

Where Is My Refund?

When, Where & How Consumers Want Their Money Back



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REFUNDS
.BLOG

**The Most Comprehensive
Refunds Study**

Where Is My Refund?

Trillion Dollar Opportunity



\$7.1 TRILLION

Total U.S. retail sales in 2022



\$1.9 TRILLION

E-commerce 18% of all retail in 2022



\$1.4 TRILLION

Total refunds across all retail in 2022



\$212 BILLION

E-commerce refunds in 2022

Sources: Statista, National Retail Federation, Y Combinator, Merchant Risk Council

Where Is My Refund?

Introduction

Last year, over a trillion dollars of value was exchanged in the U.S. after checkout. Globally, that number is approximately \$6 trillion in value; that value exchange is called a refund.

\$6,000,000,000,000+

Despite the billions of dollars being invested to help accelerate sales at the checkout, there's been no significant innovation in the post-checkout customer experience. It's almost as if refunds are just another "schlep blindness" problem. That's why TodayPay and The Refunds Blog™ commissioned *Where Is My Refund? Understanding When, Where & How Consumers Want Their Money Back*. At the time of writing, it's likely to be the most comprehensive study into refunds that's ever been conducted.

In 2022, total U.S. retail sales reached approximately \$7.1 trillion. Online sales, also known as e-commerce, accounted for \$1.4 trillion alone, equivalent to 18% of total retail sales. This segment is continuing to grow as consumers turn to their mobile devices for shopping. Consumers, especially Gen Z and Millennials, increasingly seek instant gratification and seamless shopping experiences.



Merchants have tried almost everything to increase sales, average order values, basket sizes, and loyalty. Moreover, retailers have tried to remove as much friction as possible in the two-party transaction between consumers and merchants in an attempt to increase revenue. Removing this friction may have boosted sales, but it's also created major headaches after checkout. In other words, the friction has simply shifted from the front end of checkout to the back end. It's also increased fraud of all types, costing merchants \$22.8 billion; 10.7% of all returns are considered fraudulent.

Where Is My Refund?

Time Is Money

33%

of consumers want their refund within seconds

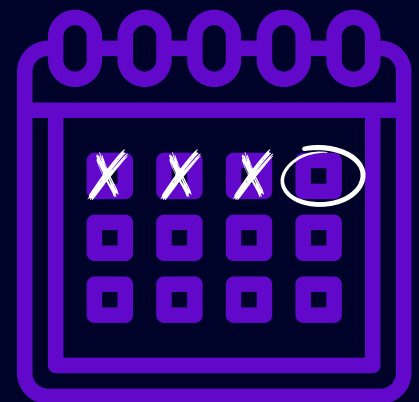


51%

of consumers want same-day refunds

Only 36%

of consumers received their refund within 3 days



Where Is My Refund?

Introduction

In 2022, the total value of U.S. e-commerce returns was an estimated \$212 billion. Flexible return and refund policies have made buying stuff much lower risk, but the simplicity of getting a refund hasn't kept pace. Approximately one-fifth of everything bought in the U.S. is returned every year, and items bought online have a 3-5 times higher return rate than instore purchases. Omnichannel retail purchase returns, which include those made online and instore, are a growing challenge for the entire retail commerce industry, resulting in high costs.



Unsurprisingly, disputes cost U.S. merchants \$100 billion each year; as a result, major payment processors changed the rules with new dispute fees, which took effect on June 1, 2023. Effectively, the processor charges the merchant a hefty fee of \$15 or more, regardless of whether a merchant wins or loses the dispute. If the average e-commerce transaction is \$120, that dispute fee equates to 12.5% of the transaction value. In general, consumers have the benefit of the doubt, and candidly, the merchant gets fleeced. Merchants' higher fees are almost always passed on to consumers through higher prices. "Returnless refunds" are now a thing, and they cost merchants another \$5 billion a year.

Broken supply chains, inconsistent quality controls, and outdated terms of service and fraud, leave both consumers and merchants equally disappointed. Current refund processes can take weeks, or even months, to be resolved. Sometimes they're not even resolved at all. Consumers know that online clout is King and can threaten negative reviews, damaging the merchant's reputation while they wait. Therefore, it's no surprise that the primary reason for customers clogging up customer service resources is simply to ask, "where is my refund?"

If refunds are the answer, then we think it's long overdue to ask the right questions to better understand what consumers and merchants want from them. We hypothesize that merchants can transform a dumb refund into a smart growth strategy. The data in this report would indicate that to be true.

Sources: Statista, National Retail Federation, Y Combinator, Merchant Risk Council

Where Is My Refund?

Refund Statistics

\$1.4 TRILLION

1/5th of everything bought in the U.S is returned annually



\$100 BILLION

Dispute costs to merchants each year



\$22.8 BILLION

10.7% of returns are fraudulent



\$5 BILLION

cost of "returnless refunds" each year worn by merchants



\$15

New merchant dispute fee paid by merchants as of June 1, 2023



12.5%

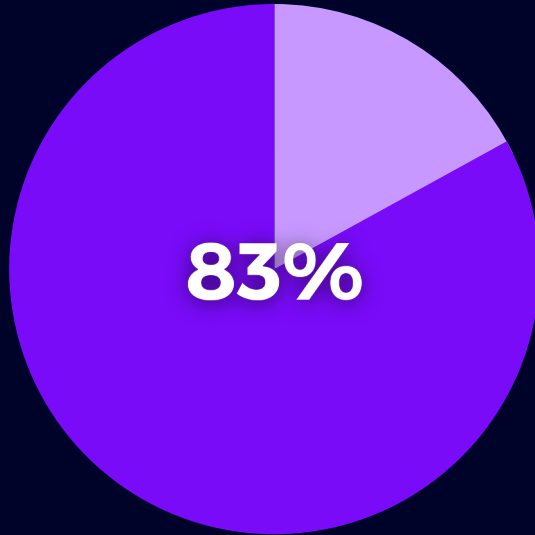
Added transaction cost on top of the average \$120 order value



Sources: Statista, National Retail Federation, Y Combinator, Merchant Risk Council

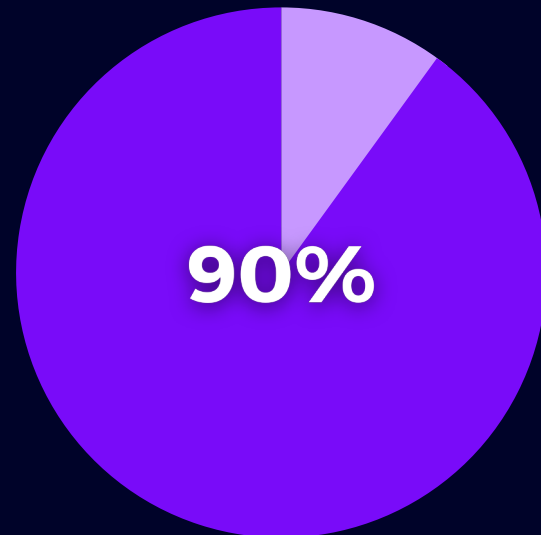
Where Is My Refund?

Loyalty & Customer Lifetime Value



Would leave a positive review for merchants who offer instant refunds

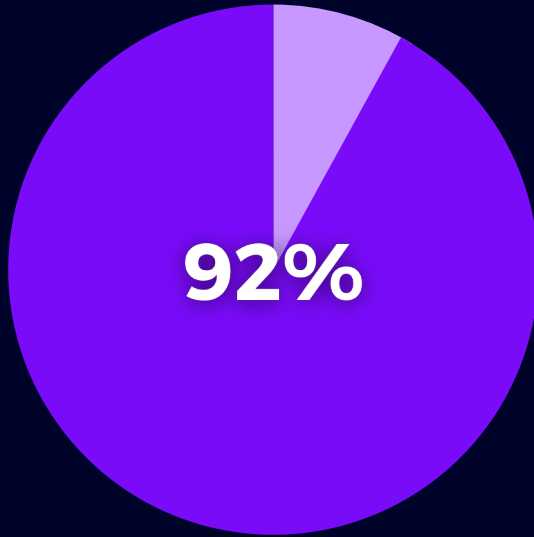
Would make a repeat purchase from merchants who offer instant refunds



Data based on a 758-person sample set with 591 qualified respondents in the U.S. who made an e-commerce return and received a refund 90 days prior to July 7, 2023.

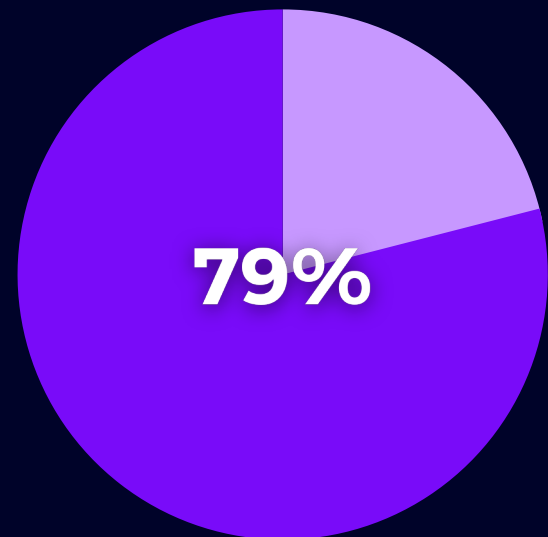
Where Is My Refund?

Cart Abandonment & Average Order Value



Would complete checkout if guaranteed a refund

Would buy more if they were offered refund certainty

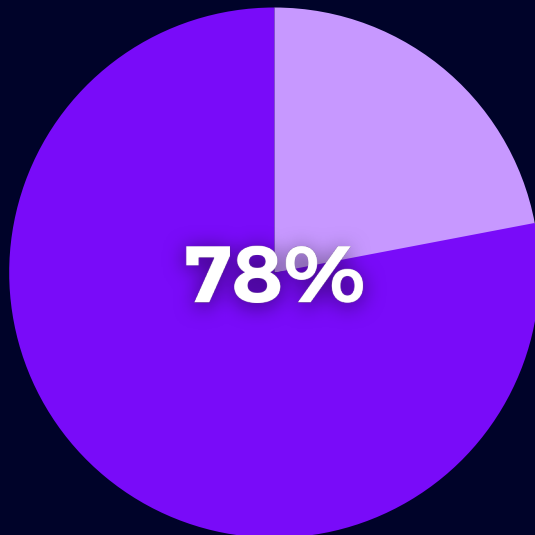
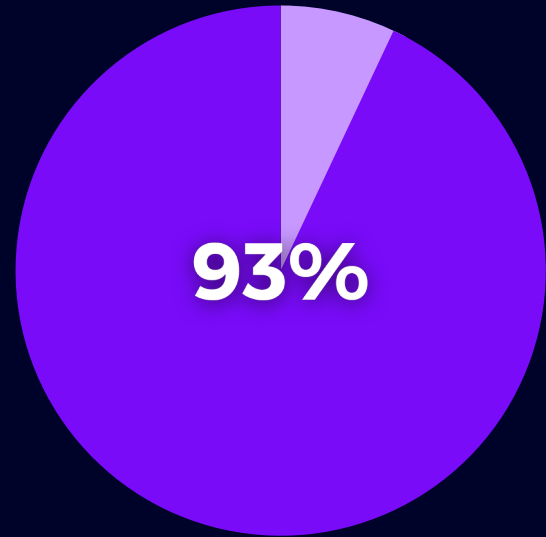


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Where Is My Refund?

Refunds As Revenue Drivers

Want a choice of how they get their refund



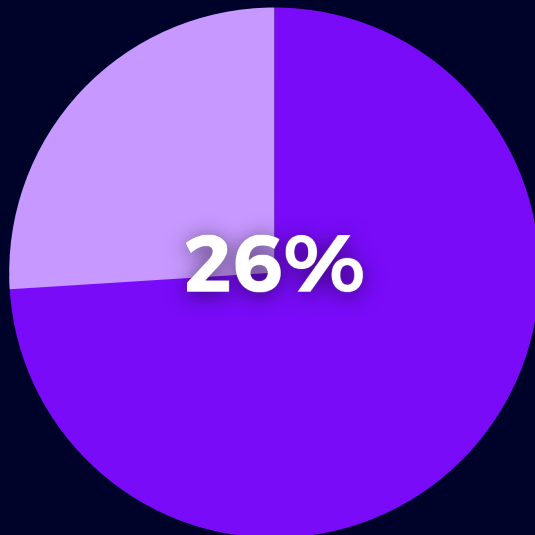
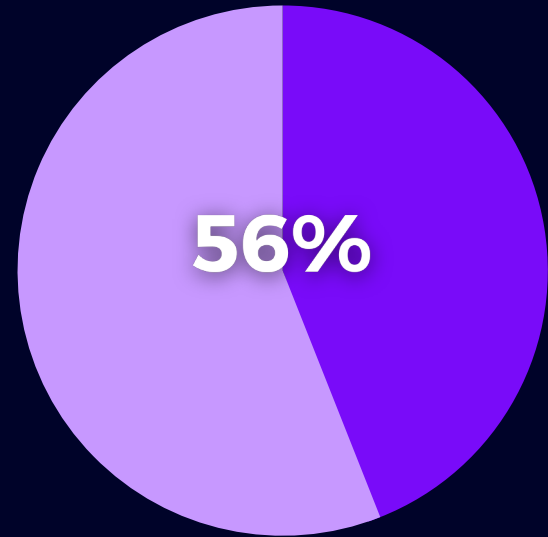
Received a refund in the last 90 days

Data based on a 758-person sample set with 591 qualified respondents in the U.S. who made an e-commerce return and received a refund 90 days prior to July 7, 2023.

Where Is My Refund?

Consumer Awareness

Have heard of instant refunds



Are aware of TodayPay

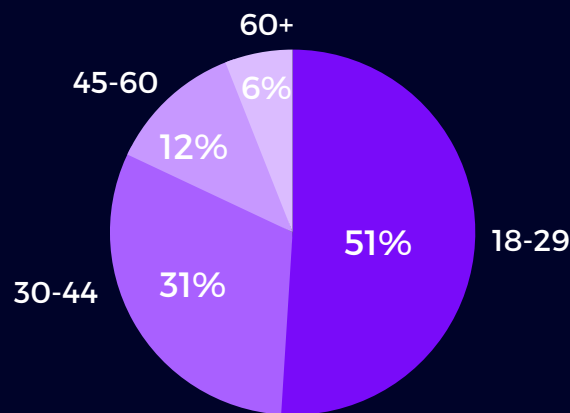
Data based on a 758-person sample set with 591 qualified respondents in the U.S. who made an e-commerce return and received a refund 90 days prior to July 7, 2023.

Where Is My Refund?

Methodology

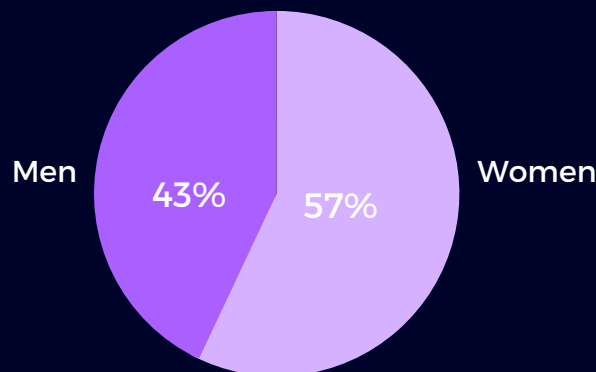
TodayPay, in consultation with The Refunds Blog™, commissioned the most comprehensive refund research study ever undertaken to better understand consumer preferences and behaviors regarding refunds. The study focused on 758 American respondents, 591 of who had made an e-commerce purchase and subsequently returned the item for a refund in the 90 days leading up to the study.

Age



The purpose of the study was to gain insights into consumer decisions and perspectives regarding refund processes, aiming to address the lack of scientific research in this domain.

Sex



The study encompassed a diverse range of age groups, with 51% of respondents falling within the 18-29 age bracket, 31% aged between 30 and 44, 12% between 45 and 60, and 6% above 60 years old. Women made up 57% of the study respondents, and men comprised 43%. That being said, this distribution captured the diverse perspectives of consumers across different generations and customer segments.

Where Is My Refund?

Conclusion

Overall the study highlights the merchant opportunities to capture new revenues in the emerging Refunds as a Service category, and consumer preferences for receiving refunds. The majority of respondents expressed a strong preference for expedited refund processes, emphasizing efficiency. Specifically, 51% of respondents desired to receive their refunds instantly or within one day, yet only 36% of respondents said they received their refund within 1-3 days. This trend is prominent among younger people, highlighting the growing demand for instant gratification and seamless transactions.

Additionally, the study uncovered a significant desire for flexible refund options. Some 93% of respondents preferred to have a choice as to how they get their refund, even though 68% of participants desired instant refunds directly to their original payment method. Consumers showed a preference for the ability to choose between different forms of refund. These included options like merchant gift cards, airline miles, or crypto, depending on their specific needs and circumstances. This flexibility was valued for its convenience and ability to cater to individual preferences.

Furthermore, the research shed light on the importance of clear and transparent refund policies. Participants expressed frustration with ambiguous refund procedures and emphasized the need for concise and easily accessible information. Moreover, companies can enhance customer satisfaction by simplifying refund processes and providing comprehensive guidelines to enhance customer satisfaction and loyalty.

This groundbreaking study offers valuable insights into consumer preferences and behaviors regarding refunds. The findings underscore the significance of expedited refund processes, flexible refund options, and transparent policies. Merchants can leverage this research to optimize their refund procedures, enhance customer experience, and build stronger relationships with their target audiences.

If merchants get it right and recognize the opportunity in turning dumb refunds into smart sales, consumers will no longer need to ask “where is my refund?”

Where Is My Refund?

Resources



<https://www.TodayPay.me>



<https://www.Refunds.Blog>



<https://linkedin.com/company/TodayPayMe>



@TodayPayMe



@TodayPayMe