

Why the Right Tech for Returns is a Retail Store Imperative

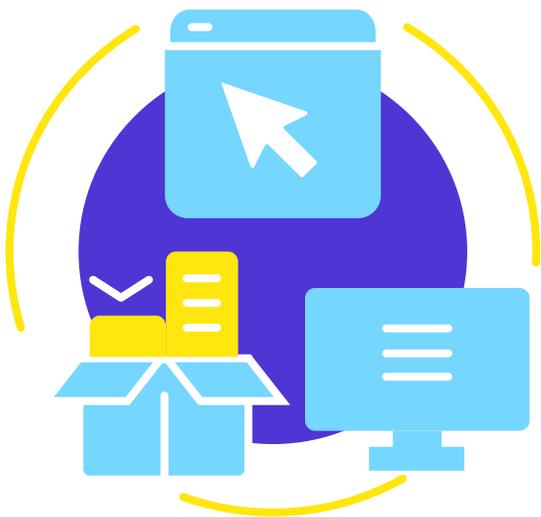


A significant amount of retailers say handling online order returns in-store is a top challenge, that the increase in volume of online order returns to stores has created new costs, and that omnichannel fulfillment and returns require new associate roles and workflows.

As ecommerce makes shopping easier than ever before, it's creating an unintended influx of product returns; the average return rate for online orders is 3X higher than the return rate for in-store purchases.

Retailers Have a Lot to Wrestle with Returns ...

Product returns are a necessity to meet consumer expectations but have proven to be a complicated and expensive proposition for retailers. Some experts estimate the average return costs for retailers are between **15 to 30** percent of the original purchase price, while cumulatively, returns cost retailers **\$550 billion** every year.



The growth of digital commerce has only compounded this issue. As ecommerce makes shopping easier than ever before, it's creating an unintended influx of product returns; the average return rate for online orders is **3X higher** than the return rate for in-store purchases.

Research conducted by the National Retail Federation in 2024 found companies, on average, expected **17% of their annual sales** to be returned by the end of the year.

Because returns are a perennially persistent pain point, we zeroed in on the returns use case as part of our recent survey research conducted by Retail Systems Research (RSR).

Returns Are Booming and Busting the Store

One area often overlooked in the retail tech modernization equation is the store's role in managing returns, especially for online orders.

In recent years, retailers have encouraged in-store returns as they try to capitalize on opportunities to drive traffic and sales within their physical stores.



In fact, 72% of retailers polled in our survey believe the increased volume of online purchases are creating opportunities for in-store returns to translate into new sales opportunities.

Yet actual shopper data tells a far different story about the returns road less traveled. Per RSR, only 17% of shoppers end up spending more money in-store following a return, while 40% look for a similar item to exchange. A fairly high percentage — 43% of shoppers — say they simply return the item and walk out.

72% of retailers believe increased online purchase volume creates more in-store sales opportunities.

However...

Following a return, only 17% of in-store shoppers end up spending more money while **43% just walk out!**

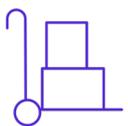
While returns bring customers into the store, the reality is many won't stay to shop or spend, so the returns process must be optimized.

What Retailers Say About Returns



43%

Say handling online order returns in-store is a top challenge and that the increase in volume of online order returns to stores has created new costs.



More than 1 in 5

Say their stores were not designed for today's more advanced customer service functions (order pickup, online returns, etc.).



41%

Report that omnichannel fulfillment and returns require new in-store associate roles and workflows.

The Legacy of Lackluster Returns Solutions



65%

Say their current tech can't support the future of shopping.



50%

Report regular in-store service complaints from customers.

Our research shows that operational challenges dominate the store modernization agenda, but the cost and complexity of handling online returns and omnichannel fulfillment top the list.

Many returns solutions are tied to older lackluster legacy systems and/or were implemented quickly due to the pandemic, but which lack the scalability or integration capabilities that are needed today. 65% of retailers in our survey say their current store technology isn't capable of supporting the future of shopping, and half reported regular customer complaints about in-store service.

THE HAVE-NOTS 30%

Only **30%** of retailers with POS systems **older than five years** believe it enables them to provide an innovative and differentiated store experience.

THE HAVES 73%

By contrast, **73%** of those with a POS system in operation for **two years or less** say it enables them to provide an innovative and differentiated store experience.

Unfortunately, shoppers don't have much empathy for tech that isn't up to par. Retailers must be equipped to process returns efficiently and cost effectively. And those who treat returns as a transactional afterthought risk rising costs and lower customer satisfaction.

Modern POS solutions play a central role in supporting smooth Buy Online Pick Up In-Store execution as well as the opposite path — return flows.

This is essential for retailers to transact quickly and seamlessly for those customers that wish to return and depart, making time and energy for those customers who wish a more consultative, in-store experience.

Petco's Returns Reinvention

Consider Petco, which tackled returns management complexity head-on by implementing Jumpmind Commerce's Returns Management module. Initially layered onto its existing POS, a returns management project was created to completely revamp the returns processes, providing seamless omnichannel returns, broad fraud detection and prevention capabilities, as well as loyalty incentives with full transaction visibility and paperless receipts.

Delivered to the lab quickly and rolled out chain-wide shortly after, the new system:



Saved Petco
millions of dollars



Earned praise from
customers and
employees alike



Became the foundation for
later migrating entirely to the
Jumpmind Commerce
platform for POS'

Petco's paved the way to retail tech modernization by prioritizing the highest ROI opportunity — returns. By focusing on process modernization where the upside was clear, they transformed what once was a pain point into a key customer experience differentiator.

Store Modernization Must Focus on Returns

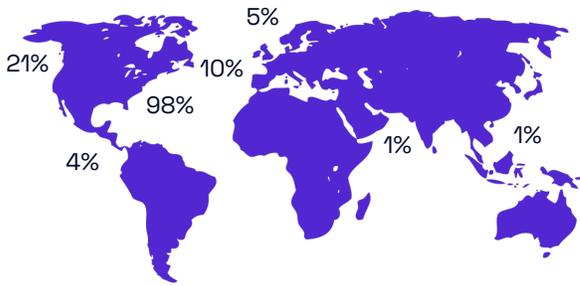
Some **80%** of retail sales still happen in stores, so **modernizing the in-store experience isn't optional, it's essential**. Forward-thinking retailers recognize POS is the vital digital backbone of the store, and that its function is not just about ringing up a sale, it's about building a relationship.

Modern POS platforms integrate inventory, customer profiles, loyalty programs, seamlessly manage returns, and more. That includes the front-end customer experience, associate tools, and critically, the returns process. Seamless, tech-enabled returns management reduces fraud, saves labor, and cultivates a winning customer experience.



Survey Methodology

Retail Systems Research conducted an online survey from December 2024 – January 2025 and received answers from 112 qualified retail respondents (retail executives and store managers).

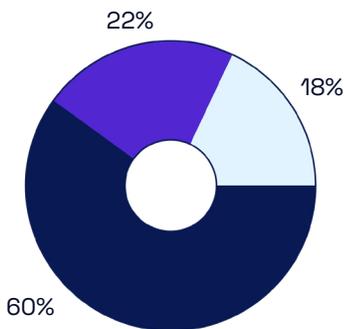
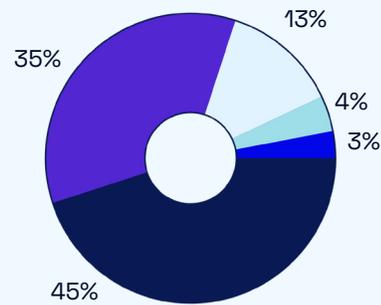


Respondents were from retailers with a geographic presence in:

- United States: **98%**
- Canada: **21%**
- UK: **10%**
- Europe: **5%**
- Latin America: **4%**
- Middle East and Africa: **1%**
- Asia/Pacific: **1%**

Retailers had 2024 revenues (USD equivalent) of:

- \$500 million - \$999 million: **45%**
- \$1-\$5 billion: **35%**
- \$250 million-\$499 million: **13%**
- Over \$5 billion: **4%**
- Under \$250 million: **3%**



Retail sector representation:

- Fashion and Specialty Goods (Apparel, Footwear, Accessories, Luxury, Personal Care/Cosmetics): **60%**
- General Merchandise: **22%**
- Fast Moving Consumer Goods (Convenience, Food & Drug, Health Care Products): **18%**

Retail Winners: Survey respondents categorized as Retail Winners, with sales above **7% - 53%**.



About Jumpmind

Known for its cloud-native, mobile Point of Sale (POS) platform, Jumpmind offers the most modern and technologically leading POS and unified promotions to support inspired shopping experiences that empower both shoppers and the retail associates who serve them.

While most POS platforms are designed to meet retailers' current needs, Jumpmind builds a system designed for the future. Business requirements can shift, customer expectations can evolve, and hardware preferences change over time. That's why Jumpmind solutions — which are built by retail industry veterans — are technology agnostic, adaptable and future-proof, enabling retailers to stay ahead of the curve through agility, at scale.

For more information, visit www.jumpmind.com