

Towards Returns Management Strategies in Internet Retailing

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Abstract <p>The digital transformation of the retailing industry in recent years has had a profound effect on consumers' behaviour on a global scale. When shopping and browsing online, consumers are not able to "touch and feel", which means that product returns are inevitable. The fashion industry has particularly suffered from high return rates, which fluctuate between 30% and 50%. The industry has been struggling to strike a balance between competitive customer service, profitability and company sustainability targets.</p> <p>Against this backdrop, the purpose of this thesis is to contribute to the development of returns management strategies in internet retailing. Returns management in an online environment encapsulates both the return policy and the return process. The former has an impact on consumers, whilst the latter refers to the company itself. Four studies provide evidence to serve the purpose of the thesis. First, the author investigates how the return policy affects purchase decisions (Study I and Study II) and second, how internet retailers manage their return processes (Study III). Finally, the author sheds light on the way effective strategies for returns management can be established (Study IV).</p> <p>Two quantitative studies and two qualitative studies were conducted. More specifically, in Study I and Study II, data were collected from consumers through an online survey. Study III followed an exploratory multiple case study design, while in Study IV, data were collected through a confirmatory multiple case study.</p> <p>The findings of this thesis have significant implications for theory and practice. This research extends the returns management literature by uncovering mediating and moderating mechanisms of interest. The notion of fit between returns management and business intent can prove to be a valuable tool with extensive applicability to a wide range of returns-related decisions. This research also presents an array of identified misalignments that can assist supply chain managers in designing effective and robust returns management strategies in the internet retailing domain.</p>		
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Table of Contents

Abstract	vii
List of appended papers.....	x
Other published papers.....	xii
List of Figures	xiii
List of Tables.....	xiv
1. Introduction	1
1.1 Background	1
1.2 Research problem.....	2
1.3 Research purpose and research questions	3
1.4 Focus and demarcations	6
2. Research methodology	9
2.1 Research process	9
2.2 Research philosophy	10
2.3 Research approach	11
2.4 Research design and methods	13
2.5 Reflections on research quality	18
3. Frame of reference.....	23
3.1 Returns management.....	23
3.2 Supply chain orientation and alignment.....	27
3.3 Return policy and consumer behaviour.....	29
3.4 Theoretical frameworks.....	32
4. Results from appended papers.....	35
4.1 Paper A – Return policy and purchase behaviour: A conceptual model (Study I)	35
4.2 Paper B – Online purchase return leniency and purchase decision: Mediating role of consumer trust (Study I).....	37
4.3 Paper C – From Mars to Venus: Alteration of trust and reputation in online shopping (Study II).....	38

4.4 Paper D – Typology of practices for managing consumer returns in Internet retailing (Study III)	41
4.5 Paper E – (Mis)alignment in returns management: Integration of process, policy and business intent (Study IV)	44
5. Discussion	49
5.1 The overall purpose and research questions	49
5.2 The impact of return policy on purchase intention.....	52
5.3 Return process and its role in strategy formation.....	53
5.4 Mitigating strategic misalignments	54
6. Contribution.....	59
6.1 Theoretical contribution	59
6.2 Managerial contribution	60
6.3 Future research avenues	61
References	63

Abstract

The digital transformation of the retailing industry in recent years has had a profound effect on consumers' behaviour on a global scale. When shopping and browsing online, consumers are not able to "touch and feel", which means that product returns are inevitable. The fashion industry has particularly suffered from high return rates, which fluctuate between 30% and 50%. The industry has been struggling to strike a balance between competitive customer service, profitability and company sustainability targets.

Against this backdrop, the purpose of this thesis is to contribute to the development of returns management strategies in internet retailing. Returns management in an online environment encapsulates both the return policy and the return process. The former has an impact on consumers, whilst the latter refers to the company itself. Four studies provide evidence to serve the purpose of the thesis. First, the author investigates how the return policy affects purchase decisions (Study I and Study II) and second, how internet retailers manage their return processes (Study III). Finally, the author sheds light on the way effective strategies for returns management can be established (Study IV).

Two quantitative studies and two qualitative studies were conducted. More specifically, in Study I and Study II, data were collected from consumers through an online survey. Study III followed an exploratory multiple case study design, while in Study IV, data were collected through a confirmatory multiple case study.

The findings of this thesis have significant implications for theory and practice. This research extends the returns management literature by uncovering mediating and moderating mechanisms of interest. The notion of fit between returns management and business intent can prove to be a valuable tool with extensive applicability to a wide range of returns-related decisions. This research also presents an array of identified misalignments that can assist supply chain managers in designing effective and robust returns management strategies in the internet retailing domain.

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Embarking on a PhD journey mid-life has been truly remarkable and rewarding. These six years have had their share of ups and downs, but I am very happy and proud of where I have arrived today.

I want to start by thanking the person who convinced me that this would be a valuable and rewarding journey, Professor Pejvak Oghazi, without whom I simply would not have entered into academia. What has been incredibly valuable to me is your constant positive attitude, your everything-is-possible approach, and your balancing of my frustrations. And, of course, of teaching me about the so important and valuable cross fertilization between academia and industry. Thank you!

And a big thank-you goes to my supervisor, Associate Professor Daniel Hellström, who, with endless energy and firm belief strives for the highest standard in everything that he touches, always and constantly teaching what good research is. And to Assistant Professor Klas Hjort who brought me into the world of consumer returns, a topic I did not foresee that I would end up studying. You took me along on your visits to logistical and e-commerce companies, branch organisations and seminars and welcomed me into this world. For that I am very grateful!

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And of course, my family, who has been forced to put up with yet another “project” that they didn’t really understand why I jumped into. Thank you!

Popular science summary in Swedish

I takt med att detaljhandeln digitaliseras har konsumentreturer ökat dramatiskt. Det kan ses som en naturlig följd av att konsumenten inte har möjlighet att se, ta och känna på produkten innan de fattar ett köpbeslut. I elektronisk handel med kläder är andelen produkter som kommer tillbaka ofta 30-50%. Vilket leder till höga kostnader och betydande påverkan på företagets processer. Denna avhandling har som mål att hjälpa företagen att etablera en effektiv strategi för returhanteringen. Detta har gjorts genom att studera konsumentreturer från två olika håll, dels från konsumentperspektivet men också från företagets synvinkel.

När en konsument ska välja men också fatta ett köpbeslut är de regler som företaget kommunicerat till kunden, företagets returpolicy, en viktig del i val av E-handlare och konsumentens köpbeslut. Denna studie visar att om konsumenten litar på företaget som sådant ökar sannolikheten för ett positivt köpbeslut i relation till företagets returpolicy. Förtroende och returpolicy går hand i hand, förtroendet för företaget förstärker effekten av en generös returpolicy.

Företagets sätt att hantera retureterna som kommer tillbaka är en process som måste etableras. Denna returprocess spänner över flera delar av företaget; logistik, lager och kundservice, etc. I en flerfaldig fallstudie identifieras och tematiseras de aktiviteter som företagen faktiskt genomför för att hantera sina returer.

För att hantera konsumentreturer effektivt krävs att företagen etablerar en tydlig strategi för sin returhantering. Ett avgörande delresultat från denna avhandlingen är att fallföretagen inte har en genomtänkt returstrategi på plats. En effektiv strategi kan uppnås genom att mål, kommunikation och aktiviteter är koordinerade emellan individer och avdelningar inom företaget. I en avslutande studie inom ramen för denna avhandling identifierades områden där företaget inte hade en koordinerad ansats. För att på bästa sätt hantera returer inom E-handel måste returpolicy och returprocessen vara i synk men de måste också samspela med företagets övergripande mål.

Med hjälp av insikter om hur returpolicyn påverkar kundernas köpbeteende och vilka aktiviteter företagen faktiskt använder i sina returprocesser samt en förståelse för vilka områden som kan vara ett hinder för att agera koordinerat kan, dessa tre delar sammantaget, hjälpa företagen att etablera en effektiv returstrategi.

List of appended papers

This is a cumulative doctoral thesis comprising five individual papers. What follows is a description of the papers and author's contributions. A summary of the results can be found in chapter 4 and full versions of each paper are appended.

Paper A

Karlsson, S., Oghazi, P., Hellström, D., Hjort, K. (2017), "Return policy and purchase behaviour: A conceptual model". Presented as a full conference paper at the 24th Nordic Academy of Management Conference in Bodo, Norway, after a double-blind peer review process. The paper presents a conceptual study providing a framework on how perceived return policy leniency can influence consumer purchase decisions in an online environment.

As the main author, Stefan Karlsson carried out the literature review, analysis and wrote most of the text. Pejvak Oghazi and Daniel Hellström contributed guidance in the methodology and support in the development of the proposed model. Klas Hjort provided initial literature guidance in the field.

Paper B

Oghazi, P., Karlsson, S., Hellström, D., Hjort, K. (2018), "Online purchase return policy leniency and purchase decision: Mediating role of consumer trust". Published in the *Journal of Retailing and Consumer Services*. The paper presents a quantitative study that through an online survey tested a hypothesis and showed that perceived return policy leniency impacts consumers' purchase decisions.

Pejvak Oghazi and Stefan Karlsson are the main authors and carried out the majority of the data collection, statistical analysis and writing. All authors contributed to the development of the questionnaire, discussion of the results, and conclusions.

Paper C

Oghazi, P., Karlsson, S., Hellström, D., Mostaghel, R., Sattari, S. (2020), "From Mars to Venus: Alteration of trust and reputation in online shopping". *Journal of Innovation & Knowledge*. The paper is a quantitative study showing the differences in male and female purchase intentions in regards to trust and reputation.

Pejvak Oghazi and Stefan Karlsson are the main authors. Pejvak Oghazi did the research design and together with Stefan Karlsson carried out the statistical analysis and drafting of the results and conclusions. All authors contributed to the writing of the final paper.

Paper D

Hjort, K., Hellström, D., Karlsson, S., Oghazi, P. (2019), “Typology of practices for managing consumer returns in Internet retailing”. Published in the *Journal of Physical Distribution and Logistics Management*. This paper presents a multiple case study that explores, identifies and categorises practices used in companies in returns management processes, which serves as a typology of practices in returns management.

Klas Hjort and Daniel Hellström are the main authors. Stefan Karlsson participated in the development of the case study design and the interview guide, whereas he singlehandedly conducted one of the case studies, which meant that he contributed to the data collection and analysis. Moreover, Stefan Karlsson participated in theorising on practices and activities in returns management.

Paper E

Karlsson, S., Hellström, D., Hjort, K., Oghazi, P. (2020), “(Mis)alignment in returns management: Integration of process, policy and business intent”. In a double-blind peer review process for the 31st NOFOMA Conference in Reykjavik. The paper reports on a multiple case study exploring the alignment between return policies, process and returns management.

Stefan Karlsson and Daniel Hellström are the main authors. Specifically, Stefan Karlsson transcribed and coded all the empirical material. Daniel Hellström and Stefan Karlsson jointly designed the study and developed the analytical framework and research propositions. Klas Hjort and Pejvak Oghazi contributed comments and guidance in the discussion and conclusions.

Other published papers

In addition to the appended papers, I have contributed to other studies and manuscripts during my research process. These are not part of my core research, which is why they are not included in the doctoral thesis.

Derwik, P., Hellström, D., Karlsson, S. (2016), “Manager competences in logistics and supply chain practice”, *Journal of Business Research*, Vol. 69, No. 11, 4820-4825.

Jalal, M.E., Hosseini, M., Karlsson, S. (2016), “Forecasting incoming call volumes in call centres with recurrent neural networks”, *Journal of Business Research*, Vol. 69, No. 11, 4811-4814.

Oghazi, P., Rad, F.F., Karlsson, S., Haftor, D. (2018), “RFID and ERP systems in supply chain management”, *European Journal of Management and Business Economics*, Vol. 27, No. 2, 171-182.

List of Figures

Figure 1-1: Research questions

Figure 2-1: Schematic overview of the research process

Figure 3-1: Supply chain management: integrating and managing processes across supply chain (adjusted from Lambert and 2000)

Figure 3-2: Schematic illustration of the returns management process activities

Figure 4-1: Conceptual model of the relationship between online return leniency and purchase intention

Figure 4-2: The mediating role of consumer trust in the relationship between perceived online return policy leniency and online purchase intention

Figure 4-3: Model of perceived trust and reputation mediated by gender

Figure 4-4: Moderation effect of gender on reputation

Figure 4-5: Moderation effect of gender on perceived trust

Figure 4-6: Extension of returns management process to include the proposed service activity

Figure 4-7: Framework of returns management strategy alignment

List of Tables

Table 2-1: Overview of studies and methods

Table 4-1: Thematic description of in returns management activities in internet retailing

Table 4-2: Misalignments in returns management

Table 5-1: Overview of the thesis purpose and key findings

Table 5-2: Learning points for effective strategy formation in returns management

1. Introduction

This chapter presents the background to this thesis, the research problem, the overall research purpose and research questions. The chapter ends by stating the focus and demarcations of the research.

1.1 Background

The growth of internet retailing is substantial and global. The global online retail sales reached \$3.5 trillion in 2019 (eMarketer, 2020), a growth of approximately 20% over 2018. This new digital trade norm has been exploited by fast-growing economies. For example, China's internet retail market has grown rapidly and surpassed the US as recent as 2013, (Dobbs et al., 2013). At \$2 trillion for 2019, China's internet retail market is now three times bigger than the US market. China stood for approximately 55% of global internet retailing in 2019, a dramatic development in the last five years (eMarketer, 2020). Meanwhile in Europe, Swedish online sales reached \$10 billion in 2019 (E-barometer, 2019), a considerable growth of 14% over 2018.

The digitalisation of consumption, the formation of new digital trade platforms and the transformation of retail business have created a new landscape of purchase patterns and business models. Undoubtedly, internet retailing has enhanced consumers' capability to pursue and bargain products and services best matched to their requirements. However, significant boundaries and restrictions, which deter online shoppers from utilising online retailing, still occur (Bijmolt et al., 2019). As a result, previous successful business models are now under review. For example, increasing the number of physical stores is no longer a successful growth strategy. One of the challenges in this new landscape of consumption is consumer returns.

Consumer returns is not a new business phenomenon; however, it has become a more relevant and prioritised topic in internet retailing. In fashion retail, for instance, a return rate as high as 30% is not uncommon, whilst some estimates in the US reported that 25-40% of online purchases are returned. More specifically, shoppers in the US returned \$396 billion worth of purchases in 2018, with return delivery costs accounting for \$550 billion by 2020 in the US alone, an increase of

75.2% over the previous four years (Cullinane et al., 2019). These figures are similar to a certain extent for e-commerce retailers in Europe (de Leeuw et al., 2016) where returns from e-commerce are three times more likely to happen compared to traditional brick and mortar (Statista, 2019).

In contrast, customer returns also influence the ability of internet retailers to attract and retain customers. Griffis et al. (2012) argue that customer returns should not only be viewed as a challenge but as an opportunity to create more loyal shoppers. In fact, pertinent research shows that 62% of shoppers would buy again from brands offering free returns, whereas 69% would be deterred from buying online if they had to pay return shipping. Moreover, a significant 90% of shoppers value free returns and about 96% would shop again if their returns were easy (Narvar Consumer Report, 2018; Dotcom Distribution, 2018). These recent striking figures signify the great importance of returns in internet retailing.

1.2 Research problem

Product returns, of course, existed when traditional retailing had the largest market share and long before internet retailing started to grow. The field of research in product returns dates back to the 1980s, when the United Nations introduced rules on sustainable development to handle the negative effects of industrial wealth creation (UN, 1987). These rules were then followed by increased responsibility among producers and tougher rules for the disposal of waste, which forced corporations to manage the recycling process. These various forms of material and product reuse gained growing attention in the 1990s, when the term *reverse logistics* emerged. Reverse logistics is a field that ‘encompasses the logistics activities all the way from used products no longer required by the user to products again usable in a market’ (Fleischmann et al., 1997, p. 2). Research on reducing and optimising reverse logistics in the supply chain has dominated this research field in the 21st century and is still very relevant.

Reverse logistics along with returns, gatekeeping and avoidance form parts of returns management (RM), which is a very critical aspect of supply chain management (Rogers et al., 2002). For RM as a business process, it is imperative that a supply chain must overcome its functional silos and adopt an integrative process approach to manage returns (Croxtton et al., 2001). In practice, this means that managerial efforts need to shift the focus from a merely reverse logistics perspective to a more holistic point of view and manage returns as a key supply chain management process.

Since the early 2000s, researchers have stressed the importance of understanding and determining the goals and desired outcomes of the process when implementing RM (Rogers et al., 2002). In a very recent comprehensive literature review conducted by Abdulla et al. (2019), it is evident that scholarly research on consumer return policies has increased significantly in the last decade.

Yet, research addressing strategies in successfully implementing RM is scarce (Abdulla et al., 2019; Röllecke et al., 2018). In the new landscape of retailing where product returns play a central role, the limited understanding and lack of strategic guidance prevents active implementations of and explicit management efforts. This deficiency is very distinctive and clear, particularly in an online retailing context (Rao et al., 2014; Griffis et al., 2012; Petersen and Kumar, 2010).

The majority of internet retail studies have focused mainly on return policy issues (Nasr-Bechwati and Siegal, 2005; Ofek et al., 2011; Rao et al., 2014), and a smaller, but growing number have addressed RM in isolation (e.g., Mollenkopf et al., 2007; Griffis et al., 2012; Röllecke et al., 2018; Larsen et al., 2018). Other studies have highlighted the causes of returns and shed light on how returns are affected by specific product or service characteristics (e.g., Petersen and Kumar 2010). These effects are predominantly relevant to internet shoppers because of their limited ability to accurately estimate certain products or services that necessitate physical examination and assessment prior to purchase (Rao et al., 2014).

More specifically, one of the main challenges for online retailers, and their operational strategies, is how to drive and benefit from consumer trust in order to drive sales. While some companies address the trust deficit by encouraging and actually conveying return policies, an imperative issue that distresses managers is how customers perceive return policies, and the degree to which such a perception influences the consumers' inclination to purchase from a company. This thesis research project showcases the importance of trust in the relationship between consumer perceptions of fairness of return policies and purchase intention. A major implication for online store managers is that the perception of fairness in return policies does not only affect the purchase intentions of online shoppers, but also influences shopper trust levels. As a result, it is important that online stores consider the role of shopper trust in converting online purchase return policies to purchase behaviour.

1.3 Research purpose and research questions

The previous section indicated the industrial and scientific need for research on managing product returns in internet retailing. Thus, the overall purpose of this

research is to **contribute to the development of returns management strategies in internet retailing**. To achieve this ambitious purpose, two interdependent components of RM strategy development are addressed. The first issue revolves around **return policy**; the second issue deals with the **returns management process**. An overview of the research questions is presented in Figure 1-1.

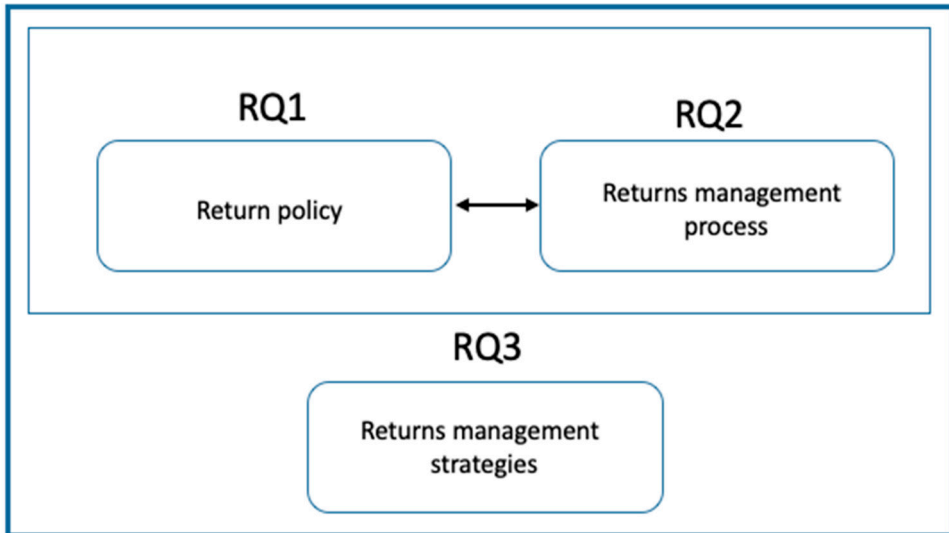


Figure 1-1: Research questions

Return policy is a term that refers to a plethora of post-purchase activities, such as the exact time frame within which customers are allowed to return a product, the option of cash, card or credit voucher refund, the eligibility of certain items that can be returned (e.g., sale items) and whether item returns are questioned or not (Wood, 2001). Return policy and its impact on customer willingness to purchase has been studied for more than a decade (Bechwati et al., 2005; Mollenkopf et al., 2007; Petersen and Kumar, 2010; Griffis et al., 2012; Phei et al., 2016; Janakiraman et al., 2016). As there is an increasing shift in purchasing patterns and more customers are moving from physical to digital stores, the return of goods plays a major role in the online shopping experience while driving sales and value creation for companies. Consumer reaction to return policies is also crucial for firms in their quest to drive revenue and profit. Thus, return policy is a fundamental component in the development of RM strategies in internet retailing. Drawing on theories of consumer behaviour the first research question is:

RQ1. How does perceived return policy leniency impact purchase intention in internet retailing?

As mentioned earlier, returns management is a supply chain process that seeks to establish a co-ordinated and unified goal for all product return efforts to create sources of customer value, leading to customer satisfaction. Previous research has suggested the various activities necessary to successfully implement RM (Mollenkopf et al., 2007; Griffis et al., 2012). As such, scholars have focused on the activities that constitute RM, especially reverse logistics. However, one must also have an understanding of the multifaceted practices adopted by internet retailers to operationally manage the reverse flow of products. These actual practices, which form certain processes, need to be co-ordinated among the stakeholders involved in order to dynamically respond to the needs of the consumer (Röllecke et al., 2018). Hence, before developing RM strategies there is a need to understand the related processes that are adopted by internet retailers. Thus, the second research question is:

RQ2. How do internet retailers manage the process of dealing with product returns?

When developing strategies for returns management there is a further need to comprehend the interdependence among the return components – return policy and return process – and their relationship to the overall business intent of internet retailing (IR). It is also necessary to identify and explain potential constraints when developing effective RM strategies. Abdulla et al. (2019) concluded that RM research focuses primarily on the processing and disposition of consumer returns and less on return policy decisions and its impact on RM.

Despite a number of studies on return policy and return process, scholarly research with an explicit strategic focus is limited. Dapiran and Kam (2017) specifically call for an investigation of strategies for managing product returns and for further exploration of the existing trade-offs between operations cost and customer service. Doherty and Ellis-Chadwick (2006) stress the importance of more holistic strategic research in an otherwise extensive plethora of internet research. Furthermore, it is a well-known fact that alignment between functions and processes increases the probability of establishing an effective strategy (Larsen et al., 2018; Mollenkopf et al., 2007; Dapiran and Kam, 2017; Defee and Stank, 2009; Hult et al., 2007). In addition, Berry et al. (1999) claim that lack of alignment is the underlying reason for not reaching the company's strategic objectives. Considering all the above, the third research question is:

RQ3. How can effective returns management strategies be formulated and what key components need to be aligned?

1.4 Focus and demarcations

The focus of this thesis is on **returns management**, which is described as a supply chain management process (Lambert and Copper, 2000). Even though RM is a cross-functional process spanning over multiple functions, such as marketing and operations, this thesis views RM as a supply chain management process.

Moreover, the thesis research examines companies that operate a B2C business model where the transactions take place between businesses and consumers. B2C as a term evolved during the 1990s and refers mostly to business-to-consumer internet retailing in the thesis research. While the focal point of this research is internet retailing, traditional ‘bricks and mortar’ and other retail business phenomena such as omnichannel business models are not excluded, as consumer returns are still relevant. However, not all industries and domains that operate a B2C business model are relevant; financial services, for instance, are not considered in this thesis. The main challenge with consumer returns concerns the online clothing industry followed by electronics and accessories including jewellery (Digital Marketing Community, 2019). These aforementioned B2C retailers, therefore, play a central role in this research.

Since the 1990s, when online business became a norm, several descriptions of this growing phenomenon have emerged, including web retailing, online retailing, virtual retailing, e-commerce, e-tail and internet retailing (Francis and White, 2004). An early scholarly description of the then emerging phenomena was internet retailing, which does not only comprise selling products and services but constitutes an individual retail channel as well (Chaffey et al., 2000). Another scholarly attempt to define the dawning business opportunities around the millennial shift was e-tailing, defined as the selling of retail goods on the internet. In particular, Francis and White, (2004) claimed that ‘customers purchase, pay, and sometimes consume, over the internet, the new American term for this is e-tailing’. Nowadays, the internet retailing industry itself uses a variety of names with similar meaning. A commonly used description is ‘internet retailing’, described as the process of selling goods and services through electronic media, particularly through the internet. Moreover, another way to describe the sale of retail goods and services online is ‘electronic retailing’ (Business Jargons, 2020). Drawing from the above, the term *internet retailing* (IR) was selected for this thesis, due to its being commonly used in the literature and in the business world.

As previously mentioned, the overall purpose of this thesis is to contribute to the development of RM strategies. In particular, this research focuses on two interconnected areas: return policies and RM. In order to contribute towards RM strategies in the area of consumer returns, and thereby exclude environmental, asset and marketing returns, the thesis is built on a solid theoretical basis. Consumer

intentions and responses when making a purchasing decision are critical in the context of RM. For this reason, justice theory and signal theory constitute the theoretical framework of this research. Besides the fact that signal theory is the most commonly used theory in RM (Abdullah et al., 2019), the selection of both theories resulted from an extensive literature study and multiple interactions and discussions with senior researchers in the field.

On a final note the focus of this research is on future purchase intentions, and not on purchase behaviour in general. Purchase behaviour is a broad area and has been examined extensively in various disciplines, including psychology and marketing. In order to meaningfully contribute to the returns management strategy field, return policy and gender are examined as the antecedents of future purchase intentions.

2. Research methodology

In this chapter the research approach is outlined, followed by a description of the research process. The selected research design and methods are explained and in conclusion, reflections on research quality are provided.

2.1 Research process

The starting point for me to enter into science after 25 years in the consumable trade business was the notion that digitalisation will fundamentally change corporate strategy as we know it in general, and in particular in the area of fast-moving consumer goods. In my various roles as manager, I came across the lack of understanding and the inability to formulate some of the key elements of digital transformation. Experiencing the transformation of bricks and mortar retail business into internet retailing (IR) made the importance of returns management apparent. Moreover, I lacked practical and theoretical knowledge about turning RM into a key strategic question, whilst formulating an efficient and productive return policy for the business I was involved in, had been an imminent operational challenge in my daily professional life.

When coming from the corporate world and entering academia, the understanding of theory building as the essence of science was important and enlightening but challenging at the same time. Indeed, the theory-practice gap in the field of management has been under the microscope over the past 30 years. The main premise here is how to develop methodologically and theoretically rigorous research without neglecting its practical relevance and application (Hodgkinson et al., 2001). According to Van De Ven and Johnson (2006), this aforementioned gap can be described as the *knowledge transfer problem* where findings, due to their complex form, cannot be instantly adopted by practitioners in the management field. Another way that the theory-practice gap can be framed is that of having two separate knowledge sources. Each source approaches and addresses a research question in a different way; however, knowledge of both theory and practice should not be considered as coming from conflicting sources (Van de Ven and Johnson, 2006).

The everyday life of a practitioner fosters a problem-solving ability while scholarly research is a more rigid process, frequently intended to build theory. Therefore, the researcher needs to fulfil the dual objective of applied use but also to advance fundamental understanding (Hodkinson et al., 2001). Consequently, this thesis adopts the method of *engaged scholarship*, developed by Van De Ven and Johnson (2006) and supported by numerous researchers, including Shapiro et al. (2007). In engaged scholarship, both managers and academics co-produce rigorous knowledge and disseminate the findings in such a way that will enable practitioners to readily apply them. This overarching principle of the practitioner-researcher collaboration has informed the research process of this thesis and also reflects the beliefs of the researcher. Based on the fundamental values of engaged scholarship, the next step in the research process is to present the researcher's philosophical stance in the following section.

2.2 Research philosophy

Developing new knowledge is a particularly challenging activity that requires careful planning and solid philosophical underpinnings. Although one's research philosophy reflects the way a researcher views the world, it may also be affected by practical considerations (Saunders et al., 2008). For this reason, both the researcher's and the investigation's belief systems define the paradigm of the research in epistemological and ontological ways (Guba and Lincoln, 1994).

Moving away from the ontology and epistemology debate, which urges researchers to adopt either an interpretivist or positivist philosophical paradigm, the current research is built on pragmatism. Pragmatists argue that the full adoption of one specific position (i.e., positivism or interpretivism) is not always realistic because philosophy is a continuum and should not be viewed as having two opposite poles (Tashakkori and Teddlie, 1998). In this line of reasoning, it is possible to design a mixed method research project, where both qualitative and quantitative techniques are embedded. These different methods are more appropriate as they can provide answers to research questions that can be approached from distinct philosophical viewpoints (Saunders et al., 2008).

Before justifying the selection of mixed methods in the current thesis, it is essential to present its research approach. The next section thoroughly discusses the reasoning of the research.

2.3 Research approach

The starting point of developing a research approach is whether the use of theory is explicit or implicit in the initial stages of a research project (Saunders et al., 2008). There are two routes concerning the reasoning behind any research: the deductive and the inductive approach. The former approach is characterised by theory testing, whereas the latter is characterised by building theory.

More specifically, inductive research is more exploratory in nature: it starts with empirical data and is followed by model formulation. Theory is developed based on the outcome of the findings from the empirical data set.

In contrast, deductive research refers to the use of existing theory or theoretical models that are applied in the research design to test hypotheses (Sullivan, 2001). In this case, the existing theory constitutes the foundation of what information should be considered and how it should be processed.

See Figure 2-1 for an overall positioning of the four appended papers in a deductive and inductive continuum. The process has not been sequential, but more of a parallel process where the different studies have generated input forward towards a RM strategy

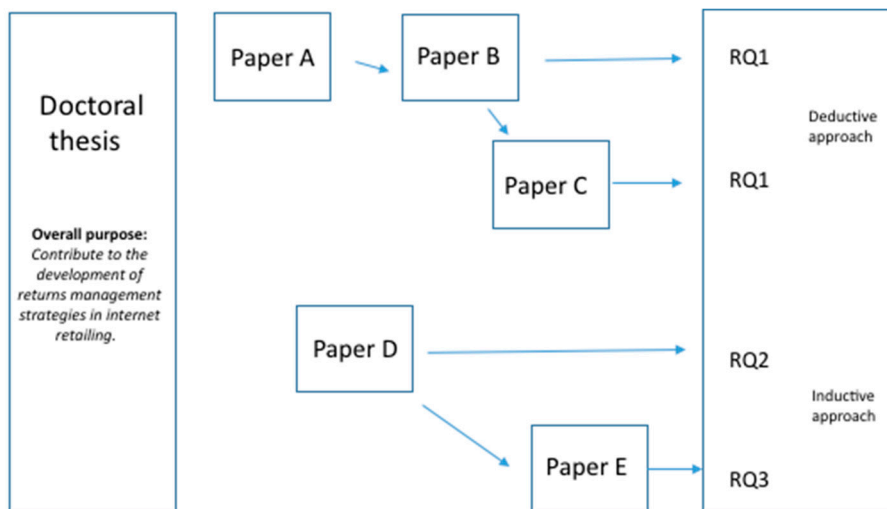


Figure 2-1: Schematic overview of the research process

Despite the merits of each method, the researcher does not adopt this traditional dichotomy. As multiple scholars suggest (e.g., Reichertz 2013), deductive and inductive patterns should not always be considered in isolation, but as part of a

whole, depending on the nature of the research topic. In fact, it is often advantageous to capitalise on the values that both approaches offer, especially if the topic enables the development of a solid theoretical framework, but at the same time, wishes to shed light in an unexplored area with little existing literature. Hence, the current thesis follows a combined research approach, namely inductive and deductive. Returns management has been under investigation for the past three decades; however, and to the researcher's knowledge, there is limited research on the very dynamic area of internet retailing. Moreover, the development of returns management strategies is lagging behind.

It is evident from my journey that research is seldom purely inductive or deductive. As a scientist, one forms perceptions and opinions that play a vital and relevant role in the process and design of the research. According to Buchanan et al. (1988), researchers' experiences are central to their research. My personal interests and experiences related to reasoning approaches are described below.

2.3.1 Deductive research

Entering academia set me off in a certain direction where I could observe and identify areas with theory gaps from a returns management perspective. Drawing on my own empirical managerial background in industry, conducting a literature review was the first logical step in my academic journey. Based on previous research, this first step was to explore and develop a model for understanding the relationship between company return policies and processes and consumer behaviour. The literature review and conceptualisation of the perception of the return policy and its impact on purchase decisions formed the starting point that lead to RQ1.

Thus, it was sensible to set out on my quest with a conceptual paper (Paper A) consisting of a literature review and a suggested model. The literature findings paved the way for a quantitative study that could empirically test the proposed model (Paper B). The collection and analysis of the survey data offered valuable support to the Study I hypotheses and as a result, the theory was extended, interesting new insights emerged and managerial implications for internet retailers were suggested. Overall, both Papers A and B followed a deductive research approach.

2.3.2 Inductive research

As previously mentioned, inductive research starts with observations and ends with new theory development (Bryman, 2008). To serve the overall purpose of this thesis,

two multiple case studies were carried out with the aim to identify the practices deployed by internet retailers and also to discover existing misalignments in the RM process (Papers D and E). In this inductive process, I was involved early on in industry gatherings where practitioners' views became evident and played a vital role in the research process and the research design. My inductive research approach is reflected in the process itself: exploring activities carried out in the RM process in companies and identifying existing misalignments in RM, aiming at extending theory of RM.

2.4 Research design and methods

The research purpose of the current thesis is characterised as descriptive and explanatory in nature. In particular, the researcher's aim is to contribute to the development of returns management strategies in internet retailing. The descriptive nature of this aim is expressed in RQ1, which seeks to confirm how return policy leniency can impact purchase intention in internet retailing. In contrast, RQ2 and RQ3 are exploratory in nature: the researcher seeks to understand the way internet retailers manage product returns processes (RQ2) and explore different alignments of key components for the formulation of effective strategies (RQ3).

It is thus evident that a mixed method research strategy had to be employed where both quantitative and qualitative data collection and analysis techniques are used. In order to provide answers to the research questions, surveys and case studies were selected as part of the thesis's research strategy. More specifically, the survey method was employed in Study I (Paper B) and Study II (Paper C), whereas Study III (Paper D) and Study IV (Paper E) followed a case study design. Paper A is a conceptual paper and part of Study I.

A survey design is frequently associated with deductive research and allows the collection of large amounts of quantitative data. Survey data are usually standardised and analysed quantitatively in order to suggest possible relationships between variables (Saunders et al., 2008). In contrast to a survey, case studies follow inductive reasoning and allow researchers to further explore and comprehend the context of their studies, as they are not restricted to a specific number of variables (Yin, 2014). Two of the most widely used case study strategies include *single* and *multiple* cases. Whilst a single case represents a unique case, multiple cases enable researchers to generalise their findings (Yin, 2014). Finally, the data collection process in case studies can be implemented through various techniques, such as interviews and observations (Saunders et al., 2008).

2.4.1 Reflections on mixed methods

Different research approaches and methods were used in the four studies. The use of both qualitative and quantitative research methods provides not only relevant and supported answers to the research questions, but also a valuable journey for me as a doctoral student. An important part of this thesis is to understand the methodological rationale and execution throughout the research journey aimed at answering the research questions. Exploring and identifying new phenomena, developing and testing models through case and quantitative methods, and testing hypotheses has given me broad and valuable insights into selecting suitable methods.

When attempting to expand the existing theory and general body of knowledge in a certain field, it is of importance to select the relevant and appropriate type of research. Is a qualitative or a quantitative approach the way forward? Both approaches intend to create a better understanding of how individuals, systems, institutions and societies act and influence each other (Sullivan, 2001).

A quantitative approach can be seen as measurable in the sense that numbers and statistics can verify an outcome aimed at making generalisations about the topic studied. Quantitative approaches are structured and formal in their attempt to find possible answers to a research question, and the researcher controls the investigation and applies statistical methods to ensure the outcome.

In contrast, a qualitative approach is well suited when the aim is to gain a deeper understanding of a complex area where less is known about the activity or process studied. According to (Gammelgaard, 2017), qualitative studies are not fully accepted in logistic and supply chain management (SCM) research. According to Ketokivi and Choi (2014), qualitative research is suitable when the study's objective is to examine concepts and their meaning and interpretation in a specific context.

Overall, a mixed methods approach was adopted in the thesis research in an effort to appropriately address the three research questions. Based on the fundamental principles of pragmatism and the nature of the thesis, the researcher concluded that quantitative and qualitative methods give a better opportunity to provide insightful answers to the research questions, as they enable a better evaluation of all the research findings (Tashakkori and Teddlie, 2003). The design and methodology of each study in this thesis is thoroughly explained below.

2.4.2 Study I: Literature review and survey method

The overall objective of Study I was to understand the literature and theory around return policy and its impact on consumer behaviour. Study I began with a literature review in order to identify previous research and the relevant theories that can

explain consumer behaviours. As a key result, Paper A presents a conceptual model for how the relationship between perceived return policy leniency relates to consumer purchase intention.

A survey study was then carried out to empirically test the conceptual model and provide an answer to RQ1: *How does perceived policy return leniency impact purchase intention in internet retailing?* The perceived leniency of the return policy was measured through a 4-item scale adapted from Hsieh (2013). The 4 items were adapted to measure the level of trust and after that, the purchase intention was captured through a 3-item scale adapted from Pei et al. (2014).

The survey was a randomly distributed as an online questionnaire to students in a major student city in Sweden. After discarding incomplete answers, data from 730 valid responses were received and recorded. The selection of students as the study's sample was deemed appropriate, since students represent generation Y (individuals born during the 1980s and early 1990s). This generation forms a vital and important part of the online customer community (Delafruz et al., 2010). The respondents were asked to focus on their shopping experience in online stores when responding to the questions. For more details about the survey procedure and analysis, please see appended Paper B.

2.4.3 Study II: Survey method

A follow-up survey study was carried out building on the importance of trust in online retailing and the known differences in how the genders react to signals in IR. The study put forward the hypotheses that trust is more relevant for men while reputation resonates with women. The data collected in Study I were used in Study II. The outcome variable – purchase intention – was measured by asking subjects to rate 3-items on a 7-point scale (Pei et al., 2014). The 3 items were: I would be willing to purchase at this store; It is very likely that I would make a purchase from this store; The probability that I would make a purchase from this store is very high. Reputation was measured by asking subjects to rate 4 items on a 7-point scale from Pei et al. (2014) and Teo and Liu (2007). The 4 items were: The retailer has a good reputation in the market; The retailer has a reputation for being honest; The retailer has a reputation for being fair; The retailer has a reputation for being consumer oriented. Trust in the online site was measured by asking subjects to rate 6 items on a 7-point scale from Hsieh (2013). The 6 items were: The store cannot be trusted at times (reversed coded); The store can be counted on; The store has high integrity; The store is honest; I have confidence in the store; I am willing to let the store make important decisions without my involvement. Gender was measured as a categorical variable, and to reduce the risk of competing explanations, controls were created for age and income levels.

2.4.4 Study III: An exploratory multiple case study

In contrast to Studies I and II, Study III has an inductive approach using the case study research method. The aim of Study III was to explore and describe returns management processes and actual practices carried out in selected case companies when handling product returns in internet retailing and further shed light on RM strategy formation by identifying misalignments. The study is reported in Paper D and addresses RQ2.

Gammelgaard (2017) states the importance of reflecting on the choice of cases and Flyvbjerg (2006) mentions that cases should be selected for their richness in information rather than the ability to generalise. In addition, the selection of critical cases enhances the validity of the study and its generalisation capability. The cases that were selected in Paper D represent a variety in product assortment, size and channel and also present a broad range in return processes, activity and management. All the selection details are listed in Paper D.

When choosing the case study as a method, it is vital to understand the purpose of the research (Gammelgaard, 2017). Case studies are used to inductively explore phenomena that are yet unknown and thereby build theory. Nevertheless, multiple case studies enable the researcher to draw conclusions and make generalisations. The aim of Paper D was to explore and describe the return activities carried out in the case companies, as well as to test and verify existing theory and to extend the theoretical knowledge in the field of return processes.

Multiple sources were used to collect data: twenty-six managers were interviewed in twelve case companies and four logistic service providers. Semi-structured interviews were used with forty-six open-ended questions. The interviews lasted on average ninety minutes. The interviews were recorded and transcribed. On site observations and personal order placement was also used to verify the return process and its activities. The logistic service providers were included to ensure full data collection for the complete flow of goods in the return process. The interview respondent sample was agreed upon with each retailer to ensure that the right people were interviewed.

Three researchers carried out the interviews, the transcribing and the thematic coding of the material. Inspired by practice theory (Nicolina, 2012), a reiterated zoom-in zoom-out process was used to derive the activities companies use in their RM process. The zoom-in process represents the within-case, resulting in a single case description. Zooming out means looking at a broader context and at the results from a different angle. This becomes the cross-case analysis that increases the internal validity of the case study (Hallinen and Törnros, 2005). Reiterating this process resulted in the outcome of thematically organised return activities carried out by the case companies.

2.4.5 Study IV: A confirmatory multiple case study

In Study IV, a confirmatory multiple case study was applied focused on returns management strategies, whilst the key drivers behind creating a successful strategy were examined. The confirmatory case study approach tests the theory using case studies rather than developing them. Every confirmatory case study must rest on a priori theory-based hypotheses or frameworks that drive the research (Barrat et al., 2011; Voss et al., 2002). Unlike correlational hypotheses found in surveys, case study hypotheses are suited for proposing the existence of a phenomenon, or the presence or absence of a phenomenon under certain conditions (Johnston et al., 1999). The intent of this research was to assess a RM strategy alignment framework in an online retail context. In order to shed light on this issue, case research was appropriate, since RM strategies are an emerging contemporary phenomenon.

The primary data were collected through a series of interviews, while direct observations during field and site visits (warehouses, headquarters, websites, etc.) were used to complement the interviews. Fifteen key management staff involved in product returns were interviewed. Respondents were selected through a dialogue with each retailer that resulted in a variation of respondents. The interview guide had three sections covering return policy, return process, and company goals and strategy, with open-ended oriented questions where the respondent was asked to critically reflect on practices and his or her experiences. This gave opportunities for respondents to describe their everyday interactions and challenges in managing product returns. All interviews were carried out face-to-face, and were recorded, transcribed and validated by the respondents.

Table 2-1 presents an overview of the studies and the methodology that was employed to address the research questions.

Table 2-1: Overview of studies and methods

	Study I	Study II	Study III	Study IV
Research question	RQ1	RQ1	RQ2	RQ3
Research approach	Deductive reasoning	Deductive reasoning	Inductive reasoning	Inductive reasoning
Research nature	Descriptive	Descriptive	Exploratory	Exploratory
Research design	Survey	Survey	Case study	Case study
Research methods	Quantitative	Quantitative	Qualitative	Qualitative
Level of analysis	Online consumers	Online consumers	Companies	Companies
Corresponding paper	Paper A Paper B	Paper C	Paper D	Paper E

2.5 Reflections on research quality

There is an ongoing discussion about how to measure research quality. Several frameworks exist that highlight the importance of rigour versus relevance (Mentzer, 2008) and also criteria related to credibility, transferability, dependability, and confirmability (Hirschman, 1986). However, the predominate criteria for evaluating research quality include assessments of validity and reliability. In the following sections, construct validity, internal validity, external validity and reliability (Yin, 2014) are presented and their role in the thesis's studies is discussed. These aforementioned criteria, which are met in both qualitative and quantitative studies, are essential for the reflection on research quality.

2.5.1 Construct validity

Construct validity refers to the selection and identification of appropriate construct measures (Yin, 2014). There are several ways to test validity but there is no real way to establish an absolute certainty of validity (De Vaus, 2002). For Studies I and II, three types of validity were relevant: content validity, construct validity, and criterion validity (Hair et al., 2007). Content validity refers to the degree the measure captures different dimensions of a construct (De Vaus, 2002). This can be assessed by letting experts review the specific construct, which means that the determination of its validity is based mainly on judgment (Cooper and Schindler, 2008; Hair et al., 2007). In Studies I and II the issue of content validity was managed in the questionnaire pretesting phases, when the draft version of the questionnaire was pretested by experienced logistics researchers and potential respondents.

Construct validity is defined as 'the extent to which an operationalisation measures the concept it is supposed to measure' (Bagozzi et al., 1991, p. 421). Two types of construct validity were in play: convergent validity and discriminant validity. Convergent validity exists when the items of a measure are highly correlated. Discriminant validity addresses the question of whether two different constructs in a model are really distinct from one another (De Vaus, 2002).

Convergent and discriminant validity were assessed through confirmatory factor analysis (c.f. Gerbing and Anderson, 1988). The criterion for acceptable convergent validity was that all items in a certain scale load strongly on its intended factor with the recommended thresholds of at least 0.5 but preferably showing 0.7 or higher (Hair et al., 2007). For discriminant validity to be present, different constructs should not correlate too highly (Bagozzi et al., 1991). Finally, criterion validity can be assessed by comparing the outcome of a measure with the outcome of a well-

established other measure of that construct and determining whether they are correlated (De Vaus, 2002).

In Studies III and IV, multiple sources of data and a review of case study reports helped in constructing validity. Paper D involved three researchers who conducted semi-structured interviews with 26 key staff who were involved in product returns. The choice of respondents was discussed with senior management teams from each company to ensure that the relevant manager was selected. This multiple source data collection combined with the investigator taking on a consumer role by placing orders to get the angle of the consumer, and by site visits improved the construct validity. The collected data were thematically coded, per case in a zoom-in mode, representing a within-case analysis and resulting in a case study report. This, in turn, was reviewed by key informants and involved researchers.

2.5.2 Internal validity

Internal validity measures the causality of a given variable. Otherwise stated, internal validity examines whether a cause-and-effect really exists (Levine and Parkinson, 1994). This criterion heavily depends on the rigour of the study, namely the extent to which a study has been designed in a careful, methodical and systematic way (Shadish et al., 2002). A rigorously performed study minimises the risk of alternative explanations for the examined relationships, whilst strengthening the value and robustness of the findings (Brewer, 2000). In order to improve the internal validity, the researcher used rigid sampling criteria and carefully disclosed information to participants to avoid biased responses. Moreover, the studies' protocols with regards to ethics, confidentiality and anonymity were strictly followed in all data collection rounds. The conceptual study (Paper A) included a thorough literature review and references from scientific theories forming the derived model in the study. Furthermore, the study was reviewed, co-authored and scrutinised by a senior scientist specialising in the specific subject. In Study I the conceptual model was empirically tested, and a confirmatory factor analysis was conducted to determine the fit of the data into the model. Alternative models were tested to derive a final model fit to explain and test our hypotheses.

Study III was mainly an exploratory study where pattern matching, and explanation building were relevant measurements to ensure scientific quality. The investigating patterns in each case concerning RM activity practices supports internal validity.

2.5.3 External validity

External validity refers to how robust, representational and generalisable a cause-and-effect relationship is (Lynch, 1982). External validity was enhanced, first and foremost through the high extent of realism of all the established measures that were employed in the studies: the instruments (questionnaires and interviews) were expressed in plain, everyday language and revolved around topics that were familiar to the respondent (Winer, 1999). In addition, some of the previous results were reassessed in the multiple studies of the thesis (Papers A, B and C), and each time, new procedures and variables were introduced and tested. More specifically, the first step in Study I was to conduct a thorough literature review and, consequently, to create a conceptual model that could explain the relationship between perceived return policy leniency and purchase decision, and also examine the mediating role of trust. The thesis researcher concluded that the model explaining consumer purchase intention in an online environment, based on customer perception of return policy leniency, cannot be seen as generalisable outside the field of RM (Paper A).

When testing the same conceptual model of Study I (Paper B) on students in a certain age group representing generation Y, who are specifically active in online trades, the results validated all the Paper A suggestions. Students are an important and relevant group of online consumers (Delafrooz et al., 2010), which enabled the researcher to draw general conclusions for online customers.

In the case study research, external validity established a domain in which the study's findings can be generalised (Yin, 2014). Study III was a multiple case study where context is imminent. To ensure external validity the case companies were carefully chosen from a wide range of industries, size and type of product sold. Together with four logistic service providers (LSPs) the cases also involved reverse logistics. The use of replication logic and cross-case analysis across all these cases enhanced the external validity.

2.5.4 Reliability

The reliability of a measure is described as the degree to which the data collection and analysis techniques can produce consistent and reliable findings (Easterby-Smith et al., 2008). Reliability consists of two aspects: *repeatability*, namely the consistency of the results when data is used later on in another study, and *internal consistency*, which explains how stable the measurement is throughout the measuring points. Construct reliability is assessed when the researcher evaluates if the utilised measures do not contain random errors and, therefore, can generate results that are consistent (Zikmund, 2000; Oghazi, 2009). Reliability differs from validity by focusing on the efforts to measure the same attribute through comparable

methods as opposed to measuring the same attribute through different methods. Reliability is consequently fundamental for a measure to be valid, but not enough to prove validity (Churchill and Iacobucci, 2006).

A well-recognised measure of internal consistency is the calculation of the Cronbach (1951) alpha coefficient. The alpha (α) coefficient has an advantage in that it gives a summary measure of the intercorrelations that exist between a sample of items on a range between 0 and 1 (Hair et al., 1998; Churchill and Iacobucci, 2006). This value should ideally be above 0.7 (Hair et al., 1998). If the conclusion would be replicated by another researcher at a later stage, it would mean that the first study was reliable. In Study I the literature study and references were documented leading up to the proposed conceptual model. When testing the model, the statistical tools and methods presented in Papers B and C ensured reliability.

To demonstrate repeatability in the case studies the design was explained, defined and documented, together with the semi-structured interviews and the transcription and coding of the same. Moreover, a case study database was created where all data were safely kept. In Study IV, Nvivo12 was used for coding and analysis, which meant a well-documented source of empirical material as well as coding.

3. Frame of reference

This chapter outlines the literature and theoretical concepts used in this research and thereby functions as a frame of reference. The focus is on returns management and return policy, with the associated theories used to explain consumer behaviour. In addition, supply chain orientation and alignment are explained.

3.1 Returns management

Lambert and Cooper, (2000) argue that to successfully implement supply chain management, all firms within a supply chain must overcome their own functional silos and adopt a process approach. This means that returns management is a key process in supply chain management (see Figure 3-1).

When implementing and designing RM in a company, it is important to understand and determine the goal, strategy and desired outcome of such management. Consideration must also be given to the various stakeholders and the impact of RM on them. The aims of the various stakeholders differ and there has been a shift of emphasis in the literature. For example, Rogers and Tibben-Lembke (1999) suggest that research shows a shift in focus from understanding the cost of returns to trying to understand the possibility of recovering value in the return process. Moreover, recent studies show a further shift towards a focus on customer value through the RM process (Griffis et al., 2012) and for the RM process to generate more profit in terms of performance and competitive advantage (Mollenkopf et al., 2011; Griffis et al., 2012; Stock et al., 2002). This new focus of the RM process, from cost to value creation, shows that there are more dimensions to RM research than reverse logistics and cost recovery (Mollenkopf et al., 2011).

RM has become increasingly more relevant for companies with growing internet retail where the return levels are higher compared to physical retail. As a consequence, the increase in returns for these companies renders a logistical headache and increased cost. The cross-functional integration of RM in B2B and process improvement have been discussed in the literature (Mollenkopf et al., 2007; Mollenkopf et al., 2011; Genchev et al., 2009), but less so when it comes to B2C and the RM dimension between company and consumer.

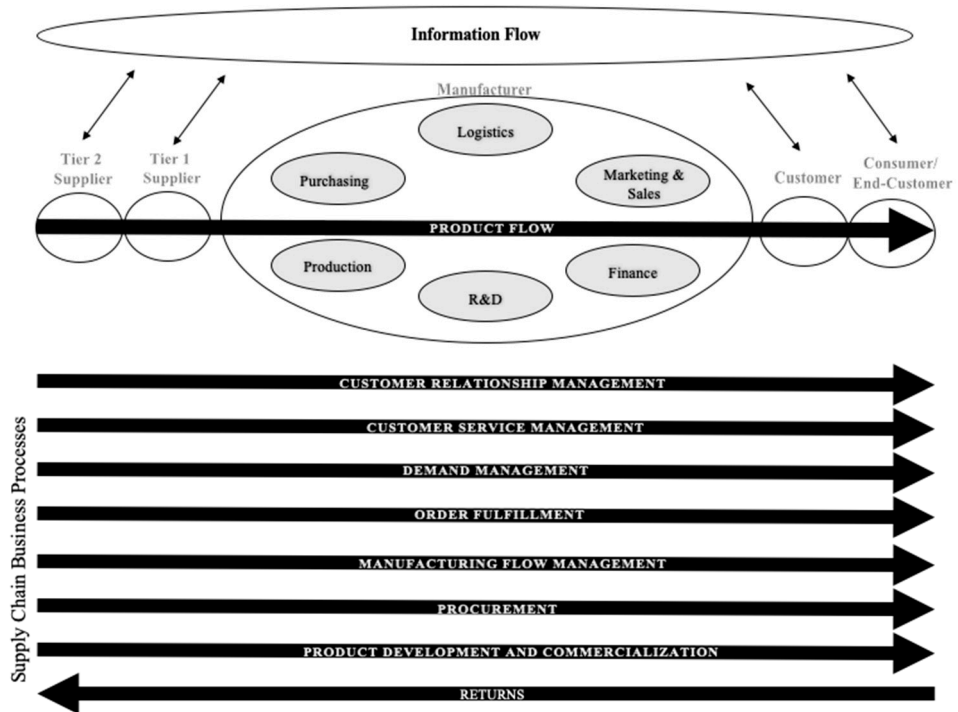


Figure 3-1: Supply chain management: integrating and managing processes across supply chains (adjusted from Lambert et al., 2000)

Based on Rogers et al.'s (2002) seminal paper on RM, the definition of the returns management process encompasses activities such as returns, avoidance, gatekeeping and reverse logistics (see Figure 3-2). When designing a RM process, it is important to consider all the activities and the interplay among them. Rogers and Tibben-Lembke (1999) and Rogers et al. (2002) claim that avoidance and gatekeeping of the return flow are essential; optimisation of the physical reverse flow of products would not suffice. However, as a start, it is important to understand what type of returns must be managed. This leads us to the returns activity. Figure 3-2 depicts a visual scheme of all the activities that form part of the returns management process. Each element of the process is discussed in the following sections.

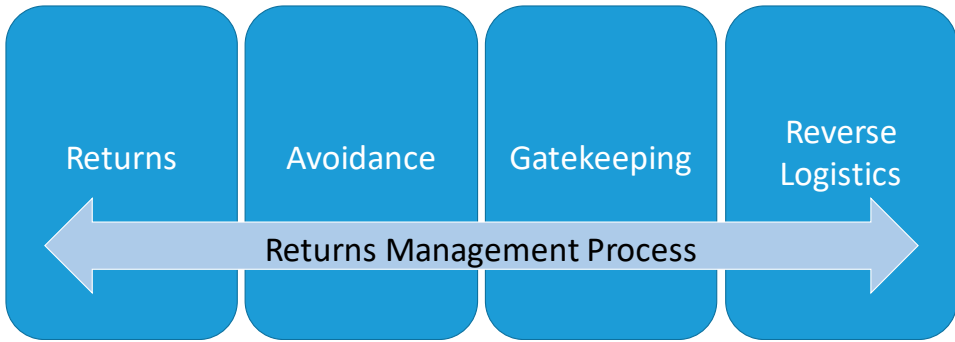


Figure 3-2: Schematic illustration of the returns management process activities

3.1.1 Returns

Returns policies refer to a big group of return types. That is why it is very important to identify the exact type of return before designing its relevant return policy. Rogers et al. (2002) classified the broader area of returns as follows:

- Consumer returns
- Market returns
- Asset returns
- Product returns
- Environmental returns

Consumer returns are defined as returns caused by a regret purchase by a customer or by a defect in the product. These returns are difficult to anticipate, especially in the B2C sector, and it is thus important to understand their real cause. A good starting point is the field of consumer behaviour, which can help researchers understand, explain and mitigate consumer returns. *Market returns* refer to those goods returned due to slow sales downstream, resulting in a non-attractive product offer in the marketplace. Such goods can also be seasonal products returned after season buy-outs, where a supplier finances inventory to gain shelf space. *Asset returns* are the ones decided by company management. These usually involve expensive items such as oil drilling equipment and reusable delivery packaging solutions. Asset returns often take place in a B2B setting and aim at optimising corporate profitability and general balance sheet management. *Product returns* are returns resulting from safety or quality concerns. They can be initiated voluntarily by the supplier or even caused by rules and regulations from governing authorities. *Environmental returns* result from environmental regulations such as the disposal of hazardous goods. A regulatory framework may limit the alternatives for a

company on how to handle these returns. Producer responsibility in certain product groups stipulates the rules for how these returns should be managed (Hjort et al., 2013).

3.1.2 Avoidance

Avoidance activity aims at finding ways to minimise requests for returns and by doing so, the reverse flow of goods will be reduced or stopped. In the scholarly literature, several ideas for avoiding returns have been mentioned, such as improving product utility or upgrading their quality (Bernon et al., 2013). Training and educating customers on how to use products and general user-friendliness (Stock and Mulki, 2009; Huang et al., 2016) are other ways to avoid returns. Hjort (2010) found that the return rate in distance selling can be related to delivery lead time, customer age and how orders are placed (by phone, mail or online, for example). This implies that return behaviours differ, and the solutions need to be specific. Improved guidance in terms of size, fit and colour can also reduce the return flow. Moreover, avoidance techniques for product-centric returns include improved order fulfilment and more responsiveness to customers (Mollenkopf, 2010). Effective avoidance processes help internet retailers avoid costs and increase revenue, thereby creating value for customers. However, retailers who adopt lenient return policies to signal trust and quality may impact revenues negatively. In fact, lenient return policies can result in a high return volume and, inevitably, stricter avoidance policies will have to be developed to dampen the increased return flow (Lambert and Enz, 2017). Consequently, implementing the appropriate avoidance structure to fit to the business can be a balancing act for retailers.

3.1.3 Gatekeeping

Rogers et al. (2002) define gatekeeping as the screening of return requests and the returned items, which should happen at the entry point of the return. The gates can appear in more than one place in the supply chain (Hjort, 2010). With an effective gatekeeping procedure, certain returns can be stopped, and a reverse flow of goods will not be incurred. One example is when the cost of a return, including transport and handling, is greater than the value of the returned product. Balancing these activities thus requires an understanding of the cost involved in the return versus the value of each product (Mollenkopf, 2010).

In online retailing the obvious challenge is the difficulty of inspecting goods prior to their return (Griffis et al., 2012). According to Hjort (2010), IR companies in Sweden and other markets often provide customers with pre-printed return forms, which means that gatekeeping is not possible until the product has already reached

the company's entry point. Hence, new solutions are required for gatekeeping in distance selling where the importance of value creation from returned goods is challenging because the handling time of the return process is negatively affected (Mollenkopf et al., 2007).

3.1.4 Reverse logistics

Even though companies have started to realise that a delivery is not necessarily the end of the customer relationship, they still consider the reverse flow of goods as a low-priority activity (Genchev, 2009). Reverse logistics is a field itself; however, in relation to returns management, it is one activity that needs to be considered together with gatekeeping and avoidance.

Returns in internet retailing often originate from consumers changing their minds, and the most plausible way of handling such commodities is to try to resell them. Rogers and Tibben-Lembke (1999) describe an alternative way of disposing of goods, such as reselling them in a secondary market, recycling the product or giving it away to charity.

Designing the reverse flow demands that the cost of re-entering the market is taken into account. Depending on the value of the product, a responsive approach could be more appropriate rather than a low-cost approach, which tends to cause delays in handling (Blackburn et al., 2004). High-value items or time-sensitive returns should be handled differently than just looking at the lowest cost of return. Blackburn et al. (2004) argue that a decentralised set up, where knowledge on how returns are being disposed of as well as finding early, quick and inexpensive means to find out the status of the returned product, is necessary.

3.2 Supply chain orientation and alignment

The concept of supply chain orientation (SCO) was developed as an evolution of the SCM literature. In the salient work by Mentzer et al. (2001, p. 14), SCM is defined as, 'The systemic, strategic co-ordination of the traditional business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole'. SCO is defined as, 'The recognition by a company of the systemic, strategic implications of the activities and processes involved in managing the various flows in a supply chain'. SCM focuses on managing interactions between the supply chain members while SCO visualises the understanding of the SCM strategy. An organisation must understand and agree on

an SCO before it can create an effective strategy for its supply chain processes (Min and Mentzer, 2004). SCO represents a shared value and belief system that aids in understanding how an organisation should strategically manage its supply chain, and the behavioural norms needed inside the organisation (Deshpande and Webster, 1989).

To operationalise SCO and make it more tangible and applicable in formulating effective strategies to manage supply chains, Esper et al. (2010) categorised SCO into four structural key elements: organisational design, human resource, information technology, and organisational measurement.

The *organisational design* element is the assessment and decision on how to communicate, divide the workload, and co-ordinate and control the workflow to achieve the goals of the supply chain and of the company. This is particularly important because tighter integration is essential in SCM, and effective process co-ordination depends on it (Mollenkopf et al., 2010).

The *human resource* element refers to having the right people in the organisation with appropriate skillsets and the ability to have a broad view of the company decisions and goals and transform them into efficient activities and processes in the supply chain.

Information technology contains the area of sharing information and the usage of systems for planning, replenishment and ordering. A seamless flow of information improves decision-making in the supply chain.

Organisational measurement refers to systems of measurements that enable fact-based decision-making, but also work as a means for management to express priorities and focus on generating change.

Esper et al. (2010) extended the notion of SCO. They mean, in essence, that there needs to be a fit between the firms' supply chain strategy and its structural support for managing supply chains. The understanding of the fit or a certain level of alignment is central when members of organisations align strategies in pursuit of common goals (Defee and Stank, 2009). When members of the supply chain do not pull in the same direction, competitive advantage cannot be achieved. Alignment is closely tied to effectiveness in strategic SCM (Hult et al., 2007) and is defined by Lee (2004) as consistency in the interests of all participants in the supply chain. Berry et al. (1999) defined alignment as '... to jointly develop consistent strategies' and Calantone et al. (2002) describe alignment as 'cross-functional harmony'.

Lack of alignment between functions such as marketing and operations is seen as the underlying reason for firms not being able to achieve their strategic objectives (Berry et al., 1999). Mollenkopf et al. (2007) showed that the RM process is truly cross-functional and that firms with higher levels of functional integration were more adaptive and proactive in effectively managing returns. In a B2B context,

Mollenkopf et al. (2010) further identified alignment of those functions as a must to create value in the RM process. Correctly aligned RM can utilise operational capabilities and proactively respond to marketing and the overall business goals of generating sales. Accordingly, Rogers and Tibben-Lembke (1999) and Rogers et al. (2002) emphasised the importance of first agreeing on goals and strategy before developing a co-ordinated RM process. However, Hjort et al. (2019) found that e-retailers do not have clear goals and strategies when establishing their returns processes and argued that this is the result of incoherent policies and practices, and lack of alignment.

3.3 Return policy and consumer behaviour

Return policy refers to the rules and conditions governing the customer, that is, the company relationship which the customer has to oblige to when returning a product. When designing a return policy, the reason for returns needs to be analysed and verified. Returns in internet retailing pose an obvious challenge to the retailer as there is no ‘touch and feel’ possibility for the customers and that is why returns will most probably always be a part of internet retailing. But with a thought-through and a well-functioning return policy, companies can create a potential competitive advantage (Stock and Mulki, 2009). The perception of the return policy among potential customers is a key area to understand in order to create a competitive advantage.

Consumer product returns mark challenging discussions throughout the world (Bower and Maxham, 2012). Such a challenging context has raised the attention of scholars on various corresponding aspects. Accordingly, Abdulla et al. (2019) state that the domain of return policies has gained significant importance over the course of the last six years, as roughly half of the related publications took place during this time.

Return policies, within the context of business decision-making, are portrayed by the degree of leniency for customer returns. Some firms have considerably lenient strategies where returns are convenient, can take place at any time, and are fully refundable. Other return strategies, though, are less lenient and have certain restrictions, such as limitations on the permissible return time, restocking fees, or even outright denial on certain products returns (Abdulla et al., 2019).

An important debate in the domain of return policy is centred on its impact on consumer behaviour. In this regard, Abdulla et al. (2019) state that the main motivation behind examining the relationship between the return policy and consumer behaviour is to elaborate the effect of different policies on sales and

returns. Hence, adopting a relevant and appropriate strategy can play a vital role in business success (Chen et al., 2018).

Consumer product returns can have a significant impact on a firm's competitive advantage. Nevertheless, it is often associated with high costs, particularly when firms offer lenient return policies, as this can result in a potential escalation in the number of returned products (Mukhopadhyay and Setaputra, 2007). Blanchard (2007) points out that US retailers and manufacturers allocate annually more than 100 billion dollars on return-based logistics, which constitute an average of a 4% annual revenue drain (Chen et al., 2018).

Yet, in a meta-analytic review, Janakiraman et al. (2016) reveal that lenient return policies lead to higher product purchases than returns. Leniency influences consumer behaviour and as a result, affects performance at both the firm and supply chain levels (Abdulla et al., 2019). Customers perceive leniency of return as a strong motivator for purchasing decisions and most of them take the return policy into the account prior to shopping (Mukhopadhyay and Setaputra, 2007). Customers' knowledge that they are allowed to return the purchased product can reduce the perceived risk at the purchase time (Petersen and Kumar, 2010).

Moreover, the impact of a lenient return policy is not only limited to the short-term purchasing behaviour but can also increase sales in the long run. In this context, based on a longitudinal study, Bower and Maxham (2012) argue that customers under a free return policy will have a significantly higher post-return spending compared to the pre-return era, whereas customers under a fee return policy will have a significantly lower comparative post-return spending. Such higher post-return spending behaviour may be due to the decrease in customers' perceived risk and increase in their level of satisfaction throughout the execution of product purchase and return (Petersen and Kumar, 2010).

Additionally, Petersen and Kumar et al. (2008) examined the impact of consumer product return on the cross-buying behaviour of consumers. Cross-buying refers to the extent of diversified categories of products that a customer purchases from a firm. In this regard, their study reveals that there is a positive correlation between the consumer product return ratio and cross-buying up to a certain threshold and after that it becomes negative. They thus suggest firms to pursue well-grounded return strategies to improve customers' trust and satisfaction in order to attract them to more varied product categories.

The factors to consider when designing a return policy have been studied and discussed among researchers. Suwelack and Krafft (2012) conclude that policies vary depending on their terms. Davis, Hagerty and Gerstner (1998) classify return policies in five restriction factors: 1) whether a store provides cash refund or product exchange, 2) if a receipt is required, 3) if the original packaging is necessary, 4) if

visible signs of usage are allowed or not, and 5) whether return time limits exist. Janakiraman et al. (2016) conclude in their significant meta-analytical review of return policy leniency and its effect on consumer purchase and return decision, that there are five factors to consider when designing and creating a return policy (for a more detailed description see appended Paper A). These factors, which are discussed below, include time, cost, effort, scope and exchange.

Time – Offering a longer return time period can lead to fewer returns (Janakiraman et al., 2016). Letting the consumer have the product for a longer time can lead to an ‘endowment effect’, describing customers who ascribe value to the product and are less inclined to return it (Janakiraman and Ordónes, 2012; Wood, 2001).

Cost – The decision of a firm to either charge for returns, or offer free-of-charge returns, has an impact both on sales and on the number of returns (Janakiraman et al., 2016; Bower and Maxham, 2012). Hence, there is a knock-on-effect on short-term revenue, as well as, on long-term sales (Hjort et al., 2013).

Effort – Effort, in the returns management literature, refers to all the necessary actions that a consumer must take in order to return a product. These actions include the need for filling in documents, packing the products according to specific requirements and bringing the parcel to a logistics provider. Nevertheless, some companies offer prefilled return documents and some even offer to pick up returns from a consumer’s location. Undoubtedly, less effort has a positive impact on purchase intention (Janakiraman et al., 2016).

Scope – The scope characterises the coverage (full or limited) of a return policy. One area of debate is reduced-price products and whether they are covered or not by the same return policy. Moreover, legal demands typically hinder companies’ differentiation (e.g., SFS 2005:59 in Sweden) with regards to consistent return policies. However, they can always offer a more generous policy for full-priced or extensive products without pertaining to the legal demands for the full assortment return policy which may be legally implied. It is also important to mention that seasonal products require more attention when it comes to scope (Peterson and Kumar, 2010).

Exchange – What does the consumer get in exchange when returning? It could be credit for future purchases, a new product or money back. Offering cash in exchange reduces the customer risk and thereby increases the likelihood of a successful customer purchase decision (Wood, 2001). However, and interestingly enough, the advantage of receiving cash back does not always result in increased returns. From an exchange leniency perspective, Heiman et al. (2015) point out that store credit can be seen as lenient and their results revealed that store credit returns are perceived to have less value for consumers compared to a money-back guarantee.

3.4 Theoretical frameworks

Understanding returns management in depth and designing appropriate return policies is of utmost importance. The field of consumer behaviour provides a suitable theoretical framework that enables researchers to further comprehend the underlying mechanisms in RM. For the purposes of this thesis, the researcher applied signal theory and justice theory.

3.4.1 Signal theory

Signal theory explains how decisions are made between two parties that have a different set of information and knowledge at hand (Bergh et al., 2014). Connelly et al. (2011) explain that through signalling the parties can reduce information asymmetry and thereby ensure a better decision-making process. A signal sent from a company often aims to show the company's ability, which the potential customer might not be aware of. Signal theory applies to marketing, especially communication between consumers and the company, where the company would expect a certain set of actions from the consumer. In general, companies naturally focus on positive signals (Connelly et al., 2011) but in signal theory, negative signals can also be encompassed, intentionally or unintentionally.

As there is no physical examination of the product in distance selling, it could be argued that information asymmetry is greater than in the traditional retail market (Pei et al., 2014). Online trade therefore demands signals of trust, as the risk of buying is higher (Wood, 2001). One important way to reduce the risk is to signal trust and confidence with a return policy that is generous or offers money back if the product is not what the customer expected.

According to Aikman and Crites Jr. (2007), a person's attitude can be described as an evaluation of an object based on the information the person gathers about the object. Eagly and Chaiken (1993, p. 1) describe attitude in a similar way as 'a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour'. Even if scientists are not in full agreement, most concur that: (1) evaluation is central in defining attitude, (2) attitudes are in peoples' minds, and (3) evaluation is a mix of cognitive thoughts and imaginations about an object and affective (emotions for the object) and behavioural (acting towards the object) patterns. The information can be identified in the attitude (Olson and Zanna, 1993).

Attitudes are relevant in many research areas and are used in many theories, often to explain people's behaviour. Theories such as the theory of reasoned behaviour and its development and the theory of planned behaviour explain how an

individual's intention and behaviour are formed by the attitude of the individual (Aizen and Madden, 1986; Oh et al., 2003).

The theory of planned behaviour explains that the attitude towards a certain object is based on an evaluation of the individual's subjective imagination about the outcome of the behaviour (Mathiesen, 1997). The theory explains that subjective norms and the individual's perceived control have an impact on the individual's behaviours. Scientists, such as Lim and Dubinsky (2005), suggest that attitude is the factor with the most impact and the most appropriate theory when predicting an individual's behaviour, especially when it comes to online purchasing behaviour.

3.4.2 Justice theory

Justice theory has been studied in many dimensions in the marketing literature (Adams, 1965; Bies and Tripp, 1995) and has been described in three different areas:

1. procedural justice, which focuses on decision-making processes;
2. interactional justice, which focuses on interpersonal activities between decision makers, including features such as adequate information exchange and explanation;
3. distributive justice, which focuses on social norms and rules affecting outcomes.

Researchers such as Masterson (2000) have argued that justice theory principles can be applied when trying to explain consumer behaviour. Pei et al. (2014) also concluded that justice theory can be used to explain consumer behaviour in a RM situation where there is trade-off between decisions.

According to justice theory, when people are getting a fair deal and are being treated fairly it drives their behaviour in making a decision (Nozick, 1974). The understanding of how a return policy can be perceived and can drive behaviour is grounded in scholarly research on measuring the return policy's leniency for a potential customer based on justice theory.

3.4.3 Trust and reputation

Research focused on trust has increased steadily (Hung et al., 2011). Over the past decades, scholars have studied the importance of consumer trust and confidence in a brand, and how these factors affect the likelihood of buying the brand (Laroche et al., 1996). More specifically, Ganguly et al. (2010) showed that higher trust in an online store leads to increased purchase intention. Liu et al. (2005) showed that the level of trust in an internet retailer also affects repeat purchase. Yoon (2002), Kim

et.al., (2009), and Ling et al. (2011) confirmed in their studies that trust in a seller is positively associated with purchase intention. Accordingly, there is clear scholarly support for the notion that trust affects purchase intention and purchase decision.

Reputation can also facilitate online transactions. Reputation allows for lower transaction costs and lower risk (Akroush and Al-Debei, 2015). Given the multifaceted risks in online purchases, a good reputation can help develop a bond that strengthens trustworthiness, improves integrity and promotes reliability in ongoing transactions (Hsu et al., 2014). Moreover, having a good reputation lowers the behavioural uncertainty in online exchanges and signals the implicit quality of an online retailer. Eisenbeiss et al. (2014, p. 257) argue that ‘firm reputation can also serve as an important heuristic cue in post-purchase situations’. Recent research, drawing on signal theory has highlighted the value of reputation in online exchanges wherein customers lacking information about an online retailer use reputational cues to develop beliefs and drive purchase intentions (Kozlenkova et al., 2017; Li et al., 2015). ‘Reputation reduces perceived risk, signals higher quality, and provides an ex-ante assurance of a reliable exchange’ (Paper C).

4. Results from appended papers

This chapter provides a brief summary of the results from the four appended papers. Paper A proposes a model for the connection between consumer intention to buy and perceived return policy leniency. Paper B tests the hypothesis of the link between perceived return policy leniency and the decision to buy and Paper C studies the impact of trust and reputation on male versus female recipients. Paper D explores returns management practices carried out by internet retailers relating to RM processes. Paper E sheds light on the formulation of RM strategies, involves RM components and identifies misalignments.

4.1 Paper A – Return policy and purchase behaviour: A conceptual model (Study I)

The aim of the research presented in Paper A was to provide a theoretical framework on how consumer purchase decisions are affected by perceived return policy leniency and trust in the internet retailer. After reviewing the literature in return policy and consumer behaviour, and drawing on justice theory and signal theory, a conceptualisation of how return policy can affect consumer purchase intention was presented.

As previously mentioned, signal theory explains how decisions are made between parties when information and knowledge between them are not the same (Bergh et al., 2014). Companies send signals to convey messages that the consumer is not aware of and can drive a certain behaviour from the potential customer. A return policy is an example of a signal that a company may send out with the aim of reaching the consumer and ensuring, for example, an easy process, quality of the goods or just a fast recovery of funds if goods are returned.

Furthermore, there is a clear understanding from the literature that trust can have an impact on the consumers' willingness to buy. Trust also has a positive impact on repeat purchase (Liu et al., 2005). It is evident in the pertinent literature that the principle of justice can apply to consumers' intentions to make a purchase decision. A consumer's notion of a transaction being just is when the exchange of payment corresponds to the perceived value of goods or services received. When deciding to

buy from an online vendor, consumers evaluate the efforts and cost involved and compare them to the service received. Return policy is one of those services that is evaluated. Viewing the policy as just, or perceiving it as fair, can determine the customer's willingness to choose that vendor. The role of the return policy in building trust is presented in this paper and resonates with the overall purpose of contributing to RM strategies. A trusted internet retailer increases the consumer's propensity to buy and is therefore vital in a RM strategy.

Paper A proposes a conceptual model (Figure 4-1) that aims to answer how perceived return policy leniency can impact the consumer's purchase decision. Drawing on the above conceptual development, the hypotheses for the identified relationship in the model are as follows:

H1: Perceived online return policy leniency is positively related to online purchase intention.

H2: Perceived online return policy leniency has an indirect positive relationship, via perceived consumer trust, with online purchase intention.

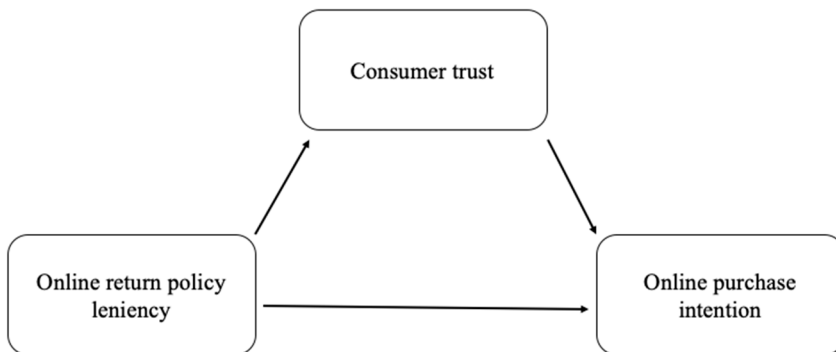


Figure 4-1: Conceptual model of the relationship between online return policy leniency and purchase intention

4.2 Paper B – Online purchase return leniency and purchase decision: Mediating role of consumer trust (Study I)

Paper B builds on Paper A to serve its purpose to examine the relationship between perceived return policy leniency and its impact on consumer purchase intention. It does so by explaining the underlying mechanisms in an online buying environment. The theoretical framework on which the thesis hypotheses are based includes justice theory and signal theory. As discussed in section 3.4.2, justice theory bolsters the notion that a set of activities can be seen as fair; this principle is also supported in the research of returns and fairness (Pei et al., 2014). In Paper B, fair and just return policies and services surrounding the return of goods were studied in the context of internet retailing.

Through an online survey of randomly selected students, 730 valid and complete answers were collected. The respondents were asked to focus on their most recent choice of online store when answering the questions. The perceived leniency was measured through a 4-item scale developed by Hsieh (2013). Potential influential variables of age, income, education, gender and frequency of online purchases were controlled for.

The Study I findings (see Figure 4-2) support H1 that perceived online return policy leniency is positively related to purchase intention. H2 was also supported: Trust was found to mediate the relationship between perceived online return policy leniency and purchase intention. Perceived leniency in the return policy does affect trust in the company and thus creates a stronger fit in the model, which treats trust as a mediating variable. After controlling for the shoppers' age, education, income, gender and frequency of online purchases, trust fully mediates the effect of perceived return policy leniency on purchase intention. In other words, leniency in online return policy is positively associated with consumer trust ($\beta = 0.74$, $p < 0.001$), and higher consumer trust is associated with online purchase intention ($\beta = 0.64$, $p < 0.01$). In a nutshell, through the results presented in Figure 4-2, Study I finds support for the effect of perceived online return policy leniency on consumer purchase intention through online shoppers' trust in an online store.

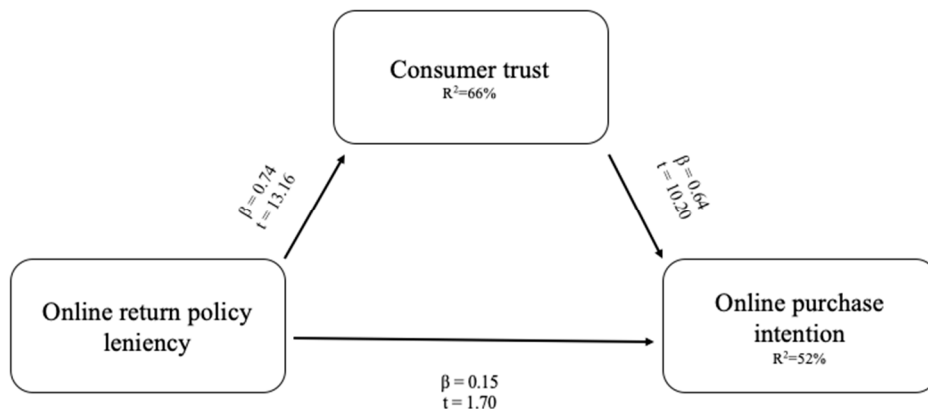


Figure 4-2: The mediating role of consumer trust in the relationship between perceived online return policy leniency and online purchase intention

Overall, Study I examined perceived policy leniency and its impact on purchase intention, and thereby, builds on the existing literature in perceived leniency (Pei et al., 2014). Moreover, the scope of Study I was broadened to examine how consumer trust mediates the relationship between perceived return policy leniency and purchase intention. Indeed, consumers assess the return policy before deciding to engage with the company (Dunfee et al., 1999). In turn, their perceived leniency of the return policy impacts the level of trust the consumer has for the company. Ultimately, and as the current results suggest, heightened return policy leniency and trust lead to an increased willingness to purchase.

4.3 Paper C – From Mars to Venus: Alteration of trust and reputation in online shopping (Study II)

Trust and reputation are well known antecedents to purchase intention in electronic commerce (Aguirre et al., 2015; Kim and Peterson, 2017). Drawing upon the risk literature which in particular explores differences in perceived risk taking between females and males (Chen et al., 2015; Chiu et al., 2014), the purpose of Study II was twofold: First, to determine if females, compared to males, are more inclined to repeated purchases when they perceive a higher reputation of the online retailer. Second, to examine whether males, compared to females, are more likely to repeat purchases when they perceive trust in online retailers.

It has already been established that females are different from males in terms of online shopping patterns (Zhou et al., 2007). Hasan (2010) showed that females have a greater urge to touch and feel when buying online, while males have a greater preference for convenience. Research in social psychology shows that, in general, males are more likely to trust than females (Van Slyke et al., 2002), whereas females look for lower dissonance and risk, and seek higher status (Cyr et al., 2007). There are also differences between the genders in the way signals are perceived (Liang, 2016). For instance, reputation may improve self-concepts and fashionableness in women (Hsu et al., 2014; Lu, 2017; Mousavizadeh et al., 2016). This means that reputational signals can impact females more than males.

The Study II was conducted through an online survey initially sent to 4,890 students, resulting in 727 complete responses that were used as a final sample. With regards to the study's constructs, reputation was measured using a 4-item, 7-point scale from Pei et al. (2014) and Teo and Liu (2007). The 4 items included the following statements: The retailer has a good reputation in the market; The retailer has a reputation for being honest; The retailer has a reputation for being fair; The retailer has a reputation for being consumer oriented. Trust in the online site was measured using the 7-point scale from Hsieh (2013) where the 6 items were: The store cannot be trusted at times (reverse coding); The store can be counted on; The store has high integrity; The store is honest; I have confidence in the store; I am willing to let the store make important decisions without my involvement. Two hypotheses were put forward:

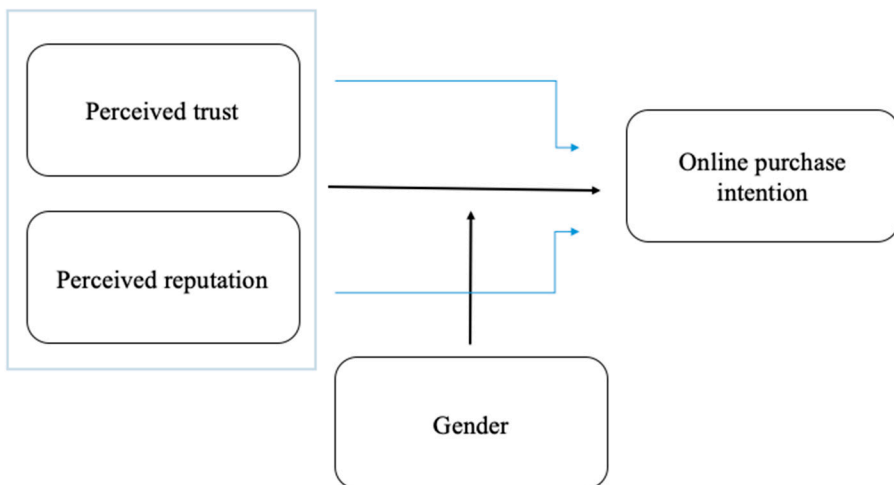


Figure 4-3: Model of perceived trust and reputation mediated by gender

H1: With enhanced reputation of the online retailer, females are likely to have higher purchase intentions than males.

H 2. With increasing trust in the online retailer, males are likely to have higher purchase intentions than females.

The hypotheses were confirmed. In particular, it was found that reputation has a greater influence on females when making a purchase decision, whilst trust drives higher purchase intention among men (Figures 4-3 and 4-5). While theory supports various differences in the way men and women perceive trust and reputation, empirical Study II contributes to theory by showing the impact of trust and reputation on purchase intention and the variations between males and females. These insights can prove useful for internet retailers who will be able to adjust and differentiate their communication strategies based on customer gender.

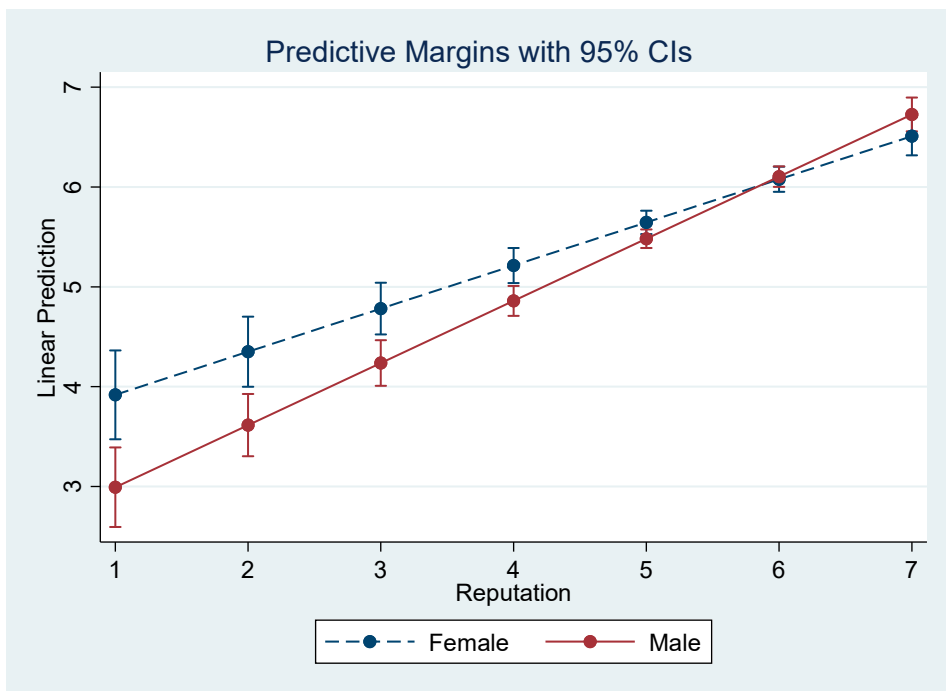


Figure 4-4: Moderation effect of gender on reputation

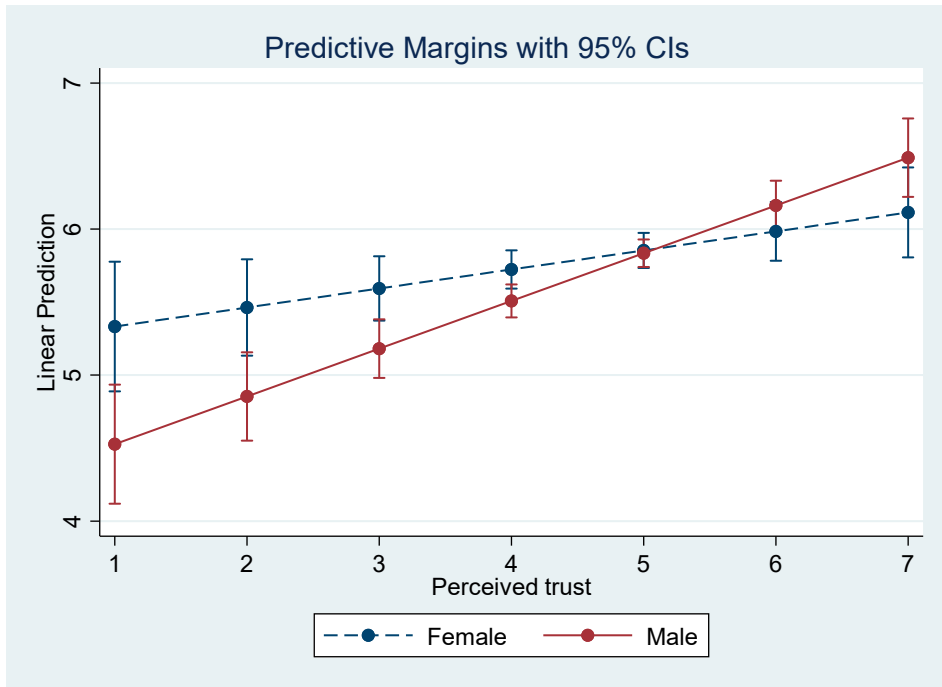


Figure 4-5: Moderation effect of gender on perceived trust

4.4 Paper D – Typology of practices for managing consumer returns in Internet retailing (Study III)

Through a multiple case study involving twelve IR companies and four logistic service providers (LSP), the aim of Paper D was to identify the practices and activities that take place in the returns management processes of IR companies but also the reverse flow through the logistic service providers. Paper D builds on the framework of the RM process developed by Rogers et al. (2002), whilst the practices employed by the companies were analysed and added to this framework. In so doing, the thesis researcher attempted to expand the knowledge on how internet retailers are managing their RM process.

Because the companies have activities that are positioned differently, and because their starting points vary, it was considered beneficial to facilitate the understanding of the practices used. In gatekeeping, avoidance and reverse logistics, the activities were categorised into themes (Table 4-1 and appended Paper D). This gives a better overview of the practices, which are thematically split. In the meanwhile, it will be

easier to address practices through these identified themes when one is further exploring the RM process designs of companies.

Table 4-1: Thematic description of returns management activities in internet retailing

Returns management activity	Themes	Description of practices
Avoidance	Sales related Pre-purchase information Post-purchase information Consumer behaviour Warehouse Product and packaging	→ Ensure right product to right customer and, improved photos, user guides, size guides. → Receive feedback, negotiate and confirm with customer. → Analyse return patterns, exclude customers, cancel orders, survey customers. → Improve pick and pack, postpone handling feedback upstream. → Quality control, offer installation, customer made products, packaging development.
Gatekeeping	Point of gatekeeping Information carrier Communication channel Outcome of gatekeeping	Point of contact can be at consumer or warehouse level. It can be digital return registration or even face to face. Disposition, credit or exchange can be the outcome.
Reverse Logistics	Collection Redistribution Disposition	→ Collect at home or service point/store. → Use service providers, return to the shelf/store. → Give to charity, outlet sale, resell in ordinary channel or waste.

A key result presented in Paper D is the extension of the RM process, which is an important contribution to the existing literature. When assessing RM through returns, avoidance, gatekeeping and reverse logistics, it became evident that one central activity was missing: service. In both gatekeeping and avoidance, almost all activities were directed to customer service in order to ease the flow of goods and money for the customer. Even in reverse flow handling, the replacement products were seen as a customer service activity. Customer service is important when handling the return flow and has a critical role in the eight companies that were studied. Clearly, customer service is an explanatory variable in RM. The activity of service should thus be seen as a vital part of the returns management process (Figure 4-6).

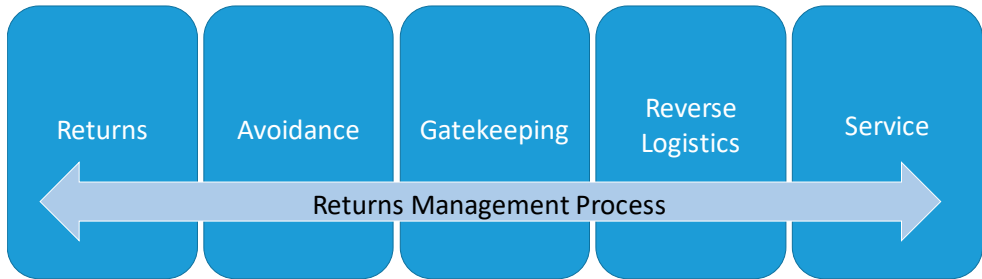


Figure 4-6: Extension of returns management process to include the proposed service activity

Another important finding is the internet retailer’s lack of goals and strategy when designing the RM process. The process is best described as a patchwork of practices developed over time with different aims. In other words, the retailers have not overcome their own functional silos and have not adopted a process approach to consumer returns. For example, a disharmony exists between avoiding returns and the sales- generating initiatives in some of the case companies.

The most frequent practice to avoid returns is to inform the customer prior to the purchase and to systematically improve the facts surrounding returns. This can be done by explicitly explaining how to use the product, adding images of the products in usage, and by ensuring that the photos are realistic to avoid disappointment. Size tools and detailed size information are also used to avoid returns. In addition, some companies indicate that in reality, their return policy is more generous than what is stated in the printed terms.

Moreover, in gatekeeping, it is required to get the actual return authorised before sending it back, but only five companies used the return merchandise authorisation form (RMA). Although digital forms significantly enhance and make the return process more efficient, only one of the 12 companies offered a digital return registration. It is clear, though, that some of the gatekeeping is in place to hinder the return process.

Another factor identified that can potentially reduce the cost, or even avoid returns altogether, is negotiating the terms of return. Similar gatekeeping practices include early crediting, whilst customers may also dispose their items instead of sending them back, an action that ultimately reduces the cost and number of returns.

With regards to customer research, very few companies use statistical methods to identify return behaviour and mitigate undesired behaviour. Actually, only two retailers actively contact customers with a high return rate in order to avoid further returns. This is a very effective technique to avoid future increased return volume. More specifically post-purchase, some companies get in touch with customers in

order to understand why the return happened with the aim of avoiding similar returns in the future.

The organisation of the return processes in the companies spans over several departments and these processes are not always uniform across the companies studied. In eight companies, customer service is central in both gatekeeping and avoidance, as well as on individual returns. It is clear that customer service is key in the RM process, but the split of responsibilities between departments may indicate that there is room for improved co-ordination of the process. In particular, each part of the company can optimise the return flow to fit in their area. In conclusion, the customer service department holds a key role. It can, for example, determine the generosity level of the return policy and can negotiate the conditions of returns which can affect company performance.

Undoubtedly, there is always room for improving customer communication in the return process, especially by employing modern information technology and by enabling a build-up and usage of data in order to improve the effectiveness of the return processes. Integration between departments is lacking in the case companies that were studied, and the ownership of RM does not appear to be delegated from the top down. Consequently, capturing the RM process at a managerial level and strategically handling the process can certainly improve the overall performance.

4.5 Paper E – (Mis)alignment in returns management: Integration of process, policy and business intent (Study IV)

Building on Paper D, where activities in the returns management process were identified and classified, Paper E contributes to the overall purpose of the thesis by shedding light on the RM process from a strategic perspective using SCO as a strategic lens. Through a confirmatory multiple case study with six retailers operating internet retailing or omnichannel, the results showed that even though the case companies viewed RM strategy as an important source of value, none of them actually have such a strategy. Another pattern found was the inability to make holistic trade-offs between and among return policy, return process, and business intent.

Business (also called strategic) intent is a concept that entails broad objectives that coerce companies into competing in what are often revolutionary and innovative ways (Hamel and Prahalad, 2005). According to Levy et al. (2005), business intent can be easily understood through the traditional Ansoff's (1965) matrix. This matrix proposes four business strategies, namely market penetration, product development,

market development, and diversification. Whilst some internet retailers are forced to diversify in a highly competitive worldwide market, others aim for a bigger product portfolio.

In online retailing settings, the scope and business intent vary significantly across different companies. Regardless of the strategic goals, though, it is of the utmost importance to develop an aligned strategy that is defined as a one ‘that is connected to the company’s overall business goals’ (Röllecke et al., 2018, p. 191). Especially when it comes to RM processes, aligning the core strategy should be a foremost priority for online retailers. In particular, an aligned strategy strengthens the RM process and allows it to effectively underpin and contribute to the company’s overall business intent. An aligned strategy thus acts as an interconnected system that supports the company on the whole and not different departments in isolation (Röllecke et al., 2018). Alignment is a vital source of innovation and differentiation for internet retailers in their ceaseless journey to create effective returns strategies.

It can safely be argued that alignment between functions is a well-known prerequisite for effective strategies. Lack of alignment among firm functions, such as marketing and operations, is considered to be a reason for firms not achieving their strategic objectives (Berry et al., 1999). Against this backdrop, two research propositions were presented:

RP1: Firms establishing effective strategies for managing returns need to achieve a level of alignment between RM and overall business intent.

RP2: Firms establishing effective strategies for managing returns need to achieve a level of alignment between return policy and return process.

A framework on aligning return policy with return process and business intent was developed and is presented in Figure 4-7.

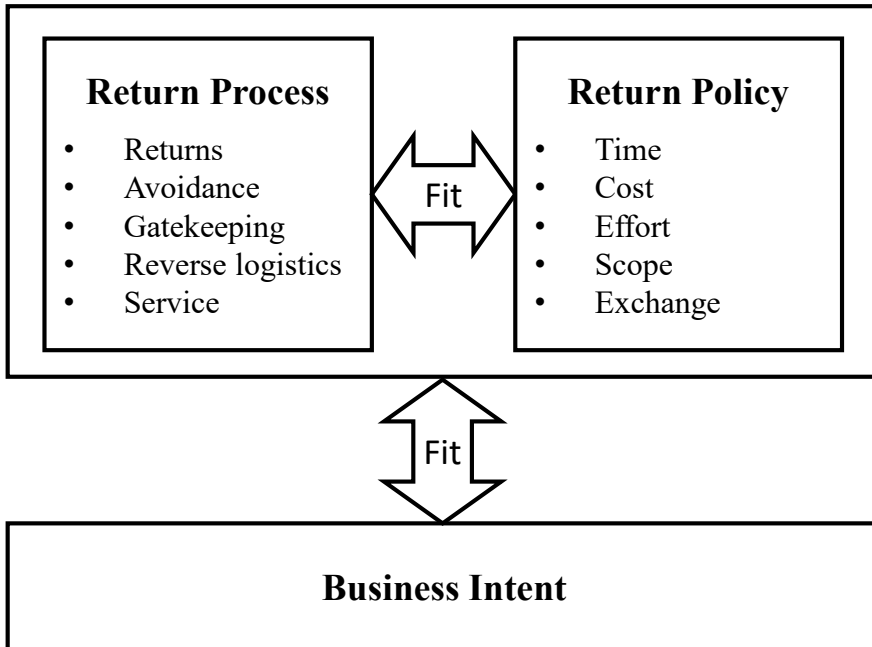


Figure 4-7: Framework of returns management strategy alignment

The results reveal that case companies realise the importance and the value of a return strategy but none of them have one in place. Instead, the returns are managed in an ad-hoc manner resulting in a patchwork of processes that disable holistic trade-off decisions throughout the supply chain. Following up on these findings, empirical data from the case studies show that multiple misalignments exist between the return policy and return process, as well as towards business intent (see Table 4-2). These pose as obstacles in reaching an effective returns management strategy.

Table 4-2: Misalignments in returns management

Misalignments	Description	Impact on business intents
Lenient policy and reduced return rate	A lenient policy drives sale but inevitably, also return rate.	Sustainability Profitability
Return time frame and demand variation	Allowing a longer time for returns prevents bringing back seasonable items into the supply chain.	Customer experience Cost efficiency
Conditional requirements and process execution	A lack of process compatibility for returns that fail to meet communicated conditional requirements.	Cost efficiency Customer experience
Incoherent customer service guidelines	Vague instructions and burden of returns decisions rest on the customer service department alone.	Customer experience Cost efficiency
Information system resources	Analogue and manual systems prevent efficient collection of data.	Profitability Cost efficiency
Data-driven decision-making capability	Lack of ability to take advantage of return data to make well-informed decisions.	Organisational design Cost efficiency
Multichannel and omnichannel	Treating returns differently across channels leads to an inhomogeneous customer experience and an ad-hoc return process design.	Employee experience Customer experience

The misalignments identified in Table 4-2 can guide internet retailers when creating a RM strategy. Misalignments also correspond to the business intents of the firm, as presented in Table 4-2. A key misalignment is the choice of facilitating returns while at the same time managing the consequences. Pushing sales potentially overrides the effect of the business’s sustainability intent. Another misalignment concerns the time scale within which customers need to complete their returns. Applying identical return time frames on all product groups creates operational deficiencies, especially for seasonal products that need to re-enter the supply chain in a speedy manner. To further assist supply chain managers, a set of learning points are discussed (see 5.4). This provides more extensive guidance in the quest to establish effective strategies. In conclusion, there is no silver bullet that can fix returns. A holistic approach is necessary that is separate per company and that considers all the key components of the return process and its interactions with customers and within the company, and not the least towards the company’s overall business intent.

5. Discussion

This section discusses the findings and their role in formulating returns management strategy. The discussion elaborates on the insights from the studies about return processes, return policy and alignment in returns management. Thoughts are also presented on possible directions towards an effective strategy for internet retailers in returns management.

5.1 The overall purpose and research questions

The overall purpose of this research was to contribute to the development of returns management strategies in internet retailing. To fulfil this purpose, an overarching conceptual model was created, where two interdependent components were embedded, namely, return policy and return process. It was necessary to thoroughly examine these two critical components of the RM literature before assessing their role in formulating successful RM strategies. For this reason, three research questions were composed, the order of which was based on the logical sequence of the constructs they represent.

In particular, the first research question revolved around perceived return policy leniency and its impact on purchase intention. A conceptual model was initially proposed address this question (Paper A) followed by an empirical investigation (Paper B). These two papers revealed the mediating power of consumer trust. For this reason, the thesis researcher deemed it necessary to further examine the role of trust and the moderating role of gender in purchase intentions (Paper C). Thus, the first three papers did not only provide an answer to RQ1 but also revealed interesting moderating effects and consumer behavioural patterns.

The second research question of the thesis was centred on the actual RM process and its operationalisation by internet retailers. The conceptual perspective here was different because a study had to be conducted on a company level. This is why an exploratory multiple case design was employed in Study III (Paper D), which enabled the thesis researcher to identify the importance of the service activity and embed it accordingly in the proposed conceptual model.

After addressing two core areas of RM, the next step was to bring everything together and examine the extent to which an aligned strategy can generate effective RM strategies. Hence, RQ3 was posed and a final study (Study IV) was designed (Paper E). Following a similar case study design, Study IV identified several misalignments in the company's attitude towards returns. After assessing the lack of alignment in policy and process, the thesis researcher identified which key components must be aligned for effective RM strategies in an online setting.

An overview of the thesis purpose and key findings is presented in Table 5-1. The sections that follow present the three abovementioned conceptual pillars of the thesis in detail: return policy, return process, alignments.

Table 5-1: Overview of the thesis purpose and key findings

	Study I	Study II	Study III	Study IV
Research purpose	Contribute to the development of returns management strategies in internet retailing			
Research question	RQ1 How does perceived return policy leniency impact purchase intention in internet retailing?	RQ1 How does perceived return policy leniency impact purchase intention in internet retailing?	RQ2 How do internet retailers manage the process of dealing with product returns?	RQ3 How can effective returns management strategies be formulated and what key components need to be aligned?
Conceptual model				
Hypotheses/ propositions	<p>H1: Perceived online return policy leniency is positively related to online purchase intention.</p> <p>H2: Perceived online return policy leniency has an indirect positive relationship, via perceived consumer trust, with online purchase intention.</p>	<p>H1: With enhanced reputation of the online retailer, females are likely to have higher purchase intentions than males.</p> <p>H2: With increasing trust in the online retailer, males are likely to have higher purchase intentions than females.</p>	<p>RP: Service is a key activity. The service activity goes beyond product recovery. Non-alignment with business strategy inhibits RM.</p>	<p>RP1: Firms establishing effective strategies for managing returns need to achieve a level of alignment between returns management and overall business intent.</p> <p>RP2: Firms establishing effective strategies for managing returns need to achieve a level of alignment between return policy and process.</p>
Key findings	Online return policy leniency positively affects online purchase intention. Consumer trust mediates the relationship between online return policy leniency and purchase intention.	Trust drives higher purchase intention among men. Reputation has a bigger influence on females when making a purchase decision.	There is a lack of a coherent strategy when designing the returns management process. The addition of service in the returns management process.	Several misalignment patterns are identified. There is an inability to make holistic trade-offs among return policy, return process and business intent.
Corresponding paper	Paper A Paper B	Paper C	Paper D	Paper E

5.2 The impact of return policy on purchase intention

As previously mentioned, the results from Papers A, B and C show that return policy leniency has a profound impact on purchase decisions, whilst the role of trust in this relationship is vital. Trust was found to both mediate the leniency of the return policy and to directly affect purchase intentions. In addition, gender had a moderating effect on the trust-purchase intention relationship, thus revealing interesting patterns in the communication directed towards male and female customers. These findings indicate that companies need to consider not only leniency in their return policy but also the role of trust. Building trust, in parallel with managing leniency levels of the return policy can magnify the impact on purchase decisions. Furthermore, if the internet retailer has a high level of trust, investing in a lenient return policy may not enhance the purchase intention of the customer.

It is also evident that companies do not apply a clear strategic approach to their return policies. Companies lack insight into how the policies affect purchase behaviour and trust and also how the practices relate to other processes in the company. Providing companies with a more comprehensive view on how they can manage their returns would enable them to align policy and process; not only to select which policies to deploy and how to handle the processes, but to provide well-grounded proposals on how to create a strategy for RM. A return policy is created through rules set for customers. These rules refer to the time frames within which returns are allowed, the scope (which goods are allowed to be returned), the exchange (money back or new items), and to the customer's effort.

In the results from the case companies (Studies II and III), it is noticeable that these policies are often created with little or no functional co-ordination, and all the consequences for the company's internal processes are not fully taken into account. The policy's impact on the purchase decision, and the way these policies affect both trust in the internet retailer and purchase intention, are often unknown by the internet retailer when creating the policy. A better understanding of the policy's impact on consumer decisions and its role in the company's processes would benefit the strategy formation for companies. The insights presented in this thesis can help IR become aware of the potential impacts a chosen return policy may incur. Return policy is therefore an appropriate tool to build trust, which, in turn, drives purchase decisions among customers. Communicating trust speaks more to males than females, an insight that can help internet retailers when designing customer specific communication.

A difficulty facing online retailers and their operational strategies is how they can benefit from consumer trust to drive sales. While some companies address the trust deficit by encouraging and actually conveying return policies, an imperative issue that distresses managers is how customers perceive return policies, and the degree to which such a perception influences their inclination to purchase from a company. This research project shows that trust matters in connecting consumer perception of fairness of return policies to purchase intention. A major implication for online store managers is that the perception of fairness in their return policies does not only affect the purchase intention of online shoppers, but also influences shoppers' trust levels. As a result, it is important that online stores take seriously the potency of shoppers' trust in converting online purchase return policies to purchase behaviour.

Overall, few attempts have been made to operationalise and strategise returns policies. Janakiraman (2016) proposed six alternative high-level return policy strategies for IR:

- Be selectively lenient based on cause of return.
- Be selectively lenient based on time.
- Be selectively lenient for cheaper products that need a quality prop.
- Be selectively lenient for you important customers.
- Start the return policy later so the 'endowment effect' kicks in.
- Limit gift returns.

These return policy strategies address specific operational requirements and focus on the customer interface. They do not necessarily represent general strategic choices for companies that encompass the consequences for the company's overall RM. The impact of the return policy for the company and its customers is a consequence of how it responds to desired customer reactions (build trust, trigger purchase, avoid return) and how it is aligned with the company processes. This thesis puts forward a more holistic approach to strategy formation in RM, understanding that return policy leniency and its impact on purchase intention is fundamental but also accepting that the policy interacts with company processes. It is only when someone reaches a return policy design phase which considers company processes that an effective RM strategy can be achieved.

5.3 Return process and its role in strategy formation

The return process, as previously defined by Rogers et al. (2002), incorporates the critical elements of returns, gatekeeping, avoidance and reverse logistics. Study III identified 'service' as an additional activity of the return process. The in-depth

examination of these process elements is critical; they all constitute strategic components that guide strategy formulation for consumer product returns. The practices used by the case companies (identified and schematically presented in Study III) in their return processes are the building blocks of RM strategy. The detailed description of the practices used are the components that together form the actual process deployed by the company. By looking at these practices strategically, and at the ways in which they correspond to the processes in the company and the actual return policies in place, a more comprehensive and coherent RM strategy for companies can be developed.

The return process in this research was expanded to include ‘service’ which was identified in case Study III as an additional activity. This is an important theoretical contribution, as *service* has not been previously recognised in scholarly theory. The notion of service as a key process in the RM of a company is vital when formulating the strategy. There is a perception that the return processes in use aim at minimising costs for the company and are seldom in sync with the policies deployed. A generous return policy can be balanced by an adapted return process geared towards handling costs. By aligning the design and creation of return policy and return processes, companies can create better and effective RM strategies. One of the main findings presented in this thesis is the lack of functional integration between the policy creation developed by marketing departments, and the return processes developed by logistical departments. IR would benefit greatly from integrating and involving all relevant stakeholders in strategic processes. These processes refer to the effective management of multiple trade-offs that exist in RM.

Finally, depending on the internet retailers’ competitive position, there can be a certain set of preferred return processes developed in a way that supports the intended strategic position. For example, if the company has a market position based on high quality products, it can be further strengthened through a RM strategy supporting that position. If the internet retailer has an outspoken customer-oriented focus, then return processes should aim at refinement of the customer interface rather than cost reduction in the reverse flow of goods.

5.4 Mitigating strategic misalignments

Seven misalignments in the case companies were identified that prevent the formation of effective RM strategies in Paper E. It is well known that alignment is closely tied to effectiveness in the strategic supply chain management literature (Hult et al., 2007; Lee 2004). The identified misalignments can therefore function as a source of areas where improvements can be made, and a higher level of alignment can be reached.

There are several ways to approach these misalignments. One general and effective way to reach alignment is to organise incentives in a way that promotes alignment. For instance, by getting people behind common goals. Moreover, other types of misalignments, like those between marketing and operations in regards to return policy and its impact on reverse logistics, can be mitigated by joint measures that are universal across the company.

Another well-known and effective way of reaching alignment is a healthy information flow, where all parties in the supply chain have visibility of data. There is a unified view, derived from the case companies, that the lack of suitable IT systems that are able to cover return data limits the information flow and thereby obstructs the alignment between functions and departments. This is why IR needs to pay close attention to digitalised information systems that handle return data, including the customer return interface.

In general, lack of alignment between firm functions, such as marketing and operations, is seen as an obstacle for achieving strategic objectives (Berry et al., 1999). In light of Industry 4.0 (the Fourth Industrial Revolution), internal and external industrial alignments are increasingly moving away from traditional to (big) data enabled by digital technologies. This trend, which requires a significant relational transformation, allows both the provider and customer to secure their approach even after a return process is finalised and a new process is initiated for future transaction.

However, one significant finding from the case companies was that they treat consumer returns in isolation. More specifically, the marketing department usually creates the policy, whilst logistics has to manage the policy consequences. To be able to reach a higher level of alignment and thereby a more effective RM strategy, cross-functional strategy development should take place. Returns management is a cross-functional process that spans over marketing and operations in a firm. If correctly implemented and aligned, this process can leverage its operational capabilities and proactively respond to the marketing and to the overall business goals of generating sales (Rogers et al., 2002; Mollenkopf et al., 2010). As highlighted earlier, aligning the return processes and return policy is essential when implementing an effective RM strategy. Sadly, the fact that none of the case companies had a thought-through strategy implies that the first step should be to recognise the importance of RM as part of supply chain strategies and its role in fulfilling overall business intent.

Despite universal acceptance that alignment among policy, process and strategic intent is crucial, several misalignments were detected in Study IV. A good example of a misalignment found in all case companies is that the general corporate goals were not being aligned with supply chain goals and, consequently, not with return processes and return policies. For instance, a pattern that was identified involved a

lenient return process but, at the same time, the business intent centred on sustainability. This is a typical misalignment in a company that supports sustainable strategies but allows and even incentivises multiple returns. It is of utmost importance that internet retailers review and recognise these misalignments in their strategic processes. Based on these results and to further assist supply chain managers when formulating a returns management strategy, a set of learning points are suggested (Table 5-2). They are categorised into the four structural key elements outlined by Esper et al. (2010): organisational design, organisational measurements, information technology, and human resource.

Returns are not only essential to the product flow but also provides a more detailed understanding of customer journey throughout the sales channels and customer interfaces. Internet retailers need to move towards a product and customer-centric approach. All returns are not complaints where the internet retailer focuses on service recovery. On the contrary, the majority of consumer returns are exchanges for size or colour. Internet retailers need to address these service requirements differently and combine service recovery and service offer when interacting with customers. To be able to offer a coordinated service and to connect policy and process to reach a holistic strategy for returns, internet retailers need to integrate the functions. Lack of functional integration is recognised as the main cause behind poorly co-ordinated supply chains and especially for returns. Furthermore, an effective integration starts with an IT system developed for return purposes where the information flow between functions is secured and data-driven decisions are supported. To foster integration and avoid silo mentality, shared and appropriate KPIs need to be developed warranting people across function and working towards common goals. Moreover, the financial implications from returns must be visualised through the company profit & loss with proper return KPIs. As stated above, returns are not only a matter of service recovery but also a customer-centric service offering that requires a different approach with a new set of measurements to bring value to customers. Without a doubt, supply chain managers and staff need a diverse set of skills that can facilitate more educated decisions about returns. Internet retailers need to ensure that customer service personnel acquire new and relevant skills to improve their awareness of the cause and effect of return decisions.

Table 5.2 Learning points for effective strategy formation in returns management

Learning points	Operational formulation	Structural key elements
Towards a product and customer-centric approach	Internet retailers need to move from a solely product focus and also consider the customer journey when managing returns.	Organisational design
Combining service recovery and service offering	Internet retailers need to treat returns based on the reason for returns. Complaint handling differs from a fast and functional service offer.	Organisational design
Functional integration	Managing return is a cross-functional process requiring relevant functional involvement when developing and managing returns.	Organisational design
Digitalisation of returns information	Digitalised returns information is the foundation for data-driven decisions for returns management.	Information technology
Managerial KPIs	Internet retailers need to introduce appropriate KPIs to visualise the financial consequences of returns through profit & loss and foster cross-functional integration.	Organisational measurements
Service offering and service recovery KPIs	To optimise customer service, appropriate KPIs are necessary that capture the cause and effect of returns.	Organisational measurements
Competence development and new skills	Customer service personnel must be trained to help develop new skillset in return handling that enables more educated decisions.	Human resource

6. Contribution

In this section, the theoretical and practical contributions of the thesis research are presented. As the research set out to gain insight and knowledge that could help companies develop strategies in RM, it was crucial to find out how they deal with the return activities and manage their return processes in practice. Broadening the understanding of consumer behaviour in relation to return policy is also key in the quest towards RM strategies for internet retailers.

6.1 Theoretical contribution

The theoretical contribution of the thesis is twofold: It contributes to the literature on return policy and to the literature on returns management. Studies I and II extended the seminal work of Pei et al. (2014), who suggested that purchase intention is affected by perceived leniency. More specifically, Study I defined and operationalised the relationship between the perceived leniency of return policy and purchase intention. Drawing on consumer behaviour theory, trust was included in the conceptual model and ultimately acted as a mediator in this relationship. To the best of knowledge of the thesis researcher, Paper B presents the first study that examines both the direct and indirect effects of perceived leniency, via trust, from a return policy perspective.

Return policy contribution. The importance of trust in signalling purchase intention and its mediating role in the relationship between return policy and purchase intention is further extended. Study II showed that gender significantly moderates the effect of trust on purchase intention; in fact, males develop higher purchase intentions as they respond more positively to trust, compared to females. Overall, Studies I and II contribute to the return policy literature by disclosing an interesting mediating mechanism, and by showing how levels of trust vary for male and female consumers.

Returns management contribution. The thesis research facilitates the understanding of the operational content of the RM process (Rogers et al., 2002), whilst also exploring gatekeeping, avoidance and reverse logistics practices in internet retailing.

The thesis research project extended this theory by identifying *service* as an activity in addition to returns, gatekeeping, avoidance and reverse logistics in the RM process. The researcher thus posits that the *service* activity should be considered in RM.

Finally, this research furthers the understanding of practices in reverse logistics (Stock and Mulki, 2009) and extends these practices to RM as a process. In particular, the researcher shows that separating reverse logistics from RM processes is vital. A conceptual model was also developed and presented, showing how the alignment between RM and the business intent of the company matters when developing a RM strategy.

6.2 Managerial contribution

The results of the studies have practical implications for managers. They provide evidence of the importance of returns because of the extent to which they increase online sales activities. This may well mean that managers must vigorously consider a strategy and/or a roadmap regarding internal and external activities (i.e., marketing and operational). Fundamentally, there is a widely held belief among managers that consumer product returns are a costly necessity of doing business in online retailing. Hence, retailers anticipate reducing returns in general.

Another recommendation is that companies work with related parameters to ensure a solid understanding and strategical view of RM, one of the parameters being trust. A significant research finding is the role of trust. Consumer trust in the internet retailer explains why perceived return policy leniency significantly affects purchase intention. The analysis of the survey data on signalling the value of trust and on the perceived reputation of the internet retailer showed that these are key drivers of consumer purchase intention. These findings also provide preliminary evidence for managers of the relative value of trust and reputation in eliciting repeat purchases between male and female customers. Otherwise stated, adopting a lenient return policy alone may not achieve the desired outcome.

The above findings have important managerial implications with regards to return policy. Internet retailers, first and foremost, need to build trust. Trust can result in a higher probability for a positive purchase decision when a return policy is perceived as lenient. In regard to perceived return policy leniency, trust acts as a lubrication, which means its role is fundamental.

Another important contribution to the industry is based on the current findings about company practices in the return process. Practitioners may benefit from these findings which can help them understand and improve their return process. By

mapping their own activities in the thematic setting found in Table 4.1, managers can aid their companies in effectively managing the return process.

The findings about the profound lack of strategic co-ordination and alignment in the design of the return process has further managerial implications. Practitioners can help companies become aware of the possible efficiency gains when efforts are aligned in the return process, and interaction with other company processes takes place. Proving that customer service is central and vital in the return process can help managers plan and delegate responsibilities in the return process and manage it better.

Finally, the notion of alignment between return processes and return policies, and with the SCO of the internet retailer can guide companies in understanding which elements should interact when formulating a RM strategy. The misalignments identified in the thesis can help companies reach a higher level of alignment between policy, process and overall business intent and thereby enable the creation of an effective RM strategy. Guidance in the strategy process can be found through the learning points discussed in Study E.

Chief executives should not take for granted that managers of different departments can make the correct strategic decisions. Based on the business intent, which is the cornerstone of any business activity in a firm, uniformly perceived information must flow across a company and its departments. From recruitment to management and on to the strategic design, alignment is critical for successful performance. The misalignments identified in Paper E may not only threaten the business longevity but can also create confusion for the customers. Customer service is central in RM, which is why its consistency must be ensured when designing returns policies and processes.

6.3 Future research avenues

The research on RM is still underdeveloped and there are several research areas to be pursued. The overall purpose of the research was to contribute to the development of RM strategies in internet retailing. The thesis has played its part in achieving that purpose, but there is still a long way to go for researchers involved in internet retailing and returns management studies.

It is evident from the case studies that information technology is vital for managing the communication and flow of returns. It is essential and of high managerial relevance to explore how companies can benefit from digitalised RM tools, especially given the dynamic nature of the RM field.

The results also revealed an intriguing difference between males and females in their purchase intentions. Another avenue to explore would be gender differences in return policy perceptions by examining whether males and females perceive return policies differently. Any potential variations can provide additional support for internet retailers in strategically operationalising return policies.

Misalignments and their role in IR return processes have been thoroughly discussed. Researchers are urged to take a step forward and empirically confirm the misalignments across a broader range of IR. For instance, similar studies can be replicated on a global scale and potentially discover diverse effects. Misalignments can be examined across different industries, which would allow the research community to draw holistic conclusions and gain valuable insights on how to design effective RM strategies.

With regards to SCO, future studies should examine its relevance and impact on strategy formulation. This relationship is highly relevant in enabling effective strategy formulations in IR, but paradoxically, there is limited research in the area. More research is needed on how the SCO of firms impacts their supply chain strategy with regards to RM.

On a final note, future research must take into account the aspect of uncertainty. Given the unprecedented consequences that COVID-19 abruptly brought to our community, the thesis researcher deems it essential not only to design aligned strategies, but also to consider various sources of risk in RM. Even though the long-term impact of the coronavirus pandemic has yet to be revealed, a plethora of severe effects are visible. These include remote working, disruptions in supply chains and travel restrictions. As explicitly suggested by the OECD (2020), firms should align their current strategic priorities with their revised long-term objectives. That is why the thesis researcher encourages scholars to explore new ways of designing resilient strategies. Embedding consumer uncertainty, perhaps in the form of a personality traits, would lead the current RM process model in interesting directions.

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