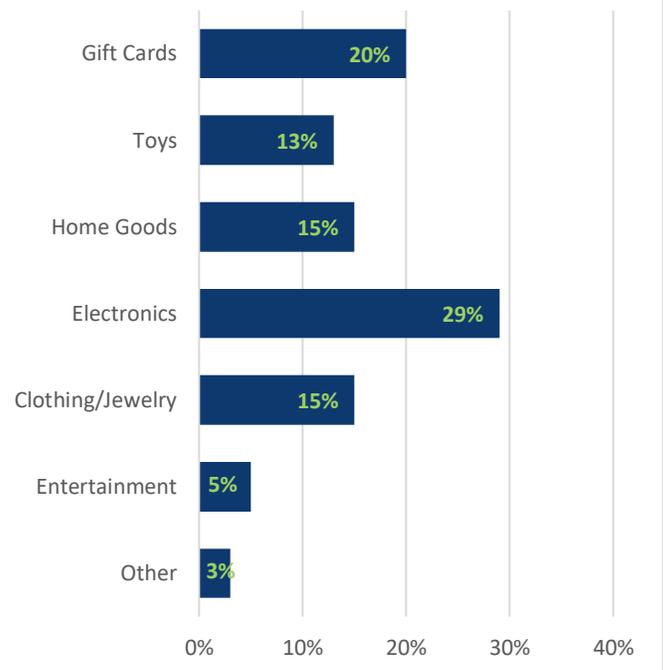
During the pandemic, are you more open to buying a refurbished product if the one you want is out of stock?



Gen Z and 53% of Millennials would consider gifting a refurbished product over a new product this year, compared to Gen X (44%) and Baby Boomers (30%).

It gets interesting when respondents who initially said they would not consider gifting a refurbished product were asked whether they would change their minds if they knew they could save 20% on the item. Nearly a third of those respondents said their minds would be changed.

Which gift category will you be purchasing the most of this holiday season?



Retailers should expect to deal with unwanted holiday gifts this season via online channels more so than in-store.

Nearly a third of respondents expect to return the holiday gifts they receive this season, with over half of respondents expecting to return between 1-50% of the gifts they receive. Nearly 40% of Millennials expect to do so, which is the highest response rate compared to any other generation, including Gen X (33%) and Gen Z (29%).

What's more is that over 65% of consumers say they won't be returning their gifts in-store this year.

When asked why they plan on doing their returns online this season, over 35% of respondents said it was because they believe it to be the safer option in terms of avoiding catching/spreading the COVID-19 virus, and 26% said they don't want to wait in long check-out lines or deal with customer service. Another popular answer among just over 20% of respondents was that they think online returns are faster and easier.

Over half of respondents would go so far as to say they would prefer the option to make a return online/mail it back even if they purchased it in-store. This highlights that the key to success this season for retailers will be flexibility, and meeting customers via their preferred channels with uncertainty on the horizon.



Methodology: goTRG conducted a survey of over 1,000 respondents across various age groups in the United States via Survey Monkey in September 2020 to assess changing consumer shopping behavior in relation to general/holiday returns during the pandemic.

