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2024

Retailers to Rescind Stricter Return Policies & Enhance AI

With a record-breaking peak 2023 season in the books, retailers are taking a hard look at lessons learned and making pivotal changes to the way people shop. In a recent study by Retail Dive, retail executives shared key strategies they're moving toward and abandoning this year. Much of it is driven by how shoppers responded to last year's tactics, which revealed the need to walk a more tenuous line between cost containment and customer experience.

Retail Forecast 2024
Source: **EIU**

6.7%	**2.0**%	**14.6**%
USD growth	overall global growth	eCommerce global growth

Order Fulfillment Remains a Challenge

Retail executives report they're tackling the following:

43% order processing speed

41% order accuracy

37% offering fast shipping

36% sales forecasting

35% real-time reporting and analytics on fulfillment

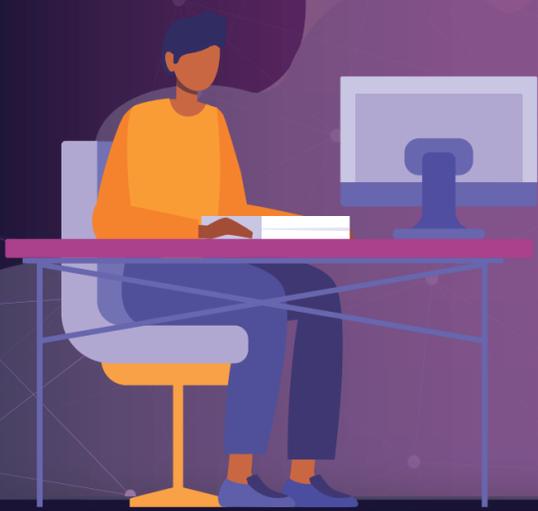**33**% real-time visibility/reporting on order delivery

31% carrier reliability to respect delivery deadlines

30% scaling for demand

26% return management

19% fraud detection delaying order processing

**9**% multi-channel inventory management

## Major Changes in the Retail Experience

Softening Return Policies

In a recent report, we noted that 81% of retailers were charging for returns and 53% saw a drop in return rates. However, 48% also experienced a decrease in average order value and in overall sales. Retailers continue to navigate these uncertain waters. While a majority are staying the course, a significant number are rescinding stricter return policies and fees.
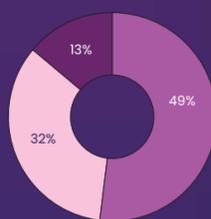
- made change in 2023 will continue in 2024
- made change in 2023 and will not continue in 2024
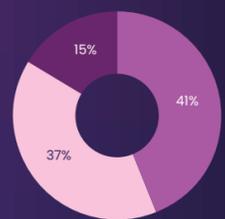- did not made change in 2023, but will institute in 2024
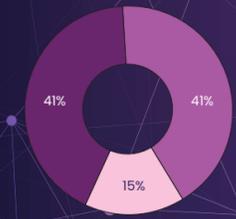
Charging fees for return shipping
41% / 41% / 15%
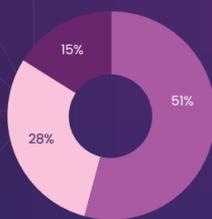
Charging fees for restocking
15% / 51% / 28%

Offering a shorter window to accept returns
13% / 49% / 32%

Enacting stricter standards and restrictions (i.e., original packaging, never been used before, etc.) **for eligible returns**
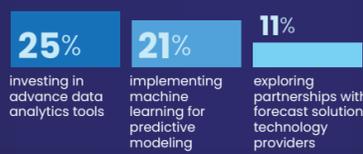15% / 41% / 37%

Enhancing AI Already in Use

Most retailers that have implemented artificial intelligence (AI) for inventory, customer service, risk management/fraud protection, predictive analytics, and customized shipping intend to enhance their AI for improved performance.

AI in inventory management
(e.g., forecasting demand, managing inventory levels, optimizing the allocation of stock across different locations, etc.)

59% currently use AI and plan to enhance

33% currently use AI and do not plan to enhance
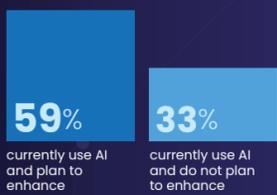
Additionally, **42% of retail executives say they plan to enhance their forecasting capabilities for anticipating product demand by enhancing collaboration with suppliers for real-time market insights.** They also anticipate:

25% investing in advance data analytics tools

21% implementing machine learning for predictive modeling

**11**% exploring partnerships with forecast solution technology providers

AI in customer service
(e.g., chatbots and virtual assistants providing real-time support to customers, helping customers track shipments, answering queries, etc.)

57% currently use AI and plan to enhance

36% currently use AI and do not plan to enhance
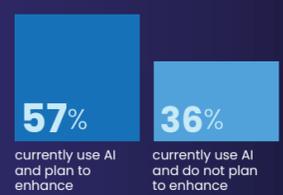
AI in risk management and fraud detection
(e.g., detecting anomalies in shipping patterns, identifying potential fraudulent activities, etc.)

59% currently use AI and plan to enhance

**33**% currently use AI and do not plan to enhance
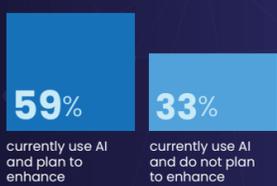
AI in predictive analytics for returns
(e.g., analyzing historical data to predict potential returns, enabling proactive measures to streamline the returns process, etc.)

59% currently use AI and plan to enhance

33% currently use AI and do not plan to enhance
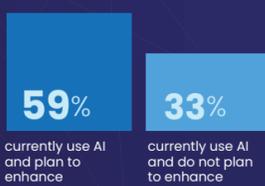
AI in customized shipping solutions
(e.g., tailoring shipping solutions based on individual customer preferences)

57% currently use AI and plan to enhance

36% currently use AI and do not plan to enhance
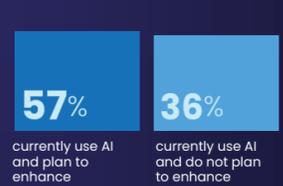
A Positive Outlook

2024 will see a reshaping of the retail experience with a broader utilization of AI tools and the reversal of returns policies to improve the customer experience. Retailers face order fulfillment challenges, but are well positioned to innovate to meet those challenges. Those that need support are partnering with third-party logistics experts, like Radial, to fast-track their modernization and enhance their eCommerce fulfillment capacities.

Learn how Radial can support your business.

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