UNIVERSITY OF GOTHENBURG

SCHOOL OF BUSINESS, ECONOMICS AND LAW

Initial analysis of the results of the Boozt customer survey on clothing returns.

Magnus Jansson, Sharon Cullinane and Michael Browne.

January 2022

Contents

List of figures

List of tables

Initial analysis of the results of the Boozt customer survey on clothing returns.

Magnus Jansson, Sharon Cullinane and Michael Browne,

1. Background

In 2021, a team[1] from the University of Gothenburg worked together with a team from Boozt e-retailers on a questionnaire survey of a selection of Boozt's customers. The survey concerned the returns behaviour of Boozt's Swedish customers. The aims of the study were:

a. to determine attitudes towards Boozt's 'fair use' returns policy
b. to determine customer attitudes to returns, returns policies and the environment and
c. to study the link between returns behaviour and customers' psychological profiles.

The survey is part of a wider project, funded by Energimyndigheten, to suggest ways of reducing the environmental impact of returns. This current survey follows on from several previous surveys on various other aspects of returns carried out by the authors. The important difference between this and prior surveys, however, is that the current survey scrutinises the attitudes and purchase and returns behaviour of **actual customers** from Boozt's customer database. The survey was designed by the University of Gothenburg team in collaboration with Boozt. It was administered independently in order to maintain impartiality.

The survey took place in September and October 2021. The questionnaire was distributed by an external company (Norstat) due to the need to conform to the considerable GDPR issues involved in the use of customer data. The survey was administered digitally to 40000 customers who had made at least one return over the 2 years 2019-2021. In order to encourage participation in the survey, lottery-based prizes in the form of Boozt gift vouchers were provided by Boozt. In total, 740 valid responses were received. Although this represents a very low response rate and there is no way of confirming the representativeness of the responses received (either in terms of Boozt customers or the wider population), it is, nevertheless, a substantial database of responses.

In the following pages, basic results will be presented. More in-depth analysis and results will be presented at a later date once the analysis has been completed.

---

[1] The Gothenburg University team comprised Magnus Jansson, Sharon Cullinane and Michael Browne, all from the Handelshőgskolan.

2. Brief description of Boozt.

Boozt describes itself as ‘a Nordic technology company selling fashion and lifestyle online’. It has around 2 million active users and in 2020 it had a sales revenue of SEK4.4 bn. Its main market is the Nordic countries (Sweden, Norway, Finland and Denmark). In Sweden, deliveries to customers are free for orders over kr499 and fast (1-2 days). Returns are free for 30 days after an order has been made. Returns policies for customers in other countries vary somewhat.

As with most other online clothing retailers, Boozt experiences a high return rate of its products, averaging around 35%. Boozt recognises that returns are part of normal business and occur mainly because customers cannot experience the same level of reality for products bought online as for products bought in physical shops. However, it was also aware that there were a very small number of customers who were exploiting the ‘free returns’ policy and were basically returning everything they bought, sometimes having obviously been worn. In 2019, they implemented their ‘fair use’ returns policy, barring such ‘extreme returners’ from ordering from Boozt. According to Boozt, only 0.25%, or around 13,000 of its customers were barred under this policy. These customers were responsible for 15% of all returns to Boozt. It calculates that this has reduced the total carbon emissions by an amount equivalent to 25% of the returns CO2 footprint. One of the aims of this current survey is to determine attitudes of customers to this policy.

3. The survey respondents

As stated above, the survey was confined to Swedish customers. A total of 740 valid responses were received. Of these, 76% were from women and 24% from men. Seventy two percent of respondents had university level education or above and 46% lived a big city. Around 85% were in either in full time employment or full-time education.

4. Sales and returns data.

Before we delve into the results of the questionnaire survey, it is useful to take a look at the sales and returns data of the respondents. This is the actual data taken from Boozt’s database and relating directly to the respondents. To re-iterate, the respondents were customers who had returned at least one item of clothing during the 2 year period 2019-21.

Figure 1 shows that by far the majority of respondents are repeat customers as they made more than 1 order over the 2 year period. Most respondents made between 1 and 20 orders. After that, there is a long tail with a few having made over 50 orders. These figures illustrate that respondents have a certain level of satisfaction with Boozt’s products and processes and maybe even a degree of loyalty.

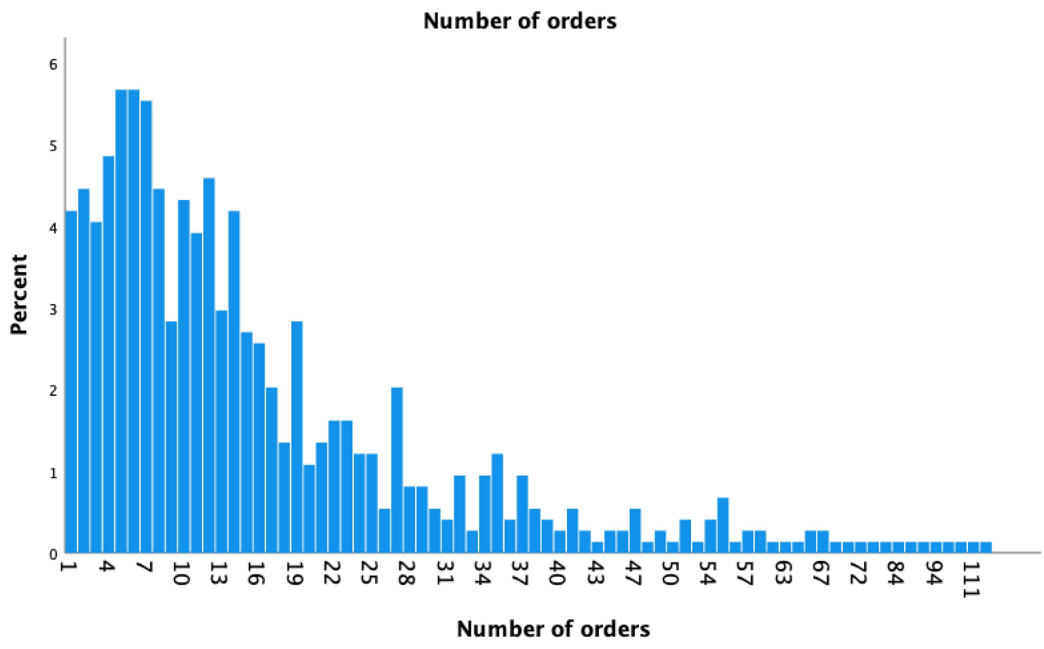

Figure 1. Number of orders made by the respondents 2019-2021

Figure 2 below shows the number of orders with something returned. So, for instance, around 15% of respondents returned 1 parcel with at least one item enclosed and about 1% of respondents returned 25 parcels with at least one item enclosed. The graph illustrates that most of the respondents made only a small number (fewer than 10) of order returns with at least one item enclosed – again with a long tail of larger numbers..

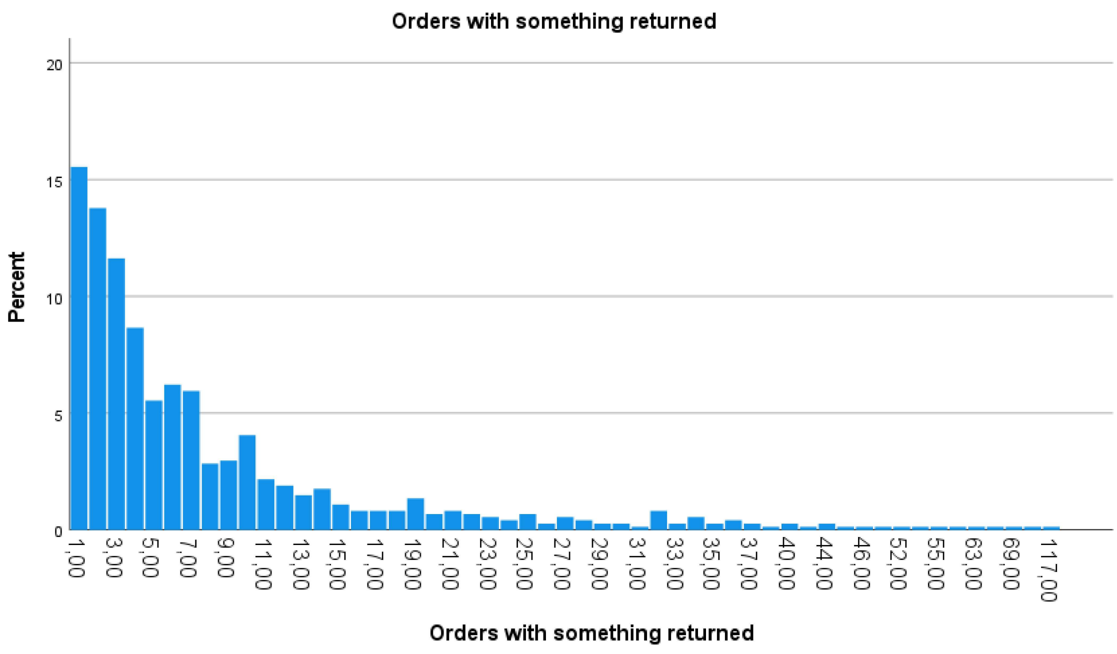

Figure 2. Orders with at least one item returned

Figure 3 below shows the number of items returned by the respondents. It shows that about 11% returned just one item but about 2% returned between 12 and 17 items.

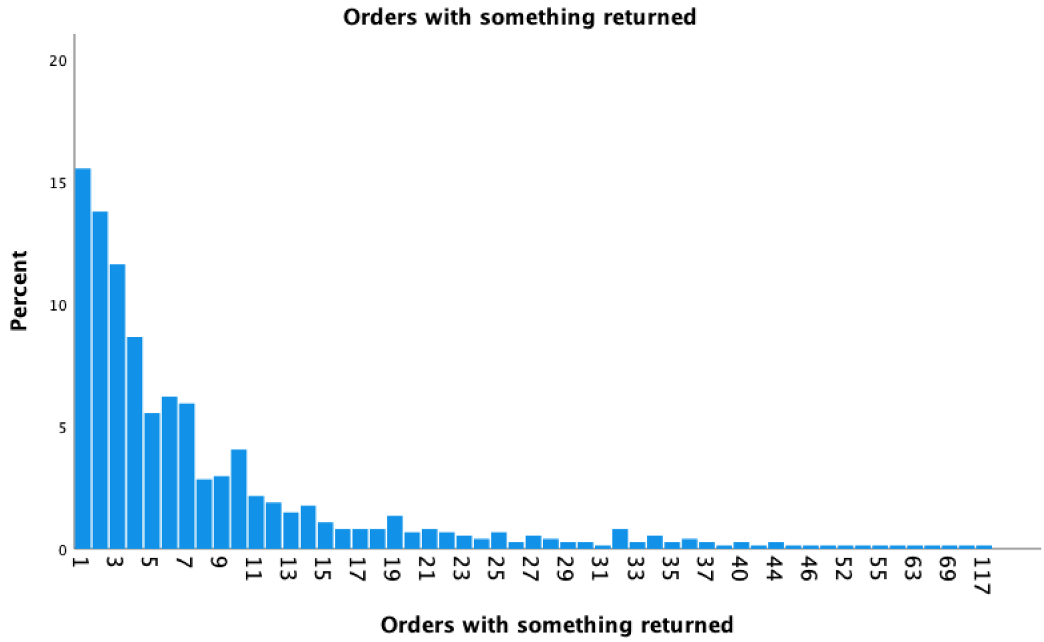

Figure 3. Number of items returned

The respondents returned an average of 35% of all items of clothing ordered.

5. Results of the survey

Attitudes to Boozt's 'fair use' policy are shown in figure 4.

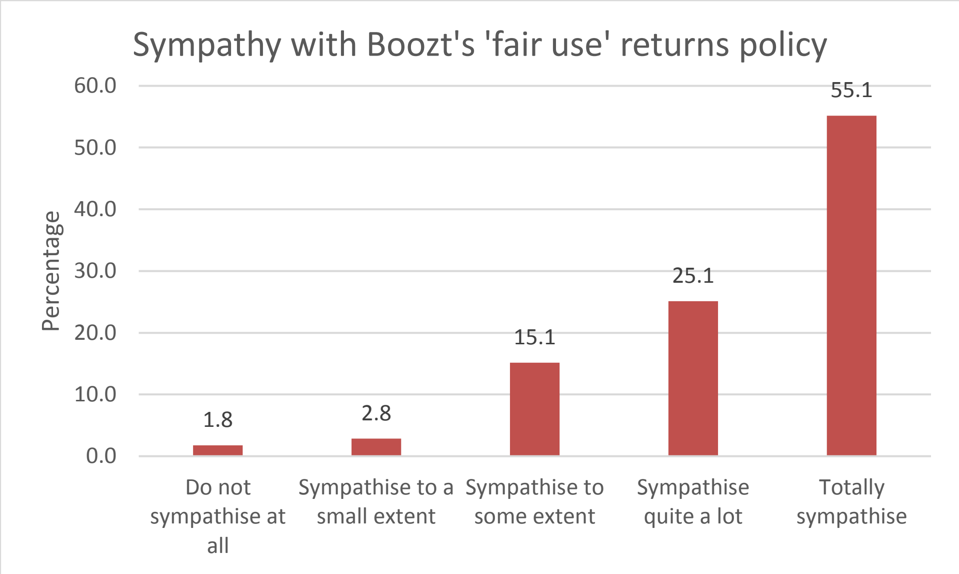

Figure 4. Extent of sympathy with Boozt's 'fair use' returns policy.

It can be seen from figure 4 that the majority of respondents sympathise with the policy. The mean score given by respondents was 4.3 out of 5. It must be noted that there could be an element of response bias in these results as it could be argued that respondents were eager to win one of the prizes offered by Boozt for completion of the questionnaire and maybe considered that they were more likely to win if they gave positive reviews. It is impossible to determine the extent to which this is true.

Respondents were asked to indicate the level of importance attached to each of five common returns policies. The results are shown in figure 5.

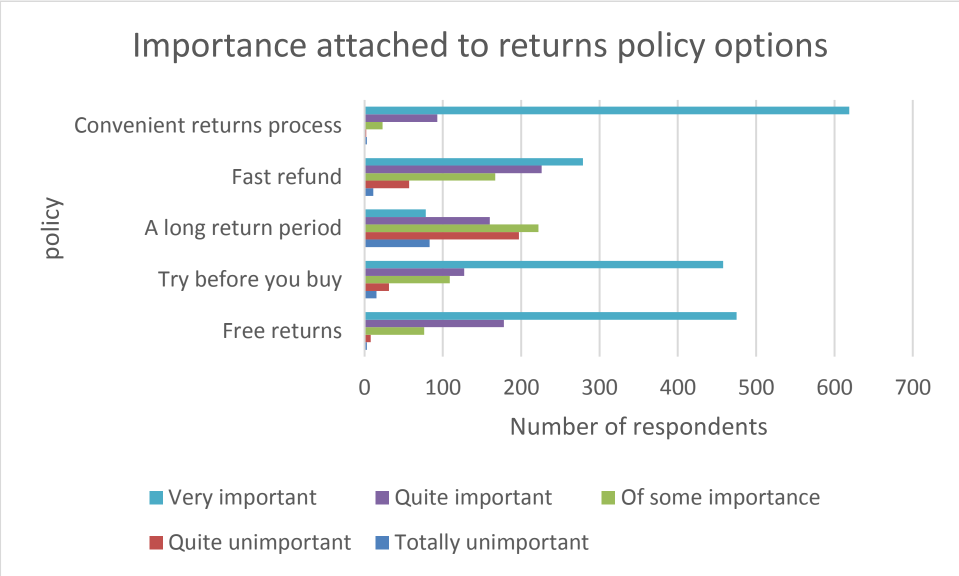

Figure 5. Importance attached to returns policy options.

It can be seen from figure 5 that the most important option is convenient returns. Convenient returns received a mean score of 4.8 out of 5 compared to 4.5 for free returns, 4.3 for try before you buy, 4 for fast refunds and 2.9 for a longer return period.

In order to gauge attitudes towards product returns, respondents were given a series of statements to which they were asked about their level of agreement on a 5 point scale of 'do not agree at all' through to 'completely agree'. Mean responses are shown in table 1 below. It shows that respondents generally want to be environmentally friendly, although there is a substantial minority who do not consider the environment when making returns.

Table 1. Attitudes to returns

Statement	Mean score out of 5
(i) I never really think about the clothing returns I make – it's just part of the process of buying online	2.6*
(ii) I try to minimise the number of returns I make	4.0
(iii) I only return something when I think I will never wear it	4.4
(iv) I never think about the environment when I return a clothing item	3.0*
(v) If I could return my item of clothing in a more environmentally friendly way, I would	4.2

* For these statements the scale is inverted, meaning that the lower the value the more positive the attitude to responsible returns behaviour

Bearing in mind that the respondents were all customers who had returned one item over the past 3 years, the high level of agreement with statements (ii) and (iii) suggest that the returns were made for good reasons, rather than for dubious or semi-fraudulent reasons. There is also a high level of agreement with statement (v), indicating again that customers would like to act in an environmentally sustainable manner.

To obtain some idea about the psychology of the shopping experience, again, respondents were given a series of statements to which they were asked to indicate their level of agreement. The responses are shown in table 2 below. Although the level of agreement with the statements is not strong for any of the statements, the responses give a sense of how shopping has become quite a pleasurable activity, perhaps almost a sport. This ties in with other surveys which have shown that shopping is one of the main hobbies of many people, particularly the young.

Table 2. Attitudes to shopping

Statement	Mean score out of 5
(i) I like to shop for the novelty of it	3.2
(ii) Shopping satisfies my sense of curiosity	2.3
(iii) Shopping gives me a positive experience	3.3
(iv) I feel like I'm exploring new worlds when I shop	2.8
(v) I get a real 'high' from shopping	2.3

One possible reason why returns rates are high could be that customers act impulsively when they shop online and do not really think about what they are ordering. This notion is explored in table 3 below which shows the results of respondent's level of agreement to statements about their level of impulsiveness or spontaneity in their shopping behaviour. The low level of agreement on statements (i)-(iv) and the high level of agreement on statement (v) suggest that respondents are not making orders spontaneously and indeed, that they are planning their purchases.

Table 3. Impulsiveness in the shopping process

Statement	Mean score out of 5
(i) I like to order without the intention of buying	1.2
(ii) I often buy things without thinking	1.7
(iii) My shopping is impulsive	1.9
(iv) I like shopping spontaneously	2.3
(v) I always plan my purchases	3.6

Respondents were asked to speculate on what level of influence on sales different types of returns policies would have. This was again done through a set of statements to which respondents were asked to indicate the level of influence on sales from a large influential increase through to large influential decrease. Responses to these statements are shown below in figure 6. The figure shows that policies involving the charging of a returns fee were deemed likely to decrease sales. Offering a discount in relation to the extent items were returned was deemed to be the policy which was likely to increase sales the most, but still the number of respondents who thought this policy would decrease sales outnumbers those who thought it would increase sales.

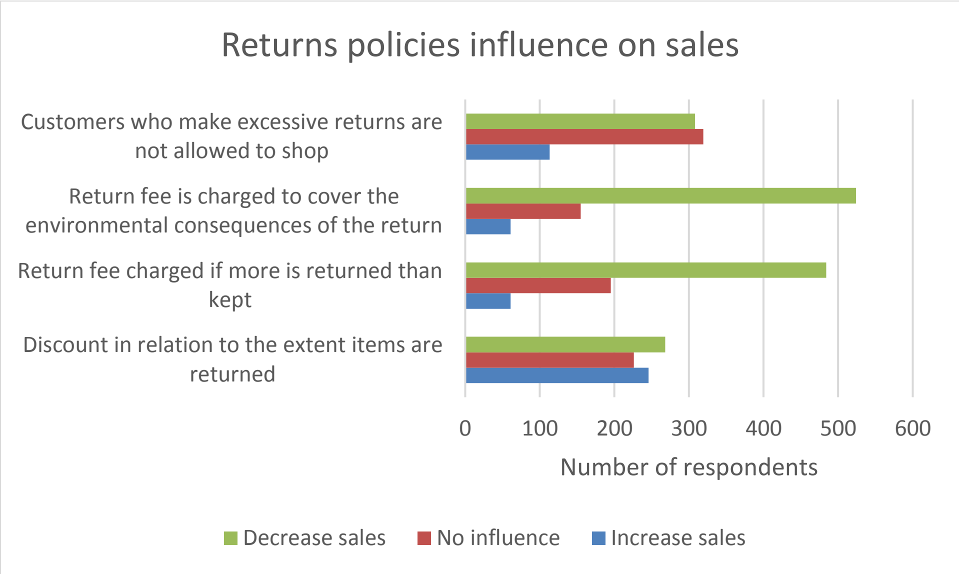

Figure 6. Suggested influence of returns policies on sales

In the survey, several questions were asked concerning the psychological profile of the respondents. These will eventually be used to link personality traits to returns behaviour and attitudes. One of the key questions asked respondents to state on a scale of 1 to 7 what values were important to them, with 1 being totally unimportant to 7 being very important. The mean responses are shown in table 4 below. It is interesting, especially in the context of returns behaviour, that respondents ranked their top values as Honesty and Responsibility and that Protecting the environment was only ranked 7th in the list.

Table 4. Attitudes to personal values

Value	Mean score out of 7	Rank (highest to lowest)
Honesty	6.6	1
Responsibility	6.4	2
Equality	6.1	3=
Loyalty	6.1	3=
Independence	6.0	5
Social justice	5.9	6
Protecting the environment	5.7	7
Wealth	4.9	8
Success	4.5	9
Daring	3.9	10

Finally, since we were interested to find out more about the respondents' views on the environment, they were asked directly about it through a series of statements to which they were asked to rate their level of agreement on a scale of 1 to 5. Responses are shown in table 5 below. It can be seen that there is considerable support for environmental protection. The highest level of agreement is with the statement that citizens should take responsibility for the environment. There was slightly less agreement (although still high) that the respondents themselves are concerned about the environment.

Table 5. Attitudes to the environment

Statement	Mean score out of 5
(i) I am concerned about the environment	4.2
(ii) Every citizen must take responsibility for the environment	4.4
(iii) Authorities rather than citizens must take responsibility for the environment	3.0
(iv) Business rather than citizens must take responsibility for the environment	3.0
(v) I feel a moral obligation to protect the environment	4.0

6. Summary and conclusions

The results of this survey offer an important glimpse into the online ordering and returning behaviour of the 740 Swedish survey respondents as well as their personal values. The report perhaps uniquely combines the results of a questionnaire survey with actual order, purchase and returns data linked to those respondents. Hence, the report is of particular importance. This current report presents the basic results; subsequent reports will delve much more deeply into the relationships between attitudes, behaviour and personalities.

The results indicate that the respondents enjoy shopping for the pleasure of it. Shopping has become a hobby which is enjoyed for itself rather than a means to another end. Shopping gives some people a buzz. This could mean that it is the shopping activity itself which is more important than acquiring the clothes, with the inevitable consequence that return rates will be high, particularly if the process of making the return is easy and the financial penalties of making a return are low. Respondents to this survey indicated that the most important aspect of a company returns process is convenience. Free returns are still important, however. This finding reinforces the results of other surveys.

Whilst the impulsiveness of making an online order is sometimes discussed as being a major reason for high return rates, the results of this survey suggest that respondents do not consider their purchases to be impulsive. Most respondents said that they planned their orders.

The results of the survey also show that on average, respondents want to be environmentally responsible. They agree that citizens themselves should take responsibility for the environment. Many would use a more environmentally friendly returns method if one were available. However, there was a general agreement that charging a fee to compensate for the environmental impact of the return would result in decreased sales.

The above discussion sounds very positive; respondents are responsible shoppers who value the environment. However, this does not tally with the fact that the clothing item return rate of these respondents is approximately 35%. All the respondents to this survey have made at least one return over the past 2 years; they are the 'returners'. There are a few possible explanations for this divergence:

1. That the returns that are being made are being made for good reasons (e.g they don't fit), This would be consistent with the psychological profiles and attitudes of the respondents. Results of our survey of the general population concerning the reason they made their last return did indeed indicate that the majority of returns (around 85%) were made because of sizing issues. If this is the case, it suggests that companies need to make more effort to describe the clothes they sell more carefully – and that customers need to pay attention to sizing information when it is presented.
2. That the respondents are underestimating their returns propensities; That although they believe that they are being environmentally responsible and only return items when they really have to, their actual behaviour contradicts this. This result has been shown in other studies. One particular study showed that customers recalled the number of parcels they returned rather than the number of items, so underestimated their total returns.
3. That they are concealing the truth about their returns behaviour in this survey so as not to be perceived as a 'serial returner' and therefore risk being barred – or perhaps that they perceive their likelihood of winning one of the prize vouchers

diminishes if they give the ‘wrong’ answers. So there is some element of response bias.

4. That respondents to this survey are not representative of the average ‘returner’ and we have not managed to elicit responses from the ‘irresponsible returners.’ Additionally, in this report we discuss averages and maybe the more interesting discussion point is those customers who are not ‘average’. As stated in the introduction, Boozt’s ‘fair use’ returns policy barred only a tiny percentage of their returners, but it made it huge difference to the number of returns made.

As stated in the Introduction, this report gives a brief overview of the results of the survey. A further report will contain a more in-depth analysis. An initial glimpse of the further results suggests the important result that socio-economics (age, gender and income) plays a much greater role in returns behaviour than personal values.

7. Acknowledgements

Without the help and cooperation from Boozt, this work would never have been possible. We are very grateful to our contacts in Boozt for this. In particular we would like to thank Lars Quaade for all his help with administering the survey.
We would also like to thank Energimyndigheten for funding the wider returns project.

January 2022