

# Commercial Product Returns: Emerging Trends via Network Analysis

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## **EXECUTIVE SUMMARY**

*The increasing use of online shopping has escalated product returns and consequently the importance of their management. In parallel, the increasing scholarly interest on the subject is reflected in the number of publications. In such fast-growing research fields, mapping the whole research activity is useful in highlighting research areas that could provide a better knowledge accumulation in the field. With this aim, this chapter conducts co-citation and co-word analysis to identify future research directions. According to results, there is a need for future research to investigate 1) the consumer reaction when the service level received conflicts with the retailer environment (un)friendly operations, 2) the impacts of retailer return policies on their reverse logistics management, 3) the implementation difficulties of handling omni-channel returns in different organizational structures, and 4) the effectiveness of technological tools and applications used to avoid returns. This chapter also discusses the implications of COVID-19 on the commercial product returns research.*

## **INTRODUCTION**

Commercial product returns, defined as “products returned by customers for any reason within up to 90 days of sale” (Blackburn et al., 2004, p. 6), have become the key focus of practitioners and scholars with the rise of Internet. The increasing demand for online shopping is escalating product returns to a level much greater than those of brick-and-mortar store sales (Rao et al., 2018). According to recent market

research, 36% of the surveyed online shoppers returned an item at least once within the last three-month-period (UPS, 2019). Besides the increasing rate of returns, the variation in the reasons for product returns makes its management quite complex for retailers. The reasons for product returns can broadly be categorized as true failure returns and false failure returns (Ferguson et al., 2006). True failure returns consist of those that occur due to the verifiable fault of retailers, such as defective/broken items and logistics failures (e.g. late delivery and improper packaging). In addition to these, retailers have to handle false failure returns which are the items returned by consumers although they have neither functional nor cosmetic problems (Ferguson et al., 2006). Consumers' impulsive purchasing behaviour, value and fit uncertainties especially in online purchases, and remorse because of simply changing their mind or finding a better price are the main reasons for false failure returns. Opportunistic returns (Akturk et al., 2021) are also another type of false failure returns, in which consumers may exploit liberal return policies of retailers for their benefits, for example, in order to reduce value and fit uncertainties in online purchases, they may order multiple alternative items with the intention of returning all but one (Asdecker et al., 2017).

Retailers should take into account many factors in managing commercial product returns. On one hand, processing returns can be very costly, considering the costs of sorting, testing, holding, transportation, disposal, and secondary market (Difrancesco et al., 2018; Shang et al., 2017). Other negative financial aspects for retailers are refunds to consumers, restocking, and product value depreciation after returns. On the other hand, attempting strictly to avoid product returns or charging consumers for these costs may also be damaging for retailers in overall. These measures could negatively affect sales (Wood, 2001), repurchasing behaviour (Petersen & Kumar, 2010), and brand loyalty (Griffis et al., 2012). Moreover, the resulting negative word-of-mouth may discourage potential consumers (Petersen & Kumar, 2009). In contrast, the hassle-free returns could increase customer satisfaction (Vakulenko et al., 2019) and provide useful feedback for improving retailers' processes (Röllecke et al., 2018). Table 1 below summarizes the potential negative outcomes associated with product returns management by separately listing the costs and negative impacts of accepting and avoiding returns respectively:

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