



# On a mission to reach clients faster

## Overview

**The fashion sports industry in Europe: Challenges & secret brand powers**

**What do returns and refusal rates tell about your business?**

**CASE STUDY**

**Intersport works with Postis on lowering return rates & building customer loyalty**

1

# “The stars don’t look bigger, but they do look brighter”

## The fashion sports industry in Europe: Challenges and secret brand powers

The fashion sports industry is one of Europe’s most vibrant and creative sectors. It’s a driving force of the European economy, employing over 5 million people. A strong, growing sector, the industry is home to some of the biggest, healthiest, most agile companies in the world.

With an import market valued at €177.3 billion in 2019 and growing at an average rate of 5% each year, Europe’s apparel market continues to thrive — despite an extraordinarily challenging 2020 and incredibly demanding 2021. After pandemic declines of almost 50%, retail trade recovered rapidly, with impressive growth of 176.5% in April 2020.

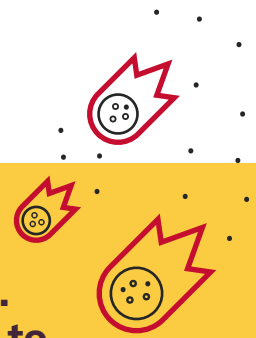
*“As a retailer making your way through a demanding 2021, you need to keep up. You need to move fast. You need to understand your customers’ needs before they even realize they have them. Going beyond customer expectations is more than a hit-and-run action — especially when talking about post-purchase sentiments. In the fashion sportswear supply chain, this process is more complex than ever. If you fail at meeting customer expectations, prepare to lose between €10 and €15 on each refused order.”*

- Mircea Axente-Stan  
Founder & CEO of Postis



With imports of €15.1 billion and growth rates of 7.2% per year, sportswear is expanding rapidly — a trend that doesn’t appear to be slowing down anytime soon. This is due to a confluence of factors, including social trends toward healthier lifestyles and the increasing popularity of wearing sportswear in casual social settings.

That said, It’s not always rainbows and butterflies. The uptick in sales has brought about new threats to the sports fashion industry. Chief among them? Spiking return rates.



1

# “The stars don’t look bigger, but they do look brighter”

## The fashion sports industry in Europe: Challenges and secret brand powers

Beyond digitization needs, the shopping experience, and guided sales processes, deliveries are the new star in town. In other words, fulfillment is now a crucial part of the customer journey — which leads to several questions:



- How are retailers coping with post-purchase pain points in an ever-transformative market?
- What happens when customers are disappointed with the delivery method they’ve chosen?
- What happens when customers are disappointed with the lack of on-delivery payment options your business provides?
- Is there a proven way to nurture customer loyalty — which is already becoming rare due to market fragmentation?



At this point, you have a better understanding of the opportunities available to sports fashion retailers and some of the challenges they face with respect to fulfillment.



**In the next chapter, we’ll turn our attention to high return and refusal rates, why they can be a harbinger of customer churn, and how smart brands see them as an opportunity to unleash their secret powers and get to the next level.**

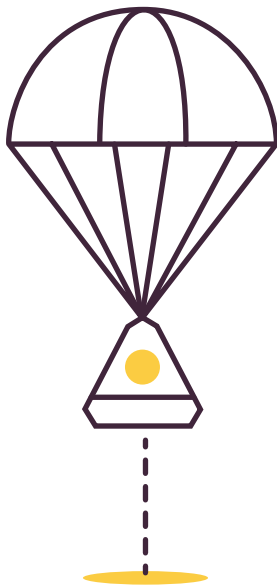
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# “Fix your little problem and light this candle”

## What do returns and refusal rates tell you about your business?

In fashion sports eCommerce, return rates can feel demoralizing. This makes perfect sense: High return rates crush profit margins, flatten conversions, and threaten business evolution.

From the customer’s point of view, the post-purchase experience is the most critical part of the relationship. Most commonly, customers complain about a lack of clarity, transparency, and control. Post-purchase satisfaction is so important that 86% of customers view it as the most influential factor that informs whether they’ll ever do business with a brand again.



In order to overcome this obstacle and thrive, retailers need to rethink refunds entirely. More specifically, they need to ensure their return policies and processes deliver positive experiences that increase the overall customer lifetime value.

To this end, simplifying the return process is a must for brands looking to create loyal customers. After all, most shoppers won’t buy something online if they’re not satisfied with the seller’s return policy. In most cases, customers expect free returns — coupled with enough time to try their purchases out before deciding whether to keep them, which is typically 30 days or longer.

**Offering your customers the possibility to get their money back as easily as they can spend it gives them the confidence to spend more. You’re giving a guarantee that everything will work out fine.**

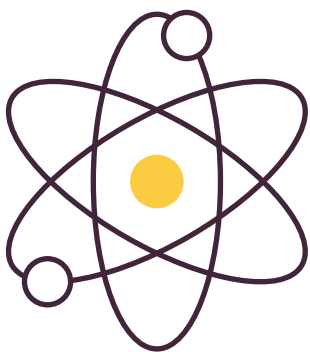
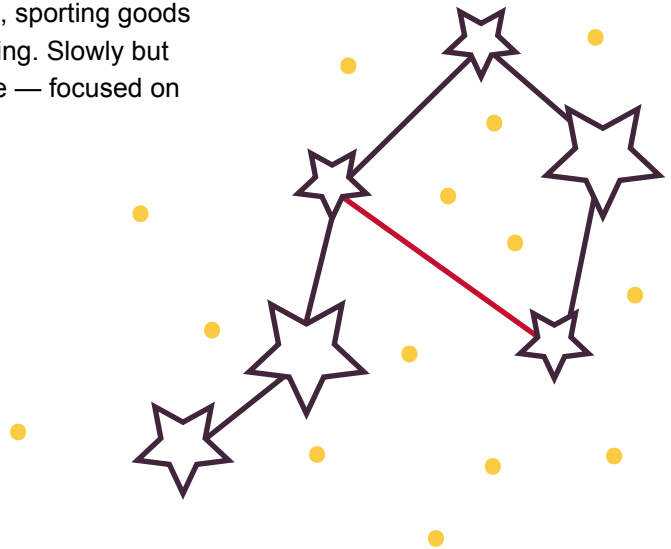
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## “Fix your little problem and light this candle”

### What do returns and refusal rates tell you about your business?

Even before the COVID-19 pandemic, sporting goods industry supply chains were adapting to new ways of working. Slowly but surely, wholesale-driven product cycles became more agile — focused on direct-to-consumer (DTC) demand trends.

To unlock the full potential of the evolving climate, brands need to be responsive to market trends, which means that — in addition to flexible return policies — they also need to work hard to ensure shorter delivery times.



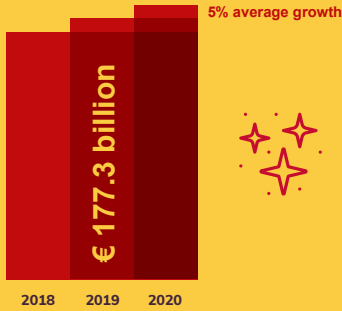
At the same time, retailers need to develop a holistic engagement strategy — i.e., an omnichannel approach. According to recent data, companies with omnichannel engagement strategies retain 89% of their customers on average — compared to 33% for companies lacking a robust omnichannel presence.

That being the case, brands simply can't afford to overlook any channels.

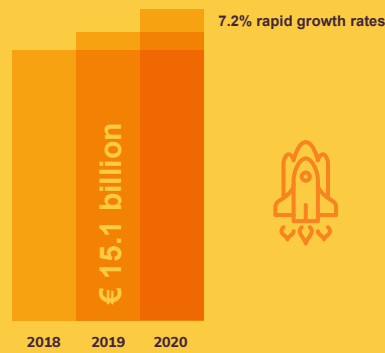


Now that you have a better idea about the impact return rates can have on your business, let's dig a little deeper and explore why return rates increase and what you can do to buck the trend.

### Fashion sport import market



### Sportswear



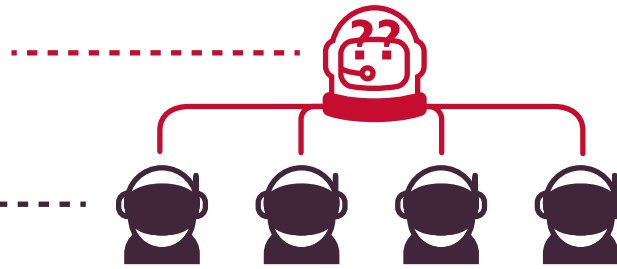
86% of customers take post-purchase satisfaction as the main factor affecting whether they'll order again from a specific brand



Zero people in charge of reducing the volume of returns



Operations teams are responsible only for the processing of returns



Free returns for 30 days or longer - these are modern customer expectations when talking about satisfactory return policies



4 out of 5 retailers lose money by offering free returns



5 TO 10%

The average refusal rate in the fashion industry

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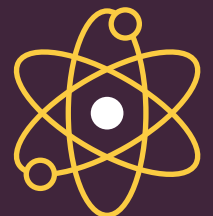
30% average return rate



Did you know your brand loses 10-15 € per each refused order?



# -20%



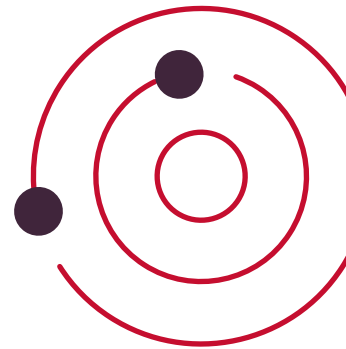
By using Postis tailored and dynamic solutions, you can see a reduction of up to 20% on return and refusals rate, after using the platform for only one month.



# 4

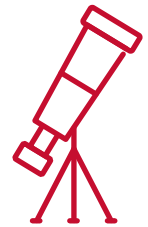
## The Who, the What & the Why

### Who's in charge of data-driven decisions on return rates?



Returns management is a cross-functional issue. While operations teams are responsible for processing returns efficiently, no one's really in charge of keeping an eye on the volume of returns. This pushes retailers to improve their online return processes by collecting data on reasons for the returns — going well beyond the classic “it doesn't fit.”

*“What we can't measure, we cannot control nor improve. Data transforms returns, offering clarity over an opaque process that remains a pen-and-paper business for many retailers. Especially in a diverse and dynamic environment like fashion sports, retailers need to combine cross-department insights, predictive analytics, and machine learning to open flexible return processes and avoid unnecessary and costly shipping expenses.”*

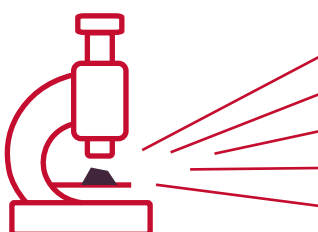


- Mircea Axente-Stan  
Founder & CEO @Postis

### What's the difference between return & refusal rates?

Though logistics managers often ignore them, refusals are an implicit part of the return rate, with the average retailer seeing refusal rates as high as 5% to 10%. When deliveries don't get to their destinations on time, it becomes that much harder to bring a customer back.

Recently, the Postis team crunched the numbers to find out exactly how much a refused delivery cost. We found that a brand can lose between €10 and €15 for every unsuccessful delivery (i.e., refused order). The exact cost is based on these factors:



- The cost impact of the lost sale (e.g., marketing campaigns);
- The operational costs of returning the item;
- The loss of revenue on the product if you can't resell it at full price;
- The administrative cost of the return;
- The costs of restocking and/or reselling the item through secondary markets.



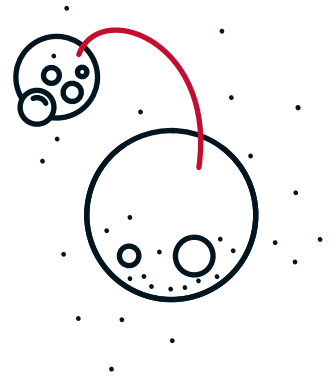
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## The Who, the What & the Why

### Why Are You Facing This Problem?

If you're experiencing high refusal rates, it might be because you have a poorly designed checkout flow — and also because you don't offer enough payment options.

In most cases, these problems aren't identified with any sense of urgency due to a much larger threatening narrative:



**Lack of cross-functional communication.** In many cases, e-commerce managers don't collaborate with logistics managers or IT to create an optimal funnel for their delivery checkout flow. As a result, customers get lost in checkout pages with poor UX and design — to the point they can't understand the next needed action and ditch the transaction entirely.



**Lack of visibility.** Without insight into what's going on, marketing can't determine the root cause of the returns. Logistics can't either because they don't have access to a real-time overview of the process. Luckily, there's an easy fix: Retailers can solve this by surveying customers to find out why they sent the item back.

Coupled together, these factors decrease profitability and tarnish brand names. The good news is that — by taking a proactive approach to the problem — retailers can solve their returns and refusal problems, cutting down unnecessary expenses while driving more sales.

### The good news is: help is on its way

With a scalable delivery management platform serving as the backbone of your e-commerce operations, you can reduce your return rates quickly. As an example, Postis enables you to reduce return and refusals rates by as much as 20% in as fast as one month. Thanks to end-to-end transparency, agile algorithms, and a customer-centric mindset, Postis helps retailers close more transactions.



Now that you understand how Postis can help retailers optimize return and refusal rates and bolster your bottom line, let's take a look at a case study that outlines why Intersport, one of the biggest fashion sports players in Europe, chose Postis as a logistics partner to help lower return rates and build customer trust.



Intersport is a leading sports apparel retail leader, with more than 5,600 outlets spread across 44 countries. The company has 67,000 employees and pulls in €11.5 billion in revenue each year.

After a challenging 2020, Intersport reported a 32.2% increase in sales during the second quarter of 2021 — nearly matching pre-pandemic numbers.



## Successfully navigating through the crisis

To many consumers, sports and physical activities are seen as a way to recover post-pandemic, with a renewed sense of awareness toward health and well-being. Retailers that have implemented a strong omnichannel approach, backed up by integrated delivery management tools, are in the best position to capitalize on these trends, accelerating their digital transformation efforts while scaling their operations concurrently.

*"Being omnipresent and omnichannel was paramount for us. We've developed a strategy in a digital world — and not the other way around. We place digitization and verticalization of the group at the heart of our business. While developing our brand portfolio and strengthening alliances with global strategic partners, we thrive on being very close to our consumers. We don't sell products. We design items that talk about conscious choices, a stronger self-image, and shared values of life."*

- Marian Florescu,  
Supply Chain Manager  
at Intersport Romania



## Challenges as opportunities

From an operational perspective, Intersport's online orders from Romania are processed and delivered from local stores or from a regional warehouse located in Greece that serves the entire Balkans region. Despite overall logistical efficiency, this model causes some deliveries to take as long as five working days to arrive.

In a competitive market, this gap can lead to a decrease in customer satisfaction and higher refusal and return rates. To mitigate this issue, in September 2020, Intersport selected Postis to manage and optimize its fulfillment, distribution, and delivery processes. As a result of trusting Postis, Intersport experienced many major last-mile changes benefits, including:



**Using physical stores as fulfillment centers for online orders.** By doing so, Intersport could deliver products that were available in local stores from the closest location. The outcome? Delivery times decreased from an average of five working days to the next day or even the same day.



**A visible impact on local returns and refusals rates.** Average return rates vary by category. That said, clothing and shoes bought online have the highest return rates, with as many as 40% of customers sending them back. Thanks to Postis, Intersport saw a 70% decrease compared to the industry average rate.



**Simplified stock transfers between stores.** When customers want to buy certain products from a physical store when they aren't available, the closest in-stock item is identified. After that, the product is ordered, and customers are given the option to have the item sent to the chosen store or their home. Currently, the store clerk uses Postis' built-in ordering, tracking, and notification tools so that all the parties are kept informed about order statuses along the entire journey — including the requesting store, delivering store, courier, and customer. Through this lens, Postis allows companies to transform each store into a revenue center so that stocks and financial flows are managed without error.



***“We chose Postis because they have the most complex solution for distribution and delivery management optimization. For us, it was important to improve cost-efficiency and process management. But it was crucial to simplify the customer journey***

***with new technologies, build new experiences for our customers, and set a solid ground for future development. The Postis platform allows us to do all this, with full control and agile deployment.”***

- Nikos Alevizos  
GR, BG and CY  
Supply Chain Manager  
at Intersport



Facing a complex retail chain across Europe, Postis built an end-to-end control tower to oversee all operational processes. This resulted in more cost-efficient decisions, high-quality deliveries, complete visibility, predictability, and real-time inventory management. Taken together, these integrated processes allow for new, improved delivery experiences — including online orders with in-store pickup (BOPIS), in-store sales with home delivery from the warehouse or another store, and drop-box delivery.

## Conclusion

Add it all up, and Intersport is now able to deliver the modern experiences today's customers expect — all while putting themselves in a great position to thrive in the future.



## Resources

McKinsey - *Sporting goods 2021: The next normal for an industry in flux*

McKinsey - *The State of Fashion 2021: In search of promise in perilous times*

Shopify - *The Plague of Ecommerce Return Rates and How to Maintain Profitability*

McKinsey - *Retail's need for speed: Unlocking value in omnichannel delivery*

CBI - *What is the demand for apparel on the European market?*

Trade Malta - *Use of e-commerce in the fashion industry*

# Ready to Optimize Your E-Commerce Company's Last-Mile Journey?



With powerful solutions designed for e-commerce companies, Postis has developed new industry standards for the benefit of tomorrow's customers. As the Intersport case study highlights, our team has assisted one of the biggest European fashion sports players in a robust strategy that goes beyond promotions and flash sales — and we can do the same for your brand, too.

With optimization tools fueled by machine learning and more efficient post-purchase communication, together, as a community, Postis and Intersport unlocked tremendous brand power across omnichannel deliveries — much to the delight of customers.



**To learn more about how Postis' technology can transform your e-commerce operations, drop us a line today.**

