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Article

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Analysis of the misuse of customer-friendly returns services in e-commerce by ultimate consumers (B2C)

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Summary

Research question: The present paper deals with the question of which consumers take advantage of the customer-friendly returns service and whether consumers are aware of the consequences of account blocking. Against the background of this question, it is of interest whether abuses are more likely to be committed by consumers who additionally cause many returns, or whether there is no discernible difference.

Methods: A quantitative research in the form of an online survey is conducted to collect the data that is subsequently evaluated in order to obtain meaningful results. The participants are internet buyers who complete the questionnaire generated for the survey online.

Results: It was possible to prove connections between the frequency of returns, and the preference to order online. It was found that consumers who take advantage of the returns service usually have higher return rates. Furthermore, in the consequence of user account blocking, it could be demonstrated that the group of consumers with experience in this regard reported higher returns than the other group.

Structure of the article: 1. Introduction; 2. Literature Review; 3. Research question & methods; 4. Empirical results; 5. Conclusion; 6. About the Author; 7. Bibliography; 8. Appendix

1 Introduction

Nowadays consumers often use the internet to make purchases instead of buying locally. This study refers to returns in German e-commerce in the B2C (business-to-consumer) segment. The European comparison shows that Germany is the leading country with the most frequent returns. Within one year, 53% of the German population have returned orders (Statista, 2019a). This can possibly be traced back to earlier years. With the introduction of purchase on account by Werner Otto in the 1950s, German mail-order catalogue customers were able to order items and send them back without financial risk. As a result, returning unwanted products has been a habit of German consumers for generations and is still expected as a returns service (Graf & Schneider, 2015, pp.158).

By means of various comparison portals, a consumer in e-commerce receives price transparency between different online retailers and can order from the cheapest competitor (Cole, 2015, p.105). Against this background, a company must stand out through good service. For that reason, an excellent returns service can be an important feature (Graf & Schneider, 2015, p.150).

This was also confirmed by a study conducted by ibi research at the University of Regensburg in 2017. In the study, 89% of consumers surveyed stated that when choosing an online shop, they pay attention to a transparent and simple returns service (Bolz, Diener & Wittmann, 2017, p.18). In addition, participants were asked which criteria are important to them for returns. It was ascertained that 92% of respondents considered free returns to be the most important criterion (Bolz, Diener & Wittmann, 2017, p.33).

With the introduction of the new EU directive in 2014, all shipping costs for returns can be transferred to the returnees. However, many retailers continue to grant returns free of shipping costs. In the competition for customers, the customer-friendly returns service is used particularly by large e-commerce merchants. They act in a customer-oriented manner beyond their legal obligations and offer longer return periods, enclose return slips and cover shipping costs. Zalando, for example, offers customers a return period of 100 days (Graf & Schneider, 2015, p.161).

However, this customer-friendly returns service is used by some consumers to their own advantage. An example of such abusive returns in which the returns service is exploited are clothes that have obviously been worn. This is recognizable by traces of use such as red wine stains on clothes, tickets in suits or grease stains on traditional costumes after the Oktoberfest. Another example is holiday items that are returned after holidays, such as climbing equipment or bicycles (Graf & Schneider, 2015, p.160). In addition, projectors, televisions or cameras are ordered for certain events and then sent back afterwards. The same also applies to drills and high-pressure cleaners, which are not used frequently (Vranckx, 2014).

According to German law (§357 BGB) traders can claim compensation for loss in value. However, this only refers to the deterioration of the goods. Other costs, such as logistics process costs, cannot be claimed from the consumer. Furthermore, as a result of this measure, many traders fear reputational damage due to negative valuations (Vranckx, 2014). Nevertheless, there are traders who take action against consumers who return a lot. According to The Guardian, Amazon blocks user accounts from excessive returns. It reports customers whose accounts have been blocked by Amazon. One customer's account was blocked for 37 returns in 343 orders, another customer's account was blocked for 30 returns in 112 orders. According to consumers, however, all returns were not abusive, but due to defects, damage or deviations from the description in the online shop (Brignall, 2016).

The misuse of returns by ultimate consumers poses great challenges to retailers, which is why well-founded knowledge of the behavior of consumers is required. Against the background explained above, this paper analyses the misuse of the customer-friendly returns service in e-commerce by ultimate consumers. The aim is to obtain sound information on the use of the returns service from the consumer's point of view.

2 Literature Review

State of research

In 2018 Bitkom Research surveyed 1054 online shoppers from 14 years old and over on their return behavior. It turned out that the proportion of returns rose from 10% two years ago to 12%. 27% of respondents said they had returned 10 to 25% of their online purchases within one year. 14% of respondents returned more than 25% of their orders. Most returns are caused by young consumers between the ages of 14 and 29. Female consumers return clearly more (15%) than male consumers (9%). Furthermore, Bitkom Research asked those surveyed whether they order online with the firm intention of returning. More than half of the survey participants (51%) answered this question in the affirmative. However, these results do not only include abusive returns, but also selection orders (Tropf & Miosga, 2018). With this type of order, the garments are ordered in different versions in order to try them on and keep the matching articles. Selective orders cannot be classified as abusive even if there is no intent to purchase the unsuitable garments (Vranckx, 2014).

Nevertheless, even in the case of actually abusive returns, high percentages are also found. According to a consumer survey by the research group 'Retourenmanagement' at Bamberg University

17.8% of the consumers admit they already exploit returns to their own advantage. The abuse in this study refers to returns in worse condition, excessive use of the articles or orders without the intention of purchasing (except selection orders). Return abuse occur most common in the sectors of fashion (7.02%), leisure industry (3.68%) and electronics (2.22%) (Asdecker, 2019).

A particular case of misuse trough returns is wardrobing. In wardrobing, orders are deliberately used for a certain period of time without the intention of purchasing, but with the knowledge to be able to return the goods with getting a full price refund. Most of these are expensive clothing, but electronics, do-it-yourself and other items can also be affected (Vranckx, 2014).

The issue of return abuse by wardrobing was investigated by One Poll on behalf of Vouchercodes.uk in 2013. The study relates to the purchase of clothing that is returned after wearing on certain occasions. The survey was conducted among 1000 women in the United Kingdom. 18% of respondents state they had already done wardrobing. Some of the reasons the women returned clothes they wore was to save money and to be able to wear the latest trends on a regular basis without having to worry about prices and personal financial resources. The study also identified the occasions on which respondents use wardrobing and ascertained that this type of abuse is often used at weddings (43%) and job interviews (28%) (Read, 2013).

A study commissioned by the FairCommerce initiative and carried out by the German Retailers' Association (Händlerbund e.V.) looked at the negative experiences due to return abuse of 856 e-commerce traders. The results showed that 44% of returned deliveries contain damaged goods and can therefore only be resold at high discounts. Furthermore, fraud cases are also reported in which customers exchange goods. The order received gets replaced by worse products, such as cheap duplicates or damaged products (Händlerbund e.V., 2016, pp. 4). Lütge (2014) describes a similar case in which consumers order the same article as they ordered one year earlier to return the old used product and keep the new one (Lütge, 2014). Furthermore, Vranckx (2014) depicts that in the United States of America cases are reported in which customers deliberately damage the ordered products to claim they already received the goods in this condition (Vranckx, 2014).

The mentioned cases of return abuse, such as wardrobing, damaging orders or even fraud with wrong or changed products are well-known. Nevertheless, merchants often do not take any consequences against return abusers because they fear reputational damage due to negative valuations, although they are entitled to compensation of the loss of value (Vranckx, 2014). In the German Retailers' Association study, Ebay and Amazon retailers in particular report that they have had the experience of being blackmailed by consumers through negative ratings (Händlerbund e.V., 2016, p. 9).

In a study conducted by Trusted Shops in 2013, 350 online retailers were asked what the consequences would be for customers who cause many returns. 46% of the trader state to exclude costumers from the online shops without warning and ban the user accounts. Some use a warning before the exclusion (20%) and 34% of the retailers do not take any

consequences and allow customers to continue shopping in the online shop. It could be established that the e-commerce merchants surveyed were on average implementing the consequence of account blocking with 2% of their customers, mostly without the option of reactivating the account or opening a new one. Small companies, in particular, handle the blocking of customer accounts in order to reduce serious losses, but Amazon is also mentioned in this context (Ludowig, 2013, pp. 22).

In addition to Amazon, other traders, such as Tchibo, Schwab and Sheego, also state that they have already blocked user accounts (Hubschmid, 2014). According to the Handelsblatt, the e-mails from Amazon that consumers receive regarding the account closure clearly describe that the closure is due to too high returns quotas. In response to a request of the Handelsblatt, the company states that account closures only occur in exceptional cases when consumers order and return more than the amounts common for average households which is communicated in the General Terms and Conditions (Kontio, Hortig & Nagel, 2013).

Amazon's statement that the reason for the account closures are many returns is not solely correct, according to information provided to teltarif.de by an Amazon employee. Other goodwill services such as exchanges, refunds and discounts are also included in the decision (Deutschbein, 2016).

In a survey conducted by Brightpearl in the United Kindom, out of 200 traders surveyed, 30% stated that they had rising return rates. In addition, 45% of the surveyed traders plan to exclude customers who take advantage of the returns service. Among them is the e-commerce retailer Asos which already figured out a strategy to detect abusers. The company checks the social media accounts of potential abusers to ascertain if for example posts on Instagram have been made with the apparently unwanted garments (Morley & Wright, 2019). According to Vogue, the retailer's actions can be legitimized by considering that there are more and more consumers who order clothing to wear only once and present it in the social media. This is generated by strong pressure from society, which many consumers cannot afford. Therefore, social pressure could be the core problem of the misuse of return by returning worn clothing (Riedl, 2019).

Problem formulation

Sales in German e-commerce have been rising for many years. Compared to 1999, when revenues from e-commerce amounted to 1.1 billion Euros, revenues of 57.8 billion Euros are forecast for 2019 (Statista, 2019c). Furthermore, the share of online buyers is also rising. In 2002, only 54.1% of internet users state they were shopping online (Statista, 2019b). According to Bitkom Research, in 2018, 97% of internet users aged 14 and over ordered online. This corresponds to 80% of the German population and therefore, 56 million German citizens (Rohleder, 2019). Against the background of rapidly growing e-commerce and the high percentage of online shoppers, research on customer behavior is essential. However, little research is available on the misuse of returns in e-commerce by consumers, although this is an important aspect for online merchants. Misuse of returns often means high losses in the e-commerce business. According to research reports, the average cost of a returned order that has been misused is 34.45 euros per return. The total economic loss amounts to 1.62 billion Euros in Germany (Groß, 2012).

Previous research has mostly focused on the traders' side and asked to what extent these experiences with damaged returns and rising return rates had led to and whether measures were taken to block user accounts (Händlerbund e.V., 2016; Ludowig, 2013; Morley & Wright, 2019). Only rarely is the consumer side considered and often specified on industry segments. In addition, account closures and losses due to misuse by merchants are often associated with too many returns. However, it has not been researched whether consumers who exploit returns actually cause many. Information like this can be essential for retailers to take the right preventive measures against returns abuse. Against this background, a further study on the subject of returns abuse is helpful to supplement the current state of research. This is intended to provide a sound understanding of the use of customer-friendly returns services from the consumer's perspective.

3 Research Question & Methods

Research question and hypotheses

The present paper deals with the question of which consumers take advantage of the customer-friendly returns service and whether consumers are aware of the consequences of account blocking. Against the background of this question, it is of interest whether abuses are more likely to be committed by consumers who additionally cause many returns, or whether there is no discernible difference. Furthermore, it is to be determined whether the consequence of blocking a user account can also be traced back to consumers with many returns.

Previous research has not determined whether returns are primarily caused by consumers who prefer shopping online to stationary shopping, or whether customers who prefer shopping locally return more because they may not be satisfied with the goods ordered online. The following hypothesis will test a possible connection at this point.

H1: There is a significant connection between the preference to order online and the frequency of returns.

In the following hypothesis it is determined whether abusive consumers also cause many returns, since in the previous research only the abuse of returns or consequences of many returns, for example through account closures, are addressed, but not the connection of these issues in terms of return frequency.

For reasons of accuracy, the second hypothesis is divided into four separate hypotheses with different types of return abuse in order to consider each type of return abuse separately, because previous researches on return abuse focus on a particular type of return abuse or industry. The differences between return misusers and non-return misusers in terms of their return frequency are considered separately for each mentioned type of return abuse, such as wardrobing, damaging orders or fraud with wrong or changed products.

H2a: There is a significant difference between consumers who misuse returns *by returning intentionally worn clothing* compared to other consumers in terms of their return frequency.

H2b: There is a significant difference between consumers who misuse returns *by returning other used products* besides clothing compared to other consumers in terms of their return frequency.

H2c: There is a significant difference between consumers who misuse returns *by damaging orders in order to return them free of charge* compared to other consumers in terms of their return frequency.

H2d: There is a significant difference between consumers who misuse returns *by ordering a product that is already in use one more time to return the used product and keep the new product* compared to other consumers in terms of their return frequency.

In media reports and studies, account closure is mentioned in connection with many returns, but this is only determined from the traders' point of view. It is to determine whether the account closures can actually be traced back to many returns also from the perspective of the ultimate consumers. It is established whether consumers whose accounts have been blocked also cause more returns.

H3: There is a significant difference between consumers who have had their account blocked and consumers who have not had this experience in terms of their return frequency.

Methods

An empirical, quantitative research in the form of an online survey was conducted to collect the data that is subsequently evaluated in order to obtain meaningful results. The participants are internet buyers who complete the questionnaire generated for the survey online. As these are only users of online shopping and returning the right target group can be addressed directly. The falsification of the data was tried to be kept low by a short, accurate and simple questionnaire design. In addition, questionnaires that are invalid on the system side were not adopted and the data were also subjected to a detailed

examination before evaluation in order to exclude any falsified data.

The creation and execution of the survey was supported by the online questionnaire software Sosci Survey (www.soscisurvey.de). The statistics and analysis software IBM SPSS Statistics (Version 25) was used for data evaluation.

Before the main inspection, a critical examination of the questionnaire and other material used for evaluation is essential. For this reason, a pretest was conducted. A total of 40 pretest results were generated during this investigation. The participants were able to access the questionnaire online, as was also the case in the main inspection. After small corrections, it could be established that the questionnaire did not cause any problems and that an evaluation was also possible. It was determined that a required time investment of 5 minutes could be state, and that the questionnaire could be answered by the participants on the smartphone as well as on the computer without any problems. The design of the questionnaire can be found in the appendix.

In order to generate the data and to obtain as large a sample as possible, the questionnaire was sent to all friends, relatives and acquaintances with the request to forward it, and also to motivate others to disseminate it. In addition, the questionnaire was shared in the social networks, also here with the request for dissemination. Participants were also addressed by survey networks. Through the diversification into different networks and persons in the personal environment, the greatest possible variation of participants was created.

4 Empirical results

The questionnaire was available from February 8, 2019 to February 24, 2019. After collecting the data using Sosci Survey's software, it was ascertained that the survey had received 1499 views. A total of 862 questionnaires were collected, but invalid cases were excluded. A total of 823 data records are available for analysis. The results presented in this paper are based on the author's interpretation and approach. It is conceivable that other approaches may lead to different results.

Sociodemographic data

By evaluating the sociodemographic data, it can be established that 603 female consumers and 220 male consumers took part in the survey (Table 1). When a tendency towards this distribution was observed during data collection, an attempt was made to intervene and actively address potential male participants. However, only a few could be motivated to participate. This results in percentages of 73.27% female and 26.73% male participants.

Participants of every age group could be reached. Most participants (53.10%) are between 20 and 29 years of age. The average age of the respondents is 32. The youngest participant is 15 years old and the oldest is 75 years old.

Table 1:

Gender and age distribution (n=823)

	Female	Male	∑
Under 20 years	3.04%	0.49%	3.52%
20-29	35.48%	17.62%	53.10%
30-39	15.19%	4.74%	19.93%
40-49	10.33%	1.70%	12.03%
50-59	7.05%	1.70%	8.75%
60-69	1.46%	0.49%	1.94%
70 and over	0.73%	0.00%	0.73%
∑	73.27%	26.73%	100%

In addition, survey participants could be found from any given profession activity. Most respondents are employees (49.94%), followed by students (29.77%) (Table 2). All other occupations (pupils, trainees, civil servants, self-employed, job-seekers, pensioners) were stated by less than 5% of the respondents.

Table 2:

Distribution of professions (n = 823)

	Relative values
Employees	49.94%
Students	29.77%
Pupils	1.46%
Trainees	2.92%
Civil servants	4.37%
Self-employed	4.01%
Job-seekers	1.46%
Pensioners	2.31%
Other	3.77%

As in the previous distributions, participants could also be found in each of the given selections in the information on net income (Table 3). 27.83% of the respondents stated that they had a net income of between 1,000 and 2,000 euros and 21.75% had between 2,000 and 3,000 euros available per month. Since consumers participated from each of the given forms, in terms of employment as well as age and income, a high degree of diversity could be achieved.

Table 3:

Distribution of net income (n = 823)

	Relative values
Less than 500 €	15.07%
500 € to less than 1000 €	18.59%
1000 € to less than 2000 €	27.83%
2000 € to less than 3000 €	21.75%
3000 € to less than 4000 €	5.95%
4000 € and more	3.16%
No information	7.65%

Descriptive statistics

To gain an overview of the data collected, the frequency distributions with which the participants answered the questions and evaluated the statements are described (Table 4). When querying the frequency of ordering on the internet, most participants stated that they order online several times a month (52.2%). Only a few participants stated they order several times a week (4.1%) or more frequently (9.8%).

Table 4:

Distribution of question: How often do you order online? (n=823)

	Relative values
More frequently	9.8%
Several times a week	4.1%
Several times a month	52.2%
Less often	33.8%

When self-assessing how often participants return their orders, it is obvious that most participants (47.5%) cause less than 10% returns (Table 5). 22.7% said they returned between 10 and 20% of their orders and 15.6% even returned more than 20%.

Table 5:

Distribution of question: How many of your orders do you send back? (n=823)

	Relative values
More than 20%	15.6%
10-20%	22.7%
Less than 10%	47.5%
None	14.2%

With the given statements, the participants were able to express their agreement on a five-point scale. A preference or a rejection for shopping online cannot be clearly identified (Table 6). Most respondents (34.4%) chose the middle course.

Table 6:

Distribution to statement: I prefer ordering on the internet to shopping in a store. (n=823)

	Relative values
Totally agree	14.5%
	22.6%
	34.4%
	19.4%
Disagree at all	9.1%

The statement regarding selection orders also does not show a clear propensity on the part of consumers (Table 7). The tendencies, however, are even in the directions of approval or rejection. 27.9% of the participants agree with the statement to make selection orders and 28.9% reject these.

Table 7:

Distribution to statement: I order several articles of clothing and send back the unsuitable articles. (n=823)

	Relative values
Totally agree	27.9%
	17.3%
	11.5%
	14.3%
Disagree at all	28.9%

Compared to the previous statements, in which the responses did not show a strong one-way tendency, most respondents were aware of the misuse of returns by customers (61.8%) (Table 8). The percentage shares decrease according to the gradations and only 3.9% of the respondents said they have no knowledge about it.

Table 8:

Distribution to statement: I am aware that some customers take advantage of the returns service. (n=823)

	Relative values
Totally agree	61.8%
	20.0%
	9.5%
	4.7%
Disagree at all	3.9%

In the statement on knowledge of blocked user accounts as a consequence by traders, 30.7% of respondents gave their consent and 25.2% said they had no knowledge (Table 9).

Table 9:

Distribution to statement: I am aware that some merchants block customer accounts due to too many returns. (n=823)

	Relative values
Totally agree	30.7%
	13.1%
	17.0%
	14.0%
Disagree at all	25.2%

The questions about the different types of return fraud and user account suspensions could be answered using a dichotomous answer format in which participants could affirm or deny the question (Table 10). In the following, only the percentages of *"yes"* answers are shown, as they are of interest. With 5.3% the participants admitted most frequently that they were returning used products to keep the new one. This results in 44 persons among all respondents. Furthermore, the use of products before returning (4.4%) and the return of worn clothing (3%) follow. Damaging the orders shows a low percentage of 1.9%. In absolute numbers, however, these are 16 participants who deliberately damaged orders in order to be able to return them free of charge. Additionally, a third of the participants

(33.2%) stated they knew a person who used the returns service to their own advantage.

On the subject of user account blocking, participants were asked whether they had already been threatened with blocking their account (Table 10). 2.1% of the participants answered this question in the affirmative. Furthermore, 2.4% stated that they had already an account been blocked. These results are very similar to the results of the Trusted Shop study, in which the surveyed retailers stated on average that they were blocking 2% of their customer accounts (Ludowig, 2013, pp. 22).

Table 10:

Distributions of questions answered in the affirmative (n = 823)

	Relative values of yes-answers
Return worn clothing	3.0%
Return used products	4.4%
Return damaged orders	1.9%
Return used and keep new product	5.3%
Know a return abuser	33.2%
Experience threat of account closure	2.1%
Experience account closure	2.4%

The voluntary statements about which merchant blocked the account or threatened to do so led to the following results (Table 11): Eight participants cited the e-commerce retailer Amazon. Zalando, Bon prix and Otto were each listed by two participants. Other retailers with whom one each participant has had experience include Karstadt, Asos, Esprit, Tchibo and Wish. It is interesting to note that Amazon is often mentioned by the participants, as this trader is often addressed in the media when it comes to blocking user accounts. But also, Tchibo and Asos are mentioned with reference to account closures, as shown in the current state of research aswell. It can also be ascertained that e-commerce merchants in the fashion industry are also listed, in which selection orders are often made and which consequently leads to high return rates.

Table 11:

Retailers named in connection with account closures and the threating with it in absolute numbers

	Participants
Amazon	8
Zalando	2
Otto	2
Bon prix	2
Karstadt	1
Asos	1
Best secrets	1
Esprit	1
Gina Tricot	1
HSV	1
Tchibo	1
Wish	1

Examination of hypotheses

H1: There is a significant connection between the preference to order on the internet and the frequency of returns ($\chi^2(12)=26.294$, $p= 0.010$) (Table 12). The correlation is weak according to the Spearman correlation ($r=0.158$, $p=0.000$). Especially within the variable frequency of returns, it is obvious that the majority of consumers, who indicated a return rate of more than 20%, move from the middle course of the scale (37.5%), via the following higher gradation (25%), to the perfect acceptance (21.9%) of this statement when stating that they prefer the internet to stationary trading. Therefore, customers who cause many returns more often prefer the shopping online.

Table 12:

Contingency table of the variables: preference to order online (Likert scale) and frequency of returns. (n=823)

	Reported returns frequency			
Group	None	Less than 10%	10% - 20%	More than 20%
No preference for online shopping	14	42	15	4
[1]	27	86	31	16
[2]	43	131	61	48
[3]	22	79	53	32
Preference for online shipping	11	53	27	28

$\chi 2$ (12) = 26.294, p = .010

H2a: Hypothesis 2a refers to the case of abuse in which clothing is intentionally returned after wearing on certain occasions. The Mann-Whitney-U test (Table 13) shows a highly significant difference between the group of consumers who misuse the returns service in this way (Mdn=4) and those who do not (Mdn=2) in terms of their return frequency (U=4911.500, p=0.000). The effect of this difference is weak (r=0.161). The group of consumers who take advantage of the returns service by wearing clothes shows a higher average return frequency than the other consumers. 52.0% of abusive consumers state that they return more than 20% of their orders, while among non-abusive consumers mostly (48.2%) are in the category of less than 10% returns.

Table 13:

Difference between customers who return worn clothing (n=25) and those who do not (n=798) in return frequency.

U	*z*	*p*	*r*
4911.500	-4.626	.000**	.161

H2b: In case of using other products than clothing with the intention of returning them, the Mann-Whitney-U test shows also a highly significant difference between consumers who misuse the returns service in this way (Mdn=3) and those who do not (Mdn=2) in terms of their return frequency (U=10340.000, p=0.003) (Table 14). There is a weak effect (r=0.102). When considering the medians, there are no major differences. However, it is obvious that the majority of consumers who take advantage of the returns service by returning used products show 10 to 20% returns (30.6%) or even more than 20% returns (27.8%). In comparison to the other group, which shows a share of 22.4% for 10 to 20% returns and only 15% for more than 20% returns. For the non-abusive group, the returns are therefore lower than the abusers who have higher returning rates.

Table 14:

Difference between customers who return used products (n=36) and those who do not (n=787) in return frequency.

U	*z*	*p*	*r*
10340.000	-2.933	.003**	.102

H2c: The misuse of returns by damaging the order in order to be able to return it free of charge demonstrate no significant difference between the group of abusive consumers and the honest consumer group in terms of their return frequency (U=4905.500, p=0.078) (Table 15). Consumers of both groups commit this kind of return fraud.

Table 15:

Difference between customers who damage orders (n=16) and those who do not (n=807) in return frequency.

U	*z*	*p*
4905.500	-1.761	.078

H2d: The following hypothesis refers to the return of used products in order to keep the new product. Between the group of misusers (Mdn=3) and the group who do not misuse returns in this way (Mdn=2) a significant difference can be observed in their return frequency (U=13841.500, p=0.022) (Table 16). The effect strength is weak (r=0.080). The medians of the two groups show no major differences. When looking at the frequencies, however, it can be ascertained that the differences in the characteristics more than 20% returns and less than 10% returns are visible. In the first mentioned characteristic, consumers who take advantage of the returns service have a higher proportion (25%) than the other group (15%). For a less than 10% returns the non-abusive group shows higher percentages (48.1%) than the other consumers (36.4%).

Table 16:

Difference between customers who return used to keep new products (n=44) and those who do not (n=779) in return frequency.

U	*z*	*p*	*r*
13841.500	-2.298	.022*	.080

H3: A highly significant difference can be observed between consumers who had experience with blocking the account (Mdn=3) and those who did not (Mdn=2) in terms of their return frequency (U=5947.500, p=0.034) (Table 17). There is a very weak effect (r=0.074). The medians in this case do not differ much. However, the percentage distributions show strong differences especially with the characteristic more than 20% returns. Consumers whose accounts were blocked showed a 35% share in this category, while in the other group only 15.1% of consumers had such high return rates.

Table 17:

Difference between customers who experienced account closure (n=20) and those who do not (n=803) in return frequency.

U	*z*	*p*	*r*
5947.500	-2.121	.034*	0.074

In summary, it can be stated that most of the differences between the two groups of respondents could be confirmed. However, the effects in all significant cases are only weak, which is why the statements can by no means be generalized to all consumers to whom one characteristic applies.

Demographic studies

Further on in the study, findings were collected by using demographic data. It was investigated whether there could be any connection between returns abuse and demographic characteristics. For example, the frequency and misuse of returns and the experiences with account closures were examined on the basis of the gender of the participants and the age structure. Since these investigations did not lead to any meaningful findings, a connection to demographic characteristics cannot be assumed. Accordingly, no gender-specific connection can be proven in the misuse of returns.

Experience reports

In addition to the questions in the survey that were needed to test the hypotheses, participants were asked to report their experiences with user account blockings and taking advantage of the returns service. The participation was large and offers insights into the misuse of returns from the consumer's point of view. In the following, only experience reports that are interesting for the topic of this paper will be considered.

A survey participant describes his experience with Amazon. He was contacted by e-mail from Amazon regarding his return behavior. On request, he was informed that his return rate of 11% would result in a permanent account closure as he reaches 12% return rate. Other participants report account closures by Zalando. In one case, 20 items were ordered and returned twice. After that the account was blocked. In another case, the customer was

threatened with account closure because of the return of various unsuitable dresses. One participant reported that he had opened a new account with Bon prix under a different name after the account was blocked. The participant who had this experience with Tchibo state that the returned clothing was unworn and all invoices were paid. On request, it was reported that too much had been returned.

Some other participants reported interesting experiences from their personal environment about the exploitation of the customer-friendly returns service, which suggests that misuse of returns is not only perceived by traders. Accordingly, several participants reported on acquaintances who order clothing for wearing to a one-off event and send it back used. In this context, a wedding outfit and bed linen is named among the items that were returned. Even a laptop was used at times and returned. Furthermore, one participant reported having many acquaintances who damage orders in order to be able to return them. These experience reports related to the circle of acquaintances of the participants. But also, own offences were represented. One participant reported that he had ordered and used a product only for one presentation. Another survey participant described that he used a chain of lights over Christmas and then returned it. This should be an exception. Another participant gives insights into his wedding, in which a camcorder was used and out of lack of financial means returned with deleted memory. It is obvious that even if few consumers take advantage of the returns service, the approaches are not always only morally questionable, but rather show partly fraudulent traits and products quasi are lent.

5 Conclusion

Summary

The present study shows that only a few of all respondents do not cause any returns at all. This makes it clear, as already mentioned in the introduction, that a customer-friendly returns service is indispensable in e-commerce, since the majority of consumers come into contact with it.

It turned out that there are actual connections between return abuse and high returns quotas. The customer-friendly returns service is more often misused by consumers who also have higher return rates and therefore return more. Only the misuse of the returns service by damaging orders in order to be able to return them free of charge showed no differences between low and high returning consumers. The number of returns that consumers cause also depends on their preference to order online.

The consequence of blocking user accounts often goes hand in hand with high return rates. Finally, it should be mentioned that all examined interrelationships and differences have weak effects and therefore no generalization can apply. Accordingly, not all returns abuses were carried out by frequently returning consumers.

Limitations

The present study is a random sample. However, since the sample surveyed represents only a very small proportion of the total population. The random sample of 823 participants is much smaller than the total population who orders on the internet. The population of internet users who order online aged 14 and over is 80% of the population, which corresponds to 56 million German citizens (Rohleder, 2019). However, the study can still generate valuable knowledge about the misuse of the returns service by consumers, since the sample of random and voluntary participants originated from the population as a whole and cannot be expected to be false due to pressure. Well-founded knowledge about the behavior of ultimate customers in B2C e-commerce can help retailers to defend themselves against return abuse and can lead to greater awareness of return abuse among traders and customers.

Management Application

As the study by ibi research shows, 89% of respondents consider a simple and transparent return service to be important when selecting an online shop (Bolz, Diener & Wittmann, 2017, p.18).

The present study of this article shows that more than 85% of respondents have already returned goods. A customer-friendly return service is therefore still important for every online retailer, as a large proportion of customers come into contact with it. Misuse of returns is more likely to be committed by customers who also show high return frequencies,

which is why the focus should be on these ultimate consumers. When blocking customer accounts, it is important to be able to identify customers as abusers as well, since customers who are blocked due to non-abusive returns can react negatively and thus have a bad reputation for the company. Since only a small proportion of respondents commit abuses, not all customers with many returns can be accused of abusive behavior. A high return rate can also be justified by frequent selection orders and is therefore not abusive. Better control of returned items would make it easier to identify abusers. In addition, it can be particularly advantageous in the clothing industry to control the social media accounts of potential abusers, as is the case with Asos (Morley & Wright, 2019). In any case, it is important for any online retailer to take action against customers who demonstrably misuse returns and are not afraid of conflict due to damage to reputation, as misuse returns can lead to high financial losses.

Recommendations

Nevertheless, further studies would be suitable to the topic, how customers use the customer-friendly returns services of the merchants particularly in the food sector. Consumers speculate that they can keep the product despite reimbursement. The Tagesspiegel reports about a student who ordered groceries from Amazon Pantry and then complained about the order. Due to the high costs and because the groceries will not be resold, the goods are not reclaimed from the retailer. In addition, it is reported that even in the case of inexpensive articles, the goods are often not reclaimed (Jahberg & Schwenn, 2018). The fact that these are not individual cases is also shown in the experience reports of consumers that were collected in the present study. A participant reports just like the Tagesspiegel of students, who ordered groceries online, with the knowledge that these would not be reclaimed. Furthermore, a participant describes from an acquaintance, who indicates with orders of beverage cans that these arrived damaged, in order to receive the money back. There are also reports about the e-commerce trader Wish, who refunds money in case of complaints without reclaiming goods. This fraudulent meshes hold large challenges for traders, because these can only be examined with difficulty whether actually any damage is present or not. A consumer survey on this subject could provide information.

Taking advantage of complaints and returns services is a major problem in anonymous online trading. The disregard of consumers has no limits and goes as far as fraud. The question is whether consumers can even guess what losses they are causing the merchants as a result of these actions or whether there is no morality in this respect. Studies on the misuse of customer-friendly returns services in e-commerce by ultimate consumers will not only be essential at present, but also in the future, to illustrate consumer behavior in e-commerce.

6 About the author

As a student at Kempten University of Applied Sciences, Mona Sonntag researched the abuse of customer-friendly returns services in her bachelor thesis. She studied Business Administration with the major subjects logistics and international management and holds a Bachelor of Arts degree. In future, she is aiming for a Master's degree in Logistics.

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