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Bachelor thesis

Returning fashion items has never been easier

A qualitative multiple case study regarding the challenge of designing a return policy that benefits the consumer, the corporation and the environment.



Authors: Lucas Alsbjer,
Joel Lindholm

Supervisor: MaxMikael Wilde Björling

Examiner: Miralem Helmefalk

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Abstract

An escalating concern about the environment amongst the general population, businesses trying to make their way forward on the hunt for market shares and profitability, and customers that nowadays are used to extreme flexibility in their purchase and return process due to the immense growth of e-commerce. These observations can all be considered facts, but do they correlate with each other when a customer tries on a pair of pants and decides to return them to the retailer?

The purpose and reason for why this thesis was conducted was to gain an understanding of how fashion e-tailers in Sweden balance the needs of consumers, company finances and environmental concerns when designing their return policy. The thesis was conducted as a multiple case study, using a qualitative research method where the primary data was collected from six in-depth semi-structured interviews with practitioners within the field, representing e-tailers in the fashion industry. The findings obtained from the interviews were put in context, analysed, discussed and compared with literature from previous research using a thematic analysis approach.

The authors can conclude that balance in the return policy is difficult to achieve. Various avoidance techniques are being used in order to maintain balance, and customer satisfaction is seen as a vital part of the return process. Sustainability is difficult to define and the participants interpreted the phrase in various ways. It was therefore complicated to analyse the environmental impact from product returns. Basically, it is difficult to know what the most sustainable initiatives are, and even though our participants take some environmental initiatives, there is room for improvement.

The research provides valuable managerial implications from a new perspective that the researchers believe is more comprehensive, and gives suggestions for future research within the field of study.

Key words

E-tailers, Product Returns, Return Management, Consumer Behaviour, Return Policies, Reverse Logistics, Green Supply-Chain Management, Sustainability, Fashion Industry



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Lucas Alsbjer

Joel Lindholm



Table of Contents

1. Introduction.....	1
1.1 Background.....	1
1.2 Problem discussion.....	4
1.2.1 Theoretical problematization.....	4
1.2.2 Managerial problematization.....	6
1.2.3 Research Gap.....	6
1.3 Research question.....	7
1.4 Purpose.....	7
1.5 Delimitations.....	7
2. Literature review.....	8
2.1 Return management.....	8
2.1.1 Returns avoidance.....	9
2.2 The design of return policies.....	9
2.3 Consumer behaviour and product returns.....	11
2.4 Sustainability.....	13
2.4.1 Green supply-chain management in reverse logistics.....	15
2.5 Literature summary and conceptual framework.....	15
3. Methodology.....	16
3.2 Research approach.....	16
3.3 Research design.....	18
3.3.1 Qualitative research design.....	18
3.4 Research strategy.....	19
3.4.1 Multiple-case study.....	19
3.4.2 Time horizon.....	19
3.5 Types of data.....	20
3.5.1 Primary data.....	20
3.5.2 Secondary sources.....	20
3.6 Research methods.....	21
3.6.1 Semi-structured interview.....	21
3.6.2 Collection of data.....	21
3.7 Operationalization.....	22
3.8 Sample.....	23
3.8.1 Purposive sampling.....	24
3.8.2 Participant criteria.....	24
3.8.3 Table of cases.....	25
3.9 Data analysis.....	25
3.9.1 Thematic analysis.....	26



3.9.2 Coding the data.....	26
3.10 Quality of research.....	27
3.10.1 Reliability.....	27
3.10.2 Validity.....	28
3.11 Ethical and sustainable considerations.....	29
3.11.1 Ethical considerations.....	29
3.11.2 Sustainable considerations.....	30
4. Analysis and discussion of the empirical findings.....	31
4.1 Consumer behaviour.....	31
4.1.1 Identifying consumers that return products frequently.....	31
4.1.2 Actions taken when consumers abuse the right to return.....	33
4.1.3 Wardrobing.....	35
4.1.4 Consumers attitudes towards the environment.....	35
4.2 The design of return policies.....	36
4.2.1 Return rate and the attitude towards returns.....	36
4.2.2 Advantages and disadvantages of free returns.....	37
4.2.4 The major challenges of designing and implementing return policies.....	38
4.2.5 The balance in the return policy.....	39
4.3 Return Management.....	40
4.3.1 The return management process.....	40
4.3.2 Avoidance techniques.....	42
4.3.3 Supplier cooperation.....	43
4.4 Sustainability.....	43
4.4.1 Sustainability and success.....	43
4.4.2 Recycling and reuse of packages.....	45
4.4.3 The aspiration of sustainability vs profitability.....	45
4.4.4 Logistics and return options.....	46
4.4.5 Advantages with a sustainable return process and green initiatives.....	47
4.5 Sending returns from C2C.....	49
4.6 Suggestions for improvement in the return process.....	49
5. Conclusion.....	50
5.1 Answering the research question.....	50
5.2 Theoretical implications.....	53
5.3 Managerial implications.....	54
5.4 Limitations.....	55
5.5 Suggestions for future research.....	56
6. List of references.....	58
Appendices.....	65
Appendix 1 - The interview guideline.....	65



Appendix 2 - Contribution Table.....67

List of figures and tables:

Figure 1: *E-commerce turnover in Sweden 2006-2022, (Postnord, 2022. pp. 4)..... 1*

Figure 2: *The types of returns (Rogers et al., 2002)..... 9*

Figure 3: *Conceptual framework developed by the authors..... 16*

Table 1: *Operationalization table formed by the authors..... 23*

Table 2: *Table of cases formed by the authors..... 25*



1. Introduction

In this chapter, the authors will give an introduction of the core subject and present the topics in which will form the basis of the thesis. The background will allow the reader to get a broader understanding of our chosen research topic. A problem discussion will be presented which will allow the reader to understand the theoretical and managerial implications. Lastly, the chapter will present research questions alongside an underlying purpose and delimitations to the thesis.

1.1 Background

The rise of the internet has affected the retail industry and during the last decades there has been a tremendous shift from traditional store shopping towards online shopping. Björklund (2012) points out that Swedish commerce is facing a paradigm shift since the quantity of goods purchased online increases rapidly. According to Postnord (2022), e-commerce has shown steady growth in the last decades and has opened up a new way of shopping. In 2022 Swedish online trade had a turnover of SEK 136 billion and it constitutes for approximately 17% of the total commerce in Sweden. Interestingly, e-commerce showed negative growth for the first time in 2022 and according to Postnord the negative growth is attributed to high comparative figures, war, inflation and recession. However, clothing and shoes did not contribute to the negative growth and this product category showed a positive growth of 2% in 2022 and is now accountable for 29% of the total fashion commerce (Postnord, 2022). Below, a diagram is shown to demonstrate the growth of e-commerce in Sweden between 2006-2022.

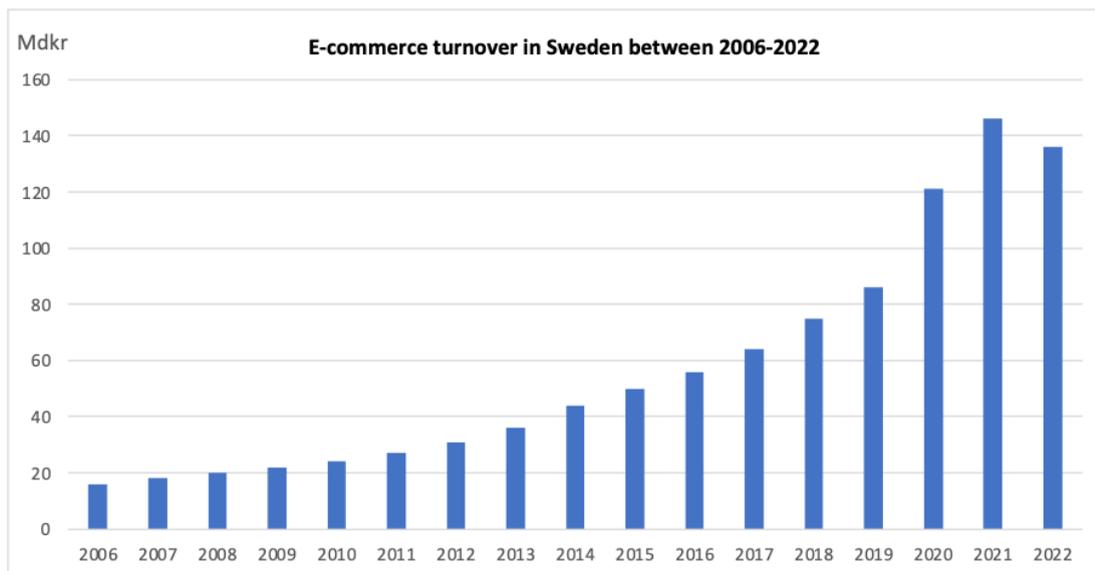


Figure 1. E-commerce turnover in Sweden 2006-2022, (Adapted from Postnord, 2022. p. 4).



According to Björklund (2012) online shopping has some disadvantages in comparison to traditional stores. Consumers perceive greater risk with online shopping in comparison to physical store shopping. When shopping apparel online customers can not test the product immediately and ensure that it is the right fit. Instead, customers tend to use their own home as a changing room and order the same product in different sizes and return the ones that did not fit. Or the customer buys the product in one size, returns it and orders it in another size and then returns it again a second time (Björklund, 2012). E-tailers have a noticeable higher rate of return in comparison to traditional stores. The return rate is roughly ten times higher (Edwards, McKinnon and Cullinane, 2011).

According to Swedish law the consumer has different rights when shopping online in comparison to physical store shopping. When you buy products from a physical store you do not have the right to return the product to the retailer, but many physical stores still offer “purchase on approval” or “right to exchange bought products”. In order to protect the consumer when shopping online there is a law (SFS 2005:59) that forces retailers to offer 14 days of right to withdraw. Retailers have the opportunity to offer their customers more than 14 days, for instance, Zalando offers their customers 100 days purchase on approval. Customers can test the product to ensure that it is the right fit but the product should be in unchanged condition when returned to the retailer (Zalando, n.d.)

Fashion e-tailers stand out from other e-tailers when it comes to product returns and the percentual rate of return is noticeably higher for apparel in comparison to other product categories. The remarkably high return rate within the fashion industry depends, among other things, on consumers that are systematically over-ordering products, in other words, the consumer does not intend to keep all the products in the first place (Norrström, 2018). On average, 20-33% of all clothing bought online in Sweden is returned (Forssen, 2019; Frisk, 2021). However, the rate of return varies greatly between fashion e-tailers and it lies between 18-60% (Frisk, 2021). In general, women return products more frequently than men and the group that is accountable for most returns are younger womens. At the same time it has been shown that women are shopping more frequently, but men have a higher average transaction size (Pettersson, 2020). According to a global survey conducted by Statista (2019) the most tangible reasons for product returns online can be attributed to:

- Incorrect, poor quality or damaged products
- Delayed delivery
- Inadequate description of the product
- The customer has regretted his purchase

It is very common that returned products are repackaged abroad since the labour costs are lower and therefore it is often beneficial from an economic perspective. The downside of this is that the transports increase which harm the environment (Forssen, 2019). Studies from Lunds University have shown that retailers frequently throw away cheaper apparel



since the cost for repackaging is too high in comparison to purchase price (Gustavsson, 2022). Other studies have shown that 9 out of 10 consumers think that returned products immediately are restocked. This shows that consumers are poorly informed about what is actually happening with the returned products (Freedman, 2022).

Product returns is a complex question and it is a challenge for all e-tailers (Ahsan and Rahman, 2021; Postnord, 2021; Nets A/S, 2022). Patrick Müller, e-commerce specialist at Nets A/S, mentioned in a press release that the complexity arises since it is all about creating satisfied customers, balancing costs and profitability and taking the environment into consideration - all at the same time - which often creates conflicts between these factors (Nets A/S 2022). Similarly, Hjort (2010) stated that development of return policies and strategies are a fragile balance. From one perspective it can be necessary to reduce the rate of returns, but at the same time you want to create customer satisfaction, which in turn can lead to increased returns (Hjort, 2010). Further, the shipping company Postnord stated in their annual report that free returns creates competitive advantages, but it is usually costly for the e-tailers and it could be questionable from an environmental point of view (Postnord, 2021).

Recently, retailers have taken different actions in order to reduce the product returns. For instance, the fashion retailer Boozt has started to block customers that are returning to many items. Boozt found that 0,4 % of the customer base was accountable for approximately 15% of the total returns and therefore they decided to block these customers. However, Boozt claims that these customers are abusing the right to return the order for free and normal shoppers should not be afraid of being blocked. According to Boozt an approved shopping behaviour could be that you order four dresses and keep one of the dresses. Similarly, the fashion retailer Boohoo decided to take away the opportunity to pay by invoice for high returning consumers as these consumers almost always use credit payment. An important key fact to remember is that Swedish studies have shown that consumers that return a large amount of products often are profitable. Therefore, it is difficult to calculate and draw a line when it is time to hinder consumers from placing new orders (Ljungholm, 2022). H&M have started to charge customers for returns in the UK and Norway as an experiment. They do this in order to see how the customers react and if the shopping behaviour changes. The overall goal is to improve the profitability. Another example is the fashion retailer ZARA, which started to charge customers 29 SEK for returns in the beginning of 2022. Interestingly, this move has drawn attention and big retailers like Boohoo and Asos seem to go in the same direction (Westberg, 2022).

To summarise, e-commerce has experienced a rapid growth which in turn has led to increased amount of product returns. It seems to be a tough challenge to design and implement a return policy that favours the customer, company and the environment. The design of return policies varies between companies and different strategic choices are



taken. Product returns is a highly topical area and it is frequently debated in newspapers, books and studies.

1.2 Problem discussion

1.2.1 Theoretical problematization

The phenomena of returning products from distance occurred before the rise of the internet. Before the rise of e-commerce there was a huge growth in catalogue sales which allowed customers to order products by using email. A lot of research conducted at the beginning of the 21st century is therefore based on returns linked to catalogue sales (Wood, 2001; Petersen and Kumar, 2010). E-commerce and traditional catalogue sales are very similar and the main difference is that customers are looking at a screen instead of a paper catalogue. Studies based on catalogue sales are therefore still relevant. Research regarding product returns within e-commerce have been studied from various perspectives. However, in relation to the frequent debates in newspapers and the high rate of returns many e-tailers are facing, one dare to say that there is limited new research within the field.

Return management plays an important role in the retailers supply chain and an appropriate implementation of return management can create competitive advantage (Mollenkopf, Russo and Frankel, 2007) and reduce the rate of unwanted returns (Rogers, Lambert, Croxton and García-Dastugue, 2002).

When shopping online it is more difficult for the customer to create a perception of the product. This might explain why the return rate is noticeably higher in the online environment in comparison to traditional store shopping (Wood, 2011; Powers and Jack, 2013). Avoidance is one strategy retailers can work with in order to reduce the rate of unnecessary returns. Avoidance means that retailers should strive for better product description of the products they are selling. For instance, appropriate description of materials, sizes and colours. Conclusively, avoidance is a way of work that aims to be preventive (Powers and Jack, 2013).

Studies that have investigated how a lenient versus strict return policy affects consumer behaviour and the company's profitability shows different results. For instance, Kumar and Petersen (2010) results suggest that a generous return policy is more profitable than a strict return policy. Contraversely, Lantz and Hjort (2013) results suggest that free returns should not be offered at all since the increase in sales is not compensating for the costs associated with the increased returns. Furthermore, how differently return policies affect the rate of return also contain different results. Some researchers predict higher returns when a lenient return policy is implemented (Petersen and Kumar, 2010) while other studies have shown that the rate of return remains the same (Wood, 2001; Wang, 2009).



One thing that these studies have in common is that a lenient return policy contributes to higher sales and increased order frequency. Researchers also seem to agree that retailers usually offer a generous return policy due to the highly competitive environment (Lantz and Hjort, 2013; Jeng, 2017). We also know that it is important for retailers to identify customers that are frequently returning products. Customers with high impulsive tendencies are more likely to return products frequently (Kang and Johnson, 2009), but these individuals are also purchasing and retaining many products in the long run (Ek Styvén, Foster and Wallström, 2017; Petersen and Kumar, 2010). This findings tells us that it might not be appropriate to block these customers or ignore them since they can be very profitable in the long-run.

Sustainability is a highly topical question in society today and companies are expected to take the environment into consideration in their business processes. Online fashion e-tailers have a noticeable high rate of return which leads to increased transport which has a negative impact on the environment. Furthermore, the returned products are often handled and repacked abroad due to cheaper labour costs which in turn leads to even more transports (Cullinane, Yang, Brown and Karlsson, 2019).

In summary, if customers are facing two equal alternatives the customers will choose the retailer with the most lenient return policy (Kahn, Moore and Glazer, 1987). This statement simply means that companies can attract new customers and create customer satisfaction by implementing a lenient return policy. At the same time, Lantz and Hjort (2013) states that retailers need to balance the benefits of a more lenient return policy against the costs. As mentioned earlier, previous research has drawn different conclusions regarding how the degree of leniency affects the return rate and the profitability (Bahn and Boyd, 2014). However, the return rate for online fashion retailers is approximately 20% (Cullinane et al., 2019) which contributes to a lot of unnecessary transports.

From our knowledge, retailers can create customer satisfaction by implementing a generous return policy which makes it easy for the customer to return products and without any costs involved. The retailer might face higher costs for handling the returns and the returns might increase if a generous return policy is implemented. On the other hand, if retailers decide to implement a strict return policy it could affect the customer satisfaction negatively. Furthermore, if the retailers are aiming for being environmentally friendly in their return process, one could argue that it would be necessary to cut down the return rate in order to reduce transports and wasted packages. These are some arguments that explain why it is challenging for retailers to design a return policy that balances the needs of the consumer, the company finances and the environment.



1.2.2 Managerial problematization

Even though the amount of returned products are increasing within e-commerce, many retailers prioritise other business processes before return management (Mollenkopf, Russo and Frankel, 2007). Product returns are a growing problem for retailers and retailers are aware of the problem. The problem is that retailers are confused and they do not know how they should attack the problem (Hellström, Hjort, Hall and Oghazi, 2017). Lindstedt (2021) explains that the majority of all e-commerce companies have prioritised growth and they have therefore implemented a very generous return policy since it contributes to increased sales. How to deal with the challenges regarding returns have therefore been neglected due to the strong focus on growth (Lindstedt, 2021).

The fact that the design of return policies varies between fashion retailers indicates that there is some kind of confusion on how to deal with product returns. Retailers are doing experiments on their own by making changes in the return policy and measuring the results of the change (Ljungholm, 2022). Bahn and Boyd (2014) point out that the results from previous studies suggest different recommendations of how strict or generous the return policy should be designed. According to this statement it is difficult for retailers to design their return policy based on previous research. This indicates that more research needs to be conducted within the field in order to help and guide retailers in the implementation of return policies.

Return policies within e-commerce are relevant to study since it is an important part of companies business processes. Further, the design of the return policy affects the profitability, consumer and the environment. By contributing to new knowledge within the field it will hopefully lead to better shopping experiences, increased profitability and a better way of handling returns from an environmental perspective. Above all, this study will help retailers within the fashion industry to find a balance in their return policy that benefits the consumer, company and the environment.

1.2.3 Research Gap

Hellström et al. (2017) points out that it is important for e-tailers to find a balance between financial costs and customer satisfaction in the return policy. Similarly, Hjort and Lantz (2016) states that prior research regarding return policies have investigated the effects of either profitability or loyalty and behavioural aspects. The environmental concerns are not taken into consideration in the statements above. We argue that the environmental impact is an important factor to consider when designing a return policy since the environmental interest is growing amongst consumers in Sweden. Furthermore, companies can strengthen their brand image by taking the environment into consideration and it could also be used as a marketing strategy (Roos, 2020). Product returns impact on the environment has been studied by several researchers but these studies are not focusing



on consumer behaviour and profitability (Tian and Sarkis, 2022; Edwards, McKinnon and Cullinane, 2009; Wiese, Toporwski and Zielke, 2012).

Based on our findings from our literature search, we have found that previous studies within the field have investigated how differently designed return policies affect profitability, customers and the environment. However, these elements have been studied separately and therefore there is a lack of understanding how these elements affect each other. From our knowledge, there are no previous studies within the field that have investigated how fashion e-tailers balance the needs of consumers, company finances and environmental concerns when designing return policies.

1.3 Research question

RQ: How do e-tailers within the fashion industry balance the needs of consumers, company finances, and environmental concerns when designing return policies?

1.4 Purpose

The purpose of this thesis is to create a better understanding for how e-commerce companies within the fashion industry balance the needs of consumers, company finances, and environmental concerns when designing return policies. The findings will hopefully help retailers to understand what factors to consider when outlining their return strategies, and how they should correlate with each other to create a good balance.

1.5 Delimitations

This thesis is limited to Swedish e-tailers within the fashion industry and the study has a clear focus on return policies. Whether the studied e-tailers are classified as fast-fashion or luxury brands will not be analysed in this paper. Even though some of the interviewed retailers are selling across borders, this study will focus on the Swedish market.

Furthermore, the phenomena is studied from a B2C perspective and the chosen retailers are selling mainly B2C. Delivery options such as free shipping may have connections to product returns but this will be excluded in this study due to the complexity of integrating too many variables. At an early stage the plan was to collect data from pure e-tailers in order to avoid the aspect of returning items in store. We later found that the majority of all e-tailers have one or a few stores and therefore we decided to accept e-tailers with one or a few stores in the sample. However, the study will not consider the element of returning products purchased online in a physical store.

In order to clarify, *product returns* refers to products that the consumer has decided to send back to the retailer due to wrong size or regretted purchase etcetera. Returns due to complaints, or with other words claims, are excluded from this study.



2. Literature review

In this chapter we have identified and defined subjects relevant to the research, organised thoughts and notes, and created an outline situated to our research area. Peer reviewed articles have laid the basis for the thesis. Various theories and models will be presented with direct connection to the purpose and will be highlighted in their fitted segments. A short summary of the literature will be presented at the end, along with a conceptual framework formed by the authors built on the literature.

2.1 Return management

Croxton Keely, García-Dastugue, Lambert and Rogers (2001) refers to Return Management as a broad, yet important procedure that suggestively should be an integrated part in the supply-chain of successful businesses. Rogers et al. (2002) describes the supply-chain process as the managing of internal activities that work in correlation with external key representatives. The main objective is to manage the reverse product flow in an adequate and beneficial way, allowing the firms to explore ways to reduce the rate of unwanted customer returns and thereby control the usage of reusable assets (Rogers et al., 2002).

Despite being mentioned as a vital part of the supply-chain by Croxton et al. (2001), there are contradictions to which extent it is being fully integrated. Even though the return rate regarding sales in the e-commerce environment is increasing, firms seem to prioritise other processes before recognizing return management (Mollenkopf, Russo and Frankel, 2007). According to Mollenkopf, Russo and Frankel (2007), the perception is that returns management and its processes gains awareness and rectification due to the possibilities it brings of creating a competitive advantage.

When discussing returns and reverse logistics, Rogers et al. (2002) emphasises the need for various courses of action since there are numerous types of returns. The reasons behind returning products could be many, which ultimately affects the processes. Depending on *what*, by *who*, and in *which* stage products are being returned, the processes should be altered in a way that becomes as cost-effective as possible (Rogers et al., 2002). Rogers and Tibben-Lembke (2001) argues that consumer returns is the type of returns that affects the internal processes the most, and furthermore is the aspect that this thesis will illustrate.

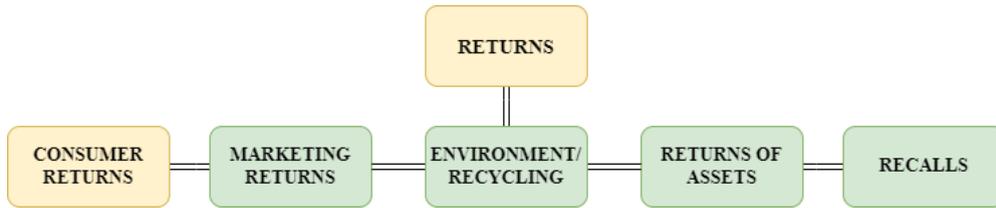


Figure 2. The yellow boxes are the ones highlighted in this thesis and represent customer returns. This segment is the biggest of the five and refers to products which are being returned by customers. They are thereby being defined as e-commerce returns (Rogers et al., 2002).

2.1.1 Returns avoidance

The term avoidance when discussing reverse logistics and returns management refers to minimising the overall return request, and thereby the rate (Lambert, 2004). A successful implementation of avoidance prevents products from being returned, hence leads to no strain on the reverse logistics processes. The implementation is based on certain strategies that firms form and execute, and may differ between organisations (Rogers et al., 2002). It relates to everything from improved quality, more profound article information and the experienced service throughout the whole purchase journey (Hjort, 2010). Powers and Jack (2013) adds to the subject and explains that the growth of e-commerce has made it more difficult for customers to get a perception of how products will look or feel before being purchased. They believe that cooperation with suppliers and detailed descriptions of materials, fittings and sizings alongside eventual reviews becomes a necessity in order to create the best possible prerequisite for customer satisfaction and beneficial relationships (Powers and Jack, 2013). Hjort (2010) underlines that the interplay between suppliers and the retailer is of special magnitude when dealing with multiple brands.

2.2 The design of return policies

The design of return policies varies between e-tailers. A return policy can either be lenient or strict, more or less. According to Janakiraman, Syrdal and Freling (2016) there are five factors that can explain the degree of leniency in a return policy, but only three of these are applicable to e-commerce.

- *Time leniency.* Retailers usually give the customer the opportunity to return the product within a given period of time. A return policy that offers 100 days right to return is classified as more lenient than a policy that offers 30 days.

- *Monetary leniency.* Retailers could either offer free returns or charge the customer for the return. A return policy that enables the customer to send back the product without any



costs involved are classified as lenient. Contraversely, if the customer is charged for the return the policy is considered as strict.

- *Effort leniency*. This refers to how easy it is for the customer to return a product. Some retailers are creating “hassles” for customer returns and require that price tags, original box and the condition of the item is unchanged. It could also be that it is difficult to access a return label. For instance, some retailers are sending a return label with the package while other retailers are sending the return label through email on request. If the return process is simple and requires low effort from the consumer the return policy is classified as more lenient (Janakiraman, Syrdal and Freling 2016). Similarly, Jeng (2017) defines a lenient, or with other words, generous return policy as a policy that facilitates returns by offering cash refunds, exchange, free returns but also imposes minimal restrictions in general.

Due to the high competition in e-commerce many retailers have implemented a lenient return policy. Retailers do this in order to attract new customers and keep existing ones (Lantz and Hjort, 2013). Retailers often use lenient return policies as they believe that the sales will increase more than the costs (Janakiraman, Syrdal and Freling, 2016). Several studies suggest that a higher degree of leniency should increase the order frequency as well as the turnover, but the profit will only increase if the returns do not increase significantly (Wood, 2001). The study by Petersen and Kumar (2010) showed that a lenient return policy leads to increased purchases and increased returns. The study was based on two catalogue retailers that sold footwear and apparel and six years of sales data was used. One of the companies had a lenient return policy and one had a strict return policy. The main managerial implications of their study was that the increased amount of purchases compensated the increased amount of returns and therefore the conclusion was that a lenient return policy is more profitable (Petersen and Kumar, 2010). Other studies have shown that a lenient return policy leads to increased purchases while the amount of returns is unchanged (Wood, 2001; Wang, 2009). That the returns should remain the same when a lenient return policy is implemented is not in line with the findings of Davis, Hagerty and Gerstner (1998). Davis, Hagerty and Gerstner (1998) point out that products that are easy to return are also more likely to be returned.

Lantz and Hjort (2013) conducted an experiment in cooperation with the Swedish fashion e-tailer Nelly. The aim of the study was to investigate how free deliveries and returns affected the company's profitability in comparison to not free delivery and returns. The results showed that the return rate went from 16% to 20% when free returns were offered. The order frequency increased minimally, but on the other hand, the average value of order decreased from SEK 744 to SEK 712. Interestingly, the main conclusion of the study was that free returns should in fact not be offered at all since the upside is not compensating the downside. However, Lantz and Hjort (2013) emphasise the importance of taking competition into consideration and therefore it could be necessary to offer free



returns if the competition is high. Even though several studies have shown that free returns are not profitable, many retailers continue to offer free returns since they are afraid of losing market shares to competitors (Lantz and Hjort, 2013). In another study made by Lantz and Hjort (2012) they state that it is not profitable from an economic point of view to offer the same delivery and return policy for all customers.

It has been shown that when two retailers have identical offers, customers prefer the retailer that offers the most lenient return policy. Consumers tend to choose the alternative which allows flexibility and slow decision making (Kahn, Moore and Glazer, 1987). Jeng (2017) also argues that a lenient return policy can create competitive advantage, but she also means that it can have a positive effect on the number of purchases. Suwelack, Hogleve and Hoyer (2011) points out that a generous return policy acts like a risk-reduce mechanism for the consumer which enables retailers to charge a higher price for their products.

E-tailers must consider how they should handle fraudulent behaviour. A phenomenon called “wardrobing” is something that has been frequently discussed over the past years. Wardrobing refers to when a customer orders a product that they plan to use and then also plan to return after having used it. For instance, a customer purchases a suit for a wedding and uses it once and then returns it (Shang, Ghosh and Galbreth 2017). Suwelack, Hogleve and Hoyer (2011) points out that a lenient return policy increases the possibility for wardrobing significantly. Davis, Hagery and Gerstner (1998) suggest that e-tailers should only use a lenient return policy when the products have a long lasting value for the customer and when the returned products do not decrease in value, for example a lawn mower.

2.3 Consumer behaviour and product returns

Product returns are a consequence of the customers' post-purchase behaviour. Post-purchase behaviour is when the customers compare expectations before the purchase with the actual result. Another explanation of post-purchase behaviour is how the consumer feels, thinks and acts after having made a purchase. If the customer's expectations are not in line with the actual results it is a high probability that the customer decides to return the product (Kincade, Giddings and Chen-Yu, 1998).

Online shopping does not allow the consumer to physically examine the product. There are two major differences between traditional store shopping and online shopping. Firstly, there is a lack of sensory and experimental information in the online environment and consumers can not compare products by feeling and squeezing. Secondly, consumers can not examine the product directly and must wait for the delivery to arrive before they can gather the same experimental information as in a physical store. These two factors raise the level of risk for the consumer. In order to reduce the level of perceived risk, many



retailers are offering generous return policies (Wood, 2001). Similarly, Foscht, Ernstreiter, Maloles, Sinha, and Swoboda (2013) found that the consumer perceives greater risk in the online environment in comparison to physical store shopping. The outcome of this is that consumers tend to buy the same product in different sizes or colours in order to reduce the risk of getting the wrong product.

Customers who take advantage of return policies are frustrating for retailers and it is considered as one of the toughest challenges in the retail industry (Kang and Johnson, 2009). The majority of all retailers associate product returns with costs and inconvenience. Retailers must change their mindset since an appropriate management of handling product returns can lead to increased profits in the long run (Petersen and Kumar, 2010). According to Kang and Johnson (2009) it is important to identify characteristics of the individuals who are frequently buying and returning apparel. Retailers should not prevent major purchasers from placing orders, but at the same time they must discourage fraudulent behaviour.

Impulsive consumers are considered to be frequent apparel returners (Kang and Johnson, 2009), but these individuals are also shopping very frequently (Ek Styvén, Foster and Wallström, 2017; Petersen and Kumar, 2010). Consumers with high impulsive tendencies want to fulfil immediate needs and do not evaluate their purchases in depth. Impulsive buyers usually purchase products even though they know that the post-purchase involves regret and anxiety. In order to reduce the negative feelings they tend to return the purchased products (Rogers, 2003). On the other hand, Ek Styvén, Foster and Wallström (2017) point out that individuals with high impulsive buying tendencies abandon their shopping cart to a much higher degree in comparison to other consumers since they become uncertain and question if the product is really needed. Ek Styvén, Foster and Wallström (2017) also found that Swedish online shoppers with high impulsive buying tendencies are on average younger and of the female gender.

Fashion innovators, also known as early adopters, are another interesting character. Fashion innovators are characterised by venturesomeness and they are willing to take risks in their purchases (Rogers, 2003). Interestingly, fashion innovators are not considered as frequent apparel returners (Kang and Johnson, 2009). The main findings from Kang and Johnson's (2009) study was that impulsive buyers and fashion innovators did not consider the return policy before the purchase. These findings suggest that retailers could make the return policy stricter without affecting the impulsive buyers and fashion innovators purchase behaviour.

Customers who are purchasing products frequently are also returning products to a higher degree. However, these customers are usually the ones that are buying most products in the long-run. If a retailer decides to eliminate and ignore these customers by sending less email marketing, the outcome would be a significant loss in sales. In order to avoid this,



retailers should use information from their sales data and look at buying and return behaviour. By tracking sales data, retailers can affect their customers' behaviour and lead them in the desired direction. For example, if the retailer wants to reduce the rate of return for a particular customer, one effective strategy would be to send marketing of similar products or brands which the customer has purchased in the past and retained. The reverse tactic can be used for a customer with a low rate of return. In this case the marketing can be oriented towards new product categories and brands in order to encourage the customer to test new products (Petersen and Kumar, 2010). Similarly, Hjort and Lantz (2016) states that returners are the most profitable ones, if they are repeated customers and do not enjoy free returns.

2.4 Sustainability

Sustainability within reverse logistics has been adopted by a majority of businesses and is nowadays a strategic intent due to its contributions in growth and profitability (Banihashemi, Fei and Chen, 2019). As described by Judge and Douglas (1998), environmental strategies and performances are socially expected and the commitment to environmental excellence is what determines if the organisation is successful or not. But the environmental impacts of reverse logistics are often neglected or overseen by customers despite being a phenomenon highly up-to-date in society overall. The exception is customers with an interest in sustainability-questions since they have a tendency to purchase items from firms with a pronounced implemented environmental devotion (Mariadoss, Chi, Tansuhaj and Pomirleanu, 2016). According to Cullinane et al. (2019), this has to do with the general knowledge of the population. They argue that consumers lack the awareness necessary to understand how over-consumption within fashion ultimately affects the environment. Bertram and Chi (2018) agrees and point out that consumers have quite unrealistic expectations. In 2019, approximately 20% of all fashion items that were purchased online found itself being returned. This is a number that Cullinane et al. (2019) believes will not stagnate, but increase due to the flexibility and availability that retailers offer to reach competitive advantages.

Cullinane et al. (2019) mentions time as a decisive factor when one is discussing the relationship between sustainability, costs and service in relation to consumer awareness. When processing a return, it is not uncommon that it takes up to three times as long in comparison to selling the product. This is due to stages in the reverse logistics process such as unpackaging, repackaging, inspections and reinstatements into the normal flow of products. Bertram and Chi (2018) concludes that the packaging of specific orders boils up to around 22% of all carbon-dioxide emissions related to the sale. To save money, this procedure is common to take place in countries where labour costs are significantly less (Cullinane et al., 2019). The Reverse Logistics Association (2009), referred by Bernon, Rossi and Cullen (2009:486) states that “all activity associated with a product/service after the point of sale, the ultimate goal to optimise or make more efficient aftermarket



activity, thus saving money and environmental resources” in regards to reverse logistics. Which is contradictory from an environmental perspective based on Cullinane et al. (2009) and their perception of reality and how reverse logistics strategies are actually practised.

The general carbon-dioxide emissions connected to online sales are approximately ~ 1.5 CO₂ (KG), a number that does not calculate products going through the reverse logistics process. When including figures related to a calculated percentage of reversed logistics, the number creeps up to ~ 2 CO₂ (KG) (Tian and Sarkis, 2022). Hence, processing returns adds quite a lot to the equation. Wiese, Toporowski and Zielke (2012) concludes that the reverse logistics process has various implications depending on how the return is handled. If the customer has more than 14 kilometres to the brick and mortar location, based on carbon-dioxide emissions, it is more beneficial to return the item at a selected post office. This is due to carbon-dioxide emissions being more than 12 times greater if the return is managed physically and because the carrier efficiently can collect packages along a planned route (Edwards, McKinnon and Cullinane, 2009). Contrariwise, if the distance is more than 14 kilometres it is more environmentally friendly to return the item in a brick and mortar store (Wiese, Toporowski and Zielke, 2012).

As suggested by Yanchuk, Antoniuk, Tkachuk, Maestri and Vizghalov (2020), there are ways for e-tailers to navigate their strategies in order to enhance their sustainability factors. This includes:

- *An optimization of the delivery chains.* It aligns with the thoughts of Edwards, McKinnon and Cullinane (2009) and involves improvements for fuel reduction by correlating deliveries and return pick-ups with the carrier, leading to less environmental impacts.
- *The investigation of a user's habits.* Since the product flow throughout delivery chains provide first-hand data, retailers could partner up with logistics providers to access that information. This would give retailers insights in customer preferences and trends, learn about issues connected to the product flow, and subsequently adjust the supply-chain in order to collect value (Yanchuk et al., 2020).
- *Flexibility on logistics.* Meaning that the habits of the customers leads to innovation in the reverse logistics procedure. By providing customers with the flexibility to alter their return location i.e., that would meet their needs, reduce the environmental impact, and lead to a stronger satisfaction overall (Yanchuk et al., 2020).

There is a plurality of advantages if reverse logistics becomes efficient and sustainable. Banihashemi, Fei and Chen (2019) mentions cost savings, increased revenue and improved customer satisfaction since it becomes general knowledge that the firm works in a socially and environmentally responsible manner.



2.4.1 Green supply-chain management in reverse logistics

Green supply-chain management (GSCM) can be defined as the correlation and the systematic approach to integrate supply chain management and the natural environment (Srivastava, 2007). The phenomenon and green consciousness is nowadays considered more of a competitive advantage rather than a cost (Mutingi, 2014) and motivational factors such as legislation, economic concerns, social responsibility, ethics and stakeholder pressure plays part in the initiative of green activities (Andiç, Yurt and Baltacioglu, 2012).

2.5 Literature summary and conceptual framework

Despite being a fundamental part to integrate into the supply-chain as mentioned by Croxton et al. (2001), return management has not gotten the attention it perhaps deserves. The return rate is increasing due to the flexibility and availability of the retailers, yet are other processes more esteemed than return management (Mollenkopf, Russo and Frankel, 2007). Rogers et al. (2002) describes consumer returns as the one which affects the internal processes at firms the most, which is why consumer behaviour linked to returns is relevant to this thesis. Especially since various return policies have different effects on people, depending on how they are outlined (Bahn and Boyd, 2014). Hellström et al. (2017) emphasises the importance of balance between financial costs and customer satisfaction in regards to return policies. Nevertheless, environmental concerns are not taken into consideration even though environmental awareness increases amongst the general population (Roos, 2020).

Research that evaluates our literature areas has been conducted and developed relatively extensively over the years. Despite this, we argue that the research and our subjects have not been applied into the context of reverse logistics to a considerable extent. Analysing the subjects one-by-one gives inadequate conclusions that do not form full establishment. As one can see above, there are many factors that indirectly affect reverse logistics and need to be considered when designing return policies and forming strategies. Therefore, there is a need for understanding how firms balance certain aspects and get them to correlate with each other.

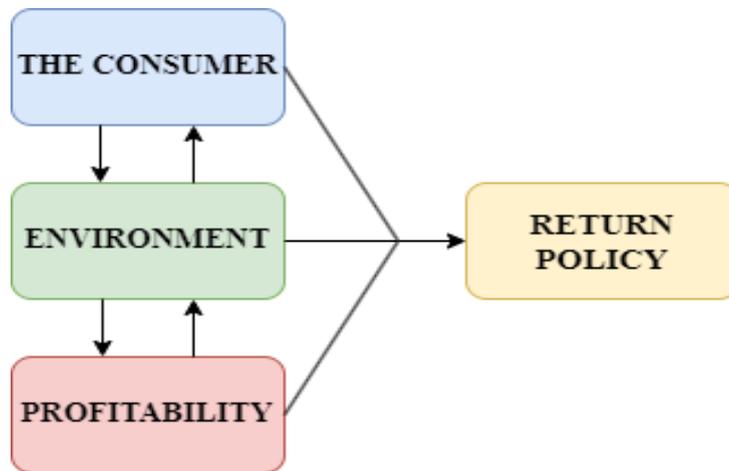


Figure 3. Conceptual framework developed by the authors, showing how a good balance and interplay between the concepts consumer, environment and profitability potentially could form a return policy that benefits all.

3. Methodology

In the following chapter, different methodological strategies are described from a theoretical perspective followed by arguments and explanations for our methodological choices in this particular thesis. It will construct the bridge between our literature review, leading into our empirical findings and will help us fulfil the purpose of the thesis and answer our research question in an efficient way. Foremost, the research approach chosen will be displayed. Then the chosen methodology will be described followed by a clarification of the research design. The chapter will later describe the data collection methodology used, and lastly address reliability and validity issues along with ethical and sustainability considerations.

3.2 Research approach

How you are going to use and implement theory plays an important role in the research design. According to Saunders, Lewis and Thornhill (2012) there are two common research approaches; inductive and deductive. The use of an inductive approach simply means that you start to collect data and then develop your conceptual framework and your own theories. If the phenomenon is unexplored and there are little or no existing theories it would be appropriate to use an inductive approach. Contraversely, the deductive approach goes from theory to data and the data is used to test the theory by hypothesis (Saunders, Lewis and Thornhill, 2012). Spens and Kovács (2005) argues that these two



approaches could be seen as a mirror image of each other. Spens and Kovács (2005) further highlight the importance of understanding that induction aims to develop theories and not testing theories.

In this study, theory was collected in an early stage in order to create an understanding and knowledge within the field. We considered that a certain understanding within the field would help us to formulate the research question and the interview guideline. If the interviews were conducted with little understanding of the phenomena it would have increased the probability of asking wrong questions. The outcome of asking wrong questions might have led to poor and insufficient data. However, since we started to collect theory before the data collection this thesis adopted a deductive approach, even though no hypothesis was stated. The empirical data was then analysed against the theory in order to find themes, patterns and disparities. It is commonly stated in literature that a deductive approach is associated with quantitative research and natural science, (Saunders, Lewis and Thornhill, 2012; Bryman, Bell and Harley, 2022), but we argue that a deductive approach could be used in qualitative research as well. Even though it is limited with new research within the field we found useful theory. Otherwise, it would have been more appropriate to start with an inductive approach and collect data first. This paper has some inductive features as well, for instance, a small sample was used in the data collection and according to Saunders, Lewis and Thornhill (2012) a small sample size characterises qualitative research with an inductive approach. According to Alvehus (2013) it is difficult to be purely inductive or deductive and many researchers end up with a mix of these two.

In this thesis we adopted an interpretive research philosophy. The research philosophy can be defined as the researcher's view of science and how data should be collected, analysed and used. In other words, what is considered as acceptable knowledge from the researcher's perspective. For instance, a researcher that studies natural science and medicine is most likely to have a different research philosophy in comparison to a researcher that studies attitudes and emotions at a workplace (Saunders, Lewis and Thornhill, 2012). According to Saunders, Lewis and Thornhill (2012) interpretivist research aims to create new, richer understanding and interpretations of social worlds and context. In business and management research this simply means that you study organisations and individuals who are working there. This in order to get different perspectives of the studied phenomena. In this thesis different organisations and individuals were interviewed in order to create a new and rich understanding of return policies. The positive outcome of interviewing several individuals is that you get different perspectives.

Furthermore, we as researchers were a part of the research since we conducted semi-structured interviews and we could not be separated from the research. We aspired to be as objective as possible but it is impossible to be pure objective when you are



conducting interviews, hence the study is subjective. Saunders, Lewis and Thornhill (2012) argue that an interpretivist research philosophy is subjective.

3.3 Research design

The research design can be described as the general plan for how the researcher (s) is going to answer the research question. In this stage, it is of high importance to have a clearly defined research question and the researcher should specify which type of data that will be collected and how it will be analysed (Saunders, Lewis and Thornhill, 2012).

3.3.1 Qualitative research design

This paper aims to create an understanding for how e-tailers are working with return policies and therefore a qualitative research design was chosen. Qualitative research emphasises the importance of words rather than quantifying the data. In qualitative research you focus on how individuals and organisations interpret their social reality in a certain environment. The participants' perspectives are the basis of qualitative research and their meanings are highlighted. Furthermore, it is the participants' meanings and perspectives that are investigated and analysed (Bryman, Bell and Harley, 2022). According to Saunders, Lewis and Thornhill (2012) qualitative research produces non-numerical data and the primary data is usually collected from interviews.

In this study primary data was collected from interviews and produced non-numerical data and therefore it would have been difficult to analyse the data quantitatively and use statistics. We also argue that a qualitative design helped us to find similarities, differences and patterns between the participants. To support this argument, Saunders, Lewis and Thornhill (2012) states that qualitative research is used to study meanings and relationships between participants. Furthermore, the use of a qualitative design combined with semi-structured interviews enabled us to ask follow-up questions that normally arise during interviews. This would not have been possible if we had adopted a quantitative approach and conducted surveys. The choice of a qualitative research design also supports the use of non-probability sampling which was used in this study. Saunders, Lewis and Thornhill (2012) explains that non-probability sampling is strongly associated with a qualitative research design.

As mentioned earlier, we as authors chose to adopt an interpretive research philosophy. According to Saunders, Lewis and Thornhill (2012) qualitative research is commonly associated with an interpretive research philosophy. Therefore, we argue that our research philosophy fits well with a qualitative research design.



3.4 Research strategy

As a researcher you can choose between eight different research strategies. Five of these strategies relate to qualitative research and these are grounded theory, ethnography, action research, case study and narrative inquiry (Saunders, Lewis and Thornhill, 2012). In this thesis we as authors have chosen to adopt a multiple case study.

3.4.1 Multiple-case study

A case study can involve more than one case and is then referred to as a multiple-case study. Multiple-case studies have become increasingly popular in business research and multiple-case studies can be seen as an extension of a single case study. Multiple-case studies are commonly used since it promotes comparisons between the selected cases. Furthermore, researchers are encouraged to identify similarities and differences across cases and theoretical reflection on the findings can be made frequently (Bryman, Bell and Harley, 2022).

A multiple-case study design was adopted in this paper since our primary data was collected from several fashion e-tailers. Bryman, Bell and Harley (2022) explains that a multiple-case study is suitable to use if the researchers are collecting data from various organisations in order to create a better understanding of the phenomena. In this study six different e-tailers within the fashion industry were interviewed. If only one case were studied it would have been difficult to answer our research question and the result would not be generalizable at all. The aim of this study is to find out how retailers balance the needs of the consumer, profitability and environment in the return policies and therefore data must be collected from several organisations. However, the results from this study is not particularly generalizable since only six companies were interviewed, but one could argue that it is more reliable and generalizable in comparison to if only one or two cases were studied. Moreover, Saunders, Lewis and Thornhill (2012) explain that case studies are suitable to use if the research questions begin with ‘why?’, ‘what?’ or ‘how?’. Since our research question starts with ‘how’, we believed that a multiple- case study design would have the ability to generate answers to our chosen research question.

3.4.2 Time horizon

According to Saunders, Lewis and Thornhill (2012) studies could either be cross-sectional or longitudinal. Cross-sectional means that you collect data within a limited period of time. Contraversely, longitudinal studies is when data is collected at several different occasions in order to see how the phenomena changes and develops over time (Saunders, Lewis and Thornhill, 2012).

In this thesis a cross-sectional study has been conducted due to limitations of time. Moreover, this paper aims to find out how e-tailers are working with return policies right



now. Therefore primary data could be collected on a single occasion. Saunders, Lewis and Thornhill (2012) states that cross-sectional is commonly used in quantitative research, but it might also be used in qualitative research when the time is limited and when the interviews are conducted over a short period of time. In this thesis all interviews were conducted within two weeks and we argue that this is classified as a short period of time. The timeframe for this paper was ten weeks and it was therefore not possible to conduct a longitudinal study and investigate how fashion e-tailers work with return policies over a long period of time.

3.5 Types of data

Both primary data and secondary sources were collected in this thesis, which allowed our understanding of the topic to be as extensive and precise as possible. Our primary sources were backed up by secondary sources and featured theories and thoughts formulated by previous researchers. As our primary sources provided us with direct insights and evidence, the secondary sources allowed us to find context and develop thoughts of interpretation.

3.5.1 Primary data

According to Saunders, Lewis and Thornhill (2012), primary data is collected by the authors through direct sources such as various types of interviews, observations and surveys. The data collected is considered original since it has not been previously published, nor collected. The primary data is exclusive and specific to the formulated research questions and serves the purpose of providing special insights and depth.

The structure and purpose of this specific research made us choose semi-structured interviews as the primary data source. Semi-structured interviews are according to Saunders, Lewis and Thornhill (2012) usually referred to as qualitative research interviews, hence fits our chosen method well. The interviews allowed us to have in-depth discussions with our participating companies to extract valuable insights from.

3.5.2 Secondary sources

Secondary sources allow the researchers to find patterns and themes relevant to the research questions by comparing and contrasting raw data with the primary data collected. The secondary sources are characterised as already published research, but for another purpose. The data itself can be collected through various methods, such as books, journals, reports, or other public available sources. The main reason for the utilisation of secondary sources is to get a broader understanding of the research area (Saunders, Lewis and Thornhill, 2012).

For this thesis, all secondary sources came from either peer reviewed academic journals and articles, books, annual reports or websites. The quality and trustworthiness of sources



plays a decisive role in the outcome of the research, which is why all secondary sources need to be at a certain level of accuracy (Saunders, Lewis and Thornhill, 2012).

3.6 Research methods

To provide relevant data to a research, a research method is used. According to Saunders, Lewis and Thornhill (2012) there are various methodological ways of collecting data, highly dependent on the research of choice. Qualitative, quantitative and mixed methods all have their own advantages and disadvantages based on the direction of the research.

For the purpose of this research and the research questions formulated, we concluded that semi-structured interviews would be the most suitable method to use since the authors aimed to gain deeper insights about specific core subjects. Bryman, Bell and Harley (2022) also state that semi-structured interviews are mostly beneficial to use if the study is of a qualitative nature. The desire to allow our participants to provide nuanced, elaborated and freely formulated answers also contributed to the methodological choice. Saunders, Lewis and Thornhill (2012) describes semi-structured interviews as a collection of predetermined topics that the researcher wants to cover, although flexibility and dissolution is encouraged with the objective to gather more in-depth qualitative data.

3.6.1 Semi-structured interview

As mentioned above, semi-structured interviews were chosen as the primary data collection methodology as it functions well with a qualitative research design according to Bryman, Bell and Harley (2022), and the way the research question were formulated. The authors also found it to be the most appropriate way to collect non-numerical data in the form of connections and patterns of high quality, fit for the purpose of the study. The interviews were held one-on-one by the authors and the process was conducted in an internet-mediated fashion due to convenience, preferences, and sustainability considerations. The hope of nuanced and elaborated answers from the participants contributed to the choosing of semi-structured interviews as the primary source of data collection and the most appropriate method to use based on the purpose and research question.

3.6.2 Collection of data

The interviews were held one-on-one by the authors, where one author held the interview and acted as the moderator, whilst the other one took notes of important moments in the interview for the analysis later on, and provided insertions of follow-up questions if found necessary. An interview guideline (See Appendix 1) was provided to the interviewee at least 4 hours before the interview with the aim to allow the participant to look up statistics and gain an idea of what questions they would be asked. Due to some interviews with participants being scheduled to take place at the same time, three out of six interviews were conducted with only one author present. The process was conducted in an



internet-mediated demeanour due to convenience, preferences, and sustainability considerations. Due to language barriers, all interviews were held in the participants native language of Swedish. The authors found it necessary for quality reasons to conduct the interview in the language spoken by the participants, to hinder obstructions in their answers. The transcriptions have remained Swedish due to interpretation reasons, but translated into English when inserted into this research paper.

3.7 Operationalization

Bryman, Bell and Harley (2022) describes operationalization as an objective in which you render concrete and observable variables from abstract concepts, in order to facilitate interpretation and analysis. Saunders, Lewis and Thornhill (2012) adds that operationalization can help the researcher to measure discovered facts, which makes the concept critical in nature. Operationalization itself involves differentiating the concepts explained in the literature review and formulating questions to each concept, which ultimately contributes to tangible indicators of relevance (Saunders, Lewis and Thornhill, 2012). By successfully operationalizing, the research process helps respond to the research questions asked and facilitates research questions to fulfil the research purpose and its objectives.

An operationalization table was constructed in order to explain what questions were asked during the semi-structured interviews, and why they were asked. The questions were composed based on the literature review and the conceptual framework formed by the authors. The meaning of the operationalization table was to gather data relevant to the research question, and to keep track of all themes. It also provides understanding of why certain questions were asked and defines their relevance to the research. All questions were asked in relation to the literature review and the conceptual framework, except the general knowledge questions and the last question where the participant freely could express their thoughts about the balance between the factors we are investigating. Below is an operationalization table formed by the authors.



CONCEPTS	INTERVIEW QUESTIONS	REASONING
GENERAL KNOWLEDGE	1-5	The questions were asked to gain a better understanding of who the participant was. General information about the company was also provided
CONSUMER BEHAVIOR	6-12	The questions were asked to gain insight in consumer behavior, and the company's view on the subject in relation to product returns
RETURN POLICIES	13-20	The questions were asked to understand the company's return philosophy and their thoughts about customer returns
RETURN MANAGEMENT	21-26	The questions generated insights in processes, cooperation with suppliers and avoidance techniques
SUSTAINABILITY	27-36	The questions were asked to gain insight in the company's work in sustainability, their logistical procedures, sustainable strategies and disposal
THE BALANCE	37	The question gave the participant the option to argue freely about the balance between the factors sustainability, consumer and company finances

Figure 4. Operationalization table, formed by the authors. Describing the main concepts in the literature review, and an overview of the questions we asked our participants explaining what type of information we were looking for.

3.8 Sample

In accordance with Saunders, Lewis and Thornhill (2012), probability sampling refers to a sampling technique where potential participants all have the same probability of being chosen. This type of sampling is often used when researchers conduct various types of research surveys. In non-probability sampling on the other hand, described by Saunders Lewis and Thornhill (2012), the participants do not all have the same probability of being chosen to take part in the research. This methodology is most commonly used when online questionnaires are being conducted and the researchers have no say in who might contribute with responses.

The aim was to collect data until data saturation was reached, which per Saunders, Lewis and Thornhill (2012) and Bryman, Bell and Harley (2022) means that additional data provides few, if any, new insights necessary to the research through i.e. interviews. An optimal sample size for this study was hard to predict. Due to the time constraints and circumstances, the authors of this thesis found the final sample size of six to be appropriate and reasonable.



Saunders, Lewis and Thornhill (2012) shine light on the sampling in qualitative research and emphasises the importance of this crucial step in the strategy, since it involves selecting participants that contribute to richness and relevance to the specific research. They also underline that richness and depth is more easily captured with a qualitative entry point, compared to a quantitative approach.

For this thesis we have chosen a non-probability sample technique, as we argue that would be the most suitable and beneficial for the thesis. The subjectivity needed and the purpose of the research requires in-depth information and certain knowledge from participants. The authors are confident that the participants are representative enough for the research.

3.8.1 Purposive sampling

A purposive sampling technique is per Saunders, Lewis and Thornhill (2012) where the researcher(s) select appropriate participants based on their own judgments, the characteristics of the participants, and the data necessary to carry out the study. Bryman, Bell and Harley (2022) describes an aspect of purposive sampling as a criterion based approach, where participants are selected based on specific criteria that will help the researchers get as much information and depth as possible related to the research area.

Therefore, we have chosen to approach a purposive sampling method since we purposely select our participants based on certain mentioned criterias beneficial to the research and its purpose.

3.8.2 Participant criteria

Bryman, Bell and Harley (2022) underlines the importance of participant criterias determined by the researchers in order to collect the most precise data when conducting purposive research. In this thesis, we have established a few criterias needed from our interviewees and their companies;

Interviewee criteria:

- Employed in logistics and/or having an exalted position within the company
- Interviewee should possess knowledge within the research field

Company criteria:

- Swedish based online retailer
- Preferably only deals with fashion items
- None or a few physical stores
- A minimum revenue of two million SEK

When exploring potential companies to address, the beliefs and previous awareness of the authors came in handy and facilitated the search. When companies were identified, an extensive search for appropriate interviewees within the company was conducted. Our



ambition was to eliminate the option for consumers to return items in physical stores, since that would have an effect on the reliability and validity of the research. Therefore, a brick and mortar location of no more than ten felt reasonable since that reduces the option significantly, and also made the identification more achievable. The authors were very accurate in informing the participants that their answers needed to be solely based on their presence online, and avoid involving their brick-and-mortar locations in their reasonings and answers.

3.8.3 Table of cases

TABLE OF CASES					
Respondents	Interviewee	Business concept	Turnover	Return policy in its simplicity	Interview outline
COMPANY 1	Owner & CEO	Classic, elegant, high-end and practical fashion for women	22MSEK, 7.5MSEK on e-com	Free returns (not discounted items). Purchase on approval - 14 days	28/4-23 Telephone Duration - 40 min
COMPANY 2	Joint owner	Sustainable and ecologically produced clothes for all ages	~ 2MSEK	49SEK return cost. Purchase on approval - 14 days	26/4-23 Telephone Duration - 46 min
COMPANY 3	Logistics & business development	Curated selection of fashion brands and luxury items for men	+400MSEK	Free returns. Purchase on approval - 14 days	21/4-23 Zoom Duration - 56 min
COMPANY 4	E-commerce manager	Multi-brand retailer with handpicked clothes of high quality	~ 300MSEK	49SEK return cost. Purchase on approval - 14 days	26/4-23 Zoom Duration - 1:01h
COMPANY 5	Interim site manager	Second-hand clothes for everyone with a focus on sustainability	~ 750MSEK	49SEK return cost. Purchase on approval - 30 days	8/5-23 Zoom Duration - 31min
COMPANY 6	CEO	Award winning fashion retailer for women	18.1MSEK 6.15MSEK on e-com	49SEK return cost. Purchase on approval - 14 days	27/4-23 Zoom Duration - 1:38h

Table 2. Table of cases outlined by the authors. The table shows the interviewees position, the business concept, an approximate yearly turnover form 2022, their return policy in its simplicity, and an interview outline.

3.9 Data analysis

Highly dependent on the characteristics of the research, various types of methodological approaches can be implemented when analysing the data in qualitative research. Both Saunders, Lewis and Thornhill (2012) and Bryman, Bell and Harley (2022) describe that there are a few ways of conducting the data analysis, where a thematic analysis approach was found most suitable for the purpose of this specific thesis. Saunders, Lewis and Thornhill (2012) also point out that there are a couple of steps that researchers should take into consideration when analysing the data, which involve transcription, data reduction, data display, and verification. Throughout the process, they emphasise the importance of personal assumptions and biases.



The authors of this thesis came to the conclusion that a thematic approach to the data analysis would be the most appropriate, since thematic analysis is based on finding themes and patterns from coded empirical data which later on is compared to a theoretical framework. The analysis is later on based on relations between empirical findings and theoretical knowledge.

3.9.1 Thematic analysis

Since qualitative data cannot be assessed in numbers in the same way that quantitative data can, a thematic analysis can be adopted. Thematic analysis is one of the most commonly used methods when it comes to analysing empirical data in qualitative research, and aims to discover themes and patterns which then is interpreted and put into context by a comparison with previous research and literature (Saunders, Lewis and Thornhill, 2012). Braun and Clarke (2012) describes it similarly but adds that the meaning of a thematic analysis is to identify what is common to the way a topic is talked or written about, and making sense of the possible commonalities. They also underline that the common discoveries are not important or meaningful until they are put in relation to the particular topic or research question (Braun and Clarke, 2012).

3.9.2 Coding the data

The authors in this thesis conducted constant coding of the collected data, as mentioned by Saunders, Lewis and Thornhill (2012). Meaning that all collected data continuously is being dissected and compared with each other, as well as with previous literature. This is done with the aim to find similarities and differences, to encourage consistency, and to ease the final analytical process (Saunders, Lewis and Thornhill, 2012).

The data was collected through intermediated devices such as recordings from mobile phones and computers. All collected data was then transcribed separately in full-length. The authors then went through all collected transcripts and compared them to each other in order to find patterns, themes, similarities and differences. Important data from each question asked was then fragmented into quotes and paraphrases, and compared to the other participants' answers. The separation and coding of data made it easier for the researchers to see if themes, patterns, similarities and differences arose from the data and was found relevant to the author's research topic.

The empirical findings were analysed and provided insights which later on was compared to previous literature and elaborated with thoughts from the authors to find relations and correlation, leading to an understanding of the particular research area. The topics covered in the literature review were broken down into more narrow themes in chapter four based on the empirical data collected in the semi-structured interviews, giving a more unerring overview of the patterns and similarities discovered.



3.10 Quality of research

Bryman, Bell and Harley (2022) refers to quality of research as an aspect most often measured through reliability and validity, although there is a distinct difference between how you measure the quality of the research in qualitative studies, and quantitative studies, underlined by Saunders, Lewis and Thornhill (2012). These differences will lead to various interpretations of research quality, depending on the strategy of choice. The trustworthiness of the collected data from the participants is mentioned as immensely important when it comes to qualitative research (Bryman, Bell and Harley, 2022).

Reliability and validity is highly applicable foremost to quantitative research, and the terms are often somewhat neglected in research of a qualitative nature due to the pertinent difficulties. Therefore, new versions of the names have been formulated that are more appropriate for studies being conducted of the qualitative nature (Saunders, Lewis and Thornhill, 2012). However, in this thesis, the authors came to the conclusion that the various approaches to achieve the above mentioned criteria have been considered, acknowledged and implemented, but the terms reliability and validity will stand for the sake of simplicity.

The following sections will dive deeper into reliability and validity in qualitative research.

3.10.1 Reliability

According to Saunders, Lewis and Thornhill (2012), reliability is a key characteristic in research quality and refers to the consistency of the research based on potential future studies being made and previous being conducted. A high reliability would ultimately mean that the outcome of this research, if repeated by others, would provide similar findings as long as the data collection techniques and analytical procedures were the same, hence being more reliable. Saunders, Lewis and Thornhill (2012) mentions potential threats that could jeopardise and decrease the level of reliability in the research. The threats involve participant errors and bias, and researcher errors and bias (Saunders, Lewis and Thornhill, 2012).

Saunders, Lewis and Thornhill (2012) describes that there are specific circumstances that can influence participants, as well as authors when conducting research. Thus have an effect on the reliability of the study. Participant errors and bias, as well as researcher errors and bias are seen as the most important factors to consider. The authors have throughout the process of research made sure that all participants, as well as researchers, have been in a clear mental state and not stressed by the thought of their involvement in the study. The researchers have continuously stated that there are no right or wrong answers, and that the participants should answer what they believe to be the closest to the truth. The same strategy was used by the authors, interpreting empirical data in a non-biased way despite perhaps having preconceived notions.



In this thesis, the responsibility of conducting the semi-structured interview was split between the two authors to keep the internal reliability as high as possible. It was seen as important that the questions asked to the participants were understood in a clear way in order for them to exchange similar answers based on how the questions were formulated.

As mentioned above in 3.10 and in accordance with Saunders, Lewis and Thornhill (2012), new expressions for reliability have been formulated more appropriate for research conducted of a qualitative nature. The name reliability has been kept instead of renaming it to dependability, suggested by Saunders, Lewis and Thornhill (2012), but the criteria have been acknowledged. Dependability refers to explaining and acknowledging the presence of changes in the research process.

3.10.2 Validity

Saunders, Lewis and Thornhill (2012) describes validity as a way of measurement. In semi-structured interviews, validity refers to the accessibility of the participants, and to what degree the researcher is able to infer meaning from knowledge and experiences shared by the participants. It is also a way of measuring the generalizability of eventual findings, the appropriateness of those measurements, and concluding if the final analysis is made in a correct manner (Saunders, Lewis and Thornhill, 2012). There is both internal and external validity to consider when conducting research, according to Bryman, Bell and Harley (2022).

Internal validity refers to the findings and to what degree they can be concluded to be from the research and not influenced by external factors. Meaning that within qualitative research, there are possibilities that the data given from participants in i.e. interviews can be affected by external factors out of the researcher's hand. Which ultimately reflects on the participants' answers and could impact the research. Since some of the interviews were conducted face to face through Zoom with the participants, and some through telephone, the aspect of visual cues connected to some of the interviews ultimately got lost in this research to some degree. Novick (2008) argues that the physical absence potentially could make the research more difficult to interpret and contextualise. This has been addressed by carefully transcribing and putting emphasis on trying to analyse the tone of voice and structuring of sentences. External validity refers to data collection and to what extent it could be considered generally applicable, which is a factor dependent on the participants and how well their provided data can be seen as a sample representing the population (Bryman, Bell and Harley, 2022).

Saunders, Lewis and Thornhill (2012) provides a list of potential threats that potentially could jeopardise the degree of internal validity. The majority of these threats can be addressed by providing thorough information about the research, and by implementing ethical aspects correctly. It also involves selecting participants with caution and with precise matters.



The various threats are listed and explained below:

- *Past or recent events* refers to when the participant's answer might be influenced due to a particular event with connection to the asked question.
- *Testing* refers to the participant potentially changing their answers based on the knowledge of being part of the study. Particularly if they fear it might give them some sort of consequences.
- *Instrumentation* refers to the comparability issues of empirical data that a change in the research process might lead to. If definitions or terms change during the process, it becomes difficult to compare answers between participants.
- *Mortality* refers to the possibility that participants withdraw from the study due to various circumstances.
- *Maturation* refers to the possibility that participants may change their answers based on new information or external factors in critical stages of the research process.
- *Ambiguity about casual direction* refers to the correlation between cause and effect, and that one might know what influences the other (Saunders, Lewis and Thornhill, 2012).

As mentioned in 3.10, internal validity and external validity have been renamed according to Saunder, Lewis and Thornhill (2012) to better represent a study being made of the qualitative nature, rather than quantitative. Internal validity is referred to as credibility, and external validity is referred to as transferability. All critical aspects of the concepts have been acknowledged and implemented, but the names have not been changed due to comprehensible reasons.

3.11 Ethical and sustainable considerations

During the entire process of conducting the thesis, a lot of effort has been put into making sure the research has been conducted in accordance with socially acceptable manners, ensuring societal and environmental-impacts have been considered throughout.

3.11.1 Ethical considerations

As emphasised by Saunders, Lewis and Thornhill (2012), we have tried to identify and address as many possible ethical concerns and considerations as possible in the early stages of the thesis as a preventive measurement. As suggested, all ethical considerations have also been elaborated ongoing throughout the whole process based on the state of the research (Saunders, Lewis and Thornhill, 2012). Furthermore, Saunders, Lewis and Thornhill (2012) highlights a few aspects that researchers should consider extra carefully from an ethical standpoint. They include various forms of integrity, objectivity, avoidance of harm, informed consent, confidentiality and security - amongst others.



Several ethical measurements were taken into consideration parallel to the development of the study to ensure it is well founded. All participants received an initial email which explained the purpose of the study and how their contribution would impact its progress. Furthermore, the participants were informed of their rights of complete anonymity, and their right to withdraw their participation and given information at any time. We also pointed out that all empirical data and personal information would be treated within the framework of the General Data Protection Regulation (GDPR), and explained how the collected data would be used.

As the interviews were conducted, all participants were treated equally and with the utmost respect for wanting to participate and sharing their knowledge. All participants were given an explanation of how the empirical data were to be used, and that they had the right to withdraw from the study at any given time. Furthermore, the authors once again underlined that all information was shared anonymously and that they would be named as “respondent 1”, in the final study, for instance. The anonymity stands throughout the whole research process, and after. All general information about the participants, given in the operationalization table for instance, has been published in consent with the participants. That goes for all empirical information given as well. Before ending each interview, the authors offered the participants to read the final transcripts if they wanted to, and if they had any questions the authors would always be available for answers.

We have throughout the research process treated our participants with the utmost respect and seen it as a relationship between researcher and interviewee. Munhall (1988) describes the relationship as the entry into someone else's world, a world that you promise to describe faithfully and without bias. An angle of it all that shows what respect and gratitude could implicate.

3.11.2 Sustainable considerations

During the whole process, we have aspired to be sustainable accordingly based on the Triple Bottom Line (TBL) formed by Elkington (1994). The TBL focuses on long-term prosperity and embraces societal, economical and environmental factors, as it ensures that all resources are used in a responsible and efficient manner (Elkington, 1994).

From a societal point of view, all parties involved in this thesis, from participants to authors, were treated respectfully and humbly. The research has been relationship-based and the authors fully understand that without participants, no research would have been able to be conducted. Hence, the respect and gratitude towards all participants can not be expressed enough. Open discussions and good communication has been key. Throughout the process of the thesis, the authors divided the workload equally and assisted one another if needed. Some parts of the thesis were written individually due to convenience, but the workload remained evenly distributed and collaboration on all levels permeated the entire process.



From an environmental perspective, the authors agreed that all necessary measures were to be taken into consideration to ensure that the research were to be conducted as efficiently and sustainably as possible. All interviews were conducted digitally in some form, which made all sorts of travelling unnecessary and eventually minimised the climate impact it causes. All notes and data collecting methods were digital through various recording devices to save resources, consented by the participants. The ease and flexibility of digital data collection concluded that it was the most appropriate way of collecting data. It also made it more convenient for both researchers and participants, and led to data being more easily obtained.

In terms of economical aspects, the study was conducted purely in a voluntary manner. The initial plan nor the outcome ever involved spending any types of compensation to the participants or individual businesses. The research is built upon individual participants and businesses that freely agreed to participate, and they always had the option to withdraw from the research at any given time.

4. Analysis and discussion of the empirical findings

As per Saunders, Lewis and Thornhill (2012), the results presented in the empirical chapter will represent patterns, themes, similarities and differences discovered by the authors. They will be put into context with previous research gathered in the literature review and elaborated by thoughts of interpretation from the authors. The empirical results will be presented in the form of citations and paraphrases drawn from the semi-structured interviews, and put into context with extracts from the literature review and minor thoughts from the authors.

4.1 Consumer behaviour

4.1.1 Identifying consumers that return products frequently

Kang and Johnson (2009) explained that it is important to identify characteristics of the individuals that have a high rate of return. In order to reduce the rate of returns it is necessary to identify consumers that are returning products frequently and create an understanding for why they return products. We therefore asked our participants if there are any differences in gender and age when it comes to return behaviour. The opinion held by our respondents was that women return more products in comparison to men. Some respondents had statistics from their sales data and could present facts to support their answer, but even the respondents that did not have sales data had the feeling that women are returning fashion items to a higher degree in comparison to men. Why women return



apparel more frequently is difficult to know, but the participants had some theories that can provide insight to why women return more apparel than men. Respondent 3 stated the following; *“men buy more what they are used to buying and they know what they are looking for. It is not so much window shopping. The mindset is not to buy 10 things and then send back 8”*. Similarly, respondent 4 believed that women order more garments per order and the same products in different sizes and this could be the explanation for the higher return rate. Respondent 5 referred to her own family and said; *“my husband would never return something and he does not have the energy, but if I look at my own behaviour, I usually order 5 pairs of jeans and return the ones that I do not like. For instance, it is often difficult to get a feeling of the texture or the colours by just looking at a photo”*. Wood (2001) highlighted that the lack of sensory and experiential experiences is a problematic part of online shopping. However, Respondent 6 had another perspective and believed that the higher return rate for women could depend on the product range since the product categories are wider for women. It might therefore be more difficult to make the right choice.

To find out more about consumers that return apparel frequently we asked our respondents if they could see any differences in the return rate between younger and older consumers. The general perception was that the younger generation return fashion items to a higher extent in comparison to the older generation. Routine, experience and habitual behaviour were mentioned as possible factors to why there is a difference in the behaviour between younger and older consumers. Respondent 3 believed that younger consumers are more familiar with online shopping and therefore they return more in comparison to older consumers. *“I think that the younger generation returns more than the older generation. Younger consumers are more used to e-commerce behaviour - buy more sizes, try and then send back”*. Respondent 6 agrees and explained that consumers that are around 20 years old have grown up with e-commerce and therefore the attitude towards e-commerce differs among age-groups. Interestingly, respondent 6 further explained that many older consumers are apologetic and feel stupid when it comes to returns. *“I think that the older age group can feel a bit stupid if they order clothing that they then do not buy, they become apologetic in the return process and have a different attitude towards the company and the business owner”*. Respondent 4 mentioned that the older generation is not returning apparel to the same extent as younger consumers since they always intend to keep the products they buy. *“The older you get, the less you have the energy to run back and forth and return. You want to avoid the trouble that comes with it”*.

Our respondents' answers regarding gender and age indicate that females and the younger generation are returning fashion items to a higher extent. This is totally in line with Petersson (2020) statements and it also supports Ek Styvén, Foster and Wallström (2017) findings since they concluded that consumers with high impulsive tendencies are most likely to be younger consumers of the female gender. Kang and Johnson (2009) pointed out that impulsive buyers tend to return products frequently. Even though it seems to be



that women return more apparel than men, it does not mean that women are impulsive buyers in general. It is also important to consider that it does not necessarily mean that men are more profitable for retailers in comparison to women. Kumar and Petersen (2010) mentioned that consumers that frequently purchase products tend to have a high rate of return, but they are often the ones that are buying most in the long-run. Petersson (2020) stated that women are shopping more frequently than men. This could be an explanation to why women also return products more frequently. However, if a retailer wants to reduce the return rate it might be appropriate to send customised marketing based on gender and age. This argument could be supported by Petersen and Kumar (2010) since they suggest that retailers should use sales data and customise the marketing. By doing this retailers can lead customers in the desired direction.

4.1.2 Actions taken when consumers abuse the right to return

Kang and Johnson (2009) highlighted that fraudulent behaviour is frustrating for retailers and it is considered as one of the major challenges in the industry. Based on this statement, we found it relevant to ask our participants how they deal with fraudulent behaviour and which actions are taken. All the participants except one are looking for fraudulent behaviour and they are taking some sort of action if they see that a specific customer returns products frequently. Respondent 5 mentioned that there are customers who are returning more than others but they do not track this or take any actions. However, respondent 5 admitted that it is important to look at fraudulent behaviour even if it is not currently done. Respondent 4 mentioned that their order system is built for identifying strange shopping behaviour and pointed out that; *“we have built a feature into our order system and a warning signal pops up when a customer buys for a third time, and has returned two full orders before that. Then we look at the customer before we deliver that package, what has he/she bought, what has been bought before, are there any comments about this customer etcetera. We might give them another chance, but if the customer orders for a fourth time and has returned three times before, then it is usually a stop”*. Several participants mentioned that they usually give customers the chance to improve their behaviour. A dialogue is carried out through email or telephone before actions are taken. All the participants stated that fraudulent behaviour is a problem, but it is a very small proportion of the customer base that abuse the right to return. In the introduction we referred to an article written by Ljungholm (2022) which stated that 0,4% of Boozts customer base are accountable for 15% of the total returns. This also indicates that there are some extreme customers but they are very few in relation to the total customer base. Respondent 3 and 6 mention that these customers are often addicted or in search for adrenaline rushes. Respondent 3 points out that *“we have seen customers ordering for more than SEK 100,000, and then returns everything. The customer kind of gets a kick out of it and then sends it back”*. Respondent 1 explains that there are customers who order five dresses that cost SEK 3,000 each and then return everything



and do this repeatedly. *“I have also identified customers that order the same dress again and again and in the same size but never keep it. A very strange behaviour and I can not understand it”*. Respondent 1 further explained that they lose money every time these customers are placing an order and that it has been very successful to block these customers. *“We have made a blacklist on really bad customers. We lose money every time they place an order. If you get rid of those customers, it is beneficial both in terms of profitability and time”*.

Participant 1, 4 and 6 explained that they are blocking customers if their behaviour does not change after they have had the dialogue with the customer. The participants who have a physical store encourage the customers to shop there instead of the website. Respondent 3 explained that they do not block customers, instead, they implement an expensive return fee of SEK 299 for customers with fraudulent behaviour. Participant 2 does not block customers or raise the shipping fee, instead they stop sending newsletters to customers that are returning fashion items too frequently. This is not recommended by Petersen and Kumar (2010) since it might lead to a loss in sales. Instead the marketing should be oriented towards products and brands that the customer has purchased and retained in the past. In order to defend participant 2, one could say that it could be challenging to customise the marketing if the customer has not retained anything or 1 garment out of 30. In this case it might be better to stop encouraging purchases, and one solution is to stop targeting those customers with newsletters.

Petersen and Kumar (2010); Lantz and Hjort (2010) explained that consumers who return products frequently can be very profitable. This could be interpreted as it could be difficult to know when retailers should block or create barriers for the consumers. It is therefore very important to ensure that you do not block the wrong customers. From our respondents' answers it seems that there are some extreme customers that abuse the right to return and therefore actions are taken. These customers are not profitable and have had repeated chances to improve their behaviour and therefore one could argue that it is reasonable to prevent these customers from buying. It could be profitable from an economic point of view and it would also be beneficial for the environment since unnecessary transport and packages will be reduced. By blocking these extreme customers the return rate can be reduced remarkably. The disadvantage of blocking customers is of course that the affected customers can be upset and angry. Respondent 1 explained that some customers can be very angry and upset when they are being blocked. However, given that Lantz and Hjort (2012) pointed out that it is not profitable to offer the same delivery and return policy for all customers, one could say that this supports the action of blocking customers or raising the return fee.



4.1.3 Wardrobing

When we asked our participants if wardrobing occurs the statements were very similar. In general, it is very rare that customers are using apparel and then sending it back and therefore wardrobing is not seen as a problem. According to Shang, Ghosh and Galbreth (2017) wardrobing has been frequently discussed during the past years. This statement indicates that wardrobing is a problem for retailers but this is not in line with our respondents view. Respondent 6 explains that wardrobing is rare but it might happen on party-related garments sometimes. *“What we may have problems with are party garments that are more expensive, but we seal them clearly”*. Respondent 1 is targeting older consumers and pointed out that *“the behaviour of using clothes and sending it back does not exist amongst older consumers”*. Furthermore, all the participants explained that it sometimes happens that clothes come back with stains, animal hair or odours. But this is seen as a part of the return process and the apparel can almost always be restored to original condition. Respondents 2, 3 and 4 sometimes charge the customer if it is not possible to restore the garment. However, all admit that they are very kind and it only happens in unique cases. Respondent 4 explains that; *“our approach is more free than condemn. If we can save the garment and it works, we will. If not, we turn it over to the customer, but there is always a dialogue with the customer”*. Suwelack, Hogleve and Hoyer (2011) stated that the possibility of wardrobing increases significantly if a generous return policy is used. This might be true, but based on our respondents' answers there is no indication that wardrobing increases when a lenient return policy is implemented.

4.1.4 Consumers attitudes towards the environment

“It is perhaps three times a year that someone asks if something is environmentally friendly” is stated by respondent 1. According to Roos (2020) the environmental awareness is increasing amongst the general population. This suggests that retailers need to be sustainable in their business processes since consumers are becoming more environmentally conscious. We found it relevant to have a conversation with the participants regarding consumers' attitudes towards the environment. If there is pressure from the customers it might influence retailers to work more sustainably. Conversely, if consumers do not ask any questions regarding the environment retailers might care less about their sustainability work.

The majority of our participants explained that customers are not environmentally conscious when it comes to their shopping behaviour. Participant 2, whose business is purely environmentally driven, stated something remarkable; *“if you check the search history from Google, you will see that searches for organic clothing have decreased,*



which indicates that most consumers do not think about the environment when they shop or return". Respondent 4 believes that the younger generation are more environmentally conscious since second hand is popular among younger consumers. At the same time, respondent 4 mentioned in the interview that younger consumers are returning fashion items to a much higher degree than older consumers. This does not really go hand in hand and it could be interpreted as a bit contradictory. Participant 5 which sells second-hand clothing online, argues that consumers are becoming more environmentally conscious since they have a huge growth in sales. Furthermore, respondent 3 explained that they have tested their consumers and asked them afterwards what they think about various processes, the results showed that 5% of their customers really care about sustainability. *"The most important thing for our customers is that the package and the apparel is clean and looks nice, rather than sustainable"*. One could have in mind that respondent 3 is selling luxury apparel and therefore the customers might expect that the package and the clothing is in good condition. Respondent 6 points out that consumers in Sweden might be environmentally conscious overall but then explains that; *"I think that people want to be in one way, but in practice they might do something else. You answer one thing in a survey but you do another thing in reality. People may think that Sweden is generally environmentally conscious, and I as an individual do not need to be further ahead than the legislation"*. Judge and Douglas (1998) stated that the society expects companies to take environmental considerations into account, but the environmental impacts of reverse logistics are often neglected or overseen by consumers. This statement is pretty similar to what respondent 6 said. To summarise, consumers might be environmentally conscious but they rely on the retailer, or, they want to be in one way but do another thing in practice.

4.2 The design of return policies

4.2.1 Return rate and the attitude towards returns

The rate of return measured as a percentage varied between the participants. Respondent 5 did not have any data available and could not answer the question. Respondent 2 can be considered as an outlier since they had a return rate of 5-10%. All the other respondents had a return rate from 18% to 32%. According to Cullinane et al. (2019) the average return rate for fashion retailers was on average 20% in 2019. The average return rate amongst our participants is just a few percentage points above the number that Cullinane et al. (2019) presented. This indicates that the return rate within the online fashion industry is still very high. Whether the rate of return has increased or decreased varies between the participants, but generally it has not changed much over the past years. Respondent 1 has seen an increase in the rate of return and explains the reason as; *"this is because our e-commerce is growing and we have problems with the new customers"*. On the contrary, respondent 6 has seen an decrease in the rate of return and points out that



they have more repeated customers and the customers have started to learn their assortment. Respondent 6 further states that; *“if we created more barriers in our return process, I guess that the returns would have decreased, but people would probably have shopped less as well”*.

The participants' attitudes towards customer returns are very similar. The perspective of the participants' is that returns are an inevitable part of the business. All the participants mentioned that customers must have the opportunity to return products, but they work actively to reduce the amount of returns by improving product descriptions, sizes and pictures. Respondent 1 points out that; *“returns are a necessity. I have almost worked reverse, getting my employees to accept returns. Returns are a necessary evil and I can not see a solution to it. But in order to reduce the rate of return I have three people that answer the phone and guide our customers on a daily basis”*. This statement, particularly; *“I can not see any solution to it”* supports Hellström et al. (2017) statement since they pointed out that retailers are confused and they do not know how they should handle returns. Furthermore, Petersen and Kumar (2009) argued that retailers need to change their mindset since they associate returns with costs and inconvenience. Based on our interviews, the general perception of product returns is rather that it is an inevitable part of the business and customers must be able to return products that they do not want to keep. However, the participants try to reduce the amount of returns since they can save money if customers manage to order correctly on the first try.

4.2.2 Advantages and disadvantages of free returns

There is disagreement between the participants when it comes to how free returns affect the turnover. Participants 4 and 6 argue that free returns do not affect the turnover while the other participants believe that the turnover will be positively affected if free returns are offered. This is interesting since prior research has shown that a generous return policy leads to increased turnover and order frequency (Kumar and Petersen 2010; Lantz and Hjort 2012; Wood 2001; Wang 2009). Respondent 4 explains that; *“I did not feel that our turnover increased when we offered free returns, not the times we tested for 6-8 months. I can not see the difference and it does not add up enough”*. Respondent 4 further explained that they charge customers for the return since the return rate becomes too high otherwise. *“We believe that this is the right way to go and it is reasonable that the customer should take a part of the cost. We believe that it will go in that direction as well because it will be a large cost and environmental aspect that is difficult to control internally”*. Participant 6 told us that they have offered free returns earlier, but now they charge SEK 49 for a return. Interestingly, the return rate went down a little bit when they started to charge customers for returns, at the same time, the sales were unchanged. Contradictory, respondent 2 who charges customers for returns pointed out that; *“I believe that we could increase the turnover significantly by offering free returns, but the*



returns would increase significantly". Similarly, respondent 1 explained firmly that the sales might decrease with 10-15% if they were to remove the free returns. The fact is that respondent 1 does not offer free returns on all items, apparel that are on sale are an exception. "*We took away the opportunity to return products on sale since it does not work. People bought large quantities and returned the majority of it. This move was very successful*". From our knowledge, this type of action has not been mentioned as a suggestion in prior research and participant 1 was the only one of the respondents that had this strategy. However, one thing that the participants agreed on was that free returns lead to an increased rate of return. This is not in line with Wood (2001) and Wang (2009) findings since their studies showed that the return rate remained the same when free returns were offered.

From our interviews it is impossible to state whether free returns would have a positive impact or not in the long run. As mentioned earlier in this paper, prior research has also shown different results and suggest different recommendations whether free returns should be offered or not (Bahn and Boyd, 2014). According to our participants the advantages of offering free returns is that the customer does not have to focus on the costs of returning the product, more focus can be placed on the products. Furthermore, free returns can also attract new customers since they might be more open to purchase if they are promised to return the products for free. The disadvantage is that the return rate increases.

4.2.4 The major challenges of designing and implementing return policies

When we asked our participants about the challenges of designing and implementing a return policy there was often a long silence. The answers were scattered which means that the participants might face and interpret challenges in various ways. Respondent 3 argued that the combination of satisfied customers, free shipping and free returns, sustainability and profitability is difficult to get together. Similarly, respondent 2 and 4 mentioned the major challenge is to satisfy and make it easy for the customer to return products, without losing profitability. Respondent 4 points out that; "*the challenge is to make it smooth for the customer without going bankrupt*". A parallel can be drawn to Kang and Johnson (2009) who argued that it is important to not prevent customers from buying but at the same time it is important to identify customers with fraudulent behaviour. Based on these statements one could say that it is important to make it simple for customers to return products in order to create customer satisfaction, but it is equally important to identify customers that have a remarkably high return rate. This in order to not lose profitability. Moreover, respondent 6 pointed out that the legislation was a problem and argued that 14 days purchase on approval is too long. The respondent further explained that this is beneficial for the consumer but it could imply that they need to wait 30 days, from sending the product to the product being back at the warehouse. "*If you are seasonal, as*



you are in the fashion industry, and a season is about 5 months, the sales space disappears quite quickly. If I had to decide, a week would have been enough". The law (SFS 2005:59) is beyond retailers control in this case. Respondent 4 mentioned another challenge and explained that it is risky to make the return policy too strict; *"customers may prioritise buying from other retailers where the return policy is more lenient and flexible"*. This can be interpreted as competition being a challenge and you want to strive for simplicity in your return policy. Otherwise, you might lose market shares to competitors. Lantz and Hjort (2013) and Jeng (2017) also pointed out that retailers usually offer lenient return policies due to the highly competitive environment. The statement from respondent 4 is also in line with Kahn, Moore and Glazer (1987) findings since they found that customers tend to choose the most generous alternative if customers are facing two equal alternatives.

4.2.5 The balance in the return policy

Patrick Müller, e-commerce specialist at Nets A/S argued that the return process and the design of return policies is complex since retailers must consider customer satisfaction, balance costs and profitability and the environment, all at the same time. Patrick Müller further explained that these factors often clash with each other (Nets A/S 2022). Due to the fact that this paper is highlighting the challenge of designing a return policy that benefits the consumer, the company and the environment we asked our participants if they have a good balance between these three factors in their return policy. When this question was asked, the answers were in general short and it was noticeable that the respondents were struggling to find arguments for why they believe that their return policy has a good balance. The majority of the respondents stated that they have a good balance between these three factors, but a few respondents also mentioned that some things could be improved. Respondent 4 stated that; *"we have a pretty good balance but there are things that could be improved. For instance, if one customer receives the delivery in two separate parcels it is common that they return the order in two separate parcels, instead of packing it together. We are trying to inform the customers about this, but it does not always work"*. One could say that this would be beneficial for both the customer, the company and the environment if this is improved. Firstly, the consumer does not need to carry two parcels to the post office. Secondly, the company saves a lot of money since they do not need to pay for two shipping fees. Thirdly, if the order is packed together it will take up less space in the truck.

Interestingly, two respondents answered totally differently from each other regarding the balance in the return policy even though their return policies and processes are similar. Respondent 1 explained that they have a good balance between customer satisfaction and profitability but the environment is suffering. *"The environment, no not at all. There is far too much plastic and transports here and there"*. On the contrary, respondent 3 pointed out that; *"absolutely, we have a very good balance. We cannot do so much more when it*



comes to the environment and sustainability. We take care of our waste and recycle it". It should be noted that participant 1 also recycles the packaging that arises from returns.

Respondent 5 pointed out that their return policy is generous and argued that they have a good balance in their return policy. There was a lack of arguments for the profitability but respondent 5 pointed out something interesting and surprising; *"the most important thing is that the clothes end up with the right owner and are being used"*. This is something we as authors have not thought about. A low rate of return is good since it contributes to less transports, but it could be that customers keep garments that they never use. This in turn is not beneficial from an environmental point of view either - keeping clothes that you do not use. It indicates that the environmental footprint caused by consumers and businesses can be interpreted in multiple ways, and there is no one-sided solution to the problem.

4.3 Return Management

4.3.1 The return management process

No participants in this study deal with outsourcing their products in the return processes but handle everything themselves internally. Nothing is shipped abroad in the process for re-packaging or anything in that nature. Cullinane et al. (2019) argues that the procedure of unpackaging, repackaging and inspections often takes place abroad in order for the company to save money due to labour costs. The answers from our respondents suggest that all costs connected to these processes are covered by themselves internally, presumably at a higher cost than if it were outsourced, regardless of that being costs of manpower, time-consuming costs or costs related to internal processes of other natures.

When asking the participants whether they have ingrained processes regarding their return management and how they look if that is the case, all respondents concluded that no outsourcing takes place, and everything is being dealt with internally. The processes vary between the respondents, and some are highly digitalized where the consumer needs to give reasons online for their requested return (giving valuable data), while others are more traditionally managed. As suggested by Croxton et al. (2001), all participants have developed some sort of return process and see it as an important part of the business, although they differ from each other and seem to prioritise it slightly differently. The respondents find their return processes to handle the reverse product flow in an adequate way as of now, which per Rogers et al. (2002) is the main objective. Even though it is not beneficial in the sense of making money, they have all outlined a process that allows them to cover essential costs related to customer returns. We as researchers find their approach to be more in line with Bernon, Rossi and Cullens (2009:486) stance on the issue.

All returned products go through careful quality control to detect possible defects, in order for the items to be available again. Respondent 6 and respondent 1 have the



opportunity to unpack the goods to sell in a brick-and-mortar store again and may not have to pack the goods in paper or plastic. The products can be sold in the physical stores despite having minor defects since a dialogue with potential customers could result in a sale by perhaps a lowering of the price. This can be seen as very beneficial, basically from all perspectives. Although there will be costs connected to having brick-and-mortar stores as well. We as authors also find respondent 5s' answer interesting, since they allow the customer to sell the garment through their website instead of returning it, hence potentially avoiding the product to travel unnecessarily much.

Respondent 6 states that *“We can reduce the price of goods with a small defect in the shop and engage in a dialog with the potential customer. If we send it away again, we wrap the product in thin paper that should feel premium, as well as a flat plastic bag. The brick-and-mortar store and e-commerce are connected in this way. For us, this is very good. We don't want to send out an item with a small defect, so it becomes an advantage to have a store instead of throwing away goods. We can reduce the price of the garment to SEK 200 and still earn SEK 200 if a customer comes in and buys it in the brick-and-mortar location. But I understand that no one wants to sell a damaged garment for SEK 200 via e-commerce that the customer can return. That costs money. I don't get anything from it because it's lower than my purchase value and I also have to send it to a customer who could return it. From an environmental perspective we find this very beneficial as well.”* The other respondent argues that this becomes difficult if the business is not driven as an omnichannel.

Since it can take up to three times as long to process a return, as per Cullinane et al. (2019), time is one of the decisive factors when discussing the correlation between costs, sustainability and service. Especially when dealing with products whose life-cycle is short, and is very seasonal-based. Hence, the retrieval and processing of a return is seen as quite important from a time perspective. When asking the respondents in which stage of the purchase process they usually receive their returns, we found consonance between all respondents. The majority of the customers are well aware of the time limits and are relatively quick when it comes to returning orders or products. Most of the time, it is processed within approximately a week. It is very rare, although it occurs, that orders are not collected at all from the respective postal agents. *“It is very rare with unreleased parcels, an extremely small proportion”*, says respondent 3. Respondent 6 concludes and adds that; *“we have a fee of SEK 200 plus the return costs that they have to take if not collected. When Postnord reduced the collection time from 1 to 2 weeks, it became less, it is probably the case that if you know that it is urgent, you do it immediately. If you have a long time, you might drag it on.”*

Respondent 4 underlines that they try to be generous and understanding if orders are not returned within the right of withdrawal, provided that it is returned within a reasonable time. This could potentially put them in a situation where items returned are out of season



when finally returned and have gone through all necessary procedures. Hence, it could be harder to sell and instead of providing profit becomes a cost-related loss.

4.3.2 Avoidance techniques

Based on the thoughts of Lambert (2004) and Hjort (2010), the respondents were asked whether they continuously implement avoidance techniques in order to minimise the risk of products being returned due to product descriptions, quality issues, size difficulties, and so on. Rogers et al. (2002) argued that organisations may differ in their implementation of avoidance, which is something we could see among our participants. We learned that all respondents use avoidance techniques to a quite great extent, want to listen to their customers and find it very important even though it becomes difficult for some. Foremost respondents 4, 2 and 6 find it difficult to make use of the techniques due to short seasonal intervals of different product categories or just not having the manpower to do it. Meaning that the products often are purchased in very small batches and major changes to avoid returns cannot be practised fully and will not have a considerable impact. All participants collect their products and try to describe them as informally as possible, even though respondent 6 states that *“the general population is not good at all in actually reading them. We work with it a little bit, but we are the kind of store that cannot do it really.”* Although all respondents think the idea of detailed descriptions is good, they point out that it is difficult, time-demanding, and that consumers have to actually start reading them carefully. Meaning that customers need to be more aware of what is actually stated in the descriptions.

“We have a size-n-fit program, and we have a point system where the customer tells us if a garment in a certain size fits. Everything we bring into our warehouse we measure ourselves, and we set up a measurement table ourselves, so we do not use our suppliers' measurement tables but have our own. This means that we have good control over the data, and with that we can give our customers suggestions of other products. It is the gap between e-commerce and the real thing that you try to close in order to reduce returns.”, respondent 3 says – the only participant in this research who has developed their own size-n-fit program.

Generally speaking, all respondents try to gain information from their customers in order to change descriptions of products and thereby the return rate, as highly suggested by Powers and Jack (2013). The challenge they stand before is gaining enough reviews, hence making eventual changes impactful. The absence of static products is a contributing factor to why the problem remains, and reviews become less useful. Respondent 6 likes the idea of continuous changes in descriptions based on customer voices and states that *“I would actually like to do that. Customer ratings are really good for us as a whole. We don't get feedback on each individual garment, and it really has to do with practical things. I don't mind it; I think it's great and a good conversion booster. But if the customer*



is going to go in and rate a garment that is not available in two weeks, it just becomes counterproductive. It is difficult to do this for us, otherwise I would really do it".

Respondent 4 gains insight through Trustpilot, where the customers can rate the products and the whole business. But underlines that *"the challenge for us is to get multiple reviews on similar products"*. It is obviously quite difficult to make use of reviews and customer feedback, due to products being particularly seasonal-based and bought in small editions. Respondent 5 believes that continuously re-doing product descriptions is very appreciated.

4.3.3 Supplier cooperation

When asking the participants whether they cooperate with their suppliers in any way in regard to customer returns or product information, only respondents 4 and 6 replied that they get photos of the garments to put up on the website. Otherwise, all participants state that there is no cooperation with suppliers when it comes to product descriptions and returns, but rather that in such cases they draw inspiration from suppliers' websites or similar to use themselves in order to describe specifics on their site. Hjort (2010) and Powers and Jack (2013) argued that the interplay between suppliers and retailers is of the utmost importance, especially when dealing with multiple brands, to create the best possible prerequisite for satisfied customers and long-term relationships. We as researchers found it surprising that there is basically no cooperation whatsoever. Despite it foremost being a traditional B2B sale between supplier and retailer, the lack of information retrieval from the retailers side in order to decrease fuzzy descriptions seems strange. In order to avoid returns due to deficient product, size and quality information, the authors question the participants' engagement with their suppliers.

4.4 Sustainability

4.4.1 Sustainability and success

Interestingly, no participant referred to their return rates when it comes to sustainability in the return process and this issue specifically. Since one could believe the return rate is the overall problem and other factors become significant due to that. However, all companies state that no clothes from the return process are thrown away. This can be seen as very positive and it does not support Gustavsson (2022) since he argued that prior studies have shown that it frequently occurs. Respondent 5 continuously assess returned products in order to see if they are good enough to sell, otherwise they donate it. Overall, garments are either refurbished, sold at a discount, or donated to charitable organisations - which can be seen as sustainable, yet common sense. Whether the companies consider that they work sustainably or not in their return processes differs and can therefore be seen as a question of definition. Respondent 1 states that they do not work sustainably in their return process. *"There are customers from the neighbourhood who order home and return.*



Then you can feel, but God, you live 100 metres from here so you can still go to our physical store instead of going through the website. If the customer orders a package, the package must be picked up from us by the postman and then sent to a terminal before arriving at the customer's home. When returning, it will be the same process. I could basically walk to their home and pick up their returns instead'. This type of behaviour does not align with Roos (2020) and the idea of consumers being more environmentally conscious in today's society. Presumably, consumers would not order garments online when living approximately 100 metres from the brick-and-mortar location if that were the case.

Respondent 4 also feels that they are a little bit lacking at it but believes that they do a good job and are sustainable when it comes specifically to packaging materials that they both recycle and purchase, and that co-packing of orders is a goal that will contribute to increased sustainability in the future. Respondent 6 states that they work sustainably in their return process, but it is not something they focus on. When it comes to the environment, they rely on their suppliers who are environmentally certified and write sustainability reports. Furthermore, they argue that the use of plastic is better than cartons as cartons take up a lot of volume/air. *“There are so many factors when it comes to the environment, driving a car around with lots of empty cardboard boxes, that's not so good for the environment either. The absolute best thing you can do is to buy a few products that last a long time. You can't grow cotton without water. It doesn't matter if you are as good as you are at shipping and returns if you are still a wasteful company dealing in fast-fashion”*. Respondent 2 insists that nothing should go to waste and all clothes that are returned should be reused in one way or another, as nothing is thrown away and small defects are repaired. They store damaged garments in the hope of selling them at a discount in the future, contradictory to the claims made by Gustavsson (2022). This has led to positive exclamations from customers in line with Mariadoss et al. (2016), since one can assume that the majority of respondent 2s' customers have strong feelings towards sustainable products and processes, and appreciate the efforts being made.

When we asked our participants if they would consider a sustainable and environmentally friendly business as a type of success, all participants nodded their heads and agreed. This goes in line with Judge and Douglas (1998) and their view on environmentally initiatives being the ground stone for success. The business idea of respondent 2 is to be sustainable, rather than extremely profitable; *“we don't want to leave a footprint on the environment. So we see that as success and our goal with the company is to work sustainably”*. However, it is difficult to be sustainable and to know what is sustainable by definition. Add to this that you need to be profitable in the meantime. Respondents 1 and 4 states that they want to work sustainably but they do not know how to do it at present while still being efficient and profitable, while respondent 3 sees sustainability work as something that makes the company more valuable – *“If you are going to sell a company in five years' time, you must have well implemented sustainability work, which is in place, orderly*



documents, correct reporting and transparency, then the company will be worth more. It will be a part of the price in the end". Respondent 5 felt that they were sustainable, but that it is hard to measure and therefore cannot classify it as a success. Even though they notice that they "*can measure it in a sense of not needing to buy more paper*", since they try to reuse it.

4.4.2 Recycling and reuse of packages

Only two of our participants reuse materials of any type such as cartons, plastic and paper which originates from customer returns. Respondent 2 are the only ones that reuse everything that arises from customer returns. The given reasons for not reusing materials are because they take up too much space at the warehouse, it needs to be handled with manpower, the overall cost would be higher and because it is returned in an overall bad condition. Respondents 1, 3 and 6 believe that customers would react negatively if they received a reused carton, and it would not be perceived as premium. Which could be seen as an unrealistic expectation according to Bertram and Chi (2018). Respondent 2 has experienced that customers react positively when they receive a reused carton regardless of whether it is a little edged or worn. They have seen positive comments about this in reviews and continue to make use of the returned materials by; "*.. using reused cardboard boxes from a nearby grocery store. We also recycle everything that is sent back. We haven't bought any materials except paper and recycled plastic*". Respondent 5 states that "*we try to use certain papers that customers return for other orders*" and "*what hinders us from reusing carton boxes is that some customer information is stuck on the carton boxes which make it difficult to reuse, otherwise it is a good and logical idea*".

Respondent 1 adds that the original idea was to reuse certain materials returned to them, but as the implementation was made and the work continued, they noticed that it was untenable and stated that; "*they looked very shabby, with tape residue and sticky notes. I tried to clean up the boxes, but it looked too bad. If the customer buys for SEK 8000 and it comes in an old box, I couldn't actually manage it. I then thought that we would write in a newsletter that we reuse cartons because we think about the environment, but I never did. It is possible that we will take this up again if customers start to think more about the environment and demand this. We get an awful lot of cardboard and plastic, but we still buy new cardboard and plastic and that's just terrible.*" We as researchers find it sad that the idea of communicating the initiative in a newsletter was not fulfilled. Partly because it is seen as a marketing strategy according to Roos (2020), and partly because many consumers care about environmental initiatives (Roos, 2020).

4.4.3 The aspiration of sustainability vs profitability

We asked our participants how they balance the aspirations of profitability with the aspiration of sustainable processes in regard to the return process, and all respondents



clearly put profitability above the aspiration of sustainable solutions in their return processes, except respondent 2 who states that *“we are no economists, instead we just go with it. Our whole business idea evolves around sustainability, and we haven't felt that returns drags us down in any way.”*. Respondents 1 and 5 think that sustainable awareness and profitability could be reached in symbiosis and possibly have positive effect on each other, as stated by Banihashemi, Fei and Chen (2019), but that it is difficult to make sure that the return process is sustainable from all aspects. Respondent 5 argues that they try to integrate it as well as they can.

Respondent 3 argues that multiple stakeholders make it difficult to achieve both pillars to a great extent. Banihashemi, Fei and Chen (2019) argued that sustainability within reverse logistics is a strategic intent due to the growth and profitability it brings, aligning with the thoughts presented by respondent 3. *“There are different stakeholders so it becomes very difficult. Everyone who owns a company, the board, owners and such stakeholders see profitability as the most important measure of all. However, seeing sustainability/environmental work as part of profitability in order to generate more turnover, get more customers and to be part of the future where sustainability is becoming increasingly important. It is super important. If you strive for a high level of environmental awareness/sustainability that costs and takes a toll on profitability, it will not work.”*. Hence, agreeing with Andic, Yurt and Baltacioglu (2012) and pointing out that it is very complex to achieve. Respondent 4 agrees with respondent 3 regarding seeing profitability as the most important aspect, and that they see an advantage in moving sustainability forward to use it as a profitability driver in the future as well.

Respondent 6 sees a possible solution that would drive profitability and have less impact on the environment, which involves making customers order larger quantities article-wise. *“The worst thing is if the customer orders one garment at a time, which has to travel back and forth. This is the worst for all parties: the customer has to wait; our profitability and the environment suffer.”*. Hence, it is partly something that needs to be understood by customers as well and is not really understood yet. Giving reasons to believe that customers are too unaware of the environmental impacts returns actually have. Aligning with Mariadoss et al. (2016) and their perception of neglect when it comes to consumers and reverse logistics.

4.4.4 Logistics and return options

How drop-offs and pick-ups take place depends on the agreement the participants have with the transport companies and the customers location. Information is not shared to any significant extent to analyse customer data which was stated as beneficial by Yanchuk et al. (2020). All participants state that they have little or no insight into whether returns and deliveries are shared, and that all sorts of cooperation with the carrier is very limited although suggested by Edwards, McKinnon and Cullinane (2009) in order to reduce the



environmental impacts. This is very much the responsibility of the transport company and how they plan their routes. Respondent 6 believes that work needs to be done by the transport companies; *“it is not just about them driving on biogas, but that they should drive smart routes. Sometimes I feel that they drive very strange routes.”*. Respondent 6 thus proposes that the carriers need to see over their routes, and that they as of now are not aligned with the thought of Edwards, McKinnon and Cullinane (2009), efficiently collecting and dropping packages.

Respondent 1 and respondent 3 pay the transport companies for picking up deliveries and dropping off returns at different times. Returns are dropped off in the morning and deliveries are picked up in the afternoon. They control the times relatively actively, possibly due to agreements and routine explanations. Respondents 4 and 6 receive pick-ups and drop-offs of returns at the same time. Respondent 6 explains that *“we do not get a return, but it comes in bulk. I think there is carpooling at the terminals. They never come with only returns. If they don't have anything to pick up, they don't bring returns either. They coordinate this in connection with a collection from us. It can take 5-6 days before we receive a large load of returns.”*.

With all this said, respondent 2 is the only participant that handles all deliveries and collections of returns themselves at the nearest postal office and does not currently work with transport companies.

We asked our participants to describe which alternatives that customers have when returning items. Can they perhaps have the products picked-up at home, or do they have to sort it out themselves by travelling to the nearest post-office? Overall, it is basically always about which freight company the customer used for their delivery, and rarely something that the participants themselves can influence or have any control over. The option of having products picked up is available at two of the companies, but this happens to a very small extent. Other companies do not offer collection of returns at the customer's home. Respondent 3 offers pickup via specific carriers for high value orders only. Although this is extremely rare and happens *“5 times out of 20.000 approximately.”*. The flexibility in return options suggested by Yanchuk et al. (2020) is evidently minimal and does not contribute to a decrease in environmental impacts or increase in satisfaction amongst the customers. Neither are there obvious options for the customers, nor the respondents, to influence the return based on Wiese, Toporowski and Zielke's (2012) implications. Although a majority of the participants allow their customers to return their packages at the nearest postal office, as suggested as the most sustainable approach according to Edwards, McKinnon and Cullinane (2009).

4.4.5 Advantages with a sustainable return process and green initiatives

According to Roos (2020) environmental initiatives can strengthen the brand image and be used as a marketing strategy. When the participants were asked whether they could see



any advantages with making the return process more sustainable, a majority of them described that their customers rarely speak out or mention anything when it comes to sustainability questions. Thus, from an external perspective they have not noticed anything that can make them believe that it would be a competitive advantage to use environmental initiatives as a marketing strategy, as suggested by Roos (2020). Respondent 2 is the only participant that has had positive feedback in regard to their sustainable initiatives. This goes along with Cullinane et al. (2019) thoughts about the general awareness of consumers and their impact on the environment, since they seem to lack the understanding of how over-consumption leads to negative environmental impacts.

The participants could see some advantages with making the process more sustainable, and respondent 4 states that *“if you strive for it, I think you should market it and communicate that you are doing it. It's in time to work for it, and there is a profitability aspect to it, even if it may be a cost initially. We need to strive in that direction.”*. Hence, it is seen as a profitability driver and perhaps not necessarily an initiative based on the good of the environment. It aligns with Banihashemi, Fei and Chen (2019), and their belief in that it is more of a strategic intent due to growth and profitability. Respondent 5 states that *“of course you want to be a part of the positive environmental developments, but it is hard to do everything all at once”* and see the contribution as an overall advantage but identifies difficulties in managing everything all at once. Respondent 6 believes that both shipping and returns should cost the customer a few SEK, and that this in turn is an advantage in purely environmental terms as it can contribute to positive changes in the environmental work in the future - *“With some expenses, I think you get a more thoughtful customer who doesn't just go with the first feeling. I think it's good that it costs”*.

When we asked the participants whether their customers are aware about potential sustainable initiatives they conduct, two of them use it in some form of marketing strategies, and the others work with it purely internally instead. On the other hand, according to respondent 3, green consciousness and initiatives is seen as a competitive advantage rather than a cost, accordingly with Mutingi (2014), even if they have not implemented it in practice as it is an extensive job that requires many years of development before you can start showing it and thus be able to stand for it 100%. Respondent 3 continues and presumes that the general population is neglecting the problem and that it perhaps would not make a difference if it were communicated, not aligning with what Roos (2020) has stated previously. *“We have a landing page on our website where we have a lot of environmental initiatives. I really don't think many people are there reading about us and it's probably extremely uninteresting for our customers really, and if we had a report, I don't think many people would have read it either”*.

The exception is respondents 2 and 5, who see it as a fundamental part of their business strategy and idea. Respondent 2 states that – *“We hope so. As well as selling only*



eco-friendly clothes, we donate money to the Nature Conservation Society and we show that we are a supportive company. We manage the company as environmentally conscious as possible and see that people recognize it". Judge and Douglas (1998) stated that the commitment to environmental excellence is what determines if the organisation is successful or not, which is something that we believe has been reached by respondent 2. Respondent 6 can see a slight positive response from their customers based on which suppliers they make use of but does not see it as a competitive advantage. They rather argue that customers like it if their products are not manufactured in China, but perhaps more locally.

4.5 Sending returns from C2C

We asked our participants if they saw it as a possibility for a return to be sent directly to the next customer, from consumer to consumer so to speak. Everyone found the idea to be great, but hard to practically implement due to various reasons. Particularly since the condition of the garment needs to be checked, as everyone mentioned. Logistical aspects are also raised as it is necessary to match a return and a newly placed order. A high turnover of clothes and large quantities are required for this to be feasible. Respondent 6 believes that it would be feasible if dealing with other product categories and continues to say that; *"you would need customers to rate this or photograph the products before sending them. If the customer sends a product in a bad condition, the customer gets a bad rating. Kind of like Tradera. Then he does not get this opportunity in the future. AI may be able to help here too by checking the photo to see if the product is in good condition"*.

Respondent 5 have implemented a variation of this idea into their business concept. The customer has the option to sell the garment instead of returning it if it is registered within 3 months, through the company's website. Hence, the garment goes from customer to customer. Respondents 2 and 3 believe that the concept would only work if the mindset of customers were to change. *"It would require a major change in customers and their mindset. Their approach to things. When I've read about returns management and seen customer comments, I see a lot of comments where customers write that they don't want anyone to have touched the garment before. This concept is difficult but not impossible."* says respondent 2. Respondent 3 adds to that and says *"the customer wants to feel that the product is new. We sometimes have customers who notice that it is a return and get angry. The claim that it is not premium if the garment has already been sold once before. So, sending the product from customer to customer becomes very difficult"*. Overall, there are obstacles to overcome but the greatest of them all seems to be the mindset of customers according to our participants.

4.6 Suggestions for improvement in the return process

As a closing question we invited our participants to freely think about how the return process and the return policy could be improved in the future. We explained carefully that



their suggestions should take the consumer, company and the environment into consideration. The majority of the participants came up with suggestions for improvement and new ideas. Participants 2 and 6 thought that new technology like artificial intelligence could help retailers to improve the return process. Respondent 2 explained that artificial intelligence (AI) could help customers to make the right choice when shopping for apparel. For instance, if chatbots have extraordinary information about specific garments the chatbot can guide the customers. Respondent 2 further explained that virtual dressing rooms also could help and it might be more commonly used in the future. Respondent 6 thought that AI could be used to plan the routes for the transports and argued that AI would do it better in comparison to human beings. Moreover, respondent 3 mentioned that it is possible to decrease the length of the transports if you have more warehouses placed at different locations. For instance, if you have a customer in Malmö that wants to return a product and your main warehouse is located in Stockholm the product will be transported a long distance. If you have a small warehouse in Malmö the product can go to that warehouse and be sold from there. *“I think that this concept would be beneficial for the profitability, environment and customer satisfaction, absolutely”*. Another interesting statement was pointed out from respondent 4; *“you have to make the return process more fossil-free because the customer will never stop returning products. So it is all about making the process more fossil-free but the problem is the cost balance. Environmental initiatives are expensive and someone needs to take the cost. Who is going to pay? The customer, the company or should the cost be split equally?”*. Respondent 5 mentioned that the options that come with an omni-presence gives the customer freedom when it comes to returning items, and that companies should think about allowing more than 30 days open purchase since that presumably would not imply that more returns would appear. Although it would be difficult within the fashion industry due to the seasonal aspect.

5. Conclusion

In this chapter, the authors will present conclusions drawn from the analysis, elaborated from the primary data collected from the semi-structured interviews along with the information provided from the secondary sources in the literature review. The authors will in this chapter discuss and present their answer to the research question as well as disclose implications for the research in a theoretical and managerial manner. The authors will also give suggestions for future research within the area, as well as limitations discovered to the said research.

5.1 Answering the research question

Studying return policies is complex due to inherent interaction effects. This study focused on the balance in the return policy and took the consumer, company finances and the



environment into consideration which is complex and challenging. However, with help of our participants and secondary sources we as authors have created a deep knowledge within the field of return policies and have therefore been able to come up with a conclusion. So, how do e-tailers within the fashion industry balance the needs of consumers, company finances, and environmental concerns when designing return policies?

In general, e-tailers want to make the return process simple for their customers and create customer satisfaction. Purchase on approval, prescribed return labels, QR-codes, quick refunds and low or free return fees are techniques used to simplify the return process. The perception is that the customer must be able to return products that do not fit or meet the expectations. One dare to say that e-tailers are very generous and they want to avoid creating barriers between themselves and their customers. Even though the time limit for purchase on approval has expired or the condition of the garment has changed due to factors such as animal hair or odours, e-tailers usually allow the customer to return the product without any consequences. It is only in unique cases that the customer needs to take the consequences sanctioned by the business. The conclusion here is that the return process and the return policy creates advantage for the consumer, and retailers are definitely prioritising customer satisfaction instead of following their own guidelines thoroughly.

Even though the attitude towards returns is that consumers must be able to return products and it is usually seen as a part of the business, e-tailers still want to avoid unnecessary returns. Returns are costly due to shipping fees and labour costs. It is time consuming to restore the garments to original condition. Even though some companies are charging the customer for returns, the return fee is not close to the actual cost that businesses need to cover. In other words, the return fee paid by the customer is cheaper in comparison to what the company actually pays. The waste of packages could also be seen as a cost. In order to reduce the rate of unnecessary returns different avoidance techniques are used. The focus is placed on improvements of the product descriptions, size guides and pictures in order to provide the customer with all necessary information and decrease the natural gap between physical shopping and online shopping. Improvement and development of avoidance techniques increases the probability of making the right choice on the first try. The technology is continually being developed which means that tools such as AI and virtual dressing rooms might help retailers in the future when it comes to avoidance and a reduction of the return rate. However, there seems to be a lack of customised marketing based on what customers have purchased and retrieved in the past. This could preferably be improved as stated by the interviewed retailers. By looking at sales data they can guide customers in the desired direction. For instance, it might not be appropriate to introduce new brands and product categories to a customer that has a very high rate of return. Instead, the marketing could be oriented towards products or brands with similarities to what the customer has purchased and retained in the past.



Moreover, in this study it has emerged that there are some extreme customers with fraudulent behaviour. These customers are very few but they are accountable for a big part of the total returns. The retailers that are creating barriers for these extreme customers in terms of blocking, raising the return fees or stop sending newsletters describe this as very successful. This could perhaps be one way to go if you want to find the balance in the return policy. Customers that are facing these barriers might question the retailer or be upset, which could be a downside. One question arises here, could you even call these extreme ones for customers or have they rather figured out the systematics behind the policies? Furthermore, one could argue that it is appropriate to take some sort of action when customers abuse the right to return. It would be beneficial in terms of profitability for the company and the amount of transports and packages will be reduced which is good from an environmental perspective.

From our findings it is impossible to state whether free returns should be offered or not. It is difficult to state how this affects the profitability and the consumer in the long-run. It is also difficult to argue how it affects the balance in the return policy. However, respondent 2 mentioned that they have free returns for everything except products that are on sale. The purchase and the return behaviour seems to be different when products are on sale and the amount of returns increases significantly. This finding only emerged from one respondent but this might be one way to go in order to create a better balance in the return policy. Just the same as one might not offer the same return policy for all customers, one could argue that it would be a good idea to not offer the same return policy for all products.

It is difficult to state how environmentally friendly retailers are when it comes to product returns. From our knowledge it is impossible to state how the environment is affected by various return policies in the long-run. As mentioned earlier, we as authors did not consider the fact that a high rate of return could be seen as positive from an environmental perspective. A high rate of return can imply that all garments that are sold are also being used. In order to be a little bit critical, one could say that this also is a good way for a retailer with a high rate of return to defend themselves regarding the environmental impact. However, no one of the participants in this study are throwing away returned apparel which is positive. The garments that cannot be restored to original condition are either sold in the physical store at discount or donated to charity. By having this in mind one could argue that they are working sustainably in the return process and that the return policies are taking the environment into consideration. But there are also counter arguments regarding the environmental balance and there is especially one thing that could be improved. The fact that only one retailer is reusing everything that arises from returns such as boxes, plastic bags and filler materials is quite shocking. There is a lot of room for improvement when it comes to the reuse of packages and this speaks that the majority of the retailers do not balance the need of the environment to a full extent. One important thing to have in mind is that consumers also must change their mindset



regarding reused packages and become more receptive to this. The same applies regarding sending returns from C2C. The problem of sending returns from C2C is that the products can not be controlled by the retailer and therefore consumers must have an understanding and be receptive to an initiative like this. A conclusion that can be drawn regarding the environment is that retailers have room for improvement, but consumers must also change their mindset and be more receptive to environmental initiatives. Furthermore, in order for the retailers to achieve a balance, consumers must take responsibility and change their shopping and return behaviour. For instance, consumers must have in mind that returns contribute to increased transports and therefore they need to think about how they shop. This in order to reduce the amount of unnecessary returns. It is difficult to achieve balance in the return policy if consumers do not take their responsibility. Moreover, participants have during the interviews mentioned suggestions for how the environmental impact can be reduced. One suggestion was to increase the number of small warehouses so that the returned products are transported shorter distances. This is a good idea, but the negative aspect is that the inventory levels must be very high. One could then ask how profitable it is to have a high inventory and that could also be questioned from an environmental point of view.

Whether retailers have a balance between these three factors is difficult to answer. The environmental impact from returns and different processes can be seen from many perspectives and therefore it is difficult to state the best solution. From our perspective, we are only considering one of the participants to be purely sustainable when it comes to handling returns. This is not so strange since the business idea is built upon sustainability. In this case, there is a lack of aspiration of profitability and therefore we cannot consider the retailer to have a pure balance in the return policy. The conclusion is simply that the balance in the return policy is insufficient amongst all the interviewed retailers. It should be pointed out that it is extremely difficult to find a pure balance. Consumers play an important role and they must probably change their mindset, purchase and return behavior if retailers are going to be able to find a balance between said factors in the return policy.

5.2 Theoretical implications

This research has provided insights into how difficult it is for online-based fashion retailers to balance the needs of the consumer, the company finances and the environment when designing return policies. It has contributed to a more comprehensive awareness regarding how the various factors unrestrictedly affect each other from multiple perspectives. From our knowledge, previous research has studied these three factors individually, which makes it complex to give theoretical implications in this specific research area since it would not paint a fair picture to this research, nor previous. We see this research as a basic steppingstone that allows future researchers to further develop the concept and study it more thoroughly and perhaps with a more longitudinal approach. Furthermore, we also hope this research will stimulate interest amongst researchers and



practitioners since it is highly up-to-date. We argue that future research within the field must take all these three factors into consideration and have more of an holistic approach to the problem. Hellström et al. (2017) pointed out that it is important to find a balance between profitability and customer satisfaction. We as authors agree that it is important to find a balance between profitability and customer satisfaction but we also argue that it is equally important to take the environment into consideration. The environmental aspect of it all becomes increasingly important and needs to be acknowledged. For balance within the return policy-strategy to be achieved, focus should not be put on single factors since they ultimately are part of a big cogwheel that create chain-reactions that affect other aspects of the business. Research should avoid conducting studies within austerity frameworks since they become too bland to draw any meaningful overarching conclusions from.

Hjort and Lantz (2016) and Hellström et al. (2017) has investigated the balance between profitability and customer satisfaction, while other researcher has focused on the environmental impact that is caused by product returns (Tian and Sarkis, 2022; Edwards, McKinnon and Cullinane, 2009; Wiese, Toporwski and Zielke, 2012). Our research combines the two research approaches and fills a gap in the literature that allows a more comprehensive understanding of the relationship between the three factors.

5.3 Managerial implications

From a managerial perspective, this research has contributed to a deeper awareness of multiple independent factors and how they in some way affect the return policies to some extent. By merging these factors, a more comprehensive understanding of how complex the research area is will emerge, concluding that there are no easy ways of achieving a beneficial balance. As mentioned earlier in the thesis, there is a lack of research available that treats all three pillars and puts focus on the balance between them. This study can function as a step towards creating a more extensive understanding if more research of the same kind were to be conducted.

Firstly, businesses should reconsider the role that logistics play in an organisation and especially so if it is considered solely as a function for reduced costs. By indulging themselves in spending money on sustainable logistics operations, they should be able to stand well-equipped in a future more prone to sustainable solutions, a well-developed e-commerce environment, and more demanding customers. Logistics in the retail industry is nowadays a part of the service offering, rather than just an operation that has nothing to do with the business itself. This transition started years ago and keeps developing, meaning that logistics need to be at the forefront of any successful businesses' strategic processes. It may be seen as a cost today, but continuous sustainable implication within logistics can potentially be a profitability driver as it is becoming more of a rule than an exception.



Secondly, continuous development of avoidance techniques will be of the utmost importance in the unforeseen future. Regardless of whether that involves more detailed and explanatory descriptions, better photographs, AI-assistance, virtual dressing-rooms or gatekeeping initiatives it will be necessary to keep evolving for an online-based retailer. It might not only be seen as a competitive advantage, but if avoidance techniques lead to fewer returns overall that will benefit all parties involved and take less of a toll on the environment as well.

Thirdly, we argue that blocking and creating barriers for extreme customers is beneficial from a long-term perspective. A few customers account for a large portion of the total returns, and by limiting these customers, profitability will rise and environmental impacts will reduce. Customers that become affected may dislike the decision, but in the long-run it could benefit them as well. Similarly to online gambling operators, e-tailers could be obliged to suspend customers due to unhealthy and fraudulent behaviour if it is identified.

Lastly, companies should consider applying return fees to products that are on sale. We have seen that the purchase behaviour differs when it comes to items on sale in relation to when they are not. This should imply a reduction in total returns, and people may be more cautious and thoughtful in sales periods where orders normally shoot through the roof.

5.4 Limitations

Even though the authors have tried to always lay one step ahead of time, there have definitely been both ups and downs throughout the process. The first limitation identified was the sample size. A satisfying number of about 35 companies of various sizes were contacted, where 6 companies decided to take part in the research, and a majority of the others did not reply. There is no denying that a smaller sample size leaps a greater risk of misleading the results, a risk that would be significantly smaller if the sample size was to be bigger. Despite this, the authors want to underline that a good amount of saturation was obtained, even though it could have been more comprehensive if more participants were to take part in the research. The authors want to clarify that we are very grateful and pleased with the 6 participants that contributed since they fitted the set of criterias. But the amount of participants could potentially have an impact on the findings. An individual reading this thesis should always have in mind that the empirical findings come from a relatively small sample size of 6 participants. There is also the aspect of company size. The size of the participants in regard to revenue were very scattered, which ultimately led to them having very different processes and thoughts. A more generalizable answer to the research question could have been presented if the participants were more similar.

The author's inexperience in conducting semi-structured interviews could also have led to more difficulties answering the research question. Perhaps some questions were asked in the wrong way, and the follow-up questions strayed away from the topic we initially wanted to cover. This led to some answers being fairly insignificant to the research and wasted time rather than facilitating the process.



Another limitation that the authors noticed was that there were divided opinions of what the word sustainability really meant. Even though the authors explained what they meant by expressing it, there should perhaps have been more clarity in the definition since some answers tended to be widespread. Since a large proportion of the research is based on consumer thoughts and perceptions, another limitation identified by the authors was the lack of consumer insights in the form of primary data. As the process of interviewing continued, the authors understood that consumer perceptions would have been very interesting to implement in the research. Additionally, since carriers and suppliers also play significant roles in return processes, their perspectives could also have given the thesis more nuance and widespread conclusions. A longitudinal time horizon would have benefited these possible implications.

5.5 Suggestions for future research

After conducting this thesis and having time to reflect upon it, a few suggestions for future research comes to mind treating the concepts brought up in this paper. Considering that this thesis brings up logistical aspects and carriers to some extent, it would be interesting to conduct the study on transportation companies. They presumably love the idea of high return rates since that means more business depending on the contracts they have with businesses. Companies apparently have little to say in the matter regarding routes, deliveries and pick-ups. The perspectives of carriers in regard to this study would be an interesting aspect to look into.

A conclusion we have reached is that sustainability is a very important, yet extensive research area with vague definitions. Based on our empirical findings, the participants seem to be relatively conclusive in believing that consumers lack an awareness of what sustainability really is. Especially when it comes to customer returns and the impact over-consuming and sending products back and forth has on the environment. The general knowledge is simply too limited and people choose comfort before rationality. Therefore, a study treating sustainability in relation to customer returns with primary data collected from consumers could be an interesting and also important research to conduct.

After an interview with one of the participants, the authors developed an idea suggesting observation in regards to reused packaging. Our empirical findings showed that some participants feared that sending out used cartons and packages to customers would be bad business and not well received. By collaborating with a company and deciding to only send out used packaging for new orders, observation could catch reactions and feedback from customers in order to either ensure or stave off these preconceptions. This of course requires a longer time horizon and company willing to participate. The authors of this thesis are not convinced that consumers would react negatively, and if they did - is that actually something to find negative?

Another interesting angle of it all is to see how various payment options such as Klarna affect the return behaviour amongst consumers, due to its convenience in postponing



payments solutions. Our hypothesis is that the return rate increases due to the flexibility provided retailers. Respondent 3 stated that they have seen customers return orders of around SEK 100,000, which we believe is very unlikely to happen if the amount were to be paid instantly to the retailer. So, if researchers were allowed access to sales data and information, conclusions could be drawn regarding what payment methods are used by customers and how they matter in relation to return behaviours.

The last suggestion for future research involves garments and their journey after they have been returned to businesses. A researcher could conduct a study that dives deeper into whether products are being thrown away, i.e. due to cost-related reasons or to the fact that they after being returned are not considered new anymore, despite being fully functioning. It might be difficult to collect enough data since said businesses most likely will not want to participate in such a study, but there is no denying that the research itself would be extremely interesting and eye-opening.



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Appendices

Appendix 1 - The interview guideline

1. Är det okej om vi spelar in denna intervju?

General information:

2. Vill ni benämnas som anonyma i det slutgiltiga resultatet av arbetet, eller får vi benämna er vid organisationsnamn?

3. Skulle du vilja ge en introduktion om vem du är?

4. Vill du beskriva din roll inom företaget?

5. Har du möjligheten att beskriva företagets historia?

Consumer behaviour:

6. Är det någon skillnad mellan män och kvinnor i retur beteende?

7. Är det någon speciell åldersgrupp som returnerar mer än andra?

8. Är det vissa modeplagg som returneras mer än andra? Skillnad mellan dyra och billigare plagg?

9. Har ni statistik på hur mycket varje enskild kund returnerar och hur använder ni statistiken?

10. Vad gör ni om en kund missbrukar rätten att returnera?

11. Är det vanligt förekommande med wardrobing, det vill säga att kunder använder kläderna och sedan skickar tillbaka dem?

12. Är det märkbart att konsumenter idag är mer miljömedvetna än förr? Hur märker ni det i så fall?

Return policies:

13. Vad ligger er returgrad på i dagsläget och hur har det sett ut historiskt?

14. Vad är de största utmaningarna i utvecklandet av en returpolicy?

15. Vad är er inställning till returer och hur ser ni på det?

16. Har ni gjort några förändringar i er returpolicy? Vad ville ni uppnå och vad blev effekterna av förändringen?

17. Vad är fördelarna/nackdelarna med att erbjuda gratis returer? Ger gratis returer högre köpfrekvens?

18. Vad är styrkor och svagheter med er nuvarande returpolicy?



19. Känner du att ni har en bra balans mellan kundnöjdhet, lönsamhet och miljöfrågor i er returpolicy? Hur arbetar ni för att skapa denna balans?

20. Skulle du säga att er returpolicy är generös eller strikt? Varför?

Returns Management:

21. Har ni en inarbetad process när det kommer till returhantering?

22. Hur ser processen ut vid en konsumentretur? Utveckla gärna.

23. I vilket stadie av köpprocessen brukar ni få returer? Hinner folk vanligtvis ta emot paketen eller beställs mycket som inte hämtas ut?

24. Hur jobbar ni med avoidance i form av beskrivningar på hemsidan, förbättrad kvalitet och kundupplevelsen?

25. Kan du förklara samarbetet med leverantörer när det kommer till konsumentreturer? Utveckla gärna samarbetet.

26. Förändrar ni beskrivningar på plagg baserat på recensioner eller annan information från kunder?

Sustainability:

27. Skulle du säga att ni arbetar hållbart i era returprocesser? Hur gör ni det? Är det ett strategiskt beslut och vad är det i den strategin som ni i så fall ser som fördelen med arbetet?

28. Skulle du se det som en framgång ifall arbetet är hållbart och miljövänligt? Varför?

29. Hur tar ni tillvara på förpackningar, kartonger, plast, papper etc. som är kopplat till en konsumentretur?

30. Säljer ni varor vars returprocess tar varan utomlands för ompackning eller dylikt?

31. Hur skulle du balansera strävan av att vara lönsam kontra miljömedveten gällande processen som rör konsumentreturer?

32. Hur fungerar inhämtandet av returer av ert postombud? Görs det planerade rutter där leveranser och returer kanske samåker i viss mån?

33. Vad ger ni kunden för returalternativ när de väl returnerar någonting? Upphämtning och dylikt.

34. Kan du peka ut några fördelar med att göra returprocessen med miljövänlig? Någonting ni kanske märkt av?

35. Är kunder medvetna om era miljömässiga initiativ i den mån att det ger er en bättre konkurrenskraft? Utveckla gärna.

36. Skulle det vara möjligt att en retur skickas direkt till nästa kund, från konsument till konsument?



The last question:

37. Hur skulle man kunna förbättra returprocessen/returpolicyn så att den gynnar både konsumenten, företaget & miljön?

Appendix 2 - Contribution Table

The contribution table demonstrates each student's contribution to the various parts of the thesis, as suggested if the Degree Project has more than one author.

Authors:	Lucas Alsbjer	Joel Lindholm
Introduction	50%	50%
Literature review	50%	50%
Methodology	50%	50%
Empirical chapter	50%	50%
Analysis	50%	50%
Conclusion	50%	50%
Seminars	50%	50%