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Customer Perception of Return Policies and its Impact on Satisfaction in E-Commerce Reverse Logistics

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Abstract

This study examines customer perception of return policies and its impact on satisfaction in e-commerce reverse logistics. The research focuses on how customers understand return-policy clarity, fairness, transparency, refund procedures, and ease of finding return information, and how these perceptions relate to customer satisfaction and repeat purchase intention. The study uses a descriptive and analytical quantitative design based on a structured survey of 51 respondents with online shopping and return experience. The findings show that smooth return processes, simple policies, and quick refunds improve customer satisfaction. Principal Component Analysis indicates that customer perception is shaped mainly by information accessibility and policy simplicity. The correlation analysis shows a positive statistically significant relationship between refund speed and customer satisfaction (r = 0.305, p = 0.030), while the relationship between trust in the seller/platform and repurchase intention is positive but not statistically significant (r = 0.216, p = 0.128). The study concludes that clarity, transparency, ease, and speed influence customer satisfaction more strongly than policy leniency alone.

Keywords*: return policy, customer perception, e-commerce, reverse logistics, customer satisfaction, refund speed, repurchase intention*

I. INTRODUCTION

Shopping online has gained tremendous popularity in the last few years due to its convenience, speed, and the catalogue of products available. When customers shop on the Internet, returns are not as convenient as taking a return to a nearby shop. Usually, the customer has to raise a request, wait for pickup, and then wait again for inspection and refund. In this case, return policies play an important role because they inform customers about what to do if they wish to return a product.

Customer perception refers to how customers understand, evaluate, and feel about a company's return policy. Customers generally evaluate return policies based on several practical points such as clarity, fairness, time allowed for return, refund procedure, and the ease of finding return information before purchase. Reverse logistics refers to the process a company uses to deal with goods returned by customers after sale.

A. Problem Statement

E-commerce companies are under pressure because return volume in several product categories is escalating. Customers may not be satisfied merely because a return policy looks flexible on paper. If a brand imposes stringent restrictions on people returning goods, customers may feel that the brand does not have confidence in its own products. At the same time, if the return process is slow, confusing, or poorly communicated, customer satisfaction decreases even when the stated policy seems lenient.

The study specifically focuses on the following questions.

- How do customers process and evaluate return policies in e-commerce?
- Which features of return policies do customers find most important: free return, time period, clarity, pickup, or speed of refund?
- Does customer perception of return policies influence customer satisfaction in a clear manner?
- Which reverse logistics issue impacts customer satisfaction the most: late pickup, slow refund, lack of updates, or return rejection?

B. Objectives of the Study

- To assess how customers perceive and understand e-commerce return policies in terms of clarity, fairness, and transparency.
- To measure the impact of return policy perception and return experience on satisfaction and repeat purchase intention.

II. LITERATURE REVIEW

- Janakiraman, Syrdal, and Freling (2016) established that lenient return policies boost purchases and alter consumer decisions with no significant increases in returns.
- A lenient return policy affects consumer trust positively which in turn affects the online purchase decisions of consumers according to Oghazi et al (2018).
- According to Hjort and Lantz (2016), it is crucial to design return policies that positively affect profitability and customer behaviour.
- Russo, Confente, Gligor, and Cobelli (2017) suggest that experience with the return influences repurchase intention and switching cost moderates this relationship.
- The study of Nanayakkara et al. (2022) shows that the circular reverse logistics framework makes return system efficient and more sustainable which enhances the value recovery.
- According to research conducted by Dang in 2025, the different dimensions of return policy leniency has an effect on return tendency of the customers as well as customer satisfaction in more ways than one.
- Javed, Wu, et al (2019) revealed that the services after delivery like return, exchange and refund influence satisfaction, trust and repurchase intention strongly.
- According to Hjort et al. (2019) organized return management practices enhance reverse logistics performance and impact customer evaluation of the firm.
- Retailers are facing a major challenge that is strategic and cost-related due to online returns - Robertson, Hamilton, and Jap (2020).
- According to Wang et al. (2020), repurchase intention is affected by leniency, fairness and quality of return process.
- Rintamäki, Spence, Saarijärvi, Joensuu and Yrjölä (2021) studied the effect that return process experiences have on satisfaction, loyalty and word-of-mouth among different returners.
- According to Stöcker et al. (2021), customer segments in online fashion have different return expectations which strongly impact satisfaction.
- Russo et al. (2022) argue that recovering and replacing item is a good practice that leads to stronger customer satisfaction and loyalty.
- Xie et al (2023) showed that an online-buy-return-in-store integration positively affects customer satisfaction and future usage intentions.
- (Owusu, Li, Mensah & Omari-Sasu, 2025), When services fail, effective recovery policies can help mitigate anger and frustration, enhance satisfaction and improve the intention to repurchase.

B. Research Gap

Some gaps are clearly visible. There are not many studies on the way customers perceive return policies in direct relation to satisfaction in e-commerce reverse logistics. The topic is often discussed either from the viewpoint of logistics cost and operational burden or from the broader viewpoint of online trust and repurchase intention. Therefore, this study focuses specifically on customer perception of return policies and how that perception interacts with return experience, refund speed, and operational smoothness.

III. RESEARCH METHODOLOGY

A. Research Design

The study uses a descriptive and analytical research design. The descriptive section is aimed at understanding customer perceptions of return policies in the e-commerce sector, and the analytical portion evaluates the relationship between those perceptions and customer satisfaction. The research adopts a quantitative method which involved the collection of structured responses through a survey and analysis using statistical tools.

B. Data Collection Method

A structured questionnaire was prepared and most items used a 5-point Likert scale. The questionnaire covered transparency of return policy, clarity of return conditions, refund procedure and refund rate, ease of finding return policy information, customer satisfaction with the return process, and the effect of return policies on repurchase intention.

C. Sample and Variables

The study is based on answers from 51 respondents who have experience in online shopping and product returns. The respondents used Amazon, Flipkart, Myntra, Meesho, and Ajio. The platform distribution was Flipkart 18, Myntra 15, Meesho 8, Amazon 7, and Ajio 3. Regarding shopping frequency, 24 respondents shop monthly, 20 shop rarely, 5 shop weekly, and 2 are first-time shoppers.

D. Data Analysis Tools

The statistical analysis used:

- Descriptive and Data Reduction
- Principal Component Analysis (PCA)
- ANOVA
- correlation, and chi-square
- Factor Analysis

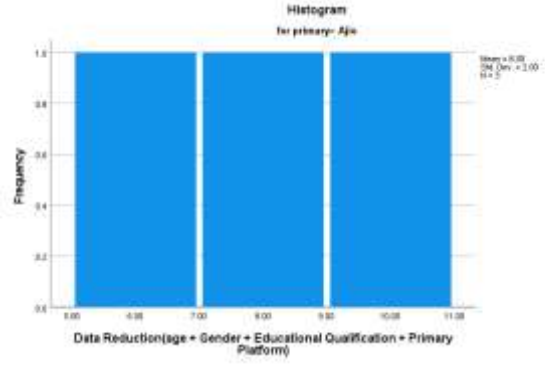
The KMO value is 0.711, showing that the sample is adequate for factor analysis, and Bartlett's Test is significant, meaning the variables are sufficiently correlated for structure detection.

IV. DATA ANALYSIS AND RESULT

A. Descriptive and Data Reduction

Based on descriptive results, respondents majorly use Flipkart and Myntra followed by Meesho, Amazon, and Ajio. Most consumers buy from e-commerce platforms regularly, with monthly shopping being the most common pattern. The descriptive study helps understand the background characteristics of the respondents in terms of age, platform used mostly, and frequency of shopping.

Descriptives				
	Primary E-Commerce Platform		Statistic	Std. Error
Data Reduction (age + Gender + Educational Qualification + Primary Platform)	Ajio	Mean	8.0000	1.15470
		Median	8.0000	
		Variance	4.000	
		Std. Deviation	2.00000	
	Amazon	Mean	8.4286	.57143
		Median	9.0000	
		Variance	2.286	
		Std. Deviation	1.51186	
	Flipkart	Mean	9.0556	.31800
		Median	9.0000	
		Variance	1.820	
		Std. Deviation	1.34917	
	Meesho	Mean	10.5000	.75593
		Median	11.0000	
		Variance	4.571	
		Std. Deviation	2.13809	
	Myntra	Mean	8.6667	.59094
		Median	8.0000	
		Variance	5.238	
		Std. Deviation	2.28869	

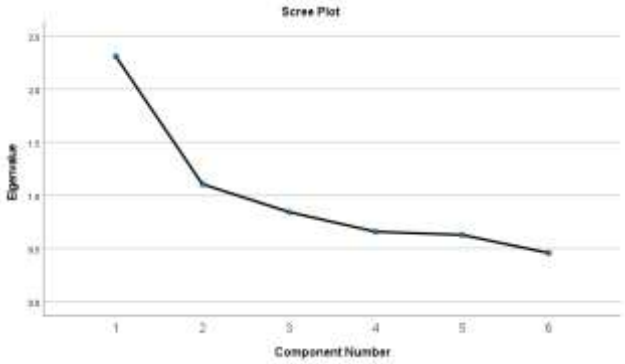


B. Principal Component Analysis and Satisfaction

The PCA extracted two components with eigenvalues larger than 1, explaining 56.91% of the total variance. The first factor may be interpreted as whether the retailer provides consumers access to information, and the second factor as whether the retailer's return policy is simple and written in clear language. For customer satisfaction variables, only one component was extracted, which explains 49.201% of total variance. Among the items related to satisfaction, the return process smoothness is the strongest driver, followed by the influence of easy returns on repurchase intention. According to the results, smooth return processes and ease of return strongly influence customer satisfaction and repurchase intention.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.711
Bartlett's Test of	Approx. Chi-Square	42.511

Sphericity	df	15
	Sig.	.000



C. ANOVA

ANOVA was used to evaluate whether different age groups are satisfied with the return processes. The ANOVA outcome indicates F = 0.592 and p = 0.623. Because the p-value is more than 0.05, satisfaction is not statistically different by age.

ANOVA					
A smooth return process increases my satisfaction with the platform					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.339	3	1.113	.592	.623
Within Groups	88.348	47	1.880		
Total	91.686	50			

D. Correlation

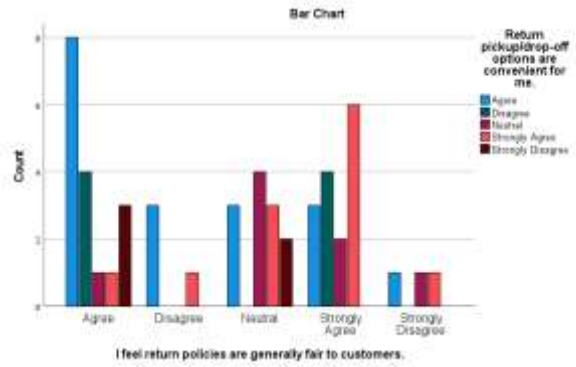
The correlation between refunds processed promptly and smooth return process satisfaction is positive and statistically significant (r = 0.305, p = 0.030). The relationship between trust in the seller/platform and likelihood of purchasing again if returns are easy is positive but not statistically significant (r = 0.216, p = 0.128).

Correlations			
		Refunds are processed quickly after the return is completed.	A smooth return process increases my satisfaction with the platform
Refunds are processed quickly after the return is completed.	Pearson Correlation	1	.305*
	Sig. (2-tailed)		.030
	N	51	51
A smooth return process increases my satisfaction with the platform	Pearson Correlation	.305*	1
	Sig. (2-tailed)	.030	
	N	51	51
*. Correlation is significant at the 0.05 level (2-tailed).			

E. Chi-Square

The chi-square test produced a Pearson Chi-Square value of 21.228 with df = 16 and p = 0.170, so it does not show a strong statistically significant association and must be interpreted cautiously.

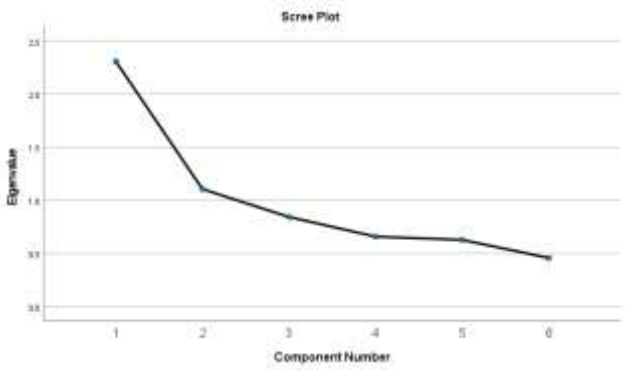
Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.228[a]	16	.170
Likelihood Ratio	26.375	16	.049
Linear-by-Linear Association	1.631	1	.202
N of Valid Cases	51		
a. 23 cells (92.0%) have expected count less than 5. The minimum expected count is .29.			



D. Factor Analysis

In this study, factor analysis was used to extract the major dimensions determining the customer perception of return policy in e-commerce. The analysis grouped together the various variables to form broader factors. It showed that customers make their return decision based on the accessibility and comprehensiveness of return policy information and simplicity and ease of understanding of the return process. Customers are more satisfied when return policies are clearly stated, easy to find, and simple to follow, but what does this mean? The factor analysis assisted in transforming various survey items into significant components.

Communalities		
	Initial	Extraction
I find return policies on e-commerce websites easy to understand.	1.000	.657
Return conditions (tags, packaging, usage limits) are clearly mentioned	1.000	.544
The return policy clearly explains which products cannot be returned.	1.000	.437
I can easily find return policy details before placing an order.	1.000	.616
The return policy clearly explains refund methods (bank, wallet, original payment).	1.000	.547
The return policy information is written in simple language (not confusing).	1.000	.613
Extraction Method: Principal Component Analysis.		



V. DISCUSSION

The impact of customer perception regarding return policy over satisfaction in e-commerce reverse logistics is evident in the study. Return policy perception is shaped by information accessibility and policy simplicity, while operational characteristics like return smoothness and prompt refunds play a strong role in post-purchase satisfaction. The findings indicate that customers do not feel satisfied simply because a policy appears flexible. They are more satisfied when the process is clear, easy, and executed efficiently. Trust alone does not fully explain repurchase intention in this sample, which suggests that trust must be supported by performance in the actual return experience.

VI. RECOMMENDATION

E-commerce companies are encouraged to have a well-designed return policy which is easy, simple, transparent and customer-friendly to enhance customer satisfaction and trust. Return eligibility, specified time frame, refund procedure, and pickup option of goods must be easily available to customers on the platform to ensure the easy understanding of return. Easing returns should also be on the agenda of companies. This means ensuring that a return is free from delays, simpl approval processes and quick refunds. Since the speed and convenience of refunds significantly impact consumers' perceptions, companies must step up their reverse logistics to provide a quicker response. If firms improve their return management practices, it can enhance customer loyalty and influence repurchase intention, which strengthens a firm's competitive position.

VII. CONCLUSION

This study identifies and explains customer perception of return policy and its impact on satisfaction in e-commerce reverse logistics. Return policies are seen by customers as more than rules; they are signals of fairness, transparency, and service quality. The actual performance of the return process strongly affects consumer satisfaction. Quicker refunds raise satisfaction significantly, while the positive relationship between trust and repurchase intention is not statistically significant in this sample. Based on the evidence, the paper concludes that clarity, transparency, ease, and speed influence customer satisfaction more strongly than policy leniency alone. Reverse logistics should therefore be treated not merely as a back-end operations issue but as a strategic customer service function.

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