

Retailers are quietly changing their return policies – here's why you should be on the lookout this Black Friday

Lauren Beitelspacher, Professor of Marketing, Babson College

Published: November 17, 2025 10:18am EDT

'Tis the season for giving – and that means 'tis the season for shopping. Maybe you'll splurge on a Black Friday or Cyber Monday deal, thinking, "I'll just return it if they don't like it." But before you click "buy," it's worth knowing that many retailers have quietly tightened their return policies in recent years.

As a marketing professor, I study how retailers manage the flood of returns that follow big shopping events like these, and what it reveals about the hidden costs of convenience. Returns might seem like a routine part of doing business, but they're anything but trivial. According to the National Retail Federation, returns cost U.S. retailers almost US\$890 billion each year.

Part of that staggering figure comes from returns fraud, which includes everything from consumers buying and wearing items once before returning them – a practice known as "wardrobing" – to more deceptive acts such as falsely claiming an item never arrived.

Returns also drain resources because they require reverse logistics: shipping, inspecting, restocking and often repackaging items. Many returned products can't be resold at full price or must be liquidated, leading to lost revenue. Processing returns also adds labor and operational expenses that erode profit margins.

How e-commerce transformed returns

While retailers have offered return options for decades, their use has expanded dramatically in recent years, reflecting how much shopping habits have changed. Before the rise of e-commerce, shopping was a sensory experience: Consumers would touch fabrics, try on clothing and see colors in natural light before buying. If something didn't work out, customers brought it back to the store, where an associate could quickly inspect and restock it.

Online shopping changed all that. While e-commerce offers convenience and variety, it removes key sensory cues. You can't feel the material, test the fit or see the true color. The result is uncertainty, and with uncertainty comes higher rates of returns. One analysis by Capital One suggests that the rate for returns is almost three times higher for online purchases than for in-store purchases.

When the COVID-19 pandemic hit, the move toward online shopping went into overdrive. Even hesitant online shoppers had to adapt. To encourage purchases, many retailers introduced or expanded generous return policies. The strategy worked to boost sales, but it also created a culture of returning.

In 2020, returns accounted for 10.6% of total U.S. retail sales, nearly double the prior year, according to the National Retail Federation data. By 2021, that had climbed to 16.6%. Unable to try things on in stores, consumers began ordering multiple sizes or styles, keeping one and sending the rest back. The behavior was rational from a shopper's perspective but devastatingly expensive for retailers.

The high cost of convenience

Most supply chains are designed to move in one direction: from production to consumption. Returns reverse that flow. When merchandise moves backward, it adds layers of cost and complexity.

In-store returns used to be simple: A customer would take an item back to the store, the retailer would inspect the product, and, if it was in good condition, it would go right back on the shelf. Online returns, however, are far more cumbersome. Products can spend weeks in transit and often can't be resold – by the time they arrive, they may be out of season, obsolete or no longer in their original packaging.

Logistics costs compound the problem. During the pandemic, consumers grew accustomed to free shipping. That means retailers now often pay twice: once to deliver the item and again to retrieve it.

Now, in a post-pandemic world, retailers are trying to strike a balance – maintaining customer goodwill without sacrificing profitability. One solution is to raise prices, but especially today, with inflation in the headlines, shoppers are sensitive to price hikes. The other, more common approach is to tighten return policies.

In practice, that's taken several forms. Some retailers have begun charging small flat fees for returns, even when a customer mails an item back at their own expense. For example, the direct-to-consumer retailer Curvy Sense offers customers unlimited returns and exchanges of an item for an initial \$2.98 price. Others have shortened their return windows. Over the summer, for example, beauty retailers Sephora and Ulta reduced their return window from 60 days to 30.

Many brands now attach large, conspicuous “do not remove” tags to prevent consumers from wearing items and then sending them back. And increasingly, retailers are offering store credit rather than cash or credit card refunds, ensuring that returned sales at least stay within their company.

Few retailers advertise these changes prominently. Instead, they appear quietly in the fine print of return policies – policies that are now longer, more specific and far less forgiving than they once were.

As we head into the busiest shopping season of the year, it’s worth pausing before you click “purchase.” Ask yourself: Is this something I truly want – or am I planning to return it later?

Whenever possible, shop in person and return in person. And if you’re buying online, make sure you familiarize yourself with the return policy.

Lauren Beitelspacher does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

This article is republished from *The Conversation* under a Creative Commons license.