

**ADVANCED INTERNATIONAL JOURNAL
OF BUSINESS, ENTREPRENEURSHIP
AND SMES
(AIJBES)**www.gaexcellence.com/aijbis**RETURN POLICY AS A RISK REDUCTION MECHANISM
IN E-COMMERCE: INTEGRATING SIGNALLING THEORY
WITH PRE AND POST-PURCHASE PERSPECTIVES**Ade Ratnasari^{1,3}, Intan Salwani Mohamed^{2*}, Norhayati Mohamed³¹Informatics Department, Universitas Islam Negeri Sunan Kalijaga, Yogyakarta, Indonesia ade.ratnasari@uin-suka.ac.id<https://orcid.org/0009-0003-4990-0333>²Faculty of Accountancy, Universiti Teknologi MARA, Puncak Alam, Selangor, Malaysia intan838@uitm.edu.my<https://orcid.org/0000-0002-0267-9534>³Accounting Research Institute, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia norha614@uitm.edu.my<https://orcid.org/0000-0001-7968-9418>

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Article Info:**Article history:**

Received date: 01.07.2026

Revised date: 23.07.2026

Accepted date: 30.08.2026

Published date: 15.09.2026

To cite this document:

Ratnasari, A., Mohamed, I. S., & Mohamed, N. (2026). Return Policy as A Risk Reduction Mechanism in E-Commerce: Integrating Signalling Theory with Pre and Post-Purchase Perspectives. *Advanced International Journal of Business Entrepreneurship and SMEs*, 8 (29), 860-876.

Abstract:

Uncertainty about product quality and transaction risk remains a major obstacle to e-commerce, which relies on indirect evaluation before purchase. Although return policies are widely regarded as an important mechanism for reducing consumers' perceived risk, the existing literature shows theoretical fragmentation and inconsistent empirical results regarding their effectiveness. Most previous studies have treated return policies unidimensionally, such as lenient vs strict, and rarely explicitly integrate them with the psychological and informational mechanisms underlying risk perception. To address this gap, this study uses a theory-based narrative review to present an integrative theoretical synthesis of the e-commerce return policy literature, explaining how various theoretical perspectives conceptualise the role of return policy in shaping perceived risk, post-purchase evaluation, and advanced consumer behaviour across the stages of the decision-making process. This study synthesises the fragmented literature on e-commerce return policies. By combining signalling theory, consumer risk theory, expectation disconfirmation theory, dissonance theory, procedural justice theory, and transaction cost economics, this study explains how return policy is conceptualised differently and how these theories complement one another in explaining consumer perceptions and behaviours. From a managerial perspective, this study highlights the importance of designing a balanced return policy that balances consumer-side risks with the sustainability of the company's operations.

DOI: 10.35631/AIJBS.829048

Keywords:

Consumer Behaviour, E-commerce, Perceived Risk, Return Policy, Signalling Theory



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Introduction

The rapid development of online shopping has radically changed the way consumers buy and return products. Beyond the increased convenience and access to a wider variety of products, online transactions are also characterised by greater uncertainty due to information asymmetry, the limitations of physical inspection, and post-purchase risks (Ahsan & Rahman, 2022). In this context, product returns emerge as a central and paradoxical phenomenon in e-commerce, as they function as a risk mitigation mechanism for consumers, but at the same time pose operational and behavioural challenges for companies (Li et al., 2026). Return policies are now an essential part of an online shopping strategy, as e-commerce growth significantly affects consumer satisfaction and behaviour. Return policies can generally be divided into two types: permissive and stringent, and each of these has a unique impact on how businesses operate and how loyal their customers feel. Permissive policies make it easier for customers to return products, which often leads to happier shoppers and builds their loyalty. On the other hand, stringent policies try to limit returns by making the process more complicated or costly.

In the world of online shopping, return policies are no longer just something to think about after a purchase. They actually play a significant role in shaping how consumers make their buying decisions. Research indicates that customers view return policies as a key factor even before they buy something, similar to how they consider delivery costs and speed. This means that a return policy can significantly affect how a customer perceives a seller or a platform right from the start. Moreover, the online shopping experience is often shared and discussed, which adds another layer to how crucial return policies can be in driving customer choices. At the same time, the digital consumer behaviour literature consistently asserts that risk perception negatively impacts technology readiness and behavioural intent in the online context, and that various risk dimensions affect shopping intent differently across consumer groups (Amirtha et al., 2020; Choi & Yoo, 2021).

Among the various instruments that retailers use to manage these uncertainties, return policies hold a unique and strategic position. Unlike other service attributes that mainly operate in the post-purchase phase, return policies are visible throughout the consumer's decision process, from pre-purchase and alternative evaluation to the post-purchase experience. Several studies have shown that return policies influence perceived risk, trust, satisfaction, and purchase intention by reassuring customers about potential undesirable outcomes. Therefore, return policies are increasingly regarded as a vital element in online retailers' competitive strategies (Li et al., 2021).

Although academic attention to return policies is steadily increasing, the literature remains theoretically fragmented. Recent research has shed light on the complexities surrounding return policies in retail, particularly in online shopping. Traditionally, some studies have framed these policies within consumer risk theory, highlighting how they help reduce financial uncertainty and improve customers' perceptions of product performance. Other perspectives focus on what happens after a purchase is made, examining theories like expectation disconfirmation and cognitive dissonance. These approaches look at how mismatches between what customers expect and what they actually experience can influence their decision to return a product, even if it's not defective.

However, these different frameworks often exist separately and assume that return policies always have a beneficial effect on consumer behavior. More recent evidence suggests that overly lenient return policies might backfire by encouraging opportunistic buying behavior, increasing the number of returns, and creating ethical dilemmas especially when marketing strategies drive impulse purchasing.

These potential downsides haven't been fully integrated into theoretical discussions of return policies, leading to conflicting results across different studies. This highlights a significant gap in research. Currently, there's no comprehensive theory that explains how return policies can act as indicators of quality, strategies for reducing risk, and tools for evaluating post-purchase satisfaction, all while also prompting some consumers to take advantage of them. This gap hinders our understanding of why return policies can enhance trust and encourage purchases in certain situations but might lead to inefficiencies and misuse in others.

To bridge this divide, the article presents a thorough review of existing theories—from signalling theory and consumer risk theory to the nuances of procedural justice and transaction cost economics. By bringing these perspectives together, the study aims to depict return policies as multifaceted tools that influence consumer behavior at every stage of the buying process, from before a purchase to after. This integrative approach aims to clarify the mixed findings in existing literature and provide a stronger theoretical framework for both researchers and practitioners focusing on return policies in the realm of e-commerce. This research aims to present an integrative theoretical synthesis that explains how various theoretical perspectives conceptualise the influence of return policies on consumer perceptions and behaviours across stages of decision-making.

Method

This study uses a theory-driven narrative review approach to synthesise and integrate fragmented theoretical perspectives on return policy in the context of online shopping. The main purpose of this review is not to aggregate empirical effect measures but to develop a coherent conceptual understanding of how return policy functions as a multidimensional mechanism that mitigates perceived risk and shapes consumer behaviour across various stages of decision-making.

The use of narrative review in return policy research on e-marketplaces is informed by the literature's fragmented, multidisciplinary character, which encompasses logistics perspectives, consumer psychology, social dynamics, and digital market behaviour. Recent studies show that return policies not only influence purchasing decisions and customer satisfaction but also interact with customer reviews (García-Dastugue et al., 2024), consumption norms, and

opportunistic practices such as wardrobing (Phau et al., 2022). This makes statistical aggregation-based synthesis difficult, making narrative review more precise because it integrates diverse findings and theories into coherent conceptual explanations.

Narrative review is a literature synthesis method that integrates and interprets findings from various published studies to provide a comprehensive understanding of a topic. The process includes searching the literature, selecting relevant sources, and synthesising narratives without using statistical approaches. The main characteristic of a narrative review is that it does not follow strict systematic procedures (non-systematic or semi-systematic) and relies on thematic integration in formulating arguments and conclusions (Green et al., 2006). Referring to the narrative review approach as a method to integrate knowledge that is still fragmented and relate it to the relevant theoretical frameworks (Babnik et al., 2022), this study adopts a similar approach to synthesise the literature on return policies in the digital marketplace.

The literature reviewed in this study is mainly drawn from reputable peer-reviewed journal articles indexed in major academic databases such as Scopus and is complemented by seminal works that are widely cited and have become the theoretical foundation of return policy research. The review includes studies published through 2024 and focuses on e-commerce, online retailing, consumer behaviour, and digital marketing. This study used the keywords (return policy OR return policies) AND (e-commerce OR online shopping OR online marketplace). The database used is Google Scholar, with publication years 2018-2024 and Scopus-indexed, English-language journals.

Article selection is based on theoretical relevance to the research objectives, not methodological uniformity. In particular, the inclusion criteria emphasise studies that examine return policies in relation to perceived risk, trust, post-purchase evaluation, repurchase behaviour, or opportunistic consumer behaviour, as well as those that explicitly and implicitly use theoretical frameworks such as signalling theory, consumer risk theory, expectation disconfirmation theory, dissonance theory, procedural justice, and transaction cost economics. The search results show a total of 220 articles. After assessing the suitability of the title, content, and relevance to the study's research questions, the next criterion was the availability of the articles through open-access journals and subscription access. Finally, the result is 28 (twenty-eight) articles that are used in this narrative review.

Result

Consistent with the objective of providing an integrative theoretical synthesis, the results are organised to map how return policy is conceptualised, theorised, and empirically examined across the literature. This section presents the results of a theory-based narrative review of the literature, aimed at identifying the main conceptual patterns in return policy research in the context of e-commerce. The results were thematically arranged to reflect how return policies have been classified, described, and tested in previous literature. In particular, the discussion began with a grouping of the types of return policies and their main characteristics, followed by a search of various theoretical perspectives used to explain the mechanism of the influence of return policy on consumer behaviour, and ended with a summary of empirical findings showing how return policies affect perceived risk and purchasing behaviour. These results provide a systematic conceptual basis for further discussion of the implications and limitations of return policies in e-commerce.

Types of Return Policy

The e-commerce literature generally classifies return policies by the level of leniency offered to consumers, reflecting the extent to which the policy reduces costs, effort, and perceived risks in the return process. However, rather than discrete categories, return policies are better understood as dimensions that together shape the return experience and consumer incentive structure. This multidimensional approach allows for a more accurate understanding of how return policy design affects risk perception, trust, and post-purchase behaviour (Wang et al., 2020).

One of the dimensions is “monetary leniency”, which refers to the refund rate given to consumers, in the form of full refunds, partial refunds, or store credits. This dimension directly affects the financial risk felt by consumers and is often associated with increased purchase intention, especially in the context of online purchases that are full of information uncertainty (Shao et al., 2021; Wang et al., 2020). However, from an operational perspective, a high level of monetary easing also increases retailers' cost exposure, potentially triggering trade-offs between consumer acquisition and long-term profitability.

The second dimension is “time leniency”, which is the length of the period given to consumers to make returns. A longer return time window provides a wider scope for product evaluation and reduces perceived risk at the pre-purchase stage. Empirical studies show that time leniency serves as a signal of retailers' confidence in product quality, but at the same time can increase the probability of actual returns if it is not accompanied by adequate control mechanisms (Wang et al., 2020).

The third dimension is “effort leniency”, which refers to the level of procedural ease in filing a return, such as the number of administrative steps, the need for documentation, and the complexity of the process. Effort leniency plays an important role in shaping perceptions of fairness and the quality of after-sales service, as consumers evaluate not only the outcomes but also the processes that must be completed (Martínez-López et al., 2022). Simple, transparent procedures tend to increase trust and positive experience evaluations, while also lowering behavioural barriers to non-essential returns.

The fourth dimension is “scope leniency”, which addresses the product's scope and the conditions that qualify for a return, including receipt of discounted goods, opened items, or certain product categories. Scope leniency extends consumer protection and increases a sense of security in purchasing decisions, especially on products with high levels of uncertainty. However, the literature also suggests that an overly broad scope of returns can increase the likelihood of policy abuse, particularly when product-use restrictions are not clearly defined (Ketzenberg et al., 2020).

The last dimension is “exchange leniency”, which is the flexibility of reimbursement options given to consumers, such as the option between cash refunds and store credit. This dimension serves as a compromise mechanism between consumers' and retailers' interests, giving consumers a sense of control while allowing companies to maintain transaction value. In practice, exchange leniency is often used to restore the buyer–seller relationship after the return experience, without bearing the full cost of a refund (Martínez-López et al., 2022).

Overall, this synthesis shows that return policy cannot be reduced to a single level of leniency. Various dimensions of leniency interact to shape consumers' incentive structure, risk

perception, and moral evaluation. Therefore, variations in empirical findings related to return policy are more appropriately understood as a consequence of the configuration of the policy dimension, rather than as simply a difference between "lenient" and "strict" policies. This approach provides a stronger conceptual basis for explaining why similar-looking return policies can elicit very different consumer responses in e-commerce.

Theoretical Perspectives Underlying

Various studies on return policies draw on theories such as signalling theory, dissonance theory, expectation disconfirmation theory, consumer risk theory, procedural justice theory, and transaction cost economics (TCE). The following subsections explain each theory.

Signalling Theory

Signalling theory explains that the scope and flexibility of return policies signal quality. This theory emphasises that a strong reputation, as a signal of quality, can reduce online purchase risks and lower product return rates (Ahsan & Rahman, 2022). Companies use signals to demonstrate their capabilities, using tools such as buyer recommendations, user-generated photos, and return policies to communicate product quality, reduce perceived risks, and increase customer purchase intentions (Gorton et al., 2024). To address information asymmetry in e-commerce, signalling theory (ST) offers a practical framework. According to ST, sellers can send pre-purchase signals to reduce perceived uncertainty. These signals serve as cues that convey sellers' credibility and the trustworthiness of the product's unobservable features to customers. Most prior research has employed signalling theory as a foundational framework.

Signalling theory provides a powerful lens for explaining how return policies function as pre-purchase cues that help consumers infer product quality and transaction risk in online markets characterised by information asymmetry. In digital environments, where consumers cannot directly observe product attributes prior to purchase, observable market features become critical signals through which sellers communicate otherwise unobservable qualities. Prior research in related domains demonstrates that such signals enable consumers to form expectations about risk and reliability before committing to a transaction.

Within the broader signalling literature, several studies show how observable, costly features serve as proxies for underlying quality or risk. For example, soft returns serve as a credible signal of service quality and commitment. A flexible return policy signals that the seller believes in the quality of its products and is willing to cover post-purchase costs if consumer expectations are not met. Because this policy has operational and financial consequences, the signals it sends are costly and therefore more credible than mere marketing claims, consistent with the signalling logic used by Jeong et al. (2024). Soft returns also signal post-purchase support in the customer journey. A soft return policy signals that the relationship with consumers does not end at the point of payment but continues through the post-purchase phase. This signal has become particularly relevant in e-commerce, which emphasises the long-term experience, as consumers interpret return flexibility as an indicator of overall service quality (Tueanrat et al., 2021). This signalling logic applies directly to return policies. Return policies constitute observable, pre-purchase attributes that consumers actively process when evaluating online sellers, alongside delivery-related attributes such as shipping cost and speed (Shih et al., 2021).

Dissonance Theory

This theory emphasises issues related to customer product returns that often involve behavioural aspects or mental states, such as dissatisfaction with a planned or unplanned purchase, which can influence their decision to return products (Chen et al., 2023). Key dimensions include product dissonance and emotional dissonance. Product dissonance happens when consumers begin to doubt their purchase decision by comparing it with other options. Emotional dissonance, on the other hand, refers to feelings of frustration and disappointment. When consumers experience post-purchase dissonance, they may return a product to reduce doubt and negative feelings by reversing the purchase. The desire to return a product can exist even if the product is not defective. As the literature highlights, consumers increasingly return products to manage post-purchase dissonance.

In the contemporary e-commerce literature, product returns are increasingly understood as post-purchase behavioural outcomes influenced by psychological tension, not solely by product functional failure. The post-purchase dissonance perspective holds that once a transaction has occurred, consumers can experience cognitive and affective conflicts when actual outcomes or updated evaluations do not fully align with the initial decision. This tension is becoming increasingly relevant in an informational, alternative, and platform intervention-laden digital shopping environment, where consumer evaluations are constantly updated even after a purchase has been made (Yang et al., 2022).

Expertise Disconfirmation Theory

This theory explains post-purchase customer satisfaction by examining the relationships between expectation, perceived performance, customer dissatisfaction, and the product returns process (Li et al., 2021). It notes that clear expectations from the seller about the returns process and policy positively affect a customer's future intention to purchase from online sellers. The key concepts of expectation disconfirmation theory are expectations, perceived performance, and disconfirmation. Expectations include what buyers anticipate before purchasing a product, such as product information, reviews, and reputation. Perceived performance refers to the buyer's perception of a product's performance and quality upon receipt. Finally, disconfirmation refers to the condition in which the buyer finds a gap between their initial expectations and the product's perceived performance.

In e-commerce, the gap between the pre-purchase information that consumers understand and the actual post-purchase experience is an important determinant of satisfaction and repurchase intent. The literature shows that mismatches in such information often trigger negative disconfirmation, which reduces satisfaction and weakens consumers' intention to engage in repeat transactions. This mechanism aligns with Expectation Disconfirmation Theory, which explains that satisfaction arises from the confirmation or disconfirmation process between initial expectations and perceived performance (Ahmed et al., 2023). The data-driven approach of online reviews also shows that accurate and timely information management helps calibrate consumer expectations, thereby empirically linking perceptions of product performance to post-purchase behaviour (Li et al., 2024).

In addition to information quality, a lenient return policy plays an important role in shaping a positive post-purchase evaluation. Experimental evidence suggests that increased pre-purchase information through innovations such as virtual fitting rooms can shift post-purchase

evaluations and affect the probability of returns, thereby reinforcing the logic of disconfirmation in the context of product returns (Yang et al., 2023).

The Consumer Risk Theory

In line with Consumer Risk Theory, the uncertainty and potential losses felt by consumers before purchase, including functional, performance, and financial risks, can reduce purchase intent and encourage the use of risk mitigation mechanisms to reduce the consequences of non-optimal decisions (Han et al., 2021). These losses can be in the form of financial losses, social losses and physical factor losses, all of which affect return behaviours (Tzavlopoulos et al., 2019). In the e-commerce and digital product literature, consumer risk theory is consistently integrated into the adoption and intention-behaviour framework through the construct of perceived risk, a key belief that influences consumer decisions. Adoption studies in the context of digital retail, such as apparel digital retail theatre adoption, explicitly use perceived risk theory as a foundation to explain why consumers are cautious of new technologies or shopping formats that involve the uncertainty of experience and outcomes (Tai & Chi, 2025).

A study shows that return policies, especially free returns, serve as a risk-reducing tool that can mitigate the negative effects of using thin models in e-commerce. The main finding is the dissimilarity-risk deterrence effect, in which consumers with larger body sizes feel less similar to skinny models. This increases their perceived fit risk, reduces their purchase intent, and raises their likelihood of returning items. However, when retailers explicitly emphasise a free return policy, the negative impact of lean body models on consumer purchase intent becomes negligible, as consumers perceive the consequences of wrong purchases as lower. In other words, a lenient return policy does not address the core issue of fit evaluation but shifts risk from the pre-purchase to the post-purchase phase, potentially increasing the actual return volume (Zhang et al., 2025).

Procedural Justice Theory

Procedural Justice Theory holds that the perception of individual justice is not only determined by the outcome of a decision, but especially by the fairness of the process (procedures) used to reach that decision. This theory emphasises that procedures that are consistent, transparent, unbiased, predictable, and provide opportunities for affected parties to be treated appropriately will result in a higher perception of justice, even when the outcome is not entirely favourable to the individual (Jones et al., 2023).

In the context of e-commerce and return policies, procedural justice theory explains how the design and implementation of the return process, such as clear rules, simple procedures, consistent application, and quick handling, shape consumers' perceptions of fairness towards sellers. Recent research shows that lenient return policies and reduced consumer effort enhance perceptions of procedural fairness, which subsequently influence trust and post-purchase behaviours. Therefore, procedural justice theory offers a valuable perspective on return policies as a relational mechanism rather than merely an administrative rule.

Transactional Cost Economics (TCE) Theory

In the context of a return policy, transaction cost theory from the consumer side views the repurchase decision as the result of an evaluation of the total perceived transaction cost, not

limited to the price of the product, but also including the costs of time, effort, and cognitive burden that arise during and after the transaction. Return policies play a direct role in this framework because complex, slow, or expensive return processes increase post-purchase friction and the perceived transaction costs that consumers face. When such friction is high, consumers view transactions as less worth repeating, even if product quality or price is competitive. Conversely, an efficient return policy through simple procedures, low return costs, and quick settlement lowers post-purchase transaction costs and increases consumers' likelihood of returning to transact with the same seller (Ferraz et al., 2023; Martinez et al., 2023). In addition, transaction cost theory explains the role of switching and learning costs, whereby consumers tend to stick with known platforms or sellers because switching to alternatives requires additional effort to understand uncertain return rules, procedures, and policies. Thus, an efficient return policy functions as a friction reduction mechanism that lowers psychological and operational barriers to repurchase (Lu & Wung, 2021)

However, the latest literature confirms that a decrease in transaction costs alone is insufficient to fully explain repurchase behaviour. In the domain of after-sales service, including returns and dispute resolution, consumers also evaluate return policies based on procedural legitimacy and perceptions of fairness, which work side by side with cost efficiency (Chen et al., 2023; Martinez et al., 2023). The research synthesis shows that an effective return policy design must simultaneously reduce transaction friction and ensure that the process is perceived as fair, consistent, and predictable. Both mechanisms contribute to the stabilisation of consumer satisfaction and encourage repurchase intent in the context of web-stores and digital platforms (Shao et al., 2021). In e-commerce, fast and low-cost after-sales processes, such as handling returns and dispute resolution, are understood by consumers as a form of efficiency as well as relational commitment from sellers, which strengthens the sustainability of exchange relationships (Ferraz et al., 2023). Therefore, from a consumer perspective, transaction cost theory, in the context of return policy, does not stand alone but operates in tandem with fairness perceptions in shaping repurchase decisions and medium-term loyalty

Empirical Studies of Return Policy

Empirical studies on return policies in e-commerce show that their impact is not uniform but depends on the psychological and situational mechanisms activated by the policy design. A number of studies have found that a more lenient return policy increases purchase intention, trust, and initial evaluation of retailers, especially in the pre-purchase stage when consumers face information uncertainty and potential risks (Martínez-López et al., 2022; Shao et al., 2021; Wang et al., 2020). In this context, a return policy serves as a risk-compensation mechanism that reduces the perceived consequences of a wrong purchase decision. Return policies have been shown to reduce consumer uncertainty. Akturk et al., (2021) suggests that 91% of consumers value a return policy when choosing a store, suggesting that it is an important attribute in shopping decisions. These findings are consistent with the view that return policies are part of a retailer's value proposition that influences initial purchasing decisions (Ferraz et al., 2023)

However, the empirical literature also shows that the positive effects of a lenient return policy are conditional and can be reversed in the post-purchase stage. Some studies report that policies that are too permissive increase actual return volumes and trigger opportunistic behaviours, such as wardrobing or returning products after significant use (Ketzenberg et al., 2020; Lin et al., 2025; Phau et al., 2022). This pattern indicates that leniency does not eliminate risk

altogether but shifts it from consumers to retailers while lowering behavioural barriers to policy abuse. Thus, the differences in empirical results in the literature do not reflect contradictions in the findings, but rather reflect a shift in the dominant mechanism from pre-purchase risk mitigation to post-purchase opportunism (Ketzenberg et al., 2020; Martínez-López et al., 2022).

Akturk et al., (2021) shows that opportunistic and fraudulent consumers influence retailers' decisions about prices and refunds and can reduce retailers' profits. Aktürk et al. (2021) identify renting, wardrobing, and deshopping as opportunistic returns, while receipt fraud, price switching, and stolen-goods returns are fraudulent returns. While (Ülkü & Gürler, 2018) show that consumers can take advantage of the return window by using the product before returning it. For the L. L. Bean case in the United States, about \$250 million of items returned over five years could not be salvaged for resale or donated and were eventually thrown away. Companies also face returns on products that have been used for years and products obtained through third parties, thus tightening the return policy with a time limit and proof of purchase (Ülkü & Gürler, 2018).

Magano et al., (2024) provided direct evidence of unethical returns through a survey of 1,026 online apparel consumers in Portugal and the Czech Republic. As many as 13.8% of respondents reported having returned clothes after use (wardrobing). The study found that gender and age were significantly related to these behaviours, with a higher tendency in male consumers and younger consumers (Magano et al., 2024).

Chen et al., (2023) reported that in the United States in 2021, product returns reached US\$458 billion or 16.6% of retail sales, with around 10.3% categorised as fraudulent; In online returns, the figure reaches 20.8%, with around 10.6% fraudulent. The forms of fraud discussed include false return reasons, returns of used products using new packaging, and wardrobing. The study also found that consumers may accept return restrictions when they are perceived as fair and aimed at addressing fraudulent returns (Chen et al., 2023)

Discussion

This discussion section reviews the findings of the previously presented theoretical synthesis, positioning the return policy as a strategic mechanism for managing risk and consumer behaviour in e-commerce. With reference to the various theoretical perspectives discussed, the discussion focused on two main interrelated issues; the role of a lenient return policy in mitigating perceived consumer risk and the unforeseen consequences of such policies, including return abuse and opportunistic behaviour. This approach allows for a more balanced understanding of return policy, not only as a consumer-protection and trust-building instrument but also as a factor that can trigger complex moral dynamics and behavioural incentives in the relationship between consumers and sellers.

Mitigating Perceived Risk by Applying Lenient Return Policies

Signalling theory holds that a return policy signals quality (Al-Adwan & Yaseen, 2023). One such signal is a lenient return policy, which is often the most favoured. Return policies are observable signals at the point of purchase and are costly for low-quality sellers to imitate. For low-quality online sellers, return logistics can be too expensive, and the costs might outweigh the potential gains from future sales. By offering a lenient return policy, buyers can reduce

perceived risks, including financial and product risks. Prior research shows that consumers often use a retailer's return policy as a signal to evaluate both product quality and retailer credibility. A favourable return policy can indicate higher product quality, leading consumers to see the retailer as trustworthy and reliable (Confente et al., 2021).

Janakiraman et al. (2016) in Church et al., (2024) claimed that product return policy consists of five main dimensions that retailers can use both to encourage purchases and control return rates, namely monetary leniency (full or partial refund rate that reduces consumer financial risk), Time Leniency (return time relaxation that provides room for post-purchase evaluation), and Effort Leniency (ease of return process that reduces the burden on consumers), scope leniency (coverage of returnable products, including discounted or opened items), and exchange leniency (flexibility in forms of compensation such as refunds or store credits), which collectively shape consumers' perceptions of security, trust, and convenience in making purchase decisions.

Integrative Synthesis of Pre-Purchase and Post-Purchase Theory

Overall, the six theoretical perspectives converge on the idea that a return policy is not just an operational rule, but a behavioural infrastructure that simultaneously shapes risk perceptions, expectation formation, post-purchase emotion regulation, fairness assessment, and transaction cost evaluation throughout the consumer purchase decision cycle.

In the pre-purchase stage, e-commerce consumer behaviour is mainly shaped by uncertainty and information asymmetry. In this context, Signalling Theory and Consumer Risk Theory work complementarily to explain how consumers assess sellers' credibility and mitigate perceived risks. A loose return policy is not merely an operational rule but also a costly signal of the product's quality and the seller's service commitment, as it signals the seller's willingness to bear the potential cost of returns. Simultaneously, this policy serves as a risk buffer, lowering the expected financial, functional, and social losses associated with the purchase decision. Within the framework of Transaction Cost Economics, the ease and clarity of the return policy also reduce anticipated transaction costs, in terms of time, cognitive effort, and procedural complexity, thereby driving initial purchase decisions, especially for products with high engagement and high-quality uncertainty.

After the transaction occurs, consumer behaviour shifts towards post-purchase evaluation, where Expectation Disconfirmation Theory and Cognitive Dissonance Theory are the primary explanations. Consumers compare their initial expectations, partly shaped by pre-purchase information and return-policy promises, with their actual experiences with products and service processes. When the promised return policy is consistently and easily fulfilled, consumers experience positive disconfirmation, which enhances satisfaction and increases the likelihood of repurchase. Conversely, when doubts about a purchase arise, particularly with impulse or high-value purchases, Cognitive Dissonance Theory explains how return policies offer a sense of reversibility that helps consumers reduce psychological tension by allowing them to reverse decisions without requiring proof of product defects. In this context, returns do not necessarily signify product failure but serve as mechanisms for managing post-purchase emotions and cognition.

More broadly, the return process itself is governed by Procedural Justice Theory and, in its realised form, relates to Transaction Cost Economics. Consumers' perceptions of procedural fairness, including rule transparency, consistency of treatment, and refund speed, are important determinants of long-term trust and loyalty, even when the transaction outcome is negative. A fair and efficient return process lowers realised transaction costs and creates psychological switching costs, making consumers more likely to stick with the same platform. Thus, the six theories do not work in isolation, but rather form a chain of dynamic mechanisms across stages: return policy serves as a signal and risk reduction before purchase, as an evaluative tool and regulation of emotions after purchase, and as a standard of fairness and efficiency that underpins the long-term relationship between consumers and e-commerce platforms.

Return Abuse and Opportunistic Consumer Behaviour: Forms, Triggers, and Moral Mechanisms

Although lenient return policies are widely recognised as effective risk-mitigation instruments, the literature also suggests that they can have unintended consequences. This subsection shifts the discussion from the benefits of return policies to their dark side; the emergence of return abuse and opportunistic consumer behaviour. By integrating findings from studies on moral hazard, procedural justice, and dissonance theory, this discussion outlines the various forms of abuse of returns, situational and structural triggers that magnify the chances of such behaviour, as well as the moral mechanisms that enable consumers to rationalise opportunistic actions against the company

Return abuse in e-commerce refers to return practices that deviate from legitimate consumer protection goals and are often opportunistic. Cross-border research on e-commerce apparel shows that the unethical return experience is a real and systematic phenomenon, not just an isolated individual case (Magano et al., 2024). This form of abuse includes returns under pretences, exploitation of satisfaction-guaranteed policies, and using loopholes in the rules for personal gain. The consumer behaviour literature places the practice as part of "transgression against the company", which is a moral violation directed at corporate entities, not individuals (Lin et al., 2025). Thus, return abuse needs to be understood as a behavioural and ethical problem that is intertwined with policy design, not just an operational failure (Lin et al., 2025; Magano et al., 2024).

The findings show that return policies have dual functions. Flexible policies can reduce consumer risk and increase the attractiveness of transactions, but high leniency can also lower the perceived consequences of returns and create opportunities for opportunistic behaviour. Thus, leniency does not automatically result in abuse, but it can enable abuse when the control mechanism is inadequate.

From the manager's perspective, the return policy should be designed to balance consumer protection and abuse prevention. Return deadlines, purchase verification, product condition checks, customer profiling, and product tracking can be used proportionately to limit abuse without eliminating the benefits of return policies for legitimate consumers (Akturk et al., 2021; Ülkü & Gürler, 2018).

However, return restrictions cannot be solely oriented towards reducing fraud. Perceived fairness also determines how consumers receive the policy. Therefore, control should be directed at risky or fraudulent behaviour and accompanied by reasons that can be understood by consumers, not just tightening the right of return for all consumers (Chen et al., 2023)

Conclusion

This article concludes that the return policy cannot be adequately understood as a post-purchase operational rule alone but should be treated as a strategic instrument that shapes consumer behaviour throughout the e-commerce decision-making process. The literature synthesis shows that return policies operate through different mechanisms at different stages: as a risk-reduction tool and trust-builder before purchase, and as a regulator of incentives and behavioural restrictions after purchase. The differences in empirical findings in the literature thus do not reflect inconsistencies, but rather a shift in the dominant mechanism across decision stages.

Furthermore, this article argues that the effectiveness of return policies depends on balancing transaction efficiency with procedural legitimacy. Policies that are too restrictive may weaken trust and purchase intentions, while overly permissive policies can blur ethical boundaries and encourage abuse. Therefore, designing a sustainable return policy requires a managed approach to leniency that incorporates sufficient flexibility for consumers while maintaining clear limits and transparency. These conceptual findings provide a strong foundation for future empirical research to explore how return policy configurations specifically influence trust, purchase intentions, and return abuse across various e-commerce contexts.

This article makes a significant theoretical contribution by unifying the fragmented return policy literature in e-commerce. By synthesising signalling theory, consumer risk theory, expectation disconfirmation theory, dissonance theory, procedural justice theory, and transaction cost economics, this study shows that return policies act as a cross-stage mechanism in consumer decision-making. They influence risk perception, trust, post-purchase evaluation, and subsequent behaviours such as repurchase and return abuse. This contribution clarifies the mechanisms and theoretical foundations of return policies, rather than developing a single causal model.

The second contribution provides a balanced theoretical perspective on the effects of return policy. This article confirms that lenient return policies can serve as a tool for risk mitigation and building customer confidence during the pre-purchase stage. However, an excessively permissive policy may also create vulnerabilities for opportunistic behaviour and return misuse after purchase. By integrating the literature on trust, fairness, and moral hazard, this study enriches the discussion on return policy by emphasising the importance of controlled leniency as a sustainable policy design principle.

The study provides helpful information for e-commerce companies. The study shows that well-constructed return policies can increase customer loyalty and profitability. To gain a competitive edge in the online market, companies need transparent, adaptable, and customer-friendly return policies. Moreover, the study highlights the need to adopt an approach to creating return policies, arguing that striking a balance between strictness and leniency can maximise company goals while maintaining customer satisfaction. This contribution is essential for shops aiming to improve their return policies while maintaining operational efficiency.

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- Acknowledgements:** The authors sincerely thank the Accounting Research Institute and the Faculty of Accountancy, Universiti Teknologi MARA, for providing the necessary resources and support throughout this research. Special appreciation is extended to the Informatics Department, Universitas Islam Negeri Sunan Kalijaga, Yogyakarta, Indonesia, and to colleagues and peers who contributed valuable insights and constructive feedback, which greatly enhanced the quality of this paper.
- Funding Statement:** No Funding
- Conflict of Interest Statement:** The authors declare that there is no conflict of interest regarding the publication of this paper. All authors have contributed to this work and approved the final version of the manuscript for submission to the Advanced International Journal of Business, Entrepreneurship and SMEs (AIJBES).
- Ethics Statement:** This study was conducted in accordance with ethical research standards. The Ethics Committee, Universiti Teknologi MARA, Malaysia, reviewed and approved all procedures involving human participants (approval number REC/07/2025 (PG/MR/350)). Informed consent was obtained from all participants prior to data collection. Participation was voluntary, and respondents were assured of confidentiality and anonymity. The data collected were used solely for academic purposes.
- Author Contribution Statement:** All authors contributed significantly to the development of this manuscript. Ade Ratnasari was responsible for the conceptualisation, literature review, methodology, data collection, analysis, interpretation of results, drafting, and critical revision of the manuscript. Intan Salwani Mohamed was responsible for the editing, submission and supervision of the study. Norhayati Mohamed co-supervised the study. All authors read and approved the final version of the manuscript prior to submission.
- Declaration on the Use of Artificial Intelligence (AI)** “The author(s) declare that generative AI or AI-assisted technologies were used during the preparation of this manuscript. The following tool(s) were used: Grammarly. The tool(s) were used for language editing and grammar improvement. All AI-assisted content was reviewed and verified by the author(s), who take full responsibility for the accuracy, originality, integrity, and final content of the manuscript.”
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