

RETURN FOR FREE OR CHARGE A FEE?

AN EXPERIMENTAL STUDY OF HOW A FREE RETURN
POLICY INFLUENCES SWEDISH CONSUMERS' PRODUCT
QUALITY PERCEPTION AND RETURN INTENTION IN E-
COMMERCE

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1.4. Expected Contribution

Theoretically, this research will regard the intersection of the return policy literature and the consumer behavior literature since it examines the cognitive effect of monetary leniency on consumers. The need for more research in this area is acknowledged in the literature review by Abdulla et al. (2019):

“As will become clear in the comprehensive review, relatively little is empirically established regarding consumer behavior in relation to return policies” (p. 561).

In addition, the authors of this thesis have also identified a potential research gap. When consulting the current literature on consumer returns through MerQuery and databases such as Business Source Ultimate and Scopus, the authors were unable to find empirical research which explicitly examines the relationship between product quality perception and return intention or behavior. The authors could only find articles which *assumed* that increased product quality perception would lead to lower levels of consumer returns, without empirically investigating further. Therefore, this thesis hopes to contribute to the emerging field of research on consumer returns and address the research gap on product quality perception’s relation to return intention.

On a practical level, the understanding of consumer behavior is of importance for managerial purposes, since it can provide valuable insights (Abdulla et al., 2019). Since many online retailers have adopted or are planning to adopt a free return policy, the consequences of doing so are of relevance to their business. Consequently, the results of this thesis could contribute with useful managerial insights to guide online retailers in their decision-making.

Due to poor quality being one of the most common reasons for actual returns of online purchases, the authors hypothesize that the same should apply for the *perceived* quality. Hence, the following is hypothesized:

H3: Lower product quality perception will be associated with a greater return intention, regardless of return policy

the scenario. Another insight was that some respondents were frustrated by not being able to go back in the survey and look at the scenario again when they were answering questions.

Figure 4. Pie-chart showing the distribution of expectations of free returns in an online retail setting.

4.2. Hypothesis Testing

4.2.1. Signaling Effect on Pre-purchase Product Quality Perception

Independent Sample T-test: An independent sample t-test with a two-sided test for significance was performed to analyze the difference between the pre-purchase product quality perception in the treatment group (free returns) and the control group (no free returns). The results showed that there was no significant difference in perceived quality between the groups, $t(98) = 1.567, p = .120$. Therefore, the null hypothesis could not be rejected, and H1 was not empirically supported.

4.2.2. Effects on Post-purchase Product Quality Perception

Independent Sample T-test: The results of the independent sample t-test with a two-sided test for significance showed that there was not a significant difference in post-purchase quality between the treatment groups, $t(98) = 1.058, p = .298$. Therefore, H2 was not empirically supported.

for what the authors sought to test with the third question. Adjusting the scales to fit the study could possibly impair their validity.

