Multiproduct Firms and Refunds

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Motivation

- Product returns play an increasingly important role in retail markets
  - In the USA total returns in the retail industry reached \$890 billion in 2024 (around 16,9% of total annual sales).
  - In the online segment of the retail market even 21% higher
- Online firms, like Amazon and Zalando, offer consumers the possibility to order multiple items at the same time and to return all items that are considered not a good fit
- Growing concerns about environmental impact of product returns
- **Research Question**: how does a multi-product firm's return policy help generating profits and what are the welfare consequences?

Motivation: Search is Important

- Consumers need to inspect a product to understand whether it is a good fit
- If consumers get a refund when they return a product, they may have an incentive not to inspect the product before ordering
- Multi-product firms have different options to sell to consumers. They can make it attractive for consumers
  - to inspect before or after ordering
  - to order many products simultaneously (even if they only buy one)
- Firms can do this by choosing the size of the refund or different terms for ordering multiple items
  - Note that firms cannot observe whether a consumer is inspecting before or after ordering and thus cannot discriminate based on this

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All | Best Sellers | Prime | Amazon Basics | Music | Buy More & Save | Today's Deals | New Releases | Prime Video | Audible | PC & Video Games | Books | Home & Kitchen | Electronics & Photo

prime try before you buy | HOW IT WORKS | WOMEN | MEN | GIRLS | BOYS | BABY

Try before you buy

1. **Choose** up to 6 items
2. **Try on** at home for 7 days
3. **Check out** online
4. **Return** items

Research questions: more detail

What is the optimal selling mechanism for a multi-product firm using refunds?

- How can the firm benefit from lower inspection cost at home (after ordering)?
- When (and why) does the firm want to induce the simultaneous ordering of products if returns are costly?

What is the impact on welfare and the environment?

- Does simultaneous search with returns necessarily lead to a higher number of returns?
- How does a policy of mandatory full refunds affect the number of returns?

Literature

Consumer search with product returns

Matthews and Persico (2007); Petrikaitė (2018a); Janssen and Williams (2024)

→ *This paper: multi-product monopolist that may induce different consumer search strategies.*

Consumer search with multi-product firms

Shelegia (2012); Zhou (2014); Rhodes (2015); Armstrong (2017)

→ *This paper adds refunds and different consumer search strategies.*

Simultaneous search

Burdett and Judd (1983); Morgan and Manning (1985); Chade and Smith (2006)

Delegated experimentation & Multi-product obfuscation

Garfagnini (2011); Guo (2016) & Petrikaitė (2018b); Gamp (2022)

→ *This paper: intuitive reformulation of the refunds problem showing monopolist may obfuscate without creating an artificial search cost.*

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Model: Consumers

Consumer with unit demand facing a multi (two)-product monopolist firm

- Products are ex-ante symmetric
- Match value $v_i \overset{\text{iid}}{\sim} F[\underline{v}, \bar{v}]$ where f is log-concave
  - Inspection cost $s_B \geq 0$ before ordering
  - Inspection cost $s_A \geq 0$ after ordering with $s_A \leq s_B$
- Perfect recall

Consumer may:

- inspect a product **before** or **after** ordering
- inspect the two products **simultaneously** or **sequentially**
- leave

Model: Firm

Monopolist firm

- offers two ‘contracts’ with retail prices p and refunds τ with $\tau \leq p$
  - $\{(p_1, \tau_1), (p_2, \tau_2)\}$ for inspection before or after ordering
    - cannot choose different contracts for inspection before and after!
    - but can choose asymmetric contracts to induce a certain search order
  - (p_{sim}, τ_{sim}) only for simultaneous inspection after ordering (same for both products)
- production cost $c \geq 0$ per product
- salvage value $\eta \in [0, c)$ per returned product
  - implies firm’s cost of returns $k := c - \eta$ (product degradation)

Model: Timing and Equilibrium

Timing:

- Monopolist moves first and decides contract terms
- Consumers observe contract details and decide on their (optimal) search behavior

→ Monopolist induces the most profitable search behavior

Payoffs are standard: Consumer surplus and firm profit ▸ Payoffs

→ Equilibrium firm strategy

Reformulation of search with refunds problem

1) Inspection: When consumer decides to order product i and to inspect it afterwards:

- Consumer pays s_A and **commits** to paying at least $p_i - \tau_i$ to firm
- Firm anticipates a cost of at least the product degradation k

2) Purchase: When consumer decides to buy and keep product i:

- Consumer agrees to also pay the remainder τ_i to firm ($=$ forgoes refund)
- Firm forgoes the salvage value η

→ "As if" the firm offers a product with *inspection fee* $\sigma_i := p_i - \tau_i$ and *price* $\rho_i := \tau_i$

retail price	p_i	$\leftrightarrow$	c	production cost
	$=$		$=$	
inspection fee	σ_i	$\leftrightarrow$	k	product degradation
	$+$		$+$	
effective price	ρ_i	$\leftrightarrow$	η	salvage value

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Large inspection cost before ordering

If s_B large, consumer only inspects products after ordering, never before
$\rightarrow$ Monopolist can steer towards sequential or simultaneous inspection

In this section:

- Optimal sequential contract
- Optimal simultaneous contract
- Comparison with regard to profit and number of returns

Optimal sequential contract

We find: It is optimal to choose the contract such that recall is not invoked. Then:

$$\pi_{Aseq} = \sigma_1 - k + [1 - F(\rho_1)](\rho_1 - \eta) + F(\rho_1) \underbrace{\{\sigma_2 - k + [1 - F(\rho_2)](\rho_2 - \eta)\}}_{\text{Profit from second product}}$$

Proposition 1

If s_B is large and the firm induces consumers to inspect sequentially after ordering, then the optimal contract has for the second product:

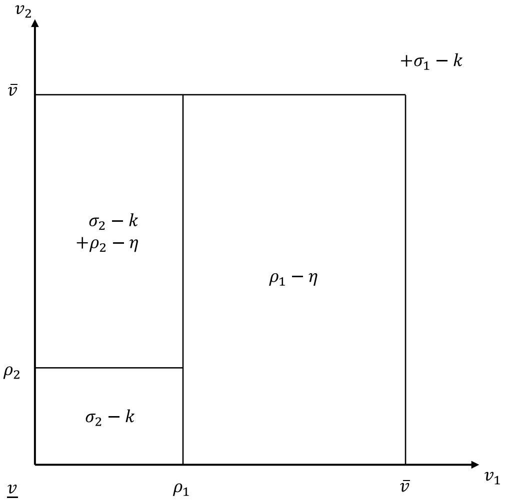
- ρ_2^* *priced at opportunity cost = marginal cost* η
- σ_2^* *extracts all surplus from product 2*

and for the first product:

- ρ_1^* *priced at opportunity cost = marginal cost* η + *profit from second product*
- σ_1^* *extracts remaining surplus*

Example

Optimal sequential contract – Visualization



Recall never invoked ▸ More

Profit is the same in every region

"Sequential two-part tariff"

Relation to obfuscation ▸ More
(Armstrong (2017), Petrikaitė (2018b))

Optimal simultaneous contract

Consumer always inspects both products $\rightarrow \sigma_{sim}$ does not affect any decision

Optimal to choose a single "two-part tariff":

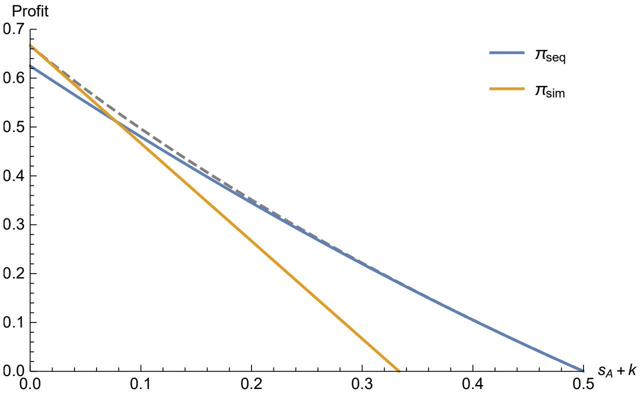
- $\rho^*_{sim} = \eta$, marginal cost
- σ^*_{sim} extracts all surplus

Profit equal to maximum surplus of simultaneous inspection (not only in expectation):

$$\pi^*_{sim} = \mathbb{E}[\max(v_1 - \eta, v_2 - \eta, 0)] - 2(s_A + k)$$

Example

Comparing sequential and simultaneous contracts – Profits



$v_i \sim U[0,1]$ and $\eta = 0$

Proposition 2

1) If s_B is large, then there exists a threshold $\tilde{S}_A(\eta) > 0$ such that for all (s_A, k, η):

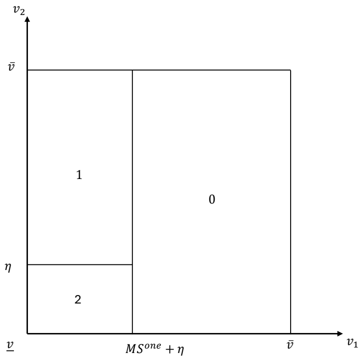
$$s_A + k \leq \tilde{S}_A(\eta) \Leftrightarrow \pi^*_{sim} \geq \pi^*_{seq}.$$

2) Moreover, the expected number of returns is larger under the simultaneous contract.

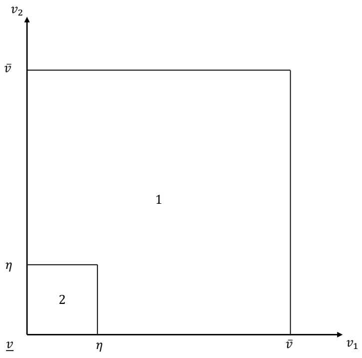
Dashed gray line = maximum surplus (social planner)

▸ Profits ▸ More

Comparing seq. and sim. contracts – Expected number of returns



Sequential contract



Simultaneous contract

→ Here, banning simultaneous contracts would reduce the number of returns

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Small inspection cost before ordering

If s_B small, then consumer might inspect products before ordering

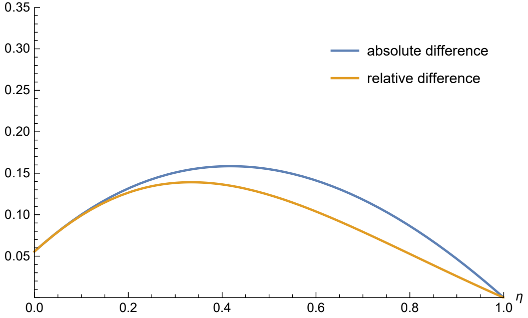
- Simultaneous contract not affected
- Sequential contract affected: $\{(p_i, \tau_i)\}_i$ valid for inspection after and before

$\rightarrow$ Limits the profit-making ability of the firm if it induces sequential search:
Puts upper bound $\bar{\sigma}_i$ on σ_i

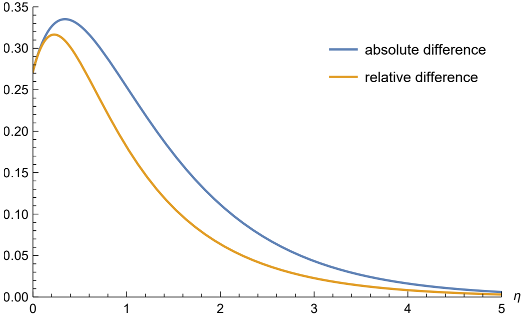
In limit where $s_B \rightarrow 0$ (and $s_A + k < s_B$): $\bar{\sigma}_i \rightarrow 0$
$\rightarrow$ implies in turn $\rho_i \uparrow$
$\rightarrow$ higher price implies products will be returned more often

For certain distributions the number of returns can be larger under a sequential contract! More

Small inspection cost before ordering – Number of returns



Uniform[0,1]



Exponential ($\lambda = 1$)

More profits and less returns under simultaneous contract

Propositions 2 and 4 imply:

Corollary 1

There exists an $\underline{S}_A(\eta) > 0$ as defined in Proposition 2 and an $\bar{s}_B > 0$, such that for all $s_A, s_B, k \geq 0$ with $s_B < \bar{s}_B$ and $s_A + k < \max[s_B, \underline{S}_A(\eta)]$ and for all (F, η) that fulfill condition (4), the profit maximizing strategy for the firm is to induce the consumer to inspect products simultaneously, leading to a lower number of returns than when this policy would be banned.

Proposition 2: the right-implication also holds for small s_B:
$s_A + k \leq \tilde{S}_A(\eta) \Rightarrow \pi^*_{sim} \geq \pi^*_{seq}$

A policy banning simultaneous contracts may increase the number of returns!

Conclusion

We find:

- Firm can benefit from lower inspection cost after ordering by extracting surplus using refunds
- Two strategies using refunds that distort optimal search but extract all surplus (when s_B large):
  - When total inspection costs $s_A + k$ are small: Induce simultaneous search, leading to too much search
  - When $s_A + k$ are large: Induce sequential search, leading to inefficient returns and inefficient stopping
- The optimal sequential contract shows similarities to obfuscation strategies
- The simultaneous alternative leads to more returns when s_B is large, but can lead to less returns when s_B is small
- Mandatory full refunds can lead to a higher number of returns, and sometimes also higher consumer surplus (at extreme values of s_A) Details

Appendix – Sequential vs. simultaneous back

For general distribution $F(v_i)$ and $(p_i, \tau_i) = (p_{sim}, \tau_{sim})$:

Lemma 2

For the consumer, sequential inspection is always at least as good as simultaneous inspection at the same prices, before and after ordering.

Proven using Morgan and Manning (1985), Proposition 3 MM3

How about the firm?

- Before:

$$\pi_B^{seq} = \pi_B^{sim} \qquad \Rightarrow B^{sim} \text{ dominated}$$

- After:

$$\pi_A^{seq} \leq \pi_A^{sim} \Leftrightarrow p - \tau \geq c - \eta$$

$\rightarrow$ **The firm can profit from simultaneous search only in the refund setting**

Appendix – Sequential Optimality

Morgan and Manning (1985) Proposition 3

If the search problem has no decision horizon, the searcher enjoys full recall and has a zero rate of time-preference, $K(0) = c(0) = 0$, marginal psychic and financial search costs are nonnegative and nondecreasing and utility $I(\cdot, w)$ is strictly increasing in wealth, then the optimal search rule $\rho^*(\nu^*)$ is sequential.

$K(n^t)$	. . . psychic search costs
$c(n^t)$	. . . financial search costs
n^t	. . . number of simultaneous observations at t
$I(x, w)$	. . . utility of currently available obs. x, wealth w
ν^t	. . . sample-size function
ξ^t	. . . stopping function
$\rho := \{(\xi^t, \nu^t)\}_{t=1}^{T}$	. . . search rule

back

Appendix – Payoffs – Consumer

back

$$U_{Bseq} = -s_B-(s_A+\sigma_2)F(\tilde{v}_1^b)+F(\rho_1+\sigma_1)\left[\int_{\rho_2}^{\bar{v}}(1-F(v_2))dv_2\right]+\int_{\rho_1+\sigma_1}^{\tilde{v}_1^b}\int_{v_1-\rho_1-\sigma_1+\rho_2}^{\bar{v}}(1-F(v_2))f(v_1)dv_2 dv$$

$$+\int_{\tilde{v}_1^b}^{\hat{v}_2^b-\rho_2-\sigma_2+\rho_1+\sigma_1}[-s_B+\int_{v_1-\rho_1-\sigma_1+\rho_2+\sigma_2}^{\bar{v}}(1-F(v_2))dv_2]f(v_1)dv_1+\int_{\rho_1+\sigma_1}^{\bar{v}}(1-F(v_1))dv_1$$

$$U_{Aseq} = -s_A-\sigma_1-F(\tilde{v}_1^a)(s_A+\sigma_2)+F(\rho_1)\left[\int_{\rho_2}^{\bar{v}}(1-F(v_2))dv_2\right]+\int_{\rho_1}^{\tilde{v}_1^a}\int_{v_1-\rho_1+\rho_2}^{\bar{v}}(1-F(v_2))f(v_1)dv_2 dv_1$$

$$+\int_{\tilde{v}_1^a}^{\hat{v}^b-\rho_2-\sigma_2+\rho_1}\left[-s_B+\int_{v_1-\rho_1+\rho_2+\sigma_2}^{\bar{v}}(1-F(v_2))dv_2\right]f(v_1)dv_1+\int_{\rho_1}^{\bar{v}}(1-F(v_1))dv_1$$

$$U_{Asim} = \mathbb{E}[\max(v_1-\rho_{sim}, v_2-\rho_{sim}, 0)] - 2(s_A + p_{sim} - \rho_{sim})$$

$\widetilde{v}_1^a, \widetilde{v}_1^b, \hat{v}^b$ defined by $\int_{\widetilde{v}_1^a-\rho_1+\rho_2}^{\widetilde{v}_1^a-\rho_1+\rho_2+\sigma_2} F(v_2)dv_2 = s_B - s_A, \widetilde{v}_1^b = \widetilde{v}_1^a + \sigma_1, \mathbb{E}[\max(v-v^b, 0)] = s_B$

Appendix – Payoffs – Firm ◂ back

$$\pi_{Bseq} = F(\rho_1+\sigma_1)(1-F(\rho_2))(\rho_2-\eta) + (1-F(\rho_1+\sigma_1))(\rho_1+\sigma_1-k-\eta)$$
$$+ F(\widetilde{v}_1^b)(\sigma_2-k) + (\rho_2-\rho_1-\sigma_1+k)\int_{\rho_1+\sigma_1}^{\widetilde{v}_1^b}\int_{v_1-\rho_1-\sigma_1+\rho_2} f(v_1)f(v_2)dv_2dv_1$$
$$+ (\sigma_2+\rho_2-\rho_1-\sigma_1)\int_{\widetilde{v}_1^b}^{\hat{v}^b+\rho_1+\sigma_1-\rho_2-\sigma_2}\int_{v_1-\rho_1-\sigma_1+\rho_2+\sigma_2} f(v_1)f(v_2)dv_2dv_1$$

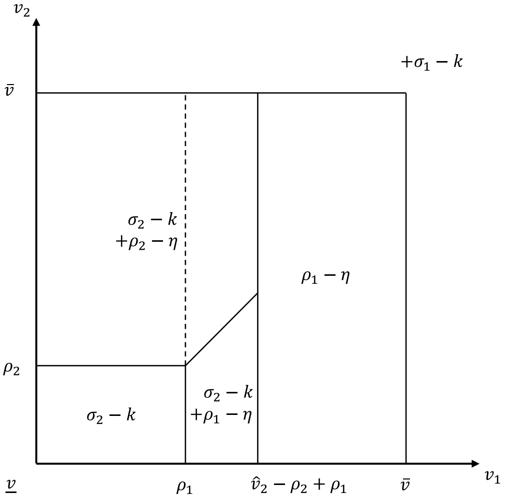
$$\pi_{Aseq} = \sigma_1 - k + F(\widetilde{v}_1^a)(\sigma_2-k) + F(\rho_1)(1-F(\rho_2))(\rho_2-\eta)$$
$$+ (1-F(\rho_1))(\rho_1-\eta) + (\rho_2-\rho_1)\int_{\rho_1}^{\widetilde{v}_1^a}\int_{v_1-\rho_1+\rho_2} f(v_1)f(v_2)dv_2dv_1$$
$$+ (\sigma_2+\rho_2-\rho_1-k)\int_{\widetilde{v}_1^a}^{\hat{v}^b+\rho_1-\rho_2-\sigma_2}\int_{v_1-\rho_1+\rho_2+\sigma_2} f(v_1)f(v_2)dv_2dv_1$$

$$\pi_{Asim} = (1-F[\max(v_1-\rho_{sim}, v_2-\rho_{sim})<0])(\rho_{sim}-\eta) + 2(\sigma_{sim}+k)$$

$\widetilde{v}_1^a, \widetilde{v}_1^b, \hat{v}^b$ defined by $\int_{\widetilde{v}_1^a-\rho_1+\rho_2}^{\widetilde{v}_1^a-\rho_1+\rho_2+\sigma_2} F(v_2)dv_2 = s_B - s_A, \widetilde{v}_1^b = \widetilde{v}_1^a + \sigma_1, \mathbb{E}[\max(v-v^b, 0)] = s_B$

Appendix – Seq. contracts invoking recall are not optimal

back



Alternative contract: In middle lower part of figure recall is invoked

→ Proof of Proposition 1:
If f log-concave then this is never optimal!

... Reservation value $\hat{v}_i$ implicitly defined by
$\mathbb{E}[\max(v - \hat{v}_i, 0)] = s_A + \sigma_i$

Appendix – Sequential contract relation to obfuscation ◂ back

Partial refunds vs. *obfuscation (Armstrong (2017), Petrikaitė (2018b))*

- Similarities:
  - Optimal strategy follows a similar pattern such that recall is never invoked
- Differences:
  - Firm **charges inspection fee** vs. *creates inspection cost*
  - Price (ρ_2) of last product - **marginal cost** vs. *monopoly price (of single product)*
  - **Firm is able to extract all surplus**
  - **Firm makes the same profit whether consumer buys or not**
    (And not only in expectation!)

Partial refunds make obfuscation "obsolete"

Appendix – Sequential vs. simultaneous contracts ◂ back

Firm can choose between extracting the maximum surplus ...

- ... from simultaneous search with a "two-part tariff"
- ... from sequential search without recall with a "sequential two-part tariff"

In terms of (in)efficiency:

- Sim. contract leads to too many inspections (worse at high $s_A + k$)
- Seq. contract leads to typical inefficiencies of no recall (worse at low $s_A + k$):
  - First product bought but second would have been better ($\sigma_2^* > k$)
  - First product returned but second is worse ($\rho_1^* > \rho_2^* = \eta$)

Appendix – Maximum surplus when s_B large back

If s_B large then we find for the maximum surplus of ...

- ... inspection of one product:

$$MS^{one} = \mathbb{E}[\max(v - \eta, 0)] - s_A - k$$

- ... sequential inspection of both products without recall ($= \pi^*_{Aseq}$):

$$MS^{NR} = \mathbb{E}[\max(v_1 - \eta, MS^{one})] - s_A - k$$

- ... simultaneous inspection of both products ($= \pi^*_{Asim}$):

$$MS^{sim} = \mathbb{E}[\max(v_1 - \eta, v_2 - \eta, 0)] - 2(s_A + k)$$

- ... sequential inspection of both products with recall:

$$MS^{seq} = \mathbb{E}[\max(v_1 - \eta, v_2 - \eta, 0)] - \int_{\hat{v}_2}^{\bar{v}} \int_{v_1}^{\bar{v}} (v_2 - v_1) dF(v_2) dF(v_1) - [1 + F(\hat{v}_2)](s_A + k)$$

where $\hat{v}_2$ defined by $\mathbb{E}[v_2 - \hat{v}_2, 0] = s_A + k$

Appendix – Example with Uniform Distribution

Example with $U[0,1], s_B = 1, s_A = k = \eta = 0$*:*

Optimal sequential contract:
$(\sigma_2^*, \rho_2^*) = (\frac{1}{2}, 0)$ gives $\pi_2^* = \frac{1}{2}$
$(\sigma_1^*, \rho_1^*) = (\frac{1}{8}, \frac{1}{2})$ gives $\pi_{seq}^* = \frac{5}{8} = 0.625$

Optimal simultaneous contract:
$\rho_{sim}^* = 0, \sigma_{sim}^* = \frac{1}{3}$ with $\pi_{sim}^* = \frac{2}{3} = 0.6666\ldots$

Expected number of returns:
$n_{seq} = F(\rho_1^*)(1 + F(\rho_2^*)) = \frac{1}{2}$
$n_{sim} = 1 + F(\eta)^2 = 1$

back

Appendix – More returns under sequential contract

back

In the limit $s_B = 0$ $(= s_A = k)$:
$\sigma_i^* = 0, \rho_i^* = \rho^{JM}$ where ρ^{JM} maximizes $\pi_{Aseq} = [1 - F(\rho)^2](\rho - \eta)$

Proposition 3

If $s_A + k < s_B$ and $s_B \to 0$ the optimal sequential contract $\{(\rho_i^*, \sigma_i^*)\}_{i=1,2}$ is such that:

$$\rho_i^* \approx \rho^{JM}(\eta) \text{ and } \sigma_i^* \geq k \text{ and } \lim_{k\to 0} \sigma_i^* = 0$$

Proposition 4

There exists an $\bar{s}_B > 0$ such that for all $s_A, s_B, k \geq 0$ with $s_A + k < s_B < \bar{s}_B$ the number of returns is larger under a contract inducing sequential inspection than under a contract inducing simultaneous inspection if, and only if,

$$F(\rho^{JM}(\eta)) > \sqrt{-5 + \sqrt{28 + 8F^2(\eta)}}.$$

Appendix – Regulatory Policy: Mandatory full refunds

For large s_B:

Mandatory full refunds: $\sigma_i = 0$

$\pi_{seq} = (1 - F^2(\rho))(\rho - \eta) - (2 - F(\hat{v}_A))k \quad > \quad \pi_{sim} = (1 - F^2(\rho))(\rho - \eta) - 2k$

$\rightarrow$ Sequential contract optimal with $\rho_i^{FR} = \min\{\rho^{JM}, \hat{v}_A\}$

Number of returns: $n_{FR} = F(\hat{v}_A) + F(\rho_i^{FR})^2$

- s_A very small: $\rho_i^{FR} = \hat{v}_A$

$$n_{FR} \rightarrow 1 + F(\rho^{JM})^2 > 1 + F(\eta)^2 = n_{sim}$$

- s_A very large:

$$n_{FR} \rightarrow F(\hat{v}_A)(1 + F(\hat{v}_A)) > F(\rho_1^*)(1 + F(\rho_2^*)) = n_{seq} \text{ as } \hat{v}_a \geq \hat{v}_1^* \geq \rho_1^* \geq \rho_2^*$$

$\rightarrow$ In both cases higher number of returns; bigger consumer surplus for small s_A

... $\hat{v}_A$ solves $\mathbb{E}[\max(v - \hat{v}_A, 0)] = s_A$

back

Appendix – ZARA USA refund policy

ZARA

- You must make the return in the same market/region where you made the purchase.

Remember: you will find the final date you will be able to make a return in your order detail.

You can find additional information about the Exchange and Return Policy or your right to withdrawal in our Conditions of use.

RETURN AT A ZARA STORE

You can return items **free of charge** in any of our Zara stores.

In-store return is available for online purchases as well as those made in a physical store. You just have to present the items to return and your **Zara QR** or the **receipt**.

Use our store locator to find your nearest Zara store.

Remember: if you are not able to visit the store, you can have someone else do so for you.

RETURN AT A DELIVERY POINT

You can return your items by leaving your package at a delivery point.

The **cost per return request** is 3.95 USD which will be subtracted from your refund.

If you made the **purchase as a registered user**, you can request the return in the Returns section of your account.

If you have made your **purchase as a guest**, you can request a return by clicking the "Manage Your Order" link in any of your order or shipment confirmation emails.

Appendix – T-Mobile USA refund policy

Plans | Phones & devices | Deals | Coverage | Join Us | Find a store | Contact & support

Support | Get started | Account resources | Network & roaming | Plans support | Device assistance | Business support

Return your device

How you got your device determines the return process. Select from one of these methods to learn what to do next.

Purchased at a T-Mobile store

- Return your device at any T-Mobile store within **14 days**.
- A restocking fee will be charged for the return.
- Bring proof of purchase such as an emailed or printed receipt.
- Bring the device, USB charging cable, and any accessories you'll need to return.

Ordered online using in-store pickup

- Return your device at any T-Mobile store within **20 days**.
- A restocking fee will be charged for the return.
- Bring proof of purchase, such as an emailed or printed receipt.
- Bring the device, USB charging cable, and any accessories you'll need to return.
- If you're unable to go to a store, begin the return process by using the chat bubble or calling Customer Care at 1-800-937-8997.

Shipped to you

Return a device to a T-Mobile store

- Return your device or accessory order at any T-Mobile store or contact us within **20 days** of when the order shipped.
- A device condition check will be completed to ensure no damage to the device.
- A restocking fee will be charged for the return.
- Bring proof of purchase, such as an emailed or printed receipt.
- Bring the device, USB charging cable, and any accessories you'll need to return.

Appendix – EU Guarantees and Returns

Your Europe

English EN

Choose country

Your Europe > Citizens > Consumers > Shopping > Guarantees and returns

Search | Life and travel | Doing business | Contact assistance services | Report an obstacle

Last checked: 19/04/2023

Guarantees and returns

ON THIS PAGE

More information about:

- **Guarantees for faulty goods**
- **Your right to cancel and return an order**

Допомога ЄС Україні

EU assistance to Ukraine

Under EU rules, a **trader must repair, replace, reduce the price or give you a refund** if goods you bought turn out to be faulty or do not look or work as advertised.

If you bought a **product or a service online or outside of a shop** (by telephone, mail order, from a door-to-door salesperson), you also have the right to cancel and return your order within 14 days, for any reason and without a justification.

If you're not sure which situation applies to you, you can also try our consumer rights tool to help you understand your rights when you shop in the EU.

Appendix – EU Returns – Full Refunds

ON THIS PAGE

More information about:

Guarantees for faulty goods

Your right to cancel and return an order

Your right to cancel and return an order

14 day cooling off period

In the EU you have the right to **return purchases made online or through other types of distance selling**, such as by phone, mail order or from a door-to-door salesperson, **within 14 days for a full refund**. You can do so for any reason – even if you simply changed your mind.

The 14-day cooling off period **does not apply to all purchases**. Some of the exemptions are:

- plane and train tickets, as well as concert tickets, hotel bookings, car rental reservations and catering services for specific dates
- goods and drinks delivered to you by regular delivery – for example delivery by a milkman
- goods made to order or clearly personalised – such as a tailor-made suit
- sealed audio, video or computer software, such as DVDs, which you have unsealed upon receipt
- online digital content, if you have already started downloading or streaming it and you agreed that you would lose your right of withdrawal by starting the performance
- goods bought from a private individual rather than a company/trader
- urgent repairs and maintenance contracts – if you call a plumber to repair a leaking shower, you can't cancel the work once you have agreed on the price of the service

Please note that **this list is not exhaustive**.

The cooling off period expires 14 days after the day you received your goods. For service contracts, the cooling off period expires 14 days after the day you concluded the contract. If the cooling off period expires on a non-working day, your deadline is extended till the next working day.

Appendix – Amazon Prime Try Before You Buy press statement

January 2025, Amazon spokesperson:
"Given the combination of Try Before You Buy only scaling to a limited number of items and customers increasingly using our new AI-powered features like virtual try-on, personalized size recommendations, review highlights, and improved size charts to make sure they find the right fit, we're phasing out the Try Before You Buy option."

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