



INDUSTRY RESEARCH REPORT — 2026

The Fashion Returns Playbook for DTC Brands

What actually works to reduce fashion returns: sizing tools, smarter return policies, reverse logistics, and the e-commerce return rate benchmarks you need to know. Based on NRF, Loop Returns, McKinsey, Blue Yonder, and 30+ industry sources.

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About this report. We pulled together 2025–2026 research from the National Retail Federation, Loop Returns (13.8M returns across 4,000+ merchants), McKinsey, Blue Yonder, Coresight Research, and dozens of other sources. The audience is small and mid-size DTC brands in women's fashion on Shopify. Every tool and app we recommend is available on the Shopify App Store. All data points are sourced and current as of Q1 2026. Most data and benchmarks in this report are drawn from US sources, but consumer behaviors around fit, sizing, and returns are consistent across markets—the patterns apply whether you're selling to New York or Amsterdam.

Prepared by SIXFIT.AI. We build fashion intelligence tools that help brands understand fit at the catalog level. We wrote this because the returns problem is fixable, and most of the fixes are cheaper than people think.

E-commerce return rate benchmarks & the return policy revolution

You need to know what "normal" looks like before you can fix anything. Here are the e-commerce return rate benchmarks for fashion in 2026, and why tightening your return policy without a plan tends to backfire.

25–35%

Women's fashion DTC
return rate (normal range)

19.3%

All-category US e-commerce
return rate (NRF 2025)

\$15–\$65

Cost per return
for women's fashion

The NRF/Happy Returns 2025 report (2,006 consumers, 358 e-commerce professionals) puts US e-commerce return rates at **19.3%** across all categories. Fashion is worse. Coresight Research pegs online apparel at **24.4%** on average. Loop Returns, Shopify, and multiple analysts converge on **25–35%** for women's fashion DTC specifically. Dresses and swimwear routinely hit 40–50%.

At \$5M revenue, that means roughly **\$1.5M in returned merchandise** and \$300K+ in processing costs per year. Under 20% usually means strong product-market fit. Above 40% means something is wrong with sizing, imagery, or product descriptions.

\$516M

Revenue retained by Loop merchants in 2025 through post-purchase optimization. Your return rate matters less than what happens after someone initiates a return.

Regional differences are wider than most brands realize

Loop Returns' 2025 report, drawn from **13.8 million returns across 4,000+ Shopify merchants**, shows wide variation by region:

REGION	RETURN RATE	REFUND RATIO	EXCHANGE RATE	REVENUE RETAINED
United States	11%	76.1%	Moderate	Standard
United Kingdom	17.5%	78.1%	5.8% (lowest)	Low
Australia / NZ	10.9%	Lower	Aggressive exchange-first	45%

New return fees for retailers: the death of free returns

72% of retailers now charge return fees, up from 66% in 2024. Average fee: **\$9.04**.

BRAND	RETURN FEE	WINDOW	NOTES
Zara	\$4.95	30 days	Mail only; in-store free
H&M	\$3.99	30 days	Waived for loyalty members
J. Crew	\$7.50	30 days	Mail only; in-store free
Abercrombie	\$7.00	30 days (60 for VIP)	Waived for e-gift card refunds
Aritzia	\$8.00	14 days refund, 30 credit	Waived if signed into account
Brooklinen	\$9.95	365 days	Waived for store credit
Made In	\$11.99	45 days	Waived for exchanges or store credit

CRITICAL NUANCE

Tightening policies alone doesn't work. Blue Yonder surveyed 200+ retailers and found 59% of those who made policies more restrictive saw returns *increase*, not decrease. 66% of consumers say stricter policies stop them from buying in the first place. ACSI data shows restocking fees drop customer satisfaction by 11 points.

Why 30 days and not 14: the return window paradox

63% of customers expect a 30-day window. Only 23% consider 14 days acceptable. The EU mandates 14 days as a legal minimum; the US has no federal requirement, but 60% of consumers say they'd stop

shopping with a retailer that shortened its window.

The counterintuitive part: longer windows actually *reduce* return rates. **95% of returns happen within the first 7 days** regardless of window length (ZigZag Global). A meta-analysis of 21 studies (Janakiraman et al., *Journal of Retailing*, 2016) confirmed that time leniency reduces returns while increasing purchases—the endowment effect means customers get attached to items they own longer. Days 15–30 cost almost nothing in additional returns but lift conversion by **30–40%**.

When a jewelry retailer shortened its window from 100 to 60 days, they saw an **8% sales drop and 7.3% profit drop** (*M&SOM Journal*). Zappos built a \$1B business partly on a 365-day window—their highest-returning customers are also their most profitable.

Bracketing in online shopping and serial returners

Bracketing (ordering multiple sizes to try at home) is just how women's fashion works online. **56–63% of shoppers** do it. Gen Z leads at 51%, Baby Boomers at 24%.

11%

Serial returners responsible for
25% of all returns

\$1,500

Average annual returned
merchandise per serial returner

ASOS now tracks individual return rates via personal dashboards and shuts down accounts with excessive patterns. PrettyLittleThing has done the same. **85% of retailers** now use AI to detect return fraud, which costs the industry over \$100B annually.

What to actually do about your e-commerce return policy

- Offer **free exchanges and store credit** but charge \$7–\$10 for cash refunds via mail. Retains revenue without punishing genuine fit issues.
- Set a **30-day return window** (industry standard). Extend to January 31 for holiday purchases.
- Implement **tiered incentives**: \$5–\$10 bonus store credit for exchanges, standard credit for store-credit returns, no bonus for refunds.
- For EU sales, the mandatory **14-day cooling-off period** under the EU Consumer Rights Directive applies. No exceptions.
- Track return reasons per SKU. If a specific dress has a 45% return rate and 80% cite "fit," the problem isn't your return policy. It's the product listing.

Sizing technology that actually reduces fashion returns

Fit and sizing issues cause 53–70% of all fashion returns. If you're only going to spend money on one thing, spend it on sizing tools. The options in 2026 range from free Shopify apps to \$500+/month enterprise platforms.

53–70%

of fashion returns are fit and sizing problems. The rest (wrong color, didn't like the fabric, impulse buy) you can't really fix with technology. This part you can.

AI sizing tools: what the data shows

These tools match customer body data or purchase history against garment measurements. The credible range is a **20–50% reduction** in fit-related returns. Most of these numbers come from vendor-funded studies, so adjust your expectations accordingly.

PLATFORM	DOCUMENTED RESULT	STARTING PRICE	RATING
True Fit	Up to 50% reduction; 24% less bracketing	~\$500/mo	4.4/5 (18)
Easysize / Fit Quiz	16% fewer double-size orders; 177% conversion lift	\$35/mo + \$0.15/cart	4.6/5 (33)
Kiwi Sizing	ML-powered size charts and recommendations	\$12.49/mo	4.8/5 (993)

Virtual try-on for fashion: Google's free tool

Launched July 2025, now in six countries. Google's virtual try-on uses a diffusion model trained on **50 billion+ product listings**. Shoppers upload a selfie to see how clothes look on their body. It's **free** for any brand in Google Shopping, and products with the "Try On" badge get **60% more high-quality views**.

FOR SMALL DTC BRANDS

Make sure your product feed is set up in Google Shopping. That's it. DRESSX claims 91% fit certainty and Style3D reports up to 40% lower returns, but Google's version costs nothing.

The \$12/month sizing stack that works

Before paying for anything, get the basics right. Most shoppers never open a traditional size chart. Only **1%** use them, per Prime AI.

FOUNDATIONAL SIZING STACK — UNDER \$60/MONTH

PRODUCT PAGE ESSENTIALS

- Build size charts from **actual garment measurements**, not standard sizing tables
- Include model's height, weight, body measurements, and exact size worn on every product page
- Add one-line fit descriptors: *"Slim through the shoulders, relaxed at the waist"*
- Specify fabric behavior: *"4-way stretch; size down for a tighter fit"*

TECHNOLOGY LAYER

- **Kiwi Sizing** (\$12.49/mo) — generates size charts and recommendations from your garment data
- **Easysize / Fit Quiz** (\$35/mo + per-cart fee) — walks shoppers through a short quiz to find their size
- **Okendo** (\$23/mo) or **Yotpo** (free tier) — collects "runs small / true to size / runs large" from buyers
- Show products on diverse body types with video showing fabric drape and movement

Use review platforms to collect structured fit data ("runs small / true to size / runs large") and show aggregate scores on the product page (*"85% say true to size"*). That plus the tools above handles most fit-related returns for under \$80/month.

Fashion returns and sustainability: the environmental case brands can make

The environmental numbers are bad. There's a real marketing angle for brands willing to be honest about it, but the credibility bar is high and most brands clear it poorly.

24M

metric tons CO₂
annually (US)

9.5B

pounds returned goods
in US landfills/year

44%

of returned clothing
never reaches a 2nd
consumer

+30%

carbon added per
return vs. original
delivery

Consumer attitudes are contradictory

PwC (2024, 20,000+ consumers): 80% willing to pay more for sustainability.

32% of Gen Z will pay a premium for sustainable returns.

50% say eco-friendly returns are important but won't pay extra for them.

Shorr Packaging (2025–2026): 86% consider free return shipping non-negotiable.

Blue Yonder (2025): Only 20% of consumers believe brand sustainability claims.

Greenwashing doesn't just look bad. It doesn't work.

Brands doing this well

BRAND / PLATFORM	APPROACH	DTC RELEVANCE
Patagonia Worn Wear	120,000+ refurbished items resold	Aspirational model
Lululemon Like New	Trade-ins for store credit	Loyalty + sustainability
Treet	Branded peer-to-peer resale marketplaces	Minimal operational lift
ThredUp RaaS	Clean Out Kits → store credit; they handle processing	Turnkey for small brands
ReturnGO	Carbon-neutral options + donation workflows	Built into return flow

Regulation is already here

UPCOMING REGULATIONS

EU Waste Framework Directive (in force Oct 2025): EPR for textiles, schemes operational ~April 2028.

France: Anti-fast-fashion tax of €5/item (rising to €10 by 2030) + eco-score labeling.

California Responsible Textile Recovery Act (signed Sept 2024): Producer Responsibility Organization required by July 1, 2026. Penalties up to **\$10,000/day**.

New York and Washington have similar bills in committee.

Sustainability messaging that doesn't read as greenwashing

- Quantify impact per exchange: *"Your exchange instead of refund saved X lbs of CO₂ and kept one more garment out of landfill."*
- Offer **opt-in green returns** instead of mandating them. Frame sustainability as a choice, not a restriction.
- Only **6% of DTC brands** include sustainability messaging in shipping notifications. 22% put it on packaging. The bar is on the ground.
- Position store credit and exchanges as **rewards with bonus credit**, not as penalties for choosing a refund.
- Small brands are **more trusted** on sustainability than large corporations (Stanford GSB 2025). That's one of the few structural advantages you have over Zara. Use it.

Reverse logistics in e-commerce: where the money goes

Processing a single fashion return costs \$15–\$30. The difference between manual processing and a smart return management platform is tens of thousands a year, even for small brands.

\$15–\$30

Processing cost
per return

48%

Returned products
resold at full price

75%

Value recovery with
AI-driven smart routing

Where the money goes: return shipping (\$8–\$12), inspection and processing (\$5–\$8), repackaging (\$2–\$4). And that's before value depreciation of 25–50% on items you can't resell at full price. McKinsey's February 2026 analysis found default processing recovers about **50% of product value**. AI-driven smart routing gets that to **75%**.

For a brand processing 200 returns/month on \$50 average items, that 25-point gap is **\$30,000 a year**.

Return management platforms worth looking at

PLATFORM	STARTING PRICE	KEY FEATURE	RATING
Return Prime	\$19.99/mo (60 returns)	Affordable, global	4.8/5 (676)
AfterShip Returns	\$9/mo (240 returns)	Best value, global (95% coverage)	4.7/5 (1,243)
ReturnGO	\$23–\$147/mo	AI abuse detection, global (acquired by Global-e)	4.9/5 (366)
Loop Returns	\$29/mo (usage-based)	Exchange-first workflows; best for US/UK/AU	4.6/5 (390)
Happy Returns (UPS)	Custom	10,000+ box-free Return Bars; US only	3.0/5 (30)

BOX-FREE DROP-OFF ECONOMICS

87% of shoppers choose box-free returns when available. Happy Returns' consolidated shipping drops per-item costs from **\$6.90 to \$0.70**. That's 90% less. Note: Happy Returns is US-only. For international merchants, **ZigZag Global** (500k+ drop-off locations, 170+ countries) and **ReturnGO** offer similar consolidation globally.

Refund vs. exchange in e-commerce: the real numbers

This is the single highest-leverage change most brands haven't made yet: shift returns from refunds to exchanges.

REFUND ON A \$50 ITEM

-\$70

\$50 lost revenue + \$20 processing

EXCHANGE ON A \$50 ITEM

-\$15

\$5 incentive + \$10 processing

\$55 saved

per return converted from refund to exchange. Loop merchants with exchange-first workflows hit ~40% exchange rates. Narvar found two-thirds of store-credit recipients buy again within four days. 61% spend more than the original order value.

How to set this up

- Make store credit the **default option** in your return flow; cash refunds available but require an extra step.
- Offer **\$5-\$10 bonus credit** for exchanges.
- Enable **full-catalog exchanges**. Let customers swap to any product, not just the same item in a different size.
- Ship replacements **before the return is received** (instant exchange) to reduce friction.
- Add **AI product recommendations** during the return flow, suggesting alternatives based on reason for return.

The operational playbook by revenue stage

\$1M–\$5M REVENUE — FOUNDATION

- Install **Return Prime** or **AfterShip Returns**. 65% of Shopify refunds are still processed manually via email.
- Create a visible return policy: 30 days, free exchanges, \$7–\$10 refund fee.
- Partner with a 3PL like **ShipBob** for returns receiving, inspection, and restocking.
- Track return reasons per SKU and fix the top three offenders.
- Install **Kiwi Sizing** (\$12.49/mo) and **Easysize / Fit Quiz** (~\$20/mo).
- Budget **\$20–\$30 per return** in your financial model.

\$5M–\$15M REVENUE — GROWTH

- Upgrade to **Loop Returns Essential** (\$155/mo) or **ReturnGO Premium** (\$147/mo) for exchange-first workflows and bonus credit.
- Integrate **Happy Returns** for box-free drop-off once you exceed 500 returns/month.
- Upgrade to **True Fit** (~\$500/mo) for deeper AI sizing if the numbers justify it.
- Build a **clearance section** on your site for B-grade returns.
- Establish a grading SOP: Grade A → restock same-day, Grade B → 10–20% markdown, Grade C → clearance, Grade D → donate for tax deduction.

\$15M–\$20M+ REVENUE — SCALE

- Consider **Narvar** for enterprise fraud prevention and AI-driven policy optimization.
- Launch a **recommerce program** through Treet (peer-to-peer resale) or ThredUp RaaS.
- Implement **dynamic return policies** segmented by customer value:
 - *Loyal customers*: free returns + instant refunds
 - *New customers*: free exchanges + store credit
 - *Serial returners*: fees + shorter windows
- McKinsey's 2026 research confirms **71% of consumers** say personalized policies would not deter them.

What's coming next

What's likely to change in the next 12–18 months.

Agentic AI

Agents that handle eligibility checks, label generation, refund routing, and fraud detection without a human are starting to ship. **Loop Intelligence**, **Narvar IRIS**, and **Minami AI** are all training on hundreds of millions of return events. Gartner estimates about **25% of brands** will see real gains in self-service resolution rates from generative AI by end of 2026.

Keep-it refunds

For cheap items where return shipping costs more than the product, just let the customer keep it. You skip the \$15–\$30 processing cost. The customer is happy. Everyone moves on.

Dynamic, personalized policies

Instead of blanket rules, AI models segment customers by lifetime value, return history, and purchase patterns to set return windows, fees, and incentives **per individual**. Your best customer gets a different return experience than someone who's returned 90% of what they've bought.

Consolidated drop-off networks

Happy Returns, **FedEx Easy Returns**, and **Narvar's aggregated network** now cover tens of thousands of locations. Box-free returns are growing fast, and consolidated shipping cuts per-item costs by up to 90%.

So what do you do

Returns will never be free. But the data is pretty clear about where the money is well spent.

01

Sizing technology

53–70% of returns are fit issues.
Fix the cause, not the symptom.

02

Exchange-first flows

~\$55 per return. That gap adds
up fast.

03

Restock speed

Every day a return sits in a bin,
it loses value

Kiwi Sizing, Easysize, Return Prime, and Okendo together cost **under \$80/month**. All Shopify apps, all installable today, and they cover up to 50% of the root causes of fashion returns. After that it's about doing the boring stuff well: getting your size charts right, writing an honest return policy, and restocking returned inventory before it loses value.



SIXFIT.AI

Fashion intelligence that tells you what fits and what doesn't.

sixfit.ai