Cape Peninsula University of Technology

The relationship between product returns and business performance of selected apparel retail stores in Cape Town, South Africa

by

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DECLARATION

I, Stanley Nhamoinesu, declare that the contents of this dissertation represent my own unaided work and that the dissertation has not previously been submitted for academic examination towards any qualification. It also represents my own opinions, not necessarily those of the Cape Peninsula University of Technology. I have also implemented all the corrections stated in the editors memo.

Signed: Date: **21 April 2021**

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ABSTRACT

There is a global retail divide as to whether conventional or unconventional methods are best in dealing with product returns. Causes of such customer returns range from customer dissatisfaction and product fault to outright fraud. Retailers need to avoid fraudulent customer returns which are, strictly speaking, retail crime. Shop managers also need to manage customer returns in a way that benefits the chain without causing irreversible customer dissatisfaction. The main aim of this study is to explore the relationship between product returns and business performance in selected retail outlets. This hinges on understanding the causes and effects of product returns, the product returns cycle and its management, and understanding the nature of the returns policy and procedure, as well as the various participants in returns handling. The research takes a deductive and subjective worldview, which is more interpretive in nature and suits the exploratory study. A qualitative research approach using a case study method and qualitative data analysis (QDA) is employed. Purposive non-probability sampling was used to interview retail outlet managers in Cape Town. Raw data was transcribed, coded and themes were generated using MS Word. The main themes addressing the four research questions are retail fraud, positive and beneficial relationship, negative and costly relationship, insignificant and irrelevant relationship, parameter-bound and non-parameter-bound returns, and internal and external business factors. Essentially, the main findings of this research showed that the relationship between product returns and shop performance is largely indirect rather than direct. The findings also showed that this relationship further manifests itself in the retail outlet as positive or negative, costly or beneficial and insignificant or irrelevant. The researcher's assessment of these findings recommends that retailers eliminate returns entirely and stick to manufacturers' warranties and guarantees, as well as issuing in-store vouchers in place of cash refunds. This is regardless of periodic reviews of the returns policy. Customers should not be allowed to take advantage of possible policy lenience. This research focused only on footwear and apparel returns, so there is a need for further study regarding other product return categories involving pharmaceutical or grocery returns, or flight ticket refunds. Despite some challenges in time constraints, personal bias, lockdown and participant professionalism, Covid19 protocol was thoroughly observed and all data was honestly reported in the light of informed consent, respect for privacy, respect for intellectual property and referencing.

Keywords: Retail divide, product returns, fraudulent returns, retail outlet managers, shop performance, relationship.

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ABBREVIATIONS AND GLOSSARY OF TERMS

Terms	Definition/explanation
CAQDAS	Computer-Assisted Qualitative Data Analysis Software
CPUT	Cape Peninsula University of Technology
CSR	Corporate Social Responsibility
CTFL	Clothing, Textiles, Footwear and Leather (Sector)
DTI	Department Of Trade and Industry
FPMS	Full Package Manufacturers (Factories)
QDA	Qualitative Data Analysis (Software)
SA CSI	South African Customer Satisfaction Index
SMMES	Small, Medium and Micro-Sized Enterprises
TFG	The Foschini Group
US	United States (Of America)
W&RS	Wholesale and Retail (Sector)
TQM	Total Quality Management
VCA	Value Chain Analysis
NCC	National Consumer Commission
CCSA	Consumer Council of South Africa
SABS	South African Bureau of Standards
ISO	International Organisation for Standardisation
NCVCC	National Corona Virus Command Council
RHD	Research Head of Department
FHDC	Faculty Higher Degrees Committee
FRMC	Faculty Research Manager and Coordinator

ADRI	Assistant Dean in Research and Innovation
Returns	In this research, also referred to as refunds, customer returns and product returns
Business performance	Retail performance related to staff and turnover
Retail borrowing	The process of buying an item in a retail outlet, using it briefly and then returning it to the outlet for a full cash refund or exchange.
De-shopping	This refers to another term that refers to retail borrowing

CHAPTER 1: INTRODUCTION

1.1 Introduction

The term product return refers to the act of purchasing items, goods or products and then after some time (from hours to months) returning to the retail outlet for exchange or for cash back (Zhao & Hu, 2015). Product returns are a business principle practised in most retail businesses in compliance with customers' rights, like the right to be heard, the right to redress, the right to fairness and the right to equitable treatment (Brugger & Gehrke, 2018). Product returns also occur in the confines of a returns policy and procedure – a policy under which a customer is entitled to return a product to the retail outlet for a full or partial cash refund or exchange (Zhao & Hu, 2015). In old business practice, this was not a common phenomenon, largely because of the classical schools of thought that underpinned profitability and productivity above the worker and the end-user customer. However, with the emergence of neo-classical and contemporary schools of thought that rest on the mantra "the customer is king", the slogan "the customer is always right" and the concept "continuous improvement", modern businesses now embrace customer returns (Brugger & Gehrke, 2018).

Retail business performance refers to the measure of progress of a retail business in various key performance indicators like monthly sales target, stock turnover rate, average customer spending and the rate of cross-selling (Schwartz, 2016). Needless to say, the areas of sales, inventory and customer data underpin performance, profitability and productivity in retail. Specifically, this would, according to Schwartz (2016) include sales per square metre, sales per employee, conversion rate, net and gross profit, average transaction value, year-over-year growth, shrinkage costs, stock cover, merchandise sell-off rate, foot traffic entering the store and customer retention.

Establishing the relationship between returns and performance is important in understanding the product movement from manufacturer to supplier, wholesaler and retailer to the final consumer (Prasad, Jha & Prasad, 2015). It also informs gatekeepers for customers, manufacturers and retailers on what policies and statutes need to be changed, modified, repealed or eliminated. Such gatekeepers include the Department of Trade and Industry (DTI), the National Consumer Commission (NCC), the Consumer Council of South Africa (CCSA), the International Standards Association of South Africa (Isasa), the clothing, textiles, footwear and leather (CTFL) sector, the wholesale and retail

sector (W&RS) and the South African Bureau of Standards (SABS, with the ISO). It will also help evaluate the system of managing returns for any business in a way that does not endanger the retail outlet itself or the consumer. I am sure that this current study can be counted together with other scholarly works that seek to pave the way for a new system of thinking in line with the relationship between product returns and business performance.

1.2 Problem statement

It has been observable, although not quite empirical, that returns affect the positive or negative performance of a business to some extent. While product returns are useful in terms of harnessing profitability through customer satisfaction, customer loyalty and giving the business a competitive advantage (Ahsan and Rahman, 2013), on the other hand they can also result in threats to turnover and staff performance, as listed below (Prasad *et al*, 2015):

- Tension between cashiers and customers
- Tension between shop managers and sales staff
- Rifts between suppliers and retailers
- Storage- and security-related costs of returned items
- Time-wasting and administration-related costs in negotiations, product inspection and returns paperwork
- Reputational costs as a result of irreversible customer dissatisfaction and customer complaints due to mishandling of returns queries.
- Stock loss. as some customers spitefully abuse the leniency of some returns policies
- Costs of recall
- The dilemma of retail borrowing and returns

These phenomena pose a problem in the retail value chain which has both a direct and an indirect bearing on the performance of the outlet's turnover and staff performance. This problem, among others, can be judged by the correlation between returns and performance (Rokonuzzaman, 2020)

The subject of retail business is well researched, especially in the areas of customer satisfaction and brand loyalty (Johnston, 2016). However, the element of product returns has been looked at in a narrow area of focus, so this research seeks to fill this scholarly hiatus. Few scholars have had a closer look on the variables of performance and returns at a retail scale. This is the gap that this research wishes to cover.

From the 1970s to the '90s, classical theories were more oriented towards mass production and profitability, so returns were not even prioritised (Klapalová, 2019). However, with the

emergence of contemporary schools of thought, customers are now highly regarded, and producing quality and environmentally compliant products for consumers has become the aim of every chief executive, without which returns in the value chain cannot occur (Johnston, 2016). The incidence of returns along the consumer value chain poses a subtle point of difficulty for both retailer and customer (Klapalová, 2019). So it is the purpose of this research to examine the balance of relationship between product returns as the independent variable, and business performance as the dependent variable.

1.3 Rationale, significance and scope of the study

To begin with, the focus of this research will be the relationship between product returns and retail business performance, and it focuses on retail outlets in Cape Town's northern suburbs. The researcher chose the Cape Town northern suburbs because they have the Canal Walk shopping mall, N1 City Mall, The Cape gate Mall and Zevenvarch Mall which are very big malls to sample this study. Northern suburb shops also favour the researcher because of minimal travel which is a benefit even in view of COVID 19. A sample of shops will be identified. They will then constitute the sampling frame for this study. In South Africa, this study will benefit the wholesale and retail sectors, suppliers and end consumers. It will hopefully also improve harmony and resonance in the retail sector. Third party groups and independent institutions like government ministries and civil society organisations representing retailers and customers will also gain from the findings of this study.

The findings of this research aim at regularising awkward practices like the zero returns policy, unfair returns to retailers, and unfair returns to customers (Johnston, 2016). Retailers, suppliers and customers will also gain awareness of the effects of returns on profitability and customer satisfaction, so enabling the creation of equitable measures for reviewing returns policy in the broad (Johnston, 2016). The study will also pave the way for the creation and application of new policies or practices for managing and administering returns in a way that strikes a balance between retailer and customer (Klapalová, 2019). The study will also add to the scholarly database with regard to the subject of returns and performance. Figure 1.1 summarises key beneficiaries of this study.

GROUPS OR INDUSTRIES THAT WILL BENEFIT FROM THIS STUDY

- ✓ The wholesale and retail sector
- ✓ Universities
- ✓ Manufacturers and suppliers
- ✓ Customers, wholesalers and retailers
- ✓ Department of industry and commerce
- ✓ Customer gatekeepers, for example consumer protection organisations.
- ✓ Suppliers' gatekeepers
- ✓ Chief executives, managers, shareholders, retail workers

Figure 1.1: Groups, industries and institutions benefiting from this study

1.4 Research aim, research objectives and research questions

The research aim pinpoints the focus of the study (Mouton, 2011). The current study aims at exploring the relationship between product returns and retail business performance, looking at retail outlets in Cape Town's northern suburbs. From this aim emanates the objective of investigating the effect of product returns on shop performance. These objectives also extend into research questions that match each objective. The research objectives and questions in this study are limited to four, so that the research does not become too broad in terms and too wide in scope (Mouton, 2011).

1.4.1 Research aim

The primary aim is:

To explore the relationship between product returns and retail business performance

1.4.2 Research Objectives

The primary objective of this research is:

To investigate the effects of product returns to store performance

Secondary objectives emanating from this primary objective are:

- Determining the relationship between product returns and retail business performance

- Determining the costs and benefits of product returns to the retailer
- Determining factors other than product returns that affect retail business performance

1.4.3 Research questions

The research questions are:

- What are the effects of product returns on retail business performance?
- What are the costs and benefits of product returns to the retailer?
- What else, apart from returns, affects retail business performance?

1.5 Literature review

This research will make an extensive study of literature centred on retail business performance, the retail value chain and returns. The researcher will work on primary and secondary texts to come to a proper understanding of the phenomenon of returns across the retail divide (Mouton, 2011). This approach will provide an understanding of retail issues and debates in the area of returns and business performance. Current thinking on returns and business performance, as well as previous studies done on business performance and returns, will be examined. However, it is important to note that a critical review of the literature still falls short of the standard of producing or even validating existing empirical insights. Most literature-based insights are presented largely as mere ideas, suggestions, claims, assumptions and opinions, not as actual facts or evidence (Mouton, 2011).

1.5.1 The effect of quality on product returns

The researcher will look at how quality and other customer-driven concepts like the mantra *the customer is king* have either increased or reduced returns and how this affects business performance in general (Boohene, Sheridan & Kotey, 2008). This is where concepts like total quality management (TQM) and value chain analysis (VCA) also become relevant, as they define and model quality from the hands of the manufacturer, the supplier, the wholesaler and the retailer to the final consumer (Boohene *et al*, 2008). TQM helps in establishing quality, the presence of which is a major deterrent to product returns resulting from manufacturing faults. VCA helps in monitoring efficiency in both the forward movement (purchase) and backward movement (return) of a product (Boohene *et al*, 2008). It is important to note that while TQM and VCA may have an effect on business performance, they are not specific to the concept of product returns, which constitutes the gap the researcher here seeks to fill (Crain & Abraham, 2010). However, they form a good

theoretical base to infer to in formulating a conceptual process in the movement of returns from manufacturer to customer and vice versa.

1.5.2 An overview of the retail sector in South Africa

South Africa now has close to 2 000 malls countrywide. As of January 2011, the approximate figure was 1 785 malls. This is up from about 1 600 shopping centres larger than 2 000m^2 in 2012 (Urban Studies, 2018). Almost 75% of all shopping2.9 centres are located in Gauteng, the Western Cape and KwaZulu-Natal. The growth in population numbers, income, and expenditure levels resulted in an increase in the overall shopping centre floor area from 4 million m^2 to more than 23 million m^2 (Prinsloo, 2018). Township and rural centres have risen to almost 300, while the number of centres larger than 30 000 m^2 increased from 36 in 1994 to 160 in 2014 (Shopping Centre and Property Research Company, 2018). According to Figure 1.2, between 2011 and 2017, sales in the South African retail sector recorded a low of R60 billion and a record high of R1.2 trillion. This doubling is a clear indication of the expansion of the wholesale and retail sectors in South Africa in both revenue and human capital.
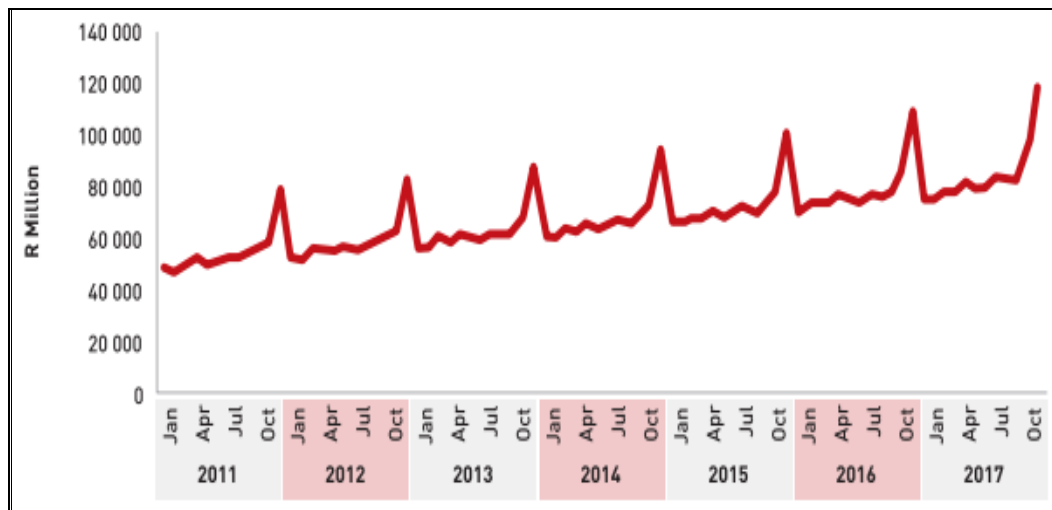
Figure 1.2: Retail sales 2011-2017
(adapted from the Urban Report, 2018)

During 2017 retail sales figures in South Africa for the first time exceeded R1 trillion (Prinsloo, 2018). Based on current values, retail sales increased from R939 billion in 2016 to just over R1 trillion in 2017 (Urban Report: 2018). This represents an increase of 7.3%. It is estimated that shopping centre sales represent 65% of this total (Prinsloo, 2018). This reflects a total shopping centre turnover of R650 billion. Based on the retail space trading

density of R27 000/m^2 a year, retail sales rose by 10.5% from November 2016 to November 2017 (Urban Report: 2018).

South Africa now has a population of 57 million and more than 24 million m^2 of shopping centre floor space (Prinsloo, 2018). The shopping centre retail space per capita has stabilised at 0.43m² and is the same than in 2015. Since 2001, there has been a steady increase in retail space per capita as shown in Figure 1.3. However, in 2001 the retail space was 0.2m^2 per person. This ratio is still much lower than in countries like Australia, where the retail space is 1.2m^2 per capita and in the US at 2.4m^2 (Prinsloo, 2018).
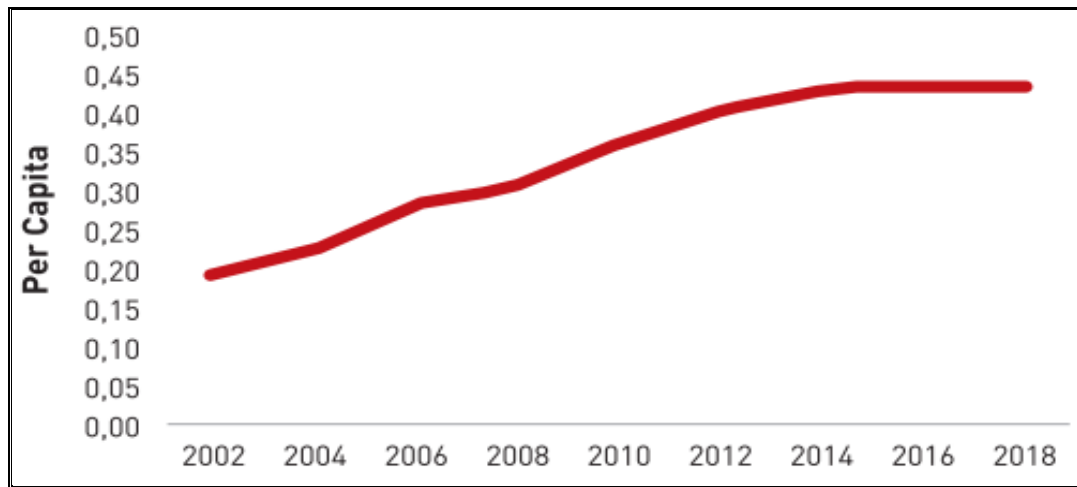
Figure 1.3: Shopping centre retail space per capita – 2001 *v* 2018
(Adapted from the Urban Report, 2018)

Mall of Africa is not the only major retail development in Gauteng, as Fourways Mall aims to be the second-largest mall in the country. The project is being built through Accelerate Properties Pty (Ltd), which will see the expansion of Fourways Mall, joining with other centres in the area to cover 175 000m^2 under one roof (Urban Report: 2018). Century City and Blue Route Mall in the Western Cape are also numbered among the elite shopping malls in the country. Gateway, in Durban, still commands the top spot as the biggest mall in South Africa and the whole of Africa at 220 000m^2. According to Prinsloo (2018), managing director of Urban Studies, South Africa has the sixth-highest number of shopping centres, behind only the US, Japan, Canada, the UK and China. Urban Studies noted that the retail and wholesale sector is the third-largest economic sector, contributing roughly 15% to South Africa's GDP (Prinsloo, 2018)

The shopping centre industry provides more than 600 000 permanent jobs, with a further 500 000 jobs indirectly involved in the industry (Prinsloo, 2018). It is the source of up to

65% of livelihoods, from low-income to high-income earners in South Africa (Prinsloo, 2018). As illustrated in Figure 1.4, retail employment is distributed as follows: metropolitan centres are 40% of the total, city shops are 27%, those in towns almost 18%, those in semi-urban areas 11% and rural areas 4% (Urban Report: 2018). The dwell time (average time spent in such places) in the different centres also varies according to the size and type of shopping centre. The dwell time in neighbourhood shopping centres, mainly driven by convenience purchases, is between 30 and 40 minutes a trip, while the dwell time for regional and super-regional shopping centres is more than two hours. The average number of visitors to super-regional centres varies between 40 000 and 60 000 on weekdays, and between 70 000 and 80 000 over weekends. These major malls generate an average of 5 million visitors a day, according to the same report (Prinsloo, 2018)
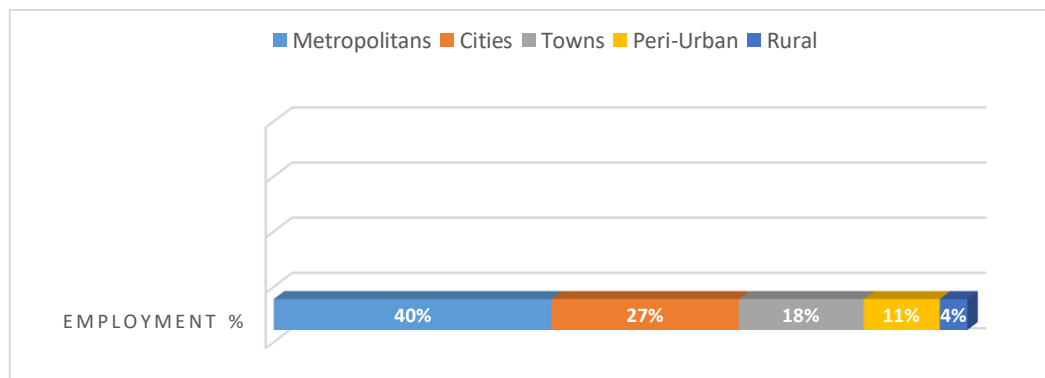
Figure 1.4: Distribution of retail employment in South Africa
(Source: Urban Report 2018)

Figures of R1 trillion in retail sales and more than 24 million m^2 of shopping centre space, with declining weekly visits for all centres, confirm the fierce competition (Prinsloo, 2018). It is necessary to understand the customer better, to offer excellent service and to reach customers through the creative use of social media. Online shopping will also become a bigger factor in future (Prinsloo, 2018).

1.5.3 Conventional retailers

Conventional retailers are formal retail outlets usually found in big shopping precincts and malls (Prinsloo, 2018). Most of the legendary retailers like Checkers, Pick n Pay, Edgars and the Foschini Group (TFG) are good examples of conventional retailers. Unconventional retailers include informal retail outlets like general dealers, superettes, spaza shops and flea markets. Unconventional retailers may also include online retail stores like Takealot, which mostly operate online, without a physical building (Shi *et al*,

2018). This phenomenon of virtual stores has actually taken the retail divide by storm globally through e-commerce. Some Chinese shops, like the 5Rand shops and small, medium and micro-enterprises (SMMEs) like general dealers, are also a type of unconventional retailer (Uzo, Adeola, Shittu & Otubanjo, 2018).

1.5.5 Implications of the zero returns policy in unconventional retailers

A perusal of the wholesale and the retail landscape across all the retail stores found at the Sable Square China Mall in Cape Town clearly shows that the zero exchange and zero returns policy of Chinatown stores is glaringly in defiance of fair business practices among all stakeholders (Reinaldo *et al*, 2020). While they seem to be maximising profits and curtailing potential losses through this practice, consumer satisfaction is most likely to be low because of the high intolerance to returns, exchanges, warranties or guarantees of the products they sell (Peppers & Rogers, 2005). The retail supply chain analysis model implies that Chinatown shops compromise the retail value chain because by having zero returns policies. They cut out the valued customer feedback critical for product development along the supply chain (Chang & Taylor, 2016).

The zero returns and zero exchange policy also creates a sinister suggestion that Chinatown stockholders are using formal retail businesses in foreign markets like South Africa to practise systematic dumping of rejects, low-quality and mass-produced goods (Zainuddin & Shariff, 2016). The organisational behaviour model also supports the claim that owners, managers, floor staff and consumers of Chinatown shops are at most times stressed by dealing with an avalanche of attempted returns of goods (Robbins & Judge, 2012). The provincial government, the trade ministry and institutions like the wholesale and retail sector (WRS) have clearly failed Chinatown consumers and so need more enlightenment on the ethical and legislative necessities of enforcing good business practices across Chinatown stores (Zainuddin & Shariff, 2016).

Beyond this, consumers need to be protected in their rights, like the right to be heard, the right to redress, the right to safety, the right to choose (King, 2018). Total quality management theory also needs to act as a universal plumbline to ensure fair business practices across the retail sector (Reinaldo *et al*, 2020). Even so, if other sole trader, partner and corporate businesses in the City of Cape Town and across South Africa are adhering to returns policies, Chinatown stores must follow suit because, according to Anand & Grover (2015), if returns are acceptable in China, why should they be nullified in foreign markets like South Africa?

1.5.6 Historical background of product returns

The classical schools of thought proposed in the 19th and 20th centuries focused more on production and profit. There was less emphasis on the human factor – the worker and the customer (Klapalová, 2019). Gains were just meant for the bourgeoisie or capitalism oriented business persons; as a result customer returns were not prioritised at all (Pindur, Rogers & Suk Kim, 1995). This situation was not helped by the Great Depression and the drive towards economic recovery after the two world wars. Production and profit superseded employees and customers in value chain processes.

The emergence of neo-classical schools of thought, like Critical Management Studies (2016), gave rise to emphasis on the human factor, which then turned the focus from an orientation on production to the human factor. In this environment, the customer emerged as crucial in any business and since then serious priority has been given to customer needs like product returns (Klapalová, 2019). Customer rights took over from the manufacturer's prerogative of merely generating profits, which were often excessive.

Contemporary schools of thought in business management, like TQM, have since revealed a major shift in the business cycle (Prakash, 2017). Customers, product quality and product value have become the principal factors in the product value chain system. However, it goes without saying that nowadays, product returns are an everyday phenomenon, so much so that a retailer has to monitor how they relate to or affect the business, as well as their controllability and management (Prakash, 2017).

1.5.7 Key remarks on product returns

When dealing with product returns, these elements become crucial: defining product returns, return policies, returns procedure, types of returns, participants in returns, the returns cycle and causes and effects of and remedies for product returns (Xu *et al*, 2015). Figure 1.5 shows a list of these aspects.

Peppers & Rogers (2005) assert that to remain competitive, one must figure out how to keep customers longer, how to build them into bigger customers, how to make them more loyal, and how to serve them more efficiently. In pursuit of these aims, processing product returns is no longer an option but a necessity, especially when the product is faulty, damaged or incomplete. Fripp & Garfinkel (2010) argue that to set oneself apart in the marketplace, one must go out of one's way to conduct business in an especially trustworthy manner and bend over backwards to be fair about returns and exchanges. Again this

shows the essence of incorporating returns and exchange policies in business as part of good business practice.

KEY ASPECTS OF PRODUCT RETURNS

1. Issues of the evolution of product returns
2. Issues of defining product returns
3. Issues of return policies
4. Issues of the returns procedure
5. Issues of types of returns
6. Issues of participants in returns
7. Issues of the returns cycle
8. Issues of causes of product returns
9. Issues of the effects of product returns
10. Issues of remedies to product returns

Figure 1.5: Key aspects in product returns
(Own compilation based on literature data)

Pierce (2005) contends that a business should supply all the necessary information regarding its goods and services so that the customer has full, not partial, knowledge about the product before buying it. Pierce's argument is based on the premise that selling skills coupled with product knowledge skills are critical in minimising unnecessary returns. Likewise fairness and firmness must be exercised by business owners in dealing with problem and abusive customers who prey on lenient returns policies (Pierce, 2005). According to Johnston (2016), recalls of certain batches of products are a clear indicator that it is necessary for businesses to offer returns and exchanges of items based not on their policy alone but also on the quality of the product. This is yet another line of thought for exploration that is quite specific to this research and study.

1.5.8 Causes of product returns

The causes of product returns break down into three broad categories: manufacturer-based causes, retailer-based causes and customer-based causes (Powers & Jack, 2014). So each category ought to be analysed and fully understood so that any cause of return can be traced and addressed permanently along the value chain (Powers & Jack, 2014).

1.5.9 Effects of product returns

Most studies have revealed that the effects of returns can either be positive or negative (Powers & Jack, 2014). Retailers and shop managers ought to have the skill and ability to leverage the benefits of product returns while decreasing any costs or negative effect. It is also important to note that the effects of product returns are also affected by factors like quality, customer type, customer behaviour, season, peer pressure, customer referral, hackers, customer status and outlet location (Powers & Jack, 2014).

1.5.10 Recalls, guarantees and warranties

Several businesses do offer warranties and guarantees, especially for mechanical goods like motor vehicles and electronic items like TVs and computers (Lidén & Skålén, 2013). These warranties are a form of returns in a way, the difference being that the product is serviced by or for the seller, and remains in the hands of the customer (Hopkins *et al*, 2017). However, businesses sometimes suffer unexpected manufacturing failures that will force them to return all items originating from a faulty batch. For example the Samsung Galaxy 7 Note that was recalled in October 2016 due to unexplained fires and overheating problems. This saw more than 2.5 million Galaxy Note 7 smartphones returned before the product was discontinued just two months after its launch (Johnston, 2016). Muralidharan, Bapuji and Hora (2019) argue that it is glaringly in defiance of basic logic to ignore the fact that product returns sometimes do have an adverse relationship to business turnover if you consider mass scale recalls as illustrated in Figure 1.6.

The mobile phone giant Samsung recorded losses of up to R3.1 billion and Apple up to R1.8 billion because of the recall of the Galaxy Note 7 and the iPhone 7 series respectively. In the automotive industry, Ford suffered a R350-million loss with the recall of its Kuga model that had an overheating problem. Toyota was hit hard with a R1.1-billion loss on the recall of its Corolla model which had faulty airbags. In retail food and clothing, Tiger Brands recorded a loss of up to R850 million when its vegetables and meats were pulled off the shelves of all South African grocery outlets after listeriosis was detected in most of its supplies. Furniture City Cape Town recorded losses of up to R1 billion which resulted in its divestiture in 2014. Losses accrued accumulatively as a result of regular returns. Such unexpected recalls, if not managed firmly, may sink the business to an even greater extent in an economy that is experiencing a declining business cycle (Piron & Young, 2000).
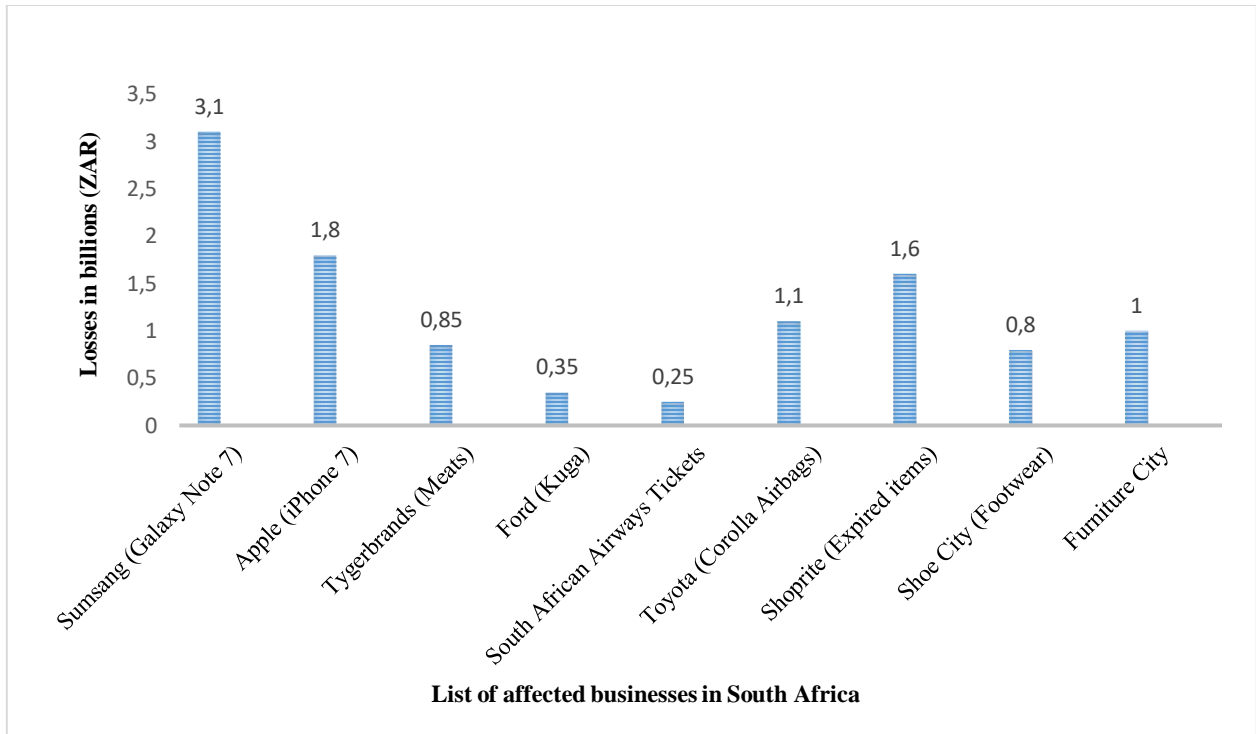
Figure 1.6: The effect of recalls on retail business performance
(Adapted from South African Retail & Wholesale Sector Revenue Report, 2019)

1.6   Research philosophy

The research assumptions, research paradigm and research philosophy are all foundational aspects of a research project that informs the flavour and direction in which the entire research process flows (Saunders, Lewis & Thornhill, 2012). In this study, the research paradigm was subjective and interpretive largely because this study seeks to investigate and explore the correlation between product returns and business performance. This philosophical position enabled the researcher to extract direct reality from relevant informants and as such validating what is known by persons of interest in the area of study (Saunders *et al*, 2012). In addition, this philosophical perspective compels the seeking of answers to the how and what research questions, paving a clear way of choosing the proper research strategy, sample framework and data gathering instruments (Cardano, 2020;Saunders *et al*, 2012).

1.7   Research method

The primary research will be conducted by means of a qualitative research approach. Qualitative research design is defined as a scientific method for gathering non-numerical data (Mouton, 2011). Participants will be the main sources of information, so the

exploratory nature of a qualitative survey design presented itself to the researcher as suitable for the purpose of the study. Qualitative research is about exploring issues, understanding phenomena, and answering questions by analysing and making sense of unstructured data, in in-depth interviews (Mouton, 2011).

This approach seeks to establish causal relationships between the two main variables in this research – product returns and business performance. The researcher also chose a qualitative research design because participants are free from any control and data is collected in its natural environment without any experimental controls (Saunders *et al*, 2012). Essentially, the researcher is involved in every step of this project by being responsive, flexible and adaptive, and by being a good listener. Figure 1.7 below, Saunders *et al* (2012) give a layer-by-layer onion overview of the entire research process, capturing the key categories of this study and their parameters.
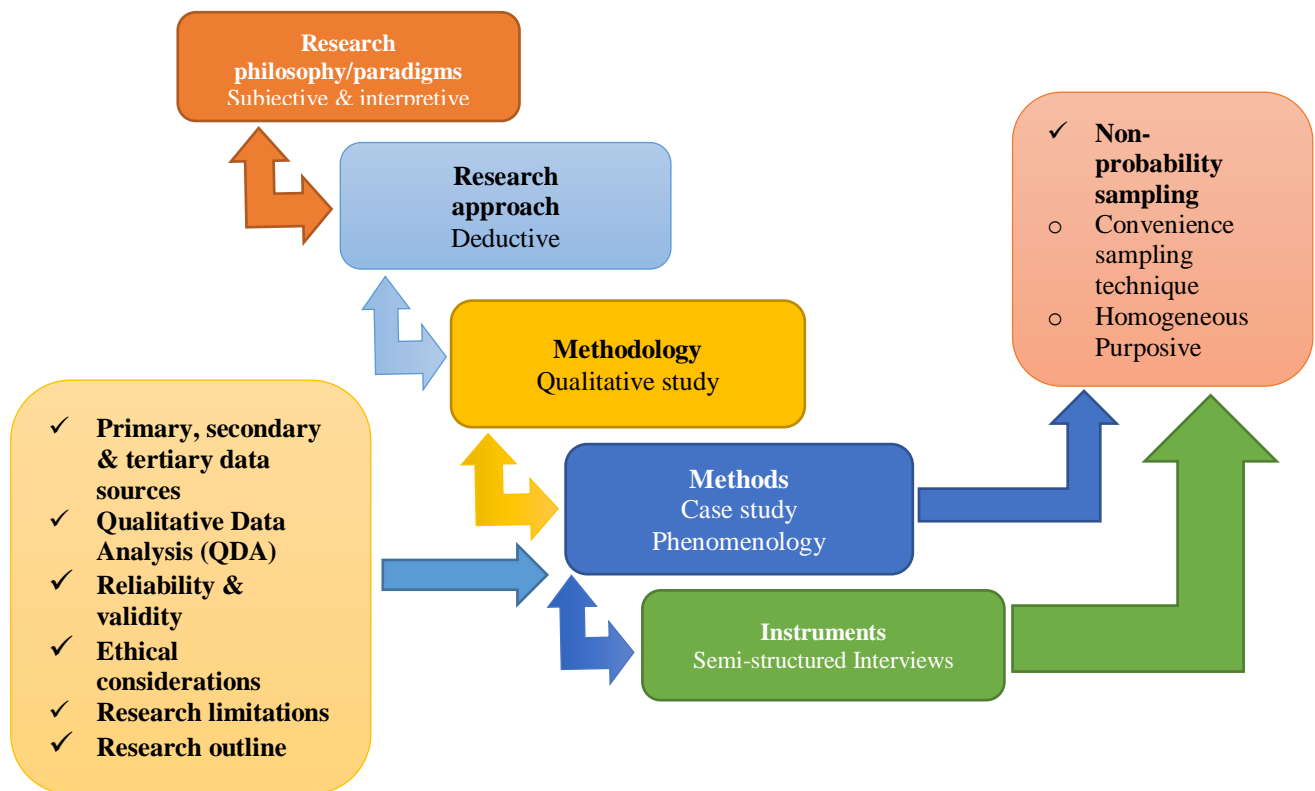
Figure 1.7: Overview of the entire research process.
Source: (Saunders *et al*, 2012)

1.8   Data sources

The research will make use of primary, secondary and tertiary data sources. The primary sources will mostly include the immediate participants in the sample population of the study (Saunders *et al*, 2012). Using semi-structured interviews, data will be gathered and recorded as per given responses, and the extrapolated data will constitute the primary research findings. Secondary sources of data like textbooks, journals, conference papers, and tertiary data like previous dissertations, will be used extensively, especially in the literature review (Creswell, 2014; Jarvinen & Mik-Meyer, 2020).

Inferring from previous studies, the researcher established that secondary data is limited, so there is a need to extract data from participants so as to produce formidable conclusions (Creswell, 2014). The researcher seeks to construe reality from the direct involvement of respondents by gaining as much knowledge and experience from them to address the research questions. The gathering of such data and compilation of all responses extracted from participants will also allow the researcher to gain insight within the scope and delineation of this study (Creswell, 2014).

1.9   Sample, population and sampling techniques

The population is the framework that provides the total units of study, while the sample is a section of units representing the population. This is illustrated in Figure 1.8 (Mujere, 2016). The population will include managers of selected apparel and footwear retail outlets in Cape Town's northern suburbs. Convenience sampling will be used to select which northern suburbs outlets will take part in this research. In this case, 15 outlets will be selected using the convenience sampling method. This method is cheap, straightforward and easy to administer in a qualitative research setting (Mujere, 2016). The sample will include 15 managers, one from each of the 15 selected outlets.
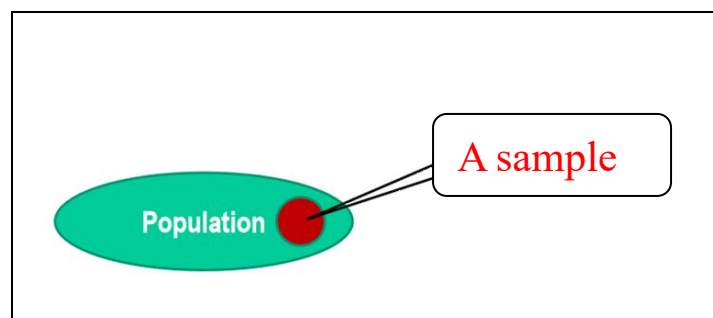
Figure 1.8: Demonstrative definition of population and sample.
(Own compilation using literature review)

A research sample is further described as a group of representative individuals, units, organisations or items with relevant characteristics from which information is collected (Lapan & Quartaroli, 2009). In this study, non-probability sampling will be employed rather than probability sampling. Specifically, purposive sampling will be applied because it targets participants who have characteristics that give the researcher the data required for the study (Saunders *et al*, 2012). Purposive sampling also targets people who are already in the retail business across various functions, so creating a framework for a relevant and smooth research process. Purposive non-probability sampling is also cheap and easy to administer (Creswell, 2014).

Beyond this, the researcher did not use probability sampling techniques because they do not deal with participants who understand product returns and retail business (Mujere, 2016). So participants with a good intellectual appreciation and a basic understanding of retail business and the product returns phenomenon have the needed insight that will add incremental knowledge to this research (Mujere, 2016). Nevertheless, the researcher is aware of potential biases in non-probability sampling and the mere fact that in such sampling methods the probability of being chosen is unknown (Creswell, 2014).

1.10   Data analysis

Qualitative data analysis (QDA) is the range of processes and procedures by which one moves from the qualitative data collected into some form of explanation, understanding or interpretation of the people, situations and constructs being investigated (Creswell, 2014). Qualitative data analysis (hereinafter referred to as QDA) is usually based on an interpretative philosophy with the intent of examining the meaningful and symbolic content of non-numerical data (Sunday, 2016). Types of qualitative data analysis include content analysis, narrative analysis, discourse analysis, framework analysis and grounded theory (Sunday, 2016). In this current study, aspects of both content analysis and framework analysis will be employed to analyse data. Table 1.2 outlines some key concepts the researcher will make use of in the data analysis procedure.

Table 1.2: Data analysis sequence

Concept	Explanation
Themes	Categorical ideas that emerge from grouping of lower-level data points.
Characteristic	A single item or event in a text, similar to an individual response to a variable or indicator in a quantitative research project. It is the smallest unit of analysis.
Coding	The process of attaching labels to lines of text so that the researcher can group and compare similar or related pieces of information
Anchor codes	This is attaching a worded label to a research question so as to align all generated codes and their sorts under their relevant research question. This gets rid of haphazard categorisation of codes.
Coding sorts	Compilation of similarly coded blocks of text from different sources in to a single file or report.
Indexing	Process that generates a word list comprising all the substantive words and their location within the texts entered in to programme
Software	MS Word, IN-vivo, computer-assisted qualitative data analysis software (CAQDAS), Statistical Package for the Social Sciences (SPSS), Qualitative Data Analysis (QDA) software

Source: (Sunday, 2016).

Tables, bar graphs, histograms, line graphs, pie charts, Word and Word Accessories, and Word Art will be used in presenting the transcribed data. This will be most useful for presenting demographic and personal information of participants (Sunday, 2016). They will also be used to present emerging patterns, emerging themes, frequent responses and the tabulation of transcript evidence and the frequency of the themes (Sunday, 2016). Since the researcher is dealing with straightforward research questions and a smaller sample, manual coding using MS Word will be employed.

1.11 Research Trustworthiness

Trustworthiness can be defined as the extent to which the research methodology is credible, transferable, dependable, and confirmable (Cardano, 2020). To ensure trustworthiness, the interview schedule will be submitted to one branch manager from one

of the selected chains for review, to measure the appropriateness of the content in terms of the type of questions and the wording of questions (Sreejesh *et al*, 2014). Contact details of the researcher will also be given to all respondents to allow them to raise queries or concerns related to the study directly, to eliminate the possibility of ambiguity and vagueness. An orderly research methodological protocol is followed through in a consistent manner which is replicable and transferrable. Finally, measures to minimise bias and error, like real data assessment and proofreading, were employed in this study.

1.12 Ethical considerations

Ethics is the behavioural method of studying forecast behaviour in which individuals make moral conclusions and judgments of others which may or may not be in conflict with a person, an institution or the broader society (Armstrong, 2003; Bernard 2006). In summary it is the science of studying good or bad in individuals, groups, communities or organisations (Bazerman & Gino, 2012). With the help of the Cape Peninsula University of Technology, ethical clearance was collaboratively and legally sought in a manner that will guarantee privacy, confidentiality, anonymity, personal and institutional dignity. In this study, minors were not interviewed and the researcher endeavoured to protect the rights of all research participants. This is a research requirement and so cannot be compromised.

The researcher carried out these steps to achieve the above:

- **Informed consent** – prior permission and consent from the chain and participants was sought
- **Confidentiality and right to privacy** – privacy and confidentiality was guaranteed to all parties concerned both verbally and in writing.
- **Transparency** – clarity of the research aim and the purpose of participation was outlined explicitly to all parties concerned
- **Dignity and protection from harm** – the dignity of contributors was protected, and the researcher did not mock, discriminate or belittle contributions. Moreover, re-gardless of the sensitivity of questions on the interview schedule, no contributor was hurt or intimidated.
- **Honesty and professionalism of the research** – the researcher did not manufacture data to assist the results, and information gathered will be used for research purposes only
- **Referencing** – the researcher referenced all sources to prevent the research offence of plagiarism.

The researcher protected the researcher, the supervisor(s), the respondents and any other individual or institution taking part in this study against the Covid19 virus. The researcher in conjunction with the supervisor assessed, evaluated and monitored every research proceeding. This was done with the aim of moving forward with the study without

endangering participants. So social distancing, mask wearing, curfew times, sanitisation and the use of face shields were observed without fail (National Corona Virus Command Council, 2020). Wherever necessary, physical meetings were replaced by virtual meetings.

1.13   Outline of the research

The research outline refers to a summative projection in the step-by-step layout of the entire research project from start to finish. This step-by-step layout is usually presented in chapters, major headings or Gantt chart milestones (Creswell, 2014). This research outline is presented on a chapter-by-chapter progression. This begins with Chapter 1, the introduction to the research. This will be followed by the literature review in Chapter 2 which will extensively and intensively cover heterogeneous literature across the academic timeline in addressing the research questions. Chapter 3 will follow, laying down how data in this research will be collected in terms of methodology and analysis.

Chapter 4 follows, demonstrating the research findings from the raw data drawn from the participants interviewed in words, numbers, pictures and graphs. The study concludes with Chapter 5, repeating explicit and implicit recommendations, the intrinsic and extrinsic value of noticeable conclusions and the implications of the study. Finally, this research structure also includes the prescribed cover page, acknowledgments, declarations, dedications, abstract, content pages, lists of figures and tables, annexures and References, listing the sources used in the study.

1.14   Limitations of the research

These pointers outline the shortcomings and potential sources of error in this study:

- Possible inaccessibility of data sources and controlled access to data because of proprietary information or competitive considerations
- Legal and ethical constraints on access to certain populations, like the area and branch managers
- Risk of biased samples owing to heterogeneous cliques, the bias of non-probability sampling techniques and the acutely small sample size.
- Risk of high cost due to the medical procedures to be followed to curtail the spread of the coronavirus. There is also a risk of low response because of Covid19 disruptions in data collection and time spent in the research process.
- Possibly ambiguous and vague questions that may be misconstrued by respondents
- Possible compromised interview data due to poor communication, exacerbated by covering the mouth with a mask, covering the whole face with a face shield and social distancing.

In pursuit of reliable and dependable research throughput the researcher, in tandem with the supervisor, will do his best to avoid these limitations.

1.15 Chapter summary

This chapter provides an overview of the structure of this research. It introduces the background and rationale of the research to highlight the research problem. The chapter gives an introduction to the two main areas of interest, product returns and business performance in the retail sector. As implied by the research questions and research objectives, this study will be exploratory and qualitative in nature. The interpretive approach chosen also sets the pace for an insider approach, by which the situation is drawn more from the participants in the investigation rather than from the researcher. The same approach also creates an enabling framework to solicit both extensive and intensive heterogeneous literature regarding product returns. The qualitative design is also a building block to the case study and phenomenological approach as a basis for extrapolating raw data from the sampled participants through face-to-face semi-structured interviews. The research will be carried out in a systematic way to ensure reliability, dependability and transferability. Possibilities of research problems and limitations were not ignored. The entire dissertation outline was projected.

CHAPTER 2: LITERATURE REVIEW

2.1   Introduction

Literature review must be visible and present, otherwise the entire research falls short of a known academic standard. This chapter will put forward new ideas based on an intensive and extensive exposition of secondary and tertiary sources (Mouton, 2011). The approach is not a random pick but a well-orchestrated approach that will purposively use key words in the research topic to select, sift and categorise sources of literature (Rowley & Slack, 2004). Any information or citation will be precisely related to the main facets of this study, product returns and retail business performance *(staff and turnover).*

So literature review examines a subject field that supports the identification of specific research questions. It needs to assess a variety of types of sources including scholarly and professional journal articles, books, and web-based resources (Mouton, 2011). The literature references in this chapter will seek to answer the research questions of this study. Key terms will be defined. The contribution of the retail sector to Cape Town and the country at large will be looked at. The prevalence of product returns in both conventional and unconventional retail sectors will be examined. The policies and procedures for processing returns will be looked at. The causes, effects, cures, costs and benefits of product returns will be assessed in the light of the effects these have on business performance. A comparative assessment of similar and related work previously published is made, commenting on any insight, gap or pattern drawn (Mouton, 2011).

2.2   Related researches and gap analysis

In the light of the key phrases in the research topic – product returns and business performance – it follows that a perusal of most of the scholarly study reveals more about business performance parameters than the parameters of product returns (Yan & Cao, 2017). One can expect an avalanche of research papers on business performance as a faculty of learning in general, compared with the particular area of product returns alone (Yan & Cao, 2017). It is in this framework that the researcher endeavours to cast his net in the same ocean of business performance and fish out product returns to investigate how the two relate to and affect each other.

However, it would be an understatement to say there is no literature at all regarding product returns. King, Dennis & McHendry (2017) carried out research on de-shopping, which is one of the main effects of product returns on business performance. Potdar & Rogers

(2012) also researched this, exploring the causes and effects of and remedies for product returns as well as zero-refund policies, warranties and guarantees. (Shi *et al*, 2018; Bernon, Cullen & Gorst, 2016) looked at refunds in online businesses like Takealot and Loot.com. Wang *et al* (2019) focused more on the refund policy itself and the ensuing procedures, especially noting the need to record the reason for every refund request presented by a customer. On the other hand, a great many articles are available in the topic of business performance from the perspectives of both profit and behaviour, which is also vital for this research. The researcher also seeks to inquire, among other questions, what besides product returns affects business performance (Yan & Cao, 2017).

Business performance is a well-studied knowledge area with a staggering variety of scholarly and non-scholarly research work available (Yan & Cao, 2017). The niche of product returns under the rubric of business performance can by far not match or stand side by side with the volume and quality of research done on business performance (Yan & Cao, 2017). So this research seeks to explore further the phenomenon of product returns and how it relates to this field of business performance.

Literature review is about standing on the shoulders of the giants and anchoring findings based on such foundations, having identified a missing perspective in their findings (Kraus *et al*, 2020). The researcher has identified a number of researchers and a context that helps explain the existence of a problem. So in this chapter, the researcher seeks to understand the established perspectives and find something concerning product returns that is unique and insufficiently dealt with, as illustrated in Figure 2.2 (Taylor *et al*, 2020)
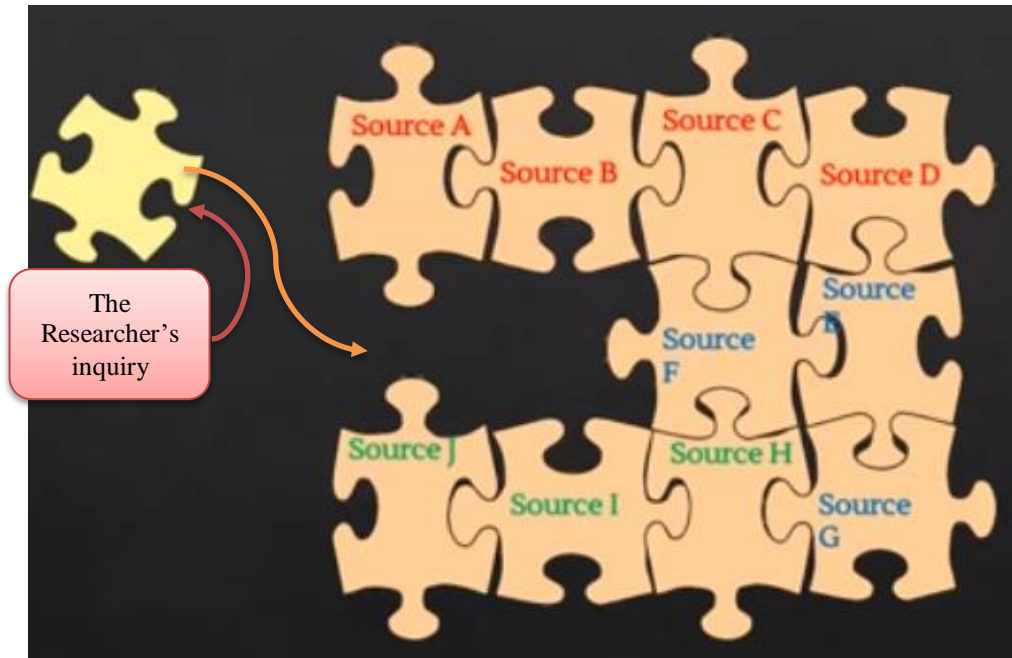
Figure 2.2: Finding the research gap and establishing the area of inquiry
Source: (Kraus *et al*, 2020).

In finding a gap, there are five techniques commonly used as shown in Figure 2.3. The first is the knowledge-based technique which comes into play when one does not know enough about a phenomenon (Taylor *et al*, 2020). The second is the relationship-based technique – when one knows about a certain issue or issues or variables, but is unsure about their relationship. The third is the theory-based technique which is used when a theory or aspect of a theory has not been investigated thoroughly or not adequately tested (Denicol *et al*, 2020). Next is the methodological technique, used when a research design has not been applied to a particular phenomenon. Finally there is the analytical technique, used when a phenomenon has not been investigated using either the qualitative or the quantitative approach (Denicol *et al*, 2020)

1. Knowledge-based gap
When one does not know enough about a phenomenon

2. Relationship-based gap
When one knows about a certain issue or issues or variables but is unsure about their relationship

3. Theory-based gap
When a theory or an aspect of a theory has not been investigated thoroughly or not tested adequately.

4. Methodology-based gap
When a research design has not been applied to a particular phenomenon

5. Analysis-based gap
Occurs when a phenomenon has not been investigated using qualitative or quantitative approach.

Figure 2.3: Types of techniques for finding gaps in literature
Source: (Kraus *et al*, 2020).

As outlined above, the researcher has used *the knowledge-based approach* since it seeks to explore unique core and peripheral perspectives inadequately represented in the area of product returns and retail outlet performance (Yan & Cao, 2017). In view of the two main variables – independent product returns and those dependent on retail outlet performance – the researcher has also used *the relationship-based approach*. This approach uniquely assesses the relationship between these two variables and it is in this specific approach that the researcher established a unique angle, since many scholars tend to look at analyses of the product returns phenomenon that are not performance-based (Kraus *et al*, 2020).

2.3   The essence of the retail sector in South Africa

In South Africa the retail sector forms a considerable proportion of the national economy, among other sectors like mining, agriculture, manufacturing and the service industry (Rasool & Botha, 2011). Apart from industry and residential infrastructure, wholesale and retail outlets scattered countrywide – including shopping malls and one-stop shops – have improved South Africa's rating in terms of city and metropolitan development (Rasool & Botha, 2011).
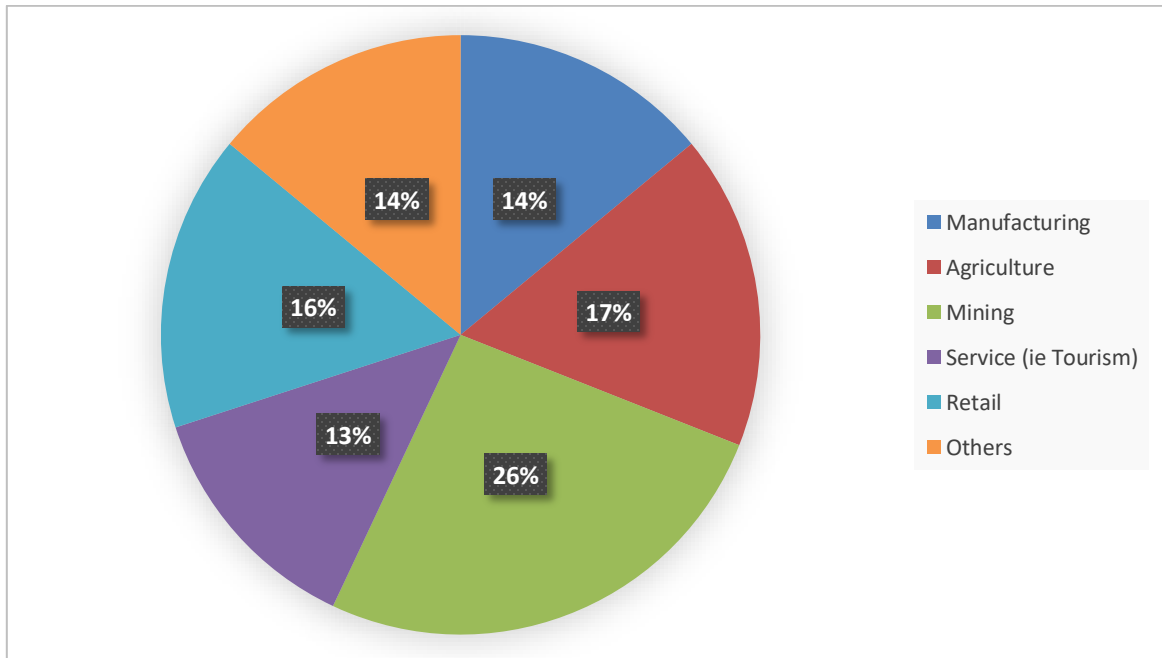
Figure 2. 1: Sector contribution to South Africa's economy
Source: (Rasool & Botha, 2011).

Figure 2.1 reveals that more than 16% of the jobs in South Africa fall under the umbrella of the wholesale and retail sector (Rasool & Botha, 2011). More than five million employees, from top management to bottom-line staff, use e-hailing, metered taxis, buses, trains and personal vehicles to work in retail outlets across the country (Raza & Kilbourn, 2017). The retail sector includes food, furniture, electronics, travel and clothing outlets (Basker *et al*, 2012). It is fair to say that the standard of living and per capita income of more than 10 million people in South Africa hinge on the wholesale and retail sector (Raza *et al*, 2017). This is especially so because retail work requires little skill, especially at the middle and lower levels. Semi-skilled and unskilled employees occasionally receive in-house training customised by the retail outlet (Rasool & Botha, 2011). Career-wise and

occupationally, South African citizens have benefited greatly, since not much in the way of critical skills is required in most retail positions (Rankin *et al*, 2012)

2.4   The main elements of product returns in retail businesses

This section will look into the rudimentary elements of product returns in retail business. This will include the definition of product returns, their evolution, the returns policy and procedure, the returns cycle, participants in product returns, the role of quality in product returns, and returns in unconventional retailing

2.4.1   Definition of product returns

Product returns can be defined as a customer's return of a purchased product to the retailer for a full or partial cash refund (Zhao & Hu, 2015). Returns can also include exchanges in which an item bought can be exchanged for the same or different items, or for a voucher. More broadly, returns take the form of recalls: an entire batch of the manufactured product is returned at the same time or at intervals in the same season (Muralidharan *et al*, 2019).

Familiar examples include the recall of the Ford Kuga because of overheating problems in 2015, the recall of Tiger Brands meats in 2016 during the listeriosis scare in Cape Town, the recall of the Toyota Corolla because of faulty airbags in 2015 (Eyewitness News, 2020). Product returns are an essential aspect of the consumer's post-purchase decision-making and the return policy is a critical part of doing business in the market today (Yan *et al*, 2017).

Consumer returns are increasing markedly because consumers take advantage of the retail industry's slogans '*The consumer is king* or *The customer is always right'* (Collins, 2018). Allowing consumers to return the products protects consumers who experience product misfit, a wrong order, and other problems (Hopkins, 2018). Product returns affect consumers' future buying behaviour positively and increase the consumer's future value to the firm. As a result, product returns and the pre-purchase and post-purchase behaviours of customers have to be monitored circumspectly by the retailer and accurate information about product returns is critically important to all firms (Joung, 2014)

2.4.2   The evolution of product returns

In the 19th and early 20th centuries there was an overemphasis on profit-making and con-sequently refunds or customer returns were not prioritised at all. This was largely because of the Great Depression and the drive to economic recovery after the two world wars. It

goes without saying that the 19th century gave no room to customers returning products to the retailer (Tsutsui, 2011). Customer-oriented service plans like guarantees and warranties were not common and were only provided on the basis of one's reputation in a community or one's political position (Johnson, 2017). The drive for productivity and profitability was so all-pervading that even reject products were sold as normal products as a result of the then prevalent business worldview (Suk-Kim *et al*, 2015). Even though there was a need for product returns or customer refunds, the concept was brushed aside in the compelling drive for productivity and profitability (Andrew, 1999; Tsutsui, 2011).

Cloke & Goldsmith (2012) take note of the emergence of neo-classical schools of thought that gave rise to an emphasis on the human factor which then turned the focus from production to the human factor. In the end of the 19th century to the beginning of the 20th century, the customer has emerged as a key factor in any business and since then serious priority has been given to customer needs, including the right to be heard, the right to redress and the right to return a product (Fjeldstad *et al*, 2020). So the rights of workers and customers were recognised alongside the prerogatives of manufacturers (Tsutsui, 2011). There was a shift from stringent classical approaches to a more systematic, human relations-based approach with a strong emphasis on people, working relationships, quality and motivation (Cloke & Goldsmith, 2012). The mantras in retail outlets nowadays are "*the customer is king*" and "*Take care of your employees and they will take care of their work*" (Fjeldstad *et al*, 2020).

Tisdell (2019) states that by the end of the Industrial Revolution, there was a significant shift of priorities in the factors of production. Labour (or human capital) and customers, who sustain business, acquired rights and privileges which they had not enjoyed in the 19th century (Fjeldstad *et al*, 2020). Worker morale and consumer satisfaction became a common denominator among retailers and manufacturers, just as the reduction of pollution and environmental sustainability have become obligatory for any business today (Cloke & Goldsmith 2012). Quality motivation was a consequence of an avalanche of customer complaints about products and services because of short-lived products and many other causes of customer dissatisfaction (Davies *et al*, 2009; Macpherson *et al*, 2015).

Today's competitive climate urges retailers to strive to compete in their marketing activities by offering value and quality to customers (Cloke & Goldsmith, 2012). The process involves widening customer choice by offering combinations not just of products and prices

but also customer service benefits, like the ability to return unwanted or unsatisfactory merchandise for refund (Muralidharan *et al*, 2019).

2.4.3   Types of returns

It is essential to note that returns occur in varying types and forms. These can be categorised into controllable returns, low-value returns, partial refunds, exchanges, dishonest returns, high-value returns, uncontrollable returns, zero refunds, full refunds, recalls and false failure returns (FFR). Figure 2.4 outlines all these types of product returns.

2.4.3.1 Graveyard returns

These are returns from customers who have genuine reservations about their purchases, but due to shyness, fear, anxiety, incapacity, inferiority or the inconvenience involved, fail to return the product, yet they genuinely deserved and were entitled to either a full cash refund or an item exchange (Yan & Cao, 2017) Put simply, these are returns a retailer ought to have processed but did not because of the inability of the customer to present him/herself and process them. The customer is willing to exchange but unable to do so for one reason or another (Wang *et al*, 2019)

2.4.3.2 Controllable returns

This is when returns are controlled at a much higher level before the products are even distributed to the retailer (Hopkins *et al*, 2017). This implies rigorous quality checks by the manufacturer by removing any potential room for dissatisfaction on the product to diminish the risk of returns (Wang *et al*, 2019). The manufacturer of the product will also ensure that the retailers are well informed of product specifications and will sell items for appropriate use. In this way, refunds are reduced or even eliminated. A Nike or Cat shoe, for example, based on these facts alone, will have a return ratio of one in 500 as against a no-name brand with a return ratio of one in every 100 units sold (Wang *et al*, 2019). So the brand and quality of goods the retailer chooses to sell greatly affects the level of returns per sale (Hopkins *et al*, 2017).
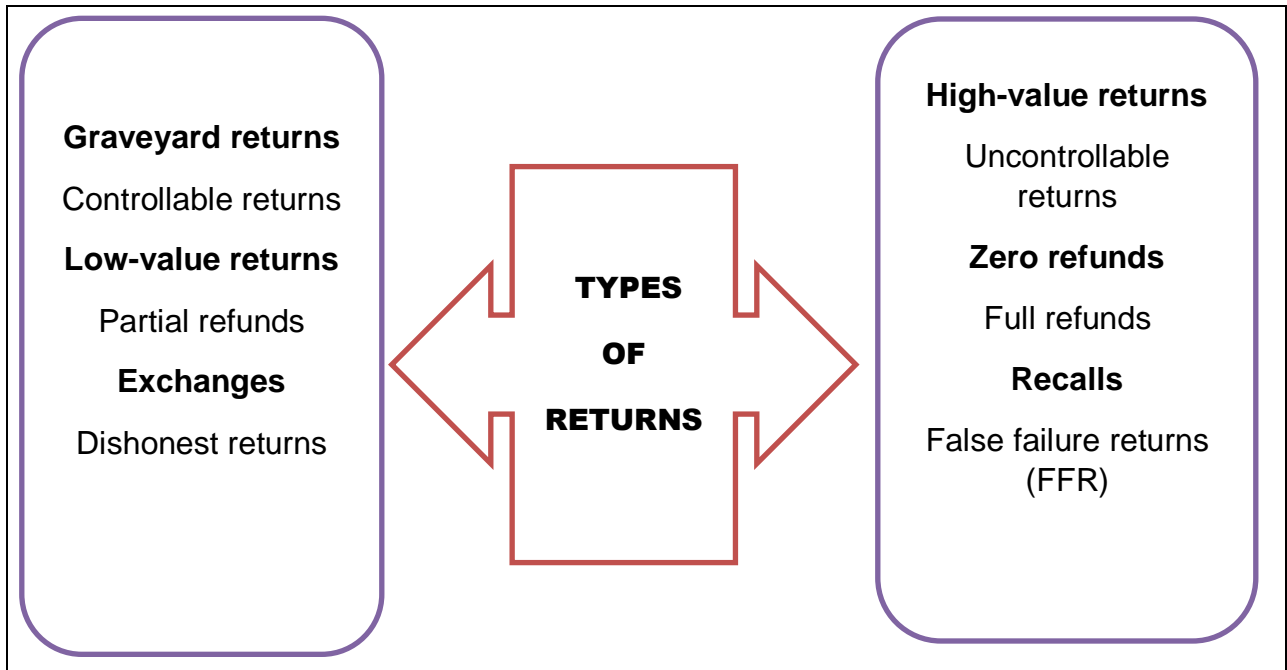
Figure 2. 4: Types of product returns
Source: (Wang *et al*, 2019)

2.4.3.3 Uncontrollable returns

These are returns that cannot be controlled in spite of policy regulatory measures (Hopkins *et al*, 2017), for example, if one buys a wrong-sized pair of shoes for somebody and then later realises that at home. In such a case, since the shoe will still be in a resalable condition, a straight exchange or refund is inevitable. Likewise if there is proof that there has been a manufacturer's fault in the returned item, a refund can usually be processed right away without any resistance (Wang *et al*, 2019). This also includes returns conceded by the retailer because of a customer's anger or authority; a refund is given even if it is outside the refund policy. On the other hand, customers may make use of corrupt methods, such as using a relative or friend who works in the outlet to process the return unscrupulously (Harris, 2010).

2.4.3.4 Low-value returns

When items of low monetary value are returned (Hopkins *et al*, 2017), for example shoes and apparel costing less than R100. Such returns tend to be minimal as most customers overlook them, since the cost of returning them is sometimes higher than the cost of keeping the purchased item (Wang *et al*, 2019)

2.4.3.5 High-value returns

High-value refunds frequently involve items bearing a brand like Gucci, Supercars, Marie-Claire, Nike or Apple (Hopkins *et al*, 2017). While returns in this category are low, if they do occur, there is a rigorous observance of policy before the refund can be finalised (Wang *et al*, 2019). Most such returned items are just put back in the shelf because it usually involves "buy today and bring back tomorrow", where the product is not even used.

2.4.3.6 Exchanges

An exchange is a form of refund that does not involve a cash refund (Wang *et al*, 2019). A customer buys a Caterpillar shoe for R3 000, then returns it to the shop. Instead of giving the customer the R3 000 back, the store then gives that R3 000 in the form of a voucher valid for a specific period, like 30 days, redeemable in-store only (Hopkins *et al*, 2017). The customer may also be given the option of exchanging that particular shoe plus an item or items amounting to the same R3 000 value (Wang *et al*, 2019). This policy is usually adopted by retailers to avoid unwarranted returns and exchanges of items bought.

2.4.3.7 Full and partial refunds

A full refund is when a retailer returns to the customer the full cost of the item purchased; a partial refund is when the retailer returns only part of the cash and withholds the rest, perhaps because of administrative costs, damage to the item returned or simply a punitive cost (King, 2018). For example, one can buy a pair of Nike Jordans for R2 500. The customer then goes home and realises that the colour is wrong. They are returned the following day. The retailer inspects the shoes, is satisfied that they are still saleable and refunds the customer the full R2 500 –a full refund (King, 2018). However, should the retailer inspect the shoe and find ink stains, he may take the shoes back but refund only a third of the amount on a take-it-or-leave-it basis (Wang *et al*, 2019). Partial refunds are also quite common in lay-by sales due to recurring punitive and administrative costs (Hopkins *et al*, 2017).

King (2014: 26) argues that a full refund policy leads to unnecessary returns. He regards this type of refund policy as sub-optimal, since it enables retail fraud through unwarranted and uncontrollable returns (King, 2014). On the other hand, Kannan (2019:202) argues that partial refunds are also common among retailers, but customers may view such refunds as unfair because the retailer sometimes unjustifiably keeps the non-refunded portion.

2.4.3.8 Zero refunds

These occur when a retailer does not entertain refunds or exchanges at all (Wang *et al*, 2019). Such retailers actually do have signs saying RETURNS NOT ACCEPTED in their point of sale area, noticeboards or shop entrance (Hopkins *et al*, 2017). So once a customer buys an item and it is in their custody, no returns will be tolerated even if there is a genuine reason (Hare & Walwyn, 2019). Such policies are generally found in Chinatown shops and unconventional retail shops – flea markets or spaza shops. Noticeably also, in conventional retail outlets like Foschini and Edgars, there are certain items like underwear, undergarments and socks to mention a few that also fall into this category (Hare & Walwyn, 2019).

2.4.3.9 Dishonest returns

Retail borrowing also referred to as de-shopping (buy an item, use it, then quickly return it) is a prevalent and growing form of customer behaviour (Govindan, 2015). Retailer focus on good customer service and the offering of lenient returns polices has led to growth in this fraudulent behaviour of customers in returning goods. King (2018) notes that customers perceive it easy to de-shop, as there are no consequences to it and such behaviour continues to grow. It is clear that retailers ought to monitor returns more thoroughly and make it less easy for customers to get away with undesirable de-shopping behaviour (Govindan, 2015). Beyond this, retailers ought to alter perceived behavioural characteristics for customers, which in turn would reduce tendencies for dishonesty in customers returning goods for refunds (Xu *et al*, 2015). Such dishonest returns lead to increased cost implications in many retail chains, which is detrimental to their good health (Kannan, 2019).

2.4.3.10 False failure returns (FFR)

False failure returns (FFR) are defined as products with no functional or cosmetic defect that are nonetheless returned by consumers (Govindan, 2015). FFR largely results from consumer uncertainty over the value of a product before purchase, and other uncertainties, like a product's not satisfying consumer expectations, the consumer's difficulty in understanding how to use a product, or the customer's regret over an impulsive purchase (Su, 2010; Shulman *et al*, 2010). Although FFR improves consumer satisfaction, it also increases the risk of loss for retailers by generating large volumes of returns, which adversely affect the retailer's inventory and ordering strategies (Xu *et al*, 2015)

2.4.3.11 Recalls

The term recalls refers to mass or batch returns occurring either at the same time or on different occasions from the customer to either the retailer or the manufacturer, but mostly to manufacturers and suppliers (Govindan, 2015). Recalls are quite common with full package manufacturing factories (FPMs). A good example is Ford's recall of 4 556 Kuga 1.6-litre Eco Boost models, produced between December 2012 and February 2014, in January 2017 following several reports of its utility vehicles bursting into flames (News24, 2017). The cost to Ford as a retail business was enormous because the fine and settlement agreement amounted to more than R335 million and the company still had to pay a R35 million fine to the state (News24, 2017).

2.4.4 Policy and procedure of returns

Policy refers to a standard of set principles and rules to be followed in order to manage and regulate a procedure (Xu *et al*, 2015). In the same breath, retailers which accept returns in their outlets mostly do have a returns policy and procedure manual (Yan *et al*, 2017). This manual is usually summarised and stuck on the shop noticeboard or at the point of sale for customers to see, so that they familiarise themselves with the boundaries of their privileges (Xu *et al*, 2015). The same manual is also drilled into all sales staff, especially cashiers, so that at all times they are fully aware of what returns fall within the policy parameters and what returns are not covered (Wang *et al*, 2019). A returns policy is important because it is a hedge of protection against abuse, manipulation and unwarranted returns that can slide the store into a loss. However, it also protects customers against unfair trade practices (Yan & Cao, 2017).

Most retailers usually begin with a very lenient returns policy which eventually becomes strict. The tendency is that over time, customers tend to abuse the leniency and vulnerability of the policy at the expense of the retailer (Wang *et al*, 2019). One practice that has attracted attention is that of de-shopping or retail borrowing: a customer buys an item like a pair of shoes for a wedding, wears them to a wedding and then returns them neat and tidy to the shop for a cash refund (King, 2018). Most policies begin lenient but over time they become intolerant and highly exclusive (Harris, 2010). Most business consultants advise retailers always to begin with a stringent policy and procedure statement from the outset so that customers are always left with no room to manipulate or take advantage of such policies (Xu *et al*, 2015).

King *et al* (2018) observe that in spite of having a well-documented return policy statement for a chain, in practice it is honoured more in the breach than the observance. Xu *et al* (2015) observe that some customers burst into the shop with unchecked anger over a product being returned, with the aim of creating a scene with the aim of forcing the retailer to concede the return even if it is not deserved. King (2018) states that most retailers end up overlooking their policy to refund such customers just to get rid of them, lest they even cause much worse reputational damage. While policy and procedure do regulate the management and processing of refunds for a retailer (Rokonuzzaman *et al*, 2020), there are exceptional cases where such policies become null and worthless (Wang *et al*, 2019).

2.4.4.1 Common refund policy statements
- Refund processed within seven days of purchase
- Original proof of purchase a **must** for a refund to be countenanced
- Customer to provide identity document or driver's licence
- Item returned should be in resalable condition
- Returned item packaging and seals, although open, **must** be intact
- Returned items not to include undergarments, socks, towels and the like
- Items to be returned **only** to in the shop where they were bought
- A returns handling fee **may be** charged
- The refund policy statement **must** be displayed on a noticeboard where both staff and customers can read it openly.
- The statement "terms and conditions apply" (Ts & Cs) **must** be visible to customers

2.4.4.2 Common refund procedure statements
- Cashier to log in the refund by taking down customer details and record the whole incident from the time of purchase.
- Cashier to do a thorough inspection of any defects or damages the customer may have caused while in possession of the returned item
- The supervisor to establish which sales agent sold the item to the customer and ascertain whether the customer was satisfied with the sale
- The supervisor to encode the reason for return and tag it on the returned item, then send it to the manufacturer or the shop's storage area
- Once the manufacturer approves the reason for return, the retailer is given the go-ahead to refund the customer

Having a well-thought-out return policy is the key to attracting and keeping consumers (Hopkins *et al*, 2017). A lenient return policy should result in customers being willing to purchase the product and leads to more product purchases, which in turn creates a competitive advantage for the retailer (Chu *et al*, 2018). However, while a generous return policy motivates consumer purchases, it inversely increases monetary costs for companies as a result of uncontrollable returns (Govindan, 2015). According to Stock *et al* (2015), the value of products US consumers return to retailers exceeds $100 billion a year. So the

return policy is a set of trade-offs for a firm (Chu *et al*, 2018). A generous return policy can increase sales revenue by inducing more consumers to purchase, but it also increases the quantity of product returns and leads to substantially higher costs (Govindan, 2015)

The value of a returns policy is embedded in the assumption that offering such a policy is always beneficial to both manufacturer and retailer (Xu *et al*, 2015) The assumption of the policy is that the increased revenue due to increased sales is higher than the cost of product returns itself (Govindan, 2015). Generally, when a consumer returns a product, the retailer may charge a restocking or handling fee (Hopkins *et al*, 2017). For electronic items, for example, the Apple Store charges 10% of the selling price as its restocking fee, whereas Bestbuy.com charges 25% on household appliances (Stock *et al*, 2015)

Retailers may also have fixed return deadlines and accept only products returned within that specified period or they may ask the consumer to pay the shipping fee for returns (Hopkins *et al*, 2017). Consequently, when consumers view the shipping fee on the returned product as relatively expensive, or find the product economically unviable for return by the fixed deadline, they may instead decide to hold on to it (Xu *et al*, 2015). For products with different life cycles, retailers in other industries set return deadlines of varying lengths. For example, at Sears, the return deadline is 120 days for most of the items, 90 days for fine jewellery, and 60 days for electronics and beds, whereas at Wal-Mart, it is 90 days for most items (Stock *et al*, 2015). Noticeably, a short return deadline is generally applied to seasonal products with a short life cycle; notably fashion items. Conversely, a relatively long return deadline is applied to more durable goods like a refrigerator or electric kettle (Stock *et al*, 2015)

2.4.5 The process or cycle of product returns

In practice, when the retailer receives the returned product, it redirect the product to its forward suppliers, usually the manufacturer through a co-operation mechanism, such as a supply contract (Kannan, 2019). Most retailers receive guarantees and warranties from the manufacturer, but this varies from place to place and time to time (King, 2014). The consumer is the final end user. Usually inside the shop the customer does not always check thoroughly for quality (Bernon *et al*, 2013). However, on arriving at home a customer tends to examine the product – or sometimes the customer simply dislikes the product (refer to customer factors in Table 2.1). The consumer then is entitled to return that product either for exchange or for a cash refund (Yan & Cao, 2017).

When a product is returned by the customer to the retailer, the process could take up to 14 working days depending with the type of product and the risk entailed. Then it goes from the retailer back to the manufacturer. This could also take up to 14 working days (Bernon *et al*, 2013). Once the manufacturer agrees to meet the cost of the returned item, the retailer will then refund the customer (King, 2014). However retailers or manufacturers do not always accept returns. Some retailers will just refund at a loss in order to retain the customer, regardless of whether the manufacturer will compensate them (Wang *et al*, 2019). This complexity of the return procedure can be either a cost or a benefit to the business. It is the purpose of this study to investigate this further in the field.

The retailer, once confronted with a customer, usually administers the whole returns procedure within the parameters of the chain's returns policy (Janakiraman *et al*, 2016). The customer may or may not accept this policy. If the customer does not accept it, this usually results in serious confrontations between the customer on one side and perhaps the shop manager, the cashier or the original salesperson, or all three, on the other (Oghazi, 2018). Most retailers usually agree to refund at this stage even if the customer does not deserve it, simply to avert a big scene that might drive potential customers away and cause unneeded reputational damage (Oghazi, 2018). If the item has a high value, it may be difficult to follow procedure, and in such cases complaints and reputational damage are inevitable (Wang *et al*, 2019).

If the returned product is accepted the customer is refunded, either immediately or following an administrative procedure. When the manufacturer is also involved, the refund could take between 14 and 28 working days (Su, 2010). It is important to note that this waiting period does not guarantee the acceptance and finalisation of the refund or exchange. This is the time involved in receiving confirmation from the manufacturer as to whether to accept or refuse the return (Oghazi, 2018). However, when a customer has a negative response after waiting so long, this could fuel further reputational damage (Su, 2010). But if the manufacturer approves the return, it is always a soothing answer to the customer.

Figure 2.5 outlines the graphic forward movement of the product (purchase) and the backward movement of the product (return). The management of the forward and backward movement has influences the shop's performance. This is either turnover or staff

performance. It also brings out the major participants in the product returns cycle, who are mainly manufacturers, retailers and consumers (Wang *et al*, 2019).
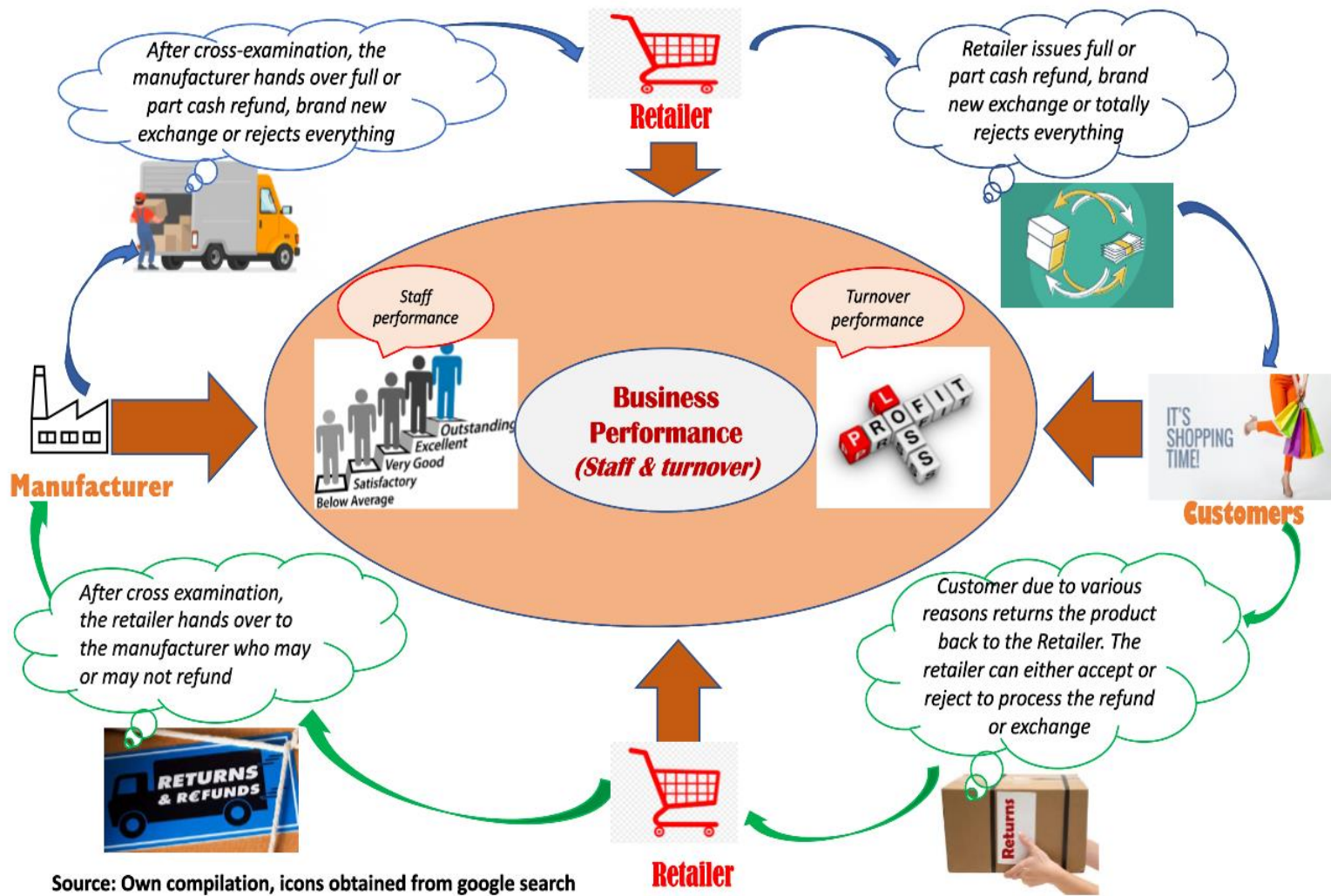
Figure 2.5: The process of product returns

Source: Own compilation, icons obtained from google search

In both the forward and backward movement of the product along the returns cycle (illustrated in Figure 2.5), it is clear that the retailer is something like a cigarette, either burning from the pressure of the customer in demanding a refund or bitten between the manufacturer's teeth when he shuts the door on entertaining any refund costs (Oghazi, 2018). It is the purpose of this investigation to explore this process in a bid to pave the way for an equitable mechanism of handling product returns without abusing the customer, the retailer or the manufacturer. As it stands, there is a problem in the backward movement of the product along the supply chain and it is important that retailers manage this well to avoid business inefficiency and abuse by both customers and suppliers (Xu *et al*, 2015)

2.4.6   Participants in product returns

Just as in the forward movement of the product along the supply chain from manufacturer to consumer, there are also several participants in the backward movement of the returned product. These include but are not limited to manufacturers, suppliers, customers, till operators, cashiers, supervisors, shop managers and their assistants, and sales personnel.

2.4.6.1 Manufacturer

The manufacturer appears in the value chain as a producer for the retailer (Yang & Cao, 2015). The manufacturer's involvement in the refund process centres on providing a value-for-money guarantee or a quality warranty to the retailer (Bernon *et al*, 2013). Put simply, the manufacturer produces items he guarantees to refund should the retailer encounter any returns based on issues involving quality and any manufacturing fault that was not detected during production quality checks (King, 2014). The manufacturer refunds the retailer if and only if such returns fit the manufacturers' guarantees or returns policy (Bernon *et al*, 2013).

2.4.6.2 The retailer

The retailer is the middleman between manufacturer and consumer and does his best to sell the manufacturer's products to the final consumer (Yang, Hu, Zhao & Hu, 2015). By default, most retailers carry the burden of administering returns from their customers' first-hand. Such returns may be either genuine or unwarranted, but the retailer may not take either position for granted, as they determine the customer's repurchase behaviour (Xu *et al*, 2015). Some retailers operate on a zero-refund basis, but most retail chains do have refund policies and the leniency of these policies varies from place to place and time to time (Kusrini, Ahmad and Murniati, 2019). The powers of a retailer to approve a refund may depend solely on the manufacturer's policy on

buying back the returned item (Yang & Cao, 2015). In the absence of such an agreement, most retailers tend to resist making a refund and to protect themselves with their policies (Xu *et al*, 2015). However some retailers generally have a lenient refund policy in spite of any guarantee that may or may not be given by the manufacturer (Hopkins *et al*, 2017). Shop managers are usually the individuals who deal directly with customer returns, as described below (Yang *et al*, 2015).

2.4.6.3 Shop manager

The shop manager or his/her assistant are the figureheads of the outlet responsible for approving or disapproving refund queries, based on the store's returns policy and procedure manual (Kusrini *et al*, 2019). This is quite easy to do when following using the prescriptions of the policy, but sometimes making a decision could be difficult for the manager, especially if the customer is angry and loud (Xu *et al*, 2015).

2.4.6.4 The sales assistant

The sales assistant is usually the last contact person, the one who closes the sale before the customer goes to pay for her/his purchase at the cash desk. Sales assistants are involved in two ways. Firstly their product knowledge and advice to the customer may be either constructive – in selling the right product for the right use – or destructive if the sale is based on misinformation (Eng, 2016). In most cases, sales assistants generate sales not necessarily to address the customer's needs but to just meet their daily sales target and earn a commission (Kusrini *et al*, 2019). It is scenarios like this that lead to returns one way or the other (Yang *et al*, 2015).

2.4.6.5 Cashier

The cashier is the one responsible for ringing up the sale as well as stating the terms and conditions (Ts & Cs) regarding the returns policy to the customer (Yang *et al*, 2015). Cashiers usually remind or inform the customer at cash desk of the parameters of the returns policy. This may include the importance of keeping the receipt, of keeping the purchased items clean, of keeping the packaging intact and of observing the time frame within which a return may be accepted, as well as any handling and administrative fees that might be involved (Eng, 2016).

2.4.6.6 Customers

The customer is the end user of the product or goods bought. When fully satisfied with a purchase, value for money and quality of the item bought, a customer rarely returns purchased items (Blodgett *et al*, 2018). However, should a customer feel dissatisfied with the purchase or notice damage to the item bought, a return is likely to result (Yang *et al*, 2015). Many retail corporates in apparel, footwear, tech-digital, food and

beverages allow their customers the right to return their products under proper refund policy and procedures (Yang *et al*, 2015). In recent years most retailers have given many customers the cold shoulder because of retail fraud, retail crime and dishonest refunds attempted by unruly customers taking advantage of the retailers' leniency (Eng, 2016).

2.4.7 Quality as an augmenting or mitigating factor of product returns

The kaizen quality-driven approach thrives for continuous improvement of a product or service so as to minimise customer returns and complaints (Vento *et al*, 2016). For example, in the early to mid-2000s there was a Samsung E250 hand-held mobile device., However now, thanks to continuous improvement in the quality there is a Samsung S8 – which is probably 1 000 times better than the Samsung E250 (Dahlgaard-Park *et al*, 2018). What it means is that improving quality and value for money minimises customer returns and dissatisfaction (Leonnard, 2017). Making use of the kaizen approach improves the manufacturing line continuously, which then significantly reduces rejects, damage and wastage, which are among the common sources of product returns (Vento *et al*, 2016).

On the other hand, mass production and economies of scale that undervalue quality are a working formula for systematic returns (Pindur & Rogers, 2015). Back then "quality" was not even a functional area in a manufacturing or service industry, and returns and customer complaints were beyond measure (Dahlgaard-Park *et al*, 2018). Nowadays however, quality checks are mandatory in every business, with universal and national standards set as a benchmark for every manufacturer and industry (Sandelands, 1994; Kiran, 2016). Total quality management (TQM) guarantees quality assurance by setting up quality circles which are crucial in avoiding returns-oriented products (Prakash *et al*, 2017), and this has reduced returns by more than 80% in both First and Second World economies (Dahlgaard-Park *et al*, 2018).

2.4.8 Product returns in unconventional retailing

It is important to make a comparative approach towards how product returns occur in both conventional and unconventional retailing. Conventional retail has been the main focus of this research, looking at corporates and private limited companies like Edgars, Renegade, Footgear and the Foschini Group. On the other hand, the researcher felt it necessary to peruse the literature on how refunds are administered in unconventional retailing – spaza shops, flea markets, superettes, 7/11 shops, mini-markets, Chinese shops, online stores and other small retail enterprises.

2.4.8.1 Flea markets and vendors

These are informal traders making up 5% of the small business enterprise in Cape Town. Uzo *et al* (2018), define them as facilities that usually sell merchandise like cigarettes, soft beverages, fruits, sweets, clothes, bags, second-hand cell phones or trending footwear and apparel. These are common around high-activity zones like railway stations, bus stations and lower-end shopping centres. Greenmarket Square in the Cape Town CBD has many such traders. It is worth noting that refunds and returns are not tolerated or entertained here. Once one buys and walks away, the product cannot be accepted back and items are usually sold without receipts (Uzo *et al*, 2018). Once you walk away after closing the sale you, as the purchaser, have full liability for that purchase without any recourse of returning or exchanging it (Hare & Walwyn, 2019).

2.4.8.2 Spaza shops and superettes

Osakwe, (2019) identifies these as informal and occasionally formal shops owned mostly by foreign entrepreneurs, including Pakistanis, Somalis, Ethiopians, Eritreans, Nigerians and Congolese, selling food, electronics, clothing and furniture. They usually sell fast food, groceries, second-hand cell phones and cell phone accessories, imported apparel and traditional regalia (Uzo *et al*, 2018; Ligthelm, 2005). Cash payments are usual with these traders, without proof of purchase. So returns are likewise not tolerated. They usually show signage saying "Refunds not accepted" (Hare & Walwyn, 2019).

2.4.8.3 Chinatown and 5Rand shops

Eng (2016) describes these as formal stores that are usually located in designated Chinese trading zones. Cape Town has Shoprite Park Chinatown Mall, Sable Square Chinatown Mall and Milnerton Chinatown Mall. They sell all sorts of products – foodstuffs, electronics, motor spares and apparel. Laribee (2008) observed that most of them take cash only, although some now do have card machines like Yocco and Ikhokha, but the main observation was their intolerance to returns and exchanges. Once you are out of the shop, they might accept an exchange if they remember you, but a refund of money is not processed. It is suspected that as a result of poor product quality and short product lifespan, entertaining refunds would result in countless returns that would result in many losses. They avoid this from the outset (Uzo *et al*, 2018).

2.4.8.4 E-commerce

The retail sector is slowly but surely moving towards an e-commerce economy. The wholesale and retail sector has invaded the digital space with large online enterprises

like Amazon, Loot.com and Takealot (Shi *et al*, 2018) The major challenge facing these online enterprises is that when they showcase their products online, there is an illusion of product quality, driven by highly pixelated images and top-end photographic and imaging software (Bernon, Cullen & Gorst, 2016). The problem is when the order reaches the customer, who sees the product with the naked eye. The difference is appalling, resulting in dozens of complaints and demands for cash refunds and exchanges. Wang *et al* (2019) assert that if it is not minimised, this challenge could strain these businesses in terms of time spent administering returns, space wasted on storing returned items and the deployment of staff to process refunds. Some returned products may end up being resold as under-priced second-hand items, leading to loss-es, not profit.

2.5   The aspect of risk in product returns

As identified in the problem statement, it is important to note that product returns can no longer be undermined by the retailer because they predicate a serious aspect of risk that can significantly determine the success or failure of a business, although not all the time (Densmore & Grabner, 2018). Ford Motor Company recorded more than R350 million in losses due solely to the return/recall of the Ford Kuga (Govindan, 2018). In Cape Town, Furniture City closed shop due to among other reasons excessive returns on its furniture (Eyewitness News SA, 2020).

The right to return a product reduces the consumer's risk in purchasing and so motivates consumers to buy more and more (Densmore & Grabner, 2018). Similarly, a lenient and generous return policy also motivates consumers to return the products they do not want to keep **(**Govindan, 2018). If not regularised, product returns could pose a risk of huge business losses in both turnover and customer post-purchase behaviour (Hopkins *et al*, 2017). Conversely, a business's chance of succeeding because of product returns can also be positive, since the customer's right to return an item leads to customer loyalty and a high level of repeat business (Wang *et al*, 2019). It is up to the chief executive and the entire retail team to approach this risk in a constructive way so that it does not disadvantage the business but at the same time not drive valued customers away (Densmore & Grabner, 2018)

2.6   Other factors affecting retail business performance

In making a balanced assessment of this study, it is important to state categorically that there are many more significant factors apart from product returns that also affect retail business performance (Xuan *et al*, 2020) These factors include the internal functional areas of a business – production, marketing, human resources, purchasing and supply,

operations management, finance, administration, logistics, supply, computer programming, information systems, office administration and practice, digital and social media management (David & David, 2015). There are also external factors – economic factors, technological factors, and the politics of the country, natural disasters and climate, and social and cultural factors (Richards & Rickard, 2020). Figures 2.6 and 2.7 illustrate the key internal and external factors and how these give rise to parameters and key success factors which can either augment or diminish business performance with regard to both turnover and staff performance (David & David, 2015),
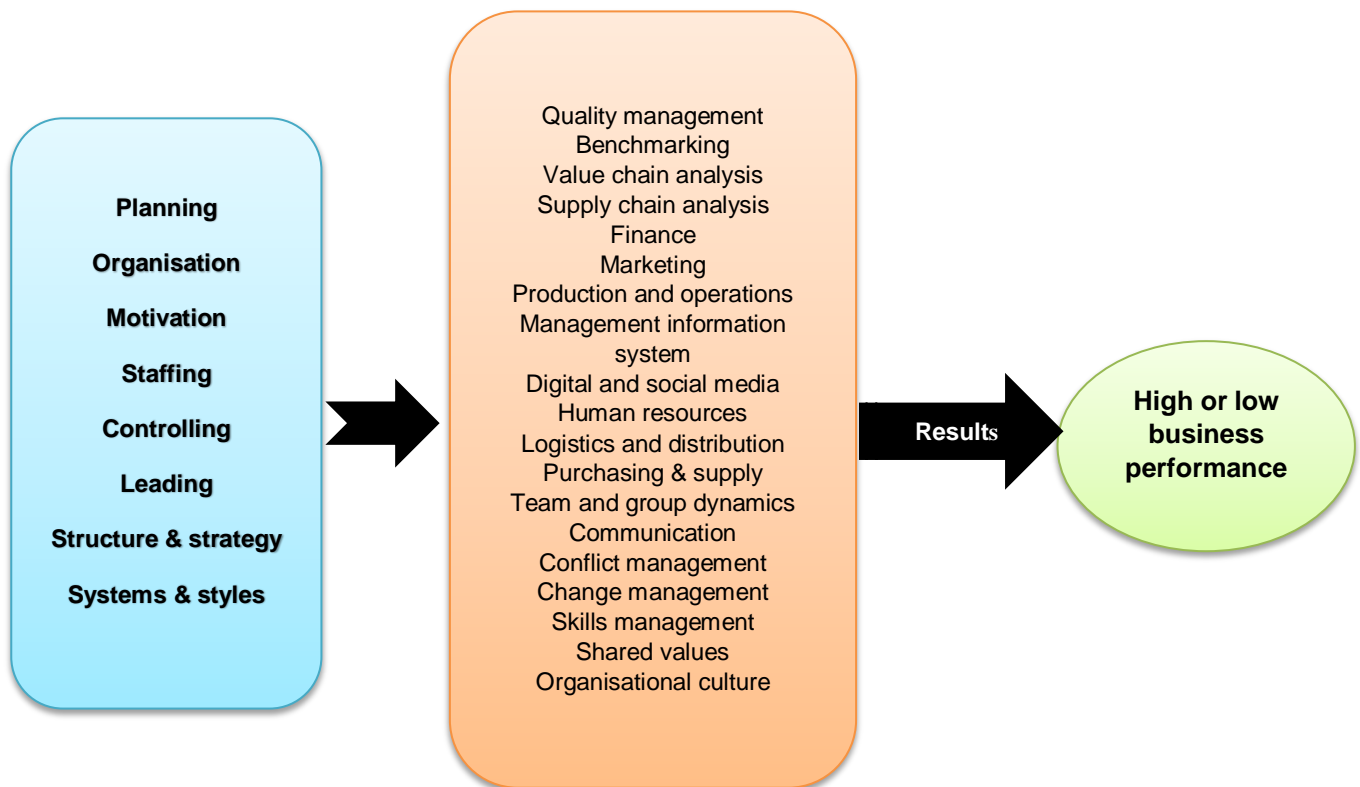
Figure 2.6: The relationship between key internal forces and business performance.

Source: (David & David, 2015)

Economic forces

Social, cultural, demographic, natural and environmental forces

Political, legal and governmental forces

Technological forces

Competitive forces

→

Competitors
Suppliers
Distributors
Creditors
Customers
Employees
Communities
Managers
Stockholders
Labour unions
Government
Trade associations
Special interest groups
Products
Services
Markets
Natural environment

Results →

High or low business performance

Figure 2.7: The relationship between key external forces and business performance.

Source: (David & David, 2015)

A classic example of how external factors like natural disasters can affect a business is the Covid19 virus. This virus has resulted in a lockdown that has automatically given rise to a business decline in global markets and world economies (Richards & Rickard, 2020). Specifically, retail and wholesale outlets suffered weeks of closure and with regard to turnover they were way under target, so much so that most firms are making use of government bailouts like the Unemployment Insurance Fund (UIF) and the Business Support Fund (BSF) (Suzuki, 2019). In Cape Town, shops selling clothing and groceries are now open, but because of the social, medical and behavioural regulations around the Covid19 virus, any product purchased may now not be returned. That privilege has been forfeited because of the virus (Eyewitness News, 2020).

The war in Syria has destabilised the Middle East and also affected international trade due to the undersupply of crude oil and sanctions imposed by the United Nations and the International Monetary Fund (Suzuki, 2019). Similar harmful effects have come out of the war in Mozambique and uprisings in Nigeria and Ethiopia. The literature shows that business performance is affected not only by internal variables but also by external macro-factors that may be national, regional, continental – or even global, like the coronavirus. The chief executive of Tiger Brands stated that the lockdown was expected to cause loses of up to R500 million (Eyewitness News, 2020)

2.7   Guarantees and warranties

Stephens (2013) states that a guarantee is a formal assurance (typically in writing) that certain conditions will be fulfilled, and especially that a product will be repaired or replaced if it is not of a specified quality. Stephens (2013) defines a warranty as a written guarantee, issued to the purchaser of an article by its manufacturer, promising to repair or replace it if necessary within a specified period. The researcher will make reference to these terms since they directly define key parameters of product returns in the retail context

It is important to note that this research does not consider the difference between guarantees and warranties, but rather how these relate to both product returns and business performance. King (2014) argues that guarantees and warrantees are seen as a tool to counter unnecessary product returns and also to vouchsafe the manufacturer's confidence in their product. They also cushion the retailer from most financial losses and help the retailer enjoy greater customer and brand loyalty (Alqahtani & Gupta, 2018). However, if an unconditional 100% money-back guarantee is offered, a retailer should also expect frequent product returns (King, 2014).

2.8   Causes, effects and remedies of product returns

The following section is critical in addressing key research questions on the causes, effects and remedies to product returns and how this in turn affects or influences business performance. The researcher will look at the causes of product returns, the effects of product returns to the participants, and remedies that can reduce product returns for customer, retailer and manufacturer.

2.8.1   Causes of product returns

Tamira (2014) shows that consumers who have been exposed to disconcerting information from poor product performance or negative advertisement will tend to reverse their purchase decisions by returning the products. The positive and negative information about the product and its cost or pricing also affect customer behaviour, leading to a customer's wanting to make a return (Powers & Jack, 2015). Transaction data analysis regarding returns and exchanges found that gift purchases, holiday purchases, products purchased on sale, and purchases in new product categories and new distribution channels are among the products most returned (Potdar & Rogers, 2012)

King (2014) reports that consumers will be more likely to return a product if the residual consumption value after trial is less than or equal to the consumer's value gained from claiming the refund. Today's consumers have more requirements for product attributes

and are more vigilant about return policies (Shulman, Coughlan & Savaskan, 2010). The main reason for consumer returns is no longer product quality issues. A number of other reasons generate product returns, including installation difficulties, product performance, incompatibility with consumer preferences, and buyer remorse (King, 2014)

Powers and Jack (2015) provide useful insight to this study by highlighting some of the causes of product returns in the three main value chain categories, namely the manufacturer, the retailer and the final consumer. Powers and Jack (2015) find that dissatisfaction with a product results in emotional dissonance that is directly related to a choice to return the product. Two primary reasons for returning a product were examined: the customer's expectation not being met, and the customer's finding a better product or price elsewhere (Powers & Jack, 2015).

Table 2.1 summarises the tripartite factors that usually give rise to customers returning products purchased.

Table 2.1: Factors giving rise to customer returns.

Manufacturer factors	Retail factors	Customer factors
Poor quality product	Overpricing	Customer's emotions, attitudes, perception, affections and moods
Faulty or damaged product	Inadequate selling skills	Affordability
Weak product material	Inadequate product knowledge skills	Peer pressure
Poor storage – expired items	Competition and pricing	Poor interaction between customer and sales assistant
Rejected products/rejects	Storage and packaging	Quality and value
Second-hand items	The refund policy itself	De-shopping and fraud

Source: (Powers & Jack, 2015)

Potdar and Rogers (2012) argue that retailers should always register by code the reason why the customer has returned the product so that they identify the common underlying causes of product returns. Potdar & Rogers (2012) go on to say that this would significantly assist manufacturers in improving on their product quality based on the specific feedback obtained from customers who have returned their products.

Kusrini *et al* (2019) note that impulsive purchasing of additional products can lead to associations of guilt, regret or other negative feelings that stir-up customers to do a return. Xu *et al* (2015) observe that unplanned purchases are usually not based on rational and careful thinking and quickly lead to the post-purchase behaviour of returning the product. Previous research also indicates that less satisfied people will engage in negative communications which will influence peer customers not to hesitate to opt for a return (King, 2014).

2.8.1.1 Manufacturer factors

The manufacturer is one of the most significant sources of customer product returns (Xu *et al*, 2015), To begin with, poor quality products resulting from the manufacturer's negligence or poor quality checks affect product value and how customers perceive it. Hirvonen, Laukkanen & Salo (2016) note that once a customer does not feel the worth of his/her spend on a product, chances are that it will be returned to the retailer. For example, weak product material affects to a large extent the product's durability. Usually if a product shows wear and tear far sooner than expected, half the time the customer will return the product. Taking a different example from a restaurant, if a customer pays R500 for a menu item which is then served burnt or undercooked, the customer usually requests a replacement or cash back (Xu *et al*, 2015). Similarly, faulty or damaged products that have escaped quality checks will ultimately result in product returns (Kusrini *et al*, 2019). A good example is the Ford Kuga, which had a factory fault of overheating which resulted in the vehicle's being a moving time bomb. Over 95% of the Kugas of that batch blew up into flames. This resulted in Ford's dedicating more than half a billion rands in reparations and restitutions to customers (Eyewitness News, 2020). Manufacturers' warehouses also need good upkeep, since they can also compromise on the quality of the products due to factors like leakages, reckless handling, inappropriate temperatures and rodents, among other things that inflict potential defects that could result in returns (Kusrini *et al*, 2019)

2.8.1.2 Retail factors

At the level of retail factors, overpricing is noted as one of the major causes of customer returns. Kincade, Redwine & Hancock (2012) argue that, if a customer buys a perceivably expensive or overpriced product, the implicit assumption is that if a product as a high value, it follows that it is durable as well. In the event of failure to pass this test, the customer's immediate response is to return the product for an exchange, repair or full cash refund. Selling skills and product knowledge are also cited at this level as one of the causes of product returns (Olexová, 2018). Sales assistants need to have adequate selling skills. Some sales consultants are overbearing and compulsive

towards customers, to the extent that they make the customer feel guilty for not purchasing the item or items (Olexová, 2018). This then causes the customer to buy not for his/her own sake but for the sake of the sales consultant. When they get home, having that product is nothing but a reminder of overspending or a wrong buy which will find the same customer in back in the shop requesting a cash refund (Olexová, 2018).

In target-driven retail outlets, most sales consultants generate sales not for the benefit, good or satisfaction of the customer but rather just to meet daily sales targets (Kusrini *et al*, 2019). This has mostly led to a high rate of product returns as many customers buy out of compulsion or misinformation. Similarly, a lack of product knowledge might result in a sales consultant selling the wrong type of product to the customer (Kusrini *et al*, 2019). For example, a customer may be looking for squash shoes but the sales consultant convinces the customer to buy running shoes instead. If the running shoes fail to work for playing squash, the customer, based on the incorrect knowledge of the sales consultant, is most likely to return for a refund (Kusrini *et al*, 2019). Competition and peer pressure are also included among the causes of customer refunds at retail level (Neneh, 2018). If one buys a suit at Edgars, for example, at a higher price, and while still browsing for other things in other outlets one realises that Markham has the same product with the same quality at a lower price. The tendency is quickly to get a cash refund from Edgars and buy the lower-priced product from Markham (Olexová, 2018).

2.8.1.3 Customer factors

It is important to note that customers *per se* are also a strong factor in the number of items returned to both retailer and manufacturer (Kusrini *et al*, 2019). Customer emotions, attitudes, perception, affections and moods affect the level of passion or desire the customer has towards a product (Yang *et al*, 2015). There are a lot of secondary factors that affect this attitude, which may include pricing, quality, peer pressure, competition or substitute offers (Neneh, 2018). The customer is the final handler of the product in the supply chain and all these factors will either push or pull the customer towards returning a product after purchasing it. Yang *et al* (2015) in their customer returns model argue that pursuant to abating customer returns, it is critical for manufacturers and retailers continuously to improve quality and value for money in their products. Much literature shows that quality, pricing and value are the major factors that neutralise both push and pull factors with regard to customer returns.

Table 2.2: Customer pull, push & sinister factors propelling product returns

Push factors	Pull factors	Sinister factors
Damaged or faulty products	Products cheaper somewhere	Deception, lying and mis-information
Manufacturing error	Substitute product available somewhere	De-shopping, fraud and theft
Fake imitations with no value for money	Impulsive buying	Manipulating customer rights
False advertising	Overspending	Abuse of the refund privilege
Misinformation by sales assistant	Availability of refund policy in shop	Appeal to force to obtain refund
Wrongful purchase – wrong colour, wrong size or wrong brand	Culture, literacy level and status	Appeal to pity to obtain refund

Source: (Yang *et al*, 2015)

Table 2.2 summarises the categories of customer-based factors influencing the final consumer drive to request a refund or return a product after purchase. These three broad categories are identified as firstly push factors – mandatory factors that create a **need** for a customer to return a product come what may (Yang *et al*, 2015); pull factors – appetising factors creating a **want** for a customer to return a product; and finally sinister factors – refunds carried out in a spiteful or unprocedural manner, like fraud, deception, appeal to force or appeal to pity (Yang *et al*, 2015)

2.8.1.3.1 Push factors

These include damaged or faulty products, manufacturing error, and fake imitations with no value, false advertising, misinformation by sales assistants, or an incorrect purchase – wrong colour, wrong size or wrong brand. Such factors frequently result in a customer's returning goods (Yang *et al*, 2015).

2.8.1.3.2 Pull factors

These include products being cheaper somewhere else, and substitute products being available. Yang *et al* (2015) observed that this then creates a pull effect for a customer to desire a return due to the perceived saving option. Overspending and impulsive buying usually have a delayed outcome in customer returns. It is almost as if the customer was shopping absent-mindedly. Then a few days after the purchase, it crosses his/her mind that actually it was more wasteful than frugal and, as a result of post-purchase guilt, the customer is drawn to return the item bought (Yang *et al*, 2015).

Some cultures are very reserved, especially African cultures, holding that once they buy a thing they should keep it and not return it even if they may not like it. This is in contrast with liberal cultures like those of Europe and the United States (US). Yang *et al* (2015) note that people with high levels of literacy are more aware of their right to return an item to the supplier, compared with people with low literacy. For this reason a high-income society is more likely to engage in customer returns than a low-income society. Lastly, the availability of the refund policy itself is a strong pull factor for the customer, since it opens a door for this privilege (Yang *et al*, 2015).

2.8.1.3.3 Sinister factors

These factors include deception, lying, misinformation, de-shopping, fraud, and theft, manipulating customer rights, abuse of the refund privilege, appeals to force to obtain a refund, and appeals to pity. Due to a rise in poverty levels, retail crime has become common, that is making use of fraudulent refunds to benefit the customer at the expense of retailer and supplier (Harris, 2010). Most of the sinister factors are contributory to uncontrollable returns because they include the use of anger and authority to force the retailer to get the refund done, even if it is against policy. Other customers do the opposite, appealing to pity or using corrupt ways, like using a relative or friend who works in the shop to process the return based on their friendship, against shop policy (Harris, 2010).

2.8.2 Ways of minimising product returns

It is to the benefit of any manufacturer or retailer to minimise product returns along the supply value chain (Yan & Cao, 2017). It is the objective of this study to pave a way towards achieving this. This is feasible, because a perusal of the probable causes and effects of product returns provides a platform for minimising them (King, 2014). It is always in the best interest of any retailer to sell products or goods without their being returned for any reason (Xu *et al*, 2015). High product returns are a red flag for profitability, customer loyalty, brand loyalty and general business performance. The main factors that help minimise product returns include the kaizen approach, total quality management and continued value addition along the supply chain (Cloke & Goldsmith, 2012). Listed below are some methods for minimising product returns (Hopkins *et al*, 2017):

- Consistency in quality, good customer relations, good selling skills and good product knowledge skills
- Honesty, especially in advertising, fairness, equity and value for money
- Ensuring good storage to prevent defects, damages or expiry
- Competitive and sound pricing policies
- Regularising the returns process with in-store or in-house policies and procedures

- Good manufacturer-retailer relations
- Good customer relationship management systems
- The sharing of product return information between manufacturer, retailer and customer

2.8.3 The effects of product returns on business performance

Table 2.3 below indicates the two-sided relationship between product returns and business performance. On the one side are subversive factors and on the other, constructive factors (Khouja *et al*, 2019). Subversive factors crop up at the cost of a business, while constructive factors harness business profitability (Khouja *et al*, 2019). The ideal for any shop manager, as Khouja *et al* (2019) put it, is to excel in constructive and minimise subversive factors.

Table 2.3: Dual relationship between product returns and retail business performance

Subversive effects	Constructive effects
Recall costs	Give room to continuous improvement in product quality
De-shopping costs	Increase customer and brand loyalty
Security and storage costs	Increase customer satisfaction, complements, rating, ranking
Customer and brand loyalty costs	Enable high customer retention
Reputational costs	Create an uncommon competitive niche and advantage
Time and administrative costs	Snowball effect that almost fully guarantees a customer's future return
Labour costs	Cultivate positive customer repurchase behaviour and a growing customer referral network

Source: (Khouja *et al*, 2019)

2.8.3.1 Subversive effect of product returns on business performance

The effect of product returns on business performance can be either subversive or beneficial to a greater or lesser extent. This section will look at the negative effect of product returns on business performance in general.

2.8.3.1.1 Time and administrative costs

Sajjanit & Rompho (2019) find that staff attitude in processing returns can either cost the business by generating customer complaints or benefit the business by generating compliments from customers. The same is true, they contend with the time taken by the staff to process the refund. Sajjanit & Rompho (2019) note that the rapid processing of refunds satisfies the customer and leads to compliments. The reverse is true if the refund process takes weeks to be approved and finalised before the customer receives his/her money.

Espinosa *et al* (2019) argue that costly or high-risk returns may require external specialists to evaluate the rationale for a retailer or supplier to accept the return. This implies extra costs in hiring such specialists, training staff and upskilling staff. This would entail vast costs in terms of implementation especially, in retail giants like Edgars or Foschini. Kukar-Kinney (2015) also notes that often the period between the return of a product and the actual refund may last more than a month, especially if it is a high-risk return or a costly item. This would result in costs in time, labour, complaints handling, negotiation and administration (Espinosa *et al*, 2019).

Retailers are mostly affected by product returns in adverse ways, so much so that if these are not well managed the business may find itself at break-even point, never beyond (Khouja *et al*, 2019). The returns process may sometimes become very slow and cumbersome – see Figure 2.3. Returns will need time to be processed in the shop, then sent to the warehouse, then sent to the manufacturer, which also makes its own assessment, then sent back to the retailer which then processes the money to give back to the customer, given that the manufacturer has agreed to take the returned product (Espinosa *et al*, 2019). So the time spent processing a refund and administering it is quite a cost to the business. The time taken without certainty as to whether the customer will get his/her money back is a recipe for customer dis-satisfaction and a loss of loyalty to brand and shop.

2.8.3.1.2 De-shopping costs or retail borrowing

De-shopping is buying something with no intention of keeping it. It is the return of a product by a customer after it has fulfilled its purpose and is usually done within a short period, just like borrowing, so de-shopping is also commonly known as retail borrowing (Xu *et al*, 2015). Previous research indicates that de-shopping is a prevalent and growing consumer behaviour (King, 2018). In effect it is the deliberate return of goods for reasons other than actual faults in the product and is usually premeditated (Xu *et al*, 2015). That customers can reverse their purchase decisions without penalty demonstrates why the policy of returns is open to abuse by de-shoppers (Xu *et al*, 2015)

Pamhellermiszta (2020) tells a story of a bride who bought a $1 000 pair of Gucci wedding shoes. She kept the packaging and receipt intact, since this was a condition of its return to the shop. The customer wore the shoes for two hours during the wedding. After the wedding she cleaned them and packed them in the original box, all neat and pristine, and returned them to the retailer the next morning for a full cash refund (Pamhellermiszta, 2020). The sales assistant, unaware of any damage to the shoes,

refunded the customer and put them back on the shelf. This scandal was only uncovered in that shop after noticing a frequent trend in refunds of the same manner and pattern. Investigations were carried out and the refund policy had to be altered. Hjort and Lantz (2012) report that in an experimental study of retail borrowing of party dresses, there was a particular brand loyalty that vanished once other customers learnt of such fraudulent refunds. In some instances a brand will have to be discontinued and withdrawn from the shelf – as the saying goes, "one bad apple spoils the rest".

De-shopping is now categorised as retail crime and is a problem threatening the profitability and competitiveness of retailers worldwide. It needs to be dealt with as a crime because of its growing prevalence as a form of return fraud (King, 2014). A case study with a mass market retailer indicated that shrinkage figures due to fraudulently returned garments contributed to estimated losses in the six-figure region (King *et al*, 2018).

2.8.3.1.3 Recalling costs

Muralidharan *et al* (2019) argue that mass returns like recalls are a big blow to businesses, not only to their balance sheet but to their future market share, as it is a threat to future sales and to brand and customer loyalty. A classic example is the massive returns of Ford Kugas in 2015 due to its overheating problem. The Customer Survey Index (CSI, 2015) noted a general decline in the sale of other Ford models that had no problems at all. In other words, Ford lost almost a third of its market share to Isuzu, Toyota and Volkswagen (Muralidharan *et al*, 2019). This is a clear example of how subversive the effects of product returns can be to both retailer and manufacturer.

2.8.3.1.4 Reputational costs

According to Blodgett *et al* (2018), many refunds are processed with a default eventuality of upsetting the customer returning the item, as well as the customer's entire family and circle of influence. Product return-related complaints are directed to the manager or supervisor, a suggestion box, Hellopeter, local papers, even radio or social media blogs (Blodgett *et al*, 2018). This has the side effect of serious customer and brand disloyalty and a severe disincentive to the customer's future repurchase intent. Russo *et al* (2017) noted that the discontentment that arises on returning a product results in customers preferring other shops, other brands or other substitute products, even if those other retailers and products are of a lower standard.

2.8.3.1.5 Security costs

Harris (2010) posits that profiteering corporates will not plummet into losses from outside unless they have destroyed themselves from within. Simply put, where there is

a refund policy, one finds a follow-up of high security costs, ranging from physical security personnel in-store, physical security personnel at entrance/exit points and cyber-cam security software in the manager's office. In most cases, sinister refunds that are generated from inside through internal syndicates that work with outside people are the most dangerous (Yang *et al*, 2015). High levels of poverty and unemployment have led to a sharp increase in retail crime and it is concerning the number of people who now survive on fraudulent refunds to make a living. In his research, Harris (2010) noted that retailers are losing a lot in stock loss labelled as refunds. In other words, the refund policy is being used by staff members as a means of siphoning stock out of the shop. Such staff members do this by generating fake refunds and usually work with collaborators.

2.8.3.1.6 Storage costs

Densmore & Grabner (2018) argue that sometimes returned products pile up in a store room without being processed because of a lack of staff or an overemphasis on sales targets – or the manufacturer's simply taking a long time to respond to warranty obligations. Densmore & Grabner (2018) observe that some retailers are then tempted to re-merchandise these refunds and sell them at a loss. He notes that this anomaly is a red flag for turnover. Chen, Anselmi, Falasca and Tian (2017) argue that a scarcity of storage space may also result in further damage to the returned items, or to the shop's having to hire more space to keep returns, at the expense of generating profit.

2.8.3.2 The constructive effect of product returns on business performance

While the previous section focused on the negative effects of product returns on business performance, this section looks at the constructive, positive and beneficial effects of product returns on business performance.

2.8.3.2.1 Customer satisfaction and retention, customer and brand loyalty

Product returns, if used effectively, swing from being a cost to the business to becoming a major benefit (Yan & Cao, 2017). Once a customer has a hassle-free refund or exchange at a shop, customers are more likely to be hyper-positive and advertise the business indirectly with a considerable snowball effect (Xu *et al*, 2015). The chances of making another purchase are also high, just because of the perceived freedom of reimbursement – within the parameters of the refund policy – should a customer be dissatisfied with the product (Hopkins *et al*, 2017). So customers will develop a strong loyalty not only to the brand purchased, but also to the shop and its staff (Yan & Cao, 2017). The South African Customer Satisfaction Index (SA-csi, 2018) indicates that this has the ultimate benefit of high customer retention, increased sales volume, favourable

customer behaviour following purchases and good chances of market growth. This leaves the business on a pedestal, making more earnings than losses.

2.8.3.2.2 Room for continuous product improvement

Product returns are like air crash investigations. Once an aircraft crashes, a cause for the crash has to be found, and often a whole fleet must be upgraded to avoid any future aviation disasters (Tamira, 2014). Similarly, when a product is returned it is vital to code the reason so that the manufacturer becomes aware of the fault on the product. Once the fault is recognised, it is modified to prevent future returns (Dahlgaard-Park *et al*, 2018). Such continuous improvement in quality might never be achieved if retailers avoid returns or operate on a zero-returns policy (Klapalová, 2019). Potdar & Rogers (2012) argue that retailers should always register the reason why the customer has returned the product so that they identify the common underlying causes of returns of this product. This then leads to the kaizen business principle of continuous improvement. Such improvements enable a product to gain a *scarcely returned product status*, which then creates permanent brand loyalty, which is healthy for business (Potdar & Rogers, 2012)

2.8.3.2.3 Competitive advantage

A sound product returns policy can be something that gives the retailer a competitive advantage over other retailers. A company that has a major advantage over its competitors is Dell, which has a hassle-free returns policy while its competitors like HP and Lenovo fall short in this respect (Dahlgaard-Park *et al*, 2018). Every business has threats and opportunities. Once a threat like a potential product return arises, the managers have the task of changing that threat into an opportunity (Yan & Cao, 2017). In other words, managers need to be inventive and convert threats into opportunities, and further modify those opportunities into core competences (Xu *et al*, 2015). If core competences are further perfected, they give rise to distinctive competences, and if distinctive competences are continuously perfected they eventually lead to a unique business niche with the outcome of an unchallenged competitive advantage (Yan & Cao, 2017). Figure 2.8 illustrates how product returns begin as a weakness and how that weakness can evolve into a strength that can ultimately take the business to a place of competitive advantage. This is what every business thrives to be, as it is a striking opportunity for the business to build a competitive niche and stamina that allows it to retain a good measure of market share (Chen *et al*, 2017)
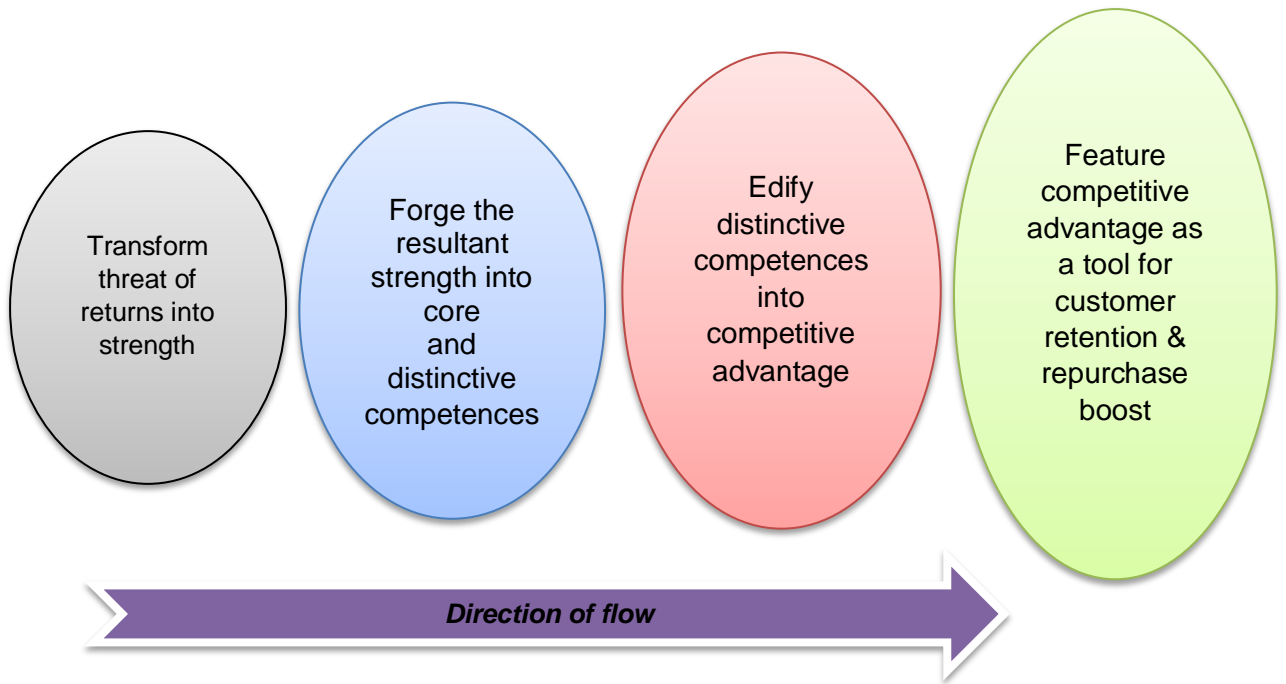
Figure 2.8: Product returns and competitive advantage

Source: (Chen *et al*, 2017)

2.9 Chapter Summary

In the light of this discussion, the researcher provides a fair overview of the research topic based on similar and related previous research projects. The researcher has established a base from which to project this research further on a practical basis, since the researcher has established a strong scholarly foundation. However, it is important to note that much of the literature and previous research does not emanate from Africa. Most of it is from Asia, North America and Europe. The researcher has taken this not as a weakness but as an opportunity to begin a research discourse in the African retail context.

CHAPTER 3: RESEARCH METHODOLOGY

3.1   Introduction

This chapter presents the research methodology of the dissertation. The researcher outlines an overview of the purpose of the research, the problem statement and research questions; the research design, the researcher's background, beliefs and biases; the population, participants, sampling technique, research procedure, data processing, quality assurance, ethical considerations and research limitations.

3.2   Overview of the problem, purpose of study and research questions

The aim of this research is to explore the phenomenon of product returns in retail business by collecting data from participants to address the research questions using a qualitative study. The problem identified in this research is the disruption of performance in retail outlets caused by the abuse of product returns by customers, staff members and manufacturers. The goal of this study is to establish the nature of the relationship between product returns and business performance. This study seeks to answer these questions:

- What are the effects of product returns on retail business performance?
- What are the costs and benefits of product returns to the retailer?
- What else, apart from returns, affects retail business performance?

The researcher sought to answer these questions to establish the relationship between product returns and retail performance. There is also an opportunity for adding new findings on the effects of product returns to business performance due to changing customer behaviour, ever-growing competitive environments and tech-based ways of doing business. Shop managers provided the raw data from which to extrapolate the above research questions. The research approach included a case study and a little bit of phenomenology as the researcher collects information from participants.

The key components of this chapter includes but is not limited to the philosophical background, the research strategy, the research method, the research approach, the methods of data collection, the selection of the sample, the research process, the type of data analysis methods employed, the ethical considerations and the research limitations.

3.3   Philosophical background

Research philosophy includes both the philosophical paradigm and the philosophical assumptions that underpin the chosen research approach. It involves a collection of principles and worldviews that set rules on how research can be carried out and

whether reality is construed internally and subjectively by idealism or externally and objectively by realism, or both (Saunders *et al*, 2012). The three categories of a philosophical paradigm (Creswell, 2016) include:

- The transformative paradigm, which is more participatory and involves the experiences of the participants.
- Social constructivism, where participants and researcher develop multiple realities through interaction.
- Pragmatism, where reality is known through multiple approaches.

The philosophical assumptions involve the ontological stance, focusing on the nature of reality; the epistemological stance – how the reality is known and how we know what we know; and the axiological stance – the role of values (Creswell, 2016). In this research, the research paradigm is transformative: participants' experiences and explanations will construct and inform a reality. The participants' beliefs and values will be considered in the construction of reality, not those of the researcher. So the transformative paradigm stands out as superior. Table 3.1 illustrates the philosophical paradigms and assumptions (Creswell, 2016).

Table 3.1: Philosophical paradigms and assumptions

		Ontological stance (Nature of reality)	Epistemological stance (How reality is known)	Axiological stance (Role of values)
Philosophical paradigms	**Transformative**	Active involvement of participants in the study and construction of reality	Active participant involvement in arriving at results (reality)	Consideration of participants' beliefs and values during the construction of realities
	Social constructivism	Participants and researcher develop multiple realities through interaction	Co-creation of reality between participants and researcher	Beliefs and values are socially constructed
	Pragmatism	Reality is what is useful, practical and workable	Reality is known through multiple approaches	Conversation between participants and researcher about beliefs and values

Source: Creswell (2016)

3.3.1 Positivism-objectivism

The positivist worldview assumes an objective reality that is independent of subjective human perception. In other words their worldview is of a real world external to the human mind and ideas. To a positivist, research is better understood by a reality that is empirical, that can only be appreciated by the human senses like sight (describe), touch (experiment) and hearing (solve) (Saunders *et al*, 2012). So factors that determine the results or outcomes of a given phenomenon are believed to be structured and scientific, so quantitative methods are more plausible for acquiring knowledge on the subject of study (Saunders *et al*, 2012). Figure 3.1 illustrates the four universal quadrants revolving around both the epistemological and ontological positions.
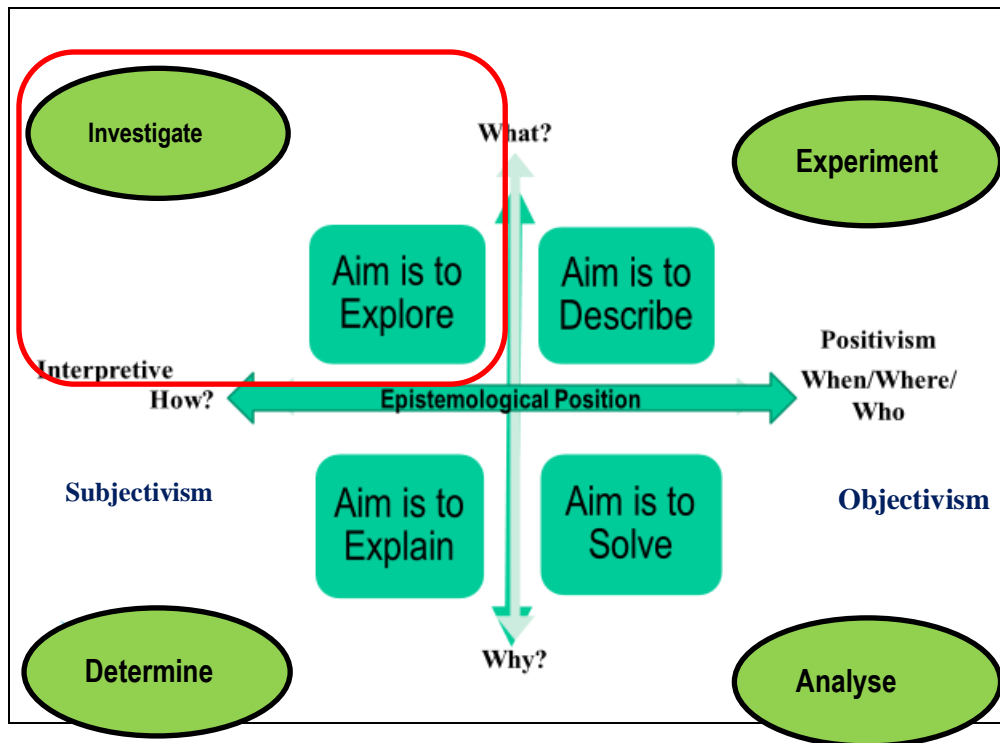
Figure 3.1: Epistemological and ontological positions

Source: (Saunders *et al*, 2012)

NB: Section highlighted in red shows the researcher's positions of choice in this research

3.3.2 Interpretive-subjectivism

Conversely, interpretivists assume that one cannot alienate reality with human perceptions. They argue that reality is highly subjective and dependent on the perceptions of individuals (Saunders, *et al*, 2012). For them the real chair is not the one that we can sit on but the one that is in the mind of the inventor before it is machine-moulded for the consumer to buy (Creswell, 2014). The interpretive approach is that human semantics is extracted better and more reliably by personal behaviours, perceptions and/or interaction with a given construct or phenomenon (Creswell, 2014). In the light of this discourse, proponents of the interpretive approach posit that using qualitative methods is a suitable way of assimilating knowledge of the subject of study (Saunders *et al*, 2012).

3.3.3 Pragmatism

Interestingly, pragmatists hang in between and believe that both worldviews can be used to interpret reality, depending on the nature of the research and the flow of the research process.

In this study, the researcher seeks to construe reality from a transformative paradigm, so the research philosophy is more interactive, subjective and interpretive (Yin, 2017).

The research approach and paradigm is deductive, making use of structured interviews conducted in the context of selected shops. This is largely because the aim of this research is not to describe or solve but to explore the phenomenon of refunds by making use of how and what research questions and at the same time observing the correlation between the two main variables – product returns and business performance (Saunders *et al*, 2012).

3.4   Research approaches

Research designs are "types of inquiry within qualitative, quantitative, and mixed methods approaches that provide specific direction for procedures in a research process (Creswell, 2014). Research approaches lay out the overall plans, protocol and procedures undertaken in carrying out the research Creswell, (2014). There are three main types of research approach: quantitative, qualitative and methodological triangulation. The quantitative research approach is explaining phenomena by collecting numerical data that is analysed using mathematically based methods (in particular, statistics) (Yin, 2017). Yin also states that quantitative research is also suited to testing hypotheses. The quantitative research approach can also be described as a type of research approach that answers research questions through statistical measurements and the testing of objective theories. This approach largely aims to describe and solve a phenomenon and involves lots of statistical analysis and or experimentation (Saunders *et al*, 2012).

The qualitative research approach, on the other hand, is about exploring issues, understanding phenomena, and answering questions by analysing and making sense of unstructured data (Yin, 2017). It focuses on groups, in-depth interviews, content analysis, ethnography, observation, narration and semiotics. It involves the analysis of any unstructured data, including: open-ended survey responses, literature reviews, interviews, audio recordings, videos, pictures, social media and web pages. It deals largely with both extensive and intensive exploration and the understanding of meaning in individuals or groups using non-numerical measurements and data analysis (Creswell, 2014).

The mixed research approach is also popularly known as methodological triangulation. As the name rightly stipulates, this method uses both qualitative and quantitative research approaches to interpret the research questions of the study, both deductively and inductively (Yin, 2017). The mixed method is an approach to both theoretical and practical knowledge that attempts to consider multiple viewpoints, perspectives, positions, and standpoints (Mujere, 2016),

This research employed the qualitative research approach, largely because the aim of this study is to explore. Essentially, the qualitative approach makes it possible for empirical evidence gathered during data collection to corroborate both theoretical ideas in the literature and the respondents' data (Saunders *et al*, 2012). The researcher also felt at home using a qualitative approach because it best explores the two main variables of product returns and business performance extensively without pre-determined responses (Mujere, 2016). The qualitative approach also allows the researcher to use easier methods of analysis like MS Word to draw out patterns. The qualitative approach allows the researcher to encrypt actual individual responses without having to do any hypothesis testing (Mujere, 2016).

Table 3.2: The five main qualitative research approaches

APPROACH	EXPLANATION
Phenomenological approach	Captures participants' experiences and examines how they make sense of their experiences
Case study	In-depth study of well-defined case or phenomenon using multiple data sources
Grounded theory approach	Develops an explanation, model or theory that helps in understanding a phenomenon, situation or process
Narrative approach	Collects a participant's story or captures a group of participants' stories and retells their stories
Ethnography	Explores a phenomenon by studying a group of people or individuals in their natural environment

Source: Creswell (2014)

The researcher has chosen the case study approach with a little bit of phenomenology because information was obtained from selected retail outlets in specific locations with interviews from the managers of each selected shop. The researcher also chose these two approaches because the purpose of the study is to explore and in this way gain information from participants to propel extensive and intensive exploration. Also, the characteristics of the research questions for this study require the active involvement of participants, so a case study and phenomenological approaches emerged as the best for carrying out this research.

3.5 Researcher's background, beliefs and biases

This section spells out possible biases and beliefs indicating the background of the researcher. The researcher has worked in the retail sector for six years as a cashier, sales assistant, assistant manager and shop manager. During the researcher's six years of retail engagement, he made a general observation of how most customers took advantage of the lenient refund policy and how some staff members exacerbated this problem instead of containing it.
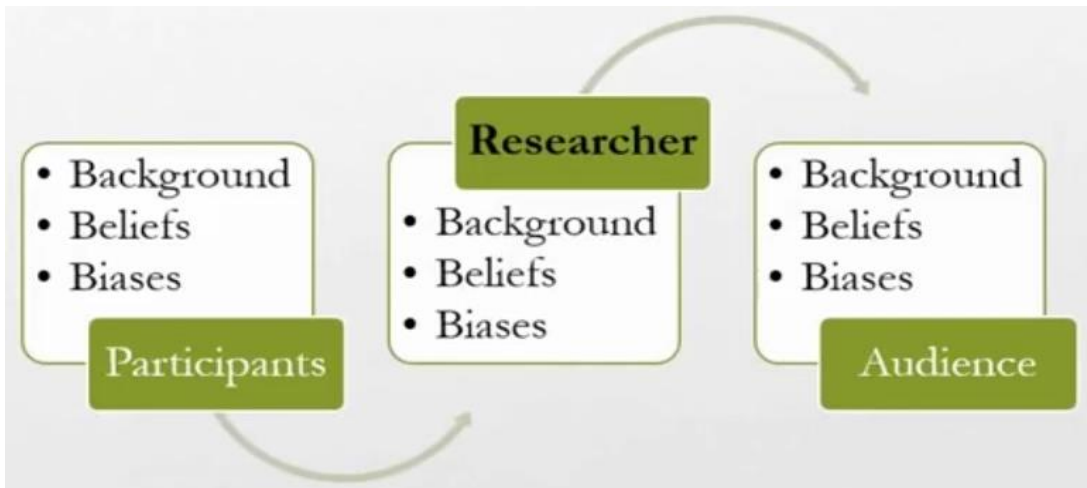
Figure 3.2: Background, beliefs and biases

Source: (Creswell, 2014)

The participants included the managers of each selected outlet. The participant's length of service, gender, store location and job title will be recorded so that the researcher captures some sort of background data that shapes the participant's beliefs and supposed biases. Nevertheless the researcher endeavours to build trust with all participants to counter any bias or belief that may be caused by distrust, anxiety, fear or suspicion. The researcher is also free to make his values known to the participants, but in a way that does not endanger the acquisition of accurate data. The researcher strove to distinguish between his views and the participants' views, paying particular attention to the participant's situation, context, background and beliefs.

3.6 Research methods

The research method comprises the forms of data collection, data analysis and data interpretation of a given study (Creswell, 2014). In this study, qualitative data collection and analysis methods will be employed.

3.6.1 Data sources

The study made use of primary, secondary and tertiary sources of data. Primary sources entail the extraction of data from the immediate participants (Mujere, 2016) who in this case are the managers of each outlet selected. The researcher made use of structured interviews to extract raw data from the primary sources. Secondary and tertiary data sources employed in this study included but are not limited to textbooks, journals, publications, conference papers and dissertations. Key words in the research title were used for systematic search criteria. The search results covered an extensive and intensive perusal of heterogeneous literature concerning business performance and product returns ranging from 20th-century literature to the present (Mujere, 2016),

3.6.2 Data collection approaches

Data collection refers to the various instruments used by a researcher to collect information from the various data sources (Yin, 2017). There are five common methods of primary data collection: interviews, questionnaires, the Delphi technique, projective techniques and focus group interviews. These are illustrated in Figure 3.3. For the purposes of this study, the interview method was employed, specifically semi-structured interviews.
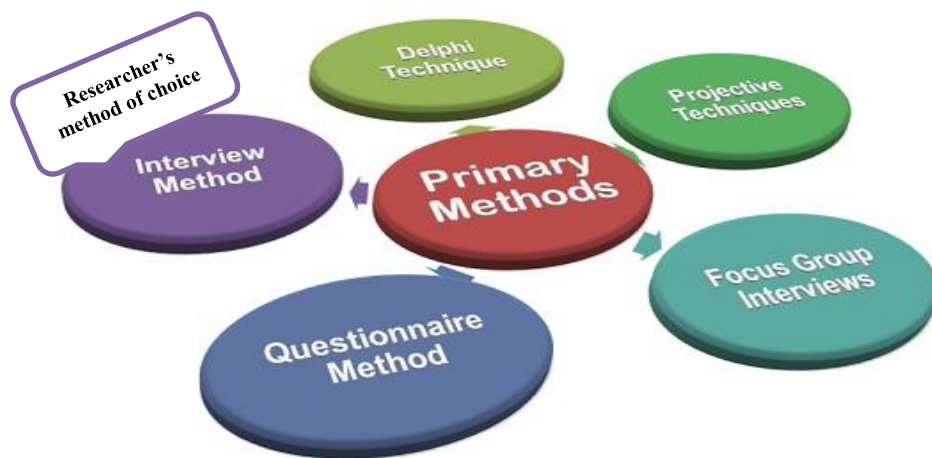
Figure 3.3: Primary data collection methods

Source: Yin, (2017)

3.6.3 Data collection instrument (semi-structured interviews)

Common types of interviews include unstructured, semi-structured and structured interviews. In unstructured interviews, which are informal conversations with no predetermined questions, the interviewer goes with the flow. In semi-structured interviews there is a general interview guide approach that allows every interviewee to be asked the same questions to give a sense of focus and uniformity. It also comes

with some follow-up questions that may be asked of the interviewee (Yin, 2017). Finally a structured interview is a closed, fixed-response interview where all interviewees are asked the same questions and asked to choose answers from the same set of alternatives (Yin, 2017). Due to limited time and Covid19 regulations, the researcher chose to use semi-structured interviews to save time by narrowing responses and sticking to specifics with a few follow-up questions. The unstructured interview would give an opening to long interviews that might end up compromising the quality of re-sponses. This also makes data analysis slow and cumbersome. Structured interviews would also be too narrow, and unyielding to probing (Creswell, 2014).

There are several types of interviews: personal interviews, telephonic interviews, online interviews, group interviews, individual interviews, in-depth interviews and mail interviews (Creswell, 2014). In this research, the researcher made use of the face-to-face in-depth semi-structured interview, a one-on-one conversation with the participant lasting for about 30 to 45 minutes. The interview template included an ethics section, introduction, body, and conclusion. The format of questions included tick-box questions, fill-a-gap questions and open-ended questions. Please refer to Appendix B and Appendix H.

The researcher chose this method because it best suits the purpose of the study, which is to explore the phenomenon of product returns. It also gives room for both researcher and participant to form multiple realities congruent to the case study, a phenomenological approach and the transformative research paradigm. Beyond this, the researcher has an opportunity of probing and motivating the respondent (Creswell, 2014). Interviews have a high rate of return, which is best for the researcher's limited sample size. Interviews usually have fewer incomplete answers and they have a controlled order for answering. Interviews are exhaustive in nature and illiterate people are able to take part easily. Participants also have room to provide extra information (Yin, 2017). The researcher endeavoured to maintain quality assurance in spite of potential biases, the small scale of the study, potential inconsistencies, cost-related matters and time management issues.

3.6.4 Format of the semi-structured interview schedule

The interview schedule has a cover page that explains all ethical considerations, reasons for the research, the institution under which research is being conducted and guided content that introduces each section to keep the flow of the interview. Please refer to Appendix B and Appendix H. The interview schedule has these three major parts: (1) the opening, with eight questions concerning respondent's personal

information, respondent's work details and respondent's company service details. (2) The body with eight questions focusing on the main research questions on product returns and business performance. Some of these questions have follow-up questions structured uniformly and were asked in exactly the same manner of all respondents to avoid any variations. (3) The conclusion, which has no further questions, but an expression of gratitude, a reaffirmation of ethics, a summary reflection of the whole interview and highlights of key remarks (Yin, 2017).

The opening clearly indicate the objectives of the interview and make it clear what topic areas were addressed and presented in a way that made the respondent feel welcome and relaxed. In the same process the interviewer provided some information to motivate the respondent to answer the questions (Yin, 2017). The researcher motivated by offering a Wimpy breakfast environment. An honorarium was also given to the participant for providing the interview information. The opening also indicates the expected length of the interview which in this case is a maximum of 45 minutes.

The body of this interview schedule lists the topics to be covered with regard to product returns. This interview was semi-structured due to the time factor and the nature of the research questions. Unstructured interviews with only the topics and subtopics would take more time and make the entire research process cumbersome and the data analysis cluttered (Yin, 2017). The researcher used a semi-structured interview that contains major questions and uniformly designed possible probing questions. It also allows the recording of answers and is much easier to conduct.

The closing is tailored in a way that maintains the tone set during the interview and is short and sweet, since by this time the respondent will be weary. Main issues discussed were summarised in brief outline. The researcher discussed the next course of action to be taken and thanked the respondent for his/her time. The researcher had adequate space to record responses after each question. In the interests of dependability and to counter any suspicions, the researcher manually recorded responses during the interview and no recording device was used. This section also had a summarised note of gratitude and a reassurance of the participants' privacy and protection. The researcher also at this time requested the availability of respondent on WhatsApp, calls or an e-mail address for any follow-up questions or concerns arising during transcribing.

3.6.5 Sample selection

Sampling is the act, process, or technique of selecting a suitably representative part of a population for the purpose of determining parameters or characteristics of the whole

population (Mujere, 2016). Population units of shop managers in each selected outlet were used. The researcher had to sample because it is not practical and almost never economical to conduct a census of the whole population because of time constraints, Covid19, money constraints, considerations of accessibility, validity, reliability and accuracy, and the large size of the population (Yin, 2017). However, the researcher was also cognisant that a sample is not always expected to mirror the population from which it comes, so there is no guarantee that any sample will be precisely representative of the population it comes from (Mujere, 2016). Sampling error is the degree to which a sample might differ from the population, and the researcher will take this into account (Mujere, 2016).

3.6.6 Sampling frame and sample size

Out of a population of 60 shop managers, a sample of 15 was selected. So the sample size is made up of 15 managers of 15 different outlets. This sample size is good for this research, due to Covid19 risk factors and interaction restrictions, time constraints and the in-depth nature of each interview. Similar to the population, the sampling frame is a list of the population from which one selects sampling units and in this case the figure is 60 (Mujere, 2016). These factors were considered in ascertaining this sample size or number of participants:

- The Covid19 regulations and risk factors
- The exploratory nature of this research analysis that makes use of in-depth time-consuming interviews
- The two main variables to be examined simultaneously are product returns and business performance
- The homogeneous nature of the staff members constituting the sampling frame.
- Time and resources
- Accessibility and availability of participants
- The research approach chosen

The number of participants is appropriate given the nature of the data collection approach. In-depth interviews of 30 to 45 minutes will be held and the assumption is that it is an appropriate time to gain all necessary information. Matters of Covid19 risks and restrictions were also considered.

3.6.7 Sampling methods/techniques

Sampling methods are classified as either probability or non-probability. In probability samples, each member of the population has a known non-zero chance of being selected. The reverse is true for non-probability sampling, where the chances are actually unknown (Yin, 2017). Non-probability sampling represents a group of sampling techniques that help researchers select units from a population they are interested in studying (Mujere, 2016). Essentially, non-probability sampling is often used because the procedures used in selecting units for inclusion in a sample are much easier, quicker and cheaper when compared with probability sampling. Non-probability sampling techniques include: quota sampling, judgment sampling, convenience sampling, purposive sampling, self-selection sampling and snowball sampling (Yin, 2017).

In this research, homogeneous purposive sampling is used to develop the sample of the research under discussion. Purposive sampling is also known as judgmental, selective or subjective sampling. It reflects a group of sampling techniques that rely on the judgment of the researcher when it comes to selecting the units (people, cases, organisations, events, pieces of data) that are to be studied (Saunders *et al*, 2012). The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest and who will best answer the research questions. There are a number of different types of purposive sampling techniques, including maximum variation sampling, homogeneous sampling, typical case sampling, extreme (or deviant) case sampling, total population sampling and expert sampling (Mujere, 2016).

As already stated, this study makes use of the purposive non-probability sampling method known as the homogeneous sampling technique. In this technique, the units exhibit similar or near-similar attributes, behaviours, experiences, incidents, qualities and situations (Mujere, 2016). In this study 15 shop managers across 15 outlets were selected to take part as respondents. The researcher did this so as to gain greater insight, since shop managers have both authorising rights and experiential product knowledge from both inside and outside the shop. Participants were selected on the basis of their knowledge, relationships and expertise regarding retail business (Creswell, 2014). In this study, the sample members selected have special and direct relationships with the phenomenon under investigation. They also have sufficient and relevant work experience in the field of retail and active involvement in the handling of product returns. The researcher also had to beware of subjective bias as well as unacceptable levels of sampling errors (Saunders *et al*, 2012)

3.7   The research process

Having obtained ethical clearance from CPUT (see Appendix A & Appendix G), the researcher made appointments with all the shop managers so as to brief them of the need for their participation in the research, the nature and scope of the study, the founding institution (CPUT) and the implications of all ethical matters. The meeting lasted five to 10 minutes. Fifteen (15) shop managers out of 60 were selected purposively to become the sample size of study. In these meetings, the shop managers also indicated their concerns, including restrictions on staff from making sales, maintaining the privacy of any company document and non-disclosure of the company name. This was noted by the researcher as it concurred with the ethical considerations stated in the proposal of this study and the cover page of the data collection instrument.

The researcher also took time in these meetings to assure the shop managers that this is not a head office initiative but purely an academic initiative, the findings of which will be used solely for academic purposes. The researcher reassured the shop managers that they had no reason to be suspicious or fear to respond even to sensitive questions, because of the researcher's and CPUT's ethical pledge of anonymity and confidentiality. Finally, the researcher agreed with the shop managers on the interview's lasting no more than 60 minutes. The researcher also provided cell phone numbers and e-mail details so that he could to respond directly to any updates or change of schedule from participants. Due to Covid19 regulations, it was agreed to use social distancing and face shields or masks. The researcher kept extra masks in case any of the participants forgot theirs or perhaps a mask broke before or during the session.

Table 3.4: Tabulated sequence of events between researcher and participants

KEY FEATURE	EXPLANATION
Designing interview questions	Questions were formulated based on literature and the researcher's retail experience
Recruitment of participants	15 managers were selected from 15 outlets, each manager representing his/her shop.
Interview locations	Soneike Wimpy, Willowbridge Mall Wimpy, Sanlam Centre Wimpy, Cape Gate Mall Wimpy, Canal Walk Mall Wimpy.
Method & style of data collection	Face-to-face, one-on-one semi-structured interview in a relaxed restaurant setting. The researcher used the Wimpy closest to the interviewee's shop.
Characteristics of data	Text – field notes, mainly opinions, beliefs, experiences of participants in response to research questions. It also included personal and background information of participants.
Interviewees and length of interaction	15 shop managers with an average of 30 to 45 minutes each, interviewed over four months, due to Covid19 delays.
Specific action taken	Walking to the Wimpy restaurant from the shop. Natural conversation guided by the interview sheet. Recording of field notes and some eats.
Interview procedure	Meet and greet Walk to interview location Ethics debrief, informed consent and allowing the interviewee to sign (optional) Collect demographic and personal info Go through the main interview questions with systematic probing. Spend an average of 30 to 45 minutes per interviewee After the interview, ask participant's availability for follow-up and provide e-mail and cell phone number for any feedback they may need Transcribing Data processing (coding, categories and theme formulation)
Other information included on interview sheet	Research title, date of data collection, place of data collection, ID code of responses where necessary, and time spent per interview

3.8 Data processing

This section will look at how the researcher analysed participant information. It will look at what the researcher does with the raw data collected in terms of assigning labels, groups and themes, and the coding process (Adu, 2016). Labels will be assigned to significant information received from participants so as to develop themes to address the research questions as shown in Figure 3.4

3.8.1 Analysis and synthesis

Qualitative data analysis (QDA) is the range of processes and procedures by which one moves from the qualitative data collected to some form of explanation, understanding or interpretation of the people and situations being investigated (Christopher, 2016). In this study, the qualitative data in question is data gleaned from the answers and responses provided by the interview participants. These questions were meant to extract the shop managers' experience, beliefs, opinions, feelings, knowledge and thinking insofar as the relationship between product returns and shop performance is concerned. An inductive approach of data analysis was used, since qualitative research is here the major design of inquiry. It also made it easier to look at the emergent framework and then group the data and then look for relationships.

Types of qualitative data analysis include content analysis, narrative analysis, discourse analysis, framework analysis and grounded theory (Christopher, 2016). In this study, framework analysis will be employed to analyse the data. Framework analysis looks at transcribing and reading all the interview responses. It also includes familiarisation, identifying thematic frameworks, coding using numerical and or textual codes to identify specific pieces of data. The interpretation of patterns, concepts and explanations in the data will also be undertaken. The sequence of QDA in Figure 3.4 was employed by the researcher.
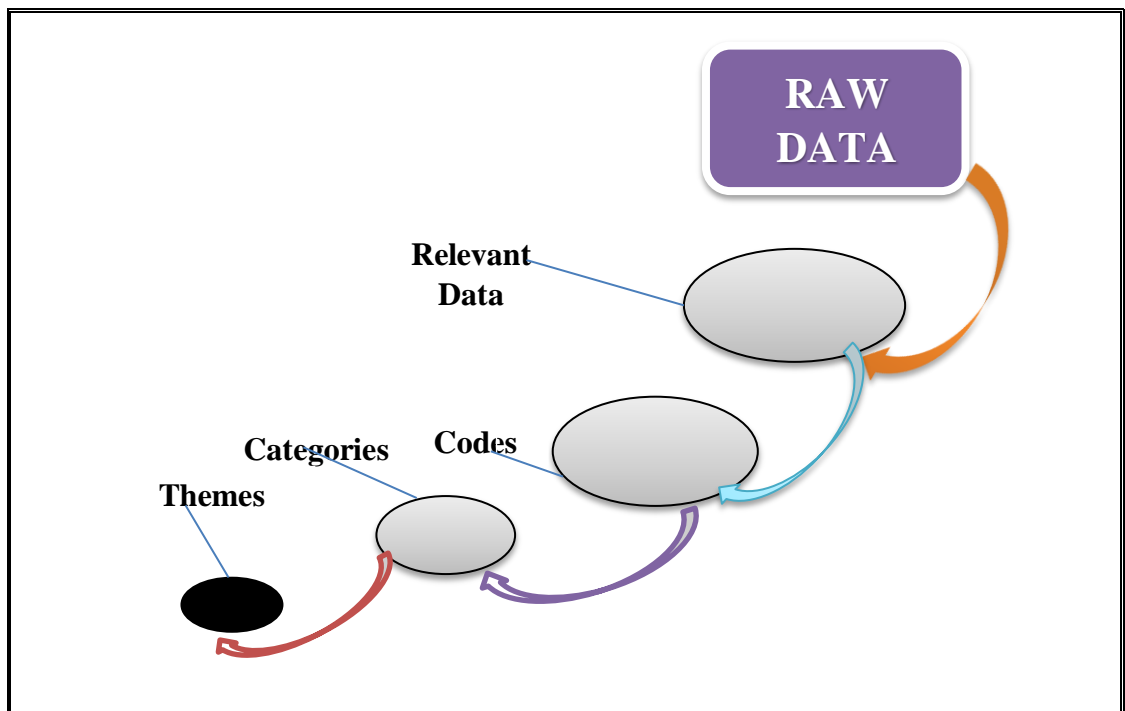
Figure 34: Conducting qualitative analysis

Source: Adu (2016)

3.8.2 Coding

Coding refers to a process of reducing the transcribed data without losing the meaning. It begins with assigning labels to significant information. These labels are then grouped into categories based on the scenarios. Themes are then developed based on categories to address the research questions (Adu, 2016). Common types of coding include descriptive focus coding, interpretation-focused coding and presumption-focused coding. Descriptive coding simply describes transcribed information without interpreting the data – it is simply rewriting the participants' information without necessarily adding anything. Interpretation-focused coding goes further, from describing to making sense of the data, reflecting on the meaning of the data and then matching it to the research questions. Presumption-focused coding uses participants' data as evidence to arrive at a statement. In this research, the researcher used description- and interpretation-focused coding, largely because they minimise the researcher's bias, while at the same time allowing some form of meaning to be drawn out of the participant information to address the research questions better.
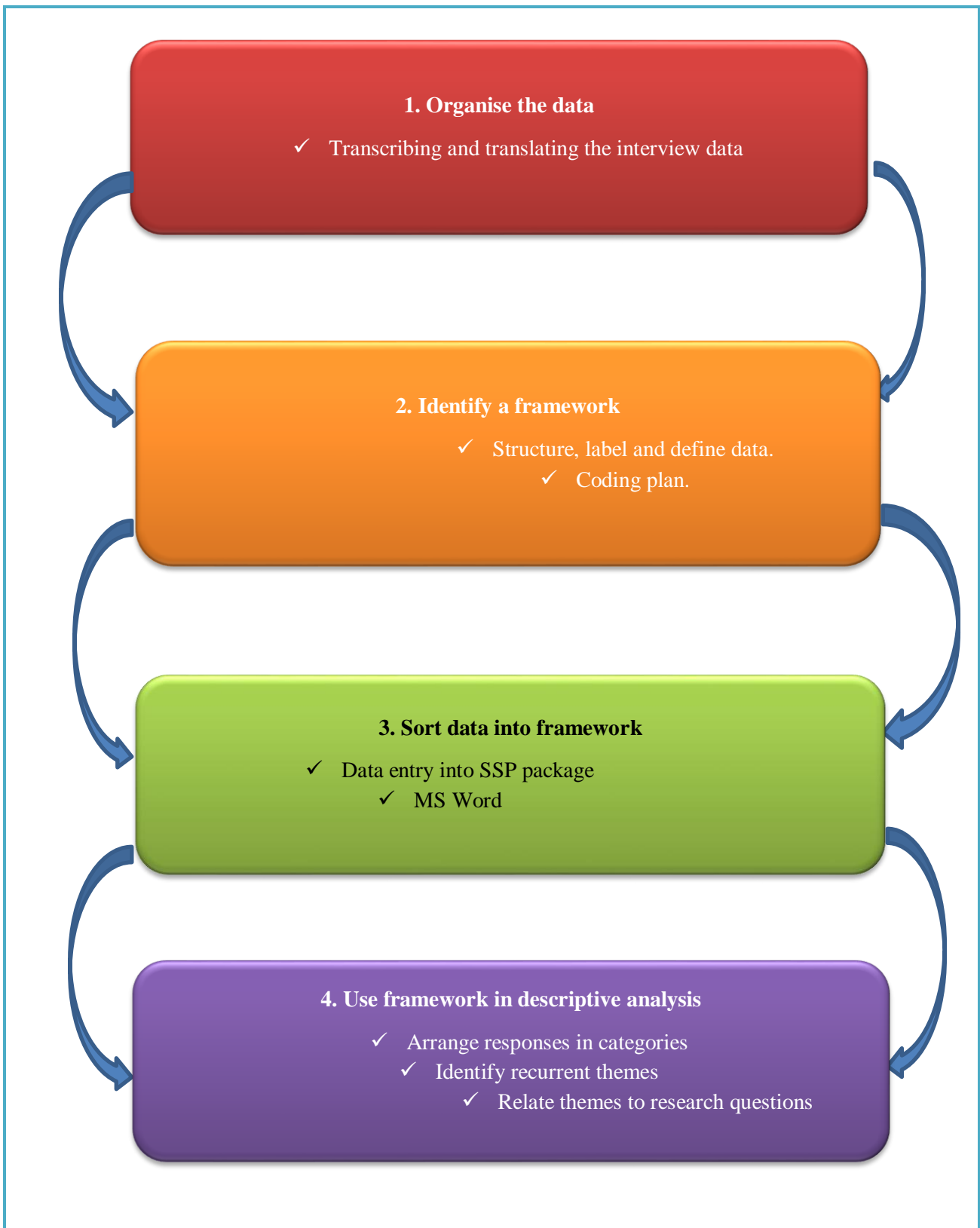
Figure 3.5: Sequence of qualitative data analysis

Source: (Christopher, 2016)

The main advantage of framework analysis is that it helps reduce and simplify data collected, while at the same time producing results that may be assessed using

qualitative techniques (Christopher, 2016). Beyond this, the method allows the researcher to structure the qualitative data collected in a way that satisfies the accomplishment of research objectives. However, human error is a distinct possibility, since there is the risk of researchers misinterpreting and miscoding the data gathered due to vagueness, ambiguity and that some phenomena are too broad in scope or too wide in terms. Such failure to categorise data may generate false and unreliable conclusions (Yin, 2017). The Statistical Package for Social Science (SPSS) or MS Word will be employed to categorise and analyse patterns of the encoded data.

3.9 Research ethics

Ethics is defined as the measure of good and bad, a standard of humane moral values set by a person, institution, community or deity (Byrne, 2016). All learning institutions are mandated to implement simple ethical considerations before, during and after the research is conducted (Byrne, 2016). This section of the research examined these ethical considerations, which included the research participants' being free from harm, being anonymous, having a right of choice, a right to privacy, and the use of anti-plagiarism tools.

3.9.1 Basic ethical considerations

This study is hinged on particular ethical considerations. Once ethical clearance was obtained from the researcher's academic institution, a consent letter was sought from each shop manager to show written acceptance on behalf of the entire shop to take part in this research. Importantly, the consent letter included an assurance that the respondent's participation was voluntary and that they could withdraw at any point for any reason if they so wished. Participants were also fully informed of the objectives of the study and were assured that the answers they provided would be handled confidentially and would be used for the sole purpose of the research.

Participants were also told that their personal details were not required for the purpose of this research and that their identities would also remain anonymous. Lastly, the interview sheet (Appendix H) itself had footnotes reminding the participants about consent, confidentiality, anonymity, voluntary participation and the objective of the study. The interview sheet had a cover page (Appendix B) with key ethical matters participants had to go through. Finally, the researcher guarded against plagiarism by acknowledging and referencing all sources used and endorsing a declaration form as testimony to this effect.

3.9.2   Ethics in relation to the Covid19 lockdown restrictions

Pursuant to protecting the researcher, the supervisor, the respondents and all other parties concerned against coronavirus, the researcher will see to it that basic Covid19 hygiene and social distancing practices guide whatever happens at the research site. The primary aim is to ensure the safety of participants and that everything complies with the legislation about the pandemic. Once presented with an insurmountable limitation with regard to Covid19 at any stage of this research, advice on whether to proceed will be sought from the Research Head of Department, Faculty Higher Degrees Committee (HDC), in conjunction with the Faculty Research Manager and Assistant Dean in Research and Innovation at the behest of the researcher's main supervisor.

Except for the actual face-to-face interviews with the 15 shop managers, all physical contact has been replaced by WhatsApp messaging, WhatsApp voice call, WhatsApp audio, WhatsApp video call, Telegram, Zoom, Facebook chart room, Facebook messenger, Short Messaging System (SMS), e-mail, cell phone calls or landline telephone calls. The researcher's process of gathering data was not affected by the lockdown restrictions since apparel and footwear retail shops are considered essential services by the Department of Trade and Commerce.

3.10   Quality assurance

Quality assurance is a sure standard of uniformity and trustworthiness expected in any academic research universally (Yin, 2017). It is the milestone of every academic work that the research throughput and output display fair levels of data trustworthiness which is summed up into four key components namely credibility, transferability, dependability, and confirmability (Saunders *et al*, 2012). The researcher is confident that this research is comparable and replicable because the researcher has used multiple sources and the latest credible sources to address the research methodology. Making use of such contemporary methodological templates makes it easier for research findings to be transferred from one similar situation to another. The researcher also made use of purposive sampling that gives a touch of credibility since its selection of participants focuses only on persons who are experts or near experts in the subject matter. The researcher also made use of the supervisor's review, comments from respondents, comments from branch managers (retail experts), and comparative analysis of online reviews on similar studies. It is important, however, to note that matters of trustworthiness in qualitative research tend to vary from place to place and from time to time, since it is highly subjective in nature and participants' perceptions are highly fluid (Adu, 2016).

3.11 Limitation of the study

The study was conducted in the South African retail sector, so the results of the study might not be applicable to other countries' retail industries as there could be differences in factors affecting both returns and business performance. In addition, there were difficulties of finding adequate South African-based literature on product returns. Many sources were based on international retailers. Although this can be considered as a limitation, it may be an opportunity for the researcher to contribute additional insight in this area. The Covid19 restrictions have limited the flexibility of conducting the research as was planned. Data collection planned for a month could take longer, due to rescheduling on account of the unpredictable Covid19 atmosphere. A lot of money is also now required for personal protective equipment (PPE), printing and data costs. Some shops declined consent, assuming that the research was a spying mechanism initiated by their business owners to investigate stock loss. Other retailers just would not tolerate the researcher out of fear of Covid19, Many businesses are currently not accepting returns, due to the same Covid19 threats.

The interview atmosphere is bound to be tense as a result of PPEs and social distancing. Face masks or shields make communication burdensome and without active listening and hearing, the interview mood could easily turn sombre. The subliminal bias of the researcher making values known to the research audience and unconsciously leading the participants to a certain response is a risk. The subtlety of distinguishing between the researcher's and the participants' views when trying to probe is also a limitation. It is also not easy getting to know one's participant and to build trust for the dependable extraction of data. When transcribing, there is always a need to pay attention to context and the participant's background and beliefs, and this can easily be overlooked due to time constraints.

3.12 Chapter summary

This chapter began by restating the problem statement, the purpose of the study and the research questions. An outline of the interpretive and subjective philosophical background underpinning this research was also presented. The research approach employed was identified as qualitative, encapsulating case studies and phenomenology. Primary, secondary and tertiary data sources were used to obtain the research data. Non-probability sampling of a set of participants to be interviewed using semi-structured interviews was employed. Qualitative data analysis using descriptive and interpretive focused coding, category listing and theme formulation was used. Finally basic research ethics, trustworthiness and the basic research limitations for this study were comprehensively highlighted.

CHAPTER 4: RESEARCH ANALYSIS, FINDINGS AND DISCUSSION

4.1   Introduction

This chapter presents the research findings, data analysis and data interpretation, and presents the results. The analysis conducted was consistent with a qualitative approach and how the qualitative data analysis ties back to the research questions. Additionally, this chapter includes the participants' demographics and general information presented in table and graphic form. The process used to analyse transcripts from the interviews conducted to uncover codes and themes is described in detail in this chapter. Descriptive focused coding and interpretive focused coding were the main methods of coding employed, but the analysis also included open coding, axial coding and selective coding. At each level of analysis, constant comparison was used to distil the data further, until themes emerged. Included in the chapter are tables and graphs used to present detailed code and themed data. Figures and vignettes from the individual interviews were used to emphasise key themes and finally the resultant findings, with evidence of raw data being quoted where necessary.

4.2   Problem statement, purpose of study and research questions

The aim of my research is to explore the phenomenon of product returns in retail business by collecting data from participants to address the research questions using a qualitative study. The problem identified in this research is the disruption to performance of retail outlets caused by the abuse of product returns by customers, staff members and manufacturers. The purpose or goal of this study is to establish the nature of the relationship between product returns and business performance. This study seeks to answer these questions:

- *What are the effects of product returns on retail business performance?*
- *What are the costs and benefits of product returns to the retailer?*
- *What else, apart from returns, affects retail business performance?*

The researcher seeks to answer these questions so as to establish the relationship between product returns and retail performance.

4.3   Data analysis process

Data analysis transforms data into findings by bringing order, structure and meaning to the mass of collected data (Adu, 2019). In analysing the data, the researcher made sense of it by applying flexibility and open-mindedness. The analytical process did not proceed tidily or in a linear fashion; it was more of a spiral process that involved

reducing the volume of raw data, sorting out significant facts from irrelevancies, identifying patterns and trends, and constructing a framework for communicating the essence of what was revealed by the data (Braun & Clarke, 2006). Patterns of expressions in similar and divergent themes also arose during transcribing and translation of data.
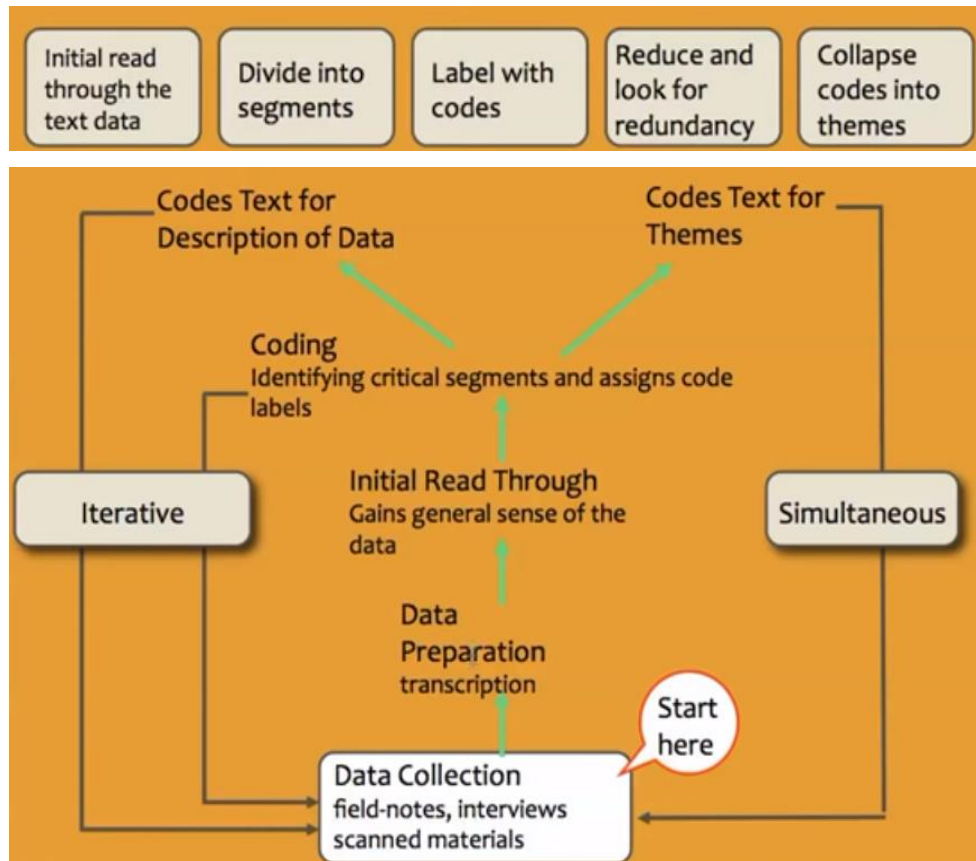
Figure 4.1: Coding processes employed by the researcher
Source: Braun & Clarke (2006)

Figure 4.1 above is an outline of the analytical process undertaken by the researcher. After transcribing the interviews, an initial read-through to gain the general sense of the data was carried out. Transcribing and initial read-through can actually be simultaneous procedures, but in this case the researcher chose the iterative route to enhance reliability. The researcher then identified critical segments and assigned code labels. With the help of anchor codes, the codes were reduced to their lowest terms to eliminate redundancy. These codes were then collapsed into six themes.

4.4   Participants' personal data, demographics and background information

In qualitative research it is essential to have background information about the participants because when drawing meaning, it is sometimes rooted and linked to the participants' demographics. An understanding of such background information assists

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in curbing biases and in interpreting participants' information. So the researcher collected demographic and some background information about the participant and about the shop, as summarised and populated in Table 4.1.

The interview had a sample of 15 managers of 15 different shops in the northern suburbs of Cape Town. Due to the second strain of Covid19, four of the respondents withdrew. Of the 11 participants, all 11 interviews were conducted at the Wimpy nearest the shop the manager of which was being interviewed. This was fairly easy and convenient because all the outlets were in shopping malls housing all amenities. These interviews were carried out over four months because it was difficult to stick to the original schedule due to changes by the participants and the researcher, especially due to flu-like symptoms.

Of the 11 participants four were men, six women and one binary, two were black Africans, two white and seven Coloured. All the shop managers were permanent staff. The participants' working hours indicated four managers on shift work at Canal Walk, since it closes at 10pm. Seven were working a normal seven- to eight-hour working day depending on the length of their lunch breaks. The longest-serving participant had worked for their chain for 10 years while the one with least service had worked there for only two years. The oldest outlet had been in existence for 26 years, and the newest was nine years old. The shortest time spent on an interview was 19 minutes; the longest took 40 minutes. This information is summarised in tables, graphs and charts. It is important to note that from inception, all 11 outlets had had a returns and exchange policy as part of their business strategy and business operations. The interviewees were offered light snacks during the interview.

Table 4.1 provides a detailed outline of participant demographics and background infor-mation in a template format. This information includes number of participants, gender of participants and race of participants. Working hours, length of service in years, age of the outlet in years, time spent on each interview in minutes, level of education and nature of employment contract, and the number of participants who declined the interview. The same data was used to create the graphs and charts outlined later in this discourse

Table 4.1: Summary of participants' demographics and background information

PARTICIPANTS	GENDER			RACE			WORKING HOUR MODE		LENGTH OF SERVICE IN YEARS	AGE OF THE STORE IN YEARS	TIME SPENT PER INTERVIEW IN MUNITES	LEVEL OF EDUCATION					NATURE OF EMPLOYMENT CONTRACT					OTHER REMARKS
	M	F	TG	AF	CL	WT	NR	SH				HS	DP	BD	PG	OT	PM	TEMP	FTW	CSL	INT	
P01	X				X		X		4	11	40		X				X					
P02	X				X		X		6	16	38		X				X					
P03			X		X		X		3	9	19		X				X					
P04		X			X			X	10	18	27			X			X					
P05		X			X			X	4	12	24		X				X					
P06		X				X		X	2	17	19			X			X					
P07		X				X	X		4	12	31			X			X					
P08	X				X		X		6	19	32		X				X					
P09		X			X		X		7	26	28		X				X					
P10	X			X				X	9	16	38		X				X					
P11		X		X			X		4	21	39	X					X					
P12																						PARTICIPANT CANCELLED LAST MINUTE DUE TO COVID 19 SCARE
P13																						PARTICIPANT CANCELLED LAST MINUTE DUE TO COVID 19 SCARE
P14																						PARTICIPANT CANCELLED LAST MINUTE DUE TO COVID 19 SCARE
P15																						PARTICIPANT CANCELLED LAST MINUTE DUE TO COVID 19 SCARE
15	4	6	1	2	7	2	7	4	59	177	335	1	7	3	0	0	11	0	0	0	0	TOTALS

OTHER REMARKS
TABLE ABREVIATIONS
GENDER
F - Female
M - Male
TG – Transsexual
RACE
AF – African
CL – Coloured
WT – White
WORKING HOUR MODE
NR – Normal Shift
SH – Shift Work
TYPE OF EMPLOYMENT CONTRACT
PM – Permanent
TEMP – Temporary
FTW – Fixed Term Worker
CSL – Casual Worker
INT - Intern
LEVEL OF EDUCATION
HS – High School
DP – Diploma
BD – Bachelor's Degree
PG – Post-graduate
OT - Other

4.4.1 Gender of participants

The gender was predominantly female with six women, four men and one gender-fluid person, as shown in Figure 4.2. So most of the shops were women-led.
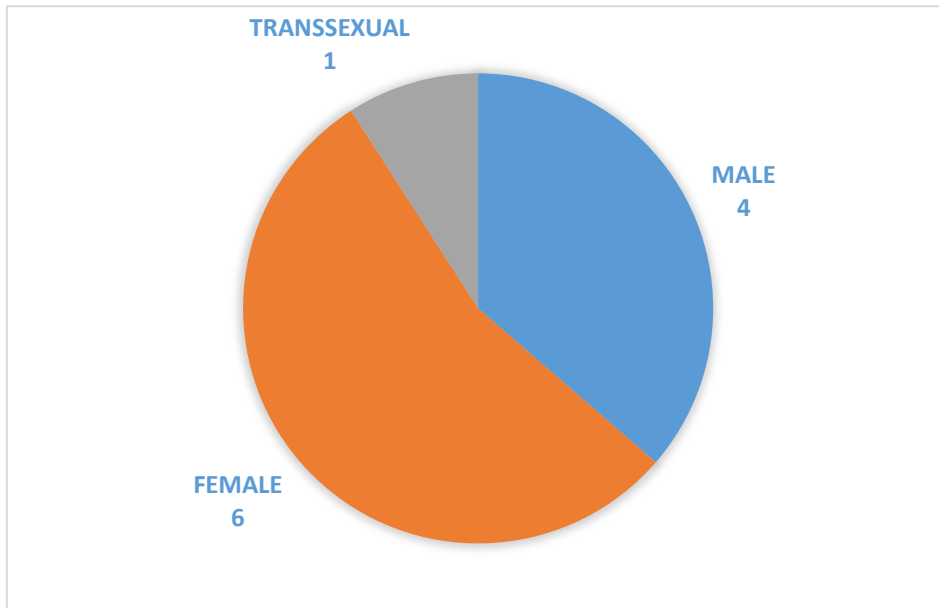
Figure 4.2: Gender of participants

4.4.2 Race of participants

Regarding race, most of the shop managers were Coloured, numbering seven. There were two whites and two black Africans, as shown below
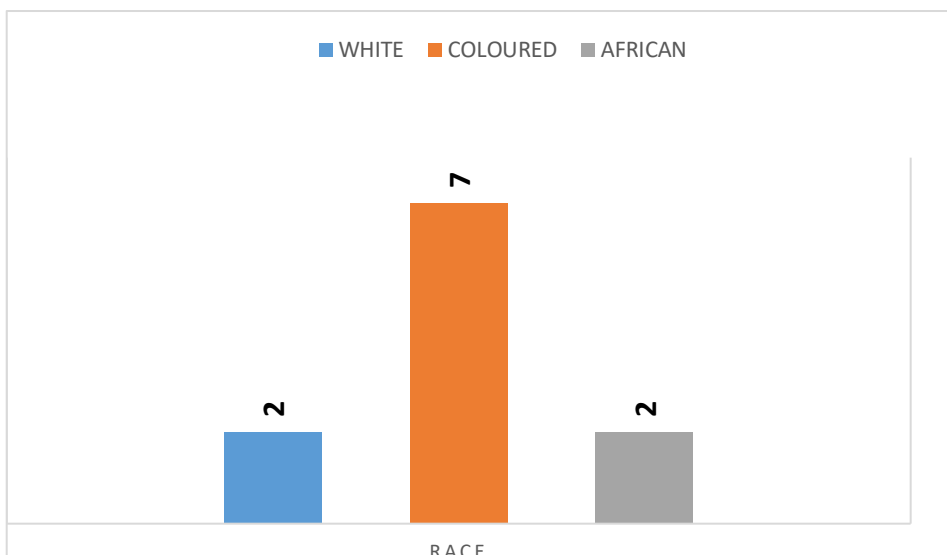
Figure 4.3: Race of participants

4.4.3 Participants' mode of working

This had to do with shift hours and non-shift hours in with regard to shopping malls like Canal Walk which remain open until 10pm. This data would help the researcher ascertain whether returns were linked to the type of shift. One could establish a pattern whether day or night shift could have an influence on the frequency of returns. The data indicated four shop managers working a day shift/night shift basis at the Canal Walk shopping mall. The other seven worked normal shifts, as shown in Figure 4.4.
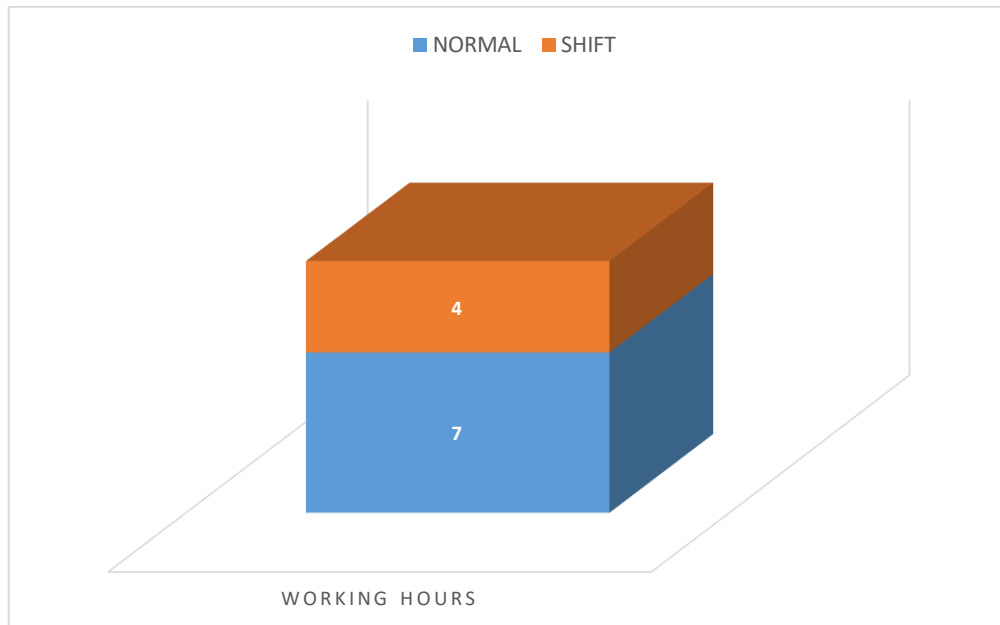
Figure 4.4: Participants' working mode

4.4.4 Participants' length of service, age of outlet, and length of interview

The participants' length of service in the shop was also brought into consideration. The minimum length of service was two years and the maximum 10 years. The importance of this information is to ascertain whether there is any pattern between length of service and quality of response. The oldest outlet had been in operation for 26 years, while the newest was nine years old. The longest interview took 40 minutes and the shortest, 19 minutes, as shown in Figure 4.5

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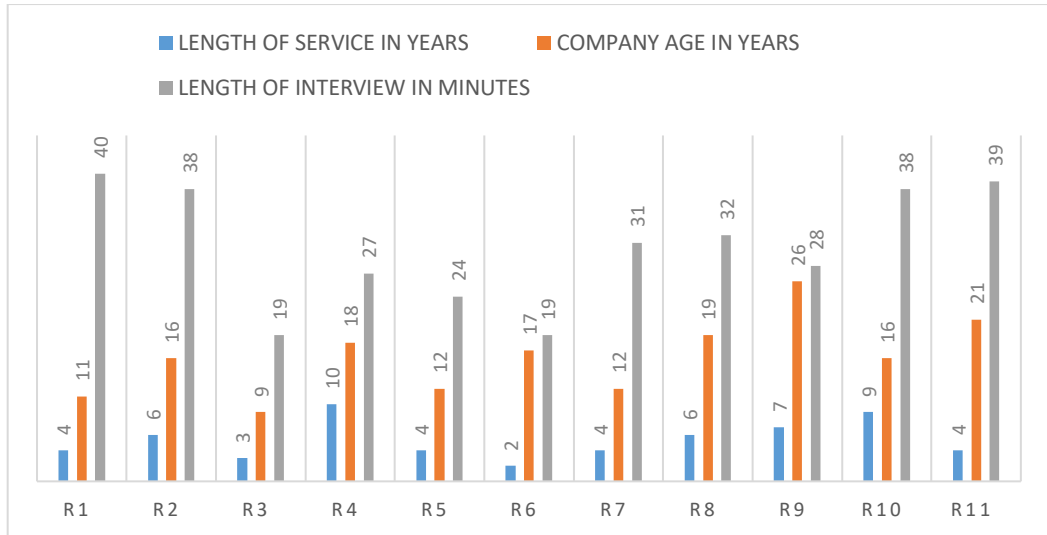
Figure 4.5: Length of service – age of shop in years & length of interview in minutes

4.4.5 Participants' level of education and type of employment contract

Data on the participants' level of education was: one (1) with a high school certificate, seven (7) with diplomas and three (3) with bachelors' degrees. One's level of education usually enhances competence, assertiveness and common sense, and this can have an influence in the level of understanding of the phenomena in question. Strikingly, all eleven (11) shop managers interviewed were on a full-time contract. None of them had either a temporary contract or a fixed-term contract, as shown below.
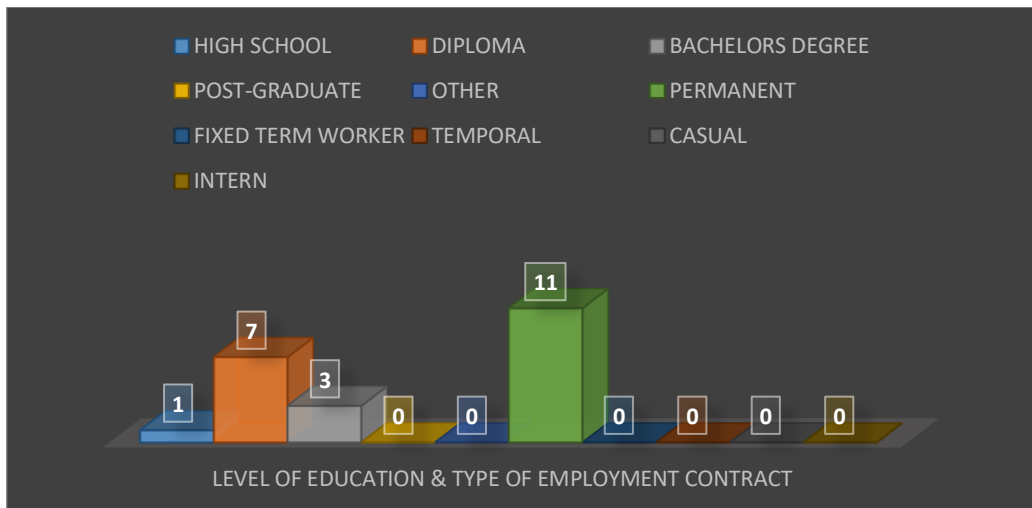
Figure 4.6: Participants' level of education & type of employment contract

4.4.6 Types of returns and how they relate to the outlet

This data established a link between the types of returns and the types of effect they had on the outlet's performance. Parameter-bound returns were a category of returns

considered normal and within the policy and procedure of the shop. All eleven (11) managers stated that these did have a strong beneficial effect on shop performance. On the other hand, non-parameter-bound returns are those processed in breach of policy. An example that stood out from one of the participants is that of a violent customer who was then refunded undeservedly just to get rid of that person at the expense of the business. This also included customers who abuse the leniency of the returns policy. Ten (10) out of eleven (11) managers stated that non-parameter-bound returns did have a cost effect on the shop's performance. Recalls were stated inapplicable at retail level; instead manufacturers and suppliers deal with them on mass and batch levels. Figure 4.7 below outlines the distribution of the types of return against the cost or beneficial effect they have on the shop.
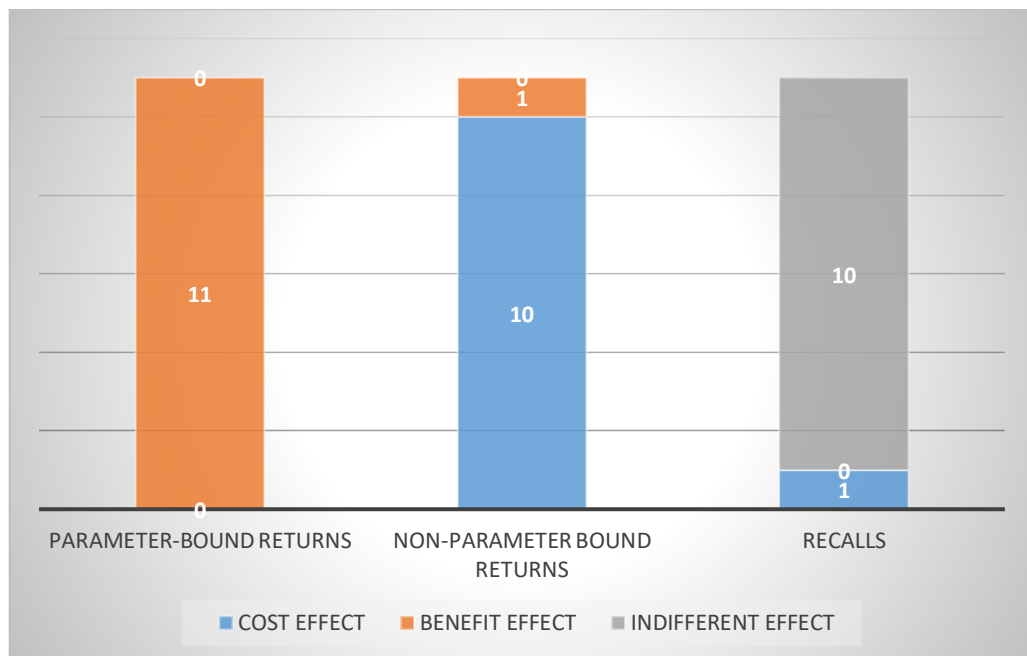
Figure 4.7: Types of returns and how they relate to shop performance

4.5   Particularities, generalisations and condensing

The researcher read carefully through the transcripts to try to gain an overall understanding of each session. The importance of this stage lies in trying to get a sense of the interview as a whole before breaking it into parts. In transcribing data, the researcher identified trends and recurring patterns that reflected what the participants expressed in response to questions asked. Identifying salient themes, recurring ideas or language, and patterns of belief that link the participants, was the researcher's main focus (Creswell, 2014). The researcher clustered recurring patterns and commonalities repeated by participants into generative themes. A tension arises in preserving and

representing each participant's particular form of expression, while, at the same time, deriving broader meanings, interpretations and significances in the form of general themes common to all participants (Yin, 2017). This statement justifies the descriptive and interpretive coding methods employed by the researcher to generate themes.

Generating themes with an awareness of participant particularities and generalisations showed that the meaning expressed by one participant help to understand and make sense of what came next from another participant. This justified one of the goals of analysis, which is to produce meaningful condensations that make it possible to gain from one participant an understanding that can enhance one's understanding of another participant (Corbin & Strauss, 2008). Conversely, theme analysis also involved noticing how participants' expressions indicated divergent views fitted against chosen themes.

4.6   Coding

Two broad categories of coding were used in this study: mainly descriptive-focused coding and interpretation-focused coding. Anchor codes – brief labels to each research question – were also generated by the researcher. The four anchor codes tallied to each research question respectively were *nature of relationship, effects on turnover and staff, costs and benefits* and lastly *other factors*. Peripheral coding styles like open coding, axial coding and selective coding were also used by the researcher in identifying patterns and grouping commonalities.

4.6.1   Descriptive-focused coding

Descriptive coding simply involved describing transcribed information without interpreting the data. It was essentially rewriting the participant information without necessarily adding anything (Adu, 2019).

4.6.2   Interpretative-focused coding.

Interpretation-focused coding went further, from describing to making sense of the data, reflecting on the meaning of the data and then formulating briefly coded data that could easily be populated and categorised into broader themes congruent to the research questions (Adu, 2019).

4.6.3   Anchor codes

Anchor codes are a mode that captures a brief description of a research question and saves as a heading for categorising codes according to the research question (Adu, 2019). The frequency of codes that appear under every anchor code is also noted and will assist in developing themes that will severally address the research questions. The researcher chose this technique of developing anchor codes because they help tally

the participants' responses to the research question from the onset of the coding process (Creswell, 2014).

4.6.4   Other coding styles used

The researcher also made use of peripheral coding styles from the start to the end of the coding process: open coding, axial coding and selective coding (Figure 4.8). These are explained in detail above.
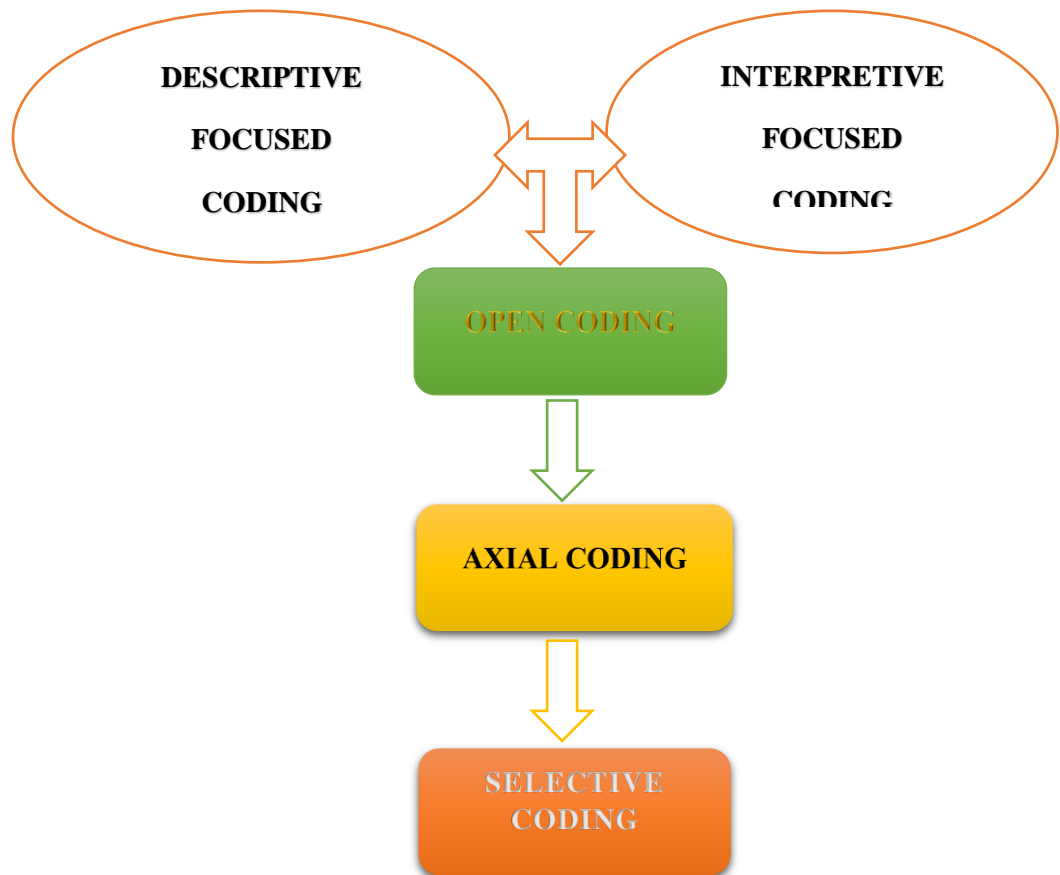
Figure 4.8: Coding categories employed by the researcher

4.6.4.1 Open coding

The first stage was open coding, which entailed reading and rereading the data so as to have an idea of how patterns could be clustered and coded. Open coding involves identifying patterns of expression, breaking them down into discrete parts, closely examining them, comparing them for similarities and differences, and understanding the phenomena reflected in them (Braun & Clarke, 2006). In this study, the researcher highlighted the clustered codes in a two-column table and then used the comments section of the Word document to further group the codes against each anchor code, as illustrated in Table 4.2. The name given to each code is the one that seems most

logically related to the data it represents and is catchy enough to idealise the anchor code and to draw the researcher's or reader's attention (Braun & Clarke, 2006).

4.6.4.2 Axial coding

Axial coding was then undertaken, which involved looking for links and connections between the themes so that related themes could be merged into clusters (Adu, 2019). This involves searching for categories of meaning that have internal convergence or external divergence. Such categories or patterns should be internally consistent, but distinct from one another (Adu, 2019). Accordingly the researcher clustered all the codes under each anchor code and then sought to classify similarities and divergences, as well as determining the frequency of recurrent codes.

4.6.4.3 Selective coding

Selective coding was the final process, in which all themes from the document were divided into a selected number that comprised the final presentation. This involved winnowing the data and reducing it to a small, manageable set of themes to write into the final narrative and so "families" of themes were created (Sreejesh, 2014).

4.7   Collapsing codes into themes

Six themes emerged from participant narratives that point to the relationship between product returns and shop performance, which is the main objective of the research. The themes were tabulated, their frequencies stated and meanings explained. Excerpts of evidence extracted from the raw data and participant transcripts were quoted and provided against each theme. It was not always possible to separate themes out, so in some instances a description of one theme will make reference to the contents of another theme. Also, some responses could not be neatly demarcated, as participants were giving umbrella answers which they did not expand on, even when probed.

4.7.1   Raw data, anchor codes and code classification

Table 4.2 outlines the four research questions which are translated into anchor codes. Anchor codes as indicated in Table 4.2 are a label given to each research question. They assist the researcher to populate and link any other generated code to the specific research question to which it applies (Adu, 2019). The table contains participant responses in the left-hand column, initial codes on the right and a combination of anchor codes (research question) and other codes on the comment section. It is this data which was later collapsed to generate the six themes described in Table 4.3, using descriptive-focused and interpretive-focused coding.

4.7.2　Themes, frequency, meaning and transcript evidence

Table 4.3 indicates themes in the first column and frequency in the second, followed by meaning and then transcript evidence. The six themes are stated as retail fraud, positive and beneficial relationship, negative and costly relationship, insignificant and irrelevant relationship, parameter-bound and non-parameter-bound returns, and internal and external business factors. The highest theme frequency was 18 and the lowest was eight. Up to four extracts of participants' responses were adduced as evidence against each theme. Essentially, Table 4.3 is a coherent summary of the research findings, as it clearly describes the resultant themes, the frequencies and the meanings, and also provides the evidence (Adu, 2019).

Table 4.2: Illustration of raw data, anchor codes and code classification

Research Questions

Anchor code

How do you explain the relationship(s) between product returns and business performance? *(Nature of relationship)*

Anchor code

What are the effects of product returns on retail business performance? *(Effects on turnover & staff)*

Anchor code

What are the costs and benefits of product returns to the retailer? *Costs and benefits*

Anchor code

What else apart from returns affect retail business performance? *(Other factors)*

Participant Transcript	Codes
Participant 01	Good relationship
a) Thank you so much. *Our returns policy help us build a very good relationship with customers since they feel honoured to bring back a purchase for an exchange or refund. Many customers who get assisted with their exchanges or refunds leave very good complements in our suggestion box and that's a good sign that they will refer other customers because of that ultimate shopping experience. The relationship between product returns and turnover is not readily visible except that it pulls in more customers and help retain existing ones. Some*	Customer satisfaction
	Indirect effects
	~~Good effects to turnover~~
	Customer abuse

stanley Nhamoinesu
CODE CATEGORISATION AGAINST AN ANCHOR CODE OR RESEARCH QUESTION.

stanley Nhamoinesu
Cost & benefit: Customer satisfaction

stanley Nhamoinesu
Cost & benefit: Customer referrals

stanley Nhamoinesu
Cost & benefit: Staff satisfaction

stanley Nhamoinesu
Nature of relationship: Indirect effects

stanley Nhamoinesu
Effects on staff & turnover: Customer abuse

d) Yes you would realise that the costs of product returns appear in the form of indirect costs like time, administration, reputational damage, permanent loss of some customers. The direct cost is that of stock loss that results in situations where I will have to authorise a refund not because the customer deserve it but just to get rid of them before they create more damage to the other customers. The benefits include good compliments from customers, good customer ratings, customer loyalty and competitive advantage. For my store, staff is trained to handle a refund in a way that will increase the benefit and that has so far set us on a more beneficial path and so far so good.	Indirect Costs Time costs Administration costs Reputational damage Loss of customers. Direct cost Stock loss Undeserved refunds Returns an advantage Good customer compliments Good customer ratings Customer loyalty Competitive advantage	stanley Nhamoinesu Thursday Costs & Benefits: Indirect costs stanley Nhamoinesu Thursday Costs & Benefits: Time & admin costs stanley Nhamoinesu Thursday Costs & Benefits: Reputational damage stanley Nhamoinesu Thursday Costs & Benefits: Customer loss stanley Nhamoinesu Thursday Costs & Benefits: Stock loss stanley Nhamoinesu Thursday Costs & Benefits: Undeserved refunds stanley Nhamoinesu Thursday Costs & Benefits: Customer complements & ratings stanley Nhamoinesu Thursday Costs & Benefits: Customer & brand loyalty stanley Nhamoinesu Thursday Costs & Benefits: Competitive advantage
e) It is an obvious thing that parameter bound returns have good effects on product returns while non-parameter bound returns are a cost to the store. Well, as for recalls, they are not experienced at a store level, it's usually manufacturers and suppliers who deal directly with them.	Parameter bound returns Non-parameter bound returns Recalls	stanley Nhamoinesu Costs & Benefits: Parameter bound returns stanley Nhamoinesu Costs & Benefits: Non-parameter bound returns stanley Nhamoinesu Costs & Benefits: Recalls
f) COVID 19 (laughter), time of the month, our month ends tend to be busier	Time to time	stanley Nhamoinesu Other factors: Time to time factor stanley Nhamoinesu

Table 4.3: Themes, frequency, meaning and transcript evidence

THEMES	FQY	MEANING	TRANSCRIPT EVIDENCE
Positive & beneficial relationship	18	The relationship between product returns and shop` performance is quite beneficial to the retailer. More than eight responses revealed that there are significant indirect increases in turnover and sales that occur as a result of increased customer loyalty, customer retention, and customer repurchase, customer referrals, and customer satisfaction directly caused by returns.	P08: *"Good and well administered returns queries tend to positively affect staff members, often times they get compliments in our suggestion box."* P01: *"Our returns policy helps us build a very good relationship with customers since they feel honoured to bring back a purchase for an exchange or refund …"* P07: *"Good returns indirectly increase turnover in that they encourage customer loyalty and re-purchase behaviour"* P01: *"Like I said earlier, product returns is a strong pull factor for customers and works well in retaining clientele …"*
Negative & costly relationship	16	The relationship between product returns and shop performance is subversive and costly as a result of time costs, administration costs, security costs, storage costs, abuse of returns policy and a large number of returns that result in serious customer complaints, dissatisfaction and reputational damage or even lawsuits against the shop.	P02: *"However processing the return can result in complaints due to the time frame taken to clear the admin and verification with the manufacturer"* P02: *"As a target-driven store, each staff member has a sales target to make. So if a product they sell is returned it will be a minus on their name"* . R08: *"When some customers bring returns, they tend to be quite rude and mean and very selfish and they tend to trample upon the staff"*
Insignificant & irrelevant	8	The relationship between product returns and shop performance is just too irrelevant for the store to consider it. While returns do occasionally take place, they are virtually a non-entity. Neither good nor bad in the sense that product returns are not a cost, neither are the benefits of any importance to be mentioned.	P02: *"Our products are of an exclusive quality and they have a very high quality reputation and that has contributed a lot to very little product returns, so low to be of any significance really"* P02: *"The effect of product returns is quite insignificant to us because we obtain a manufacturer guarantee"* P03: *"Their effect on my store performance is close to irrelevant especially when analysed on a month-to-month basis."* P09: *"No relationship if I may say, returns do happen but not in any unusual way and they don't give us any problem in this store"*
Parameter-bound and non-parameter-	14	Parameter-bound returns take place within the confines and regulations of the returns policy and procedure, and as a result tend to be a benefit to the store because they always leave both the store and the customer happy. However non-parameter-bound returns occur outside the returns policy and procedure and come across as a	R02: *"Normal returns are very much good for us as a store, but irregular returns are the ones that tend to have brutal effects if not handled properly"* P10: *"In this case parameter-bound returns tend to be favourable to the operation of the store turnover wise, staff wise and customer base-wise.*

bound returns		cost to the store as they are usually processed at the expense of the retailer.	*Irregular returns usually result in conflict because most of them do not qualify for returning"*
Internal and external business factors	8	The occurrence of returns is time-bound in that winter seasons tend to have higher returns than summer seasons because of the scarcity of disposable income. Returns are also higher mid-month than a month-end for the same reason. The occurrence of returns is also place-bound because returns in location-based stores are lower compared with suburban stores. Managers attributed this to assertiveness towards customer benefits. Apart from product returns, there are many other factors which affect store performance, grouped into internal factors like marketing, product range, competition and staff competence and external factors like Covid19, season, time and place.	P04: *"It has been apparent that our stores in the ghetto has less returns compared to the stores in the suburbs. This may be attributed to the level of assertiveness of the customer. The same pattern is true for summer and winter. Winter tends to have more returns than summer, this may also be linked to the customers' disposable income. Therefore returns tend to vary from place to place and from time to time"*
Returns fraud	12	This included shops with running losses due to abusive and manipulative customers who take advantage of the lenience of the returns policy and procedure. Such customers affect the staff negatively by being forceful, violent and threatening to them and they also cause stock loss, as shop managers end up resolving their queries at the expense of the shop.	P06 : *"No doubt some customers do endeavour to cheat the store by forcing in certain refunds that are not qualified by our store policy"* P09: *'The leniency of our refund policy is reviewed annually because it always suffers abuse from some customers I can refer to as problem customers who frequent the store with unwarranted returns"* P06: *"The most disturbing customers are those customers who buy an item today and in a day or two bring it back in a non-resalable condition and still demand a refund"*

4.8   Returns *v* performance: high to low relationship indicator

Figure 4.9 below displays the shop managers' response to the correlation between product returns and store performance on a "high to low" basis on both vertical and horizontal axes. Five of the shop managers indicated low product returns and high shop performance. Three other managers indicated low product returns and low shop performance. There was no shop that indicated high product returns and high shop performance, or high product returns and low shop performance.
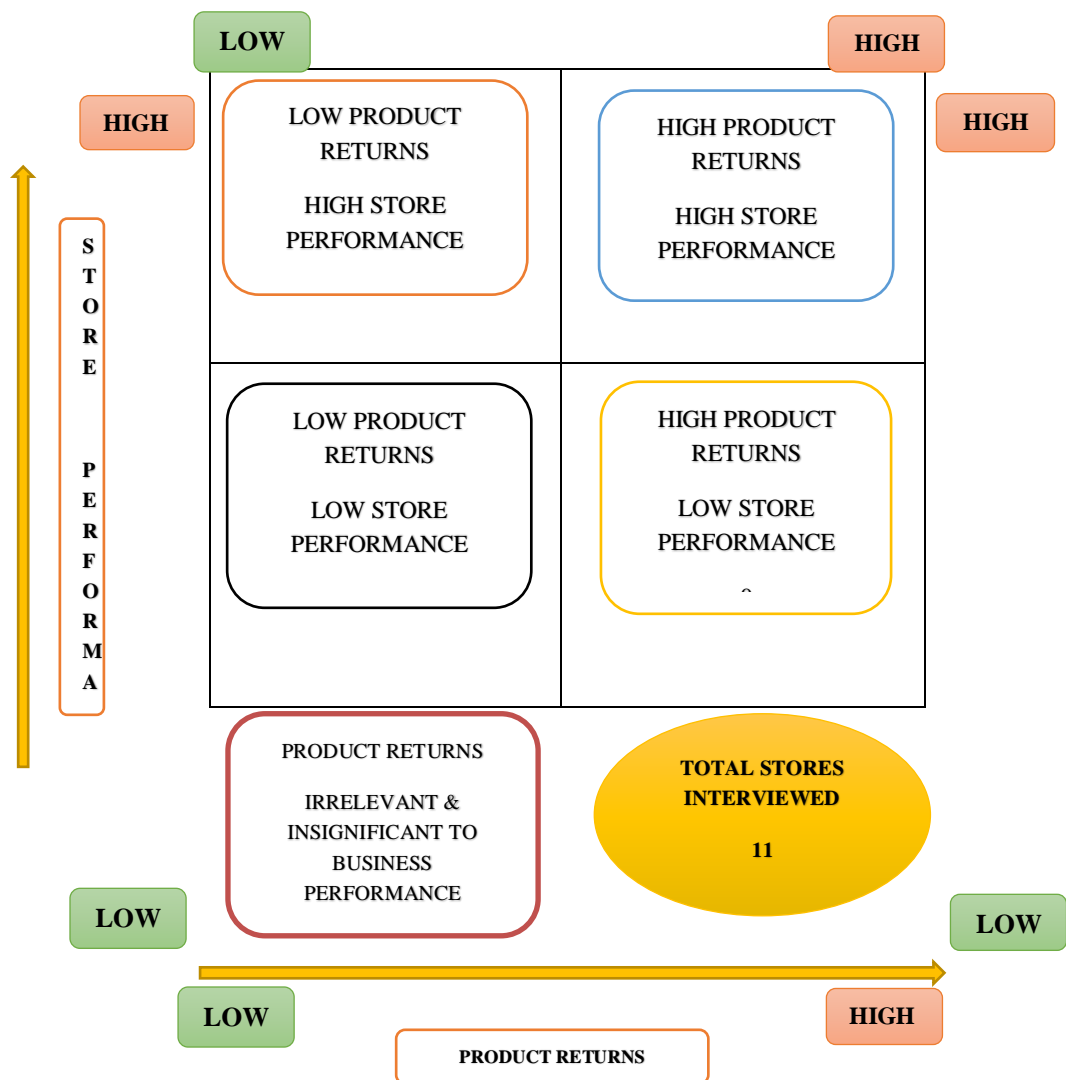
Figure 4.9: Returns *v* performance: high to low relationship indicator

The managers of the last three shops interviewed also concurred that while product returns do take place in the shop, they occur at a rate that is too remote to be considered either a cost or a benefit to the store. For them the relationship between the two is irrelevant to insignificant.

4.9   Returns *v* performance: relationship descriptors

Figure 4.10 illustrates the participants' judgment from a choice of four descriptors regarding the nature of correlation between returns and performance. Using a one-word description among options of **insignificant**, **beneficial**, **costly** and **neutral**, these results were obtained from the interview schedule: four shop managers indicated a beneficial relationship and four more indicated a neutral relationship. The last three indicated an insignificant relationship and none admitted to a costly relationship, as shown in Figure 4.10 below.
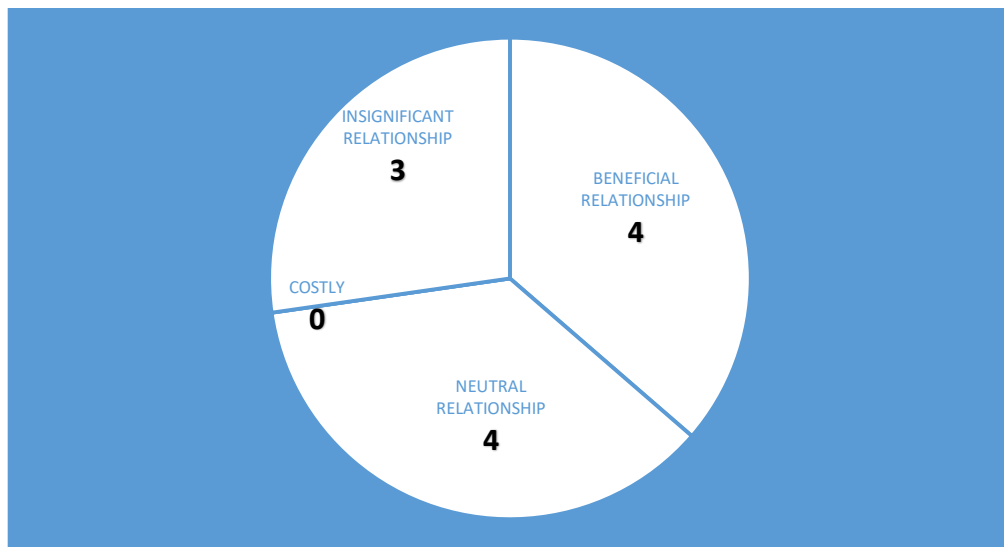
Figure 4.10: Returns-performance: relationship descriptors according to participants

4.10   Visualised version of codes, categories and themes generated

Figure 4.11 is a visual presentation generated by Word Cloud software. A word cloud (also known as a tag cloud or word art) is a simple visualisation of data, in which words are shown in varying sizes depending on how often they appear in the data (Creswell, 2014). This visual presentation has been generated from the raw data of all participants' responses. The major words highlighted included: "returns", "benefits", "compliments", "cost", "indirectly", "directly", "loss", "policy", "negative", "insignificant" and "customer". These words are strongly linked to the anchor codes generated in Table 4.3, to the codes generated in Table 4.3 and to the themes outlined in Table 4.2. They also match with the participants' responses on the relationship between product returns and shop performance as shown in Figures 4.9 and 4.10.

Figure 4.11: Visualised version of codes, categories and themes generated
(Adapted from Word Cloud software, Word Cloud 2021)

4.11 Research findings and discussion

This section will interpret and discuss the research findings using the four research questions. The researcher considered the responses obtained from the participants on the research question that appear in the interview schedule (see Appendix H). Transcript excerpts were also used as evidence to ascertain the reasoning of the participants. The six themes and the bulk of the research recommendations generated as part of the findings were formulated based on participant feedback and the responses discussed below.

4.11.1 RQ01: Research question No. 1

What are the effects of product returns on retail business performance?

The findings of this research revealed an ambivalent perspective on the existing relationship between product returns and the performance of the shops the managers of which were interviewed. Figure 4.12 lists labels derived from the descriptions and explanations provided by the shop managers interviewed.

Figure 4.12: Product returns and shop performance descriptors

P01: "Our returns policy helps us build a very good relationship with customers since they feel honoured to bring back a purchase for an exchange or refund . . ."

P03: "The relationship really is either a win or lose situation, depending of course on other influencing factors."

P10: "It's more of a positive relationship most of the time, or rather on average, although you will have dark side cases once in a while where returns queries tend to dampen the store performance especially on the staff morale side."

P9: "Speaking of the relationship – it's more an advantage on one side and also a disadvantage on the other side, depending on how the store is handling other influencing factors."

P7: "What I have realised is that product returns affect my store performance remotely or rather indirectly, and not necessarily directly."

P6: "It has dawned to me that the relationship is so much indirect in my store and not direct. The losses or the gains, the costs and the benefits are always indirectly felt and not direct. So I cannot argue that product returns directly affect my profits or my losses."

In the light of these responses given by six (6) different shop managers, it follows that the research findings point to a dual relationship –for example negative against positive – and the descriptors here tend to vary, as indicated in Figure 4.12. It is also important to note that while there is a staggering variety of these descriptors, they can be classified into two simple headings, like positive-negative and direct-indirect. However from the tone of participants it is clear that it is the desire of every store manager to maximise on a positive and good relationship and minimise the negative and bad relationship. The managerial skill of planning, organising, leading and controlling the shop, internal and external factors to increase the benefits of product returns and decrease the cost stand out as an augmented finding in this study. It is important also to note that most participants cited factors like customers, the shop itself, the supplier or the manufacturer which do certainly determine whether the shop will experience more a good relationship than a bad relationship. These factors will be looked at in the next research question (RQ02).

Further to this, the effects of product returns to shop performance enshrine a similar pattern as in the relationship between the same elements. The patterns translated to direct effects and indirect effects which were good, bad or neutral toward the shop's performance.

Table 4.5: Effects of product returns on shop turnover

Good effects	Bad effects	Neutral effects
Good customer retention	Customer disloyalty	Neither good nor bad
Good customer growth	Rejection by customers	
Good customer referral	Store alienation	
Good customer rating	Poor customer rating	
Good customer complements	Customer complaints	
Good customer satisfaction	Customer dissatisfaction	
Good store reputation	Reputational damage	
High customer repurchase behaviour	Little or no repurchase intent	
High brand and store loyalty	Brand and store disloyalty	
Good mileage in competitive advantage	Customer loss	

P6: "Turnover is not directly affected by product returns; turnover tends to rise indirectly if the returns policy is handled properly but it can also indirectly contribute to losses due to unnecessary storage costs, time-related costs, unnecessary admin costs."

P1: "In short term, the stock loss effect of product returns is not so visible. It begins to make sense accumulatively, say at the close of the financial year. The loss incurred in returns stands side by side with theft and shrinkage. Because of this, my store always plans and trains staff to minimise returns."

P2: "However processing the return can result in complaints due to the time frame taken to clear the admin and verification with the manufacturer. We usually train our staff to be quite careful with customers to minimise bad compliments and dissatisfaction of customers."

P3: "Our store turnover is not affected at all by product returns, our store performance is largely influenced by the internal and external business environment. Product returns in my store is just a pinch of salt in an ocean."

P6: "The returns we have are so insignificant to say they affect turnover. They actually indirectly increase turnover by retaining loyalty."

P9: "We do have instances of bad effects of returns with a few customers but it does not amount to any loss except maybe time and admin delays and inconveniences. Same applies with increasing turnover, the effects are more of indirect than direct."

Table 4.6: Effects of product returns on staff performance

Good effects	Bad effects	Neutral effects
Staff satisfaction	Staff dissatisfaction	Neither good nor bad
Staff fulfilment	Staff turnover	
Staff excitement	Staff anxiety	
Staff motivation	Staff retaliation or altercation	

P2: "As a target-driven store, each staff member has a sales target to make. So if a product they sell is returned it will be a minus on their name. While some staff mostly get demoralised, others are also challenged to push for more sales and catch up. Us as store managers sometimes are caught up in the dilemma of whether or not we should approve a refund or not because it's not at all times that the returns policy works. Some customers are also quite rude to staff especially if the cashier or me as the manager indicate that the product no longer qualify for return. This happens so many times especially when a customer does not bring the proof of purchase. I must admit that there is admin and time-related stresses, emotional stress that arise because of product returns. However, most customers compliment staff each time the returns are processed efficiently as per the returns policy and as per the expectations of the customer."

P10: "Thank you, I must say that lots of times when a returns query is handled well, customers usually go over the moon and praise staff and give them tips and good compliments in the suggestion box or e-mail. This always motivates the staff members and the rest of their day in the store and that puts them on a better footing to generate more sales."

P5: "Customer complaints against poor returns handling is a serious challenge to staff. Some staff members may end up getting written warnings unjustly if the matter is heard under the notion that customer is king."

P6: "Our staff is well trained to contain and control emotions, attitudes and moods when dealing with customers, so they are not affected in any way. If they are affected, then they don't show it. It might be proper to interview them."

P9: "Sometimes staff is excited if the returns query is straightforward because it always results in customers getting excited and thus give good compliments to staff. On the

other hand if the returns query is vague and does not qualify against the returns policy, customers tend to be very aggressive in a manner that even demoralises or even sometimes threaten staff members. Many times I as a store manager I have fallen victim of foul language and very intense heated arguments and threats of being sued when handling some of these returns queries."

P10: "I have noticed in a little simple study of my returns handling experiences that where a returns query is denied or questioned, it usually results in customers being violent to staff members, rude or even threatening. Most times I will have to come in and cool the fires or take the customer to the office. This has a series of bad effects from customer loss, bad referrals or even potential to be sued."

In the light of these findings, participants indicated that the effects of product returns are sometimes neutral and insignificant to their performance. One participant actually recognised more the effects of internal and external business factors as affecting performance, not product returns. Other participants agree to a large extent that the effects of product returns depend on how the returns procedure is handled between shop and customer. This factor, according to most participants, is the one that determines whether the ultimate effect of returns is good or bad. So it is in the best interest of every retailer to handle returns procedure with great care so as to maximise the good benefits of product returns while minimising the bad effects. As cited by Participant 6 (P6), some retailers train all their staff, from cashier, sales assistants and supervisors to shop manager, on how to handle refund procedures in a manner that will bring an equitable outcome that does not harm either party.

4.11.2 RQ02: Research question No. 2

What are the costs and benefits of product returns to the retailer?

Table 4.7: Costs and benefits of product returns to the retailer

Costs	Benefits
Time-related costs	Customer retention and loyalty
Administration-related costs	Shop and brand loyalty
Security-related costs	Competitive advantage and distinctive competence
Storage-related costs	Good customer referrals & repurchase intent
Customer-related costs	Good customer complements & ratings
Stock loss-related costs	Good customer ranking
Returns fraud and abuse-related cost	Manufacturers' warrantee and guarantee cover

P10: "The cost of returns is indirectly connected to time wasted in the returns procedure itself because it sometimes takes up to 14 days to approve a return, especially if it involves the manufacturer. Also misunderstanding of the returns policy always results in very long arguments on the point of sale that may put off both the cashier and the customer. I have also noticed that sales assistants also tend to lose confidence when selling a product that is oftentimes returned. Talk also of cost of storage space."

P10: "The benefit of product returns is mainly the facilitation of customer loyalty and customer retention. Customers with a good return experience with us often come back to buy from us . . ."

P01: "The costs of product returns appear in the form of indirect costs like time, administration, reputational damage, permanent loss of some customers. The direct cost is that of stock loss that results in situations where I will have to authorise a refund not because the customer deserves it but just to get rid of them before they create more damage to the other customers. The benefits include good compliments from customers, good customer ratings, customer loyalty and competitive advantage. For my store, staff is trained to handle a refund in a way that will increase the benefit and that has so far set us on a more beneficial path and so far so good."

P3: "Well I can't really say product returns are a cost to us because we actually tend to benefit a lot due to good customer compliments and it works well in giving us a competitive edge. Of course I must say some staff may experience one or two rude customers demanding a return unwarrantedly, but it's not really a cost because they are trained to deal with it."

P6: "Well this is a win-win situation, sometimes it's a cost sometimes it's a benefit. It changes but most assuredly, it's not something that we even track as I said earlier that it doesn't really affect the store in any bad way."

P7: "Returns sometimes take up storage space. Sometimes we resell them at a loss, especially when the manufacturer guarantee is not issued. Other hidden costs include time spent and admin work which indirectly leads to loss of money. Sadly also other customers abuse the lenience of the returns policy at the expense of the store. As for the benefits I can simply state them to include customer loyalty, competition advantage and bigger chances of retaining customers who previously had a good return experience with us."

This evidence from the participants demonstrates that costs of product returns are a real threat and that also the benefits of product returns are a real opportunity. It is also clear that the effects of both costs and benefits are not immediately felt but are largely felt over time or rather accumulatively, say after a year. It is also clear that some of the effects are real but quite hard to measure and quantify – for example, customer loss and customer referrals. It is only assumed but not really empirically proven. Other participants also indicated that costs may be incurred once in a while. But their effect in that once-off moment may be grievous and long-lasting, especially if the discontented customer takes the route of suing the store or reporting it via social media or local newspapers.

Table 4.7 summarises the information that answers the above research questions by restating in categorical terms the main costs and the main benefits product returns bring to the shop. The table summarises these costs: time-related costs, administration-related costs, security-related costs, storage-related costs, customer-related costs, stock loss-related costs, returns fraud and abuse-related cost. It also lists these benefits: customer retention, customer loyalty, shop loyalty, brand loyalty, competitive advantage, and distinct competence, good customer referrals, high customer repurchase intent, customer compliments, good customer ratings and good customer ranking. Some participants indicated that should the cause of the return be a manufacturer fault, returns provide plausible recommendations for manufacturers or suppliers to improve their product based on customer and retailer feedback. This is a striking benefit of returns to both retailer and manufacturer.

4.11.3 RQ03: Research question No. 3

What else apart from returns affects retail business performance?

Table 4.8: Other factors affecting store performance

Internal factors	External factors
Stock range	Covid19
Staff competence	Season
Advertising and promotions	Location
Sales training	Competition
Sales experience	Lockdown
Staff competence	Customer income
Staff motivation	Economy
Management style	Tourist traffic

P2: "Quite broad but what quickly comes to mind is . . . Covid19, stock range, advertising, competition, management style . . ."

P3: ". . . competition, promotions, online advertising, change of seasons, staff motivation . . ."

P5: ". . . traffic of tourists especially in summer, Covid19 of course, economic fluctuations, customer disposable income, advertising, promotions like our winter warmer sale and summer clearance sale . . ."

P6: ". . . currently the lockdown, times and seasons, staff motivation . . ."

P7: ". . . lockdown, season change, staff competence, advertising and promotions. . ."

P10: ". . . lockdown, times of the year and times of the month, competition, sales training and sales experience, product range."

The participants' responses to this research question were quite straightforward even on the transcript. It is striking to note that this is not book or document recitation of internal and external factors as we know them; these are factors emanating from the real-time observations and experiences of the participants. From the findings displayed by the evidence above, it is pretty amazing that it was quick to hit saturation in factors like lockdown, staff motivation, and change of season, competition, advertising, promotions and product range.

By reason of coding, Table 4.8 lists the related factors in two categories: internal and external factors. The internal factors cited included: stock range, staff competence, advertising, promotions, sales training, sales experience, staff competence, staff motivation and management style. The external factors cited included: Covid19, lockdown, season, location, competition, customer income, the economy and tourist traffic.

4.12 Unique results

It was startling to discover that a shop manager who was to have been a participant in this research turned down the interview and gave the reason that his/her shop had just *banned returns until further notice* due to Covid19-related technicalities and complications. It was intriguing to the researcher how the objective of this study could be affected in just a matter of seconds due to a pandemic. It was also interesting to learn that product returns in ghetto shops are fewer compared with suburban outlets. The shop manager indicated assertiveness as a key factor contributing to this trend. It was also interesting to note that product returns vary from time to time. For example, a manager at one of the shops in Canal Walk said it was a notable pattern that most customers brought in returns during a night shift, rather than a day shift. It seemed to her that most customers were not bold enough to bring back a product by day and felt more comfortable in the quiet of the night. Alternatively they might even send someone else to do the return on their behalf. This was a unique observation in this research. The shop manager suggested that this shame, shyness and lack of courage in returning an item to the shop was observable across most customers. The same manager suggested further that it probably had to do with the feeling of not wanting to be seen as being penniless or incapable to buy the item.

4.13 Comparison between literature and findings

This section seeks to highlight some commonalities between the literature and the findings of this research. The research findings brought out two major types of returns, categorised as parameter-bound returns and non-parameter-bound returns. Participants indicated that they strove to promote the first type and eliminate the second, so that their shops could seem efficient as businesses. This concurs with the arguments of Wang *et al* (2019) in their definitions and explanations of fraudulent refunds, controllable and uncontrollable refunds, recalls and false failure returns, as detailed in Figure 2.4. With regard to the returns policy and procedure, the research findings suggested that policy leniency should be reviewed because it was a factor contributing to unwarranted returns. This parallels the arguments of Powers & Jack

(2014) where they describe the customer-related causes of product returns. Participant P11 stated that the shop used to accept returns even if the customer had no proof of purchase, but due to cumulative abuse by some customers, proof of purchase is now compulsory, without which no return will be processed. It has also further introduced a 21-day deadline – if a product is not returned within 21 days of purchase, it will not qualify for return.

The aspect of the product returns cycle – the movement of the product from manufacturer to retailer and back again – stands out as another commonality (Kannan, 2019). The findings of this study also noted that the cycle has to be monitored so as to limit the recurrence or multiplication of returns, particularly for the retailer. It emerged that the shop manager has to record all the causes of customer-related returns so that a solution or remedy to counter returns for that cause is then initiated either at shop level or by the manufacturer (King, 2014). It was also interesting to note that just as in the arguments by Yang *et al* (2015), the research findings indicate that all participants in the shop – managers, supervisors, sales assistants and cashiers – ought to receive intensive and regular training on handling a return transaction so as to avoid unnecessary losses, not to mention irreversible customer dissatisfaction. Similarly, customers also ought to be fully aware of the parameters, terms and conditions of the returns policy so that they also do not cause unnecessary misunderstandings in the store (Yang *et al*, 2015)

David (2015) lists key internal forces and key external forces which affect business performance. The internal forces include planning, organisation, motivation, staffing, control, leading, structure, strategy, systems and style. External factors include economic forces, social, cultural, demographic, natural and environmental forces, political, legal and governmental forces, and technological forces. The participants cited similar factors, but only mentioned forces that stood out in their particular shop. They were selective as to what exactly affects their shop. This is a striking comparison between literature and results. Khouja et al (2019) explain what they term the subversive effect of product returns and the constructive effect of product returns. This stands side by side with the findings of this research, since two of the themes drawn from the numerous categories and codes generated from the raw data include "positive and beneficial relationship" and "negative and costly relationship".

Table 4.4: Similarities and differences between current and past findings

Similarities	Differences
Types of returns	Management and the management process of product returns
Returns policy and procedure	Online returns
The process or cycle of product returns	Return status in informal businesses
Participants in a refund process	Re-selling returns in-store at above-normal discounted prices
The aspect of risk in product returns	Selling returns alongside rejects in factory shops at above-normal discounted prices
Factors other than product returns affecting retail business performance	Returns of undergarments, towels and socks
The effects of product returns on business performance The subversive effect of product returns to the shop The constructive effect of product returns to the shop	Tech-based system to manage returns

Table 4.4 details major similarities and differences the researcher established while transcribing, coding and generating themes. Aspects of similarities centred on types of returns, returns policy and procedure, returns cycle, returns process, returns participants, risk of returns, effects of returns and other factors affecting returns. Divergent aspects included the process of managing product returns, appraising online returns, status of returns in informal businesses, the re-selling of returns in-store at above-normal discounted prices, the selling of returns alongside rejects in factory shops at above-normal discounted prices, the returns of undergarments or towels and, lastly, tech-based systems of managing returns.

4.14 Chapter summary

A perusal of the findings in this chapter indicates that product returns have to a large extent more indirect effects on the shop's performance, compared with direct effects. It is also clear that these effects are paired contrasts, for example "positive and negative", "advantage and disadvantage", "high and low", "win or lose" just to mention a few. This dual premise hinges on the six themes generated from the raw data. Using an iterative approach the researcher employed qualitative data coding, which was most suitable to this study. The raw data was also translated into graphs, charts and models to make it easier to demonstrate, present and interpret. The presented findings were discussed under each theme and also under each research question.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter looks at the overall summary of the study, starting with the initial research problem, research aims, research objectives, research questions, the rationale of the study, a synopsis of the literature findings and research methodology. It then includes a summary of the whole study, the conclusion of the whole study, recommendations and implications for future research, and the limitations of the study.

5.2 Summary of the research

This section includes a synopsis of the overall summary of the study emanating from the initial research problem, research aims, research objectives and research questions. The purpose and rationale of the study is also briefly looked at and a précis of the literature findings and the research methodology also appear.

5.2.1 Problem statement

Product returns affect the performance of a business to some extent, whether positively or negatively. While product returns are useful in terms of harnessing profitability through customer satisfaction, customer loyalty and gaining a competitive advantage. On the other hand they can also lead to turnover-related and staff performance-related threats that have both a direct and an indirect bearing on the shop's performance. This study aimed at investigating the balance between the positive and negative effects of returns to the retailer.

5.2.2 Importance of the study

This study will benefit the wholesale and retail sectors, manufacturers, suppliers and the final consumer, as they will have a better understanding of the product returns cycle and how it relates to business. Other beneficiaries are independent stakeholder institutions like the Wholesale and Retail Sector of South Africa (WRSS), the Ministry of Industry and Commerce (MIC) and consumer rights institutions (CRI), as they will be able to monitor and regulate product returns queries and policy equitably from an informed perspective. The study will also improve harmony and resonance in the retail sector because a better understanding of product returns will help eliminate the discord they cause.

The findings of this research will aid in the regularisation of awkward practices like the zero returns policy, unfair returns to retailers and fraudulent returns. The unjustified or hidden irregularities regarding product returns across the entire retail industry will also come under the microscope. Retailers, suppliers and customers will also know the

effect of returns on profitability and customer satisfaction and equitable measures to review the refund policy as a whole can be drawn up. The study will also add to the scholarly database with regard to the subject of returns and performance.

5.2.3 Research questions, aim and objectives

The aim of this research was to explore the relationship between product returns and retail business performance. The main objective was to investigate the effects of product returns to shop performance. Table 5.1 outlines the research objectives and the accompanying research questions.

Table 5.1: List of research objectives and research questions

Research objectives	Research questions
To determine the effects of product returns on retail business performance	What are the effects of product returns on retail business performance?
To determine the costs and benefits of product returns to the retailer	What are the costs and benefits of product returns to the retailer?
To determine factors other than product returns that affect retail business performance	What else apart from returns affect retail business performance?

In this study it is important to note that the two main variables are product returns and shop performance. Product returns are the independent variable and store performance the dependent variable.

5.2.4 Methodology, analysis and presentation summary

The method of study employed by the researcher was a transformative research paradigm, which is more participatory in nature and involves the experiences of the participants. Similarly, the research philosophy was more deductive, interactive, subjective and interpretive, since it is the participants' beliefs and values that were considered during the construction of reality, not those of the researcher (Yin, 2017). Semi-structured interviews were conducted in the context of selected retail stores. This research employed the qualitative research approach, largely because the aim of this research was explorative in nature. This approach made it possible for empirical evidence gathered during data collection to corroborate literature findings and the participants' responses. The researcher chose the case study approach with a little bit of phenomenology, since information was obtained from selected retail stores in specific locations, and the managers of those shops were interviewed.

The non-probability sampling method and purposive sampling were used to select a sample size of 15 managers for the 15 different shops. Qualitative data analysis using Microsoft Word was used to analyse the data. Raw data from interviews was transcribed, research questions were translated into anchor codes, descriptive and interpretive focused coding was used to reduce this data to its lowest terms, categories were created and six (6) themes were generated. These are: returns fraud, positive and beneficial relationship, negative and costly relationship, insignificant and irrelevant relationship, parameter-bound and non-parameter-bound returns, internal and external business factors. Word Cloud, pictures, tables, graphs, charts, text and numbers were used to present all forms of consolidated and interpreted data.

5.3 Research conclusions

The primary aim and objective of this study was to investigate and determine the relationship between product returns and shop performance. Performance in this case included both turnover and staff performance. The conclusions that stood out from the findings of this study are summed up in the themes listed below, drawn from the responses of all 11 shop managers who were participants in this study. The same themes are also discussed thoroughly in Table 4.3 of Chapter 4, titled *Themes, frequency, meaning and transcript evidence*:

a) Positive and beneficial relationship
b) Negative and costly relationship
c) Insignificant and irrelevant relationship

Also important was the conclusion that the relationship between product returns and shop performance is largely indirect rather than direct. This is summarised in Tables 5.2, 5.3 and 5.4, which outline the effects of product returns and the costs and benefits of product returns to the retailer. Essential also is the realisation by most participants that product returns are not a major variable in the shop's operations, yet it **must not** be ignored as it provides subluminal customer-related benefits for the good of the shop on one hand and, on the other, irreparable reputational damage if ignored.

Interesting conclusions also included the plight of store managers with customers who habitually and unethically abuse the lenience of (or loopholes in) the returns policy, so making product returns a liability and a cost to the shop. A related conclusion is the concern some participants indicated with regard to the "uncontrollability element" of some returns. Some participants indicated that when they try to control the return transaction, it usually gets worse, to the extent that some customers might not only sue

the shop but blackmail it on social media and community bulletins. This may then result in *irreversible customer dissatisfaction*, or a customer being refunded undeservedly at the expense of the store. In both instances it is a loss to the retailer and a smear on the reputation of a shop manager.

In a nutshell, the conclusions above boil down to the three themes outlined below:

i.   A positive and beneficial relationship

ii.   A negative and costly relationship and

iii.   An insignificant and irrelevant relationship notwithstanding the vital facet of direct and indirect relationships.

In addition, scholarly arguments presented in literature resonate well with the conclusions of this research. In that the goal of every shop manager must be to maximise positive relationships while minimising the negatives. Shop managers must work to improve beneficial relationships while mitigating costly relationships. They must review the returns policy carefully and keep all applicants for refunds well informed and knowledgeable about product returns so that any refund query can be managed in an equitable way – a win-win situation to all parties concerned

5.4   Recommendations

These are suggestions and proposals as to the best course of action shop managers and retailers may take, based on the findings of this study. The recommendations are classified into two categories, depending on timing and application. These are the immediate recommendations, which need to be applied now, and future recommendations which point to future research.

5.4.1   Non-risk approach

Retailers must not leave the handling of product returns to chance but must carefully study the product returns cycle and introduce non-risk approaches, not leaving matters to chance. This will assist greatly in mitigating de-shopping (retail borrowing) and retail fraud which, if not addressed, can escalate into retail crime. This calls for retailers to be intentional in creating a well-orchestrated structure to plan, organise, handle, lead and control returns and the cycle in general.

5.4.2   Returns control

Retailers, as part of managing their shops, should exercise strict controls as well as checks and balances by tightly regulating the causes of inflammatory returns, which often give rise to negative effects in product returns. This calls for a thorough evaluation

of customer-related causes and effects of returns, and the causes and effects of returns related to both retailers and manufacturers.

5.4.3 Tighten existing refund policy and procedure

Retailers should tighten the refund policy and procedure by trimming off all loose ends that are liable to customer abuse and manipulation. Conditions like proof of purchase, strict return timelines and deadlines, condition of product on return, clear terms and conditions and unambiguous and clear disclaimers must be firmly and strictly enforced before a refund can be processed. Detailed below are some factors that could help tighten the returns policy and procedure:

a) *Proof of purchase*

This **must** be the original receipt issued at the point of sale at the time of the purchase.

Time period

b) This pertains to the refund deadline. Deadlines may vary from product to product.

Condition of product

c) Retailers should emphasise that unless the product is in a resalable condition. It cannot be accepted as a return.

5.4.4 Periodic review of refund policy and procedure

Retailers should periodically review refund policy and procedure as it is bound to vary from place to place and time to time. A business in Africa will certainly have different terms and conditions from a business in Europe. Similarly, a decade ago a refund could be done without proof of purchase because society in general had high moral values of integrity, compared with the present high moral decadence and crime. So it is important that there are periodic reviews, annually or biannually, carried out simply to review the policy and procedure and the terms and conditions of the refunds policy. Importantly also is that it is a big risk in the light of Covid19 to entertain refunds due to the risk of spreading it contagiously by means of such returned items. This then implies that retailers should not be bound to one policy but should be flexible enough to adapt readily to variations.

Retailers should also tighten lenient refund policies to curtail retail borrowing or de-shopping, identified above as buying an item, using it for a day and then returning it to the shop for a refund. This is common with wedding dresses, wedding rings, party dresses and the like. A customer might buy it today, use it tomorrow and then return it the day after for a refund. As long as the shop's refund policy remains lenient, such

abuses will never cease. This highlights the need to review the terms and conditions of returns periodically.

5.4.5 Corporate social responsibility

The term corporate social responsibility (CSR) refers to practices and policies undertaken by companies and organisations that are intended to influence the world positively. The main objective behind social responsibility is for companies to pursue other pro-social objectives in addition to maximising profits – for example promoting volunteerism among company employees and donating to charity. In the light of this 21st-century business concept, retailers must not waste the opportunity presented by returns. Essentially, retailers could collect their returned items to give away charitably. This act of goodwill would help build the business's reputation and reclaim market share.

5.4.6 Training

Training of retail staff is a significant recommendation that would go a long way to regularise abnormal product returns and stabilise normal returns. This must be planned training done during the initial orientation of staff and their probation period, as well as occasional training during the business year. Product returns handling is a crucial training need. Role-playing and scenario building are among the best techniques shop managers can use in training their staff. The main forms of training recommended by the researcher cover selling skills, product knowledge and returns handling.

5.4.6.1 Training in sales skills

Shop managers, assistant managers, shop supervisors, sales assistants and cashiers, among others, ought to be well trained to handle customers who bring in returns. So that whether that returns query is a success or a failure, the customer has to leave the store smiling. It is vital to avoid ***irreversible and permanent customer dissatisfaction***. Likewise, the sales staff need training in selling skills so that they know how to generate sales that meet the need of the customer.

One participant indicated that some sales staff contribute indirectly to high returns because they sell merchandise not to meet the customer's need but simply to meet their sales target. This will result in a smiling sales assistant, but an inwardly groaning customer. The participant said such customers usually keep the product – say jeans or shoes – in its package. They then wait until they have a shortage of cash, then return the item as it is. This can be prevented if sales staff are trained to sell for the customer's needs, not just to meet a sales target. Rather, targets must be met as a consequence of meeting the customer's needs. That will minimise the rate of returns.

5.4.6.2 Product knowledge training

Apart from training in sales skills, it is also critical for retailers to train their staff in product knowledge. For example in a shoe shop, it is improper for a sales assistant to sell a pair of running shoes as hiking shoes, or to sell squash shoes as golf shoes. In such cases of ignorant service, the customer will quite possibly damage the shoe instantly as a result of wrong application, and this will definitely result in a return.

Even on instances where the customer is misled into buying the wrong item, the sales assistant **must** be well trained in product knowledge, to guide the ill-informed customer in making the right purchase. This will certainly minimise potential returns.

5.4.6.3 Refunds handling training

Shop managers, assistant managers, supervisors, sales assistants and cashiers ought to receive training on handling and processing non-parameter-bound returns queries. The aim at all times should be to make the customer smile – that cannot be achieved unless there is thorough training. The effect is actually twofold, but can potentially lead to the same negative outcome for the retailer. The shop manager, cashier or sales assistant might treat a customer badly, which in turn will result in that customer avoiding the shop and the brand. Alternatively it could be a customer behaving rudely, violently, abusively or forcefully, so posing a threat to the staff and to other customers.

At such moments the staff ought to be able to bring into play skills learnt in specialised training, so that they are able to deal politely in such high-pressured moments. The manager has to be fair and firm and not so soft as to easily be given to manipulation or, on the other hand, to inconsiderate action. Customers could, if not handled correctly, go as far as suing the shop and reporting it to the media. What the shop needs is profit and a good reputation.

5.4.7 Quality consciousness

Retailers ought to be quality-conscious. The literature reveals that poor quality is a major cause of product returns. When retailers order stock, it is critical for shop managers to order products of reliable and reputable quality.

5.4.8 Security management

Security at both entrance and exit points has to be monitored. This is often the case in ghetto-based shops, but the researcher recommends across the board. For example, when a customer enters, his or her bags are secured at a parcel counter for later collection. It is vital that when the customer leaves, the security staff at the door carry out an item-by-item check against the receipt.

Tight security would minimise retail crime and fraudulent returns. These are perpetrated internally by staff members and externally by syndicates. The literature reveals that there are syndicates that might steal a jacket or a pair of shoes at one branch of a chain, then take it in for a cash refund say at a different branch of the chain. Such fraud can then be intercepted by means of security check points at both entrances and exits. The shop should also invest in installing cameras to allow supervision of offices, tearooms, the main floor and the entrance. Such footage would help in investigating fraudulent returns perpetrated by staff working with external syndicates.

5.4.9 Vouchers

The researcher recommends that retailers, instead of giving out cash refunds, issue in-store vouchers. This would discourage customers from claiming refunds unnecessarily. Once given a voucher, a customer is usually obliged to spend that voucher in-store. As a result the retailer's risk of loss is mitigated. Money will continue to circulate in the shop and fraud (like retail borrowing) will be significantly minimised and discouraged.

5.5   Implications of findings for future research

As a result of this study, there are a number of changes, additions and improvements which the researcher suggests retailers could implement so that the returns process can benefit a business, while minimising the cost of returns. Several recommendations were also made following suggestions, unexpected findings and implicit questions that arose in the course of this research.

5.5.1 Returns on other product categories

This study was confined to returns only in footwear and clothing retail stores. Clearly there is scope for further research to be conducted to explore and investigate returns in other product ranges and categories like:

- Perishable and non-perishable groceries
- Electronic and non-electronic furniture
- Hire purchase and lay-by refunds
- Hardware items
- Automotive items
- Stationery items
- Pharmaceutical items
- Digital items
- Service-based products like insurance premiums, flight tickets and hotel bookings

- It would be worthwhile to learn the various returns categories and see whether they demonstrate similar or divergent traits.

5.5.2 Delimitation of the study

This study was really necessary because most of the studies on product returns as indicated in the literature were done in the US, Asia and Europe. So to have this study done in Africa benefits the African audience and also sets a springboard for a comparative analysis with overseas patterns and trends in this phenomenon. It is the researcher's hope that other scholars will pick up the insights drawn from this research to complement and expand areas not adequately addressed in this research. Such areas include the causes of product returns, the policy and procedure of product returns, exchanges, zero-refund policies and pull and push factors to returns and techniques of retail fraud.

5.5.3 Reliable customer and staff perceptions

It was apparent that while most shop managers could give information regarding customers and their staff based on their own observations, they still fell short of giving outright expression to the perceptions of customers and staff. So it will be necessary to conduct further research that clearly brings out reliable staff and customer opinions and perceptions without relying entirely only on what shop managers have had to say on their behalf.

5.5.4 Adopt a zero-refund policy

Retailers could adopt a hassle-free approach by allowing zero refunds. They would accept exchanges but not cash refunds. Ending cash refunds would close out returns permanently and leave that prerogative to the supplier and the manufacturer. Returns would still take place, but at the discretion of suppliers and manufacturers, while the retailer will not have to deal directly with returns again. In so doing, the retailer would make great savings in time, administration, storage and any other potential losses arising from dealing directly with returns. This would also counter and minimise returns fraud, de-shopping and policy abuses, all of which would benefit the retailer's operations.

5.5.5 Rely on manufacturer's guarantee and warranty

Retailers should be selective when it comes to product offerings. They should actually only stock and sell products that carry a manufacturer's guarantee ticket. Selling such products will clear the retailer of most of the costs incurred in a returns transaction. Retailers would only deal with manufacturers which endorse after-sales service. In this

case, all returns that came through to the retailer would be forwarded to the manufacturer.

5.5.6 Outsource the refund service

Retailers could alternatively remove the burden of processing refunds from their shoulders by simply outsourcing this service to private firms specialising in such services. This would clear the retailer of having to manage the cycle of returns and all the possible negative aspects arising from the entire cycle. Most retailers have problems with returns once they deal with the customer directly, so eliminating this direct confrontation by outsourcing is a recommended option.

5.5.7 Investigate returns in e-commerce

There is definitely an opportunity for other researchers to explore the same phenomenon of product returns in unconventional retail outlets like online stores like Takealot.com. This study focused more on conventional shops like clothing and apparel corporate stores like Edgars, Foschini and Shoe City.

As a result of the shift of retail from such traditional and conventional ways of placing their merchandise in a shop in a shopping mall or shopping centre, e-commerce has taken the wholesale and retail sector by storm and many customers prefer it because it is hassle-free. Online stores grew by more than 90% in 2019 alone and the rate is set to rise because of the Covid19 lockdown (IOL Business Report, 2020).

This differing approach to business really demands that a study of the returns phenomenon in the confines of online stores also needs to be done.

The literature indicates that because of the highly pixelated resolution pictures used in online advertisements and showrooms, most of the online products tend to look highly attractive and admirable when one looks at them on a computer or hand-held device – but once one buys the item and it is physically delivered, the difference is a great disappointment.

This scenario already suggests the likelihood of high volumes of product returns to online outlets. So exploring product returns in online stores must not just be an independent study but a study comparing these businesses with conventional retailers so as to evaluate any similarities, commonalities or differences.

5.5.8 Digitalising the returns protocol

To avoid unnecessary confrontations, retailers could also digitalise the refund protocol by creating an online app accessible via computers, laptops and hand-held devices. This would allow a customer to see beforehand whether the product or item they have

purchased can qualify for a refund. This would also eliminate direct confrontations between customer and retailer. It would also increase the speed of the returns cycle, which would be a boon for both customers and the retailer.

5.6 Limitations of the study

Some of the research limitations encountered before, during and after data collection are listed below.

5.6.1 Time constraints

Due to the researcher's busy occupation. It was a painstaking experience to make significant progress and be able to meet the research milestones as scheduled. The researcher ended up taking more time than expected.

5.6.2 Professionalism

Some participants quite undermined the seriousness of the research and tended to give shallow responses without depth or elaboration. Some arrived for the interview, but their non-verbal language communicated hurriedness to the researcher, which made the researcher uncomfortable about letting the interview flow at the planned pace.

5.6.3 Eurocentric *v* Afrocentric limitation

The researcher noticed a problem in that the journals and publications written in the area of product returns were predominantly published in Asia, the US and Europe. With the apparent geo-cultural diversity of the present day, such sources of data, though necessary, are not sufficient for providing reliable information for the South African context, where culture, traditions, beliefs, perceptions, way of life, way of thinking, upbringing and types of economy are constantly subject to change.

5.6.4 Conflicts arising from personal issues and researcher bias

The researcher was also suspected by some participants of spying on them on behalf of superiors, stock controllers and merchandisers secretly investigating their integrity, stock losses and shrinkage. So some responses were more theoretically structured and not necessarily a reflection of exact realities on the ground. This was exacerbated by the fact that the researcher, having worked in retail for more than five years, had some subtle biases with regard to certain responses and interpretations.

5.6.5 Pandemic, Covid19 and lockdown-related limitations

This section covers the research limitations associated with the coronavirus pandemic. The National Coronavirus Command Council initiated a lockdown that began on Thursday 26 March 2020 and continues to this day. The council's promulgation affected

the research directly, especially with regard to data collection, since the researcher used face-to-face interviews. Outlined below are some direct and indirect limitations resulting from both the lockdown and the coronavirus itself.

5.6.5.1 Sample size

The original sample of 15 participants was narrowed down to 11 as a result of last-minute cancellations due to Covid19 complications, which included being symptomatic, contact with people who were positive, the lockdown curfew and the threat of the new variant.

5.6.5.2 Unconventional learning

Due to the lockdown restrictions – at level 5, level 4 and currently level 3 – work, church, family meetings, weddings, funerals and learning have all been taking place online. This online congestion and the "new normal" made the researcher struggle to adjust and become accustomed to it. Beyond this were struggles in areas like data management, home schooling in the company of children and family, and home quarantine complications

5.6.5.3 Quarantine

With other family members having to quarantine when they showed symptoms, the researcher included, it was a psychologically and mentally trying time committing fully to this research. The researcher experienced serious delays, largely because the symptoms for a normal flu are largely the same as those of Covid19 and that was always a constant distraction from studying, especially data collection.

5.6.5.4 Poor Communication

Covid19 brought about very poor communication in face-to-face interviews. Firstly the mask made it difficult to hear the participants, especially women with very soft, shy voices. I tried to make them speak louder but still their best was not enough. This made some interviews uncomfortable when interjections of *Repeat yourself again* would come through more often than usual. Secondly, social distancing also made it very awkward to communicate, since we were total strangers, suspicions were even higher. Some participants eventually gave very brief responses even when probed, just to get done with the interview and return to their normal routine and spaces where they felt safer.

5.6.5.5 Ban on product returns

One of the shop managers who was a participant in this research cancelled the interview, saying that because of the new Covid19 strain, her chain had banned any form of returns. It was now operating on a *zero exchange and zero returns* basis until

further notice. The participant declined an interview with the researcher, saying it was unethical for her to respond to a phenomenon that had been banned, even though it had been active all along.

5.7 Final remarks

This chapter has captured an overview of the research background, the problem, the research questions, a summary of methodology, a summary of the findings, and a comparison of the literature with findings, the implications of the study, limitations and recommendations. These themes dominate the research findings: returns fraud, positive and beneficial relationship, negative and costly relationship, insignificant and irrelevant relationship, parameter-bound and non-parameter-bound returns, and internal and external business factors. Transcript descriptors summarised the relationship between product returns and shop performance as being like two sides of the same coin – positive *v* negative, good *v* bad, direct *v* indirect, and in some cases the relationship also came across as insignificant and irrelevant. However, it was interesting to observe that product returns are not a major concern in a business yet still must not be ignored because they contribute accumulatively to the efficiency of the shop's performance. This also justifies recommendations for further study, especially on the subject of returns policy, the cycle of product returns and the controllability and uncontrollability of product returns.

The researcher's observations are summarised by saying that the shop is like a human body and proper handling of returns is like eating healthy food. One does not become muscle-bound from eating one healthy meal. One becomes healthy and free from disease by eating healthy meals and exercising over a long time. Similarly, a shop that seeks to exercise proper returns handling at all times will harvest the benefits to its good. However, improper handling of product returns is like eating poisonous food – even when ingested just once, it will either kill instantly or result in long-lasting damage to the body. This is also true with the devastation that improper product returns handling can instantly bring to a business.

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APPENDICES

APPENDIX A: REC 5 ETHICS FORM

Faculty of Business and Management Sciences
Ethical considerations for a questionnaire
Cape Peninsula University of Technology

Cape Peninsula
University of Technology

Tick One Box:
☐ Staff Project
√☐ Postgraduate Project (Masters Level)
☐ Undergraduate Project (ND & BTech level)

Title of the Project: The relationship between product returns and business performance the case of footwear and apparel retail stores in Cape Town.

Name of researcher: Stanley Nhamoinesu

Name of Supervisor: Prof J.Dubihlela

		YES	NO	N/A
1	Will you describe the main experimental procedures to participants in advance, so that they are informed about what to expect?			√
2.	Will you tell participants that their participation is voluntary?	√		
3.	Will you obtain written consent for participation?	√		
4.	If the research is observational, will you ask participants for their consent to being observed?			√
5.	Will you tell participants that they may withdraw from the research at any time and for any reason?	√		
6.	With questionnaires will you give participants the option of omitting questions they do not want to answer?	√		
7.	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	√		
8.	Will you debrief participants at the end of their participation (i.e. give them a brief explanation of the study)?	√		

If you have ticked No to any of Q1-8, you must ensure that the reasons for this are made explicit in your project proposal. [Note N/A = Not applicable].

		YES	NO	N/A
9.	Will your project involve deliberately misleading participants in any way?		√	
10.	Is there any realistic risk of participants or researchers experiencing either physical or psychological distress or discomfort? If yes, give details on a separate sheet and state what you will tell them to do if they should experience any problems (e.g. who they can contact for help).		√	

If you have ticked Yes to Q9 or Q10 you should ensure that your proposal describes in sufficient detail the appropriate procedures and provides a scientific justification for their inclusion. You should also identify alternative methodologies and outline the reasons why they were deemed inappropriate.

			YES	NO	N/A
11.	Does your project involve work with animals? If yes, you should also investigate whether you require approval from the S.A. Health Professions Council and/or related organisation? Provide the answer to this in your proposal			√	
12.	Do participants fall into any of the following groups? If they do, refer to professional body guidelines and include some reference to these in your proposal.	Children (under 16 years of age)		√	
		Schoolchildren of all ages.		√	
		People with learning or communication difficulties		√	
		Patients		√	
		People in Custody		√	
		People engaged in illegal activities (e.g. drug taking)		√	

		YES	NO
13.	Does your study include administering a Psychometric test(s)? If yes, name the test (s) and describe your or your supervisor's competence to administer such tests.		√

		YES	NO
14.	Will your study involve any contact with any external institution? If yes, your proposal will not normally be approved unless you submit a letter of confirmation from the person responsible for this institution that they are happy for you to conduct your study on their premises and/or contact their staff and/or people who use the service.	√	

There is an obligation on the lead researcher to bring to the attention of the Faculty of Business and Management Sciences Ethics Committee any issues with ethical implications not clearly covered by the above check list.

PLEASE TICK **EITHER** Statement **A** OR Statement **B** BELOW **AND PROVIDE THE DETAILS REQUIRED** IN SUPPORT OF YOUR APPLICATION. THEN PRINT OFF AND SIGN THE FORM

<div align="right">Please Tick</div>

Statement A: I consider that this project has **NO** significant ethical implications to be brought before the Faculty of Business and Management Sciences Ethics Committee.	√

<div align="right">Please Tick</div>

Statement B: I consider that this project may have ethical implications that should be brought before the <u>Faculty of Business and Management Sciences Ethics Committee</u>, and/or it will be carried out with children or other vulnerable populations. If you select this Statement please ensure that you outline clearly the ethical issues in your proposal.	

If you ticked <u>Statement B</u> then please provide all the further information listed below in a separate attachment.

1. Your Name
2. Title of project
3. Purpose of project and its academic rationale.
4. Full description of methods and measurements
5. Participants: recruitment methods, number, age, exclusion/inclusion criteria
6. Consent and participant information arrangements, debriefing. **Please attach intended information and consent forms.**
7. A clear but concise statement of the ethical considerations raised by the project and how you intend to deal with them.
8. Estimated start date and duration of project.

This form (and any attachments) should be submitted to the Faculty of Business and Management Sciences Ethics Committee where it will be considered. <u>If any of the above information is missing, your application will be returned to you.</u>

I am familiar with the Cape Peninsula University of Technology Guide to Post Graduate Studies and Guidelines for Research Proposals and to the best of my knowledge have complied with the ethical requirements for research.

Lead Researcher

Print Name: Stanley Nhamoinesu
Student Number: 217183956
Date: **22.05.2019**

Lead Supervisor

Print Name: Prof J. Dubihlela|
Date: **22.05.2019**

APPENDIX B: INTERVIEW SCHEDULE ETHICS COVER PAGE

Faculty of Business and Management Sciences
Respondent Cover Page

<u>Important remarks on the questionnaire</u>

1. Your participation in this research is voluntary and there are no risks associated with participating in this study

2. This questionnaire is predicative to the consent letter obtained at your company

3. You are free to withdraw from the research at any time and for any reason

4. You are welcome to omit any question(s) you do not wish to respond to

5. The information you provide will be treated with full confidentiality and if published it will not be identifiable as yours

6. If so willing you maybe debriefed at the end of your participation regarding the study or at the end of the research regarding the findings of the study

7. You will not be compensated for participating in this study

8. The researcher and the supervisor pledge that all the survey data will be aggregated and organizational information will be treated with the strictest consideration and that you are under no obligation to participate if there be any constraints

9. All the information obtained will be used for academic and research purposes only

10. COVID 19 social, behavioral and medical regulations to be observed at all times

11. Your participation in this research project is highly appreciated

APPENDIX C: RESEARCH PERMISSION LETTER

Cape
Peninsula
University
of Technology

Cape Peninsula University of Technology

Faculty of Business and Management Sciences

Request of permission to collect academic data from your company/organisation

15 March 2019

To whom it may concern

Dear Respondent

The importance of time in our days cannot be over-emphasized. At the same time, sharing time with someone can be very enriching, rewarding and fulfilling. We would like to introduce our Master's student Mr Stanley Nhamoinesu who is currently working on a research project for a Master's Degree in the field of Business and Commerce under the Graduate School of Business and Management sciences at the Cape Peninsula University of Technology. He is seeking your permission to share approximately 10-15 minutes of your valuable time to conduct his questionnaire-based interviews. Granted, such permission will enable the student to carry out surveys across the sector for the project entitled, '**The relationship between product returns and business performance across selected retail stores in Cape Town**'.

The research project is intended to investigate the impact of product returns on business performance precisely the extent to which goods returns in the process of time affects the performance of a business unit in parameters such as profit, staff morale, customers' morale and suppliers' morale.

The researcher and the supervisor pledge, that all the survey data will be aggregated and organisational information will be treated with the strictest confidence; and that you are under no obligation to participate if there be any constraints. All the information obtained will be used for academic research purposes only. The final report will not include any identifying information of your organisation. Please feel free to contact student and/or supervisor with regards to any queries you might have. Your participation in the research project will be most appreciated.

This information is given in good faith. Should you need any information, do not hesitate to contact our offices.

Yours sincerely

Professor J Dubihlela
HOD: INTERNAL AUDITING & FINANCIAL INFORMATION SYSTEMS
Tel: 021 650 3266/3477
e-mail:DubihlelaJ@cput.ac.za

APPENDIX D: RESEARCH CONSENT LETTER OUTLINE

Cape Peninsula University of Technology

Faculty of Business and Management Sciences

Consent to partake in an academic study

Research conducted by:
Name: Stanley Nhamoinesu
Student number: 217183956

Dear Sir/Madam,

<u>Invitation to participate in an academic research study</u>

You are kindly invited to participate in a research study titled "The impact of product returns on retail business performance in Cape Town'. This study is being conducted by Stanley Nhamoinesu, a Masters student at the Cape Peninsula University of Technology (CPUT) under the supervision of Professor J. Dubihlela.

By virtue of you being decision maker within this retail store, your contribution is of tremendous value in this study. Your participation in this study is voluntary and you are free to withdraw from it at any time without an obligation. There are no risks associated with participating in this study. The study will not collect any information that can identify you as respondents, and the researcher is definite to assure you that you will be recorded anonymously and the company will be protected. Even though you will not be compensated for participating, the information collected in this study will positively contribute to a better understanding of the correlation between product returns and business performance and how this can be managed equitably.

Your consent to participate in this study will be highly appreciated.

For further inquiries, you may contact me on 071 887 7009 or via email stanley1747@gmail.com cc stanley@hhi.org.za

If you consent to participate in this study, please sign this form to indicate that:

- You have read and understood the information provided above;

- You hereby consent to participate in this study voluntarily.

Name of the Enterprise: _____

Respondent's signature: _____Date: _____

APPENDIX E: PROOF OF FINAL YEAR REGISTRATION (2021)

Cape Peninsula
University of Technology

PROOF OF REGISTRATION
To Whom It May Concern

16-Feb-2021

It is hereby confirmed that the under mentioned person is a registered student at CAPE PENINSULA UNIVERSITY OF TECHNOLOGY.

Student Number: 217183956
Student ID Number:
Name: STANLEY NHAMOINESU
Registered for Period: 01-Jan-2021 - 20-Dec-2021
Qualification: MTBUAC M TECH: BUSINESS ADMIN (COURSE WORK)

Subject	Description	Qual.	Class Group	Exam Year	Exam Month	Cancel	Offering Type	Amount
R5MB01C	0 YEAR (JAN-NOV) DISSERTATION	MTBUAC	A	2021	11	N	PT	5940.00
							Subtotal:	5940.00
							Total:	5940.00

Outstanding Balance: 7245.50

_____
REGISTRAR

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APPENDIX F: RESEARCH MERIT AND VIABILITY REVIEW FORM

Cape Peninsula
University of Technology

May 2019

STUDENT: Stanley Nhamoinesu– 217183956

Faculty approval: The relationship between product returns and business performance of selected apparel retail stores in Cape Town

Review Panel	Qualifications
Dr Peter Kamala	Dcom Accounting
Prof Obokoh Lawrence	PhD (Management & Business)

Recommendations	APPROVED		
Signed (Panel Chair)		Date	29/05/2019

*The Panel reviews the merit and viability of the research project proposed and so must be comprised of experts in the field to be researched, and at least one member of the FRC.

Date on which proposal was presented in the Faculty:	16 April 2019
Date of FRC Minutes in which recorded:	30 April 2019

Signed ....Date...... 19-02-2020
(Chair: Faculty
Research Committee)

APPENDIX G: CPUT APPROVED ETHICAL CLEARANCE FORM

Cape Peninsula
University of Technology

P.O. Box 1906 ● Bellville 7535 South Africa ●Tel: +27 21 4603291 ● Email: fbmsethics@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: **BUSINESS AND MANAGEMENT SCIENCES**

The Faculty's Research Ethics Committee (FREC) on **28 April 2020**, ethics **Approval** was granted to **Stanley Nhamoinesu (217183956)** for **M Tech: Business Administration** research activity at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	**THE RELATIONSHIP BETWEEN PRODUCT RETURNS AND BUSINESS PERFORMANCE: THE CASE OF FOOTWEAR AND APPAREL RETAIL STORES IN CAPE TOWN** Lead Supervisor (s): Prof J. Dublihlela

Comments:

Decision: Approved

	05 June 2020
Signed: Chairperson: Research Ethics Committee	Date

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APPENDIX H: INTERVIEW SHEET

Faculty of Business and Management Sciences
Structured interview to explore the relationship between product returns and retail business performance
(Masters &Doctoral Studies)

Interview Schedule for the relationship between product returns and retail business performance.

Interview sheet code:	…………………………………………………………
Research Title:	The relationship between product returns and business performance of selected apparel retail stores in Cape Town
Institution:	CPUT
Program:	MBA COURSE BASED
Academic year:	2018
Place/Location (optional):	…………………………………………………………

I. Interview Opening and Introduction

➤ [*Establish Rapport*] - *my name is Stanley Nhamoinesu and I am a CPUT student conducting a master's research project and I am going to interview you to obtain information required to complete my research. Let me also make it clear from the onset that this interview is strictly private and it's for academic purposes only and no names will be disclosed. Let's just go through the ethics page to acquaint you with the rights of your protection and privacy. (Separate ethics page read through to the interviewee)*

➤ [*Purpose*] - *I would like to ask you some questions about your background, your education, and some product return experiences you have had to help me understand the nature of relationship between your store's performance and product returns.*

➤ [*Motivation*] - *the purpose of this interview is to ascertain the relationship between product returns and your stores' performance (staff & turnover). I hope to use this information to complete my research for my academic studies and note that this research has nothing to do with your employer so you need to feel free*

➤ [*Time Line*] - *this interview should take about 30-45 minutes. You are welcome to eat as we go along the interview and to ask any questions where you don't understand.*

Transition to section II: [Let me begin by asking you some personal questions regarding yourself and the company you work for]

II. Personal, Demographic and Background Information

1. What is your gender?

Male	
Female	
Transgender	

2. What is your race?

African	
Coloured	
White	

Faculty of Business and Management Sciences
Structured interview to explore the relationship between product returns and retail business performance
(Masters &Doctoral Studies)

3. What is your level of education?

High school	
Diploma	
Bachelor's degree	
Post-graduate	
Other	

4. What type of employment contract are you on?

Permanent	
Temporary	
Fixed Term Worker	
Casual	
Intern	

5. Do you work shifts or you work a normal 8 hour day?

Shift work	
Normal day's work	

6. What is your company length of service?
7. How old is your business since its launch in Cape Town?

Transition to the main frame of the interview III: [*Product returns is when customers return a product they had purchased back to the store due to their personal reasons which are either valid or invalid. Store performance on the other hand refers to the gain or loss made by the store in terms of both turnover and staff performance. I now need to ask you some direct questions on how these two elements affect each other based on your store history, observations and your own work experience*].

III. Nature of relationship between product returns and store performance

8. How do you describe & explain the nature of relationship(s) between product returns and your store performance?
9. How does product returns affect your turnover performance? *(Is it more positive or more negative or both or neither?)*
10. How does product returns affect your staff performance? *(Is it more positive or more negative or both or neither?)*
11. What are the costs and benefits of product returns to your store? *(Is it more of costs or more of benefits or both or neither?)*
12. How does the various kinds of returns influence the store performance? *(What kind of returns do you usually handle?)*
13. What else apart from product returns notably affects the performance of your store? *(Is it more of external factors or more of internal factors or both or neither?)*

Faculty of Business and Management Sciences
Structured interview to explore the relationship between product returns and retail business performance
(Masters &Doctoral Studies)

14. Which option best reflects the co-relation between product returns and your store performance? *(Interviewee to read through each option to the respondent)*

Co-relation	Tick
A. High product returns and high business performance	
B. Low product returns and low business performance	
C. High product returns and low business performance	
D. Low product returns and high business performance	
E. Undetermined as such data is so insignificant to the stores' operation, performance and wellbeing.	

15. Which option best explains the relationship between product returns and your store performance? *(Interviewee to read through each option to the respondent)*

The nature of relationship	Tick
A. Positive & beneficial relationship	
B. Neutral & indifferent relationship	
C. Negative & costly relationship	
D. Irrelevant & undetermined as the data is so insignificant to the stores' operation, performance and wellbeing.	

Transition to the last section of the interview IV: [*Well, it has been a pleasure to obtain your personal and company information as well as your opinions and thinking with regards to product returns and your store's performance. Let me briefly summarize the information that I have recorded during our interview and then we call it a day*]

IV. Interview Closing Remarks and conclusion

A. [*Closing Remarks*] - *summarize the interview to the interviewee being as brief and sweet as possible*

B [*Maintain Rapport*] - *I appreciate the time you took for this interview. Is there anything else you think would be helpful for me to know so that I can better my research output?*

C. [*Action to be taken*] - *I should have all the information I need. Would it be alright to call you at home if I have any more questions? Thank you once again. I look forward to transcribing the valued information you have humbly offered me. Any questions you may have before you go?*

Signature of Interviewer   …………………………………..

Date   ………./…………/2021

Signature of Interviewee (optional)   …………………………………..

Date (optional)   ………./…………/2021

Interview Time Spent   …………hrs…………min

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APPENDIX I: EDITOR'S CLEARANCE LETTER

<div align="right">

26 Redwing Drive

Westering

Port Elizabeth

6025

15 May 2021

</div>

<div align="center">

TO WHOM IT MAY CONCERN

</div>

I hereby confirm that I have proofread and edited the following thesis and provided comments and suggested corrections for the student to action to produce a clean copy for examination purposes:

The relationship between product returns and business performance of selected apparel retail stores in Cape Town by **Stanley Nhamoinesu**, a dissertation submitted in partial fulfilment of the requirements for the degree Master of Business Administration on the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology.

In addition to the suggested changes I have made, the thesis contains numerous language and formatting issues that the student is required to address but as editor I will not see nor verify the final copy of the thesis that is submitted for examination.

M E Oettle (BA Hons [History])

professional editor

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cell: 073 168 5714

Disclaimer: Although I have made comments and suggested corrections, the responsibility for the quality of the final document lies with the **student** in the first instance and not with me as the editor.

APPENDIX J: TURNITIN DIGITAL RECEIPT

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Cape Peninsula
University of Technology

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selected apparel retail stores in Cape Town

by

STANLEY NHAMOINESU

a dissertation submitted in partial fulfilment of the requirements for the degree
Master of Business Administration

in the Faculty of Business and Management Sciences
at the Cape Peninsula University of Technology

Principal supervisor: Professor John Dubihlela
Co-supervisor: Dr Dorah Dubihlela

District Six
April 2021
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