



Master Seminar 85-317

Product Return Management

Introduction of the topic:

Almost everyone buys products online nowadays. However, the bad news for online retailers is that oftentimes (some of) these purchases are returned to the retailer. Product return rates are substantial and vary between 10% and 50% across product categories. Hence, product returns impose a substantial cost for online retailers. U.S. customers return \$264 billion worth of products. Product returns not only result in lost sales, but also lead to other costs such as shipping fees, often paid by the retailer, and remanufacturing costs such as repackaging the product. Product returns have been labelled as “the ticking time bomb of multichannel retailing.” On the other hand, the option to return a product (for free?!) is probably crucial for the initial purchase decision. Traditionally, marketing deals with “selling products to consumers”, but these observations strongly suggest that marketing should also examine and manage product returns. In addition, the large financial impact of product returns has spurred academic research in marketing and operation management.



Course overview:

The main purpose of this seminar is that students write an academic paper on the general topic of “Product return management”. This will be done in small groups, typically consisting of three students. The seminar starts with a kick-off lecture in which the structure of the seminar will be explained and groups will be formed. In addition, the first session will be used to lecture the fundamentals of 1) product return management, and 2) writing an academic paper. The second and third meetings will be scheduled per student group. In these meetings, there will be a discussion of the group project (progress, etc.), and the students will receive group-specific feedback and suggestions on their project. The final, fourth meeting will be a plenary session

again, where each of the student groups have to present their project and hand-in their academic paper. The table below presents an overview of the four sessions.

Session	Topic	When
1	Kick-off meeting and lecture	Saturday November 19, 2016; 9.00 – 16.00
2	Presentation, Discussion and Feedback	Saturday December 10, 2016; 9.00 – 14.00
3	Presentation, Discussion and Feedback	Saturday January 14, 2017; 9.00 – 14.00
4	Final presentations	Saturday February 4, 2017; 9.00 – 16.00

Within the general topic of Product return management, the student groups are free to define and select their own project. Potential themes for the projects could be:

- Information on the website to lower product returns: Does more, less, different, etc. information provided on the website result in more or less product returns? Does it help to provide pictures, movies, reviews, ...? Why? When?
- Optimal return policy: What would be the optimal return policy for an online retailer? This could be addressed in general or for a specific (type of) retailer.
- Special process of product selection and return in fashion industry: The decision process might be very different for clothing than for other categories. Perhaps consumers use their home as fitting room. At least, in fashion, the return rates are much higher than in other categories. Why? So?
- Multi-channel shopping: How and why is the process different for multi-channel retailers? Would it help or hurt if the retailer combines offline and online sales (and returns)?
- Cross-national comparison: For many of the questions, processes, etc. one might expect that there are important differences across countries. Does consumer decision making and behavior differ with respect to returns? Do return policies differ across retailers from different countries?
- Excessive returns: Some customers may be very extreme in their return behavior and return basically every purchase. Who are these consumers? Why do they behave like that? How should a retailer deal with such a segment?
- Return behavior of specific consumer groups: It has been shown that return behavior depends on several demographics and other consumer characteristics. Why is that the case? So?
- Basket composition: The product return rate may depend on the composition of the entire basket. For example, if someone orders the same shoes but in two different sizes, it is likely that one of these pairs will be returned. But what can be said in general about the role of basket composition? What is the effect of complementary and substitute products in a shopping basket?
- Social media: Online purchases are discussed a lot in social media like Facebook. In addition, such discussions may have an impact on future purchases. But what about

returns? Do consumers discuss experiences they have had with product returns? Do they complain? If so, how and what could be the effect?

- j. Logistics, operations management: Where and how should the product be returned? Does it matter in the return probability? Or in the costs?
- k.

Next to this list of potential themes, student groups are invited to come up with an interesting theme themselves.

Typically, a project and academic paper will consist of the following elements:

- Introduction with discussion of the theme. Why is it important? For who?
- Theoretical framework and discussion based on the existing literature.
- Empirical study. This can have various forms, such as one or more case studies, qualitative interviews, a survey, an experiment, analysis of data collected online, analysis of data provided by the course administration (for some of the topics mentioned, empirical data is available), and combinations of these forms. In the first session, the pros and cons of these approaches will be discussed briefly.
- Conclusion and discussion section. New insights and implications for managers and researchers.

Literature:

The literature for this course consists of:

- Minnema, A., Bijmolt, T.H.A., Petersen, A., and Shulman, J. (2016), *Managing Product Returns within the Customer Value Framework*. Book chapter, to appear in: Customer Engagement Marketing; edited by Robert Palmatier, V. Kumar, and Colleen Harmeling.
- Journal articles
- Lecture slides

Lecturer:

Prof.dr Tammo H.A. Bijmolt is Professor of Marketing Research at the Department of Marketing, Faculty of Economics and Business, University of Groningen, The Netherlands. His research interests include conceptual and methodological issues such as consumer decision making, e-commerce, advertising, retailing, loyalty programs, and meta-analysis. His publications have appeared in international, prestigious journals, among others: Journal of Marketing Research, Journal of Marketing, Journal of Consumer Research, Marketing Science, Journal of Retailing, and the International Journal of Research in Marketing. His articles have won best paper awards from International Journal of Research in Marketing (2007), Journal of Interactive Marketing (2011), and European Journal of Marketing (2015). He has lectured in a broad range of programs at the Bachelor, Master, PhD and executive MBA level. He has been involved in several research-based consultancy projects for a variety of companies.



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Assessment and Credits:

The course credit value is equal to 2 SWS or 6 LP. The final grade will be based on the written academic report, the final presentation, and class participation.

Registration:

Registration via STiNE (MA-MA 7) from October 17 through October 27, 2016.

Please note that modules can only be taken once; thus you can only register for “Customer loyalty management” or “Product return management”.