

2025 Holiday Peak-Season Returns Benchmark Report

What Current Industry Data Tells Us About the Importance of a Returns Prevention Strategy



Executive Summary

This complimentary analysis by Returnalyze examines year-over-year changes in product return rates and the adoption of size-bracketing behaviors across key apparel and footwear categories for 2024 and 2025 holiday peak-season periods. It defines how peak season has evolved, analyzes return-rate performance across distinct holiday shopping windows, and identifies targeted interventions to address preventable returns.

Peak-Season Dynamics



The peak-season retail environment has become increasingly complex, shaped by rising return rates, shrinking margins, and rapidly evolving customer expectations.

Rising Returns and Margin Pressure

According to the National Retail Federation, U.S. retailers processed more than \$850 billion in returns last year, with apparel and footwear among the most affected categories.

This pressure intensifies during Q4, when promotional depth, accelerated buying cycles, and heightened consumer experimentation converge to create the most volatile return environment of the year.

As a result, retailers face a dual challenge: sustaining top-line growth while protecting profitability in a period where every basis point of margin matters.

Increased Customer Expectations

Simultaneously, customer expectations have reached new heights. Online shoppers now demand frictionless

experiences – fast shipping, flexible return windows, and highly accurate product information – while exhibiting behaviors that increase operational strain, such as size, color, and style bracketing.

These behaviors are especially notable in the weeks leading up to Black Friday, when exploratory self-purchasing peaks. The disconnect between what customers expect and what products actually deliver fuels preventable returns, erodes trust, and amplifies cost pressures during the most expensive weeks of the retail calendar.

Supply chain volatility further complicates the landscape. Carriers face capacity constraints, weather disruptions, and labor shortages, all of which drive up fulfillment and reverse-logistics costs.

High Cost of Reverse Logistics

NRF data shows that return processing can cost retailers up to two-thirds of an item's original price, making January's typical return surge particularly damaging.

In this environment, the most efficient return is increasingly the one that never occurs – placing greater emphasis on upstream accuracy, product clarity, and predictive insights. This shift has accelerated the adoption of AI-powered decisioning across the retail value chain.

Limits of Traditional Retail Analytics

Traditional analytics – often limited to category-level reporting or lagging indicators – struggle to detect the

product-level issues that drive return spikes, such as inconsistent sizing, problematic materials, or misleading PDP content.

AI, by contrast, can identify patterns earlier, isolate high-risk attributes, and surface preventable return drivers before they scale. Retailers using a broad range of AI capabilities can identify patterns earlier, measurably reducing return rates in high-risk categories to improve both customer satisfaction and margin performance.

The fourth quarter of 2025 exemplified these dynamics. Record holiday sales were accompanied by compressed margins as promotional intensity collided with rising fulfillment costs and surging returns.

Pathways to Return-Rate Reduction

The season also demonstrated that meaningful improvement is possible: retailers that invested in predictive analytics, enhanced product content, and proactive customer engagement often achieved double-digit reductions in return rates within targeted categories.

The following report provides a detailed analysis of return-rate performance and size-bracketing behavior across key categories during the 2024 and 2025 peak seasons, offering benchmarks and insights to guide strategic decision-making for the year ahead.

Methodology

Data used in this report represents online purchases for a defined segment of fashion, apparel and footwear retailers in the U.S. with active returns prevention strategies. Benchmarks for each subcategory were calculated using a consistent price band across these retailers.

Proprietary AI algorithms were used to categorize millions of transactions and returns from multiple retail systems and sources. Results are based on segmenting the Q4 Peak Season periods for 2024 and 2025 into analytically distinct phases as follows:

Time Period	2024 Dates	2025 Dates
Four weeks prior to Black Friday	Nov. 1 – 28, 2024	Oct. 31 – Nov. 27, 2025
Black Friday through Cyber Week	Nov. 29 – Dec. 6, 2024	Nov. 28 – Dec. 5, 2025
Post Cyber Week through Christmas	Dec. 7 – 24, 2024	Dec. 6 – 24, 2025*

As the return window for Nov/Dec 2025 orders remained open at the time of this report, a small percentage of 2025 returns were estimated based on historical trends in return timing.

For this analysis, size bracketing is defined as buying two or more sizes of the same item/style on the same day.

Key Findings



Despite signs that return rates continue to surge across U.S. fashion, apparel and footwear segments, an analysis of retailers with a returns prevention strategy reveals a strikingly different reality: overall return rates remained essentially flat year-over-year in the Peak Season, shifting only +0.1 percentage points across all categories and periods. This stability is far more meaningful than it appears – and stands in sharp contrast to the volatility seen across the broader retail landscape.

Clear Seasonal Curve

Peak-season performance reveals a consistent and predictable pattern across apparel and footwear with return rates following a clear seasonal curve. They are highest in the four weeks leading into Black Friday and steadily decline as the holiday period progresses.

In several categories, return rates fall from early-season highs of 26.3% to late-season lows of 20.4%, demonstrating how shopper intent shifts from exploratory self-purchasing to more decisive gift-oriented buying as Christmas approaches.

Small, Directionally Important Changes

Despite this seasonal improvement, year-over-year changes remain relatively modest at the aggregate level. Many

categories show only fractional movement—such as a shift from 39.02% to 39.14% in one early-season period—suggesting that while shopper behavior evolves across the season, structural return drivers remain largely unchanged. This stability can often mask meaningful volatility within specific product types.

Products Just Prone to Higher Returns

Certain categories consistently exhibit elevated return rates regardless of timing. Dresses, for example, repeatedly post some of the highest return levels in the dataset, with values such as 46.1% in the pre-Black Friday period and 48.2% year-over-year.

Denim shows a similar pattern, with return rates exceeding 51% early in the season and remaining above 45% even in the lowest-

return window. These categories represent outsized opportunities for improvement, as their return behavior is both persistent and predictable.

Categories with Major Improvement

Many other categories, however, show encouraging signs of progress. In outerwear, for instance, early-season return rates decline from 41.7% to 37% year-over-year, indicating that improvements in fit, product clarity, or customer guidance can materially reduce returns when applied consistently.

These pockets of improvement demonstrate that targeted interventions can shift return trajectories materially even when the broader market remains flat.

Footwear Categories Were Mixed

Footwear presents a more mixed picture in Peak Season. Some subcategories show late-season improvement – such as boots declining from 31% to 29% in the post-Cyber Week period – while others experience early-season increases, including sandals rising from 22.6% to 25.9% year-over-year in the pre-Black Friday window. This variation underscores the attribute-specific nature of footwear returns, where materials, construction, and silhouette play a significant role.

Size Bracketing Remains Low

Across all categories, size-bracketing adoption is low but contributes to early-season return spikes, generally between 5% and 9%, with minimal year-over-year movement. In one example, adoption only shifts from 9.2% to 8.9% in the early season.

This limited uptake underscores a clear opportunity to curb unprofitable bracketing through enhanced size guidance, while actively promoting bracketing in categories where it drives margin.



Summary

Together, these findings paint a clear picture: while overall return rates appear stable year-over-year, the underlying drivers are highly dynamic. Seasonal behavior, product attributes, and category-specific patterns all play a significant role, creating targeted opportunities for retailers to reduce preventable returns and protect margin during the most critical shopping period of the year.

Data-Verified Impact

Today, the retail industry commonly measures returns at the category or channel level. Returnalyze’s powerful analytics platform identifies return drivers at a deeper level, identifying specific corrective actions that prevent returns.

The following data is summarized from the aggregated 2024/2025 Peak Season performance of fashion, apparel and footwear retailers with investments in returns prevention.

Consolidated Year-over-Year Return Rates by Peak-Season Period

4 Weeks Prior to Black Friday

Category	2024 Return Rate (by volume)	2025 Return Rate (by volume)	Return Rate Change Y/Y	2024 % Units with Bracketing	2025 % Units with Bracketing
Men’s Clothing	26%	25%	-1	8%	6%
Men’s Shoes	27%	28%	1	7%	7%
Women’s Clothing	39%	39%	0	9%	9%
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Strategic Recommendations

The seasonal patterns and category-level dynamics observed in this analysis point to clear opportunities for retailers to reduce preventable returns, strengthen product performance, and protect margin during the most critical shopping period of the year. While overall return rates appear stable year-over-year, the underlying drivers – fit, product attributes, PDP clarity, and customer behavior – are highly dynamic.

The following strategies are designed to translate these report findings into targeted, high-impact actions that can build durable resilience into a retail operating model.

Strategy	Insights	Actions
Prioritize fit and product clarity in high-return categories	Categories such as dresses, denim, and outerwear consistently show elevated return rates across all seasonal windows, indicating persistent expectation gaps around fit, silhouette, and material.	● Enhance size guides and fit notes for the top return categories ● Add richer product imagery and video for complex silhouettes and materials ● Highlight customer reviews and Q&A that clarify fit and fabric behavior
Address attribute-level drivers behind persistent return spikes	Certain attributes – such as structured silhouettes, delicate materials, or trend-driven shapes – drive disproportionately high return rates, even when overall category performance improves.	● Conduct attribute-level diagnostics to identify recurring fit or material issues ● Update PDP content to set clear expectations on the product ● Partner with design and sourcing teams to address recurring fit inconsistencies
Expand tools and policies to influence bracketing behavior	Size-bracketing adoption remains low despite clear evidence that bracketing contributes to early-season return spikes.	● Add size-recommendation tools in high-risk categories ● Test soft disincentives for excessive bracketing (e.g., shipping thresholds, loyalty incentives)
Build cross-functional alignment around return drivers	Significant year-over-year improvements in return rates are possible when product, merchandising, customer experience and eCommerce teams collaborate and act on return insights.	● Establish a returns-to-merchandising feedback loop to address recurring fit and quality issues ● Hold vendors accountable for consistent sizing and construction ● Align promotional strategies with known return-risk patterns to avoid margin erosion
Invest in long-term capabilities to reduce return risk	While seasonal behavior drives short-term fluctuations in return rates, long-term improvement requires predictive and preventive capabilities.	● Evaluate and implement a return-prevention platform to identify preventable return drivers ● Use return-reason data to inform product development, sourcing, and quality assurance actions

About Returnalyze®

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The retail industry sees escalating return rates. Returnalyze sees...

- Which attributes are driving preventable returns
- Where bracketing is accelerating
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