Your guide to using crowdsourcing for better, faster, always-on returns

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Consumers' appetite for greater control, convenience and speed in their interactions with retailers and other sellers shows no sign of slowing. Average retail return rates jumped from 10.6% in 2020 to 16.6% in 2021, and e-commerce returns passed the 20% mark, according to the National Retail Federation.[1] Returns are increasingly recognized as a key component of a great customer experience. (And during the holiday season, that experience extends to gift recipients, who may also be interacting with your brand to return or exchange items.) As a result, a growing number of sellers are expanding their returns options to include home pickup.

Despite the expanding volume and faster speeds of direct shipments to consumers, the pickup of previously purchased merchandise from home has been far rarer. But that's starting to change. Today, crowdsourced returns are enabling sellers to stand out from their competitors across a range of categories — from sending back clothing that doesn't fit to exchanging spent propane canisters for filled ones or giving reusable meal kit boxes back to food service providers.

Crowdsourced returns can bring greater speed, convenience and control for shoppers and sellers alike. Soon, home pickup will become a must-have on retailers' list of options for how customers can handle returns.

Offering shoppers an easy, streamlined returns experience is critical to earning their loyalty and keeping inventory moving efficiently within your network. Read on to learn best practices for setting up processes, ensuring a great customer experience, and measuring and analyzing activity to optimize your use of crowdsourced returns.

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Why crowdsourcing is the secret to quick returns

The vast majority (86%) of global consumers look for retailers with easy product return policies when deciding which company to buy from. Execution is also key; 81% would switch retailers over a negative returns experience.[2]

The bar for what consumers consider "easy" is rising. Just as with purchases, shopper behaviors and expectations about the returns experience are being driven up by companies looking to differentiate based on customer experience, most notably Amazon. Drop-offs to alternative retailers like Amazon's returns partner Kohl's are doubling every year, according to Narvar, and the share of consumers seeking out alternative locations to drop off their returns rose from 31% to 42% from 2020 to 2021.[3]

With the right approach, you can make crowdsourcing an affordable option for consumers seeking home pickup convenience.

THE ADVANTAGES OF CROWDSOURCED RETURNS INCLUDE:

▶ **Getting inventory back to market faster.** Many goods are at risk of expiring, going out of style or missing the season. Moving fast can make a huge difference in preserving margin by reselling those goods or dispatching them to secondary markets.

▶ **Eliminating packaging costs,** particularly for sellers that would otherwise need to send out returns packaging. Crowdsourced returns often don't require it.

▶ **Taking advantage of clustered pickups** for increased efficiency and reduced rates. Talk to your crowdsourced returns provider to see what they offer.

▶ **Recouping the cost** of the returns process from buyers willing to pay for the convenience.

3 best practices for crowdsourced returns success

Getting the most out of crowdsourced returns means adopting best practices that make the experience seamless and efficient for sellers and their customers.

SET UP
operations to efficiently mange returns

MAKE IT
customer friendly so buyers come back again

MEASURE
return success and learn from what worked well

Set up your operations to efficiently manage returns

Behind every great returns experience is a well-thought-out set of rules about how it will all work. Looking at home pickup from the consumer's point of view will help you create processes and policies that enable a smooth and efficient experience. Consider these elements:

THE END-TO-END PROCESS

Working backward from the customer's door, determine how you want each step to work. For example, establish where drivers should take the returned items and set processes for receiving those goods at retail stores, distribution centers, parcel delivery stores or other locations. Receiving locations will need to be set up and personnel educated about the new process. Consider using QR codes or other identifiers to ensure handoff accuracy.

"Operationally, what do you want the drivers to do when they arrive?" asks Scott Heller, business development manager at the crowdsourced delivery platform Roadie. "Do they park somewhere specifically? Do they need to ask for a specific resource? Do they need to recite the order number to anyone?"

For crowdsourced pickups of reusable materials, sellers may need to create special handling instructions for drivers. Senders are increasingly turning to crowdsourced returns to retrieve everything from empty propane canisters to used clothing and footwear to support the growing reuse/sustainability movement; nearly 75% of retail executives have or would consider offering secondhand products to their customers.[4]

It's also essential to think about how to deal with exceptions and issues. Drivers and consumers will need to contact a support desk to make changes and resolve problems.

POLICIES

Set clear returns policies for when and how crowdsourced returns will be offered. Home pickup policies may need to differ from other types of merchandise returns. You may want to set a minimum value, put parameters around pickup windows or the return period, offer the service only to some shoppers or in some areas, set a cutoff time for changes to a requested pickup or even impose a penalty for not having the item available for pickup. Some sellers turn access to home pickups off at certain times, such as during busy holiday seasons.
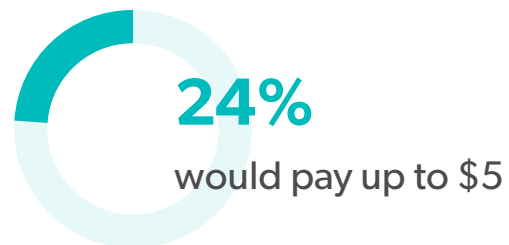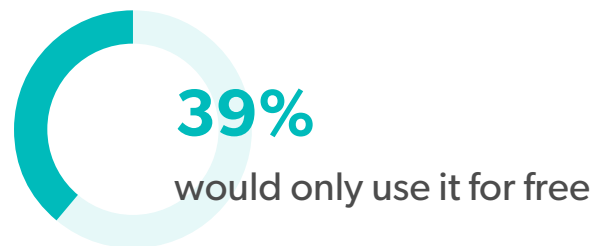
Some sellers offer free home pickup of returns to their VIPs to **nurture their loyalty.**

Fees can be a powerful lever to reward or incentivize customers and broaden their choices. Some sellers offer free home pickup of returns to their VIPs to nurture their loyalty.

Notably, 37% of consumers surveyed by Narvar who had already tried scheduled pickup returns at their homes would be willing to pay for this service. Narvar also found:

39%
would only use it for free

24%
would pay up to $5

6%
would pay more than $5

7%
would pay a monthly or annual subscription fee

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TECH INTEGRATION

Home pickup processes and policies need to be encoded into all of your systems that touch returns, so your customer interfaces are putting the right options and guidelines in front of shoppers.

Another consideration is how you want to interact with your crowdsourced returns platform. The fastest way to get started with crowdsourcing, particularly if you have a small number of pickups, is to manually enter those orders into a web portal. To input a large volume of pickups manually, consider using CSV templates to format the data to enable bulk uploads. The bulk upload feature in Roadie's web app can support up to 200 deliveries at once.

Alternatively, laying the groundwork upfront with an API integration enables you to connect with the solution's systems so you can automatically input orders, upload larger batches, as well as see activity and execute transactions through your order management system or other application. Taking a fully integrated approach also provides the easiest access to features like digital chain of custody documents and photos and notifications about events such as a successful pickup, so you can update your customers. This level of visibility is critical during peak season, when order volume and shopper expectations are at their highest.

Tying into Roadie's API lets you layer on additional efficiencies. By **batching and routing returns pickups**, you can bring additional speed, cost efficiency and ease to your returns process. Additionally, by **tracking returns** through Roadie's system, your team will know where returned inventory is at all times and get it back into your network sooner.

By batching and routing returns pickups, you can **bring additional speed, cost efficiency and ease to your returns process.**

Make it <u>customer-friendly</u>

The first rule of making the home pickup returns experience easy for consumers is to keep it simple, says Roadie's Heller. "Think about returns the same way you think about home delivery. It's the same process, just in reverse. Both sides need the same level of attention to the customer experience." For example, research from Roadie's parent company UPS found that three in five customers who opt for same-day delivery value on-time arrivals and the ability to track their order among the most important features of the service. Retailers should make sure they're providing similar service with returns.

Home pickup may be new for your business, so it's helpful to set expectations from the outset:

CLEAR AND TIMELY NOTIFICATIONS ARE KEY.
Determine what events trigger a message. That could include confirming the initial pickup request, sending reminders before the pickup and following up with pickup confirmations. Well-timed messages can be critical to preventing empty pickups and ensuring drop-offs are seamless. (For example, crowdsourced drivers don't use uniforms or marked vehicles, so you need to let the customer know.) Offer communications choices, such as phone, SMS messages, WhatsApp, email and chat for all interactions. Your crowdsourced returns partner may be able to do this for you through SMS or

a portal, or you can get data via an API to send your own messages.

DON'T MAKE CUSTOMERS WAIT ON REFUNDS.
E-commerce giants have set a standard of initiating the refund as soon as the item is received into the returns network — an expectation likely to spread to all e-commerce purchases. You can use pickup notifications from the crowdsourced returns provider to set refunds in motion.

REWARD YOUR VIPS.
Benefits targeting high-value shoppers are a powerful driver of loyalty, repeat purchases and larger basket sizes, and returns are a vital part of that formula. For example, 91% of Amazon Prime members said they'd purchase with the retailer again, Narvar found.[5] Prime members cited the likelihood of getting an instant refund and the ability to track their packages and find a convenient drop-off location as being among their top reasons for feeling satisfied with the experience.

Courting VIPs with perks like free home returns pickup can help to reinforce loyal consumer behavior. High-value customers may also be those most willing to pay for the convenience of home pickups. Testing different policies will give you the answers you need.

Measure returns success

Data can be a sender's best friend when it comes to better understanding shopper behaviors and preferences as well as the costs and benefits of your policies and processes. Collecting and analyzing data around the returns process can do everything from revealing demand patterns in returns to preventing returns by getting insight into why customers initiate a return.

Lots of companies have emerged in the returns space to help sellers analyze this data. According to Retail Systems Research: "Retailers need to be thinking about how to predict and prevent returns. In a sense, returns are the voice of the customer; they are often an early and important sign that something is wrong with the products being sold."[6]

Collecting data about the crowdsourced returns process can turn up valuable insights to help fine-tune your policies and processes. Your crowdsourced returns platform can enrich this with data such as when and where orders are picked up and dropped off as well as the time between events. For instance, if you share data, such as for SKU transactions, with Roadie, we can help provide analytics around trends in returns. That could include specific items being sent back or geographic areas generating the most returns.

VALUABLE CUSTOMER-FACING KPIS INCLUDE:

▶ Customer satisfaction
▶ Repeat purchases after a return
▶ Speed of the return-to-cash cycle
▶ Reason codes
▶ Customer compliance with returns policies
▶ Frequency of returns (to identify serial returners)

KEY INTERNAL KPIS INCLUDE:

▶ Successful return completion rates
▶ On-time pickups
▶ Adherence to service-level agreements
▶ Geolocation of returns demand
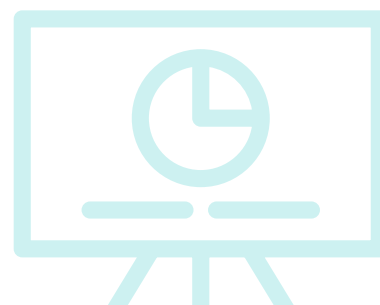
Leveraging the competitive advantages of home pickup

Convenience is huge when it comes to returns.
Nearly half (49%) of shoppers consider the convenience of shipping orders back to retailers when making a purchase, and it's second only to free returns in importance (74%), according to a survey from Digital Commerce 360/Bizrate Insights.[7]

Home pickup is the next frontier of seamless returns. Shoppers who value convenience will appreciate the option and often will be willing to pay for it. Sellers can make the most of this opportunity by setting up well-thought-out policies and processes supported by solid IT, ensuring a great customer experience through good planning and clear communications. And they can apply analytics to better understand and refine their use of crowdsourced fulfillment.

With a thoughtful approach, you can leverage crowdsourced pickups to elevate your customers' experience while ensuring a fast, efficient returns process for your business.

Ready to use Roadie's advanced technology and vast network of crowdsourced drivers to make your home pickup service a success? Get in touch with Roadie today by visiting Roadie.com.

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