

5 Returns Management Best Practices



Reduce processing and logistics costs

Efficient returns management starts with cutting down on shipping and processing costs. By streamlining reverse logistics, you can save valuable time and resources while improving the experience for both your team and your customers.

Simplify Returns Consolidation	Optimize Shipping Rates	Automate with 3PL and Warehouse Integrations
Using a network of drop-off points, like centralized return bars or hubs, allows you to consolidate returns and reduce the cost of individual shipments. This strategy also ensures returns flow back into your system more efficiently.	Partnering with carriers that offer negotiated rates can help you save 2-10% on return shipping costs. Explore opportunities to integrate these rates directly into your platform to eliminate manual rate shopping.	Cut down on manual labor by integrating third-party logistics providers and warehouses into your returns process. Automation minimizes handling errors and frees up your team to focus on higher-value tasks.



Retain More Revenue

Returns don't have to mean lost revenue. By offering smart alternatives to refunds, you can keep more sales within your business and even unlock opportunities for

Encourage Store Credit and Exchanges	Upsell with Bonus Credit	Prevent Lost Sales Due to Stockouts
Offering store credit or exchanges instead of refunds is a win-win. Customers are more likely to stay loyal, and you retain revenue. Sweeten the deal by adding bonus credit—such as 10% of the average order value—to incentivize gift card usage over refunds.	Introduce “Shop Now” options during the returns process, allowing customers to use bonus credit to explore your catalog. This can drive upsell opportunities while enhancing customer satisfaction. For example, merchants leveraging this strategy see up to 31% of revenue retained.	Automate out-of-stock exchanges by offering instant store credit so customers can purchase other items without delay. Instant exchange options also ensure new products reach customers faster, boosting satisfaction and reducing churn.



Control and reduce return losses

To manage returns effectively and protect your bottom line, it's essential to tackle high-risk scenarios and uncover the root causes of returns. A data-driven approach can help you reduce losses and fine-tune your returns strategy.

Implement High-Risk Return Policies	Analyze Returns Data
<p>Use workflows to flag returns that require closer scrutiny. For example, you can:</p> <ul style="list-style-type: none"> • Manually review high-value returns over a certain dollar threshold. • Approve or deny return requests based on predefined criteria, such as eligibility, condition, or purchase history. • Request photos for damaged items before processing, ensuring accuracy and accountability. 	<p>Gain insights into why products are being returned and by whom. Advanced analytics can spotlight issues such as:</p> <ul style="list-style-type: none"> • Problematic Products: Identify items with high return rates or low exchange rates and address underlying issues like sizing or quality. • Customer Behavior: Understand the habits of your most valuable customers versus those who frequently abuse return policies. • Operational Efficiency: Track metrics like shipping costs, processing times, and manual intervention to identify areas for improvement.



Take your returns offline with a Point of Sale (POS)

Integrating a Point of Sale (POS) system into your returns process can transform in-store returns into opportunities for increased customer engagement and revenue retention.

Drive Foot Traffic and Boost Sales	Streamline Order Management	Maximize Exchange Opportunities
<p>Encouraging customers to return items in-store not only reduces shipping costs but also brings them back into your physical location, creating chances for additional purchases.</p>	<p>A well-integrated POS system simplifies inventory management by allowing you to select restock locations, process multiple returns or exchanges in a single transaction, and override return policies when necessary.</p>	<p>Using your POS system to facilitate seamless exchanges encourages customers to explore in-store inventory, leading to potential upsells. Even gift returns can be managed efficiently, turning potential losses into opportunities.</p>



Reduce Returns Fraud

Returns fraud can significantly impact your bottom line, but implementing robust measures can help mitigate these risks.

Customize Return Policies	Implement Guardrails for Incentives
Tailor return policies using customer behavior data. Offer free shipping for loyal customers, charge fees for frequent returners, or require photos for approval—balancing satisfaction with fraud prevention.	Set limits on post-purchase incentives, like restricting usage or adjusting bonus credits. This will balance customer loyalty with fraud prevention and ensure incentives aren't abused.

Ready to Streamline Your Returns?

- **Order Status** - Once a customer submits a return request in Loop, the warehouse operator will scan the returned item and update the return status in Linnworks (accepted, declined, etc.). This update is then sent back to Loop
- **Notes** - For any returns with an exchange request, the warehouse operator can add a note in Linnworks for manual processing that automatically pauses the exchange until your team completes the review
- **Refunds** - Loop notifies Shopify to either issue a refund or create a new exchange order, based on the customer's preference
- **Checks and balances** - The two-way integration prevents order duplication, saving time on manual reconciliation each month
- **Inventory Updates** - Linnworks will automatically update inventory levels based on Loop return data

Want to see it in action? Book a demo today to see how Linnworks and Loop work together.

CTA button: Request a demo

Linnworks users can integrate Loop Returns directly from the Linnworks app store. For further details on Linnworks integrations, please contact marketplaces@linnworks.com.