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Retailers beware: On denied product returns and consumer behavior

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ABSTRACT

The wide variety of retailer return policies can cause consumers confusion. While keeping costs contained, very restrictive Return Policies (RPs) may mar consumer behavior. As a first attempt to examine the impact expectation of return control and involvement have on consumers, this study builds a conceptual model with support of the theory of psychological reactance and lends insights into how and why RPs, specifically the denial of product returns, affect consumers during and after the product return process. Our findings indicate that when consumers have high expectations of successfully returning a product and are denied, RPs create significantly higher negative attitudes toward the retailer and attempts to regain control both directly by asking the retailer for an exception and indirectly by retaliating against the retailer in the form of future fraudulent returning. Return-encounter tensions may be lessened by making consumers aware, before purchase, of the RPs.

1. Introduction

Product returns show no sign of declining and continue to hurt retailers' bottom-lines. According to Appriss Retail (2017), about 10% of total sales in the US (more than $350 billion loss in sales – a number close to the estimated 2017 federal budget deficit) were returned. To help mitigate such overwhelming losses, however, sometimes retailers restrict consumer returns through the use of restrictive Return Policies (RPs). The existence of a wide continuum of restrictiveness of RPs in the marketplace inevitably complicates the process of returning the product for the consumers. On one end of the continuum are retailers who offer an unrestricted 100% satisfaction guaranteed RP (e.g., L.L. Bean). On the other end are retailers who deny product returns (e.g., Apple App Store). Many retailers fall in between these two extremes by offering for example, 30-, 60-, or 90-day return periods, "exchange only" policies, additional restrictions such as requiring a receipt and/or original packaging (Davis, Hagerty, & Gerstner, 1998).

Beyond the variation between retailers' RPs also exists variation within some retailers' RPs. For example, Best Buy has a 30-day exchange or return on many of its products; however, some of its products have an "all sales are final" policy with no returns allowed. Furthermore, some retailers have varied their RPs over time with some becoming more restrictive (Petersen & Kumar, 2009). In addition to changing their RPs over time, some retailers regularly change their RPs throughout the year becoming more lenient during the holiday season. There is so much variation in RPs that a Consumer Reports (2010) article goes as far as to "warn" consumers to beware of retailer RPs because the "policies are a moving target." Given the sheer amount of variability within and between retailers' RPs, questions of critical importance include the following: Would a consumer who experiences a 30-day RP expect the same RP the next time he attempted a return? How would this consumer react when the second return is denied due to a variation within the RP in which the consumer was unaware?

Very lenient RPs may negatively impact retailers' profits due to a reduction in net sales as well as reverse logistics costs (Anderson, Hansen, & Simester, 2009); however, they positively impact gross sales by acting as a risk reliever for consumers, thus, increasing the likelihood of the initial consumer purchase (Lwin & Williams, 2006). In designing optimal RPs, a retailer must understand the impact that varying its RP may have on consumers. Moreover, retailers must understand specifically how the denial of a product return may impact consumer attitudes and future behaviors toward the retailer.

There is a substantial amount of research that has been done on product returns which is outlined in Section 2. However, Petersen & Kumar (2009, p.35) stated, "The literature on product returns is sparse, especially in relation to analyzing *individual customer product return behavior.*" Despite the substantial financial impact of product returns on retailers, there is no research that we have identified that deals specifically with understanding consumer reactions to being denied a product return under various conditions. This paper aims to advance the RP literature by specifically addressing how consumers respond to having their product returns denied. What outcomes are likely when product returns are denied? What conditions elicit the harshest consumer reactions when returns are denied? What could retailers do to

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help lessen the negative impact associated with denying product returns? To the best knowledge of the authors, this study is the first to examine how expectation of return control and involvement impact consumers' responses to denied product returns.

The layout of the remainder of this paper is as follows: Section 2 briefly reviews specifically those papers related to consumer purchase and return behavior in the RP literature and positions this study therein. In Section 3, building on our conceptual model, the hypotheses are stated which draw upon insight from the theory of psychological reactance to determine the potential impact of denied product returns on consumers. The experiment utilized to test these hypotheses and its results are also discussed. Section 4 offers managerial implications. Finally, Section 5 concludes and provides future research directions.

2. Related literature

Superior consumer experience in retailing is of utmost importance in today's competitive business environment. Because consumer experience includes “every point of contact at which the consumer interacts with the business, product, or service” (Grewal, Levy, & Kumar, 2009), a positive experience by the consumer possibly while returning a product cannot be overlooked especially in our modern day integrated service approach (e.g., Saghiri, Wilding, Mena, & Bourlakis, 2017). RPs have direct influence on the financial bottom-line of retailers, and consumers increasingly use RPs as a mechanism to cope with post-purchase dissonance (Lee, 2015). While Ülkü, Dailey, and Yayla-Küllü (2013) assert that with the optimal setting of parameters of RPs (price, return period, and refund rate) retailers may enhance their bottom-line even in the face of fraudulent consumers, Hjort and Lantz (2016) caution retail managers that free of charge RPs do not necessarily provide long-term profitability. On the other hand, Janakiraman, Syrdal, and Freling (2016) assert that lenient RPs stimulate purchase and that consumers are sensitive to future return restrictions and denials. Although the research on retailer-consumer RPs is insightful, it is somewhat limited. The following reviews the related literature that studies to a larger part some aspects of consumer behavior and RPs *during the purchase decision* and *the product return processes*.

Much of the product returns research focuses on the important role RPs have during the consumer's purchase decision process. For example, Davis, Gerstner, and Hagerty (1995) examine the use of retailers' “money-back guarantees” to reduce consumers' risk. They find that money-back guarantees are more profitable than selling “as-is” when the retailer has a salvage value advantage over consumers. Che (1996) develops a risk balancing model that suggests that retailers adopt returns policies when customer risk aversion is high. Wood (2001), studying remote purchase environments, suggests that lenient RPs increase consumers' purchase probability and decrease pre-purchase deliberation time. Heiman, McWilliams, and Zilberman (2001) assert product demonstrations as another risk-reducing mechanism to RPs. While Nasr-Bechwati and Siegal (2005) specifically suggest that consumers use RPs as a signal during product purchase, Bonifield, Cole, and Schultz (2010) show that in e-tailing, how consumers interpret RP as a quality signal is affected by trust (a consumer characteristic) and perceived control (a website characteristic). Bahn and Boyd (2014) argue that the more restrictive the RP, the higher the perceived risk of the consumer for the product assortment. Anderson et al. (2009) suggest that a retailer's RP has a measurable value for consumers; this value can be quantified and it varies across product categories and consumers. Pei, Paswan, and Yan (2014) show, for an online retailer, leniency in RPs increase consumers' perception of the fairness of the RPs and purchase intention, while Rao, Lee, Connelly, and Iyengar (2017) find that leniency in return period increases product prices which in turn might impact repatronage.

Additional RP research focuses on product return processes. Hess, Chu, and Gerstner (1996) find support that non-refundable charges can be used to profitably control inappropriate returns. Hess and Mayhew (1997) develop a split hazard model that utilizes historical data to effectively manage product returns by predicting product and customer return propensity. Davis et al. (1998) explicitly consider the opportunity for the retailer to make additional sales when the consumer visits the store to return the product. Their study shows that when product benefits cannot be consumed during a short period, when there is an opportunity for cross-selling and when a high salvage value can be obtained for returned merchandise, retailers were more likely to offer a low-hassle RP. Thang and Tan (2003) report that merchandising, reputation, accessibility, in-store service, and store atmosphere, save post-transaction services, strongly influence consumer's preference of retailer store. Petersen and Kumar (2009, 2015) find that, up to a point, people who return moderate amounts of product purchase more in the future; thus, retailers should not merely view RPs a cost. Among other reasons, Powers and Jack (2013) report that cognitive dissonance (both emotional and product-related) is strongly related to the frequency of product returns. To reduce consumer product returns, Lee and Yi (2017) suggest retailers to provide gifts with purchases.

Although the previously mentioned research explains fairly well how RPs impact consumers during the purchase decision process and how firms can limit product returns, it does not examine how retailers' RPs can impact consumers during and after the product return, specifically how the denial of a product return may influence consumers. As a first attempt to examine the impact that expectation of return control and involvement has on consumers, this study uniquely positions itself in the RP literature by lending insights into *how* and *why* denied product returns affect consumers *during* and *after* the product return process. In addition, our study complements Thang and Tan (2003) by demonstrating that denied return of a product may generate negative consequences for a retailer and may affect their repatronage. Further specific literature is given in the next section.

3. Theory of psychological reactance, hypotheses and results

The conceptual model we utilize for this research is shown in Fig. 1. This model is explained in detail throughout this section.

3.1. Building on the theory of psychological reactance

In the Theory of Psychological Reactance (TPR), Brehm (1966) suggests that individuals expect to have freedom/control over certain behaviors. If this control is reduced or threatened, psychological reactance will occur, and individuals will be motivationally aroused to regain control over the behavior. TPR suggests a non-generalized view of control: individuals do not expect control in every situation; rather, expectations of control are *specific* to the *situation.* TPR has received much empirical testing in the social psychological literature; it also has been utilized in the consumer behavior literature to explain consumer reactions to having their behavioral control threatened. To illustrate, researchers have used TPR to explain consumer responses to product stock-outs, helping behaviors, unsolicited persuasion attempts, and store crowding (cf., Clee & Wicklund, 1980; Eroglu & Harrell, 1986; Fitzsimons, 2000; Fitzsimons & Lehmann, 2004; Herman & Leyens, 1977; Kivetz, 2005; Mazis, Settle, & Leslie, 1973; Pavey & Sparks, 2009). We propose that TPR can be utilized to explain consumers' responses to denied product returns because return restrictions act as barriers that threaten consumers' return control; these threats may lead to reactance and associated outcomes.

3.1.1. Reactance and associated outcomes

Brehm (1966) viewed reactance as an intervening variable that could not be directly measured. However, researchers have since defined reactance as negative thoughts and/or negative emotion (cf., Clee

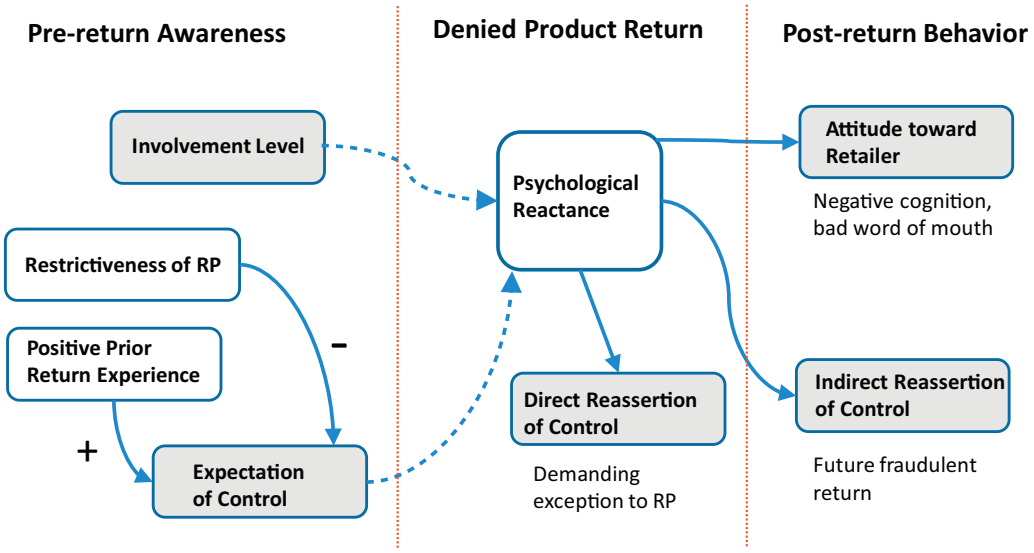

Fig. 1. Conceptual model for pre-, during-, and post-return consumer behavior for a denied product return claim through the lens of Theory of Psychological Reactance.

& Wicklund, 1980; Kelly & Nauta, 1997; Seltzer, 1983; Worchel, 1974). Dillard & Shen (2005, p. 147) suggested and found support for an "intertwined model" in which reactance was a latent factor with anger and negative cognitions serving as indicators that are so intertwined that they "cannot be disentangled." Rains' (2013) meta analytic review of TPR tested competing conceptualizations of reactance and found support for Dilliard and Shen's intertwined model. The anger and negative cognitions associated with reactance lead to negative attitudes (Eagly & Chaiken, 1993; Worchel, 1974). In a product return situation, these negative attitudes are likely directed toward the retailer.

3.1.2. Direct reassertation of control

A primary premise of TPR is that individuals experience the need to regain control when reactance is aroused (Brehm, 1966; Brehm & Brehm, 1981; Clee & Wicklund, 1980). Heilman (1976) finds that when individuals were strongly pressured to not sign a petition, a 20% increase in petition signing occurred: individuals directly reasserted their control. In a retail context, attempts to directly reassert control over product return behavior likely occur. For example, when denied a product return, consumers may ask for an exception to the RP. Being given an exception to the RP allows consumers to directly reassert control over their return behavior.

3.1.3. Indirect reassertation of control

When reactance occurs, consumers may also engage in the indirect reassertion of control where control is not restored over the exact behaviors being threatened but rather similar behaviors (Brehm & Brehm, 1981; Fitzsimons, 2000). In the retail context when denied a return, consumers lose the monetary value associated with the purchase. One means of indirectly reasserting control may include the consumer employing means to recoup this lost value from the retailer in the future. This may take the form of seeking retribution against the retailer by exploiting its RP through fraudulently returning the retailer's products in the future (Rosenbaum, Kuntze, & Wooldridge, 2011).

3.1.4. Reactance moderators

TPR gives retailers compelling insight into the conditions that exacerbate reactance and associated outcomes. These moderating variables include the expectation of control and involvement.

3.1.5. Moderating role of expectation of control

TPR's emphasis on expectation of control adds significant value to explaining responses to RPs. Brehm and Brehm (1981) define the expectation of control as having the perception that one can affect the probability of the occurrence of a specific behavior. Brehm (1966) asserts that when this expectation exists, which is acquired through experience and formal laws/agreements, individuals will experience reactance when control is thwarted. The expectation of control stipulates reactance (e.g., Hammock & Brehm, 1966; Jones & Brehm, 1970; Wicklund, 1974).

Consumers learn what to expect from retailers' RPs through a variety of means: reading the RP prior to purchase and prior return experience with a retailer and/or similar retailers, to name a few. Many consumers are not necessarily aware of the retailer's RP prior to purchase and use this knowledge during the purchase decision process. One survey found that 38% of online shoppers and 46% of in-store shoppers do not review the retailer's RP prior to purchase (Ignelzi, 2010).

Generally, retailers print their RPs on the back of their receipts and/or post their policies at the service desk. Thus, during the initial purchase with the retailer or even subsequent purchases, the consumer may not be aware of the retailer's RP until he reads the back of the receipt after purchase or he attempts to return the product and reads/hears the policy at the service counter. In these situations, consumers likely rely on either their direct or indirect experience with that specific retailer or similar retailers to determine the expectation of return control. Even if consumers think they understand the RP, their understanding may be incorrect because, as demonstrated earlier, much variation exists *between* retailers' RPs and *within* some retailers' RPs including exceptions for specific product categories and/or clearance items; varying return periods over time and throughout the year; fluctuating return hassles – receipt requirements, original packaging; etc.

It is proposed that consumers who have been made aware of a "no returns allowed" policy prior to purchase will experience lower levels of reactance and associated outcomes previously mentioned when their return is denied. Consumers who have not been made aware of the 'no returns allowed' policy prior to purchase will experience higher levels of reactance and associated outcomes when their return is denied by the same RP. Thus, consumers' expectation of return behavior control moderates the relationship between threat to return control and reactance.

H1. When returns are denied, higher expectations of return control compared to lower expectations lead to a) increased negative attitudes toward the retailer, b) increased intention to ask for an exception to the RP, and c) increased intention to fraudulently return products to the retailer in the future.

3.1.6. Moderating role of involvement

Higher levels of importance lead to higher levels of reactance when control is threatened (Brehm & Brehm, 1981; Clee & Wicklund, 1980; Worchel, 1974). Importance in the consumer behavior literature has been commonly referred to as involvement (Johnson & Eagly, 1989; Petty, Cacioppo, & Schumann, 1983). Price is one factor that may influence the level of involvement in consumers' experience with returning a product. When the price of the product is high, the ability to return the product is likely more involving to consumers (Anderson et al., 2009; Hess & Mayhew, 1997). Thus, when product returns are denied, consumers should experience higher levels of reactance when they expect return behavior control and this control is impeded during a higher involvement situation (high price product) compared to a lower involvement situation (returning a low price product).

H2. When returns are denied and consumers have a high expectation of return control, consumers will experience a) increased negative attitudes toward the retailer, b) increased intention to ask for an exception to the RP, and c) increased intention to fraudulently return products to the retailer in the future when returning during higher - rather than lower - involvement return situations.

3.2. Methodology

To test the hypotheses H1 and H2, a 2 (high vs. low expectation of return control) × 2 (high vs low situational involvement) factorial design was utilized. 120 undergraduate and part-time MBA students at a Midwestern liberal arts university in the United States read and responded to one of the four scenarios which operationalized the factors described subsequently. Because students purchase and perhaps frequently return products, and because using students as research subjects in marketing and especially in testing basic psychological processes are not uncommon in literature (e.g., Kardes, 1996; Lucas, 2003; Peterson & Merunka, 2014), we have employed students as the participants in this research. Doing so leads to, in theory, increased internal validity (e.g., Compeau, Marcolin, Kelley, & Higgins, 2012), and also the simulation setting was appropriately targeted for students (cf., Espinosa & Ortinau, 2016). The survey was voluntary, and no incentive was offered to the participants. About 40% of the participants were full time working professionals (evening MBA students), which increased the level of heterogeneity of the sample pool. The demographic overview of this sample is displayed in Table 1.

Table 1
Sample overview.

Age	Frequency	Income	Frequency	Gender	Frequency
18–24	74	Under $20,000	38	Male	59
25–34	27	$20–40,000	14	Female	61
35–44	11	$40–60,000	27		
45–54	7	$60–80,000	11		
Over 65	1	$80–100,000	3		
		$100–150,000	20		
		Over $150, 000	7		

3.2.1. Independent variables

Involvement was manipulated by describing the purchase and attempted return of either a $500 (high involvement) or $5 (low involvement) coat. Clothing is a product that is frequently returned by consumers and often associated with fraudulent returning, known as wardrobing (King, Dennis, & McHendry, 2007; National Retail Federation, 2015). A coat was specifically chosen because its price can range widely in value. To illustrate, Amazon.com lists coats ranging in value from $7.99 including shipping to $2795 including shipping. Expectation of control was manipulated by describing scenarios in which the participant was told by the cashier prior to purchase of an “all sales final” policy (low expectation of return control) or being told that “you have successfully returned a similar product to the store previously” (high expectation of return control). Each scenario described having return control threatened by being denied the return of the coat when the participant attempted to return the coat “a few days later” because “you no longer like the coat.” The results of the experiment indicated that the manipulation of involvement, which was measured using Houston and Walker's (1996) six point situational involvement scale (Cronbach's $\alpha = 0.90$), was successful, $\underline{t}\ (118) = 9.20$, $\underline{p} < 0.001$; Ms: high = 5.09; low = 2.93. The expectation of control manipulation, which was measured using a three item, seven point expectation of returning the coat scale (Cronbach's $\alpha = 0.90$), was also successful, $\underline{t}\ (118) = 11.60$, $\underline{p} < 0.001$; Ms: high = 5.73; low = 2.24.

3.2.2. Dependent variables

After reading a randomly assigned scenario, the participants completed a questionnaire. Attitude toward the retailer was measured using Holbrook and Batra's (1987) four item, seven point self-report measure (Cronbach's $\alpha = 0.91$). Intention of asking for an exception to the RP was measured using a three item, seven point self-report measure by

Table 2
Correlation matrix dependent variables.

	1	2	3	4	5	6	7	8	9	10
1. Attitude: positive/negative	**1.000**	**0.811**	**0.608**	**0.791**	−0.489	−0.431	−0.423	0.394	0.448	0.463
2. Attitude: favorable/unfavor.	**0.811**	**1.000**	**0.633**	**0.841**	−0.501	−0.530	−0.484	0.368	0.425	0.446
3. Attitude: good/bad	**0.608**	**0.633**	**1.000**	**0.603**	−0.341	−0.373	−0.392	0.375	0.304	0.443
4. Attitude: like/dislike	**0.791**	**0.841**	**0.603**	**1.000**	−0.422	−0.475	−0.475	0.403	0.375	0.501
5. Exception: likely/unlikely	−0.489	−0.501	−0.341	−0.422	**1.000**	**0.646**	**0.625**	−0.225	−0.289	−0.348
6.E xception: Probably/improb.	−0.431	−0.530	−0.373	−0.475	**0.646**	**1.000**	**0.703**	−0.284	−0.341	−0.292
7. Exception: Possible/imposs.	−0.423	−0.484	−0.392	−0.475	**0.625**	**0.703**	**1.000**	−0.301	−0.327	−0.330
8. Fraud: return used	0.394	0.368	0.375	0.403	−0.225	−0.284	−0.301	**1.000**	**0.771**	**0.755**
9. Fraud: exploit RP	0.448	0.425	0.304	0.375	−0.289	−0.341	−0.327	**0.771**	**1.000**	**0.737**
10. Fraud: buy, use, return	0.463	0.446	0.443	0.501	−0.348	−0.292	−0.330	**0.755**	**0.737**	**1.000**

Bold data implies "highly correlated".

Table 3
Factor loadings dependent variables.

	Component		
	Attitude	Exception to RP	Fraudulent returning
1. Attitude: positive/ negative	**0.838**	−0.251	0.239
2. Attitude: favorable/ unfavor.	**0.847**	−0.333	0.192
3. Attitude: good/bad	**0.751**	−0.165	0.209
4. Attitude: like/dislike	**0.850**	−0.263	0.221
5. Exception: likely/ unlikely	−0.260	**0.808**	−0.119
6. Exception: probably/ improb.	−0.250	**0.847**	−0.142
7. Exception: possible/ imposs.	−0.235	**0.834**	−0.169
8. Fraud: return used	0.197	−0.106	**0.899**
9. Fraud: exploit RP	0.178	−0.189	**0.88**
10. Fraud: buy, use, return	0.309	−0.147	**0.839**

Bold data implies "highly correlated".

Table 4
Hypothesis 1 results.

Hypothesis 1: expectation					
	(α)	Est. Marg. Means		*F*	*p*
H1a: negative attitude	0.91	4.23	5.82	$F(1,115) = 51.90$	$p < 0.001$*
H1b: ask for exception to RP	0.93	2.40	4.41	$F(1,115) = 64.43$	$p < 0.001$*
H1c: future fraudulent returns	0.90	1.91	3.54	$F(1,115) = 38.29$	$p < 0.001$*

Day and Stafford (1997) (Cronbach's α = 0.85). A three item, seven point scale for intention to exploit the retailer's RP in the future by returning already used products was developed utilizing insights from Rosenbaum et al. (2011) about qualitative research on unethical retail disposition (Cronbach's α = 0.90).

Principal component analysis with varimax rotation was utilized to examine validity. The results of the correlation matrix in Table 2 supported convergent validity. Items were most highly correlated with other items measuring the same construct. Discriminant validity was evaluated by comparing items' factor loadings. Eigenvalues greater than one supported three factors as seen in Table 3.

3.2.3. Covariate

The individual difference variable of trait reactance, which measures individuals' proneness to experience reactance and has been shown to influence reactance, was measured using Hong's 14 item reactance scale (Hong & Faedda, 1996; Pavey & Sparks, 2009) (Cronbach's α = 0.80).

3.3. Results and discussion

ANCOVA analysis, accounting for the covariate of trait reactance, was conducted to test H1a–c. Table 4 shows the results for Hypothesis 1 for each dependent measure. Each was significant, even after the covariate of trait reactance was accounted for; thus, the results lend support to the important impact expectation of return control has on the outcomes associated with being denied a product return. When consumers have a *high* expectation of being able to successfully return a product and are denied the return compared to when they have a *low* expectation and are denied the return, they experience increased negative attitudes toward the retailer, b) increased intention to ask for an exception to the RP, and c) increased intention to fraudulently return products to the retailer in the future.

The significant main effect in Hypothesis 1 was next taken in context of the interaction between involvement and expectation proposed in Hypothesis H2a–c. ANCOVA analysis, accounting for the covariate of trait reactance, was utilized to evaluate Hypothesis 2. Table 5 shows that the interaction proposed in Hypothesis 2 was significant for negative attitude toward the retailer and asking for an exception to the RP, suggesting an interaction between expectation and involvement; however, H2c, future fraudulent returning, was not significant.

Simple effects testing was next utilized to analyze the significant interaction effect found with Hypothesis 2a and b (H2c, future fraudulent returning, was not further analyzed due to its insignificance). Independent pairwise comparisons between the estimated marginal means for high versus low involvement were made under the high expectation of control and the low expectation of control conditions to determine if their difference was significant. Table 6 shows these results.

H2 hypothesized that when consumers expect control, they will experience higher reactance when being denied the return under a high involvement situation (high priced product) compared to a low involvement situation (low priced product). The simple effects testing results show that this was not the case. Counterintuitively, the results show that there was no significant difference between returning under a high involvement situation ($500 product) compared to a low involvement situation ($5 product) when the consumer *expected* to be able to successfully return the product and was denied. However, there was a significant difference between returning under a high involvement situation ($500 product) compared to a low involvement situation ($5) when consumers did *not expect* to be able to make the return. This finding begs the question, “Why is there not a difference in returning

Table 5
Hypothesis 2 results.

Hypothesis 2: involvement X expectation interaction						
	Estimated marginal means				*F*	*p*
	Low expectation		High expectation			
	Low Inv.	High Inv.	Low Inv.	High Inv.		
H2a: negative attitude	3.61	4.84	5.64	6.00	$F(2,115) = 8.63$	$p < 0.001$*
H2b: ask for exception to RP	1.75	3.05	4.30	4.52	$F(2,115) = 7.16$	$p < 0.01$*
H2c: future fraudulent returns	1.84	1.98	3.30	3.79	$F(2,115) = 0.986$	$p < 0.5$

Table 6
Simple Effects Tests on Interaction between Involvement and Expectation.

Simple effects test on interaction				
	Estimated marginal means			
	Low expectation		High expectation	
	Low Inv.	High Inv.	Low Inv.	High Inv.
H2a: negative attitude	$F(1,115) = 15.90, p < 0.001$*		$F(1,115) = 1.31, p > 0.20$	
H2b: ask for exception to RP	$F(1,115) = 13.90, p < 0.001$*		$F(1,115) = 0.39, p > 0.50$	

The asterisks in the table implies "statistically significant".

high compared to low priced products under the high expectation of return control condition?" The answer likely lies in consumers' expectation – as TPR suggests. Expectation of return control plays such a critical role in determining whether or not consumers experience reactance when they are unexpectedly denied a return that, essentially, misspending $500 becomes statistically the same as misspending $5, hence, further reinforcing the important impact that expectation of return control has on consumers.

4. Managerial implications

The results demonstrate that expectation of return control has striking implications for retailers. One way consumers set their expectation of return behavior control is from prior experience of successfully returning products to the retailer. This study lends support to this statement because being told in the experimental scenario, "you have successfully returned a product to the store previously," was sufficient to establish the expectation of return control as indicated by the significant manipulation check. This may cause problems for retailers who commonly vary their RPs throughout the year and/or have RPs with multiple exceptions (e.g., 30 day returns for some product categories and/or 'no returns allowed' for others) as aforementioned. For example, if the retailer allows a customer to return a product within a longer return horizon during the holidays, the consumer may begin to expect this longer horizon throughout the year. Moreover, if the retailer allows a consumer to return a shirt, the consumer may incorrectly expect that this policy applies to electronics as well. In these situations, when this consumer has a future return denied because the holiday return season is over or there is a 'no returns allowed' policy on electronics, reactance and its associated outcomes will likely occur.

The significant findings of this study suggest that reactance can be mitigated, even with highly restrictive RPs, through intervention by the retailer - informing the consumer of the RP *prior* to purchase in order to set a realistic expectation of return control, *caveat venditor* (i.e., seller/retailer beware). By not informing consumers about the RP, retailers are relying on consumers' prior experience to set the expectation and/or they are relying on consumers to investigate the RPs prior to purchase. A Consumer Reports (2010) survey suggests this investigation happens < 50% of the time. Data on how often consumers review RPs was also gathered in our study. Our study found that 76.7% of participants reviewed in-store RPs and 64.2% reviewed online RPs < 50% of the time. Thus, retailers should not assume that consumers understand RPs prior to purchase. Retailers can ensure more accurate expectations are set through several means including posting more accessible RP signage throughout the store and having retail associates communicate the RP before checkout.

5. Concluding remarks

This research extends the product returns literature by emphasizing the importance of understanding consumers' expectations of return control and its impact on consumers' responses to being denied a product return. As argued earlier, product return denials create significantly higher negative outcomes for retailers including increased negative attitudes to the retailers and attempts to regain control both directly (by arguing for an exception to the RP) and indirectly (retaliation against the retailer in the form of future fraudulent returning) when consumers have high expectations as opposed to low expectations of successfully returning a product and are denied.

This research also demonstrates that experience with successfully returning a product to a retailer is sufficient enough to set the expectation of return control for future returns, which suggests that retailers' practice of varying return policies over time and across product categories may lead to unrealistic consumer expectations of return control and future reactance. Counterintuitively, the impact that expectation of control has on consumers' reactance and its negative outcomes is so strong that being denied the return of a high priced product is statistically the same as being denied the return of a low priced product when consumers expect to be able to return these products and are denied. Further research should aim to determine how retailers can most effectively set realistic expectations of return control in order to minimize reactance while also maximizing consumers' likelihood of purchase.

Future fraudulent returning was found significant under the expectation hypothesis (H1), but not the expectation x involvement interaction hypothesis (H2). An interesting avenue for future research would include delving into identifying additional variables, possibly including individual difference variables that would make consumers more or less likely to retaliate against retailers by exploiting RPs in the future. Beyond individual differences, the type of product, utilitarian versus hedonistic (Dhar & Wertenbroch, 2000), the nature of its consumption, public versus private (Bearden & Etzel, 1982), and its perishability (perishable versus non-perishable (Cho, 2011) may impact consumers' reaction to being denied a return and should be considered in future research. Furthermore, this research utilized a return scenario involving the return to a brick and mortar store. Future research should consider the online environment (e.g. Walsh & Möhring, 2017) where the return scenario does not involve an in-person interaction with the retailer.

The level of restrictiveness of RPs ranges from 'all sales final' to "100% satisfaction guaranteed," with a lot of variation between the two extremes. Future research should be aimed at determining how restrictive consumers view various RPs. For example, is a 30-day RP seen as more or less restrictive than a 60 day, 'exchange only' RP? Understanding consumers' perception of restrictiveness will help retailers design smarter RPs.

Finally, the sample tested in this research represented a younger demographic with some college education, thus, partly limiting its scope. Therefore, it would add value to probe whether the derived results of this study hold in other contexts with different demographics and cultures. For example, under European Union rules, the consumer has the right to

cancel or return her order within 14 days, for any reason and with no justification. Such strong regulations, unlike in the US, may create a dampened consumer reaction to returns, if denied. It is our aim that this research provides an impetus for further research in consumer return behavior by employing consumer-retailer analytics (cf., Shulman, Coughlan, & Savaskan, 2009), not only in the setting of brick-and-mortar but also of online retailing and buying, or a mix of them in omni-channels.

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