An Analysis Of The Impact Of Return Policies On Online Product Purchasing Behavior.

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Abstract
Conventional marketing strategies are at risk due to the increasing number of online shoppers. Companies must adapt their marketing strategies to leverage the internet. Buyers can now access abundant information online, eliminating the necessity for salespeople to provide information. Online shopping, a type of e-commerce, is favored by customers and businesses for its convenience and extensive reach. With the rise in popularity of the Internet, professionals and scholars developed a greater interest in it. Consumers prioritize pricing, discounts, product variety, and shopping convenience. Shopping has gotten more convenient due to the internet. Opt for internet shopping to save both time and money. Online purchasing is convenient due to the availability of free shipping, savings, user-friendly navigation, and consumer reviews. Behavior is crucial in online transactions. Customers choose their retail channel based on the benefits associated with buying at a store, ordering from a catalogue or mail order, shopping while watching TV, or shopping online. Many internet retailers have reduced prices or improved their items due to their enhanced knowledge and decreased operational expenses. Internet-savvy online shoppers do better.

Keywords: Online shopping, e-commerce, Internet savvy, operational expenses

Introduction

When it comes to business, the internet and the world wide web (www) have changed the way things have always been done. This threatens the traditional way of marketing. As more and more people shop online, it's important for businesses to change their marketing systems to work with new online marketing platforms. Buyers no longer need the help of a salesperson to learn about a product because there is so much information available online. Online shopping, which is a type of e-commerce, has become more popular with both customers and stores because it is more convenient and has a wider range of products. As online shopping has become more popular on the Internet, both practitioners and researchers have become more interested in it as a shopping tool. People put a lot of value on the price, discounts, product selection, and ease of shopping, in addition to the social and experiential aspects of shopping. Dennis, Harris, and Sandhu (2002) emphasised how important online businesses are by pointing out that they offer a wide range of products in different sizes and shapes, competitive prices, and ease of use. Alba et al. (1997) say that electronic shopping is a more modern way to buy things from home that offers more benefits than non-store and retail channels. People choose to shop online because they know they have more options than they did before and can get more information to help them decide what to buy.

The internet has made life easier in many ways, including making shopping easier. People who value their time and money more often choose to shop online. Online shopping is also convenient because of things like free shipping, discounts, easy navigation, and customer reviews, among other things. When it comes to making purchases online, it's the consumer's own traits that matter the most. Whether a person shops in a store, orders from a catalogue or mail order, watches TV, or shops online, each option has its own pros and cons that affect the consumer's decision. Because more and better access to information and low operational costs, many online stores have lowered their prices or improved the quality of their goods. Online shoppers who are more successful tend to have more education and know how to use the internet well.

Literature review

Customers may be unsure about their online purchases because they can't see or talk to anyone, there isn't enough staff, and other things. Customers should be careful when making online purchases because there is a good chance that the things they buy won't meet their needs. Because of this, companies are coming up with more and more complicated ways to return products (Yalabik, Petruzzi & Chhajed, 2005). The return policy is one of the most important parts of any store, whether it's online or in a physical location. Customers are attracted to simple return policies, which leads to more sales in the long run (Coolwijk, 2014). Griffis, Rao, Thomas, Goldsby, and Niranjan (2012) say that online stores don't compete with each other. Instead, they compete with physical stores that have more experience with returns. According to their research, a good returns policy is not only easy to use but also has effective gatekeeping that can tell the difference between real and fake returns.

In his study from 2004, Constantinides said that return policies are a psychological variable that play a key role in building trust with customers. It has been shown that clear return policies and compensation offered by online sellers in case a

customer is unhappy make online portals seem more trustworthy. Since online customers can't look at or touch the product before buying it (Griffis et al., 2012), the return policy acts as a guarantee and, to some extent, lowers the risk. Bonifield, Cole, and Schultz (2010) said that the return policy sends mixed signals because some online stores use it to show quality and others don't. Before making a purchase, people should find out how to return the products they are thinking about buying.

Jeng (2017) went on to say that e-retailers should have a flexible return policy because the products can't be checked out in person before they are sold. It was also stressed that the cost of sending products back to the online stores should be kept as low as possible. Products are returned for many reasons, like not meeting the customer's needs or the customer's needs changing (Yalabik, Petruzzi & Chhajed, 2005). Bonifield, Cole, and Schultz (2010) have said in their work on quality that e-tailers use return policies as a signal to set themselves apart from low-quality e-tailers. This is something that Bonifield, Cole, and Schultz (2010) have also said in their work on quality. E-tailers can stand out from other e-tailers on the market by using this type of signalling. A return policy that is easy or generous makes people more likely to return a product by giving them options like exchange, refund, or store credit and putting the fewest restrictions on how to return the product. Bower and Maxham III (2012) say that making it harder for people to get their money back is counterproductive and that it should be done to bring in money instead. Customers like it when it's easy to return things after they buy them. For example, they want to know how long they have to return something, if it's a questionable return, and if they get store credit or a refund if they return a sale item (Wood, 2001).

In their work from 1998, Davis, Hagerty, and Gerstner talked about this. When a customer tries a product for the first time and isn't sure about it, they can send it back. They said that the return policies of different sellers are different. Some have very strict rules about returns, while others are very flexible. When customers want to return items, a store will make it easy for them to do so if the items don't go bad quickly, the items can be sold together, and the returned item has a lot of value. The return policy can be handled better when there are different rules for each product. For example, a strict return policy can be better for products with a lot of moral hazard than a less strict policy for other products. The authors put their return policy into five categories: store exchange or cash refund, receipt required or not, original packaging/box required or not, no visible signs of use or wear required or not, and time limits given or not. Here's what happens: When good e-sellers make it harder to return consumable items (like food, flowers, and software) than non-consumable items, they are doing the same thing as the last one. Low-quality e-vendors, on the other hand, have more flexible return policies for consumable goods. This may be because their main goal is to get new customers instead of keeping the ones they already have (in economists language, it is called separating equilibrium). So that online stores aren't hurt, there aren't many ways to return items that are used up. Wood (2001) thinks it's important to have strict rules about what can't be returned and how much shipping and handling costs are.

In 2005, Yalabik, Petruzzi, and Chhajed talked about three things that make people want to buy a product again. First, there is a policy about refunds that makes the customer feel safe when they buy the thing. The customer can return the item if he or she doesn't like it. When there is a refund policy, the product is less risky and more people want to buy it. The second thing that is talked about is the logistics process. Retailers need to make sure that their investments in marketing and logistics work together to improve the company's overall return system. If they don't, customers will spend more money than they planned to in the wrong places. The third and final part was the marketing initiative, which was about how to promote the product well and make people less afraid to buy it.

Heiman, McWilliams, and Zilberman (2001) came up with two ways to reduce risk: a money-back guarantee and a demonstration, which show how they can be used alone, together, or not at all. These two things are used by stores to make customers feel safer. Money-Back Guarantees (MBGs) help customers who don't know enough about a product, want to know what other people think, or buy something on the spot. These are usually offered by stores when the product is unlikely to be returned or when the cost of returning it is low. People might think it means the product is good, which would make them more likely to buy it. When it costs a lot to send something back, it's best to show people how it works. Make sure the customer knows as much as possible about the product before they buy it. It can also be used when a new product comes out or when a store or company doesn't have a good reputation in the market. MBGs and Demonstration can be used together to make a previous purchase less risky. Retailers sell more MBGs because manufacturers show off their products. On the other hand, the company has to help the stores. As a last step, they put return policy restrictions into groups based on how long it takes to return a product, how much it costs to send it back, and what kind of policy it has (refund, replacement, or exchange) (original packaging, etc.) Su (2009) said that the sellers decide on the product's price, quantity, and return policies. Customers can find out about the return policy after they've bought the product. In some cases, manufacturers can set up buy-back contracts where they buy the goods back at a lower price than what they would have paid for them when they were sold. The risk for the store is lessened by the buy-back contracts between retailers and manufacturers.

How to return a product is handled differently by retailers and manufacturers. People who write about consumer product returns call it that, and in their paper, they talk about the effects and deadlines of them. The store wants to limit returns because it costs a lot to handle returned items and they don't have much value as used goods. Here's why. Often, companies have to pay a lot to get their products back. Then, to cut down on the number of returned goods, companies made their return policies stricter. For example, they cut the time it took to return goods and made it more expensive to return goods. According to the study, the return policy needs to be stricter, so they want to change it. Kim and Wansink's (2012) study

on the relationship between return policies and how people act as customers is also very important. They say that strict return policies might have a better effect on how customers act after they buy something than less strict ones. Also, a limited return policy lets customers try out the product before sending it back. Retailers like it when customers don't send back things they don't need. But in reality, stores make it easy for customers to return items, which leads to a lot of returns that don't need to be made. Jeng (2017) thinks that smaller stores with less name recognition should have more flexible return policies based on the product. This means that a product that takes a lot of work needs a more flexible return policy than a product that doesn't take much work. Even if a well-known store has a good return policy, that might not make people want to shop there more. This is different from what Bonifield, Cole, and Schultz's (2010) study found, which said that e-tailers don't need to change all of their return policies, but they do need to change some of them, like not charging a fee and giving people less time to return things. In the past, people talked about different parts of the return policy, but they didn't always agree on what those parts were. Janakiraman, Syrdal, and Freling's (2016) new study was better than the previous one. Time leniency: Some of the types of leniency they look at are: 30–60 days, partial or full return policy, money leniency (partial or full return policy), effort leniency (forms or no forms required), scope leniency (what items can be returned), and exchange leniency (cash or credit).

Su (2009) looked into how customers feel about returning things and found that a high refund makes people more willing to pay, so sellers can charge more. In this study, returns were divided into two groups: partial returns and full returns. Full refunds don't help the supply chain, but partial refunds are best. People are more likely to use payment methods if they have product warranties and don't have to pay to get their money back (Li, Ward & Zhang, 2003). Su (2009) said that sellers should set a time limit for returns because some things aren't safe to keep for a long time. Coolwijk (2014) said in his report that customers think e-return policies don't affect their return behaviour because they will return the product when they need to, no matter what the return policies are for an online portal. They also get better at what they do by focusing on customers who buy things quickly but then regret them and send them back a lot.

Objective: The purpose of this study is to determine the effect of return policies on online product purchases.

Hypothesis:
H0: Goods return policies have no significant effect on online product purchases.
H1: Goods return policies have a substantial effect on online product purchases.

Research Methodology
A descriptive research design was used for this study. Primary data are the most important part of the study, but secondary data are also collected for a literature review and to build a strong theoretical framework. The most important information for this study, which had a sample size of 278 people, came from interviews. A statistical analysis was done on the data. SPSS software was used to test hypotheses.

Data Analysis

Table No.1 Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Total goods return policy score	1.8892	.40907	278
Buyer prefer that online shopping portal which has a fair return policy	4.12	.758	278
Buyer expect all products should qualify for the return.	3.81	.912	278
Buyer purchase only those products that have a return option	3.31	1.090	278
Buyer purchase online only if a return option is available on the product	3.90	.783	278
Buyer prefer that shopping portal where the return policy is clearly defined and expressed.	3.76	1.019	278
Buyer expect availibility of goods return policy for discounted as well as products on sale	3.59	1.060	278
Buyer prefer shopping from those portals which offer free return shipping on their products	3.79	.920	278
Buyer prefer a portal which provides at least a month to return a product	3.94	.942	278
Buyer prefer a portal which provides Longer return time	3.77	1.068	278
Buyer would shop from those portals which makes the return hassle free	3.62	1.077	278
Buyer prefer a portal which does not require retaining of original receipt for returning the products.	3.87	.896	278
Buyer prefer a portal which does not require retaining brand tags for returning the products.	3.57	1.055	278
Buyer prefer a portal which does not require retaining of product packaging for returning the products.	3.56	1.006	278
Buyer would prefer that return policy where no costs are involved in making a return of the purchased products	3.84	.769	278
Buyer prefer that portal which allows the return of products with visible signs of use	3.49	.964	278
Buyer prefer that portal where products can be returned without mentioning a reason.	3.45	1.230	278
Buyer expect a cash refund of the returned product	3.64	1.277	278

Hypothesis Testing

Table No. 2 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795ᵃ	.633	.609	.25586

Table No. 3 Anova

ANOVAᵃ					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	29.333	17	1.725	26.358	.000ᵇ
Residual	17.020	260	.065		
Total	46.353	277			

Table No. 4 Coefficients

Coefficientsᵃ					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	.732	.413		1.771	.078
Q.1 Buyer prefer that online shopping which has a fair return policy	.039	.036	.073	1.081	.281
Q.2 Buyer expect all products should qualify for the return.	-.159	.070	-.354	-2.268	**.024**
Q. 3 Buyer purchase only those products that have a return option	.064	.033	.172	1.940	.053
Q. 4 Buyer purchase online only if a return option is available on the product	-.121	.064	-.232	-1.885	.060
Q. 5 Buyer prefer that shopping portal where the return policy is clearly defined and expressed.	.191	.072	.476	2.644	**.009**
Q.6 Buyer expect availability of goods return policy for discounted as well as products on sale	.086	.043	.223	2.024	**.044**
Q. 7 Buyer prefer shopping from those portals which offer free return shipping on their products	-.058	.042	-.131	-1.395	.164
Q. 8 Buyer prefer a portal which provides at least a month to return a product	-.091	.049	-.209	-1.863	.064
Q. 9 Buyer prefer a portal which provides Longer return time	.066	.036	.171	1.849	.066
Q.10 Buyer would shop from those portals which makes the return hassle free	.048	.030	.128	1.604	.110
Q.11 Buyer prefer a portal which does not require retaining of original receipt for returning the products.	.105	.053	.231	1.970	.050
Q. 12 Buyer prefer a portal which does not require retaining brand tags for returning the products.	.099	.029	.255	3.379	**.001**
Q.13 Buyer prefer a portal which does not require retaining of product packaging for returning the products.	.016	.034	.038	.459	.646
Q.14 Buyer would prefer that return policy where no costs are involved in making a return of the purchased products	.006	.071	.011	.084	.933
Q. 15 Buyer prefer that portal which allows the return of products with visible signs of use	-.104	.083	-.245	-1.254	.211
Q.16 Buyer prefer that portal where products can be returned without mentioning a reason.	-.091	.077	-.274	-1.181	.239
Q.17 Buyer expect a cash refund of the returned product	.227	.068	.708	3.352	**.001**
a. Dependent Variable: Total3					

- Q. 2 Buyer expect all products should qualify for the return P- Value : **.024**
- Q.5 Buyer prefer that shopping portal where the return policy is clearly defined and expressed P-Value =**.009**
- Q. 6 Buyer expect availability of goods return policy for discounted as well as products on sale P- Value =**.044**
- Q.12 Buyer prefer a portal which does not require retaining brand tags for returning the products. P-Value= **.001**
- Q.17 Buyer expect a cash refund of the returned product P- Value = **001**

Since the P- Value of Q.2 , Q.5, Q.6, Q.12 and Q.17 (Table No. 4 Coefficient) is less than 0.05 hence it is significant and we reject null hypothesis and it can be concluded that goods return policy has significant impact online product buying.

Conclusion:
1) R squared value for regression analysis is 0.633 (Table No. 2 Model Summary) which depicts that model explains 63.3 % of the variance
2) Since the p value for Anova table (Table No.) is 0.000 which is less than 0.05 which signifies that regression model is significant
3) For the testing of hypothesis, Descriptive statistics for each item is calculated with their mean and standard deviation. For the hypothesis, there were 17 item related to dependent variables. Regression analysis with test with t values and

p values was done. Test results shows that for Q.2, Q.5, Q.6, Q.12 and Q.17 (Table No. 4 Coefficient) is less than 0.05 hence it is significant and we reject null hypothesis and it can be concluded that goods return policy has significant impact online product buying

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