



Returns Optimization 101

Episode 6: Investigating your Return Rate



Return Rates, Types, Reasons and Comments

In the real world, none of these occur in isolation

It's best to use each to inform the others

Notice a high return rate → look into return reasons



Calculating Return Rate

Return rate can be calculated as:

1. Price Returned / Price Paid
2. Units Returned / Units Ordered
3. # Returns / # Orders

The first two are more precise,
particularly #1

Be sure to use RMA Items and
Order Items information

		price_actual_price	order_id
		\$55.00	
	11/18/19 3:24 PM	\$1.55	
	11/18/19 12:26 AM	\$1.39	
	11/23/19 7:09 PM	\$65.71	
	11/30/19 6:28 AM	\$24.71	
	1/18/20 10:32 PM	\$69.00	1
	12/1/19 7:37 AM	\$0.88	1
	11/29/19 11:27 AM	\$0.98	1
58	11/22/19 4:18 PM	\$0.98	1
3494	12/2/19 9:44 PM	\$25.21	1
603574	12/30/19 11:54 AM	\$65.00	1
9766326	12/2/19 6:28 PM	\$0.00	1
85002294	12/30/19 2:01 AM	\$0.00	1
199497270	12/3/19 10:10 AM	\$65.00	1
6023097398	12/2/19 9:46 PM	\$0.98	1
94500696118	11/22/19 5:13 PM	\$0.98	1
874217173046	12/9/19 12:38 PM	\$1.35	1
905900781622	11/29/19 9:44 PM	\$65.00	1
1886721245238	12/1/19 12:21 AM	\$0.92	1
1889173536822	11/29/19 11:50 AM	\$0.98	1
1884788064310	12/2/19 1:21 PM	\$1.39	1
1892647960630	5/7/20 12:13 PM	\$65.00	1
2141125345334	12/1/19 2:12 PM	\$0.88	1
1890278834230	11/27/19 10:36 PM	\$62.10	1
1881254789174	11/30/19 10:18 AM	\$69.00	1
1887728468022	11/22/19 2:24 PM	\$1.29	1
1874025152566	11/29/19 2:34 AM	\$0.00	1
183416920118	12/28/19 1:45 AM	\$68.00	1
15000993846	11/28/19 2:33 PM	\$58.51	1
149789494	11/28/19 2:33 PM	\$65.00	2
19789494	11/27/19 7:26 PM	\$65.00	2
179158	11/28/19 11:51 AM	\$65.00	
182	11/28/19 9:13 AM	\$0.88	
	11/28/19 11:59 AM	\$3.01	
	12/2/19 1:02 PM	\$1.35	
	12/2/19 1:02 PM	\$1.35	



Reality of Return Rates

Return rates vary...

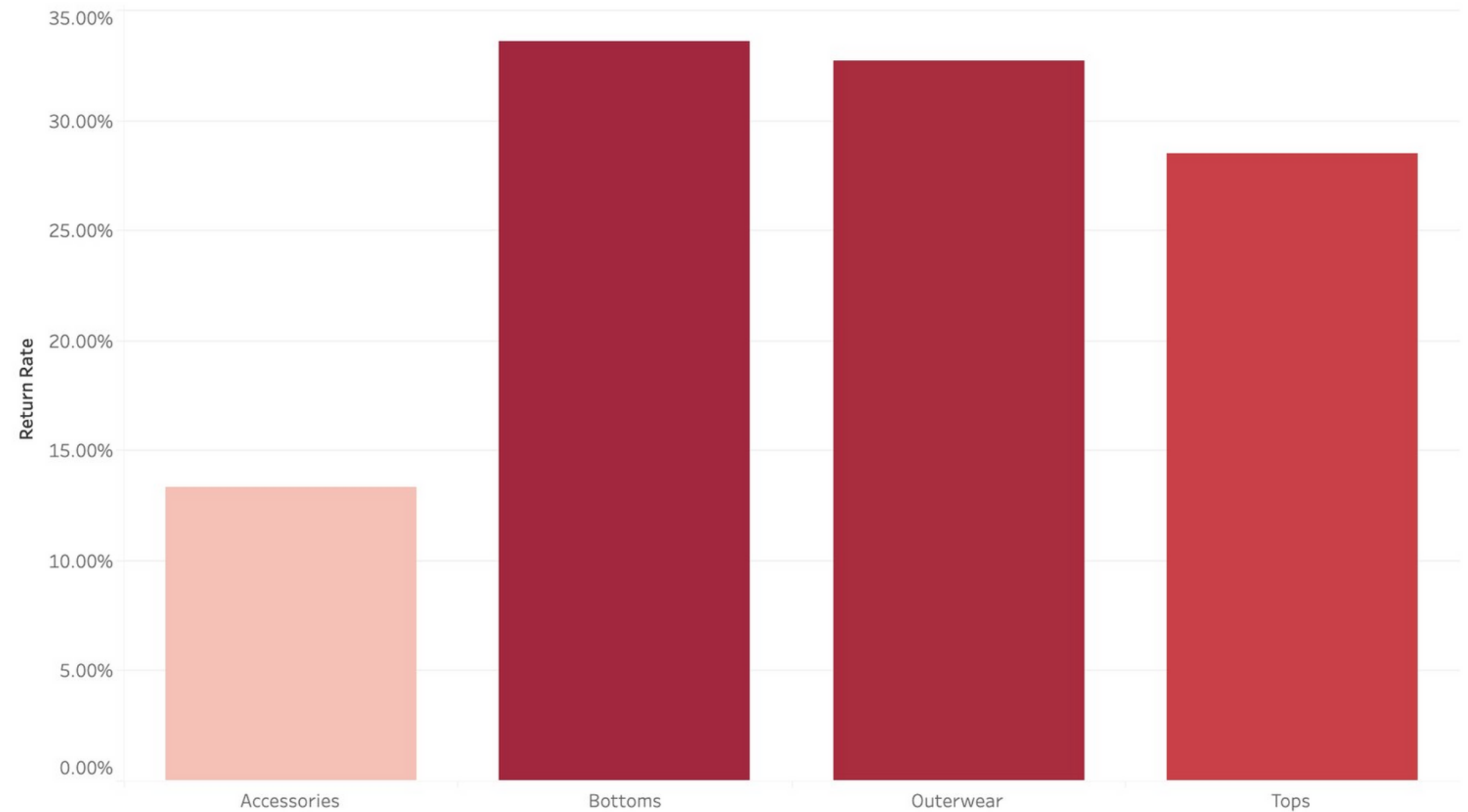
By retailer, product category, individual product, product variant, type of customer, over time, and more

Incorporate as many factors as possible to more deeply understand your return rate



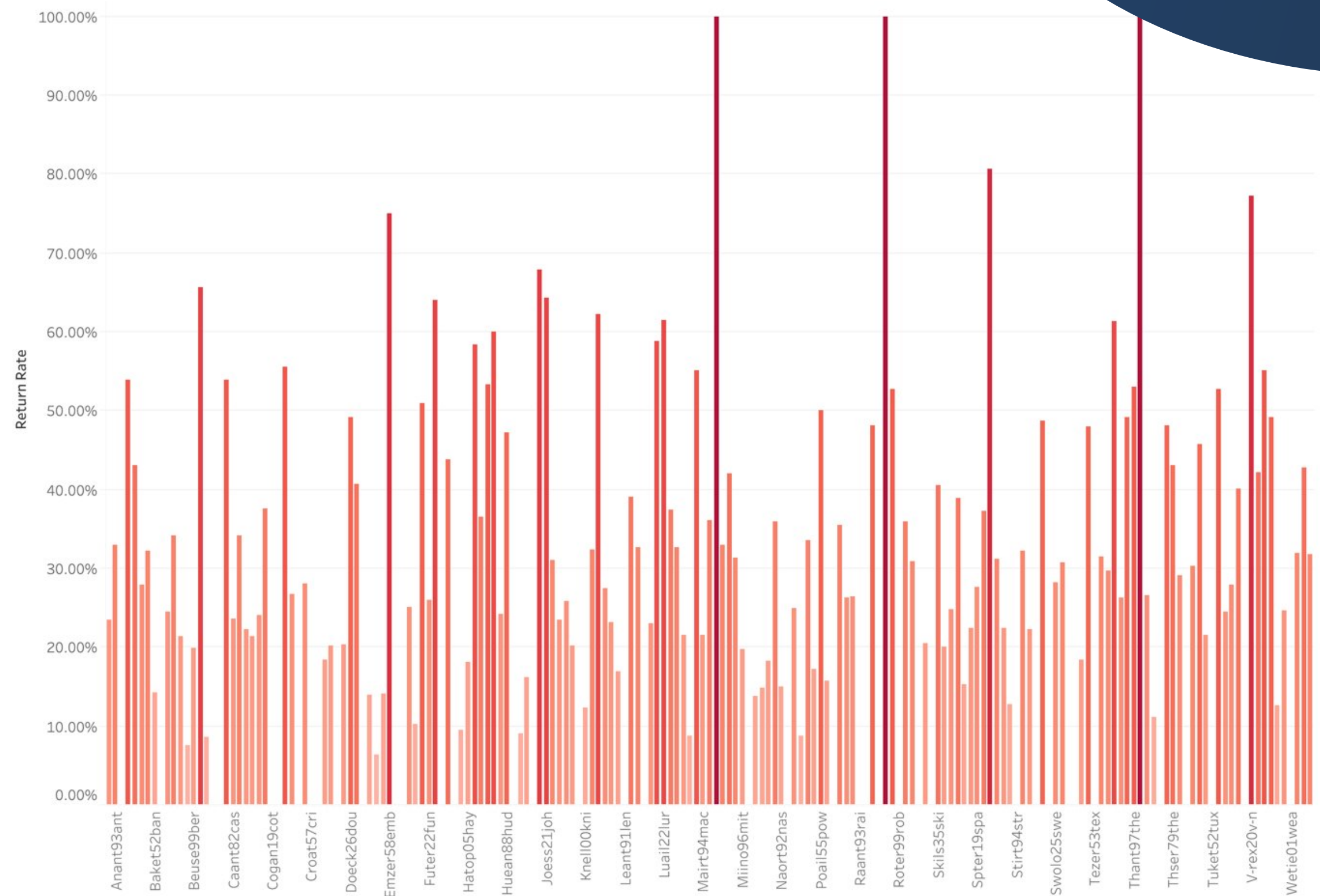
Product Categories

Return rates vary by product category



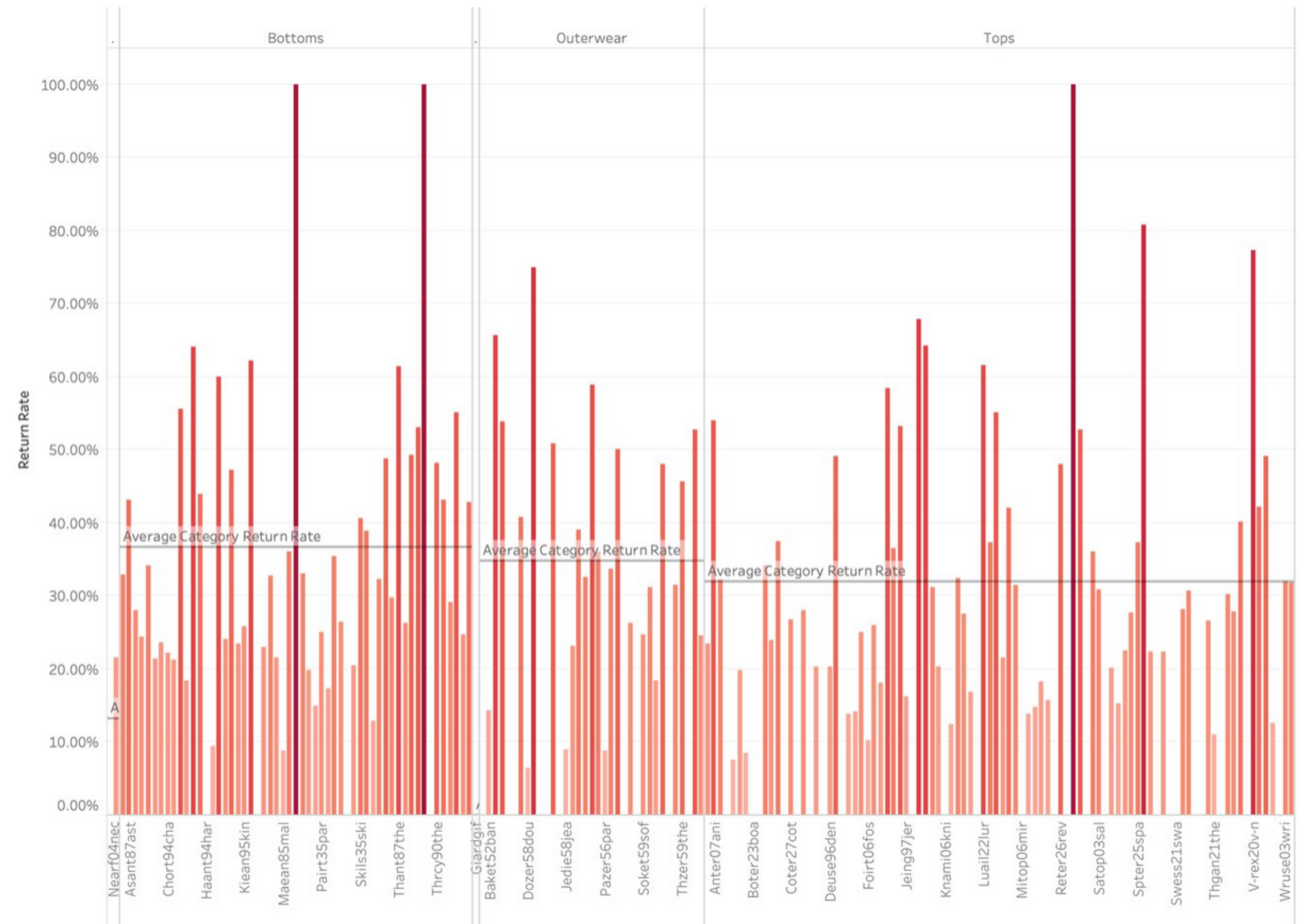
Products

Return rates vary by product



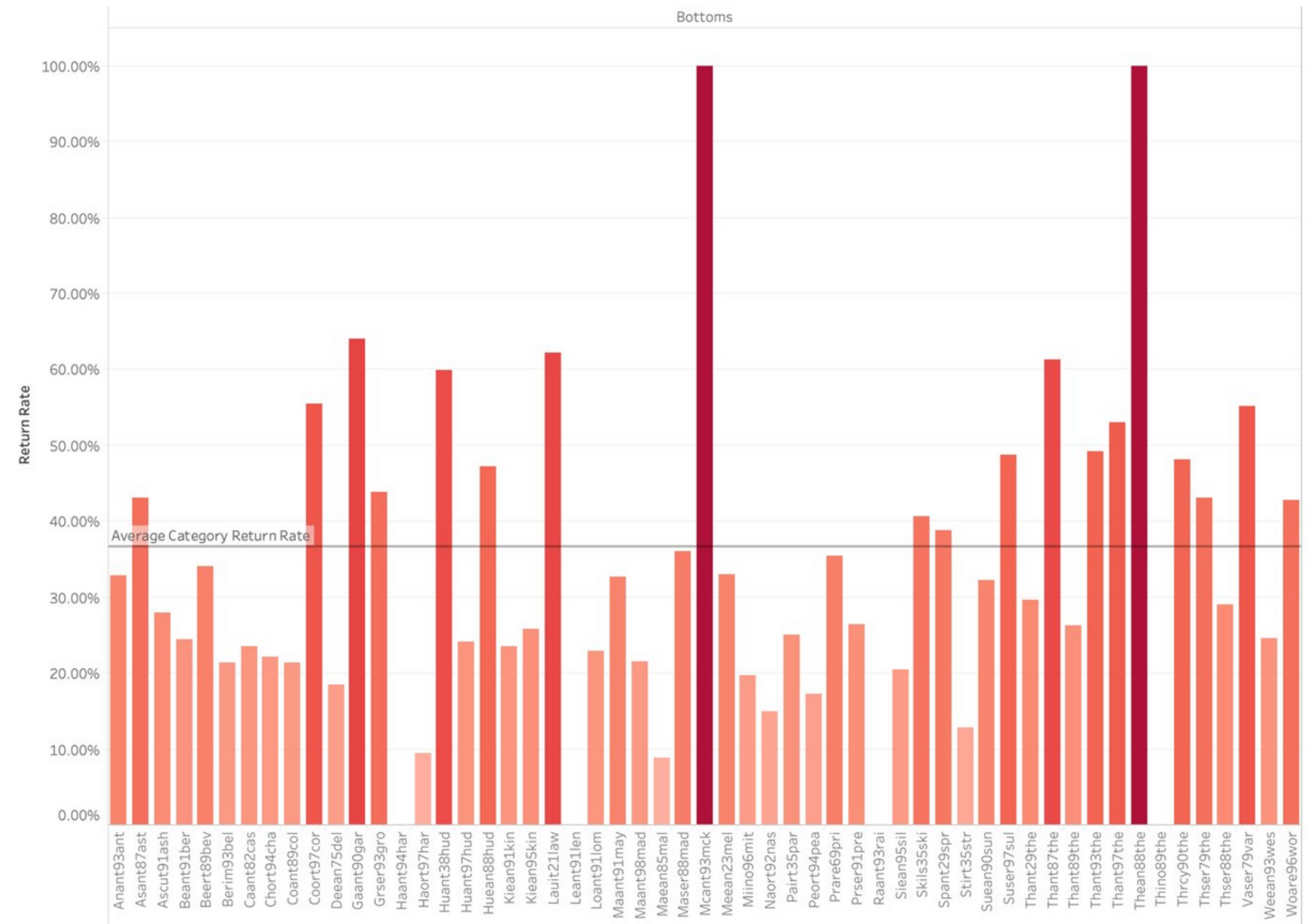
Products by Category

Compare return rates by product within categories for a more meaningful benchmark



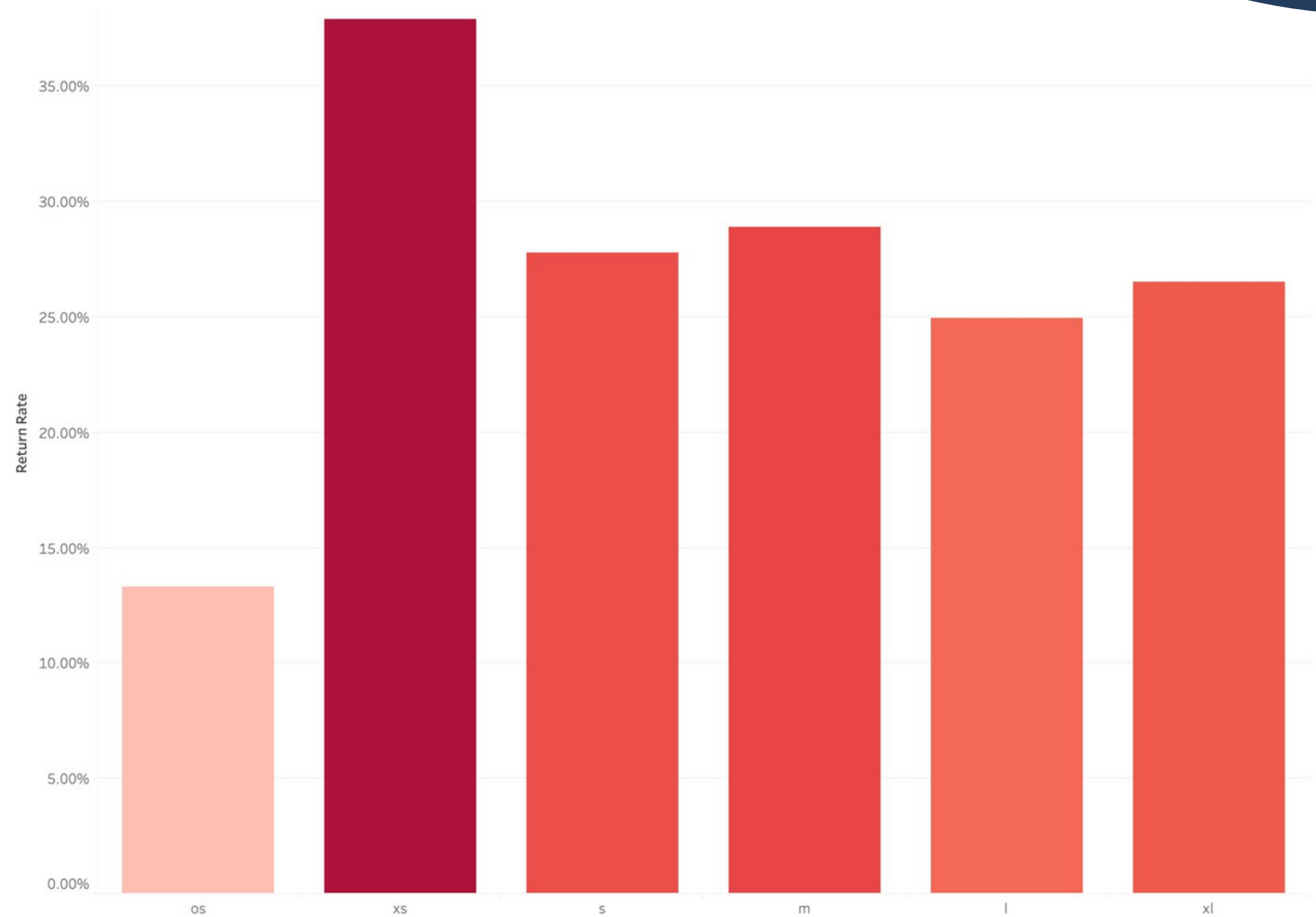
Products by Category

Zoom into a particular category for product-by-product comparisons



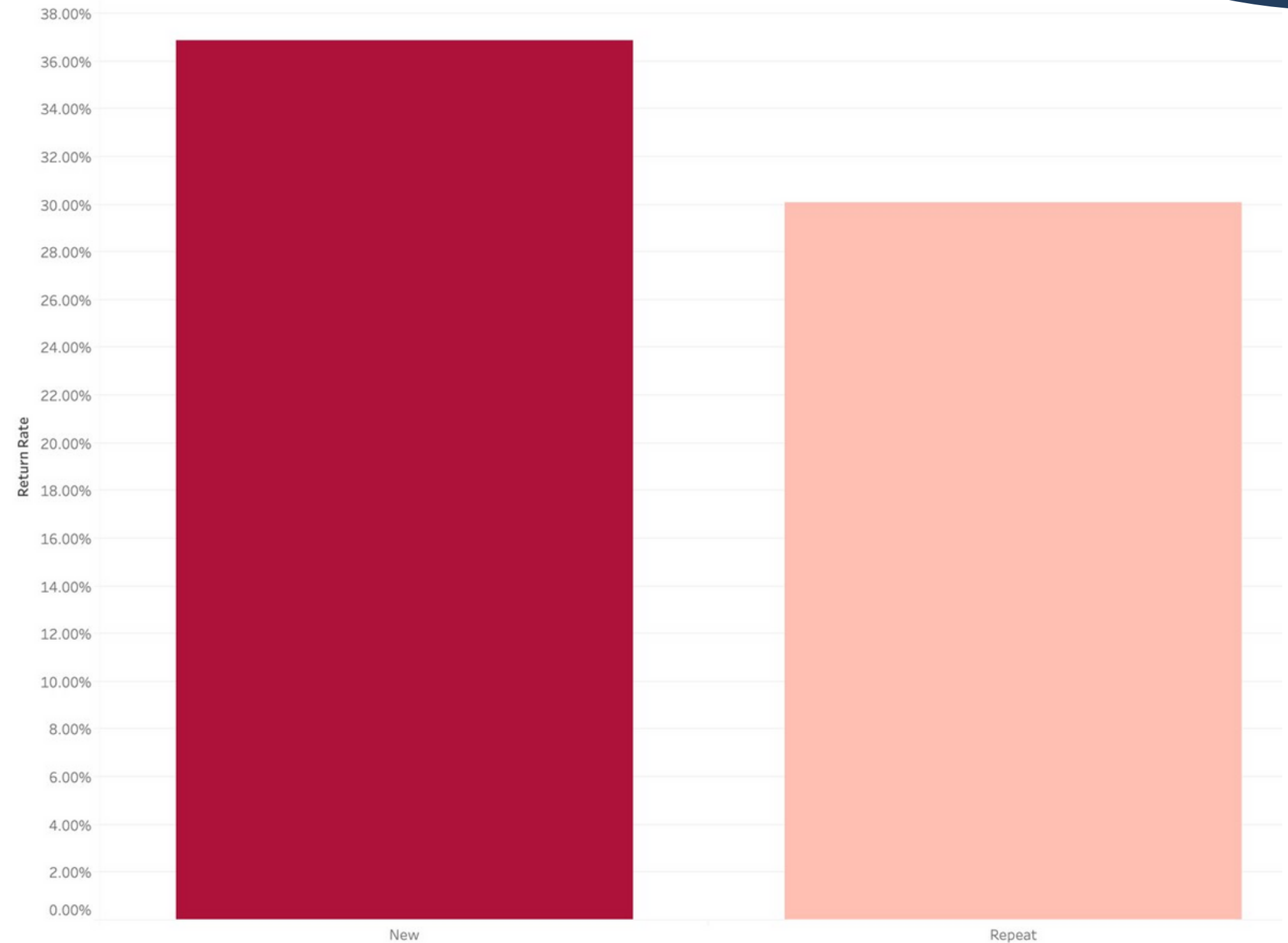
Product Variants

Check out your product variants to see if certain colors or sizes are returned more often than others



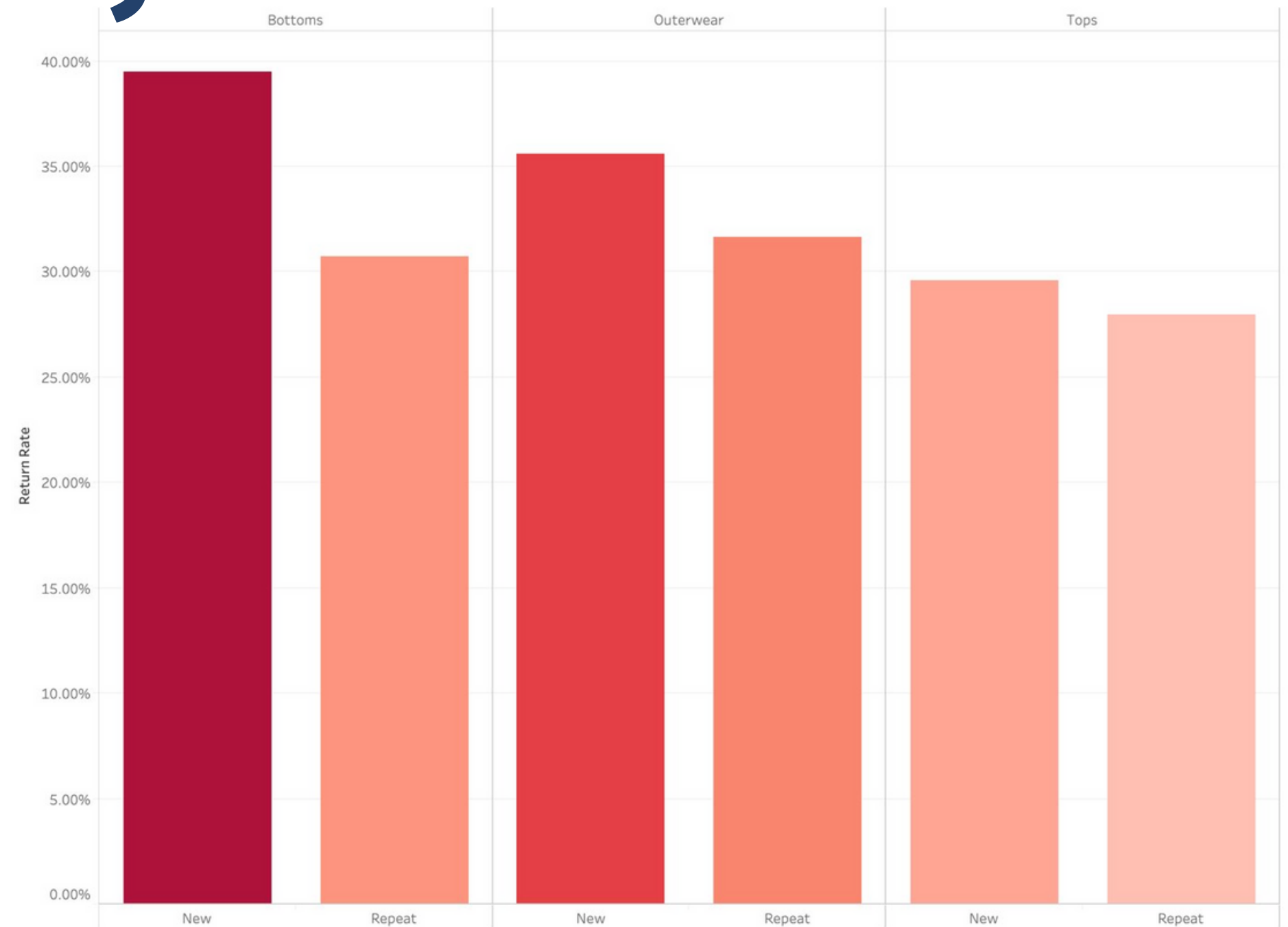
Customer Types

New shoppers typically have a higher return rate, due to lack of familiarity with your conventions



Customer Type and Product Category

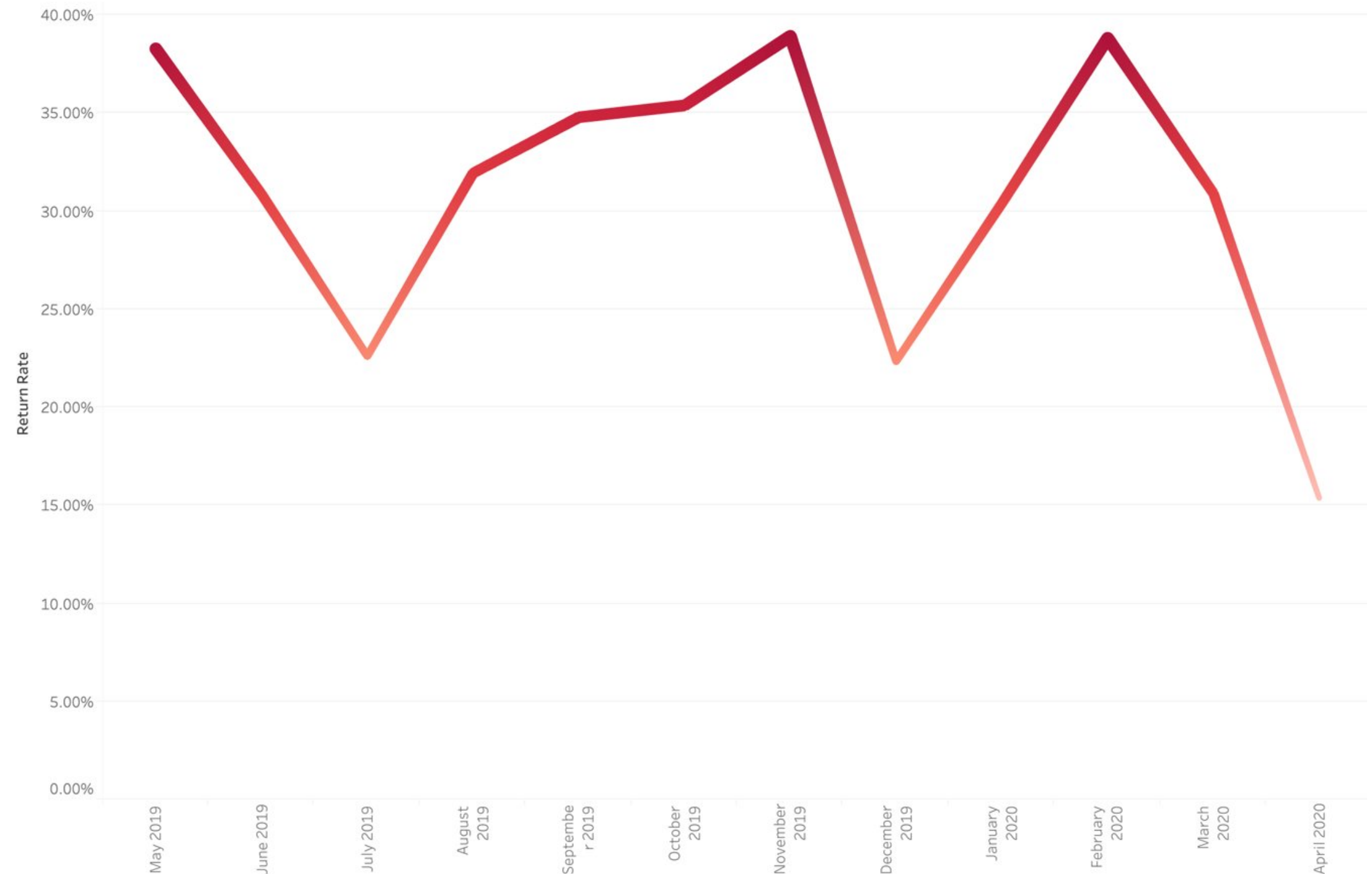
Certain product categories may be more challenging for new shoppers



Over Time

Return rate will vary over time, largely due to sales cycles

End-of-season sales typically see lower return rates, product launches often see greater return rates



Then What is a “Bad” Return Rate?

Return rate is influenced by a lot of factors

In addition to these benchmarks...

Compare an item’s proportion of total orders to its proportion of total returns



What is a “Bad” Return Rate?

If % of Total Returns exceeds % of Total Orders...

The product may be problematic



Key Takeaways

Return rates vary by a lot of factors...

retailer, product category, product, variant, customer type, over time

By incorporating as many factors as possible, we can more deeply understand return rates from a more actionable perspective



Related Resources



[Shopify Returns: 7 Best Practices to Reduce Your Return Rate](#)





Returns optimization begins here.