



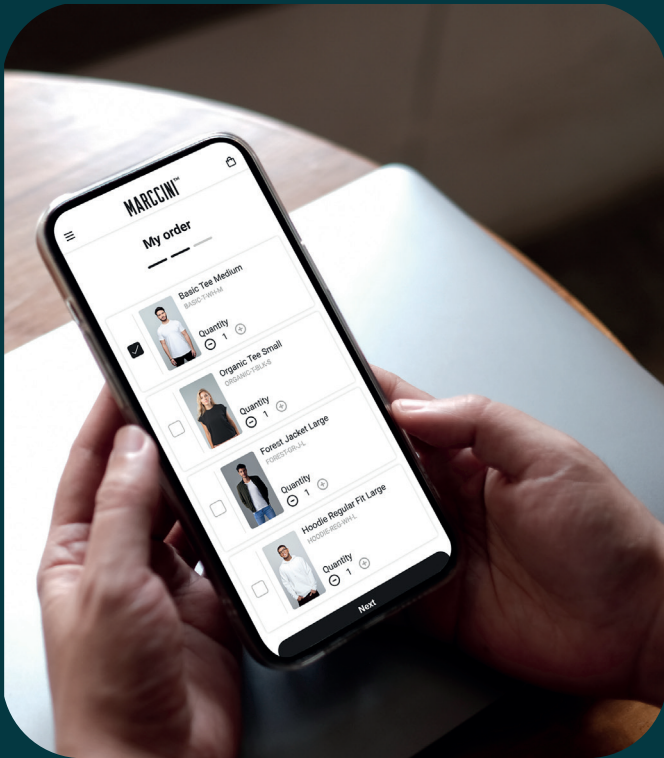
2024

Reclaimit®
**STATE OF
RETURNS**
AND CIRCULAR SHOPPING

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ABOUT RECLAIMIT



Reclaimit is a rapidly growing SaaS company with a market-leading return and warranty management position in the Nordic region.

We empower over 600 industry-leading retailers and suppliers with a unique all-in-one post-purchase customer experience platform, elevating the customer journey at scale.

By transforming challenges into opportunities, we help retailers maximize profits, increase customer loyalty, and minimize carbon footprint through circular shopping and sustainable returns.

We go the extra mile to understand your unique needs, delivering solutions that guarantee success in a competitive market.

ABOUT THE REPORT

The report is based on a survey conducted by Novus on behalf of Reclaimit. The same survey was conducted in 2022, but some new questions have been added.

The survey was conducted via online interviews in Novus' randomly recruited Sweden panel, which guarantees representative results. This means that the results are generalizable to the current target population.

- Number of interviews conducted: 1054
- Survey period: December 27, 2023 - January 12, 2024
- Target group: The general public aged 18-79 who shop online.
- The margin of error at 1,000 interviews: At outcome 20/80: +/- 2.5%, at outcome 50/50: +/- 3.2%.



ONLY RETAILERS CAN CREATE SUSTAINABLE RETURNS

E-commerce returns must become more sustainable, both in terms of environmental and economic impact. We are in the midst of a recession and a lot of value is being lost due to unsustainable returns. At the same time, legislative pressure is increasing, including new EU regulations. Return management and the right to repair are just two examples. The retailers who are quickest and best at adapting to consumer preferences while meeting the changing demands of society will win. The retailer who resists and continues to encourage unsustainable consumer behavior will be put out of business.

Therefore, it is the retailers who must lead the way, not because customers actively choose to behave unsustainably, but because they simply buy what is on offer. Let me give you three simple ideas for making e-commerce more sustainable, both economically and environmentally, based on this report.

1. Stop encouraging customers who are 'return-junkies' to return products – this is not profitable in the long term. Those who constantly return most of what they order should pay for the shipping themselves, or perhaps even be forced to solve the return shipping process themselves. Above all, they should not be targeted with special offers and discounts. (Page 25).
2. Make it easy for the 'good' customers to return what they don't want to keep. The worst thing for the

environment is to produce and sell clothes and other products that sit unused in the wardrobe or on the shelf. Unfortunately, this is a common behavior today, according to our survey. And it's the hassle of complicated returns that make it happen. (Page 22 and Page 23) Simply put, ensure the right return to the right customer.

3. Include circular shopping in the offer. Over half of today's e-commerce customers shop circularly and one in ten customers plan to increase their circular shopping in the coming year (Page 14).

I am convinced that many retailers can find many insights in this report. Because the solution lies in retailers better understanding their own customers. That is why we are launching this third edition of the Reclaimit State of Returns 2024, now with the addition of "... and Circular Shopping". With the help of research firm Novus, we have mapped consumer behavior and attitudes in detail to help retailers prepare for the future and the changes it will bring.



Wilhelm Hamilton
CEO, Reclaimit

Some of my key insights from the report:

- Poor return management can cost retailers dearly. Three out of four customers who are dissatisfied with a return abandon this retailer (page 28).
- Dissatisfaction is due to hassle. Having to pay for return shipping is not the most common reason for dissatisfaction, but rather that the customer couldn't be bothered enough to make a return, that it was too complicated, or that there was too little information (page 22).
- Some do not return a product because they do not want to burden the environment. 19% of women say they have done so. However, keeping unused clothes in the wardrobe can have the opposite effect, as only 11% of the climate impact of a garment comes from transportation at the consumer level. The actual using of a garment is perhaps the most important contribution customers can make to the environment (page 20).
- One in five (19%) have ordered products they knew they would return. This usually involves ordering several sizes, models, or colours of a product of which the consumer knows they will keep one and return the rest. Among young people, this number is almost twice as high (36%). (page 24)
- Most people have shopped circularly and this will only get more common. 52% of Swedish e-commerce customers have done so. It is even more common among younger people. 1 in 10 say they will shop more circularly in the coming year (page 14).
- One third (31%) have kept a product that they actually wanted to return. This is bad for the environment, as it is better for someone else to be able to use a product. It is also bad for retailers as the customer most likely will choose to shop elsewhere next time (page 19).

THE E-COMMERCE CUSTOMER AND CIRCULAR SHOPPING

1 IN 4 PURCHASES IS MADE ONLINE – AND MORE THAN HALF OF CUSTOMERS SHOP CIRCULARLY

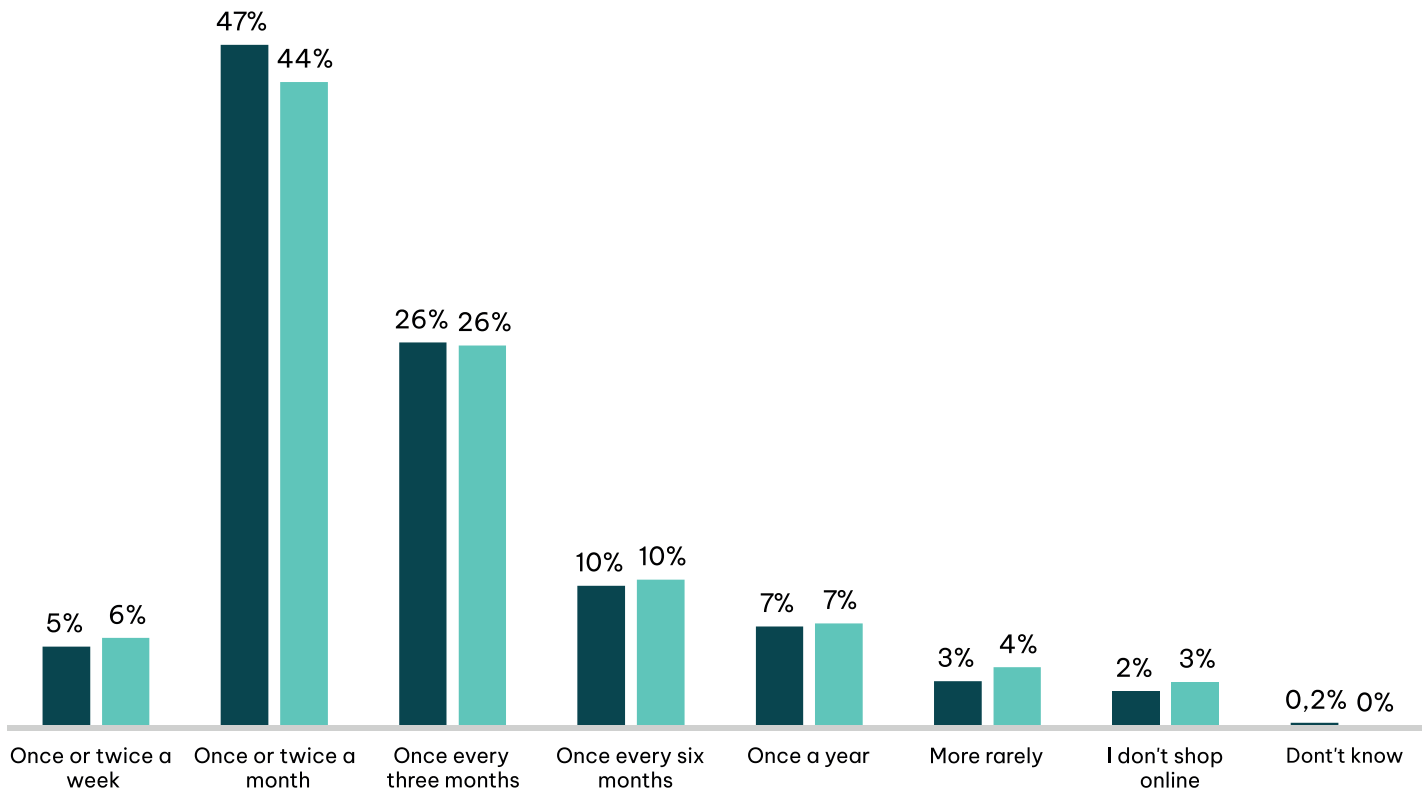
Today, e-commerce in Sweden is highly established. 98 percent of Swedes shop online and on average 23 percent of purchases are made on the Internet. At the same time, a circular retail is emerging that makes maximum use of the possibilities of e-commerce and attracts e-commerce customers. In the past year, 52 percent of Swedes have shopped circularly, and if you ask customers, it looks like this will only increase in the future.

- 98 percent of Swedes shop online and 52 percent do so at least once a month.
- When e-commerce customers estimate what percentage of their total monthly purchases of products they make online, the average is 23 percent.
- The largest share of online purchases is made by the 18-29 age group, who on average make 33 percent of their purchases online. Among the oldest in the survey, in the 65-79 age group, the corresponding proportion is 13 percent.
- Clothes and shoes (67%) and pharmacy products (61%) are the most common online purchases.
- Over half (52%) of e-commerce customers have shopped circularly in the past year.
- It is significantly more common among younger people to shop circularly. It is most common in the 30-49 age group, where two-thirds (65%) shop circularly. Among the youngest e-commerce customers, aged 18-29, 60 percent shop circularly. Among older e-commerce customers aged 50-64 and 65-79, 57 percent and 72 percent respectively state that they have not shopped circularly
- The most common products to shop circularly online are clothes, shoes, and bags (22%), followed by home furnishings, furniture and household appliances (17%), and home electronics (14%).
- There are more e-commerce customers (10%) who will shop more circularly next year than those who will shop less (7%). However, the largest percentage answered that they do not know (46%).

98 PERCENT SHOP ONLINE – OVER HALF AT LEAST EVERY MONTH

How often do you shop online?

■ 2024 ■ 2022



Basically all Swedes (98%) shop online. They are referred to in this report as e-commerce customers.

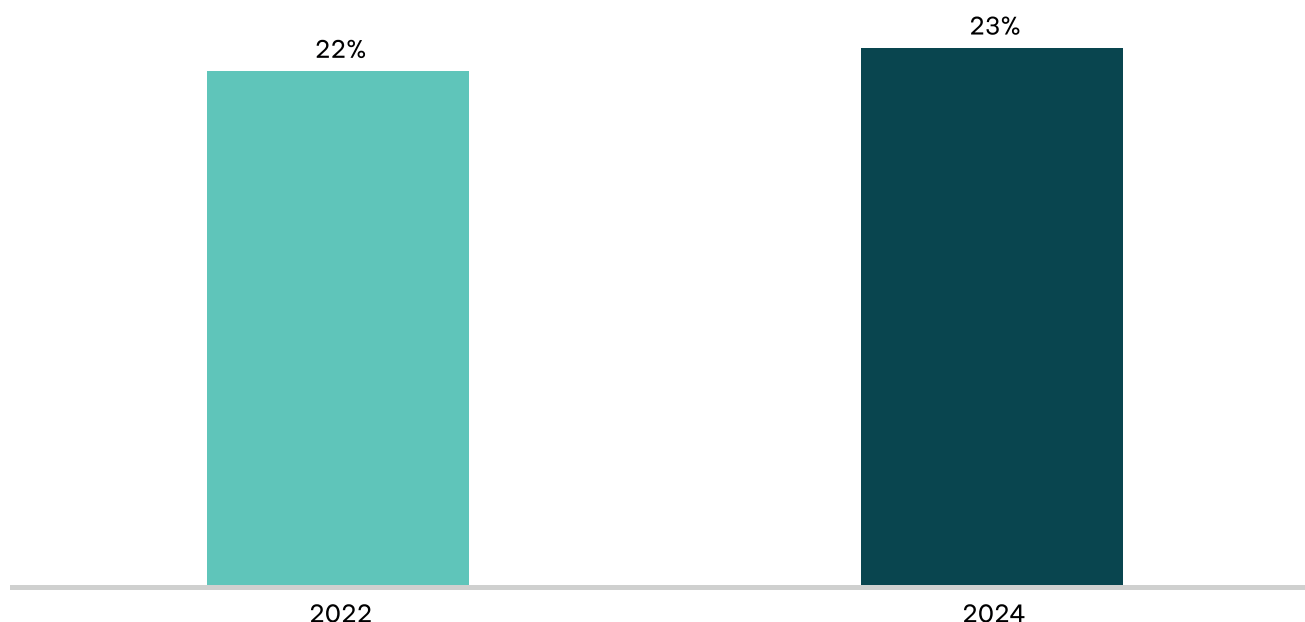
47 percent of Swedes shop online once or twice a month and 5 percent do it as often as once or several times a week. This means that a total of 52 percent of Swedes shop online at least once a month. The corresponding figure in 2022 was 50 percent.

There are more women (62%) than men (42%) who shop online monthly. And there are significantly more younger 18-49 years old (61%) than older 65-79 years old (28%) who shop online at least once a month.

Income also plays a role in how often you shop – online shopping is most common among households with a higher annual income. Among households with an annual income of SEK 800,000 or more, 66 percent shop online monthly.

CLOSE TO A QUARTER OF PURCHASES ARE MADE ONLINE

Average share of total purchases made by Swedish e-commerce customers online.

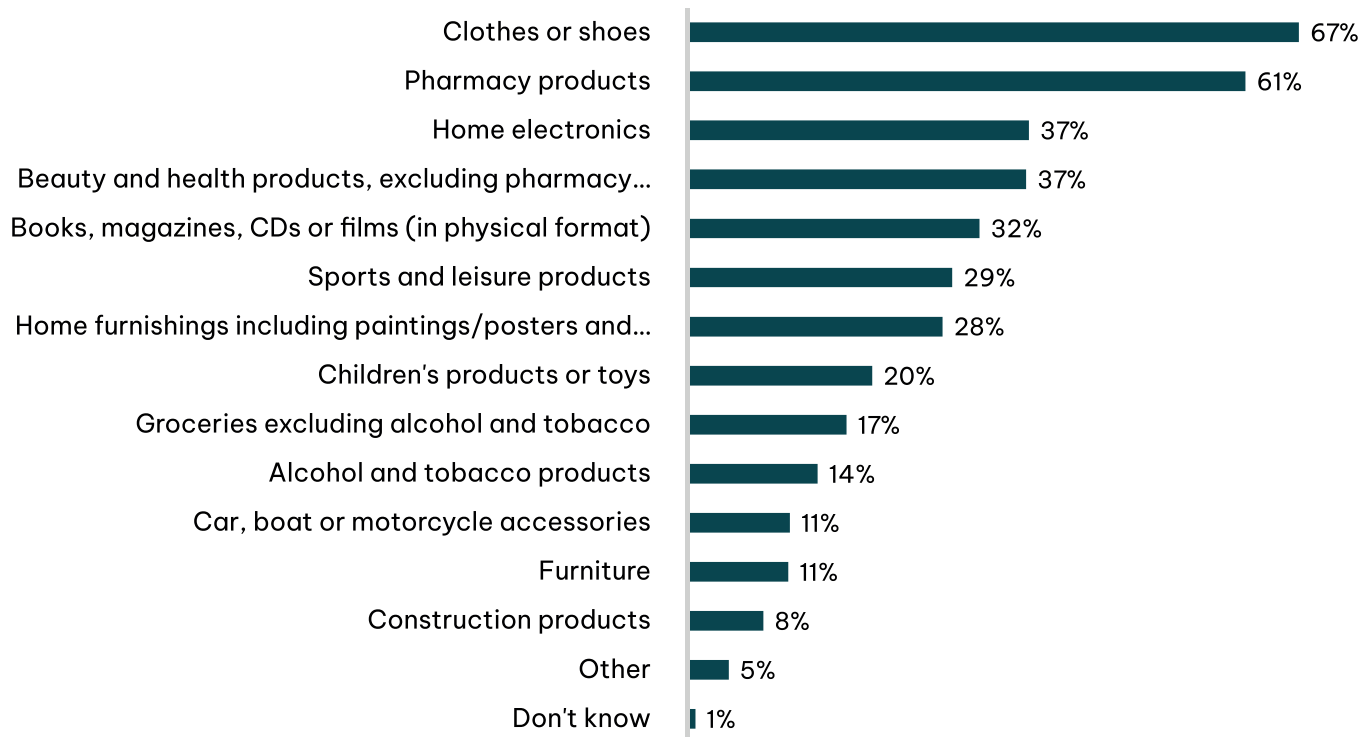


When e-commerce customers estimate what percentage of their total monthly purchases of products they make online, the average is 23 percent. The corresponding figure in 2022 was 22 percent.

The largest share of online purchases is made by the 18-29 age group, who on average make 33 percent of their purchases online. Among the oldest in the survey, those in the 65-79 age group, the corresponding proportion is 13 percent. This is the lowest percentage of online purchases for all age groups.

CLOTHES, SHOES AND PHARMACY PRODUCTS ARE THE MOST COMMON ONLINE PURCHASES

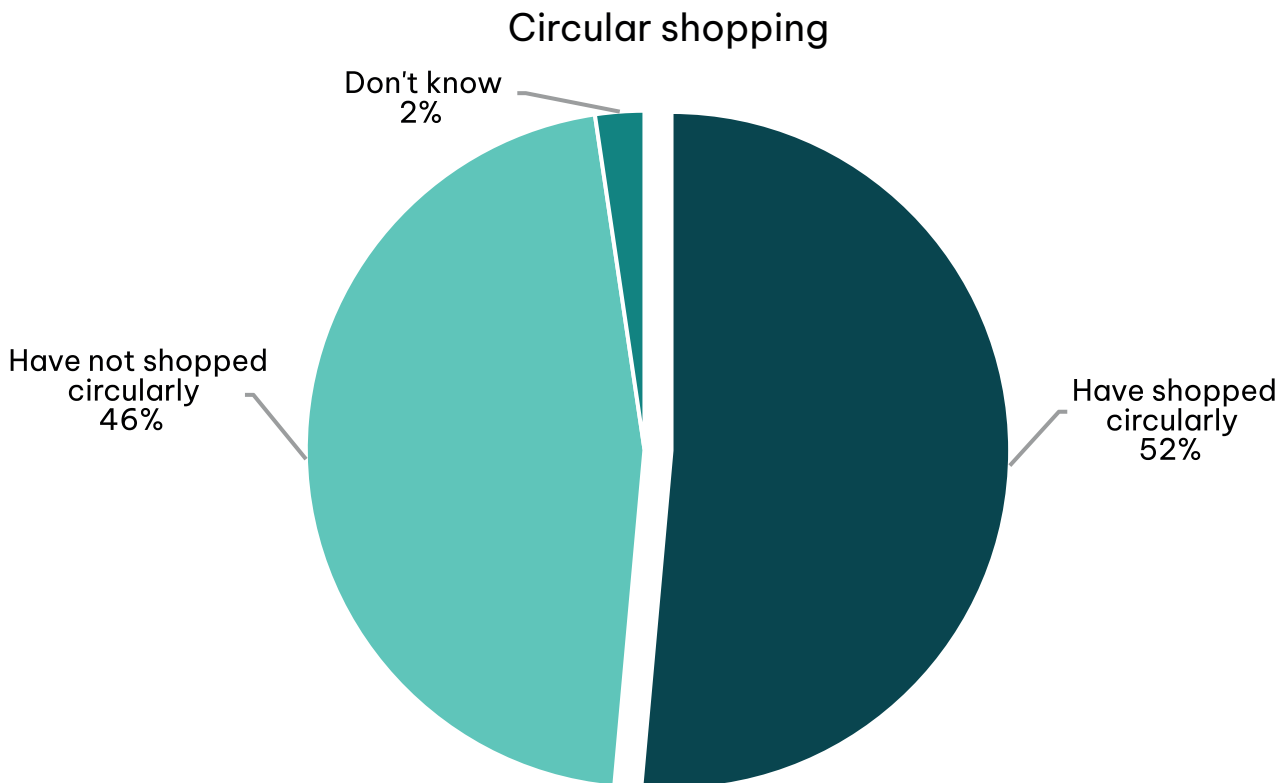
What types of products have you bought online last year?



The most common products that customers bought online last year were clothes and shoes (67%), followed by products from pharmacies (61%) and home electronics (37%).

Compared to 2022, the percentage who state that they have shopped books, magazines, CDs, or films online decreased from 38 percent to 32 percent. In addition, fewer people shop for food online. The proportion of e-commerce for food (excluding alcohol and tobacco) has decreased from 25 percent in 2022 to 17 percent in 2024. The result is in line with other measurements that have shown that the e-commerce of food has decreased after increasing during the pandemic years.

OVER HALF OF E-COMMERCE CUSTOMERS SHOP CIRCULARLY



Circular retail is a concept that is gaining more and more influence, driven by the EU's plan to become a circular economy by 2050. Circular retail is the opposite of so-called linear retail, where the flow goes from extracting natural resources to producing, consuming, and then getting rid of the waste. In the circular model, everything produced is used as long as possible, with the help of, for example, reuse, repairs, and recycling.

In our survey, we asked the e-commerce customers about their habits and attitudes toward circular shopping. It turns out that over half (52%) of e-commerce customers have shopped circularly in the past year. In that concept, we included:

- Submitted a product as a trade-in when buying something new
- Bought something refurbished/refurbished, i.e. a repaired and tested used product
- Bought something online with a reduced price because the packaging had been opened or because it was a demo product or a so-called B-rated product
- Had a product fixed or repaired
- Bought something used/second-hand online
- Sold something used

HOW WE SHOP CIRCULARLY

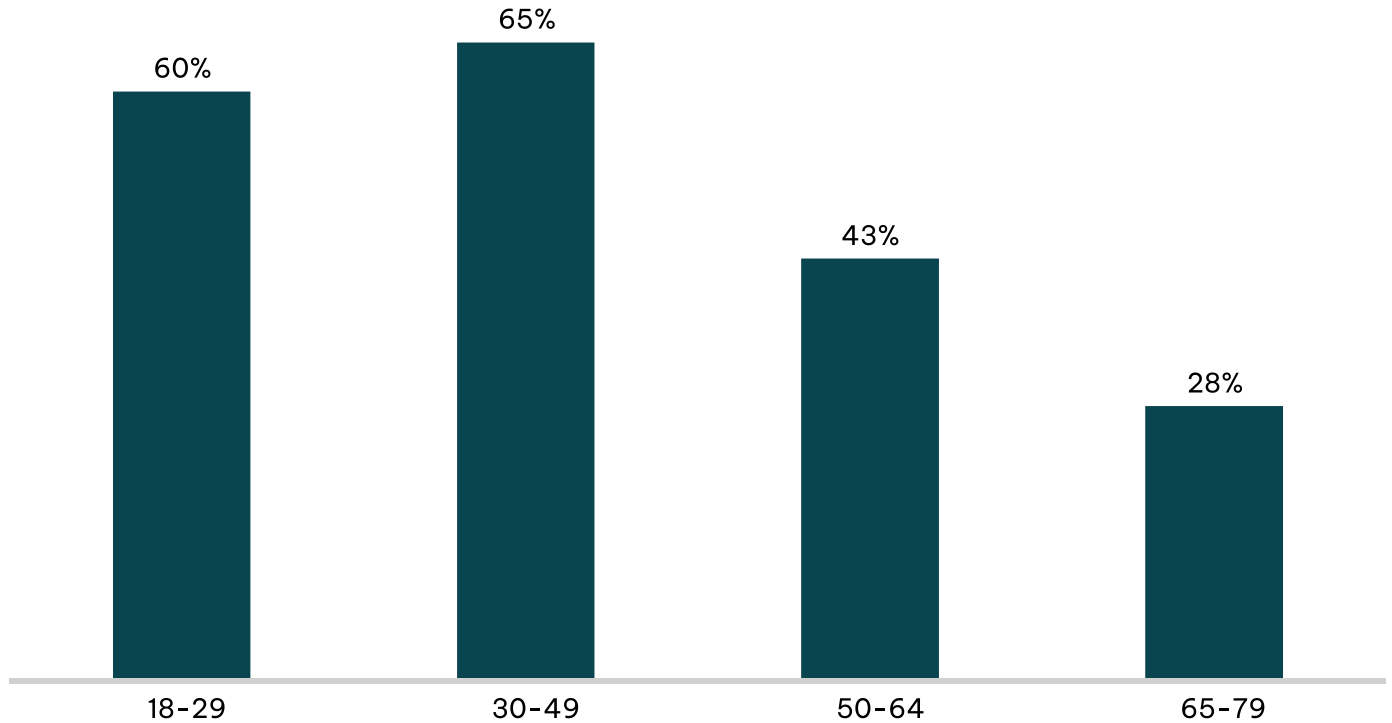
In the last year, have you done any of the following?



In the past year, a third (32%) of e-commerce customers have sold a used product, a quarter (26%) have shopped a used product online, and one in ten (11%) have had a product repaired.

MORE YOUNG PEOPLE THAN OLDER PEOPLE SHOP CIRCULARLY

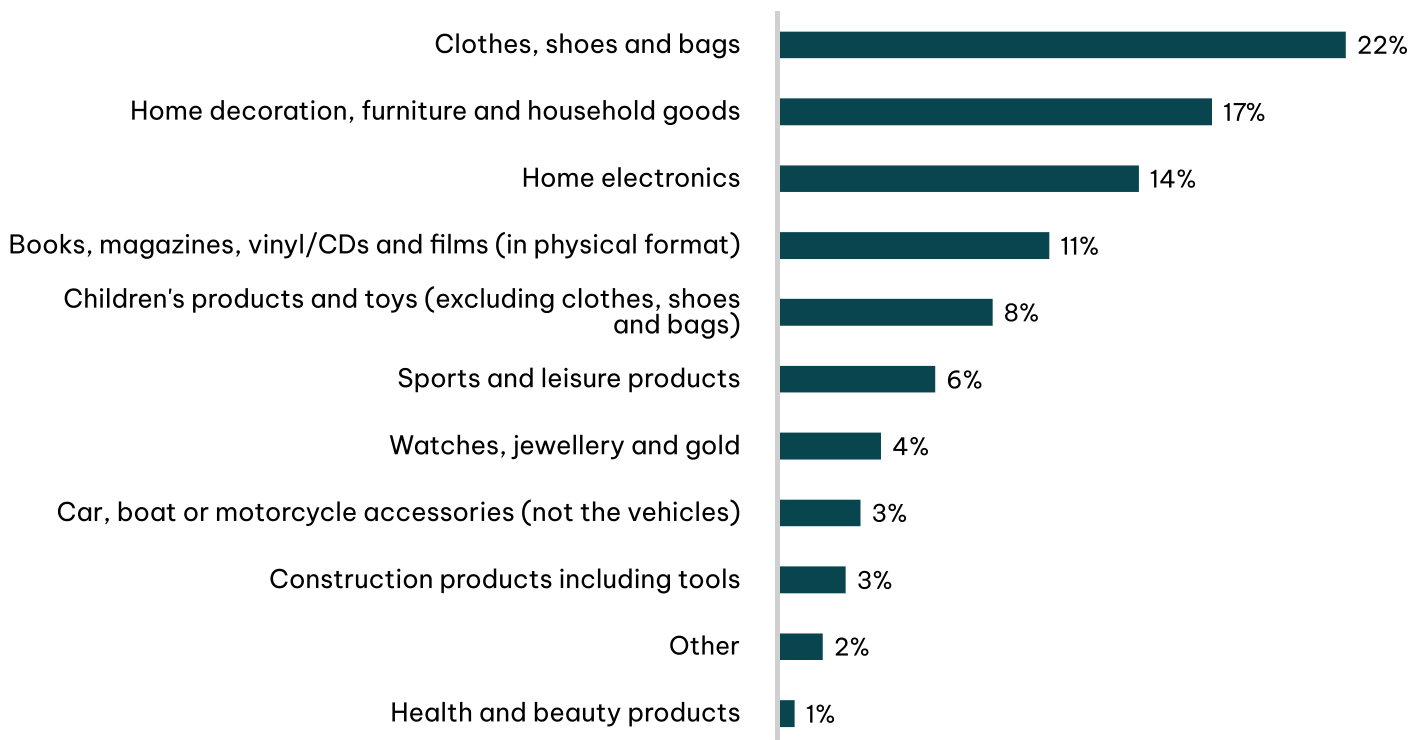
Have shopped circularly in the last year - age groups



It is significantly more common among younger people to shop circularly. It is most common in the 30-49 age group, where two-thirds (65%) shop circularly. Among the youngest e-commerce customers aged 18-29, 60 percent shop circularly. Among older e-commerce customer groups, aged 50-64 and 65-79, 57 percent and 72 percent respectively state that they have not shopped circularly.

CLOTHES, SHOES AND BAGS ARE MOST POPULAR FOR CIRCULAR SHOPPING ONLINE

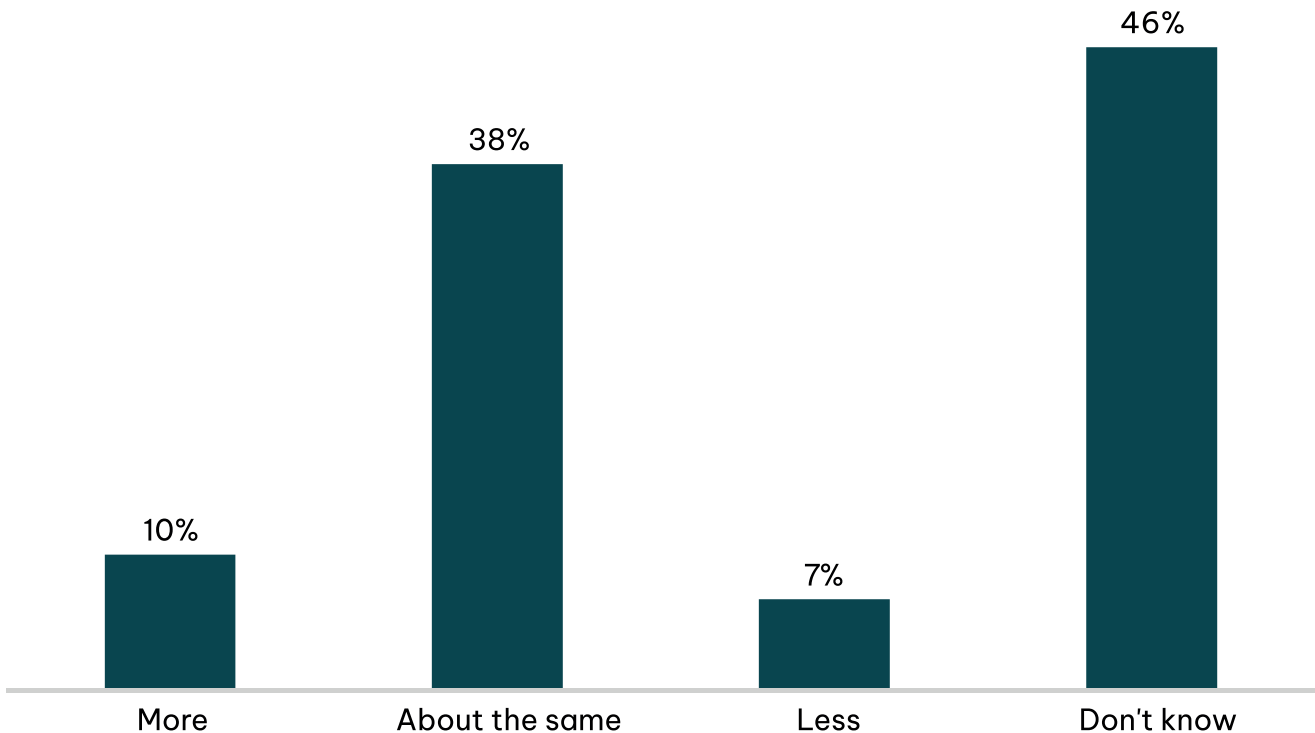
What types of products have you bought online in the last year?



The most common products to shop online circularly are clothes, shoes, and bags (22%), followed by home furnishings, furniture and household appliances (17%), and home electronics (14%).

1 IN 10 E-COMMERCE CUSTOMERS WILL SHOP MORE CIRCULARLY

Will you shop more or less circular in the coming year as a proportion of your total purchases?



There are slightly more e-commerce customers (10%) who state that they will shop more circularly in the coming year than those who will reduce it (7%). However, the largest percentage answered that they do not know. A possible explanation for the fact that so many people answer "don't know" is that it is a new behaviour that is taking shape as the retailers offers more and more accessible solutions.

RETURN BEHAVIOUR

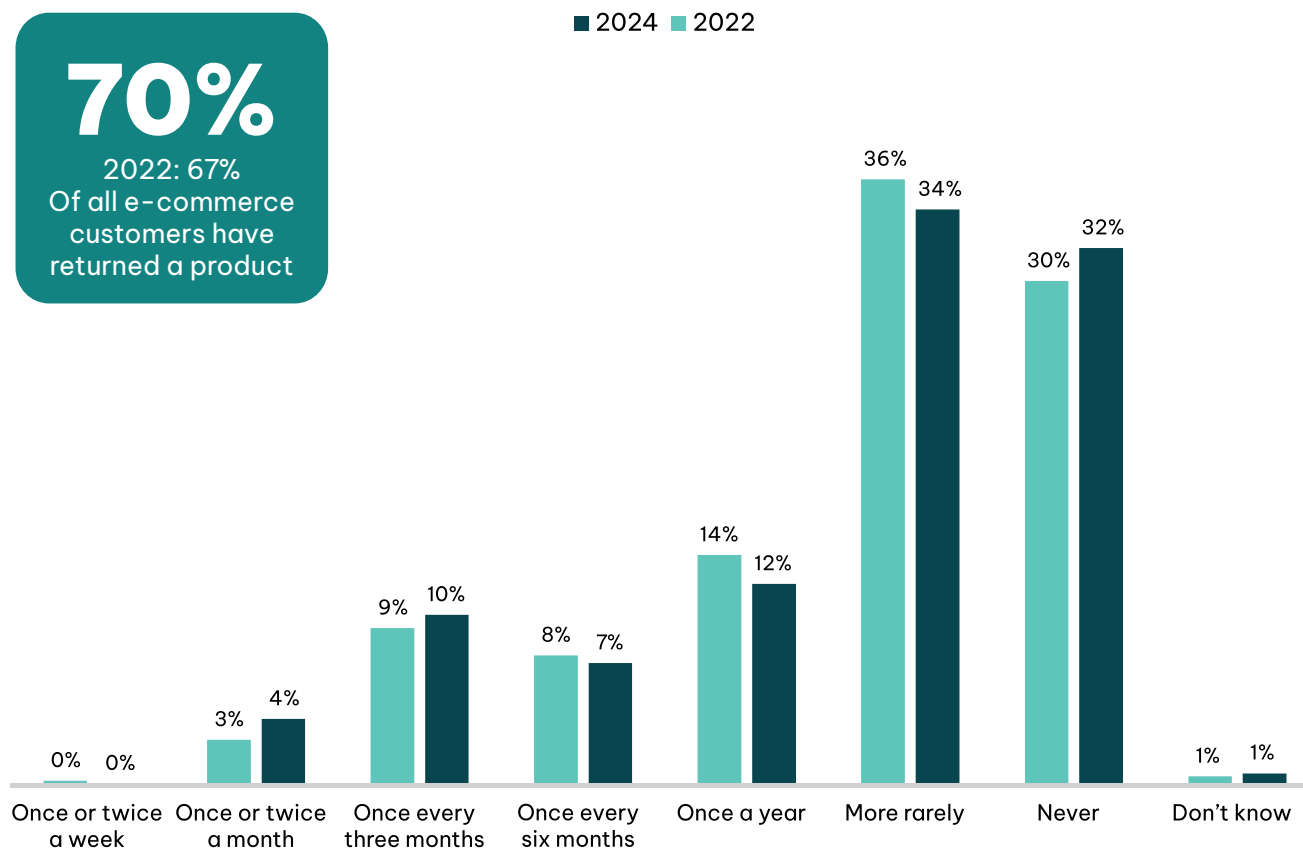
MOST E-COMMERCE CUSTOMERS HAVE RETURNED A PRODUCT

A large majority of e-commerce customers have returned a product they bought online. 70 percent state that they have at some point returned a product. The most common reasons for the return are that the product did not fit and that the product was not as expected.

- A large majority (70%) of e-commerce customers have at some point returned a product they bought online. The corresponding figure in 2022 was 67 percent.
- It is more common for women to return products online (74%) compared to men (65%).
- The most common reason for return is that the products did not fit (71%). The fact that this is the most common reason for return may be connected to the fact that clothes and shoes are the most commonly bought products online.
- 39 percent of e-commerce customers stated that the reason for the return was that the product was not what they expected, and 20 percent said that the product was defective or damaged.
- Every tenth e-commerce customer (10%) stated that they have returned due to an incorrect product description.

SEVEN OUT OF TEN HAVE RETURNED A PRODUCT BOUGHT ONLINE

How often do you return products bought online?

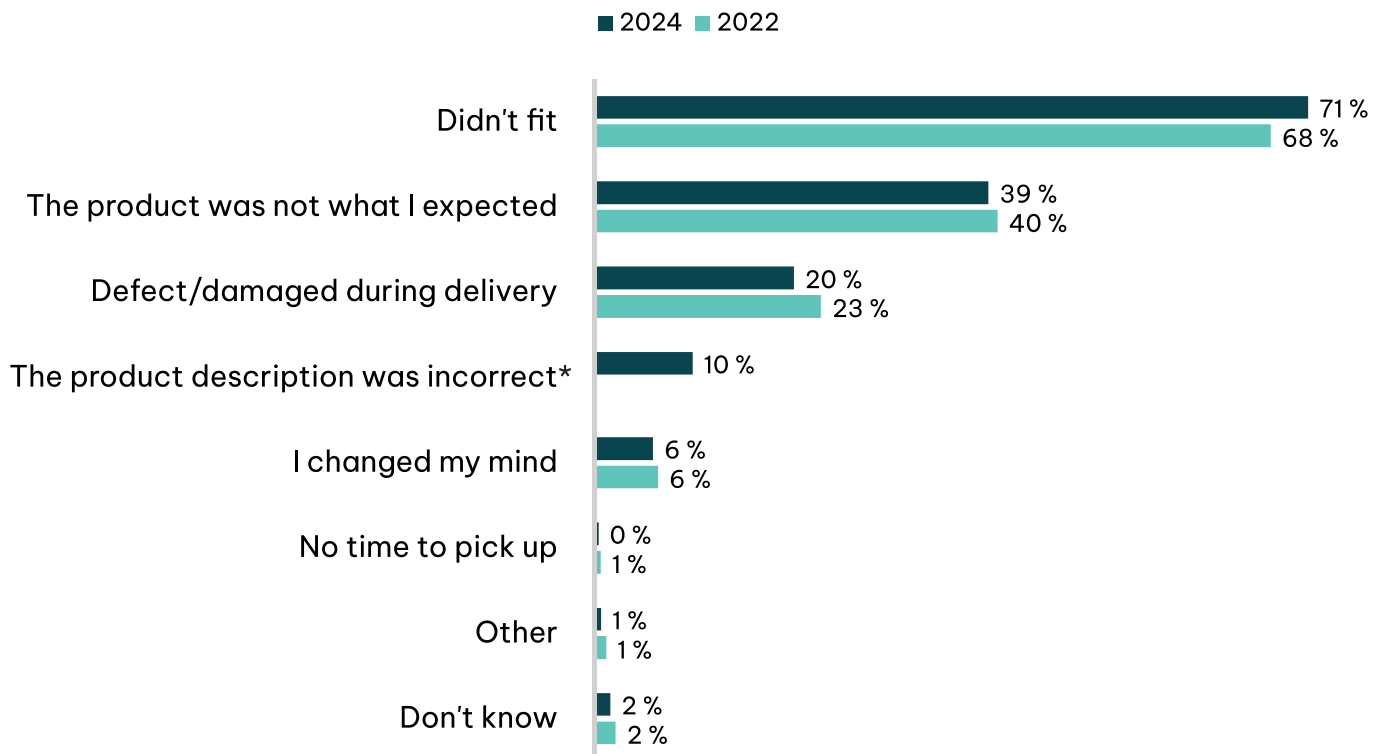


A large majority (70%) of e-commerce customers have at least once returned a product they bought online. The corresponding figure in 2022 was 67 percent. A third (34%) do it annually or more often, while 36 percent return a product less often.

It is more common for women to return products online (74%) compared to men having done so (65%). People aged 65 and older, who shop online, are less likely to return products. 54 percent of them have never done it.

”DIDN'T FIT” IS THE MOST COMMON REASON FOR RETURNS

Most common reasons for returning products bought online



*New answer option for 2024

Seven out of ten (71%) state that they have returned products because they do not fit. 39 percent of e-commerce customers stated that the reason was that the product was not what they expected, while a defective or damaged product was the reason for one in five people (20%) in the survey. One in ten (10%) stated that they returned because the product description was incorrect.

That the most common reason for return a product does not fit may be connected to the fact that clothes and shoes are the most common products that people buy online. 67 percent of those who shopped online have just bought clothes and shoes in the past year (See page 9). For women, it was more common that the returns were because the product did not fit (75%), while it was not as common a reason for returns for the men (67%). One reason for this may be that it is more common for women to shop online for clothes and shoes (79%) compared to men (56%).

RETURNS AND SUSTAINABILITY

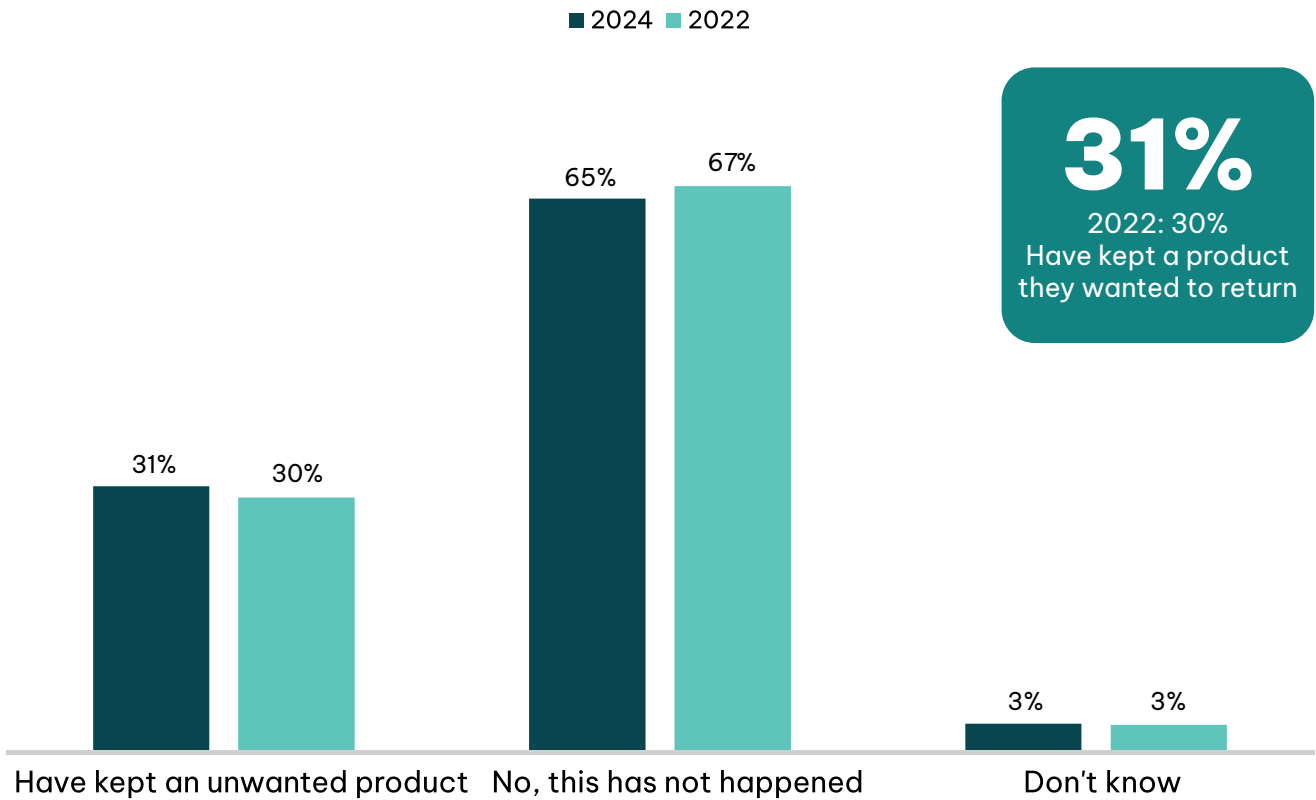
IT IS COMMON TO KEEP UNWANTED PRODUCTS AND ORDER MORE THAN YOU WILL USE

Every third Swedish e-commerce customer has kept a product, even though they had actually wanted to return it. This mainly applies to clothes and shoes, and they usually end up hanging in the wardrobe unused. The main reason for the non-return was that the customers didn't care enough to do it, despite the fact that the most important effort to reduce the climate impact is to ensure that a product is used. Furthermore, every fifth e-commerce customer has ordered several products to keep one of them and return the rest.

- 31 percent of those who shopped online have kept a product even though they had actually wanted to return it.
- Women are more likely to keep a product they don't want (36%) compared to men (27%).
- 22 percent of e-commerce customers have kept clothes or shoes, even though they don't want them. In second place comes sports and leisure products (3%).
- 48 percent of those who didn't return products stated that the reason was that they didn't bother enough to do it. Another common reason was that it was perceived as too complicated or that the information from the retailer was too bad (45%). That is 7 percentage points more than in the same survey in 2022.
- 14 percent stated that they refrained from returning a product because they did not want to burden the environment. If this leads to the product not being used, however, the environmental burden will be greater than if the product is sent back and used by someone else, since the transport is only a small part of the product's environmental impact.
- Almost every third person (31%) stated that products that they would like to return are kept unused.
- One in five e-commerce customers (19%) has ordered a product in several different sizes, models, or colours, only to keep one of them and return the rest.
- It is more common for women to order the same product in several different sizes, models, or colours to keep only one of them (25%), while it is more unusual among men (13%).
- Ordering multiple products to return all but one is also significantly more common among younger people. 36 percent in the 18-29 age group say they have done this, while only 11 percent in the 50-64 age group and 3 percent between 65-79 have done so.

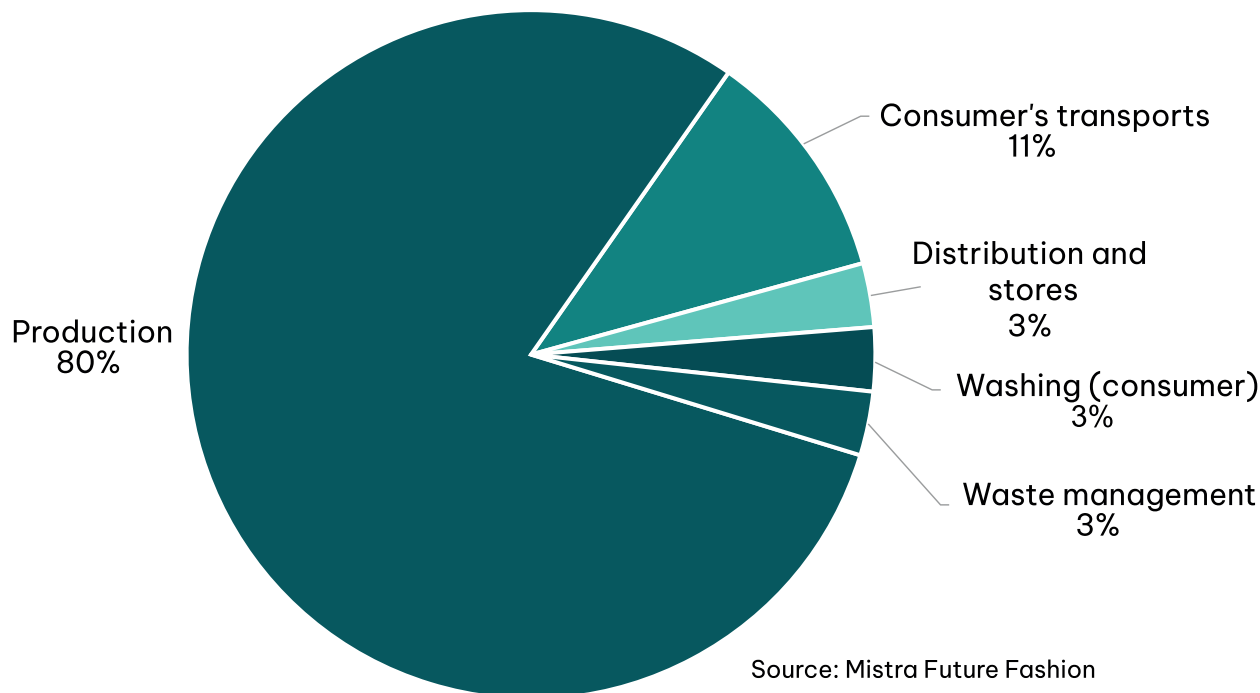
ONE IN THREE HAS KEPT A PRODUCT THEY DIDN'T WANT TO KEEP

Have you kept a product that you wanted to return?



31 percent of those who shopped online have kept a product even though they had actually wanted to send it back. Women are more likely to keep a product they don't want (36%) compared to men (27%). The 30-49 age group is more likely than others to keep a product they don't want, while older people, between 65-79 years old, are more careful about returning products they don't want to keep.

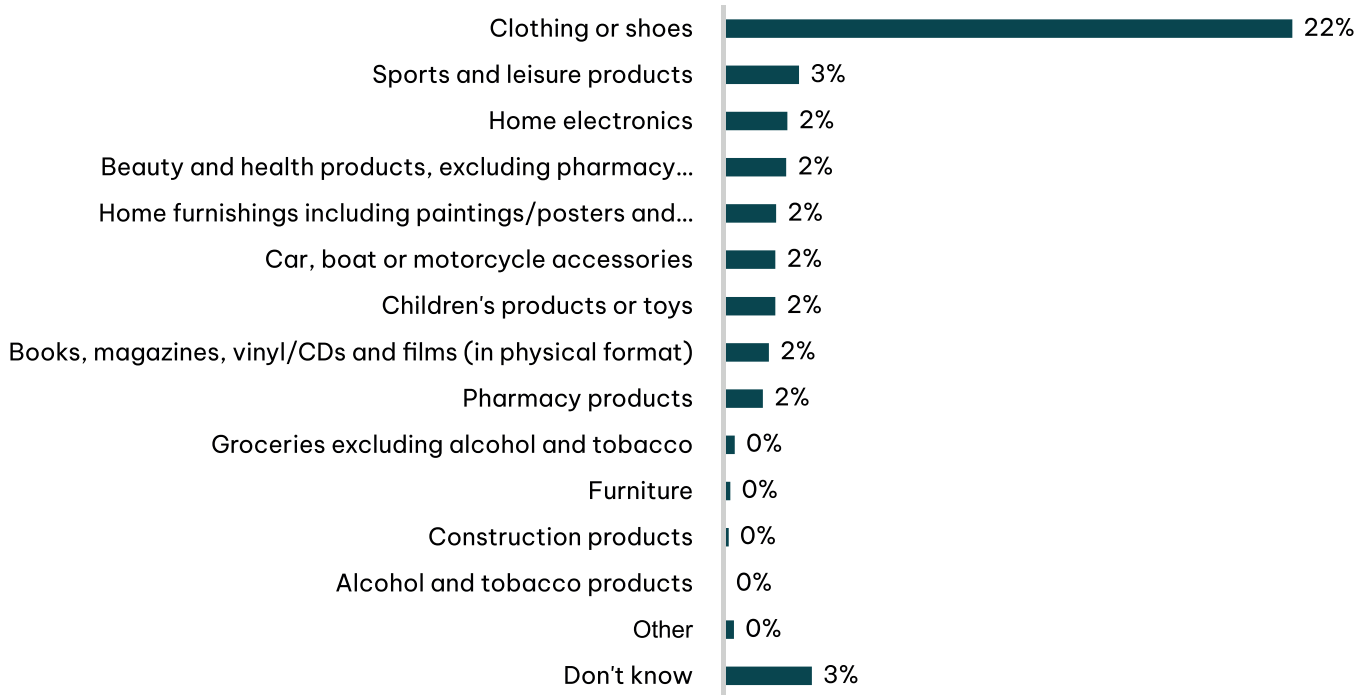
Climate impact of Swedish consumer's clothes



If many people keep products they don't want and this means that, for example, clothes remain unused in the wardrobe, the environmental burden increases greatly compared to if the products can be used by someone else. For example, 80 percent of the climate impact from Swedes' clothing comes from manufacturing, while consumer's transport accounts for 11 percent. Extending the lifespan of clothing and other products is the most important thing to do from a climate point of view. (Mistra Future Fashion, 2019)

UNWANTED CLOTHES ARE THE MOST OFTEN KEPT PRODUCT

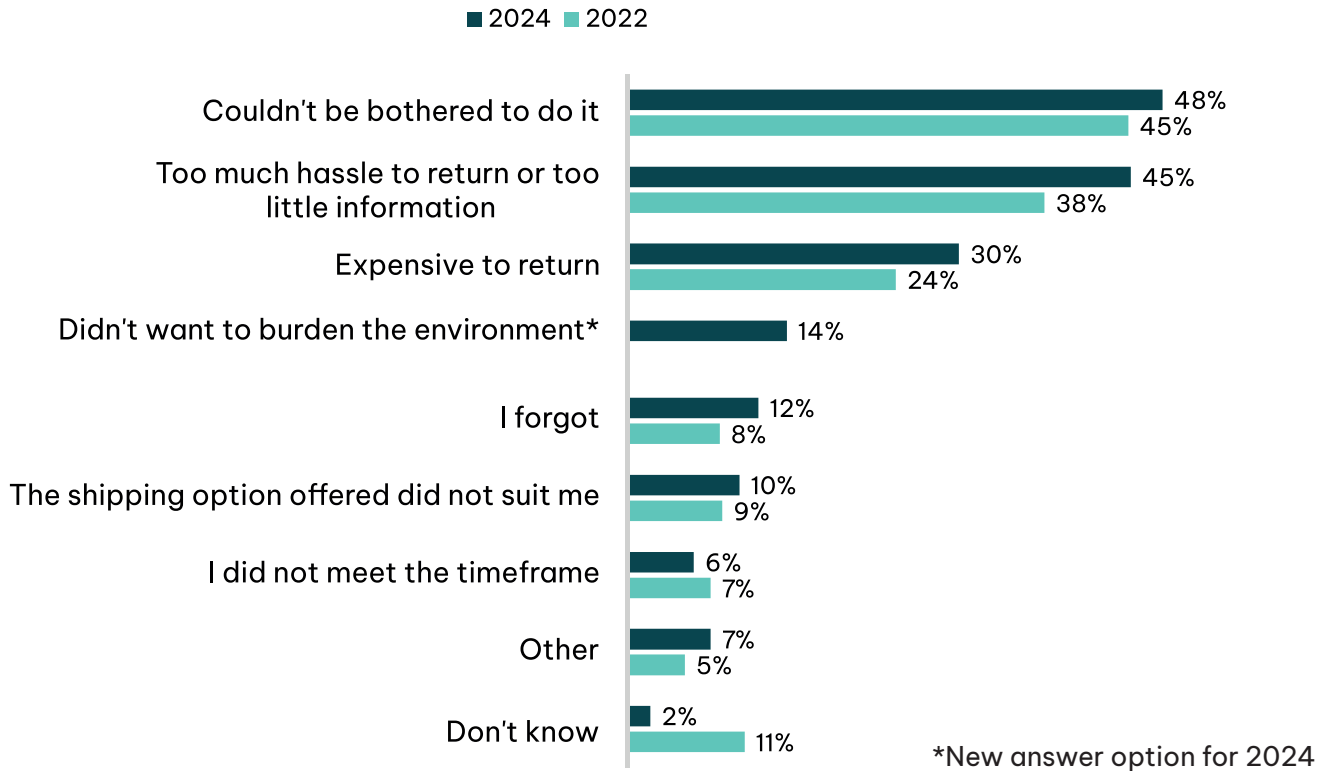
What kind of products have you kept even though you wanted to return them?



22 percent of e-commerce customers have kept clothes or shoes, even though they didn't want them, compared to 19 percent in 2022. In second place comes sports and leisure products (3%).

”COULDN’T BE BOTHERED” IS THE MOST COMMON REASON FOR NOT RETURNING A PRODUCT

What are the most common reasons for not returning products you did not want to keep?

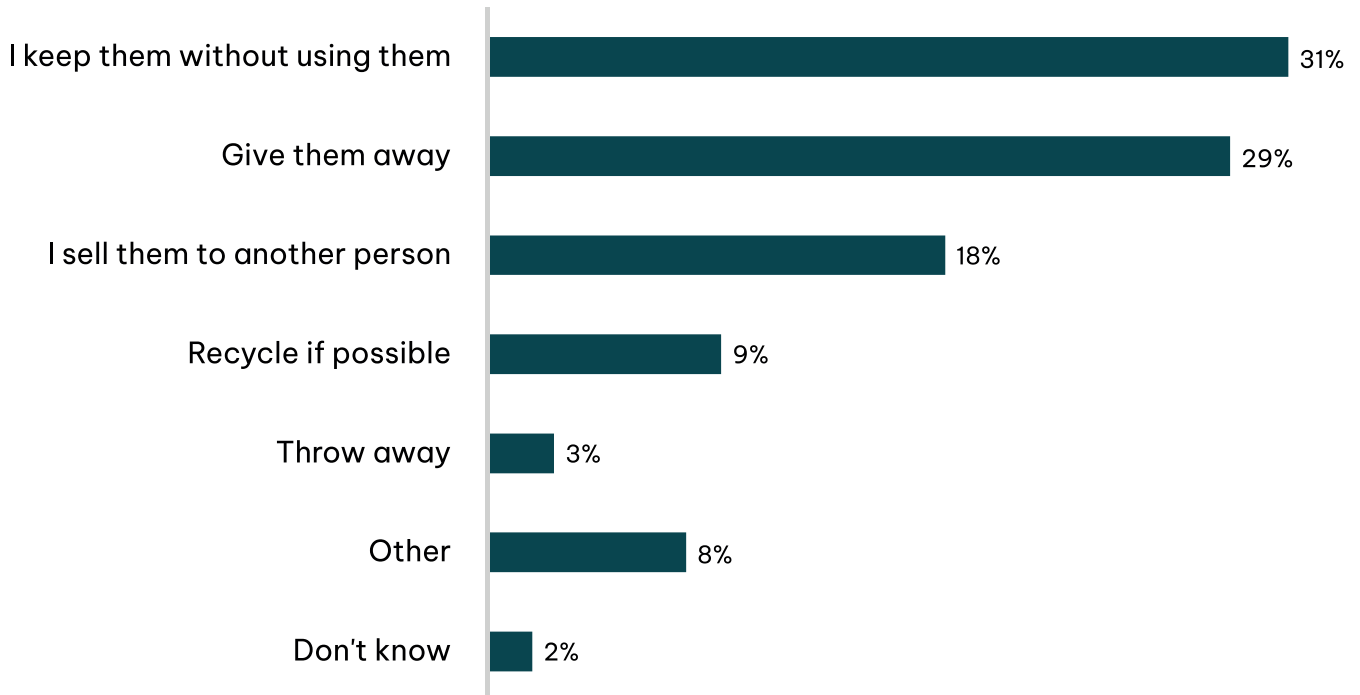


48 percent of those who returned products state that the reason was that they didn’t bother enough to do it. Another common reason was that the process was perceived as too complicated or that the information from the retailer was insufficient (45%). That is 7 percentage points more than in the same survey from 2022.

14 percent stated that they have refrained from returning a product because they did not want to burden the environment. That figure is higher among women, where 19 percent state that they have refrained from returning a product they do not want in order not to burden the environment. If this leads to the product not being used, however, the environmental burden will be greater than if the product is sent back and used by someone else. Transport is only a small part of the product’s environmental impact (see page 20). This desire not to burden the environment thus risks having the opposite effect.

IT IS MOST COMMON FOR UNWANTED PRODUCTS TO REMAIN IN THE WARDROBE

What do you do with goods you don't return but don't want?

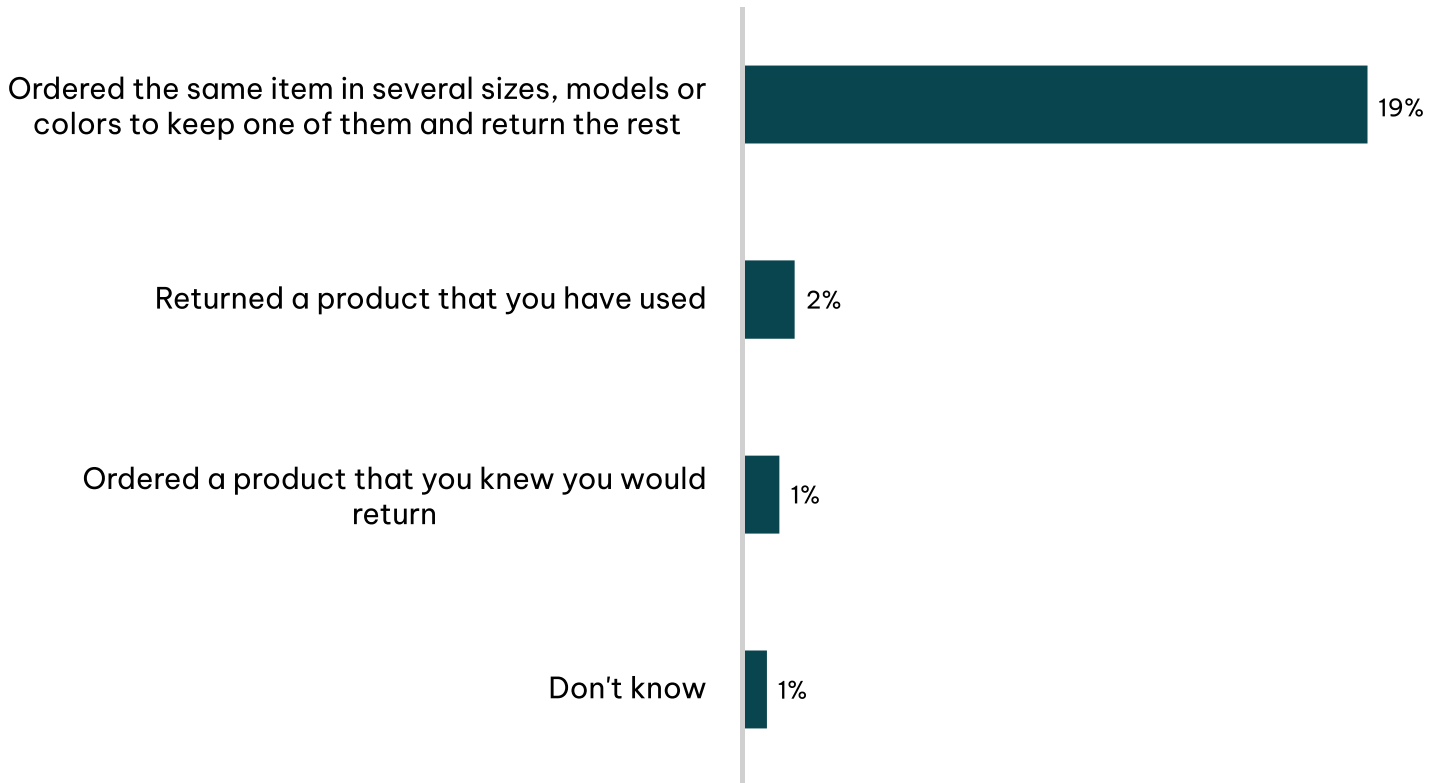


Almost every third customer (31%) stated that products that they wanted to return were kept unused. Almost as many (29%) state that they gave the product away, 18 percent that they sold it to someone else, and 9 percent that they tried to recycle it. 3 percent stated that they throw away products they do not want to keep instead of returning them.

Not using a product or throwing it away leads to a higher environmental impact than if the product is returned so it can be used by someone else. Because of environmental concerns, it is therefore important that retailers have a flexible return system where they ensure that a product that is returned will be used by a new consumer.

ONE IN FIVE HAVE ORDERED PRODUCTS THEY KNEW THEY WOULD RETURN

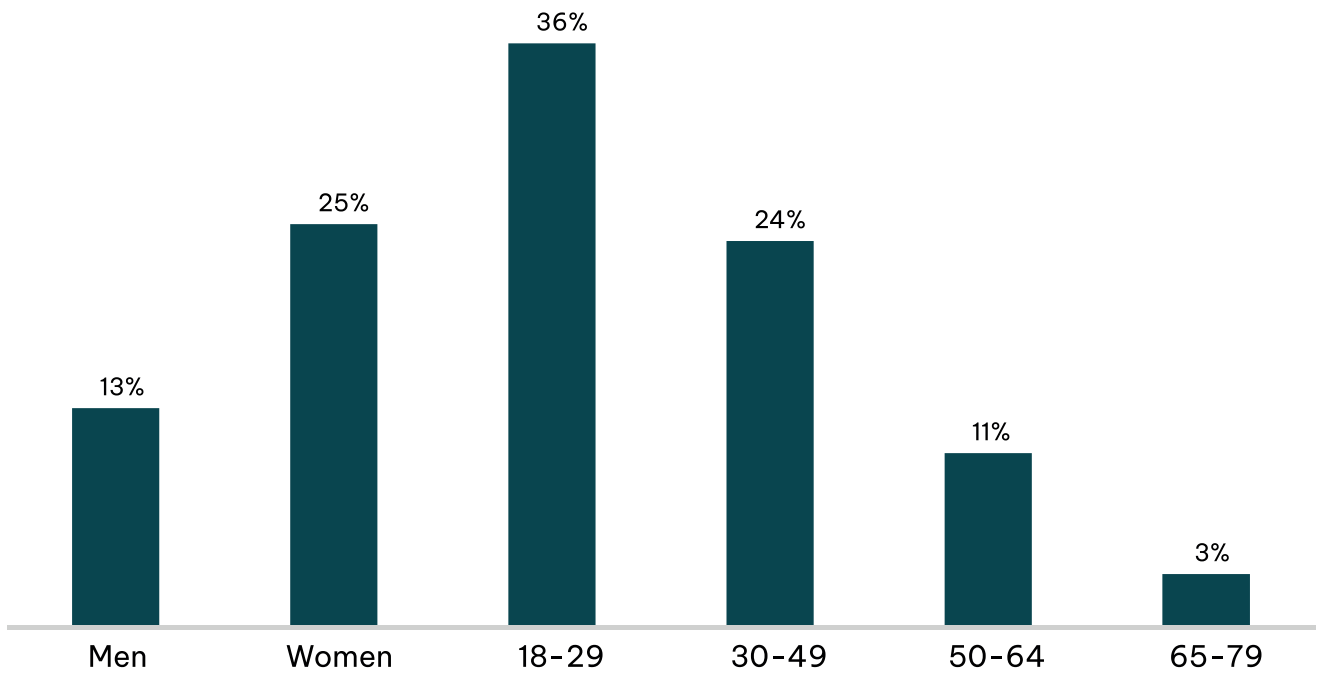
Have you done any of the following?



One in five e-commerce customers (19%) has ordered a product in several different sizes, models, or colours only to keep one of them and return the rest. One percent have ordered products that they plan to return for some other reason. Two percent have returned a product that they have used. Several retailers have tried to limit the possibility for customers to return a large percentage of what they buy, with some customers even being suspended from further shopping.

EVERY FOURTH WOMAN HAS ORDERED SEVERAL PRODUCTS THEY KNOW THEY WILL RETURN

Have you ordered several products in different sizes, models or colours, only to keep one of them and return the rest?



It is more common for women to order the same product in several different sizes, models, or colors to keep only one of them (25%), while it is less common among men (13%). Ordering several products to return is also significantly more common among younger people. 36 percent of people aged 18-29 say they have, while only 11 percent between 50-64 and 3 percent in the 65-79 age group have done this.

SATISFACTION AND CUSTOMER LOYALTY

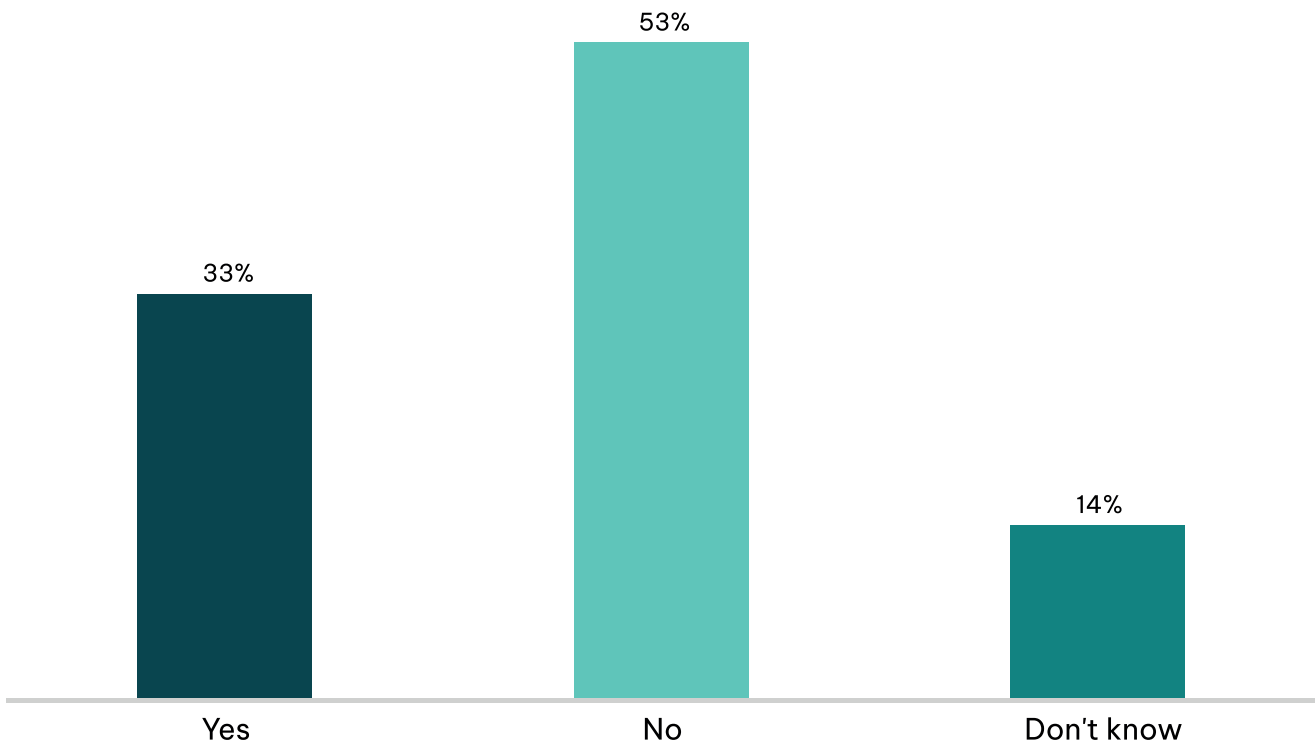
DISSATISFACTION WITH RETURNS CAUSES RETAILERS TO LOSE CUSTOMERS

Every third e-commerce customer has been dissatisfied with a return process. Of those, a large majority have refrained from shopping from a retailer who mishandled the return. In addition, more than half have refrained from shopping online because they are afraid of having to return. So, even the mere fear of a complicated return process scares potential e-commerce customers away.

- A third (33%) have been dissatisfied with a return process when shopping online. Just over half (53%) state that they have never been dissatisfied when shopping online.
- ‘Time-consuming’, ‘complicated’, and ‘difficult’ are the most common reasons why customers are dissatisfied with a return process (28%). In 2022, the corresponding figure was 21 percent.
- A whopping 74 percent of those who have been dissatisfied with a retailer’s return process stated that they avoid shopping there again.
- Among women, there are even more who react negatively to a faulty return process. 81 percent say they avoid an retailer that left them dissatisfied at one time.
- Over half of those who shop online (56%) have refrained from buying a product online to avoid the risk of having to make a return. The corresponding figure in 2022 was 54 percent.

EVERY THIRD PERSON HAS BEEN DISSATISFIED WITH A RETURN

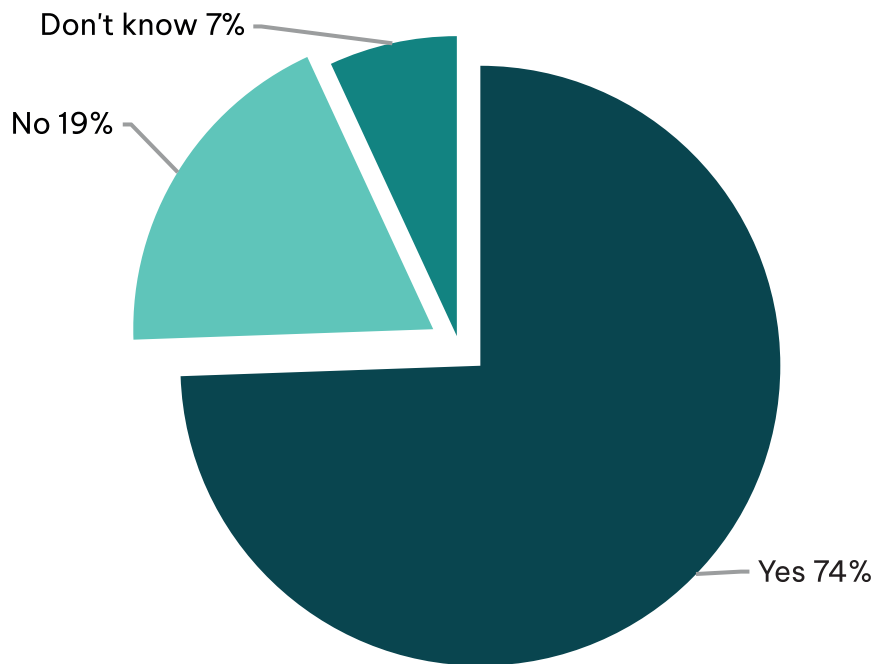
Have you ever been dissatisfied with a return process?



A third (33%) have been dissatisfied with a return process when shopping online. Just over half (53%) state that they have not been dissatisfied when they shopped online.

THREE OUT OF FOUR HAVE ABANDONED A RETAILER AFTER DISSATISFACTION WITH THE RETURN PROCESS

Have you ever avoided to buy again from an e-commerce company because you were dissatisfied with the return process?

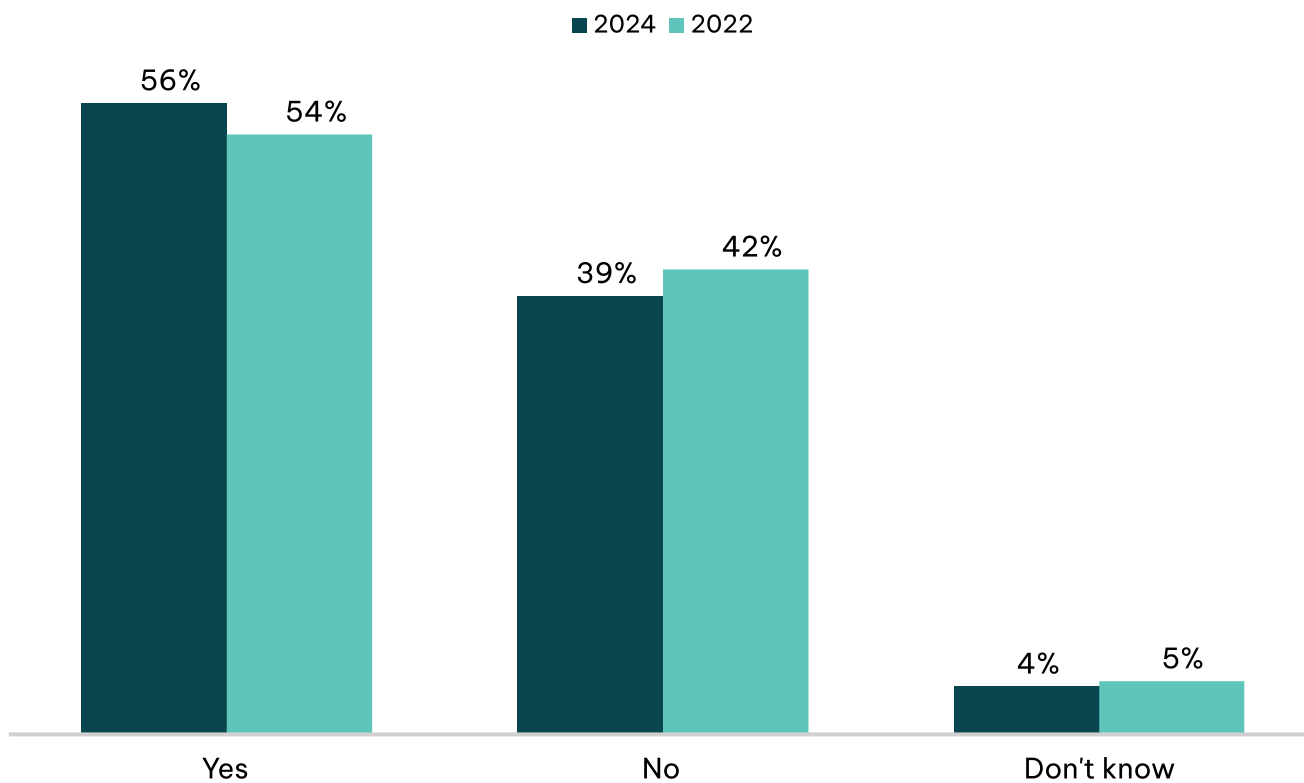


A whopping 74 percent of those who have been dissatisfied with a retailer's return process stated that they have avoided shopping there again. Women react even more negatively to a faulty return process – 81 percent said they have abandoned a retailer that left them dissatisfied.

Many customers have had such a bad experience with a return process that they have abandoned stores to never come back. A single mistake in return management can be enough to lose a customer.

EVERY OTHER PERSON HAS REFRAINED FROM SHOPPING TO AVOID RISKING A RETURN

Have you ever avoided shopping online due to the risk of having to make a return?



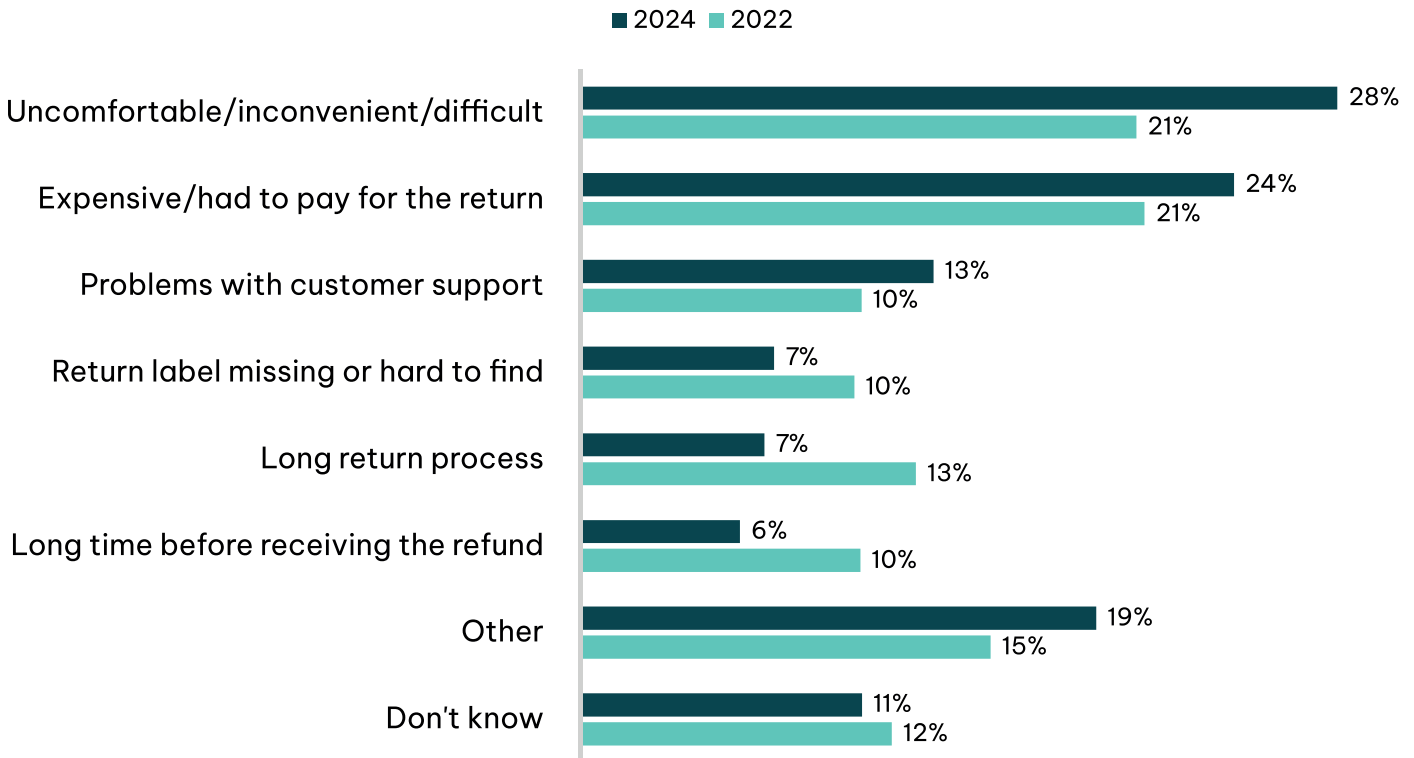
Over half of those who shop online (56%) have refrained from buying a product online to avoid the risk of having to make a return.

The corresponding figure in 2022 was 54 percent. Women are more likely not to buy something online to avoid having to make a return (62%).

This means that the mere fear of a complicated return process scares customers away.

COMPLICATED PROCESSES AND EXPENSIVE RETURNS MOST COMMON REASONS FOR DISSATISFACTION

What is the most common reason why you were dissatisfied with the return process?



That it was time-consuming, complicated, or difficult are the most common reasons why customers are dissatisfied with a return process (28%). In 2022, the corresponding figure was 21 percent*. Perhaps this change is because it has become more complicated. But it could also be because customers have higher demands that it should be easier to return products today than in 2022. The second most common reason is that it is expensive (24%). Other reasons for dissatisfaction are that it was difficult to reach customer service (13%), that it took a long time to receive the refund (6%), that the return slip was missing (7%), or that the return process was too long (7%).

The cost of a return thus appears to be less of a problem for customers who have become dissatisfied than various kinds of practical problems in the return process.

**The methodology for filtering respondents has been adjusted between 2022 and 2024, which means that for 2024 more respondents have answered the question.*

JOIN US ON OUR JOURNEY TOWARDS A CIRCULAR COMMERCE

**Welcome to the future of retail – a circular economy
where sustainability meets customer satisfaction!**

The traditional retail model generates massive waste in the EU each year, with billions of euros worth of goods discarded due to clothing and home electronics returns.

The report you just read clearly shows that a majority of today's customers want to repair more – and they want to shop more circularly. Enter the new era with Reclaimit, your partner in transforming retail.

Benefits of Reclaimit's circular commerce strategy:

- Promote sustainable returns and circular shopping behaviours among your customers.
- Use return data to improve product descriptions and minimise return rates.
- Offer more environmentally friendly logistics options.
- Transform returns into reselling through marketplaces.
- Extend product lifespan. Use repairs, reselling, and efficient logistics to promote sustainability and a circular economy.
- Cost savings for consumers. Highlight potential savings with refurbished or pre-owned items, promoting affordability without compromising quality.



Reclaimit[®]
Transforming returns
into revenue