

Beyond fewer returns: Designing incentives for more sustainable return decisions

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Abstract

Rising return rates pose an increasing challenge. However, the role of incentives in reducing returns has not been examined systematically. Addressing this gap, we investigate the effectiveness of incentives in product return management. Across two experimental studies, we compare keep rewards with return fees and examine different types of keep rewards. Our findings reveal that keep rewards offer advantages over return fees. Although both incentives lower product return intention, return fees also negatively affect repurchase intention. Moreover, we identify differential effects of keep discounts versus keep donations, which can be explained by two psychological mechanisms: intrinsic attributions and perceived manipulative intent. Keep discounts emerge as the most effective incentive for reducing product returns without compromising repurchase intentions. These insights provide guidance for online retailers seeking to decrease returns and striving toward sustainable online retailing.

Track: Retailing & Omni-Channel Management