



Restoring the buyer–seller relationship through online return shipping: The role of return shipping method and return shipping fee

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ABSTRACT

Relationships with consumers are critical to the success of online sellers. Online returns can detrimentally influence buyer–seller relationships and, thus, online sellers should carefully approach online returns to restore their relationship with consumers. Returns due to consumer satisfaction-related reasons are a significant and inevitable part of e-commerce. This article focuses on how online sellers deal with the method and the fee aspects of their return shipping policy to improve buyer–seller relationships. We also studied the effects of return shipping policies on several pivotal consumer perceptions and repurchase intentions. A two-factor (integrated return shipping vs. separated return shipping; free return shipping vs. fee return shipping), between-subject experiment was conducted. This research revealed that both using an integrated return shipping method and offering free return shipping can lead to a better buyer–seller relationship and improve other consumer responses. No interaction effect was found between the two factors.

1. Introduction

Relationships with consumers are critical to the success of online sellers (e.g., Verma et al., 2016; Antwi, 2021), but developing and maintaining relationships with consumers is difficult in a non-face-to-face setting (e.g., Chen et al., 2008; Steinhoff et al., 2019). Online sellers should thus pay close attention to any situation that might harm their relationship with consumers (Walsh et al., 2010).

Online returns are a common phenomenon. Retail e-commerce sales worldwide are predicted to grow to USD 6.54 trillion in 2022 (Clement, 2020). Meanwhile, at least 30% of all e-commerce orders are ultimately returned (Rudolph, 2016). Previous studies indicated that online returns could be conceptualized as service failures because consumers who return products are generally not satisfied with the initial purchase experience (Mollenkopf et al., 2007; Griffis et al., 2012; Zhou, et al., 2018). It was previously demonstrated that online returns can detrimentally influence an online seller's relationship with customers (Walsh and Brylla, 2017). For online returns due to product defects or poor fulfillment services, online sellers could prevent such returns as well as their negative effects on buyer–seller relationships (Stock et al., 2006).

However, online returns due to consumer satisfaction-related reasons are significant and appear to be an inevitable part of e-commerce (Yang et al., 2017; Narvar, 2019; Dopson, 2021). Such returns could, therefore, continue to damage buyer–seller relationships. Thus, online sellers should seize service recovery opportunities in the online return process to restore the buyer–seller relationship (Griffis et al., 2012; Walsh and Brylla, 2017; Mollenkopf et al., 2007). Because consumer satisfaction is viewed as a key component of relationship quality (Zhang et al., 2011) and also an important relational outcome (Odekerken-Schröder et al., 2003), in this study, we pay special attention to consumer satisfaction with the online seller among the various indicators in the buyer–seller relationship.

According to previous consumer studies, around half of customers are unsatisfied with online return processes (see: Zebra, 2019; Zebra, 2021), which indicates that online sellers have failed to restore their relationship with these consumers (Rintamäki et al., 2021). A return shipping process usually entails many hassles and monetary costs among consumers (Ahsan and Rahman, 2021). Some online sellers, such as those on eBay and Taobao, request that consumers who need to return products find and use a third-party delivery service provider. This type

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of separated return shipping involves many hassles for consumers. A return shipping service that online sellers integrate into their return services, such as the integrated return shipping provided by Amazon and Walmart.com, could represent a potential solution for reducing consumer hassle and may generate better consumer reactions. However, providing integrated return shipping is a highly complex challenge that requires careful planning among sellers and increases the burden on sellers' logistics (Ahsan and Rahman, 2021). Thus, it is necessary to study the effects of this method on buyer–seller relationships to help sellers decide whether they should allocate their resources to provide such a service.

Providing free return shipping may also improve buyer–seller relationships (FedEx, 2020; Hughes, 2021), but could raise the operational costs of product returns on the sellers' side (Zhao et al., 2020). Hence, online sellers need to determine whether a free policy is effective in improving buyer–seller relationships (Abdulla et al., 2019). To the best of our knowledge, no study to date has examined the effect of integrated return shipping and free return shipping on buyer–seller relationships, which leads to our first research question: Can integrated return shipping and free return shipping restore buyer–seller relationships?

Implementing integrated return shipping is challenging for online sellers (Ahsan and Rahman, 2021). Thus, sellers need a comprehensive understanding of the outcomes of such a method to decide whether to employ it. Integrated return shipping could reduce consumer efforts related to return shipping arrangements. Prior studies have explored several types of consumer efforts related to product returns. Some studies found that less consumer effort can improve consumers' perceptions and behavioral intentions (Heim and Sinha, 2001; Mollenkopf et al., 2007; Pham and Ahammad, 2017), while others found that less consumer effort is not necessarily associated with more favorable consumer responses (Heim and Field, 2007; Ramanathan, 2011). The integrated return shipping method has not yet been studied. Thus, whether this method can improve consumers' perceptions and behavioral intentions is still unclear. This factor leads to our second research question: Does the integrated return shipping method improve the consumer's cognitive and behavioral responses?

Certainly, when online sellers design their return shipping policies, they should consider the potential interaction effects between different aspects of the policy. Although few studies have examined the interaction effects between different aspects of return policy on a consumer's product return decision (Janakiraman and Ordóñez, 2012) and purchase decision (Abdulla et al., 2022), no study has investigated the interaction effects between different return policy factors on consumer satisfaction, repurchase intention, or consumer perceptions. This background leads to our third and final research question: Is there any interaction effect between the return shipping method and return shipping fee on consumers' responses? If so, how do these factors interact?

To answer these research questions, we studied the effects of the return shipping method and return shipping fee on consumer fairness and value perceptions of return shipping policies, the benevolence perceptions of the seller, satisfaction with the seller, and repurchase intentions. This article is organized as follows. First, we present a discussion on different types of existing return shipping policies in terms of the method and costs and review the relevant literature. Then, we discuss our hypotheses. Next, we describe our experimental study, its main methodological aspects, and its results. Last, we describe this article's contributions to theory and practice, and conclude the article by discussing limitations and potential research opportunities.

2. Background: A literature review

Academics have paid attention to the impacts of return policies and services on several consumer responses, such as purchase intention and decision (e.g., Rokonzaman et al., 2020; Shao et al., 2021; Abdulla et al., 2022), return or keep intention and behavior (e.g., Wood, 2001; Janakiraman and Ordóñez, 2012; Chang and Yang, 2022), buyer–seller

relationships (e.g., Mollenkopf et al., 2007; Pham and Ahammad, 2017; Rintamäki et al., 2021), and post-return buying behavior (e.g., Griffis et al., 2012; Wang et al., 2020; Tandon et al., 2020). Janakiraman et al. (2016) conducted a meta-analysis focusing on the effects of return policy leniency on consumer purchase and return decisions and found that leniency increases purchase more than returns.

In the current literature, few studies have investigated the use of online return services or policies to restore buyer–seller relationships or generate more favorable relational outcomes. These studies have explored return management systems (Mollenkopf et al., 2007), the speed of return processing (Griffis et al., 2012), the ease of returns (Heim and Sinha, 2001; Ramanathan, 2011; Pham and Ahammad, 2017), and the returning experience (Rintamäki et al., 2021). No study to date has examined the effects of the return shipping method and return shipping fee on buyer–seller relationships. Because the return shipping method and return shipping fee are the two factors we focus on, we next introduce the existing practices related to these factors and review the literature relevant to them. For the sake of clarity, we present the content of the two factors separately in the following two subsections. At the end, we summarize the expected contributions of our study to the literature.

2.1. Return shipping method

Returned products due to consumer satisfaction-related reasons are non-defective products; thus, online sellers usually require such products to be shipped back to retrieve some value from them (Sarkis et al., 2004). Online sellers may need to decide how consumers should ship the product back to them. Some online sellers, such as those on eBay and Taobao, do not provide return shipping services to consumers and request that consumers who need to return products find and use a third-party delivery service provider. In other words, these sellers separate the return shipping from their own return services. On the contrary, some other sellers, such as Amazon and Walmart.com, integrate return shipping into their return services. These online sellers enable consumers to directly arrange return on their websites and use the shipping service provided by them. For instance, consumers who need to return products to Walmart.com can schedule a date for pickup on Walmart's website, and the product will be picked up and shipped by its delivery partner FedEx (Valinsky, 2020). They can also select the "Drop off at FedEx" option on Walmart's website and bring the product to a FedEx location to ship it (Valinsky, 2020). In this article, return shipping method refers to the method that online sellers request their consumers use to ship returned products.

Compared to integrated return shipping, separated return shipping has less logistical complexity for online sellers because they do not need to take care of the return shipping with a separated method (Ahsan and Rahman, 2021). However, separated return shipping entails more work for consumers. With a separated method, consumers have to engage in an information-seeking process, which entails effort to search for, evaluate, and select qualified third-party delivery companies. A separated return shipping method also involves more communication-related tasks from the consumer's side, such as communication with the logistics company about the requirements for shipping the product and sending sellers the shipping information. Due to these efforts, a separated return shipping method is an inconvenience for consumers.

An integrated return shipping policy might reduce the above-mentioned inconvenience. In fact, this could be critical for successful service experiences when consumers return products (Mollenkopf et al., 2007; Mostert et al., 2017). With integrated return shipping, consumers do not need to find a third-party delivery company, thus eliminating information-searching efforts. Additionally, integrated return shipping should be professional and qualified in terms of delivering the product due to the seller's deep knowledge about its own product (Doong et al., 2008). Therefore, in this arrangement, consumers do not have to communicate their requirements for shipping the products. Moreover,

because the agent in charge of the integrated return shipping either belongs to the online seller or cooperates with the seller, information on the return shipping can be directly transmitted from the agent to the online seller without the need for consumers to relay such information (Bienstock et al., 2011; Röllecke et al., 2018).

An online return procedure consists of several necessary steps an online consumer must take in order to return a product to the online seller, involving accessing the return process (i.e., acquiring return authorization and finding out return policies and procedures), preparing the package (i.e., preparing the packaging materials and packaging the product), arranging the return shipping, and physically bringing the product to a logistics site (Nguyen et al., 2018; Ramanathan, 2011; Mollenkopf et al., 2007). Each step requires consumer efforts. In essence, integrated return shipping should reduce consumers' efforts associated with arranging the shipping for online returns. Among all online return studies that take consumer efforts into consideration, some investigate the effects of the overall ease of return (Heim and Sinha, 2001; Heim and Field, 2007; Ramanathan, 2011; Pham and Ahammad, 2017). Other studies focus on consumer efforts in specific steps of the return procedure, such as accessing the return process (Smith, 2005; Heim and Field, 2007; Janakiraman and Ordóñez, 2012) and preparing the package and entering it into the seller's return system (Mollenkopf et al., 2007). How consumers efforts to deal with return shipping influence their responses has not yet been investigated.

Although some studies demonstrated that ease of returns and less consumer effort in returns can positively influence seller–buyer relationships and relational outcomes (Heim and Sinha, 2001; Mollenkopf et al., 2007; Pham and Ahammad, 2017), others found that easier returns or less consumer effort in returns do not necessarily lead to more favorable consumer responses (Heim and Field, 2007; Ramanathan, 2011). Until now, there is no evidence showing that decreasing consumer efforts in arranging return shipping by using an online seller's integrated return shipping can benefit seller–buyer relationships and improve consumers' responses towards sellers.

2.2. Return shipping fee

Shipping a product purchased online to return it has a cost. For satisfaction-related returns, online sellers can either provide free return shipping by bearing return shipping costs themselves, or they can request that consumers pay for return shipping. Although some online sellers offer free return shipping for satisfaction-related returns, most online sellers employ a fee return policy that requires consumer to pay for such returns (Posselt et al., 2008; Zhao et al., 2020). A fee return shipping policy is instituted based on an online seller's normative assumptions; i.e., retailers attribute the responsibility for the return and thus employ equity-based return shipping policies. If the retailer deems itself responsible for taking care of the return (e.g., online returns due to poor product quality or damage incurred in transit), the retailer absorbs the return fee; if the retailer attributes the return to the consumers (e.g., online returns due to consumer satisfaction-related reasons), the consumers should pay for return shipping (Bower and Maxham, 2012). Some online sellers have adopted a free return shipping policy, which is a consumer-friendly return policy intended to build better relationships with their consumers and pursue more favorable relational outcomes (Xu and Jackson, 2019). To offer free return shipping, online sellers pay for the return shipping instead of the consumers, which will generate extra costs for the online sellers.

Previous research studied the effects of several monetary cost-related factors in product returns on seller–buyer relationships and relationship outcomes. These factors include a full refund policy (Pei et al., 2014), a channel's monetary costs (Xu and Jackson, 2019), and financial compensation for returns (Mollenkopf et al., 2007). To the best of our knowledge, previous studies have not explored the effects of a return shipping fee on seller–buyer relationships or relational outcomes.

Previous studies on return shipping fees have focused on the

influence of such costs on online sellers' profits or consumer purchase behaviors. Hjort and Lantz (2016) found that customers who enjoyed free return shipping generated a significantly lower contribution to retailers than the average consumer contribution. Thus, they argued that free return shipping may not benefit retailers in terms of profitability (Hjort and Lantz, 2016). However, Bower and Maxham (2012) suggested that toughening return shipping fee policies may be shortsighted because such strategies appear to negatively influence post-return customer spending at a retailer. Furthermore, Zhao et al. (2020) found that the optimal return shipping fee policy is related to the actual quantity of returns and the proportion of non-defective returns. Therefore, a free return shipping policy does not necessarily reduce online sellers' profits. In this work, we study the effect of free return shipping for satisfaction-related returns on consumer satisfaction with the online seller, repurchase intention, and other consumer responses.

In sum, this article is meaningful to the field for several reasons. First, although the prior literature has investigated the ways in which a few return services or return service attributes can restore buyer–seller relationships or generate more favorable relational outcomes (e.g., Mollenkopf et al., 2007; Griffis et al., 2012; Rintamäki et al., 2021), to the best of our knowledge, our research is the first attempt to unveil how return shipping policy influences buyer–seller relationships. Second, prior studies on return shipping policies mainly focused on monetary aspects, including return shipping fees (Bower and Maxham, 2012; Hjort and Lantz, 2016; Zhao et al., 2020) and return shipping insurance (Geng et al., 2017; Li et al., 2021). However, other aspects of return shipping policy have not been researched to date. Our work approaches this research gap by studying the effects of the return shipping method on consumer responses. Finally, although academics have called for research on the effects of interactions between different aspects of return policy (Janakiraman et al., 2016; Abdulla et al., 2019), few studies have examined the relevant interaction effects. In particular, previous studies have examined the interaction effects between different aspects of return policy on consumer purchase intentions (Abdulla et al., 2022) and product return decisions (Janakiraman and Ordóñez, 2012). Our research instead focuses on consumer satisfaction, repurchase intention, and several pivotal consumer perceptions. Therefore, our work extends knowledge on the interaction effect between different aspects of return policies.

3. Hypotheses

This article studies how return shipping policies influence a set of important cognitive, affective, and behavioral responses among consumers. Following the traditional sequence of effects in consumer behavior studies, first, we discuss the hypotheses related to the dependent variables for consumer perception (i.e., perceived fairness, perceived value, and perceived benevolence); consumer affect (i.e., satisfaction); and, lastly, behavioral intention (i.e., repurchase intention).

Satisfaction-related returns result from an online seller's failure to satisfy consumers, and usually cause unnecessary monetary loss and inconvenience to consumers (Mollenkopf et al., 2007; Walsh and Brylla, 2017). In any service failure encounters, as in the case of online returns, responsible organizations need to develop ethical recovery strategies to avoid perceived unfairness by consumers (Siu et al., 2013). Wang et al. (2020) suggested that to reduce consumers' perceptions of unfairness, online sellers should avoid return management practices that put consumers at a disadvantage. Consumers' fairness perceptions in online returns are proven to be important antecedents of consumer behavior (Bower and Maxham, 2012; Pei et al., 2014; Wang et al., 2020). Since every consumer who returns by mail will go through a return shipping process, online sellers should be conscious of fairness issues in dealing with return shipping and establish a fair return shipping policy.

Perceived fairness of a return shipping policy refers to the consumer's judgement of whether the rules made by the online seller for

return shipping are fair and reasonable (Pei et al., 2014). Prior return policy research has demonstrated that leniency in a return policy is positively related to consumers' fairness perceptions of that policy (Wang et al., 2020). Consumer effort leniency was also shown to be a key dimension of return policy leniency (Abdulla et al., 2019; Gächke et al., 2021; Abdulla et al., 2022). Online sellers are able to manipulate their effort leniency to differentiate their return policies from those of other sellers (Chang and Yang, 2022). Return policies that are designed to require less effort on the side of the consumer are considered more lenient (Janakiraman et al., 2016). When an online seller employs a separated return shipping method, consumers have to expend significant effort to ship the item when returning it. These consumers may then perceive the seller's return shipping policy as less lenient and, therefore, regard such a policy as less fair. On the other hand, when an integrated return shipping is provided, consumers do not need to expend as much effort to ship the items, as integrated return shipping reduces consumer effort in arranging return shipping. Therefore, under this model, consumers may regard the online seller's approach to return shipping as more convenient and lenient, which may lead to higher fairness perceptions of the return shipping policy.

H1: An integrated return shipping method (vs. a separated return shipping method) makes consumers perceive an online seller's return shipping policy as more fair (vs. more unfair).

A return shipping fee could drive up consumer inputs in return shipping in terms of monetary costs. Previous research has investigated the effects of monetary costs in online returns on consumer fairness perceptions. Bower and Maxham (2012) found that customers deem free return shipping as fairer than fee return shipping, regardless of blame attributions. Pei et al. (2014) concluded that a full return policy is considered fairer than a partial return policy. If consumers are provided with free return shipping, the return requires less monetary input. As a result, consumers may perceive the return shipping policy as more fair. Thus,

H2: Offering free return shipping (vs. requesting consumers to pay for return shipping) makes consumers perceive that the online seller's return shipping policy is more fair (vs. more unfair).

Perceived value is regarded as one of the most powerful forces in today's marketplace and is an underlying source of competitive advantage (Floh et al., 2014). Online retailers should focus on the strategically important goal of creating customer's value perceptions of return policies, and invest in their return process and thoughtfully craft return policies. When consumers return products to online sellers, consumers' perceived value of return policies have been found to directly influence their loyalty to the seller (see Mollenkopf et al., 2007). Therefore, it is essential for online sellers to increase the value of their return policies. Because return shipping policy is a part of return policy (Bonifield et al., 2010), online sellers should increase the value of their return shipping policy in order to increase the overall value of the return policy.

Perceived value of the return shipping policy refers to a consumer's assessment of the net benefit associated with the online seller's return shipping policy (Jeng, 2017). Consumers' value perceptions are formed based on their considerations of a tradeoff between the benefits and the costs (Zeithaml, 1988). Consumers' perceived value of the return shipping policy may be influenced by the costs and the benefits of using the return shipping policy (Mollenkopf et al., 2007). When consumers are provided with free return shipping, their monetary costs associated with return shipping will be reduced. Monetary cost is a component of the overall cost generated by using a seller's service (Chang et al., 2009). A lower monetary cost of using the policy may decrease the overall cost of using it in a consumer's mind. As a result, they are likely to regard the return shipping policy with free return shipping as more valuable due to

its lower cost.

H3: Offering free return shipping (vs. requesting consumers to pay for return shipping) makes the return shipping policy more valuable (vs. less valuable) to consumers.

A return shipping process generally entails some level of consumer effort (Shang et al., 2017). An integrated return shipping method makes the return shipping process easier and more convenient to consumers, because consumers do not need to put much effort into arranging return shipping (Seiders et al., 2007). Greater convenience of the return shipping process brought about by integrated return shipping may make consumers regard such a policy as more beneficial to them (Gao and Waechter, 2017), which could result in higher perceived value of the policy. Prior research has suggested that an e-retailer's high-quality service recoveries can enhance a customer's perceptions of value drawn from return offerings (Mollenkopf et al., 2007). Thus,

H4: An integrated return shipping method (vs. a separated return shipping method) makes the return shipping policy more valuable (vs. less valuable) to consumers.

Since consumers are already unsatisfied with their purchase, it should be appreciated when an online seller shows benevolence during online returns. Benevolence means interpersonal care and concern for helping consumers to solve problems in the online return process separate from profit motives (Toufaily et al., 2013; Lin, 2011), i.e., an online seller's goodwill in the seller-buyer exchange relationship beyond the explicit contract-level relationship (Chong et al., 2003). Benevolence plays a central role in building trust, and it can reduce the risk perception of the relationship, foster affective commitment, and exert a positive impact on consumers' attitude towards online sellers (Chong et al., 2003; Toufaily et al., 2013; Llosa and N'Goala, 2007; Lin, 2011). Benevolence perceptions can produce subsequent reciprocal behaviors from customers and even lead to extra-role behaviors such as positive word-of-mouth or suggestions for service improvements (Bove et al., 2009). Therefore, online sellers should carry out their service recovery approaches in online returns to build a benevolent image to consumers.

Perceived benevolence of the online seller refers to the extent to which an online seller is believed to intend to benefit customers, beyond profit motives (Bhattacharjee, 2002). Previous research has suggested that online sellers can use high-quality reverse logistics programs to shape the corporate image (Smith, 2005). The interactions between the online seller and consumer can increase the consumer's knowledge about the benevolence of the online seller (Chen and Dhillon, 2003). During the interaction, consumers can judge the seller's benevolence based on the cues sent by the seller (Hauswald and Hack, 2013); the cues could be offering support to consumers (Hauswald and Hack, 2013). Providing integrated return shipping may serve as such a cue, because this approach reduces consumer efforts in return shipping and needs an online seller's extra investments. Consumers may perceive that online sellers who provide integrated return shipping have good intentions towards them beyond their self-interest, and thus view such sellers as being benevolent. Thus,

H5: An integrated return shipping method (vs. a separated return shipping method) makes consumers perceive the online seller as more benevolent (vs. less benevolent).

Free return shipping may also lead consumers to perceive the online seller as benevolent. Monetary compensation can offset a consumer's loss due to the service failure, and offering compensation means the company has to sacrifice some profit in order to remedy the consumer's loss (Xie and Peng, 2009). Such organizational initiatives may be able to convey corporate concern for consumer interest rather than self-interest

in problem solving (Xie and Peng, 2009). Consumers may perceive satisfaction-related returns as service failures (Walsh and Brylla, 2017) and thus may think that it should be the online seller's responsibility to pay for return shipping costs. If consumers are asked to pay for the return shipping, they may view the online seller as exploitative. Therefore,

H6: Offering free return shipping (vs. requesting consumers to pay for return shipping) makes consumers perceive the online seller as more benevolent (vs. less benevolent).

Customer satisfaction has been described as both the ultimate goal of the market economy and the key outcome of the marketing process (Boshoff, 1997). It is also a key indicator of the buyer–seller relationship (Zhang and Bloemer, 2008; Zhang et al., 2011). Online returns undermine consumer satisfaction with the online seller (Walsh and Brylla, 2017). The process of handling returns entails service recovery opportunities for initial service failure; thus, online sellers should seize the service recovery opportunities to return dissatisfied customers to a state of satisfaction and maintain a high-quality relationship with consumers (Boshoff, 1997).

Satisfaction with an online seller refers to a consumer's overall evaluation of the online seller based on their experience (Zhang and Bloemer, 2008). Such satisfaction will be continually updated based on recent experiences with the seller and the resulting level of satisfaction (Walsh and Brylla, 2017). Service encounters with an online seller provide consumers with new experiences to reassess their satisfaction (Smith and Bolton, 1998). Product returns are akin to service failures, which can detrimentally affect a consumer's general satisfaction with a retailer (Walsh and Brylla, 2017). However, sellers might restore consumer satisfaction through superior service recovery performance. If consumers receive appropriate service recovery, they can have a satisfactory experience after a service failure and thus add positive new information to assess their satisfaction with the firm (Siu et al., 2013). In such a way, consumer satisfaction with the firm could be restored (Siu et al., 2013).

Financial compensation has been regarded as a primary service recovery approach for online returns (Mollenkopf et al., 2007). Previous service recovery research has found that offering financial compensation for service failure can restore consumer satisfaction (Vázquez-Casielles et al., 2012). Rintamäki et al. (2021) found that monetary costs of the return process are a significant factor influencing a consumer's perceptions of the return experience, which in turn influences consumer satisfaction with the retailer. Consumers who return products due to satisfaction-related reasons usually need to pay for return shipping (Posselt et al., 2008; Zhao et al., 2020). In turn, free return shipping provided by the online seller can be seen as a form of financial compensation for any monetary loss related to return shipping (Chen and Zhou, 2014). Thus, this recovery approach is likely to add positive new information to the consumer's satisfaction judgement (Smith and Bolton, 1998). When free return shipping is provided, the consumer may have more satisfaction with the online seller (Vázquez-Casielles et al., 2012). Therefore,

H7: Offering free return shipping (vs. requesting consumers to pay for the return shipping) should give consumers more satisfaction (vs. less satisfaction) with the online seller.

Online returns require consumer efforts to complete additional tasks. Arranging return shipping is one of the tasks that consumers could have to deal with to return a product. An integrated return shipping method is a service recovery approach for reducing consumer efforts in arranging

return shipping. Previous research has suggested that online sellers' long-term relationships with consumers are linked to their high-quality reverse logistics programs (Smith, 2005). When integrated return shipping is provided, consumers are likely to have a more satisfactory return experience due to less efforts in organizing return shipping. A satisfactory return experience could restore a consumer's overall satisfaction after service failure (Rintamäki et al., 2021). It has been found that decreasing levels of customer effort to carry out the return will result in higher levels of satisfaction with the return process (Mollenkopf et al., 2007), which may improve the overall satisfaction with the seller. Pham and Ahammad (2017) found that ease of returning a product is one of the most significant contributors to online customer satisfaction, while ease of return in their study is closely related to consumer efforts in returning products. Thus,

H8: An integrated return method (vs. a separated return method) should give consumers more satisfaction (vs. less satisfaction) with the online seller.

Consumer repurchase behavior is a behavioral outcome that online sellers appreciate, and it has a direct influence on online sellers' profits (Gupta and Kim, 2007; Zhou et al., 2009; Matute et al., 2016). A basic principle of developing seller–buyer relationships is to create repurchase intention (Herjanto and Amin, 2020). Intention to repurchase from the online seller refers to the subjective probability that an individual will continue to purchase products from the online seller in the future (Chiu et al., 2009). An integrated return shipping service reduces consumer efforts in return shipping (Pham and Ahammad, 2017). Recent studies have found that lenient return policies are positively associated with consumer repurchase intention (Wang et al., 2020; Tandon et al., 2020). Javed and Wu (2020) also found an online consumer's perceptions of post-delivery services, such as returns, affect their repurchase intention from the e-retailer. Mollenkopf et al. (2007) found both higher service recovery quality and less consumer efforts in return processes can promote consumer loyalty. Considering that repurchase intention is a manifestation of consumer loyalty (Zhang et al., 2011), integrated return shipping and free return shipping should enhance consumer repurchase intention. Pham and Ahammad (2017) found that ease of return is one of the most significant factors ultimately influencing consumer repurchase intention. Therefore,

H9: An integrated return shipping method (vs. separated return shipping method) should result in higher (vs. lower) consumer intention to repurchase from the online seller.

A free return shipping service is used by online sellers to compensate for a consumer's monetary loss due to return shipping. Such a service recovery approach may enhance consumer satisfaction with the seller (Vázquez-Casielles et al., 2012). Bower and Maxham (2012) found that consumers who paid a return shipping fee decreased their post-return spending at the same retailer, while in contrast, consumers who experienced free return shipping considerably increased their post-return spending. Thus,

H10: Free return shipping (vs. fee-based return shipping) should result in higher (vs. lower) consumer intentions to repurchase from the online seller.

Finally, there may be an interaction effect between the return shipping method and return shipping fee. In the best-case scenario of providing integrated and free return shipping, consumers are likely to

have the most positive beliefs and the highest repurchase intention. In contrast, in the worst-case scenario in which consumers must organize and pay for return shipping by themselves, consumers may have the most negative beliefs and tend to not purchase from the seller again. Furthermore, integrated return shipping may exacerbate the expected negative effect of fee return shipping on perceived fairness. It has been found that product returns, which are akin to service failures, will detrimentally affect consumer satisfaction with the online seller (Walsh and Brylla, 2017). Previous studies have argued that relationship factors may influence consumers' responses to return services (Mollenkopf et al., 2007; Hess et al., 2003). When consumers are provided with integrated return shipping rather than separated return shipping, they must pay the return shipping fee to the online seller or its delivery partner. In this case, consumer dissatisfaction with the online seller may lead to less acceptance of paying the return shipping fee to the seller or its partner. As a result, integrated return shipping may make consumers feel that fee return shipping is a more unfair practice.

In addition, integrated return shipping may also intensify the expected negative effect of fee return shipping on the perceived benevolence of the online seller. Consumers usually draw inferences about motives behind firms' actions and their attribution of the motives impacts their evaluations of the firm (Foreh and Grier, 2003). In a fee and separated return shipping scenario, consumers would attribute the fee policy to the seller's cost-covering motive, because the fee is paid to a third-party delivery service provider (Schindler et al., 2005). However, in a fee and integrated return shipping scenario, consumers must pay the fee to the online seller or its delivery partner. Consumers may be skeptical of such a shipping charge and may view it as a way for the seller to make additional profits (Chatterjee, 2011; Koukova et al., 2012; Pan et al., 2013). In this scenario, a fee policy may be considered as a seller's strategy to make additional profits rather than simply as a way to cover its return shipping costs (Schindler et al., 2005). When attributing a fee policy to the seller's profit-making motive in comparison to their cost-covering motive, consumers may have a lower benevolence perception of the online seller (Schindler et al., 2005). Therefore, an integrated

return shipping method is likely to worsen the expected negative effect of a fee policy on consumers' benevolence perceptions due to consumers' inferences of the online seller's profit-making motives.

Previous literature has suggested that the more money consumers spend, the more they want to gain (Lin, 2013). In the return shipping context, when a return shipping policy requires consumer to pay for return shipping rather than providing free return shipping, consumers may expect more benefits from the other aspects of the return shipping policy. Understanding that perceived benefit as a subjective element (Zeithaml, 1988), a higher expectation of benefit may result in a consumer's lower subjective assessment of the benefit they receive from integrated return shipping. As a result, requiring consumers to pay for return shipping should undermine the expected positive effect of integrated return shipping on perceived value of return shipping policy. In sum, consumers who need to pay for return shipping are likely to have low satisfaction with integrated return shipping, because such a service recovery approach may not meet their high expectations for the return shipping service. In contrast, when consumers are provided with free return shipping, they may have higher satisfaction with integrated return shipping due to their low expectations. Therefore, in comparison with those who are provided with free return shipping, consumers who need to pay for return shipping are likely to be less satisfied with integrated return shipping. Their lower satisfaction with integrated return shipping may lead to lower satisfaction with the online seller (Smith and Bolton, 1998), which in turn lowers their intention to repurchase from the seller (Pham and Ahammad, 2017). Thus,

H11: There is an interaction effect between return shipping method and return shipping fee on (a) perceived fairness of the return shipping policy, (b) perceived value of the return shipping policy, (c) perceived benevolence of the online seller, (d) satisfaction with the online seller, and (e) intention to repurchase from the online seller.

The hypotheses detailed above are depicted in Fig. 1.

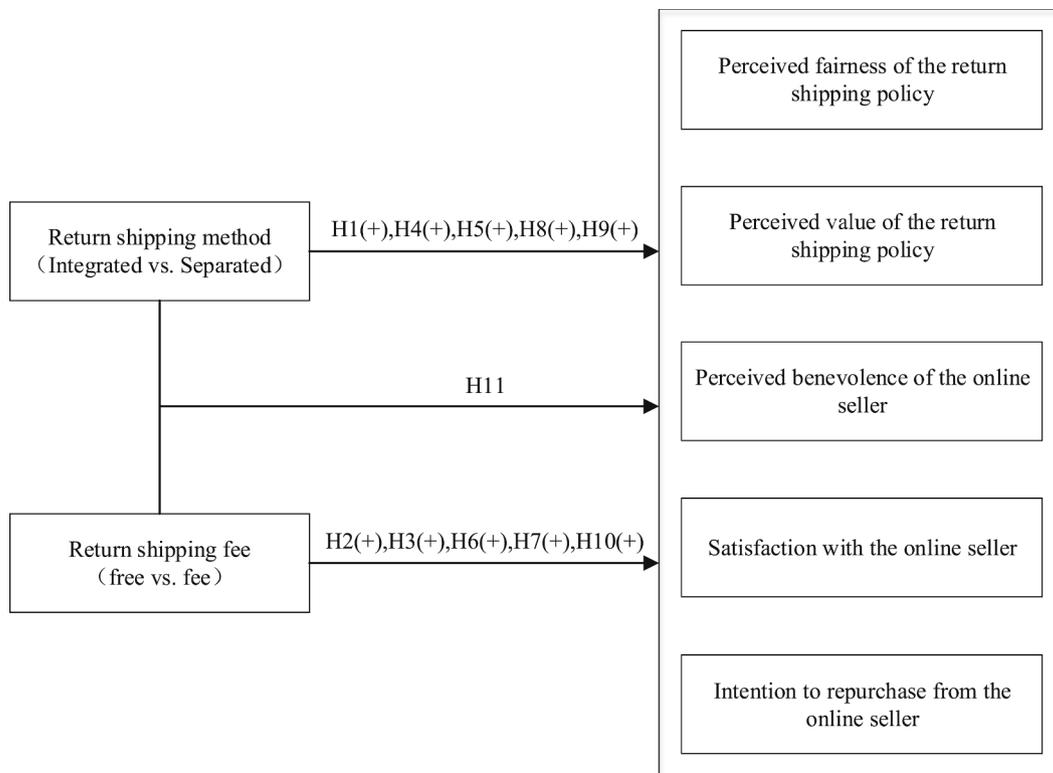


Fig. 1. Research hypotheses.

4. Methods

4.1. Research participants and procedure

We designed a two-factor (integrated return shipping vs. separated return shipping; free return shipping vs. fee return shipping), between-subject experiment to conduct this study.

We consulted an online survey company, Wjx.cn, to recruit 320 valid Chinese online consumers who had experience in online purchasing and returning online purchases by mail in the past six months. These respondents accessed a link sent by the company to complete the experiment online. We recruited respondents with online purchase and return experience to ensure that the respondents were familiar with online return shipping and could understand our experimental materials. The required sample size was calculated by G*Power software, using usual parameters (i.e., statistical test, ANOVA: fixed effects, special, main effects, and interactions; effect size $f = 0.25$; alpha error probability = 0.01; power = 0.8; numerator d.f. = 1; number of groups = 4). The output of the software showed that a minimum sample size of 191 was required to fulfill these parameters; our sample size of 320 exceeded this.

To ensure that we had valid respondents in our sample, we added two control questions at the end of the questionnaires related to the two experimental factors to verify the validity of the respondents. The control questions involved whether they need to find and deal with a delivery company to ship the laptop and whether the online seller offers free return shipping to them in various scenarios. Respondents who did not answer both questions correctly did not understand our experimental materials, and, thus, they were considered as invalid. Only those who correctly answered both questions were kept in our sample. We decided to conduct this experiment in China, because China is the largest e-commerce market in the world and is growing rapidly (Skeldon, 2021). All participants recruited for the experiment were Chinese, from various areas in the country.

We randomly assigned participants to each experimental cell and balanced the number of the participants in each cell (i.e., 80 valid participants per cell; see Deutskens et al., 2006). Participants in each cell were exposed to the respective scenarios; the treatments that participants received are presented in Appendix A. All respondents were asked to use their computer to complete the questionnaires and we also informed the respondents that they should read the experimental materials carefully and answer the questions intuitively. When the respondents completed the questionnaire and submitted it, those which were valid were kept in our sample, and rewarded with about USD 1.5. The invalid participants were not included in our sample and were not paid. We kept recruiting respondents until we had enough valid respondents for each cell. A total of 518 respondents completed the survey, 320 of which were valid.

Among the subjects in our sample, 55.9% were female, 16.3% were 18–25 years old, 31.6% were 26–30 years old, 41.3% were 31–40 years old, 8.4% were 41–50 years old, and 2.5% were older than 50 years old.

4.2. Experimental material

All respondents were exposed to the scenarios in which they decided to return a laptop purchased online because they were not satisfied with it, and they were asked to ship the product to the online seller following the seller’s return policy. Our research purpose is to improve the relationship between online sellers and consumers who return products due to satisfaction-related reasons; thus, the return reason in the scenarios was that the consumers were not satisfied with the laptop. A laptop was selected as the experimental product for three reasons. First, electronics are one of the most purchased product categories online (Sabanoglu, 2020), and also one of the product categories with the highest online return rates (Mazareanu, 2018). Second, consumers are familiar with laptops, because laptops are commonly used in daily life (Statista

Research Department, 2021). Third, a laptop has integrated features and capabilities in the same device, thus offering extensive diversity in its application areas such as business, education, and entertainment (Grand View Research, 2018). Therefore, it is realistic for people with different backgrounds (e.g., age, education, gender) to buy a laptop.

When consumers return an online-purchased product by mail, online sellers determine the shipping method that the consumers should use to ship the product back to them. In separated return shipping scenarios, consumers were asked to find a third-party delivery company by themselves and deal with the return shipping process. The respondents were told that the delivery company they find should be able to transport the laptop appropriately. In integrated return shipping scenarios, consumers were asked to directly arrange return shipping with the online seller. When providing integrated return shipping, an online seller should design reasonable return options for consumers to physically enter the product into its return logistics. Both drop off and pickup options would be used by consumers to return laptops, so the online seller provided both options in the integrated scenarios.

In terms of return shipping fees, online sellers can either charge a return fee or have a free return policy. In the fee return shipping scenarios in our study, the online seller requested that consumers pay for return shipping for satisfaction-related returns. In free return shipping scenarios, the online seller supported return shipping costs by themselves. In the free and separated return shipping scenario, the respondents were told that the return shipping fee to be reimbursed should not be higher than the regular shipping fees that main delivery companies charge from their locations. Such a limit is common practice. Without such a limit, consumers may be inefficient in selecting an appropriate delivery company and choose an expensive one, which could cause additional costs for the online seller.

4.3. Measures

We adapted validated scales from previous research to measure the dependent variables in this study. The details of the scales can be seen in Appendix B.

5. Results

5.1. Scale reliability and validity

To assess whether the constructs in the study were correctly

Table 1
Loading, alpha, AVE, and CR values of constructs.

	Loading	Alpha	AVE	CR
Perceived fairness		0.949	0.862	0.949
Fairness1	0.945			
Fairness2	0.895			
Fairness3	0.945			
Perceived value		0.940	0.840	0.940
Value1	0.918			
Value2	0.905			
Value3	0.926			
Perceived benevolence		0.945	0.777	0.946
Benevolence1	0.907			
Benevolence2	0.900			
Benevolence3	0.813			
Benevolence4	0.881			
Benevolence5	0.902			
Satisfaction		0.941	0.845	0.943
Satisfaction1	0.901			
Satisfaction2	0.932			
Satisfaction3	0.925			
Repurchase intention		0.958	0.885	0.958
Repurchase1	0.941			
Repurchase2	0.937			
Repurchase3	0.944			

measured by the corresponding scales, we used AMOS 22.0 to run a confirmatory factor analysis for the measurement model. The goodness of fit indices were satisfactory: Chi-squared/df = 1.655, RMSEA = 0.045, TLI = 0.987. The factor loading of each item with its construct ranges between 0.813 and 0.945, which meets the range of factor loadings suggested by Bagozzi and Yi (1988). Both the Cronbach's alpha and composite reliability (CR) of five variables were over 0.7 (see Table 1), showing a satisfactory internal consistency and reliability.

The average variance extracted (AVE) of each variable was much greater than 0.5, indicating satisfactory convergent validity (for greater detail on cut-off values and reliability analyses, see Martínez-López et al., 2013). These satisfactory results indicate that the constructs were correctly measured. As ANOVA works with one-item variables, once it checked the above, following the usual procedure here, each multi-item variable was replaced for average values.

5.2. Hypotheses testing

This study has two experimental factors considering interaction effects, and therefore, two-way, full factorial ANOVAs were employed to test the hypotheses.

Perceived fairness of the return shipping policy. The result showed that the treatment of the integrated return shipping had a significant positive effect on perceived fairness of the return shipping policy ($F = 15.345$, p -value < 0.01). In an integrated return shipping scenario, consumers perceived that the online seller's return shipping policy was more fair ($M_{\text{integrated}} = 5.813 > M_{\text{separated}} = 5.242$). Therefore, H1 was supported. In the scenarios including a return shipping fee, the results showed that the free return shipping had a significant positive effect on perceived fairness ($F = 48.676$, p -value < 0.01). In a free return shipping scenario, consumers perceived that the return shipping policy was more fair ($M_{\text{free}} = 6.035 > M_{\text{fee}} = 5.019$). Therefore, H2 was supported. However, no interaction effect on perceived fairness was found ($F = 0.641$, p -value = 0.424).

Perceived value of the return shipping policy. The result showed that free return shipping had a significant positive effect on perceived value ($F = 99.679$, p -value < 0.01). In a free return shipping scenario, consumers perceived a higher value of the return shipping policy ($M_{\text{free}} = 5.833 > M_{\text{fee}} = 4.435$). Therefore, H3 was supported. Regarding the return shipping method, an integrated return shipping policy had a significant positive effect on consumer perceived value of the return shipping policy ($F = 31.801$, p -value < 0.01). In an integrated return shipping scenario, consumers perceived the value of the return shipping policy as higher ($M_{\text{integrated}} = 5.529 > M_{\text{separated}} = 4.740$). Therefore, H4 was supported. However, no interaction effect between two factors on perceived value was found ($F = 1.180$, p -value = 0.278).

Perceived benevolence of the online seller. The result showed that an integrated return shipping policy had a significant and positive influence on consumer-perceived benevolence of the online seller ($F = 43.286$, p -value < 0.01). In an integrated return shipping scenario, consumers perceived the online seller as more benevolent ($M_{\text{integrated}} = 5.225 > M_{\text{separated}} = 4.380$). Therefore, H5 was supported. As for the factor of return shipping fee, free return shipping had a significant and positive influence on perceived benevolence ($F = 120.095$, p -value < 0.01). In a free return shipping scenario, consumers perceived the online seller as more benevolent ($M_{\text{free}} = 5.506 > M_{\text{fee}} = 4.099$). Therefore, H6 was supported. No interaction effect on perceived benevolence was found ($F = 0.319$, p -value = 0.573).

Satisfaction with the online seller. The result showed that free return shipping had a significant and positive effect on consumer satisfaction ($F = 103.781$, p -value < 0.01). In a free return shipping scenario, consumers felt more satisfied with the online seller ($M_{\text{free}} = 5.737 > M_{\text{fee}} = 4.277$). Therefore, H7 was supported. In terms of return shipping method, an integrated return shipping policy had a significant and positive effect on consumer satisfaction ($F = 33.286$, p -value < 0.01). In an integrated return shipping scenario, consumers felt more satisfied

Table 2
Hypotheses testing.

Hypotheses	Results
H1: Return shipping method → Perceived fairness	Supported
H2: Return shipping fee → Perceived fairness	Supported
H3: Return shipping fee → Perceived value	Supported
H4: Return shipping method → Perceived value	Supported
H5: Return shipping method → Perceived benevolence	Supported
H6: Return shipping fee → Perceived benevolence	Supported
H7: Return shipping fee → Satisfaction	Supported
H8: Return shipping method → Satisfaction	Supported
H9: Return shipping method → Intention to repurchase	Supported
H10: Return shipping fee → Intention to repurchase	Supported
H11: Interaction effects	Rejected

with the online seller ($M_{\text{integrated}} = 5.421 > M_{\text{separated}} = 4.594$). Therefore, H8 was supported. However, no interaction effect on consumer satisfaction was found ($F = 0.735$, p -value = 0.392).

Intention to repurchase from the online seller. The result showed that an integrated return shipping policy had a significant and positive effect on repurchase intention ($F = 29.467$, p -value < 0.01). In an integrated return shipping scenario, consumers showed a stronger repurchase intention ($M_{\text{integrated}} = 5.592 > M_{\text{separated}} = 4.758$). Therefore, H9 was supported. Regarding return shipping fee, free return shipping had a significant and positive influence on repurchase intention ($F = 89.213$, p -value < 0.01). In a free return shipping scenario, consumers had a stronger repurchase intention ($M_{\text{free}} = 5.900 > M_{\text{fee}} = 4.450$). Therefore, H10 was supported. No interaction effect between two factors on repurchase intention was found ($F = 1.179$, p -value = 0.278).

In sum, all hypothesized main effects of two factors were supported, but no interaction effects between two factors on the dependent variables were found (see Table 2).

6. Theoretical discussion

This article offers several theoretical contributions. First, our research shows that a consumer-friendly return shipping policy is an effective relationship marketing strategy for online sellers. Some prior studies have examined product return management in traditional brick-and-mortar stores (e.g., Huppertz, 2007; Ertekin, 2018). However, online returns have distinct differences with product returns in physical stores in terms of communication between seller and consumer, the return process, consumer efforts required to make a return, and reverse logistics activities (Ahsan and Rahman, 2021). These differences increase the difficulty and complexity in managing online returns compared to offline returns (Ahsan and Rahman, 2021). A significant difference between online and offline returns is that the seller and buyer in an online return context are not in the same location. Thus, an item to be returned in an online shopping context needs to be shipped from the consumer to the seller. For this reason, the present research is different from prior studies focused on offline returns because return shipping is specific to the online return context. Moreover, although prior literature has studied the effects of a few return services and return service attributes on buyer-seller relationships and relational outcomes (Mollenkopf et al., 2007; Griffis et al., 2012; Heim and Sinha, 2001; Ramanathan, 2011; Pham and Ahammad, 2017), whether, and how, online sellers can use return shipping policies for relationship marketing has not yet been studied. Our research fills this gap by indicating that the use of integrated return shipping and free return shipping can restore buyer-seller relationships.

More specifically, prior studies on return shipping fees have discussed the value of free return shipping to online sellers from the perspective of profitability and have drawn inconclusive conclusions (Bower and Maxham, 2012; Hjort and Lantz, 2016; Zhao et al., 2020). Our research offers new insight into the value of a free return shipping

policy for online sellers by revealing the positive influence of such policies on consumer satisfaction, which is key to buyer–seller relationship quality and an online seller’s long-term success (Hennig-Thurau et al., 2002; Zhang and Bloemer, 2008; Zhang et al., 2011). Although a fee return shipping policy is cost-effective for online sellers (Bower and Maxham, 2012), our research indicates that it could be worthwhile for online sellers to invest in a free return policy for their relationship marketing and long-term success. Prior studies on return shipping policies have mainly focused on monetary factors (e.g., Zhao et al., 2020; Li et al., 2021). However, other aspects of return shipping policy are absent from current discourse, and as such, the effects of such aspects on buyer–seller relationships are unknown. Our research found that an integrated return shipping method can reduce the consumer effort needed to arrange return shipping, thereby improving consumer satisfaction.

Second, our research indicates that integrated return shipping can improve consumer perceptions of the online seller and its return shipping policy, as well as strengthen consumer repurchase intentions. Integrated return shipping is an approach used by online sellers to reduce the consumer effort needed to arrange return shipping. Some prior studies have demonstrated that easier returns and less return effort can positively influence consumers’ perceptions and behavioral intentions (Mollenkopf et al., 2007; Heim and Sinha, 2001; Pham and Ahammad, 2017), while others found that easier returns or less return effort do not necessarily lead to more favorable consumer responses (Heim and Field, 2007; Ramanathan, 2011). These different conclusions about the effects of consumer efforts may be due to the nuances related to consumer effort-related factors in prior studies. Mollenkopf et al. (2007) focused on consumer efforts to pack and ship items, while Pham and Ahammad (2017) studied the ease of the entire return process. Heim and Sinha (2001) considered ease of cancellation as part of ease of return, while Heim and Field (2007) and Ramanathan (2011) considered ease of refund as part of ease of return. In this article, we focused on integrated return shipping, which is related to a decrease in the consumer effort needed to arrange return shipping. Our research indicates that integrated return shipping can improve consumer perceptions and strengthen consumer repurchase intention, which adds new knowledge to the literature on return shipping policy.

Third, our results show that there was no interaction effect between the method and the fee on consumer perceived value, satisfaction, and repurchase intention. This result could be because consumers who pay a return shipping fee do not expect greater benefits from the other aspects of the return shipping policy. In an original service context, consumers regard a service fee as the amount of money they sacrifice to obtain a service (Zeithaml, 1988). Therefore, a higher service fee could lead to a higher expectation of benefits from the service among consumers (Lin, 2013). However, consumers may not consider a return shipping fee to be a kind of service fee. Consumers are likely to regard product returns as service failures and thus consider that the seller is responsible for the return (Walsh and Brylla, 2017). As a result, consumers could view paying a return shipping fee as a monetary loss caused by the seller’s unreasonable fee policy (Bower and Maxham, 2012). When consumers experience repeated failures (i.e., product returns and paying return shipping fees), they can lose their confidence in the seller’s services and thus not have high expectations for benefits from the other aspects of the return shipping policy (Hess et al., 2003).

Our result also showed that there was no interaction between the two factors on fairness perception. Previously, product returns were found to detrimentally affect consumer satisfaction with online sellers (Walsh and Brylla, 2017), while we found that integrated return shipping could significantly restore consumer satisfaction (see H8). Therefore, since a buyer–seller relationship damaged by previous service failures can be restored to some extent via integrated return shipping, paying the return shipping fee to the online seller or its delivery partner seems to be acceptable to consumers. This result may explain why an integrated return shipping policy did not cause a consumer to perceive paying for

the return shipping fee as more unfair.

Moreover, contradicting our hypothesis, no interaction effect on perceived benevolence was found. A reasonable explanation is that, in a fee and integrated return shipping scenario, consumers could attribute the fee policy to a seller’s need to cover costs rather than make extra profit. Previous literature has argued that the amount of a fee charged by a seller can affect consumers’ inferences about the seller’s motives (Cheema, 2008; Pan et al., 2013). When an online seller charges a reasonable fee, consumers may infer that the online seller charges for integrated return shipping only for cost-covering reasons.

Fourth, consumers’ perceived value is a pivotal construct in marketing literature (Dodds, 1991; Floh et al., 2014), but the perceived value of return shipping policy has not yet been studied. Prior literature has studied how sellers can add value to their return policies (Mollenkopf et al., 2007; Jeng, 2017), which is different from our focus on the value of return shipping policies. As such, how online sellers can develop return shipping policies that are valuable to consumers has not been explored. The present article fills this theoretical gap by indicating that both free return shipping and integrated return shipping can cause consumers to perceive a return shipping policy as more valuable.

Fifth, prior studies have investigated the influential factors of consumers’ perceived benevolence of an online seller at the pre-transaction stage (e.g., Zhou and Tian, 2010; Park et al., 2012; McKnight et al., 2002) and transaction stage (e.g., Hwang, 2009; Hung et al., 2012). However, factors impacting consumer benevolence perceptions in online returns have not yet been investigated. Although it is difficult for a customer to conceive that an online seller is benevolent towards him/her in general (Toufaily et al., 2013), we found that both integrated return shipping and free return shipping can provide evidence of the benevolence of sellers and thus help sellers build a more benevolent image.

To summarize, our research contributes to the current literature in four ways. First and foremost, prior literature has investigated the use of few return services or return service attributes to restore buyer–seller relationships or generate more favorable relational outcomes, including return management systems (Mollenkopf et al., 2007), the speed of returns processing (Griffis et al., 2012), the ease of returns (Heim and Sinha, 2001; Ramanathan, 2011; Pham and Ahammad, 2017), and the returning experience (Rintamäki et al., 2021). Our research reveals that free return shipping and integrated return shipping can effectively restore the buyer–seller relationship damaged by online returns, thus adding new knowledge to the relationship marketing literature. In addition, prior literature on return shipping policy has mainly focused on monetary aspects (Bower and Maxham, 2012; Hjort and Lantz, 2016; Zhao et al., 2020; Geng et al., 2017; Li et al., 2021). Our research demonstrates that an integrated return shipping policy in comparison to a separated one leads to more favorable consumer responses towards the policy and the seller. Furthermore, to the best of our knowledge, our research is the first to examine the interaction effects between different aspects of return policy on buyer–seller relationships, repurchase intentions, and consumer perceptions. We found that the effects between the two studied factors on consumer responses were not interactive but additive, which indicates that online sellers charging for superior return services does not necessarily weaken the positive effects of those services on consumer responses. Finally, in the existing literature on return shipping, consumer perceived value, perceived benevolence, and satisfaction are pivotal variables but remain unstudied. Our research determined the relationships between return shipping policies and these variables, thus providing deeper insight into return shipping policy.

7. Practical implications

Restoring buyer–seller relationships damaged by online returns is critical to the success of online sellers. In this research, we found that consumer-friendly return shipping policies, such as an integrated return shipping policy and a free return shipping policy, are very effective to

improve the buyer–seller relationship. Thus, it should be appealing for online sellers to employ these approaches in their relationship marketing.

In comparison to an integrated return shipping policy, a separated policy is the easier way for online sellers to deal with return shipping. However, our findings remind online sellers that the inconvenience to consumers of using a separated return shipping could result in relatively low satisfaction and weak repurchase intentions. In contrast, an integrated policy removes many of the frictions during the return shipping process for consumers, such as the hassles related to finding qualified third-party delivery companies and communications with the delivery service provider and the online seller. Consumers who are provided with integrated return shipping have more satisfaction with the online seller and stronger repurchase intentions. Therefore, for online sellers wishing to restore their relationship with the consumers and increase consumers' repurchases, integrated return shipping is an important approach.

An integrated return shipping can be fulfilled either by online sellers' self-run logistics or a delivery partner. Online sellers who plan to use self-run logistics should establish physical infrastructure such as transport or return locations, as well as information systems for monitoring the progress of return shipping. Building a self-run logistics system is costly. Most online sellers, especially small- and medium-sized ones, could implement integrated return shipping by establishing a partnership with a return service provider, such as an online marketplace that provides integrated return shipping support (e.g., Amazon or JD.com), a delivery company (e.g., UPS or FedEx), or a return management company (e.g., Happy Returns). Furthermore, the online sellers need to provide an interface on their websites for consumers to arrange return shipping with them. On the interface, they should clearly instruct their consumers how to use the integrated return shipping. To make it convenient for consumers to make an appointment for pickup, online sellers may need to design an ease-of-use interface in which consumers can fill in the necessary information for pickup. For consumers who use a drop off method, online sellers could put a map displaying their return locations and show the business hours of the return locations, so the consumers can easily locate the return locations and go to them at the right time.

A fee return shipping policy is cost-effective to online sellers, which motivates them to employ such a shipping policy (Bower and Maxham, 2012). Although a fee policy is equity-based and adopted by most online sellers, our research suggests that using a fee policy to deal with online returns might be shortsighted. We found that a free return shipping policy can lead to a better buyer–seller relationship, which benefits the long-term success of online sellers and helps facilitate consumers' future purchases, thereby increasing sales. Therefore, an online seller could view the return shipping costs it may bear as investments in relationship marketing and sales growth. Our findings suggest that online sellers should reevaluate their return shipping fee policy and make new policy decisions, not only considering the cost of a free return policy, but also the impacts of a free return policy on their relationship with consumers and future sales.

Online sellers can use several ways to offer free return shipping. For example, sellers can simply waive the return shipping fee when using self-run logistics systems. In cases where online sellers use a return shipping service provided by a delivery service partner, they can directly pay the return shipping fee to their partners (e.g., by sending a pre-paid label to the consumer or asking them to choose a "delivery fee to be collected" option) or ask consumers to pay the return shipping fee first and reimburse the consumer later. Online sellers can also buy return freight insurance for their consumers. If a consumer returns an insured product, the insurance company instead of the online seller will compensate the consumer for the return shipping fee (see Fan and Chen, 2020).

Our research found that fee return shipping does not undermine the positive effect of integrated return shipping on consumer responses. Therefore, online sellers can be confident to use an integrated return

shipping policy and a fee return shipping policy, which can lead to favorable consumer responses and also control the return costs. However, when an integrated policy and a free return policy are used together, the return shipping policy can produce the best consumer responses. Considering the significant and positive influence of an integrated and free return shipping policy on buyer–seller relationships and consumers' repurchases, the use of such a policy may be very appealing to online sellers.

8. Limitations and future research

To study the effects of a return shipping policy in the experiment, respondents should be exposed to an experimental scenario in which they need to ship a product to the online seller to return it. In this work, we selected a laptop as the experimental product. However, a laptop cannot represent all product categories. Products vary in terms of the difficulty of arranging return shipping or the cost of return shipping. For instance, there are big differences between shipping a fridge or a pair of shoes in terms of the hassle of arranging return shipping and the return shipping fee. Future studies can investigate whether and how product categories moderate the effect of return shipping policy on consumer responses.

We found that integrated return shipping and free return shipping can improve consumer satisfaction and repurchase intentions, but we did not investigate potential side effects of these approaches. Because the return shipping is free to consumers under a free return policy and convenient to them with an integrated policy, these approaches may lead to more legitimate and opportunistic product return behaviors. More online returns will lead to a loss of profit for online sellers; thus, it is worth studying such potential side effects. Future studies could examine the effects of a return shipping policy on consumer return behaviors to generate a more comprehensive understanding.

This research studied only two levels of each experimental factor. Future research could work on more levels of the factors by considering other potential return shipping methods with different levels of consumer effort and more types of return shipping fee policies with different monetary costs. Future studies could also analyze the specific ways that return shipping methods or return shipping fees influence consumer responses. In this way, a deeper insight into the relationship between return shipping policies and consumer responses could be developed. In terms of the dependent variables, we applied several important constructs found in the return management literature as the dependent variables in this study; however, the relationships among these variables were not explored. It would be interesting to investigate the relationships among consumers' product-return-related cognitive, affective, and behavioral responses in future studies.

In this article, we focused on integrated return shipping and free return shipping. Given that online returns are very common now and damage buyer–seller relationships, it would be meaningful to explore more return policies or services to improve such relationships. Future research could also compare the effectiveness of various consumer-friendly return policies and superior services (e.g., integrated return shipping and free return shipping) to restore the buyer–seller relationship. Such research could identify which approaches have stronger positive effects on the buyer–seller relationship, thus helping online sellers determine the priorities for improving their return management.

In this work, we found that a consumer-friendly return shipping policy can be an effective approach to restore the buyer–seller relationship. However, with the rise of omni-channel retailing, some products purchased online could be directly returned to sellers' bricks-and-mortar stores instead of being shipped to the appropriate return addresses. Thus, return-shipping-based approaches cannot be used in these returns. Therefore, further research could study the strategies for sellers to nurture their relationship with consumers when consumers use 'buy online and return in store' services.

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CRediT authorship contribution statement

Francisco J. Martínez-López: Conceptualization, Methodology, Project administration, Writing – original draft, Writing – review & editing, Supervision. **Changyuan Feng:** Conceptualization,

Methodology, Project administration, Investigation, Data curation, Formal analysis, Software, Writing – original draft, Writing – review & editing, Resources. **Yangchun Li:** Writing – review & editing, Funding acquisition. **Marc Sansó Mata:** Writing – review & editing.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Appendix A. Stimulus materials

Please imagine you have purchased a laptop on an online shopping website a few days ago. Now you receive the delivery.

You open the package to check the laptop. The laptop is not broken. You turn on the laptop and try it. The laptop is working well. Although you think it is an acceptable purchase for you, you are not completely satisfied with it. Therefore, you decide to return it.

You initiate the return request to the online seller. The online seller approves your return request and provides the return address to you. The online seller informs you how to ship the laptop back:

[All respondents can see text above]

[The following four paragraphs were shown to the respondents in the integrated and free return shipping scenario]

“According to our return shipping policy, we will arrange the return shipping for you to make your return easier, so you do not have to deal with a delivery company by yourself. We offer free return shipping to our customers, regardless of the reason for the return. Therefore, we will take care of the return shipping fee, not having any extra cost for you.

You can use either the pickup method or the drop off method provided by us:

1. If you use our pickup method, now or later on, you should make an appointment with us for the time and the place to pick up the product at your place. We will send a delivery carrier to pick up the product at the appointed place at the appointed time. Please ensure that you or someone else will hand over the product to the carrier and show the carrier the return address. You do not need to pay the carrier.
2. If you prefer our drop off method, you should return the product to our designated return location near you. You can take the product to any drop off location and show the staff the return address to ship it. You do not need to pay anything to the staff there.”

[The following four paragraphs were shown to the respondents in the integrated and fee return shipping scenario]

“According to our return shipping policy, we will arrange the return shipping for you to make your return easier, so you do not have to deal with a delivery company by yourself. We offer free return shipping if the return is the result of mistakes of ours, including the following: (1) the item was damaged in transit, (2) the item was defective, or (3) we shipped the wrong item. If return is not the result of our mistake, the customer would need to pay a return shipping fee. Therefore, in your case, you would need to pay a return shipping fee.

You can use either the pickup method or the drop off method provided by us:

1. If you use our pickup method, now or later on, you should make an appointment with us for the time and the place to pick up the product at your place. We will send a delivery carrier to pick up the product at the appointed place at the appointed time. Please ensure that you or someone else will hand over the product to the carrier and show the carrier the return address. A reasonable fee will be charged for the return shipping service. The specific fee depends on your location. The return shipping fee will be directly deducted from the refund when we would refund you, so you do not need to pay the carrier.
2. If you prefer our drop off method, you should return the product to our designated return location near you. You can take the product to any drop off location and show the staff the return address to ship it. You need to pay the return shipping fee when you ship the product at the drop off location.”

[The following four paragraphs were shown to the respondents in the separated and free return shipping scenario]

“According to our return shipping policy, you need to find and deal with a delivery company to ship the product to the return address we provide to you. In this case, we do not guarantee that we will receive your returned item, or that the item will not be damaged in transit. So, please ensure that the delivery company you deal with is able to transport the laptop appropriately. Have also in mind that we offer free return shipping to our customers, regardless of the reason for the return. Therefore, we will cover the return shipping fee for you.

You can use either the pickup method or the drop off method provided by a delivery company:

1. If you use a pickup method provided by a delivery company, you should find the way to make an appointment with the delivery company for pickup and the return shipping fee the company will charge. Then, you make an appointment to pick up the product and show the carrier the return address. You should pay the return shipping fee first, and attach the scanned proof of your return shipping fee payment to your open return ticket on your user account on our website. We will add the return shipping fee to the amount we should refund you. However, please be aware that the

return shipping fee to be reimbursed will not be higher than the regular shipping fees that main delivery companies charge from your location; in order to know what these fees are, please add your zip code in the field “maximum return fees to be covered”.

2. If you use a drop off method provided by a delivery company, you should take the product to the shipping location and show the staff the return address to ship it. You should pay the return shipping fee first, and attach the scanned proof of your return shipping fee payment to your open return ticket on your user account on our website. We will add the return shipping fee to the amount we should refund you, up to the regular shipping fees that main delivery companies charge from your location; same policy as indicated above applies here.”.

[The following four paragraphs were shown to the respondents in the separated and fee return shipping scenario]

“According to our return shipping policy, you need to find and deal with a delivery company to ship the product to the return address we provide to you. In this case, we do not guarantee that we will receive your returned item, or that the item will not be damaged in transit. So, please ensure that the delivery company you deal with is able to transport the laptop appropriately. We offer free return shipping if the return is the result of mistakes of ours, including the following: (1) the item was damaged in transit, (2) the item was defective, or (3) we shipped the wrong item. If return is not the result of our mistake, the customer must to pay the return shipping fee. Therefore, in your case, you would need to pay a return shipping fee.

You can use either the pickup method or the drop off method provided by a delivery company:

1. If you use a pickup method provided by a delivery company, you should find the way to make an appointment with the delivery company for pickup and the return shipping fee the company will charge. Then, make an appointment to pick up the product and show the carrier the return address. You need to pay the return shipping fee.
2. If you use a drop off method provided by a delivery company, you should take the product to the shipping location you find and show the staff the return address to ship it. You need to pay the return shipping fee.”.

Appendix B. Scales

Perceived fairness of the return shipping policy (Adapted from [Campbell, 2007](#)).

(From 1 to 7, 7-point scale).

I think that the online seller’s return shipping policy is ____.

1. Unfair/Fair.
2. Wrong/Right.
3. Unreasonable/Reasonable.

Perceived value of the return shipping policy (Adapted from [Jeng, 2017](#)).

(From 1 to 7, 7-point scale).

The return shipping policy of the online seller is ____.

1. Extremely not beneficial to me/Extremely beneficial to me.
2. Worthless/Valuable.
3. Useless to me/Useful to me.

Perceived benevolence of the online seller (Adapted from [Schlosser et al., 2006](#)).

(1: strongly disagree, 7: strongly agree).

1. The online seller seems very concerned about my welfare.
2. My needs and desires appear to be important to the online seller.
3. It doesn’t seem that the online seller would knowingly do anything to hurt me.
4. The online seller seems to really look out for what is important to me.
5. The online seller appears to go out of their way to help me.

Satisfaction with the online seller (Adapted from [Zhu et al., 2016](#)).

(1: strongly disagree, 7: strongly agree).

1. From this experience with the online seller, I’d feel satisfied with the online seller.
2. From this experience with the online seller, I’d feel pleased with the online seller.
3. From this experience with the online seller, I’d feel happy with the online seller.

Intention to repurchase from the online seller (Adapted from [Shin et al., 2013](#)).

(1: strongly disagree, 7: strongly agree).

1. I would like to buy products from this online seller in the future.
2. I would like to buy products continuously from this online seller.
3. Next time, I would like to buy products from this online seller.

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