



Reducing Holiday Returns With Clouddinary



Table of Contents

Chapter 01: The True Cost of Holiday Gift Returns	3
Chapter 02: Top 4 Reasons Products Are Returned	6
Chapter 03: The Role of Visual Media in Reducing Returns	8
Chapter 04: Cloudinary Features to Reduce Holiday Returns	10
Chapter 05: Cloudinary Case Studies	15
Chapter 06: 3 Ways to Get the Most Out of Cloudinary	20
Chapter 07: Measuring Success with Cloudinary	25
Conclusion	27



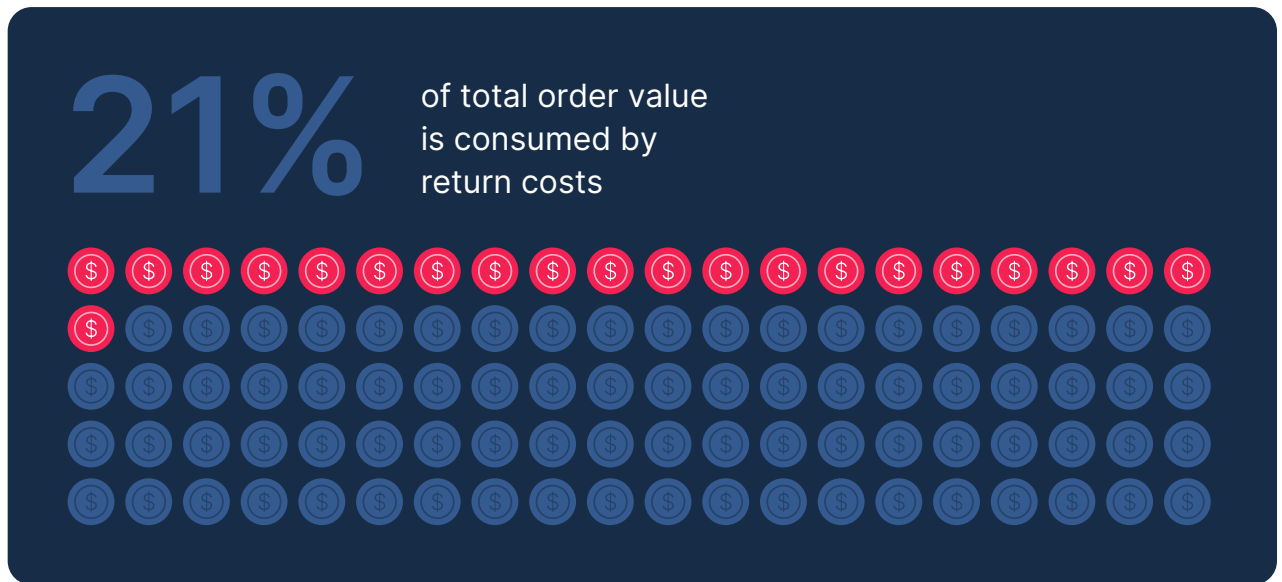
CHAPTER 01

The True Cost of Holiday Gift Returns

For retailers and e-commerce companies, the holiday season is the most wonderful time of the year in terms of revenue, but it also comes with immense stress and potentially costly returns.

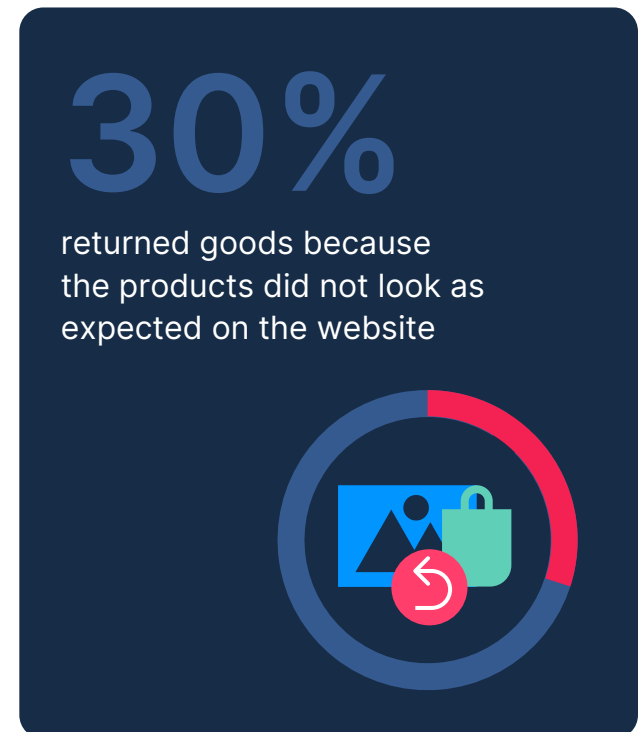
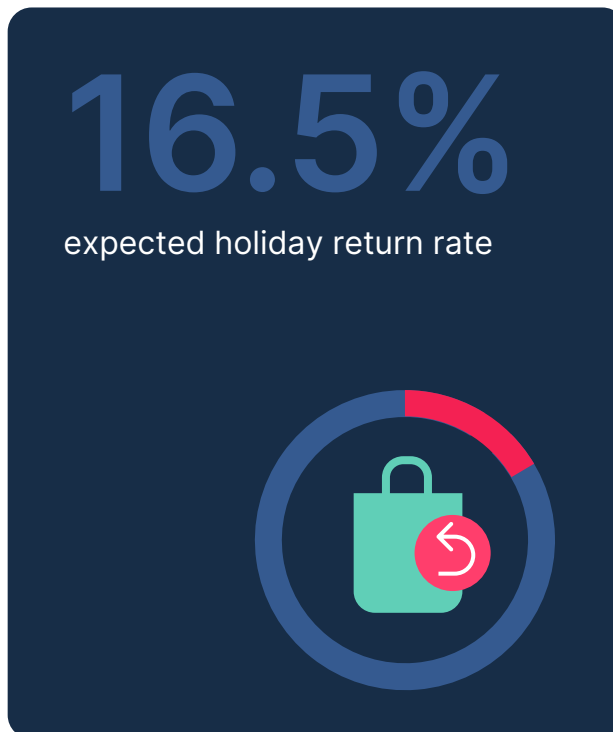
Economic Toll

Considering a Pitney Bowes Boxpoll survey found that the average return in the U.S. costs a retailer 21% of the order value, it's easy to see why many e-commerce and retail leaders are focused both on increasing sales as well as reducing returns.¹ The expected rate of holiday returns is 16.5%, which is significantly higher than it is the rest of the year.² Compounding the issue, a recent survey commissioned by Cloudinary found that out of nearly 3,000 consumers, 30% said they returned products because the products didn't match what they saw on the seller's website.³



Environmental Impact

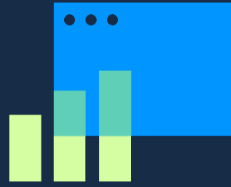
Companies with sustainability goals may also be focused on reducing returns to reduce their overall carbon footprint. It's estimated that the fashion industry alone is responsible for 10% of global carbon emissions.⁴ The more returns you see this holiday season, the more environmental impact your retail or e-commerce business will have made.



1. <https://www.pitneybowes.com/us/blog/returnment-2022.html>
2. <https://cloudinary.com/blog/reduce-product-returns-during-holidays>
3. <https://cloudinary.com/blog/visual-media-reduces-returns-global-e-commerce-survey>
4. <https://www.shopify.com/enterprise/ecommerce-returns>

Cyber Monday 2022
sales generated

\$11B



Operational Challenges

Handling reverse logistics requires a dedicated process for receiving, inspecting, and restocking inventory. Obviously, this places an added strain on warehouse personnel during the holiday season due to the resource-intensive nature of this work, diverting staff from critical tasks like order fulfillment and customer service. Additionally, reverse logistics often incurs additional shipping costs, especially when offering free returns as a customer service incentive. Inefficient handling of returns can lead to inventory inaccuracies, where stock levels don't reflect the actual available inventory, resulting in potential stock outs or overstock situations. These discrepancies can disrupt regular operations and impact overall profitability.

Customer Dissatisfaction

High return rates can significantly impact a brand's reputation and long-term customer satisfaction. When customers receive products that don't meet their expectations, whether due to inaccurate images, misleading descriptions, or poor quality, it can lead to dissatisfaction and frustration. Negative experiences often result in customers sharing their disappointment through reviews and social media, which can tarnish a brand's image and deter potential buyers. By reducing the incidence of returns and enhancing the overall shopping experience, retailers can foster customer loyalty, encouraging repeat purchases and positive word-of-mouth referrals.

The Opportunity to Profit

Despite the risk of returns, there's an incredible opportunity for your sales to overshadow those costs this holiday season. According to the National Retail Federation, sales during the 2023 holiday season grew 3.8% over 2022 to a record \$964.4 billion.⁵ And according to eMarketer, the holiday season intensified online shopping with U.S. sales projected to be over \$200 billion.⁶ Cyber Monday 2022 was the biggest online shopping day in U.S. history, generating nearly \$11 billion in sales — meaning that 11% of all 2022 e-commerce sales happened on just that one day.⁷ And in 2024, online U.S. shoppers spent a record \$14.2 billion in just two days during Amazon's Prime Day, up 11% from 2023.⁸ The opportunity to set sales records is there for the taking.

5. <https://nrf.com/media-center/press-releases/nrf-says-census-data-shows-2023-holiday-sales-grew-38-record-9644>
6. <https://www.insiderintelligence.com/content/cyber-monday-projected-biggest-online-shopping-day-ever>
7. <https://cloudinary.com/ip/ai-powered-holiday-magic-ebook>
8. <https://www.cnn.com/2024/07/18/amazon-prime-day-us-online-sales-climb-to-record-14point2-billion.html>

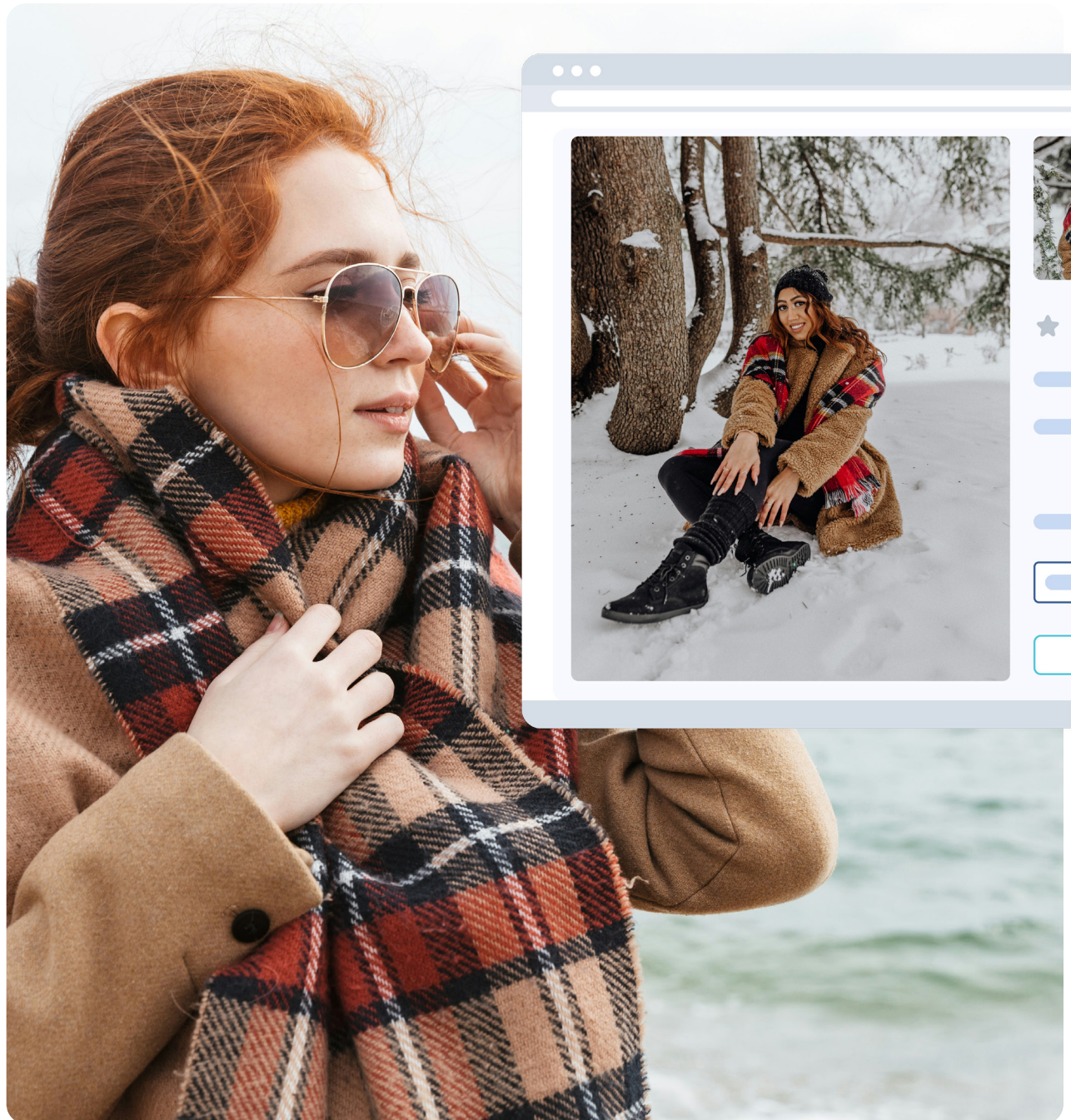
CHAPTER 02

Top 4 Reasons Products Are Returned

Given the significant opportunity to profit, it's crucial to understand the root causes of returns so you can adjust your company's image and visual usage and strategies to ensure the most profitable holiday season yet. The four most common reasons consumers return purchased or gifted items are:

- **Product mismatch.** Returns often occur due to mismatches in product size, color, or style. Customers may receive items that don't align with their expectations based on product descriptions and images.
- **Damaged goods.** Products that arrive broken or defective contribute significantly to return rates. Ensuring that items are accurately depicted and properly packaged can help mitigate this issue.
- **Customer expectations.** Misleading product images or descriptions can lead to returns. When products don't match the online depiction, customers are more likely to return them.
- **Inadequate product information.** Lack of detailed product information can leave customers uncertain about their purchases, increasing the likelihood of returns.

The commonality among these four reasons for returns? Imagery. Accurate, engaging visuals are essential for setting customer expectations and reducing return rates. By focusing on improving visual media, retailers and e-commerce companies can address many of the underlying issues that lead to returns, ultimately enhancing customer satisfaction and reducing return rates.



CHAPTER 03

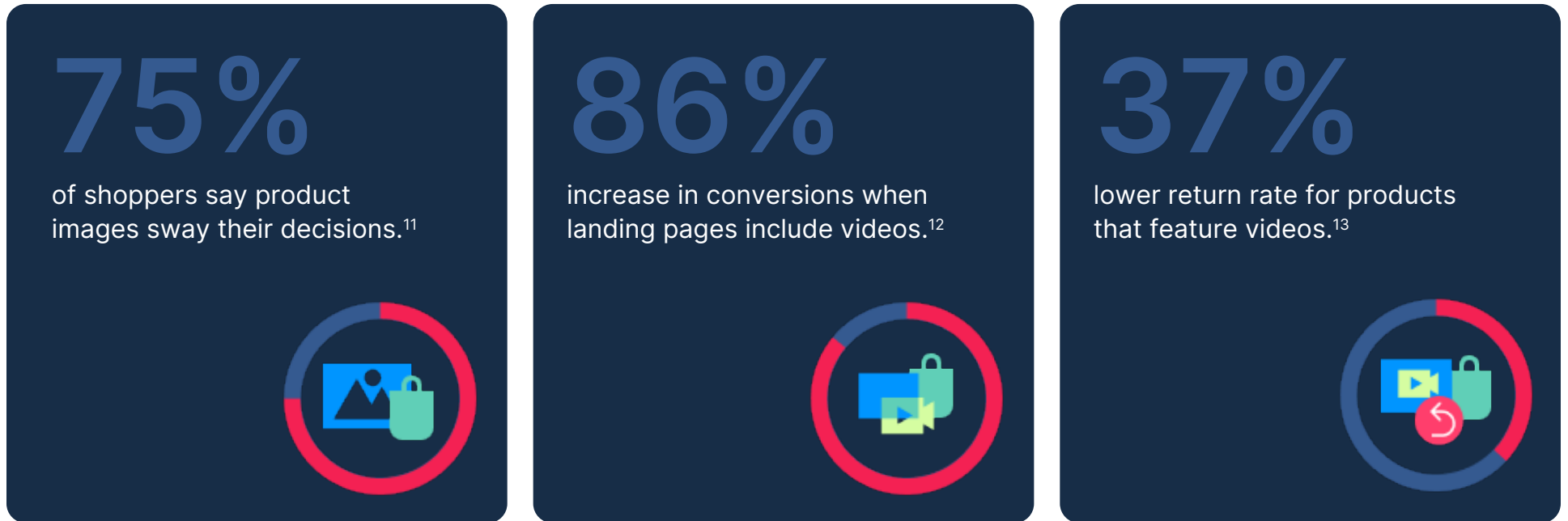
The Role of Visual Media in Reducing Returns

As it happens every holiday season, there's a tremendous opportunity for brands to boost consumer spirits and spending by delivering accurate product visuals that enhance their overall shopping experience and reduce the likelihood of returns.

The Importance of Accurate Visuals

A Cloudinary shopper survey found 30% of respondents said they purchased an item online and returned it because it looked different from the picture.⁹ And a PwC survey of global consumers found that 32% of respondents will walk away from a brand they love after having one bad experience.¹⁰ This leaves little room for error.

More importantly, better visuals deliver better results:



The Impact of Enhanced Media

Enhanced media is more visually appealing and immersive, and it encourages visitors to interact with your products. This type of content can include high-quality images, videos, and interactive elements that showcase your product like automated 360-degree spin sets and 3D models. These tools provide the consumer with the ability to zoom, inspect small details, and view products from all angles. The aforementioned Cloudinary survey found that these features motivated more than half of the respondents to buy a product and reduced the rate of returns.

9. <https://cloudinary.com/blog/visual-media-reduces-returns-global-e-commerce-survey>
10. <https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/future-of-customer-experience.html>
11. <https://www.bigcommerce.com/articles/omnichannel-retail/>
12. <https://blog.hubspot.com/website/how-video-can-enhance-your-landing-pages>
13. <https://www.ecommerce-nation.com/power-using-product-videos-ecommerce/>



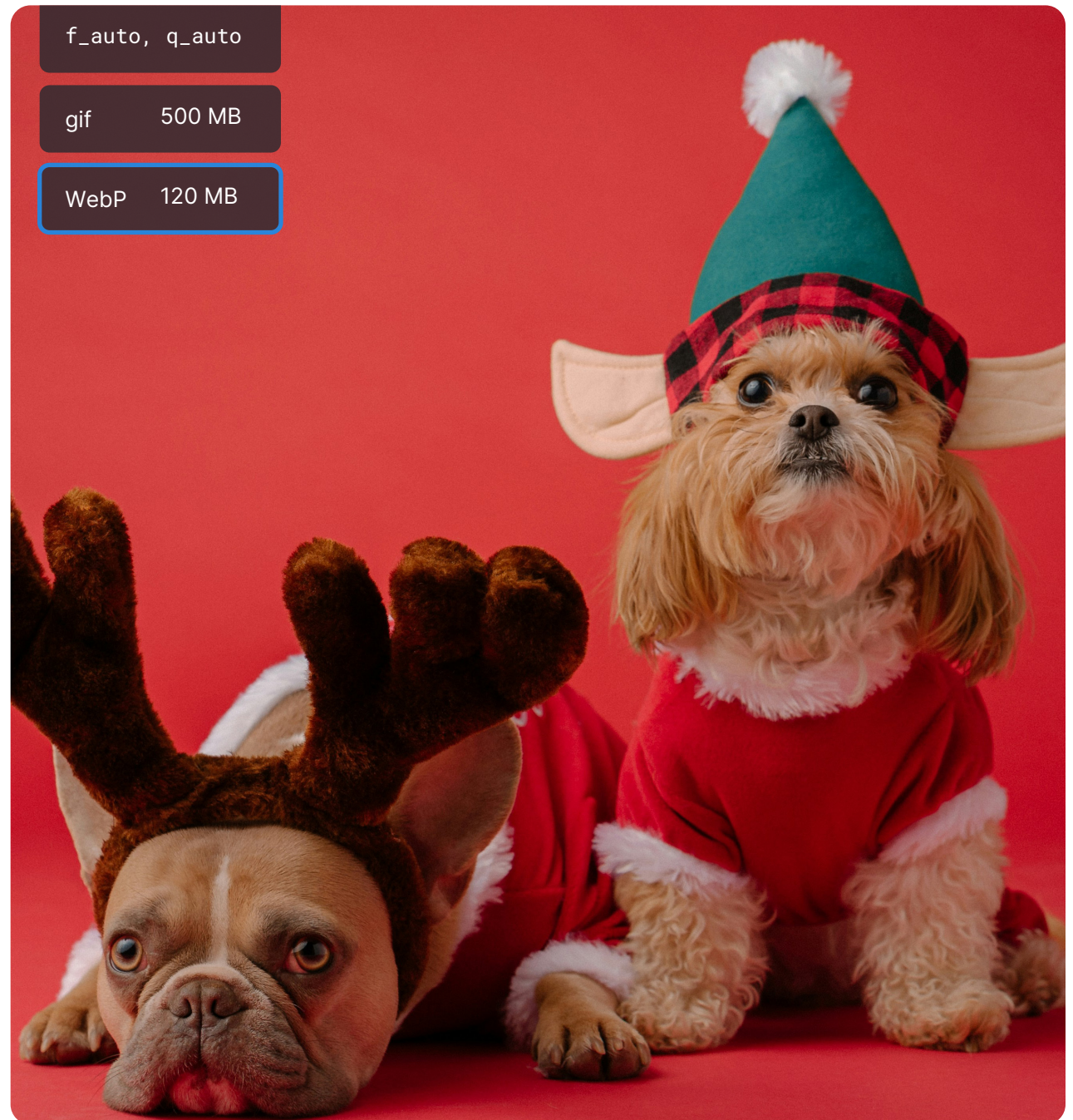
CHAPTER 04

Clouidnary Features to Reduce Holiday Returns

Clouidnary's AI-powered image and video API platform automatically enhances visual experiences at scale. By harnessing the power of AI, Clouidnary is helping brands reduce returns by providing holiday shoppers with a realistic view of products, instilling confidence in every purchase and delivering a significant ROI this holiday season.

High-Quality Media Management

Effective media management is critical for ensuring that product images and videos meet quality standards. Cloudinary enables brands to automatically optimize image and video quality, ensuring faster load times and consistent performance across devices. With features like automatic format selection (f_auto) and quality adjustments (q_auto), Cloudinary ensures that visuals are always displayed in the best possible resolution without compromising upload speed.



Advanced Image Transformations

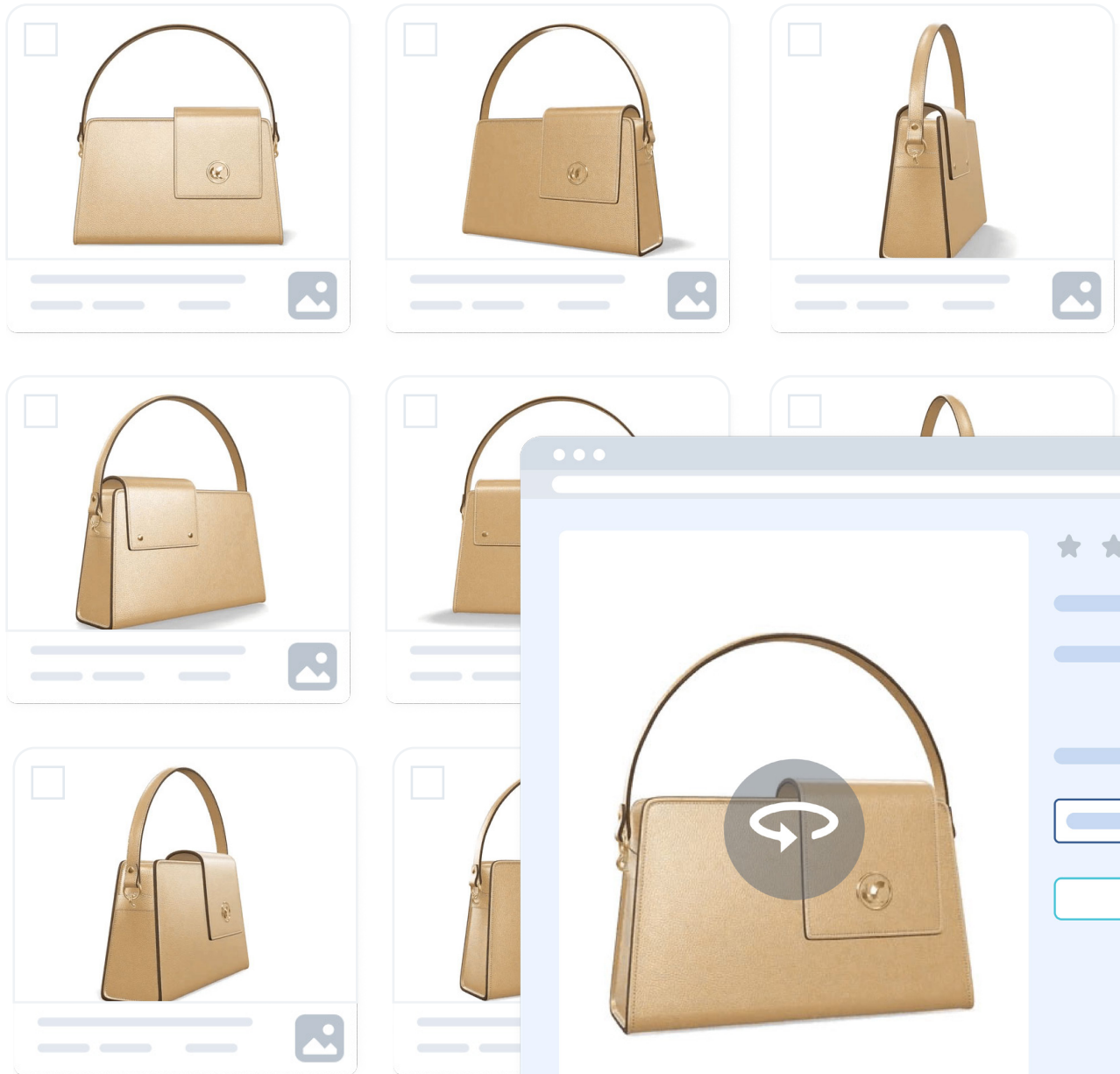
Cloudinary's advanced image transformation tools allow for precise editing and customization of product visuals. Smart cropping and resizing ensure that product images are always presented in their most appealing form, while background removal and color correction enhance the visual appeal and accuracy of product photos. These features help in providing true-to-life representations of products, reducing the chances of customers being disappointed upon receiving their orders or gifts.



Interactive Media Solutions

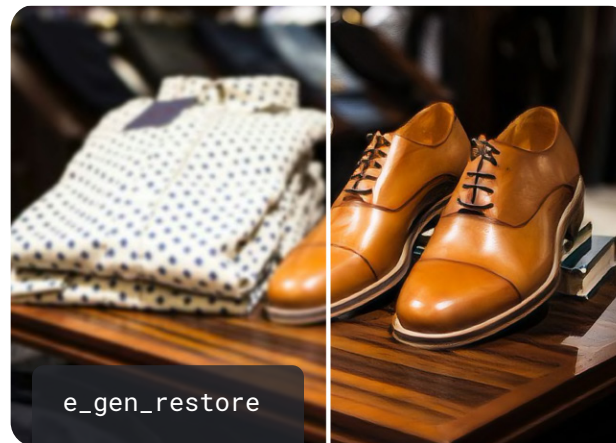
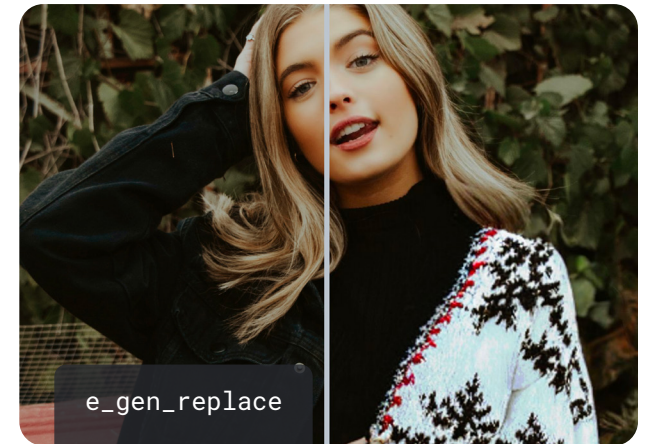
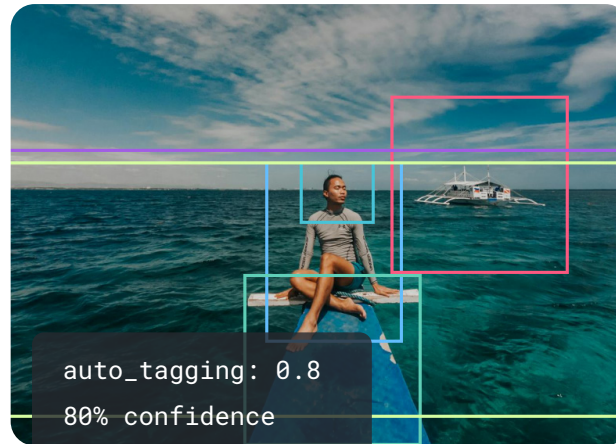
Engaging and interactive media can significantly improve the online shopping experience. Cloudinary offers solutions for creating 360-degree spin sets and 3D models. These interactive features give holiday shoppers a comprehensive understanding of the product, leading to more confident purchasing decisions and fewer returns. Additionally, product video creation and optimization tools enable companies to showcase products dynamically, further enhancing customer engagement.

The Cloudinary Product Gallery has built-in support for displaying spin sets by automatically fetching all images with a particular tag and combining them into a single spin set, where each image is included as a single frame of the resulting 360-degree spin set. This makes it super easy to automate the process of creating spin sets with Cloudinary transformations.



AI-Powered Enhancements

Cloudinary leverages the power of generative AI to streamline and enhance media management. AI-driven product tagging and metadata management ensure that products are accurately described and easily searchable, improving the overall shopping experience. Generative AI also facilitates image modifications, such as automatic background replacement and object removal, making it easier to create high-quality visuals quickly and at scale. These AI-powered tools make it easy for brands to maintain up-to-date and appealing product imagery without extensive manual effort.



CHAPTER 05

Clouinary Case Studies

Here's a glimpse into how two companies use Clouinary's AI-powered features to optimize visual assets and deliver engaging online experiences with the goal of increasing customer satisfaction and reducing return rates.

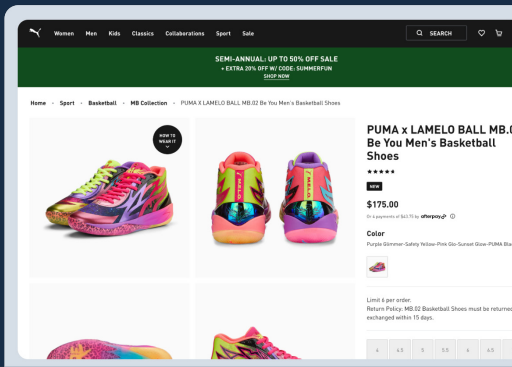


PUMA Enhanced Product Images to Increase Customer Satisfaction

As one of the world's largest and best-known sporting goods brands, PUMA uses Cloudinary's automatic image transformations to deliver optimized product images, ensuring that online shoppers always see accurate and high-quality visuals. This improvement in product imagery has led to increased customer satisfaction, as customers have a clearer understanding of what they are purchasing and are therefore less likely to return those items.

99.95%
uptime
rate

on 20TB resources



10M images
processed

and updated every five minutes

71%
faster

page load times



“Retail is a wild place; if you can’t show something, you can’t sell it, and so the image or video is the source of truth for a customer. The web is such a complex sales channel where you need to deliver so much as a brand, so routing every PUMA visual asset through Cloudinary makes doing all this a lot easier. Now, online shoppers only ever see the right images and videos for a PUMA product.”

— Bettina Dönmez, Senior Manager Cloud Native Platform Development, PUMA



Levi's Improved Customer Expectations With 360-Degree Virtual showrooms

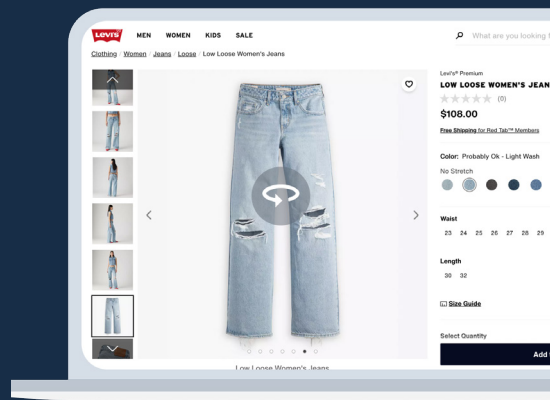
A global leader in apparel and jeanswear, Levi's leveraged Cloudinary to overcome the challenges posed by budget constraints and COVID-19 restrictions that prevented wholesalers from visiting physical showrooms. By developing a virtual showroom with Cloudinary and Geos Consult, Levi's created an engaging, interactive platform featuring detailed 360° images and videos. This innovation allowed wholesalers to virtually explore products and make informed purchasing decisions, significantly enhancing their confidence and reducing the likelihood of returns. The seamless integration and rapid deployment of Cloudinary's solution enabled Levi's to efficiently manage seasonal spikes, optimize page load times, and continuously update their virtual showroom with 40,000 new images each season.

40,000 new images

uploaded each season

1 hour

to create a 360° spin set



“Overall, the best part about Cloudinary has been the simplicity of integration. It’s something you can do easily; you don’t have to invest months to make changes and integrate into your technology stack. With Cloudinary, we can now easily evolve with the latest trends and technologies, such as the 360 spin set.”

— Marco Ginestra, Financial Planning & Analysis,
Levi’s Footwear and Accessories



CHAPTER 06

3 Ways to Get the Most Out of Cloudinary

Implementing Cloudinary is the best first step towards revolutionizing how your e-commerce business handles visual content and reducing holiday returns. Follow these three best practices to ensure that your customers receive a consistent, high-quality visual experience that minimizes returns.

1. Integrate Cloudinary With E-commerce Platforms

Seamlessly integrating Cloudinary with your e-commerce platform is essential for getting the most out of your technology stack. Here's how to do this with a few popular platforms:



Shopify. Install the Cloudinary app from the Shopify App Store, configure your Cloudinary account settings, and start uploading and managing your media files directly through the app. Learn more about the integration [here](#).



Magento. Use the Cloudinary Magento extension to integrate. Follow the installation instructions [here](#), configure the necessary settings, and leverage Cloudinary's media optimization features within your Magento store.



WooCommerce. Install the Cloudinary WordPress plugin, connect your Cloudinary account, and begin optimizing your WooCommerce store's images and videos. A full list of steps is available [here](#).



Salesforce Commerce Cloud. Integrate Cloudinary with Salesforce Commerce Cloud by installing the Cloudinary cartridge. Configure your Cloudinary settings to enable seamless media management and optimization within your Salesforce Commerce Cloud environment. More details are [here](#).



commercetools. Use Cloudinary's commercetools integration to connect and configure your media assets. This setup allows you to manage and optimize images and videos directly within your commercetools platform. Learn more [here](#).

2. Optimize Media Workflows

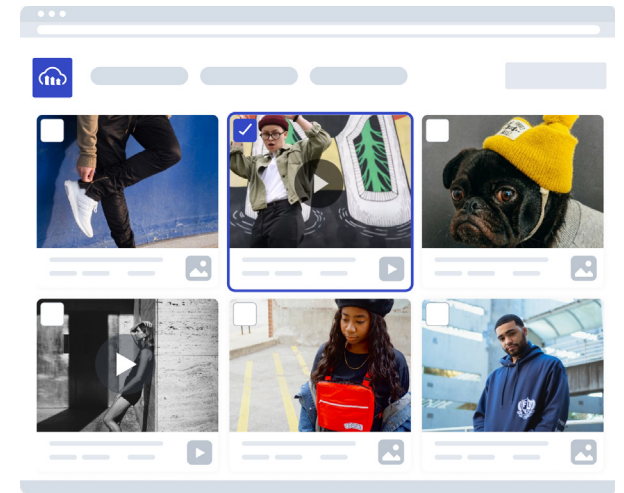
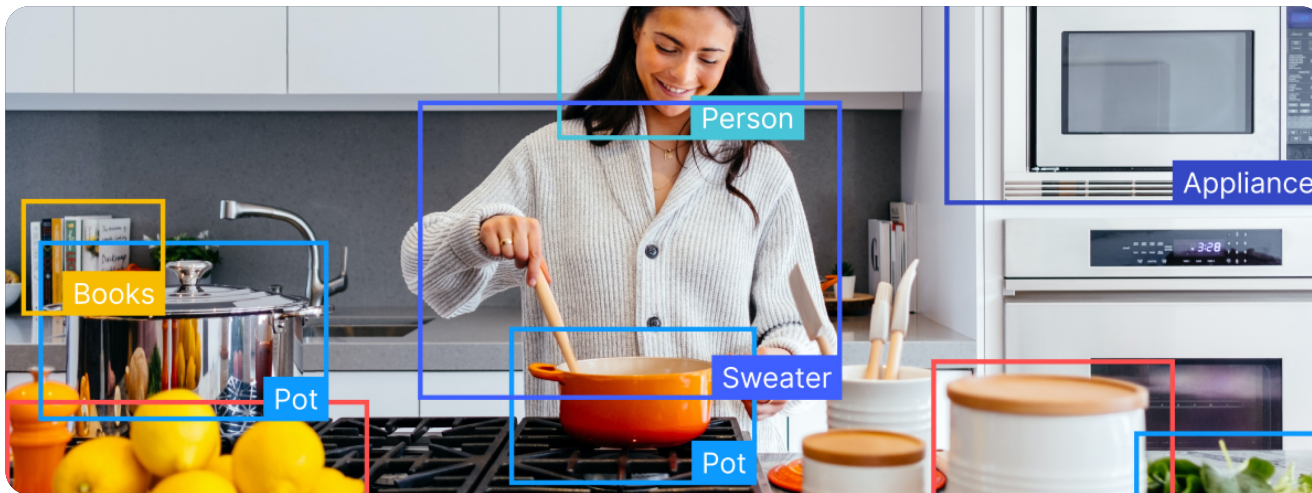
Effective media management is about more than just uploading files. Follow these best practices to streamline your workflows and ensure your visuals are always at their best:

- **Automation.** Use Cloudinary's automation features to handle routine tasks like format conversion, quality adjustments, and responsive breakpoints. Automation can significantly reduce manual labor, minimize human error, and ensure that your media files are consistently optimized for various devices and platforms. This includes automatic resizing for different screen resolutions and adaptive quality adjustments based on network conditions.

- **Tagging and metadata.** Implement structured tagging and metadata management to keep your media library organized and searchable. Properly tagged images and videos enable quick retrieval and easy categorization, which is crucial for large collections. By embedding metadata such as descriptions, keywords, and usage rights, you can improve search engine optimization (SEO) and make it easier for your team to locate specific assets.
- **Version control.** Utilize version control to track changes and revert to previous versions of media files if necessary. Version control helps manage the evolution of your media assets by keeping a detailed history

of modifications. This is particularly useful for collaborative projects where multiple team members work on the same files. It ensures that you can always roll back to an earlier version if recent changes don't meet your expectations.

- **Centralized media library.** Use Cloudinary's DAM, recently named a category Leader in the 2024 IDC Marketplace report on worldwide intelligent DAMs, as your centralized media library to store all your digital assets in one location. A unified repository simplifies access, enhances security, and facilitates better control over your media. It also allows for easier application of consistent branding across all visual content.



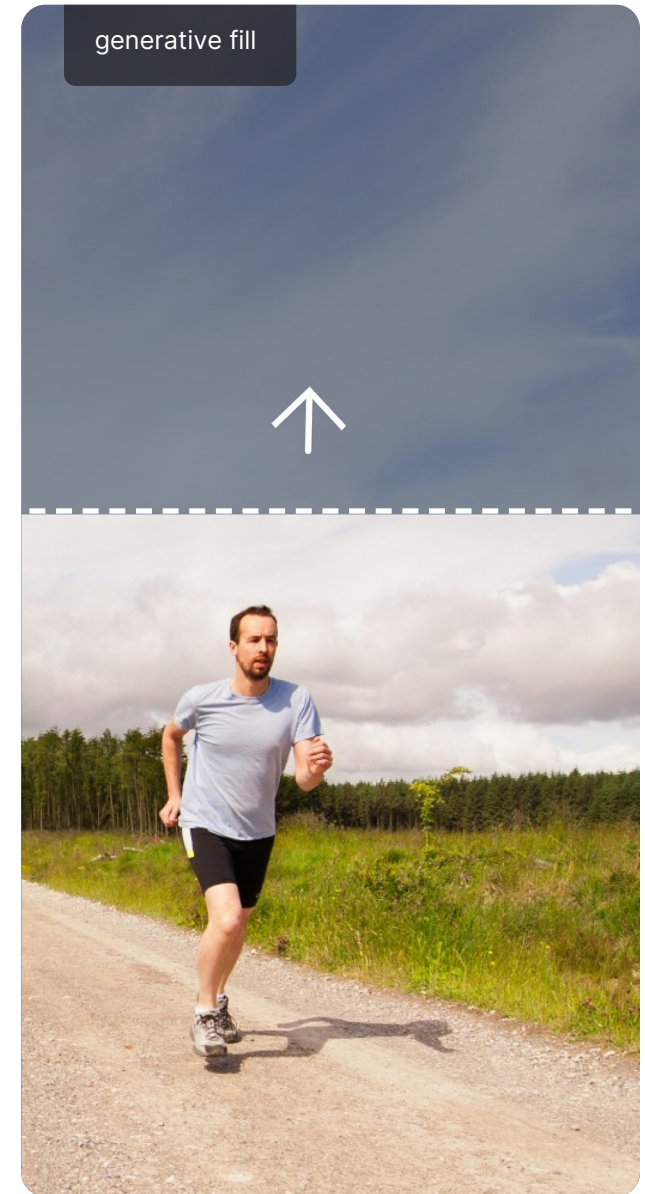
3. Leverage AI and Automation

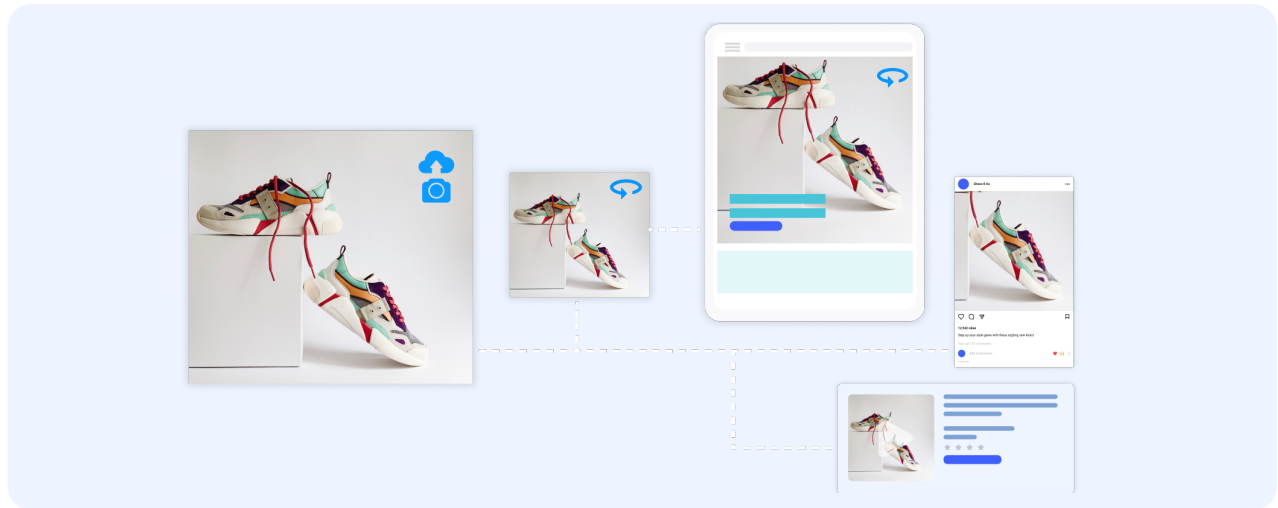
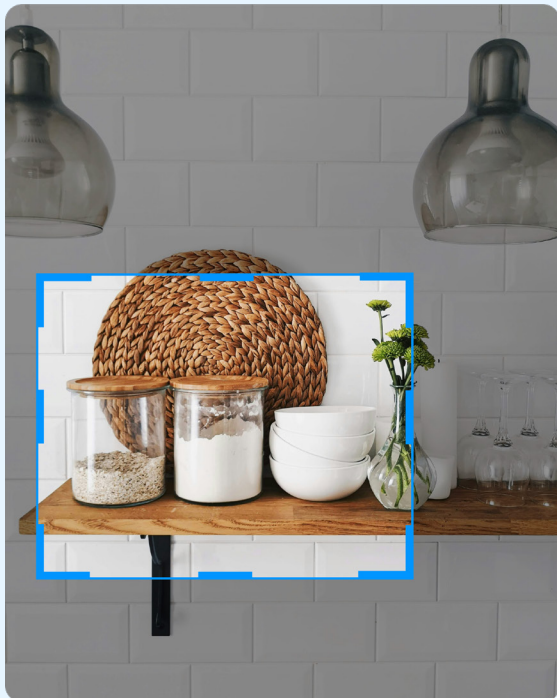
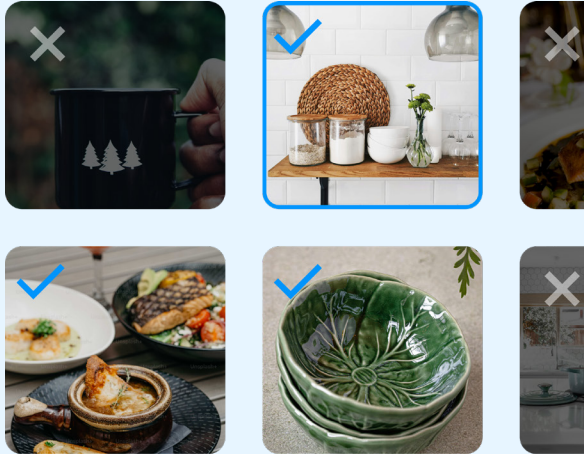
Cloudinary's AI tools can significantly enhance your media management processes, providing advanced capabilities that streamline operations and improve visual content quality. Here's how you can leverage AI and automation to get the most out of Cloudinary:

- **AI-driven tagging.** Automatically tag products and add metadata to images and videos, improving searchability and organization. Cloudinary's AI algorithms can analyze your media assets and assign relevant tags based on content, such as product type, color, or context. This automated tagging system saves time, reduces errors, and ensures that your media library is well-organized and easy to navigate. Enhanced metadata also supports better SEO, helping your products appear in relevant search results.
- **Generative AI.** Use AI to generate high-quality images, remove unwanted elements, and enhance visuals, reducing the need for manual editing. Cloudinary's generative AI capabilities can transform existing images by filling in missing parts, adjusting backgrounds, and creating new visual elements that match the original context. This technology allows for rapid iteration and customization of product images, ensuring that your visuals are always up to date and aligned with your branding. For instance,

generative AI can quickly adapt seasonal decorations in product photos, keeping your content fresh and relevant.

- **Personalization.** Implement AI-driven personalization to deliver customized media content based on user preferences and behaviors, increasing engagement and reducing the likelihood of returns. By analyzing customer data and browsing patterns, Cloudinary's AI can dynamically generate and display personalized images and videos that cater to individual tastes. This level of personalization enhances the shopping experience, making customers feel valued and understood, which can lead to higher satisfaction and lower return rates. Personalized media can include tailored product recommendations, targeted promotions, and visually appealing content that resonates with each customer.
- **Automatic format conversion.** Ensure that your media assets are delivered in the optimal format for different devices and platforms. Cloudinary's AI can automatically convert images and videos to the most suitable formats, maintaining high quality while optimizing load times and performance. This feature is particularly useful for ensuring a consistent user experience across mobile, desktop, and other devices.





- **Content moderation.** Utilize AI to automatically review and moderate user-generated content (UGC), ensuring that all media on your platform meets your quality and compliance standards. Cloudinary's AI can detect and filter out inappropriate or low-quality content, protecting your brand's reputation and maintaining a positive customer experience.
 - **Smart cropping and resizing.** Cloudinary's AI can intelligently crop and resize images to focus on the most important elements, enhancing visual appeal without manual intervention. This ensures that your product images are always presented in the best possible way, regardless of the display size or orientation.
 - **Dynamic delivery.** Implement AI-driven dynamic delivery to adjust media quality based on real-time conditions, such as network speed and device capabilities. This ensures that customers receive the best possible viewing experience without unnecessary delays or buffering, further enhancing their satisfaction.
- By incorporating these best practices into your media management workflows, you'll enhance the efficiency, quality, and effectiveness of your visual content. This will improve the overall user experience and contribute to reducing return rates by ensuring that customers receive accurate and appealing product images and videos.

CHAPTER 07

Measuring Success with Cloudinary

After implementing Cloudinary, it's crucial to measure the impact on your business — and, in this case, on holiday returns. By tracking certain performance metrics and continuously analyzing data, you can gauge the effectiveness of your new strategies, make informed adjustments, and continue to keep sales high and returns low even beyond the holiday season.

Track These Key Metrics

1. **Return rate reduction.** One of the primary goals of optimizing your visual content is to reduce the rate of product returns. Track the percentage of returns before and after implementing Cloudinary's tools to measure their impact. A significant decrease in return rates indicates that your visuals are more accurately representing your products, leading to higher customer satisfaction.
2. **Customer satisfaction scores.** Monitor customer satisfaction through surveys, reviews, and direct feedback. Use Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT) to gauge how your improvements are perceived by customers. Positive trends in these scores can be directly correlated with the enhanced visual experience provided by Cloudinary.
3. **Sales conversion rates.** Track conversion rates on product pages where enhanced visuals have been applied. Higher conversion rates indicate that customers are more confident in making purchases, likely due to the improved accuracy and quality of your media content.

4. **Engagement metrics.** Measure engagement metrics such as time spent on product pages, interaction rates with images and videos, and the number of shares on social media. Increased engagement suggests that your visual content is more compelling and effective in capturing customer interest.

Analyze Your Data and Make Adjustments

Regularly review data collected from your key metrics to identify trends and areas for improvement, using Cloudinary's analytics tools to gain insights into your media content's performance across different platforms and devices. Conduct A/B tests to compare the performance of various product images and videos, helping you understand which visual elements resonate most with customers and guiding future content creation and optimization efforts. Additionally, collect and analyze customer feedback to gain qualitative insights into how your visual content impacts their shopping experience, using this feedback to make targeted improvements and ensure low return rates.

Create Feedback Loops and Continue to Iterate

Create a structured process for collecting and responding to feedback from both customers and internal stakeholders, regularly reviewing this feedback to identify recurring themes and prioritize areas for enhancement. Implement a cycle of continuous improvement by making incremental changes based on feedback and data analysis, testing these changes, measuring their impact, and refining your strategies accordingly. This iterative approach ensures that your media content remains effective and aligned with evolving customer expectations. Collaborate closely with Cloudinary's support and services team to stay updated on the latest features and best practices, leveraging their expertise to maximize the benefits of Cloudinary's tools and maintain a competitive edge in the market.

Conclusion



The holiday season represents a critical juncture for ecommerce retailers, where the ability to manage returns effectively can make a significant impact on profitability. Leveraging Cloudinary's image and video API platform can empower retail and e-commerce companies to reduce return rates and enhance customer satisfaction. From optimizing image quality to delivering personalized and interactive experiences, Cloudinary's AI-driven capabilities offer a comprehensive toolkit to tackle the challenges of holiday returns.

A Forrester Total Economic Impact report found that Cloudinary's image and video platform produces a 203% return on investment in less than three years.¹⁵ The report highlighted several key impacts Cloudinary had on businesses, including:

- Saving more than \$2 million when sunsetting outdated legacy systems and replacing them with Cloudinary.
- Faster page load times, better SEO, more clicks and conversions, and a \$1.7 million increase in profits due to optimized image and video assets.

Cloudinary's recognition as a [Leader in the IDC MarketScape](#) report underscores our commitment to innovation and excellence in digital asset management.

“Cloudinary excels at post-production asset management, optimized delivery, and bulk editing, making it a strong fit for brands prioritizing these capabilities. Global businesses should consider Cloudinary when they have a very large volume of images and videos that need to be managed, iterated, and transformed for various channels and are looking for strong automation and AI to do this at scale.”

— Marci Maddox, Research Vice President of Digital Experience Strategies, IDC

As the digital marketplace becomes increasingly competitive, it's crucial to develop strategies that focus on reducing returns by providing accurate product information and captivating consumers through engaging visuals. Cloudinary's solutions ensure that your brand stands out, resonates with consumers, and minimizes returns during the busiest shopping season of the year.

Ready to Learn More About Cloudinary?

Embrace the power of Cloudinary to redefine your holiday success by reducing returns. [Contact us](#) for a Cloudinary demo today and unlock new possibilities for the upcoming holiday season.

[CONTACT US →](#)

14. <https://lp.cloudinary.com/gao.lp.forrester-tei-report.html>



Cloudinary is the image and video technology platform that enables the world's most engaging brands to deliver transformative visual experiences at global scale. More than 1.5 million users and 10,000 customers, including Apartment Therapy, Bleacher Report, Bombas, Grubhub, Hinge, NBC, Mediavine, Minted, Paul Smith and Peloton, rely on Cloudinary to bring their campaigns, apps and sites to life. With the world's most powerful image and video APIs backed by industry-leading artificial intelligence and patented technology, Cloudinary offers a single source of truth for brands to manage, transform, optimize, and deliver visual experiences at scale. As a result, the most engaging brands across all industries are seeing [up to a 203% ROI](#) using Cloudinary with benefits including faster time to market, higher user satisfaction and increased engagement and conversions.

For more information, [visit \[www.cloudinary.com\]\(https://www.cloudinary.com\)](https://www.cloudinary.com).

© 2024 Cloudinary. All rights reserved.