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Retaining or returning?

Some insights for a better understanding of return behaviour

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Abstract

Purpose – Relatively scant attention thus far has been accorded in the marketing literature to the examination and explanation of return behaviour of consumers, especially within the mail order industry. The issues examined here consist of the nature and influence of such factors as “buying experience”, “perceived risk”, and “return frequency”. The aim of this paper is to analyse four groups of returners (“heavy returners”, “medium returners”, “light returners”, and “occasional returners”).

Design/methodology/approach – This paper details an empirical study of return behaviour based on a field survey that was conducted specifically focusing on the apparel category. Exploratory factor analyses and analyses of variance (ANOVA) have been employed to test the proposed hypotheses.

Findings – Results show that there exist different reasons for returns among the four groups of returners. In particular, they differ in their initial shopping motivation for mail order purchases, their group-specific reasons for product returns, and also in their spending patterns.

Research limitations/implications – These are discussed within the body of the paper.

Practical implications – A number of meaningful implications for mail-order firms are developed from the empirical findings. While product returners have been thought to be an amorphous category (akin to a “black box”) in the past, this paper highlights the disparate motives for making returns. Specific prescriptions are provided regarding the management of product description, consumer return policy, and the handling of consumer perceived risk.

Originality/value – This paper contributes toward the evolving literature of consumer return behaviour in the context of distance purchasing and also by taking into consideration the heterogeneity of return groups. It looks at the characteristics of the return groups and how they differ in their prior motives of making their purchase decisions.

Keywords Return behaviour, Mail order industry, Apparel, Shopping motivation, Consumer behaviour, Retailing

Paper type Research paper

1. Introduction

More and more consumers have been opting to shop from home lately due to such reasons as privacy, convenience, and the worldwide “cocooning” phenomenon caused



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by the perceived stress of life outside the home, time pressure in people's lives, and their need to spend more time at home with family and other significant people. Accordingly, mail order purchasing has increased in popularity and usage around the world. Such shopping can be very profitable to the companies and marketers in question since the logistics involved in this form of selling entail low overhead, low inventory costs, and low employee costs. However, product returns are a major expenditure for the firm – especially when they happen frequently. Marketers, therefore, are very interested in determining how to manage consumer returns as they seek to increase their sales.

While a number of definitions of the term “mail order business” have been suggested by previous authors, this paper will adhere to the definition used by Berman and Evans (2007) who defined mail order business as a type of direct marketing in which a customer is first exposed to a good or service through a non-personal medium (e.g. direct mail, catalogue, TV, radio, magazine, newspaper, or computer) and then orders by mail, phone, fax, or computer.

Mail order retailing has a long history and is a very important means of distribution in many countries. In 2008, Europe's distance sellers generated a total turnover of 123.8 billion Euros. That corresponds to a growth of 13.1 percent compared to 2007. Since 2003, the total turnover of the whole industry has doubled (EMOTA – European E-commerce and Mail Order Trade Association, 2010).

With the rapid growth of the internet, a new distribution channel had been introduced; this web medium has increased in importance not only as a means of communication but also as a channel of distribution. Distance sellers have been the early adopters of this new technology and have benefitted from the rapid development of e-commerce (e.g. through improvements in online payment systems, more flexible delivery options). In 2009, the percentage of European citizens who ordered goods or services over the internet grew from 33 percent in 2008 to 37 percent (EMOTA, 2010).

For managers of mail order companies, it is important to analyse current and potential customers in terms of their composition (or segmentation structure) and their reasons for shopping in order to get information about their prior needs and expectations. Among the questions a manager needs to address are: how are customers segmented, what are the levels of their satisfaction (or dissatisfaction), what are the reasons for their satisfaction (dissatisfaction) levels, what is the profile of profitable customers, and what is their motivation for buying online or from a catalogue? (Dorner, 1999).

As mail order grows in popularity and use, product returns are also increasing. This leads to increasing product returns costs (i.e. costs for opening, diagnosing, and repacking). Consequently, it has become important to predict and control the costs of product returns by investigating and forecasting how much will be returned from which customer and why. Yet relatively scant attention has thus far been accorded in the marketing literature to the examination and explanation of return behavior of consumers, especially within the mail order industry. This paper therefore focuses on the consumer motivation for making returns after they have purchased via mail order shopping. We analyse customers based on their return frequency (i.e. “heavy returners”, “medium returners”, “light returners”, and “occasional returners”), and seek to investigate if these groups differ in their initial motivation for mail order purchases and also in their reasons for mail order returns.

2. Review of the literature

In recent years a growing body of literature has considered the mail order industry. These studies have focused on such areas as shopping motivation, retail borrowing, product returns, shopping logistics, and return policies. However, as previously stated, relatively less attention has been paid to the determinants and effects of the return behavior of the mail order customers.

Several authors have analysed the motivation of consumers who buy from catalogues. Sheth's shopping preference theory (1983) identifies two motives that influence consumers' shopping behavior: functional (e.g. convenience, quality of merchandise, variety, physical facility, and cost savings) and non-functional motives (e.g. company's reputation, promotions, and perceptions of store clientele). Likewise, other researchers (e.g. Arnold and Reynolds, 2003; Bridges and Florsheim, 2008; Noble *et al.*, 2006; Overby and Lee, 2006) have found utilitarian motives such as purchase intent, financial incentives, greater assortment variety, better deals, convenience, as well as hedonic motives. Hedonic shopping motives are defined as the shopper's judgement of the experience-based benefits and sacrifices (e.g. fun, enjoyment) (Close and Kukar-Kinney, 2010).

The motivation for online shopping may be seen to follow a similar dichotomy. According to Sorce *et al.* (2005) utilitarian or goal-oriented motives for online shopping are convenience, information, selection, and the ability to control the shopping experience. Hedonic shoppers, on the other hand, are motivated by their experiential involvement with a certain class of products, and they therefore typically seek a product-specific online shopping experience. Pechtl (2003), Teo (2002), and Wu (2003) also mention convenience, flexibility of opening hours, and the possibility to save money as other online shopping motives.

Demographic variables such as age, education, income, occupation and household size have been found to be predictors of catalogue shopping, internet use, and online shopping (Dholakia and Uusitalo, 2002; McGoldrick and Collins, 2007). Nunes and Cespedes (2003) posit that people who share common demographic characteristics tend to shop similarly through comparable channels. Other studies have sought to identify consumers' shopping orientations in order to understand their preferences for shopping at retail outlets, from home, from catalogues, or on the internet (Girard *et al.*, 2003). Gehrt and Yan (2004) have investigated if situational factors (i.e. time pressure, return policies, availability of prestige brands, etc.), retail characteristics (such as ease of use of the retailer, merchandise variety, and speed of delivery), and the individual characteristics of the consumers differentially influence their choice of web, catalogue, and/or store shopping.

One factor that has a major bearing on returns is the return policy of retailers themselves. Return policies vary significantly across the different types of retailers. Some offer very generous return policies, whereas others impose many restrictions on returns (such as asking for the return of the original packaging materials, requiring no visible signs of use, etc.) (Davis *et al.*, 1998). Return policies are important because when customers decide to purchase from catalogues or on the internet, their buying process can be subdivided into two discrete decisions. First, consumers have to decide whether to order the goods or not. As they cannot directly examine the products, they must perforce infer the quality of the sensory product attributes (Alba *et al.*, 1997; Klein, 1998; Park and Kim, 2003; Wood, 2001). Second, after the products have been delivered and examined by

the customers, they then have to decide whether to keep or return them (Bechwati and Schneier Siegal, 2005; Wood, 2001). Ha and Stoel (2004) point out that consumers like to physically examine the products when shopping for apparel to assess color, size, design, and fabric. Due to the lack of this experiential information, apparel ordering decisions are deemed to carry more risk. In order to reduce that risk for their customers, retailers offer more lenient return policies (Wood, 2001). Retailers often offer money-back guarantees or allow refunds for any reason ("no questions asked" policy), even if the product or service had adequately fulfilled its intended function (Che, 1996; Davis *et al.*, 1995; Davis *et al.*, 1998). Money-back guarantees are also used by retailers to signal product quality (Moorthy and Srinivasan, 1995).

Many descriptive models of consumer buying decisions indicate that the aggregated experience with previous purchases has a significant impact on future buying behavior. According to Festervand *et al.* (1986), mail order buyers with prior satisfactory purchase experience perceive significantly less risk than mail order buyers with prior unsatisfactory purchase experience. Consumers therefore conduct a search for information to deal with uncertainty and to improve the consequences of a purchase decision that is perceived to be risky (Park and Stoel, 2005). The success of such an external search depends on the amount of information available (Kim and Lennon, 2000), whereas that of an internal search depends on the extent of prior experience with the product or brand (Elliot and Fowell, 2000). Brand familiarity, which is an important internal source of information, can be defined as the number of direct or indirect brand-related events that have been accrued by the consumer (Alba and Hutchinson, 1987). Park and Stoel (2005) concluded that as the familiarity with the brand increases, consumer's confidence about that brand will increase, and therefore, consumers will perceive less risk. Consumers who rely on past experiences limit their consideration set to a relatively narrow range of items or brands which they have successfully ordered in the past (Cox and Rich, 1964). As has been mentioned, consumers like to physically examine apparel products to assess the color, the size, the design, the fit, and the fabric of the products. It is because of the sensory and interactive nature of the apparel purchase process that clothes are generally categorized as high-risk items (Bhatnagar *et al.*, 2000).

A key success factor in the mail order business is shopping logistics, especially when handling product returns. Reverse logistics refer to activities such as shipping back, returning, reconditioning, refurbishing, and recycling of products and packaging (Álvarez-Gil *et al.*, 2007) as well as the reuse, disposal, remanufacturing, and substitution of the merchandise (Stock, 1992). Given that catalogue retailers have to deal with return rates of between 18-35 percent on the average, these activities represent a substantial cost. The return rate is more dramatic for women's clothing lines; it is estimated to reach as high as 60 percent (Trebilcock, 2000; Wheatley, 2002). The quantity, quality, and timing of returns – as well as the product variety – are relevant sources of uncertainty for mail order companies (De Koster *et al.*, 2002). Product returns entail costs because each return has to be opened, diagnosed, and then processed (Norek, 2002). In addition to higher costs, product returns could diminish current assets because of lower inventory values of returned products, greater order cycle times due to the reshipment of ordered items, increased short-term liabilities due to required repairs and refurbishments, and reduced sales revenues due to lost sales (Min and Ko, 2008). Hewitt (2008) posits that returns can reduce profits by 30-35 percent.

In their study, Petersen and Kumar (2009) analysed the role of product returns in the firm-customer exchange process by determining exchange process factors (i.e. gift purchases, holiday purchases, cross-buying, multichannel shopping, and products purchased on sale) that help to explain the product return behavior and the consequences of product returns on future customer and firm behavior. They demonstrated that product returns are inevitable and not fully aversive since customers' return behavior positively affects their future buying behavior. Furthermore, it also increased a firm's ability to accurately predict customers' buying and return behavior as well as for allocating scarce marketing resources.

Some customers may take advantage of the generous return policies of the retailers and buy merchandise with the intent to return it once it has been used for a specific purpose (Piron and Young, 2001). This behavior is referred to variously as a "moral hazard in consumption" (Davis *et al.*, 1998), "retail borrowing" (Piron and Young, 2001), "deshopping" (King, 2004; King *et al.*, 2008), or "fraudulent returning" (Harris, 2008; Zabriskie, 1973). Schmidt and Sturrock (1999), as well as King *et al.* (2007), reported that this behavior is a growing trend in consumer shopping behavior.

Every purchase situation is accompanied by some degree of uncertainty about the consequences of the purchase (Van den Poel and Leunis, 1996). The concept of perceived risk was introduced by Bauer (1960); since then, numerous studies have considered this variable (e.g. Mitchell and McGoldrick, 1996; Parnell *et al.*, 1994; Spence *et al.*, 1970; Van den Poel and Leunis, 1996). Based on a definition by Forsythe and Shi (2003), perceived risk is a function of the uncertainty about the potential outcomes of a behavior and the possible unpleasantness of these outcomes. The amount of a consumer's perceived risk is a function of the amount at stake in the purchase decision and the individual's feeling of subjective certainty that she/he will win or lose all or some of the amount at stake (Cox and Rich, 1964). According to Jacoby and Kaplan (1972), consumers take financial, performance, physical, psychological, and social risks into account when buying products or services. According to Mitchell and McGoldrick (1996), risk may be perceived in all parts of the initial purchase decision (e.g. choice of the product, brand, store, or channel) and the level of risk perceived depends on the degree of uncertainty and the extent of the consequences of the purchase. Other studies investigated the relationship between the perceived risk and word-of-mouth. Boze (1987), Cox (1967), and Mangold *et al.* (1987), for example, found that if the perceived risk increases, consumers will more likely ask their relatives or friends for advice regarding dealers, product attributes, service, or product usage. Studies by Cho and Fiorito (2009), Cox and Rich (1964), Festervand *et al.* (1986), Hawes and Lumpkin (1986), and Spence *et al.* (1970) reported that mail order shopping is more risky than shopping in a store because information about product specifications, prices, discounts, delivery details, etc. is not always available. Spence *et al.* (1970) showed that risk perception differs among different socio-economic groups. Customers with a higher education and a higher income perceive lower risk. The product class also influences the perceived risk (Peter and Ryan, 1976). Gillett (1976) argues that perceived risk can be used to differentiate mail order shoppers. Perceived risk also influences the e-commerce adoption of consumers. Research results indicate that perceived risk *vis-à-vis* e-commerce has a negative effect on the shopping behavior on the internet (Park *et al.*, 2004), on their attitude toward web usage (Fenech and O'Cass, 2001; Van der Heijden *et al.*, 2003), on the intention to adopt e-commerce (Joines *et al.*,

3. Theoretical background and hypotheses development

The return behavior of customers is largely influenced by customer satisfaction and customer loyalty. Several theories have sought to explain the antecedents of customer loyalty: behavioral science perspectives in the broader context such as from social psychology; interaction-oriented and transaction cost-oriented approaches and in the narrower context, through behavioral learning theory, perceived risk theory and the theory of cognitive dissonance. Behavioral learning theory states that a change in the behavior of a person is the result of past experience and consumption patterns. If a product or service satisfies the needs of a consumer, the probability of repeat behavior (i.e. re-purchase) will increase (e.g. Hoch and Ha, 1986; Hoch and Deighton, 1989; Nord and Peter, 1980; Park and Stoel, 2005; Rothschild and Gaidis, 1981). Moreover, the experience of satisfactory interactions between the buyer and the seller in the context of distance purchasing will positively influence the buyer's product and service knowledge and reduce the likelihood of their engaging in return behavior. Therefore, the following hypothesis is proposed:

- H1.* Customers who have more experience in buying apparel by mail are more likely to make fewer returns.

Every purchase situation is accompanied by some degree of uncertainty about the consequences of the purchase (Van den Poel and Leunis, 1996). However, consumers perceive greater risk in mail order purchases than in store purchases because they cannot examine the product attributes (i.e. size, shape, colour) before the purchase (Cho and Fiorito, 2009). Therefore, as a risk alleviation strategy, prospective buyers may tend to order the items in different sizes, colours, etc. so that they can return the items that do not work out well for them. Return activity may also increase if consumers perceive a greater risk vis-à-vis the quality of the purchase and the reputation of the mail order firm, possibly as a result of the buyer's remorse phenomenon. Hence, generally speaking, when the distance purchase situation is perceived to be more risky and uncertain, consumers are more like to engage in return behaviour. Thus, the following is hypothesized:

- H2.* Consumers who return frequently have different reasons for their mail order returns than consumers who never or rarely return products.

Several studies (e.g. Eastlick and Feinberg, 1999; Sheth, 1983) have looked at the underlying shopping motivation for catalogue shopping. Sheth (1983) suggested that two classes of motives – functional and non-functional motives – influence a person's buying decision. According to Sheth's shopping preference theory (1983), a relationship between shopping motivation and retailer preferences exists. Similar findings have been established in the context of non-store shopping and catalogue shopping from other studies (e.g. Eastlick and Feinberg, 1999), although these papers have not specifically considered the case of product returns. Petersen and Kumar (2009) concluded that the relationship between the number of purchases and the number of product returns is positive and does not change at the customer level. However, different studies have shown a great variance in return behaviour across customers (e.g. Hess and Mayhew, 1997). It is important for retail companies to understand the

underlying relationship between customers' shopping motivation and their product return behaviour. It stands to reason that consumers who exhibit habitual return behaviour will differ from those who do not exhibit such behaviour with regard to their original shopping motivation for mail order buying. For instance, habitual returners could very likely be the shoppers who order from catalogues because of perceived cost savings so that they may have greater latitude toward incorrect choices. As a result, these consumers may be buying more than they actually need so that they can return the unwanted items. The "occasional returners" are more "targeted" in their buying patterns in that they are only ordering what they want. In this paper we expect the groups to vary in their initial shopping motivation, but we do not make specific predictions regarding the directionality of these factors since there is not much prior literature to accurately make such predictions. Therefore, we hypothesize:

- H3.* Consumers who return frequently have different shopping motivations for mail order buying than consumers who never or rarely return products.

4. Research design

4.1 Sample

The study was carried out in the province of Styria, Austria. This study utilized a convenience sample for the overall sampling frame. Stratified random sampling was applied based on the characteristics of age, gender, and buying behavior (mail order shopping versus brick and mortar shopping). In the first step, the population was partitioned into subpopulations based on the stratification variables: age, gender, and buying behavior. Next, the elements were selected from each stratum by a random procedure. A total of 500 surveys in total were distributed. The final sample consisted of 309 respondents; 11 respondents were eliminated as they had not completed the interview. In order to identify consumers who buy apparel via mail order, a filter question was used ("How often do you buy apparel via mail order?"). As this paper focuses on mail order buying, only those respondents, who buy more than 50 percent of their apparel via mail order, were considered. As a result, the sample consisted of 94 percent females and 6 percent males. This distribution is consistent with those of Dorner (1999), Gillett (1976), McGoldrick and Collins (2007) as well as Park and Stoel (2005) who argue that the majority of mail order buyers are females. Pentecost and Andrews (2010) demonstrate in their study that females purchase more frequently than men, that they have a more positive attitude towards fashion, and that they spend more money on fashion items. The age profile of the overall sample ($n = 309$) was distributed as follows: up to 20 years of age (5.8 percent respondents), 21-30 years of age (12.6 percent respondents), 31-40 years of age (37.5 percent respondents), 41-50 years of age (20.4 percent respondents), 51-60 years of age (16.8 percent respondents), and older than 61 years of age (6.8 percent respondents).

4.2 Measures

A questionnaire was developed for conducting the survey, and personal interviews were carried out. Return frequency was measured on a nominal scale ("I always return goods", "I often return goods", "I sometimes return goods", and "I rarely return goods"). Pre-tests were carried out to develop items for the measurement of the shopping motivation for mail order buying and for the reasons for product returns. The pre-tests were done using students from two Marketing sections from a major European

university ($n = 60$). To construct a pool of items for measuring the two variables, focus group interviews were organized as De Vellis (1991) suggests. The students were asked to identify their motives for mail order buying and their reasons for product returns. We collected data from a pre-test sample of 300 respondents on the set of items. We then determined by using correlation analysis if any items needed to be eliminated from the scales. Items that correlated negatively with one another or items that did not correlate strongly with the sum of the remaining items were removed.

To measure the shopping motivation for mail order buying, a question asking the relative importance of 12 reasons for mail-order buying was used (e.g. "time saving", "possibility to return" – see Table I). The answers were measured on a five-point scale anchored by "very important" and "not at all important". The reasons for product returns were measured by nine items (e.g. "don't correspond in quality", "wrong product delivered" – see Table II) on a five-point scale anchored by "very often" and

Table I.
Exploratory factor
analysis: shopping
motivation for mail order
buying

Variables	Factor 1 Convenience	Factor 2 Cost and time savings	Factor 3 Risk avoidance	Factor 4 Independence
Comfort	0.823			
At home ordering	0.798			
Time saving	0.546			
Cost saving		0.816		
Price comparison		0.779		
Time to consider		0.593		
Big variety of products		0.445		
Possibility to return			0.741	
Try on possibility at home			0.676	
Promotional gift/freebie			0.602	
No persuasion of the salesman				0.862
Independence of opening hours				0.668

Notes: VARIMAX-Rotated Component Analysis Factor Matrices (Kaiser normalization) KMO 0.737, Bartlett Test ($\chi^2 = 773.129$, $df = 66$, Significance = 0.000)

Table II.
Exploratory factor
analysis: reasons for mail
order returns

Variables	Factor 1 Unfulfilled expectations	Factor 2 Failure of the mail order company	Factor 3 Product size
Do not correspond in quality	0.861		
Higher expectations because of the price	0.814		
Article differed from the catalogue	0.747		
Wrong product delivered		0.806	
Delivery too late		0.693	
Wrong colour delivered		0.629	
Flaw in the material		0.516	
Product too large			0.871
Product too small			0.816

Notes: VARIMAX-Rotated Component Analysis Factor Matrices (Kaiser normalization) KMO 0.740, Bartlett Test ($\chi^2 = 677.402$, $df = 36$, Significance = 0.000)

“never”. Customer experience is measured by the consumers’ expenditures (average amount they spent on mail order apparel purchases per year).

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5. Analysis and results

Return frequency was measured on a nominal scale, which classified the “returners” into four different groups of “returners”. We distinguish among “heavy returners”, who return products every time they order products; “medium returners”, who return items often; and “light returners”, who only return items sometimes. “Occasional returners” return goods rarely. Of the respondents 16.1 percent belonged to the group of “heavy returners”. In total, 25.7 percent were the “medium returners”, 10.5 percent were the “light returners”, and 47.7 percent belonged to the group of “occasional returners”.

In order to analyse differences among these groups, analysis of variance (ANOVA) was conducted. To test *H1*, the ANOVA procedure was performed to analyse differences among the consumers and their expenditures on mail order apparel purchases. The Levene Test showed that there were no deviations in the variances in the groups ($p = 0.000$). As Table III indicates, there were significant differences between the groups ($p = 0.013$) “medium returners” (Mean = Euro 449) and “occasional returners” (Mean = Euro 221) who differ significantly in their expenditure. “Medium returners” spend more money in the mail order business than “occasional returners” (see Table IV). The group of “heavy returners” spent Euro 267, and the group of “light returners” spent Euro 247 on mail order apparel purchases on average per year.

Exploratory factor analysis was then performed to determine the reasons for mail order returns and the antecedent shopping motivation for mail order shopping. Table II shows the final results of the exploratory factor analysis for the reasons for mail order returns (with VARIMAX rotation). The first factor concerned “unfulfilled expectations” and included the following three items: “don’t correspond in quality”, “higher expectations because of the price”, and “article differed from the catalogue”. The Cronbach alpha for this factor amounted to 0.797. The second factor referred to the “failure of the mail order company” and included the following four items: “wrong product delivered”, “delivery too late”, “wrong color delivered”, and “flaw in the material”. The Cronbach alpha for this factor was 0.634. The third factor, “product size”, included two items: “product too large” and “product too small”. The Cronbach alpha for this factor was 0.673. These three factors explain 63.108 percent of the total variance.

Another exploratory factor analysis was conducted to determine the shopping motivation for mail order shopping. Table I shows the final results of the exploratory factor analysis (using VARIMAX rotation). The first factor, “convenience”, included the following three items: “comfort”, “at home ordering”, and “time saving”. The second factor concerned the “cost and time savings” and included the following four

	Sum of squares	df	Mean square	<i>F</i>	Sig.
Between the groups	2,746,120.919	3	915,373.640	3.669	0.013
Within the groups	7.460E7	299	249,493.321		
Total	7.734E7	302			

Table III.
ANOVA. Expenditures

Table IV.
ANOVA. Expenditures.
Post-hoc-test multiple
comparisons

Bonferroni (I) returners	(J) returners	Mean difference (I-J)	Std dev.	Sig.	95%-confidence intervals	
					Lower limit	Upper limit
Heavy returners	Medium returners	-182.18276	91.05126	0.278	-424.0083	59.6428
	Light returners	19.48932	113.52694	1.000	-282.0300	321.0086
	Occasional returners	46.01970	82.60928	1.000	-173.3845	265.4239
Medium returners	Heavy returners	182.18276	91.05126	0.278	-59.6428	424.0083
	Light returners	201.67208	104.85847	0.332	-76.8244	480.1685
	Occasional returners	228.20246*	70.22268	0.008	41.6961	414.7088
Light returners	Heavy returners	-19.48932	113.52694	1.000	-321.0086	282.0300
	Medium returners	-201.67208	104.85847	0.332	-480.1685	76.8244
	Occasional returners	26.53038	97.61792	1.000	-232.7357	285.7965
Occasional returners	Heavy returners	-46.01970	82.60928	1.000	-265.4239	173.3845
	Medium returners	-228.20246*	70.22268	0.008	-414.7088	-41.6961
	Light returners	-26.53038	97.61792	1.000	-285.7965	232.7357

Note: *The difference of the means is significant at the 0.05 level

items: “cost saving”, “price comparison”, “time to consider”, and “big variety of products”. The third factor referring to “risk avoidance” included the following three items: “possibility to return”, “try on possibility at home”, and “promotional gift/freebie”. The fourth factor, “independence” consisted of the following two items: “no persuasion of the salesman” and “independence of opening hours”. Most measures were shown to be reasonably reliable – with Cronbach alphas greater than 0.6. Peter (1979) suggested this was an adequate value. The Cronbach alpha of the first factor, “convenience”, was 0.673; for “cost and time savings”, 0.687; for “risk avoidance”, 0.459; and for “independence”, 0.514. As the alpha is positively affected by the number of items in a scale, alphas less than 0.6 are accepted in the literature (e.g. Cortina, 1993; Peterson, 1994). For factors with two or three items, Cronbach alphas of 0.4 are deemed acceptable (Peter, 1997). The four factors account for 59.44 percent of the total variance.

Table V summarizes the descriptive analyses of all the constructs involved.

To test H_2 , an ANOVA was carried out to examine differences among the groups of returners based on the reasons for their product returns. The Levene Test showed that there were deviations of the variances between the groups for the factors “unfulfilled expectations” ($p = 0.304$) and “product size” ($p = 0.087$). There were no deviations in the variances for the factor “failure of the mail order company” ($p = 0.001$). Table VI shows that there were differences among the groups of product returners in their

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Variables	Heavy returners		Medium returners		Light returners		Occasional returners	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
<i>Shopping motivation for mail order buying</i>								
Convenience	1.93	0.562	1.79	0.832	1.81	0.816	2.05	0.915
Cost and time savings	2.85	0.680	2.46	0.931	2.43	0.912	2.37	0.836
Risk avoidance	2.34	0.563	2.32	0.571	2.49	0.876	2.73	0.916
Independence	2.58	0.954	2.44	1.033	2.91	1.167	2.67	1.112
<i>Reasons for mail order returns</i>								
Unfulfilled expectations	2.97	0.866	3.14	0.912	3.42	0.817	3.78	0.993
Failure of the mail order company	4.09	0.566	3.86	0.880	3.98	0.646	4.23	0.639
Product size	2.61	0.885	2.86	0.842	2.95	0.901	3.46	1.023

Table V.
Descriptive analyses:
means and standard
deviations

		Sum of squares	df	Mean square	<i>F</i>	Sig.
Unfulfilled expectations	Between the groups	34.686	3	11.562	13.213	0.000
	Within the groups	259.882	297	0.875		
	Total	294.568	300			
Failure of the mail order company	Between the groups	7.302	3	2.434	4.972	0.002
	Within the groups	145.392	297	0.490		
	Total	152.694	300			
Product size	Between the groups	35.115	3	11.705	13.115	0.000
	Within the groups	264.167	296	0.892		
	Total	299.282	299			

Table VI.
ANOVA. Reasons for
mail order returns

reasons for return. As shown in Table VII, “occasional returners” differed significantly from “heavy returners” and “medium returners” in terms of “unfulfilled expectations”. “Failure of the mail order company” was a reason that distinguished “medium returners” from “occasional returners”. “Occasional returners” differed significantly from the other three groups when it came to “product size”.

In order to test *H3*, another ANOVA was conducted. We were interested in determining if the four groups varied in their shopping motivation for mail order shopping. The Levene Test showed that there were no deviations in the variances in the groups (“Convenience” $p = 0.016$, “cost and time savings” $p = 0.048$, “risk avoidance” $p = 0.000$), except for the factor “independence” ($p = 0.287$). As shown in Table VIII, there were no differences among the groups for the factors “convenience” and “independence”. However, differences among the groups were found for the factors “cost and time savings” and “risk avoidance”.

In order to find out how the four groups differed, we conducted a *post hoc*-test. Table IX demonstrates that there were significant differences between “heavy returners” and “occasional returners” for the motives “cost and time savings” and “risk avoidance”. There are also significant differences between “medium returners” and “occasional returners” for the motive “risk avoidance”.

6. Discussion

Based on the previous analysis, we are able to test the previously posited hypotheses. Looking first at the first hypothesis, “medium returners” and “occasional returners” differed significantly in terms of their experience in buying apparel. “Medium returners” were found to have had more experience than “occasional returners”. However, *H1* was not supported since the results indicate that customers who are more experienced in buying apparel by mail tend to make more returns than consumers who do not have as much experience.

The findings of the study also show that the “returner groups” differed significantly in terms of their reasons for mail order returns. “Occasional returners” differed significantly from “heavy returners”, “medium returners” and “light returners” based on the “product size” (e.g. “size didn’t fit”) variable. “Occasional returners” experienced more problems with “product size” than the other returner groups. For this group “unfulfilled expectations” were also an important reason to return products compared to “heavy returners” and “medium returners”. “Medium returners” and “occasional returners” differed significantly in terms of their “unfulfilled expectations”. This reason was more important for “occasional returners” than for “medium returners”. The findings of the study indicate that the perceived uncertainty and risk in mail order purchases influence consumers’ return behavior. Based on these findings, the second hypothesis is supported.

In this study we have identified four different shopping motivations for mail order buying: “convenience”, “cost and time savings”, “risk avoidance”, and “independence”. A number of these findings are consistent with the research of Sheth (1983) and Gillett (1970), as well as Jasper and Lan (1992), who highlighted the motives of “convenience” and “cost and time savings”. Our study suggests that “heavy returners” and “medium returners” are significantly different from “occasional returners” in terms of “risk avoidance”. In order to decrease the uncertainty about the consequences of the purchase (e.g. size, shape, etc.), “occasional returners” tend to order items in many

Bonferroni dependent variable	(I) returners	(J) returners	Mean difference (I-J)	Std dev.	Sig.	95%-confidence intervals	
						Lower limit	Upper limit
Unfulfilled expectations	Heavy returners	Medium returners	-0.16396	0.17052	1.000	-0.6169	0.2889
		Light returners	-0.44388	0.21261	0.226	-1.0086	0.1208
	Medium returners	Occasional returners	-0.81125*	0.15498	0.000	-1.2229	-0.3996
		Heavy returners	0.16396	0.17052	1.000	-0.2889	0.6169
	Light returners	Light returners	-0.27991	0.19637	0.931	-0.8015	0.2417
		Occasional returners	-0.64729*	0.13183	0.000	-0.9974	-0.2971
	Heavy returners	Heavy returners	0.44388	0.21261	0.226	-0.1208	1.0086
		Medium returners	0.27991	0.19637	0.931	-0.2417	0.8015
	Occasional returners	Occasional returners	-0.36737	0.18305	0.274	-0.8536	0.1188
		Heavy returners	0.81125*	0.15498	0.000	0.3996	1.2229
Failure of the mail order company	Heavy returners	Medium returners	0.64729*	0.13183	0.000	0.2971	0.9974
		Light returners	0.36737	0.18305	0.274	-0.1188	0.8536
	Medium returners	Medium returners	0.23286	0.12754	0.413	-0.1059	0.5716
		Light returners	0.11527	0.15902	1.000	-0.3071	0.5376
	Light returners	Occasional returners	-0.13704	0.11592	1.000	-0.4449	0.1709
		Heavy returners	-0.23286	0.12754	0.413	-0.5716	0.1059
	Medium returners	Light returners	-0.11759	0.14688	1.000	-0.5077	0.2725
		Occasional returners	-0.36990*	0.09861	0.001	-0.6318	-0.1080
	Light returners	Heavy returners	-0.11527	0.15902	1.000	-0.5376	0.3071
		Medium returners	0.11759	0.14688	1.000	-0.2725	0.5077
Product size	Occasional returners	Occasional returners	-0.25231	0.13691	0.398	-0.6160	0.1113
		Heavy returners	0.13704	0.11592	1.000	-0.1709	0.4449
	Heavy returners	Medium returners	0.36990*	0.09861	0.001	0.1080	0.6318
		Light returners	0.25231	0.13691	0.398	-0.1113	0.6160
	Medium returners	Medium returners	-0.25139	0.17264	0.878	-0.7099	0.2072
		Light returners	-0.34088	0.21472	0.681	-0.9112	0.2294
	Light returners	Occasional returners	-0.84902*	0.15652	0.000	-1.2648	-0.4333
		Heavy returners	0.25139	0.17264	0.878	-0.2072	0.7099
	Medium returners	Light returners	-0.08949	0.19869	1.000	-0.6172	0.4383
		Occasional returners	-0.59763*	0.13370	0.000	-0.9527	-0.2425
ANOVA. Reasons for mail order returns: post-hoc-test multiple comparisons	Light returners	Heavy returners	0.34088	0.21472	0.681	-0.2294	0.9112
		Medium returners	0.08949	0.19869	1.000	-0.4383	0.6172
	Occasional returners	Occasional returners	-0.50814*	0.18486	0.038	-0.9992	-0.0171
		Heavy returners	0.84902*	0.15652	0.000	0.4333	1.2648
	Medium returners	Medium returners	0.59763*	0.13370	0.000	0.2425	0.9527
		Light returners	0.50814*	0.18486	0.038	0.0171	0.9992

Note: *The difference of the means is significant at the 0.05 level

Table VII.
ANOVA. Reasons for
mail order returns:
post-hoc-test multiple
comparisons

Table VIII.
ANOVA. Shopping
motivation for mail order
buying

		Sum of squares	df	Mean square	<i>F</i>	Sig.
Convenience	Between the groups	4.069	3	1.356	1.939	0.123
	Within the groups	209.813	300	0.699		
	Total	213.882	303			
Cost and time savings	Between the groups	8.800	3	2.933	4.086	0.007
	Within the groups	215.365	300	0.718		
	Total	224.164	303			
Risk avoidance	Between the groups	11.427	3	3.809	6.181	0.000
	Within the groups	184.888	300	0.616		
	Total	196.315	303			
Independence	Between the groups	5.735	3	1.912	1.656	0.177
	Within the groups	346.261	300	1.154		
	Total	351.997	303			

different sizes, colors, etc. These results support hypothesis *H3*: Consumers who return frequently have different shopping motivations for mail order buying than consumers who never or rarely return products. This implies that mail order retailers should try to reduce the perceived risk of the customers by improving the product descriptions in their catalogues and on their web sites. Web sites obviously have an advantage compared to mail order catalogues in that they are interactive and can use different multimedia tools (e.g. video clips).

“Heavy returners” and “occasional returners” differed significantly in the motives of “cost and time savings” and “risk avoidance”. As was discussed in the hypotheses development section, “heavy returners” perceive greater “cost and time savings” in their mail order purchase, so they are likely more indifferent to ordering more than they actually want. They can reduce the time spent on shopping (e.g. visiting a particular shop in the city or in the mall) and, therefore, have more time for other activities. Consumers also have more flexibility because they can choose the time to buy and are not dependent on the opening hours of brick-and-mortar retailers. Moreover, they do not need to go to the store, which is very beneficial for certain people particularly, the elderly and the infirm.

“Risk avoidance” is more important for “occasional returners” than for “heavy returners” and for “medium returners” because of their penchant for infrequent returns due to the inherent uncertainty associated with the product. This level of uncertainty decreases over time as the customers become more familiar with the products and the firm. However, this group’s risk aversion (as indicated by the amount they spend) precludes them from buying and trying more clothes. Mail order companies can encourage more clothes spending with this customer group by adjusting their return policies so that they will have a positive return experience. This would further reduce the level of uncertainty and will lead to additional purchases. When customers perceive a lower level of uncertainty and are more familiar with the products and the firm, they will return less and order more products which in turn will lead to higher profits for the company. This point leads to the implications for direct marketers, which is detailed in the next section.

Bonferroni dependent variable	(I) returners	(J) returners	Mean difference (I-J)	Std dev.	Sig.	95%-confidence intervals	
						Lower limit	Upper limit
Cost and time savings	Heavy returners	Medium returners	0.39691	0.15445	0.064	-0.0133	0.8071
		Light returners	0.42235	0.19257	0.174	-0.0891	0.9338
		Occasional returners	0.48652*	0.14001	0.004	0.1147	0.8584
	Medium returners	Heavy returners	-0.39691	0.15445	0.064	-0.8071	0.0133
		Light returners	0.02544	0.17787	1.000	-0.4470	0.4978
		Occasional returners	0.08961	0.11897	1.000	-0.2264	0.4056
	Light returners	Heavy returners	-0.42235	0.19257	0.174	-0.9338	0.0891
		Medium returners	-0.02544	0.17787	1.000	-0.4978	0.4470
		Occasional returners	0.06417	0.16548	1.000	-0.3753	0.5037
	Occasional returners	Heavy returners	-0.48652*	0.14001	0.004	-0.8584	-0.1147
		Medium returners	-0.08961	0.11897	1.000	-0.4056	0.2264
		Light returners	-0.06417	0.16548	1.000	-0.5037	0.3753
Risk avoidance	Heavy returners	Medium returners	0.02390	0.14310	1.000	-0.3562	0.4040
		Light returners	-0.14945	0.17843	1.000	-0.6233	0.3244
		Occasional returners	-0.39435*	0.12972	0.015	-0.7389	-0.0498
	Medium returners	Heavy returners	-0.02390	0.14310	1.000	-0.4040	0.3562
		Light returners	-0.17334	0.16480	1.000	-0.6110	0.2644
		Occasional returners	-0.41824*	0.11023	0.001	-0.7110	-0.1255
	Light returners	Heavy returners	0.14945	0.17843	1.000	-0.3244	0.6233
		Medium returners	0.17334	0.16480	1.000	-0.2644	0.6110
		Occasional returners	-0.24490	0.15333	0.668	-0.6521	0.1623
	Occasional returners	Heavy returners	0.39435*	0.12972	0.015	0.0498	0.7389
		Medium returners	0.41824*	0.11023	0.001	0.1255	0.7110
		Light returners	0.24490	0.15333	0.668	-0.1623	0.6521

Note: *The difference of the means is significant at the 0.05 level

Retaining or
returning?

Table IX.
ANOVA. Shopping
motivation for mail order
buying: post-hoc-test
multiple comparisons

7. Managerial implications

This study highlights the close-knit relationship between initial consumer perceived risk (in advance of the purchase) and the subsequent return behavior of shoppers (after the items have been delivered and examined by them). The findings appear to show that shoppers tend to err on the side of caution when they are unsure about any aspect of the products (i.e. size, color, etc.) that they are about to buy. In cases of greater purchase uncertainty and risk, they may buy more items than they really need and then later return the ones that do not meet their specifications. Obviously, such behavior is not in the interest of the mail order companies since it results in greater return expenses, product spoilage, and write-offs. In order to prevent this from occurring, it is incumbent on the marketers to alleviate the initial purchase risk by providing thorough and complete information about the products themselves. Shoppers need to be offered an easy channel of communication (perhaps through a toll-free phone line or e-mail) if they are uncertain about the products they want to purchase. If the consumer's perceived risk is minimized effectively, the probability of their subsequent returns will decrease significantly.

A particular concern is the "heavy returners" group. Given the frequency of their returns and the associated costs, it may be incumbent on the firm to alter their return policies through a graduated scale (instead of a uniform policy) whereby "heavy returners" are penalized but "occasional returners" are not levied a penalty.

The study findings also show that a mistake or "failure of the mail order company" was a major reason for customers to return their items. Mail order companies can reduce the proportion of product returns due to company mistakes by installing a quality control system in the distribution system and/or by offering incentives for the customer to keep the merchandise even if it did not meet the customer's precise expectations. This will result in lower product return frequency and costs. In addition, it saves labour on the part of the customer. This may also lead to higher customer satisfaction and increase the firm's profits.

8. Limitations and future research directions

A number of limitations of this study must be mentioned. The current study has only examined the apparel product category. Future work should consider other product categories (e.g. books, electronics, DVDs, CDs) and examine possible differences across these categories. Moreover, the distinction between well-known brands of clothing versus lesser-known brands of clothing was not taken into account. Neither was the type of clothing (e.g. formal wear, work clothes, casual clothes, etc.) considered. The amount of perceived risk may vary due to the apparel type. These factors, as well as other items measuring the shopping motivation for mail order buying and the reasons for product returns, might be examined further. Additionally, the differential influence of customer satisfaction and customer loyalty on the return behavior of shoppers, assuming a heterogeneous response function, promises to be an interesting area for further research. The study has only focused on explaining why consumers return products. Future studies could examine how much is returned and if customer satisfaction and/or loyalty have an influence on the quantity of returned products and the frequency of returns. Furthermore, it would be interesting to investigate the consequences of the return behavior in future research.

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