



ReBound

by Reconomy

The Circularity Index

The Reality of Circularity in Returns:

the purpose-performance gap



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Foreword

Every retailer knows what happens when a customer clicks ‘buy’, but far fewer can say, with confidence, what happens when that customer clicks ‘return’.

Returns have long been treated as a cost to be contained - a logistics problem measured in carrier rates and warehouse hours. However, that era is ending with rising return volumes, growing consumer scrutiny and new regulation turning the returns journey into something bigger. Indeed, returns have become the front line of circular retail.

What happens after a product comes back (whether it is resold, repaired, donated, recycled or written off) now fundamentally shapes a retailer’s commercial performance, environmental impact and, increasingly, regulatory compliance. At ReBounce Returns and Advanced Supply Chain, we work with millions of returns every year so are witnessing this first hand

That is why we created the Circularity Index.

We asked 150 senior leaders in mid-to-large retailers across the UK and Europe, the people responsible for reverse logistics, sustainability and supply chains, to tell us honestly how circular their returns operations really are. Their answers were benchmarked across four disciplines: strategy, operations, value recovery and sustainability.

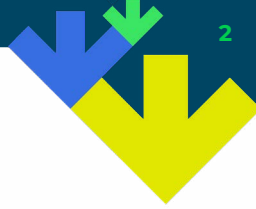
The results tell a story of genuine progress. The overwhelming majority of retailers have established circularity programmes, measure their circular performance and have standardised efforts to reuse, resell, refurbish or recycle what comes back. It’s clear that the intent is not in question.

But our research also reveals a gap between the strength of that purpose and what’s actually happening in practice. Too many returned products are still losing value or leaving the loop altogether. Closing that purpose-performance gap is the defining circularity challenge for retail, and it is the focus of this report.

We hope the findings help you benchmark where you are on the journey - and give you practical ways to move further, faster.

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About the research

The Circularity Index is based on research conducted by Opinium on behalf of ReBounce Returns and Advanced Supply Chain.

Opinium surveyed 150 senior leaders in mid-to-large retailers with annual revenues above £/€100 million, all holding responsibility for one or more of: returns management, reverse logistics, sustainability, or supply chain management. Fieldwork was conducted online between 13 and 29 July 2026.

The retail senior leaders were recruited through established, quality-controlled online research panels. Respondents were subject to screening questions to verify their sector, seniority and decision-making responsibilities, ensuring that only individuals meeting the study's target profile were included in the research.

The sample was split evenly between the UK (75 respondents) and the European Union (75 respondents across Germany, France, Spain, Italy and the Netherlands). Each respondent's answers were benchmarked across four themes - strategy, operations, value recovery, and sustainability and impact - with scores combined into an overall Circularity Index rating.

Retailers were banded into four maturity levels:

- **Foundational:** little or no structured circular activity within returns.
- **Emerging:** circular initiatives are being explored or trialled, with informal or inconsistent processes.
- **Advanced:** established programmes and regular measurement, not yet consistent or optimised across the business.
- **Leading:** circularity embedded as standard practice, with optimised operations and measurable outcomes.

Findings at-a-glance

86% have an established approach to circularity in returns

88% have optimised efforts improving sustainability of returned items

9% resell more than half of returned items at full price

11.7% on average, of returned items generate no value

27% divert more than three-quarters of returns away from landfill

Retailer's overall circularity benchmark results



52.7%

of retailers achieved an Advanced overall circularity score



28%

of retailers achieved a Leading overall circularity score



18.7%

scored as "Emerging" for overall circularity

Circularity is firmly on the agenda, but turning ambition into measurable value remains a challenge for retailers.



Executive summary

The results of our analysis of 150 mid-to-large UK and European retailers for the Circularity Index highlights a gap between the positive intent behind circular returns strategies and the operational reality of what is recovered, reused and resold when products come back.

The purpose is strong...

Circularity has moved decisively into the retail mainstream. Among the 150 senior leaders surveyed:

- **86%** have an established approach to circularity in returns – meaning practices such as resale, refurbishment, repair and recycling are regularly used for returned products, rather than occasional pilots. For **27%**, circularity is a core part of how returns are managed across the business.
- **85%** prioritise the measurement of circular performance, with routine monitoring and internal reporting; for over a quarter, circular performance is a key business measure reported to senior leaders.
- **88%** report some level of environmental measurement across returns – tracking impacts such as CO₂, water and fuel across reverse logistics.
- **88%** have standardised or optimised efforts to improve the sustainability of returned items, focused on reselling, reusing, refurbishing or recycling.

...but performance is lagging

Despite this strong purpose, ambition is running ahead of outcomes. The industry understands circularity, but it is struggling to turn intent into tangible outcomes:

- Nearly half of retailers (**44%**) re-circulate half or fewer of the products customers return.
- Just over a quarter (**27%**) divert more than three-quarters of returns away from landfill, keeping them in circulation through resale, recycling or donation.
- Half of retailers (**50%**) report that between **6%** and **40%** of returned items are ultimately written off, destroyed or discarded without value recovery. Across the sample, an average of **11.7%** of returned items generate no value at all.
- Fewer than 1 in 10 (**9%**) resell more than half of returned items at full price. Full-price resale is a key indicator of circular performance – losses in value signal stock depreciation and a higher risk of disposal.

This is not a story of complacency or misperception, most retailers know where they stand - they are trying, investing and measuring. In fact, the upside is widely recognised: **82%** believe that up to half of their returned stock could generate additional value through enhanced recommerce strategies, and **62%** already make regular efforts to recover value from non-resalable goods.

What the data instead highlights is that the hardest part of the loop - converting returned stock back into value - is proving the most difficult to master.

Indeed, the gap is between ambition and execution, not between perception and reality. Variability in the condition of returned stock (**51%**), the cost of transport and logistics (**41%**) and the cost of processing (**40%**) are the three biggest barriers holding circular value back.

This report examines how retailers can overcome them and how evolving regulation, led by the EU's Ecodesign for Sustainable Products Regulation (ESPR), is raising the stakes for getting circular returns right.



The state of circular returns

The Circularity Index benchmarks each retailer across four themes (strategy, operations, value recovery, and sustainability and impact) and assigns an overall maturity band:

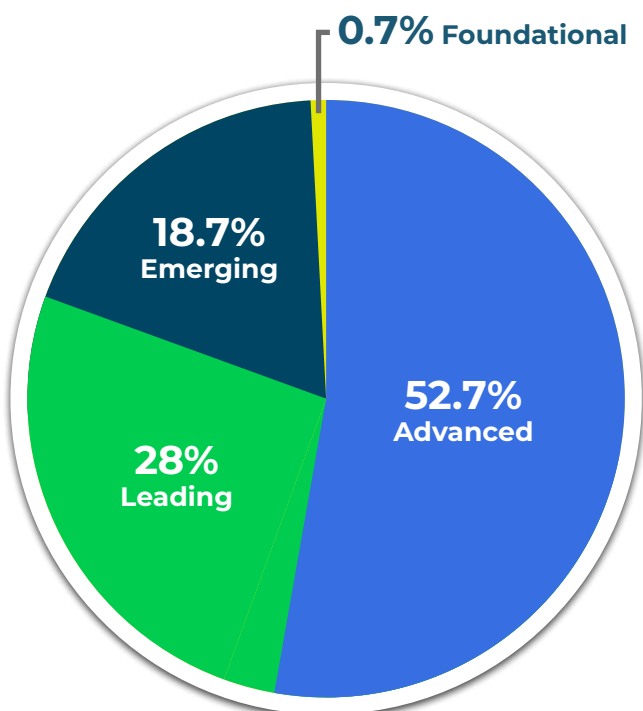
- **Foundational:** little or no structured circular activity within returns.
- **Emerging:** circular initiatives are being explored or trialled, with informal or inconsistent processes.
- **Advanced:** established programmes and regular measurement, not yet consistent or optimised across the business.
- **Leading:** circularity embedded as standard practice, with optimised operations and measurable outcomes.

The overall picture is encouraging, with the research finding that circular returns are no longer a niche pursuit. **81%** of retailers achieved Advanced or Leading scores on the overall Circularity Index, while **19%** remain at the Emerging or Foundational stages where circular activity is informal, small-scale or absent.¹

Reaching Advanced, however, is not the finish line. The real distinction is found in turning established circularity initiatives into consistent, optimised practice across the business. The research shows that this is where the gap between ambition and outcomes is most prominent, and where the Leading retailers begin to pull ahead.

The difference between Advanced and Leading, as the rest of this report shows, is where the commercial and environmental value lies.

Overall Circularity Index scores



Maturity is also strikingly consistent across markets. Retailers score almost identically overall across the UK and Europe, although from our research, it seems that UK retailers are somewhat more likely to reach the Leading band (**33%** vs **23%** across the five EU markets surveyed). Circular returns are a shared, continent-wide challenge and, as the regulatory section of this report highlights, an increasingly shared legal obligation.

“These scores reflect real investment and effort, which is incredibly encouraging to see. It’s also noticeable how consistent the maturity is across markets and reflects the fact that retailers everywhere face the same mounting pressure to reduce waste across the product lifecycle, with returns, unsold stock, and textile disposal drawing increasing scrutiny. The opportunity is equally shared – keep products in use for longer, recover more value and reduce what’s written off. The hard part is engaging consumers at scale, solving that is what turns an established circularity programme into a truly optimised one..”

Emily McGill

Sustainability Communications Manager

¹Figures rounded to the nearest 0.1 percentage





Benchmarking breakdown: exploring the four Index themes

Strategy: circular ambitions are high

Retailers performed best in the Strategy section of the Index, with almost half of retailers **(48.7%)** achieving a Leading score. There is clear evidence that circular returns have become a boardroom priority.

Fundamentally, **86%** have an established circularity approach within returns management.

In practice, this means circular routes are regularly used for returned products as standard operating procedure, not run as side-of-desk trials. For **59%**, circularity programmes are regularly applied to some returned products; for a further **27%**, circularity is a core part of how returns are managed, with resale, refurbishment, repair and recycling standard practice across much of the business.

Retailers are almost universally measuring their efforts too. **85%** prioritise measuring circular performance - **58%** regularly monitor and report key metrics internally, while **27%** treat circular performance as a key business measure, reported to senior leaders and used to inform decision-making.

The research also highlights that ownership is maturing too. Almost half **(49%)** say responsibility for circular returns is embedded across the organisation, with multiple functions contributing under clear senior accountability, often with external support from returns management or logistics partners.

Operations: strong foundations, with some friction

Retailers also score strongly on operations – the speed, automation and processing capability that moves returned stock through the reverse supply chain. A third **(32.7%)** achieve a Leading operations score and a further **54%** are Advanced.



Two forces are driving this investment.

- 1. Cost:** with return volumes rising, every day a product sits unprocessed is a day of depreciating value and accumulating handling expense.
- 2. Sustainability:** faster, smarter processing is what makes reuse and resale viable before products lose their market.

On average, retailers initially process **60%** of returned items within 48 hours of arrival. Nearly half **(47%)** have moved beyond basic automation to systems that combine predictive, decision-guiding automation with localised manual checks and human oversight; a further **39%** describe their returns process as largely automated.

But friction remains in the end-to-end flow. According to our research, the average returned item takes 14.7 days to reach its final destination - fully resold, refurbished or recycled, rather than just received and sorted. Only **6%** of retailers complete that journey in under a week. For fashion and seasonal categories in particular, two weeks in the reverse supply chain can be the difference between full-price resale and markdown, outlet or write-off.





Value recovery: the purpose-performance gap

Value recovery is where the Circularity Index tells a different story, in fact it is comfortably the weakest of the four themes. Only a quarter of retailers (**25.3%**) achieve a Leading score, and **43%** sit below the Advanced band - compared with just **11%** on strategy. This highlights that retailers understand the value of circularity, but struggle when it comes to converting returned stock back into money.

The evidence of leakage runs through the data:

- **Full-price resale is rare:** On average, retailers resell just under **30%** of returned items at full price, and only **9%** manage it for more than half of their returns. The remainder re-enters the market at a discount, through outlets, or not at all – every step down representing depreciation and a rising risk of disposal.
- **Write-offs are routine:** Half of retailers report that between **6%** and **40%** of returned items are ultimately written off, destroyed or discarded without any attempt to recover value. The sample average is **11.7%** of all returns.
- **Diversion is partial:** Only **27%** of retailers divert more than three-quarters of returns from disposal through circular routes such as resale, recycling or donation; **44%** divert half or less.

The commercial cost of this gap is significant. To give an example, for a retailer handling one hundred thousand returns a year at the survey-average write-off rate, roughly 11,700 items would generate no value at all – before counting the majority of the remainder resold below full price. At an average value of £106² / €124³ per returned item, write-offs alone would equate to around £1,240,000 / €1,445,648 in lost value per annum.

That said, retailers are aware that value is being left on the table. **82%** believe up to half of their returned stock could generate additional value through enhanced recommerce strategies. And **62%** already make regular efforts to recover value from non-resalable goods, with **28%** treating it as a core priority.

Put simply, the appetite is there, but the recovery engine is not yet matching it.

Sustainability and impact: where green meets margin

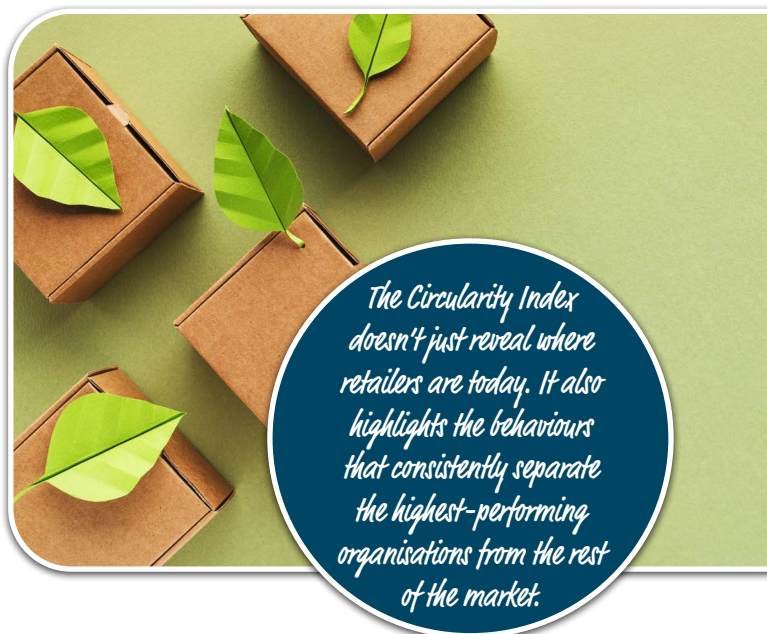
Sustainability is the second-strongest theme in the Index, and the one with the most retailers at the very top: almost half (**49%**) achieve a Leading sustainability score.

Nearly nine in ten retailers (**88%**) report some level of environmental measurement across their returns operations - from formally tracking impacts such as CO₂, water usage and fuel, to using that data to identify improvements. Yet the findings indicate that many are still struggling to translate that visibility into improved value recovery and diversion outcomes. Measurement is necessary, but it is not sufficient alone.

Where sustainability practice runs deep, however, value follows. The Index reveals a strong relationship between sustainability and value recovery scores, in fact the strongest link between any two themes in the research.

Retailers who treat sustainability as an operational discipline, using environmental data to actively optimise their reverse logistics, are the same retailers keeping write-offs low, diversion high and resale values strong. The retailers taking sustainability most seriously are also the ones recovering the most value.

It helps that the environmental case and the commercial case point the same way. [Research supported by ReBounce](#) found that a product can be returned, refurbished and resold up to 16 times before its emissions reach the level associated with producing a new item. Every additional loop is both carbon avoided and margin recovered.



²<https://internetretailing.net/average-return-value-hits-106-research-finds/>

³Based on conversion of £106 on 07 August 2026



What circular returns leaders do differently

The 28% of retailers who achieve a Leading overall score are not doing something categorically different from everyone else; they are simply doing the same things with far greater consistency, speed and follow-through. And the areas where they pull furthest ahead are precisely the two where the wider market struggles - sustainability and value recovery.

Leading retailers compared with all retailers across key returns and recommerce practices.

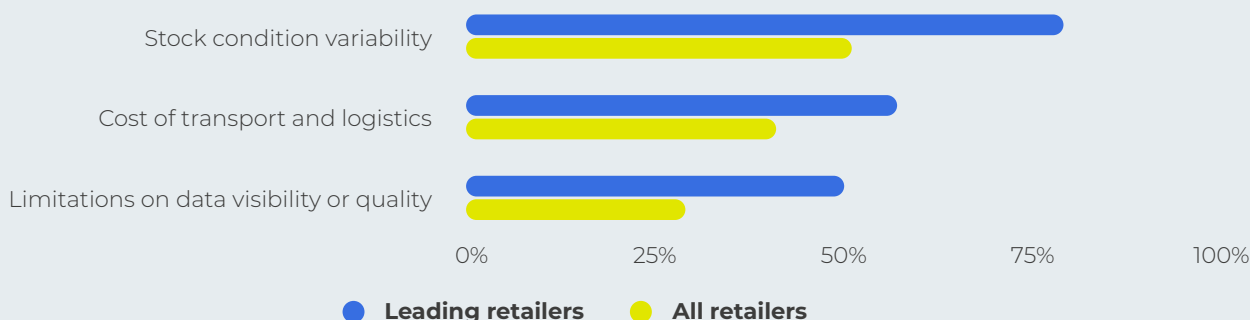


Four patterns stand out:

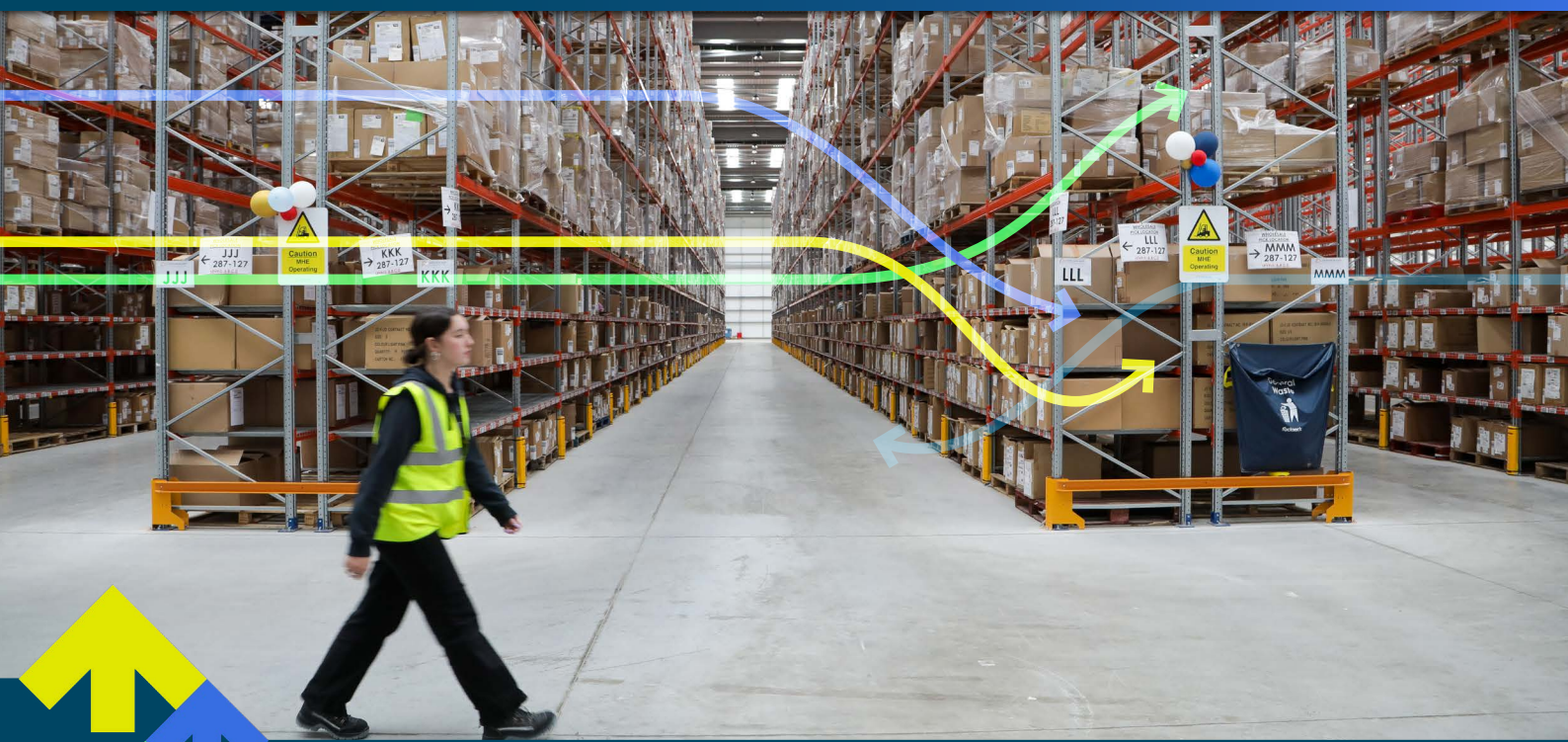
- Leaders move fast at the front door:** More than two-thirds of Leading retailers initially process over three-quarters of returns within 48 hours, receiving, sorting and grading stock while it still holds its value.
- Leaders automate decisions, not just handling:** Almost all Leading retailers (**95%**) use automation that guides disposition decisions (resell, refurbish, recycle, donate) and predicts outcomes, with human oversight where judgement matters. Leaders recognise that automating the decision about where a product goes next is worth more than automating the conveyor that moves it.
- Leaders turn environmental data into operational action:** **93%** of leaders actively use environmental impact data to optimise their returns and reverse logistics, more than double the market average. For leaders, tracking is a means, not an end.
- Leaders make recovery everyone's job:** **93%** embed accountability for circular returns across the organisation, and **98%** operate an integrated recommerce strategy blending owned and partner resale channels. The loop closes when strategy, operations and sales channels all pull in the same direction.

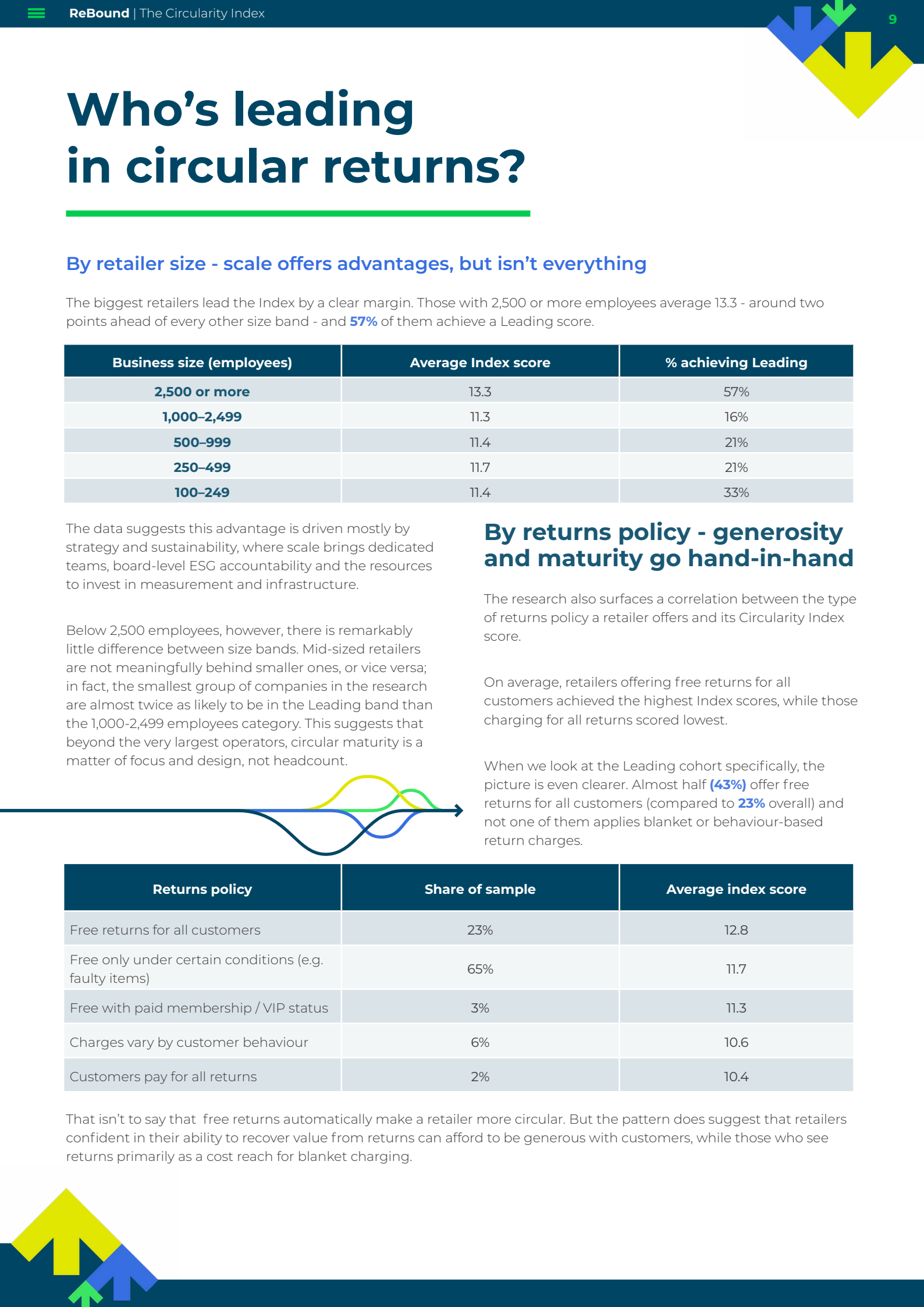
An additional interesting observation is that Leading retailers actually report more challenges than the wider market.

Biggest challenges for circularity



This highlights that rather than completely removing obstacles, higher circulatory maturity helps reveal them. The retailers recovering the most value are the ones looking hardest at where value is still leaking.





“The customers most affected by return charges tend to be the ones who buy most often, and they notice. So while charging can be an easy lever for reducing costs and deterring a minority of high return shoppers, it creates 2 bigger problems. First, it treats the symptom rather than the cause, leaving the underlying drivers of high return volumes unaddressed. Secondly, it damages repeat purchase and lifetime value in ways that are harder to see and considerably more expensive.”

Stuart Greenfield
Sales Director, Advanced Supply Chain

By product type: luxury sets the pace

Luxury retailers top the category table, followed by health and beauty, with clothing close behind.

Product category	Average Index score
Luxury	12.2
Health and beauty	12.0
Clothing	11.9
Consumer electronics	11.8
Footwear	11.7
Accessories / jewellery	11.5
Furniture	10.3

The pattern makes commercial sense - the higher an item’s residual value, the stronger the incentive to grade it quickly, restore it carefully and resell it well. Luxury’s long-standing investment in authentication, refurbishment and controlled resale channels translates naturally into circular capability.

Health and beauty’s strength is notable given the hygiene constraints on resale, pointing to well-developed recovery routes for packaging, componentry and donation. At the other end, bulky, harder-to-transport categories such as furniture face structurally higher barriers on logistics cost and condition variability - the two biggest challenges in the research.

Although links were found between retailer scale and returns policy and higher circularity scores, they are not necessarily the mechanism. The largest retailers tend to have already built the fast triage, automated decisioning, and integrated recommerce described in Section 7. Their size may mean those investments are easier to fund, but they don’t replace them. The leaders’ advantage comes from specific operational choices that any retailer can adopt.



Regulatory considerations as ESPR raises the stakes

If the commercial case for circular returns were not compelling enough, regulation is now adding urgency of its own.

The EU's Ecodesign for Sustainable Products Regulation (ESPR) is designed to improve the sustainability and circularity of products throughout their lifecycle. It introduces a range of requirements affecting how products are designed, managed, and ultimately disposed of, including how durable, repairable, and recyclable they are.

The new requirements, introduced from 19 July 2026, mark one of the first major operational tests of circularity for retail. Its most significant provision is a ban on the destruction of certain unsold consumer goods, including apparel, footwear and textile accessories, for large retailers and brands selling into the EU market.

The regulation also introduced corresponding transparency obligations requiring businesses to disclose what happens to unsold goods and demonstrate the steps taken to prevent destruction.

For returns and reverse logistics teams, the implications are immediate. Returned stock that cannot be resold sits squarely within the scope of excess inventory and stock recovery strategies. The survey finding that half of retailers write off between **6%** and **40%** of returned items takes on a new dimension when considered against the fact that disposal routes are being closed off by law.

One misconception deserves particular attention - recycling is not a safe harbour. Under ESPR, recycling is classified as a form of destruction, alongside landfill and energy recovery, and cannot be relied on as a default route for unsold goods except in limited cases, such as hygiene requirements for certain products.



This matters directly to retailers whose standardised sustainability efforts frequently include recycling among their headline circular activities. The regulation instead pushes businesses up the value hierarchy, towards resale, reuse, repair and donation, which is precisely where the Index shows performance is weakest.

And while ESPR is EU law, its reach extends to any large retailer or brand selling into the EU. What's more, it's unlikely to be the last regulation of its kind.

Taken together, ESPR converts the purpose-performance gap identified in this report from a commercial issue into a compliance risk. Preparing for it means mapping how products move through the business, identifying compliant circular routes for each product category, and establishing clear reporting and governance.

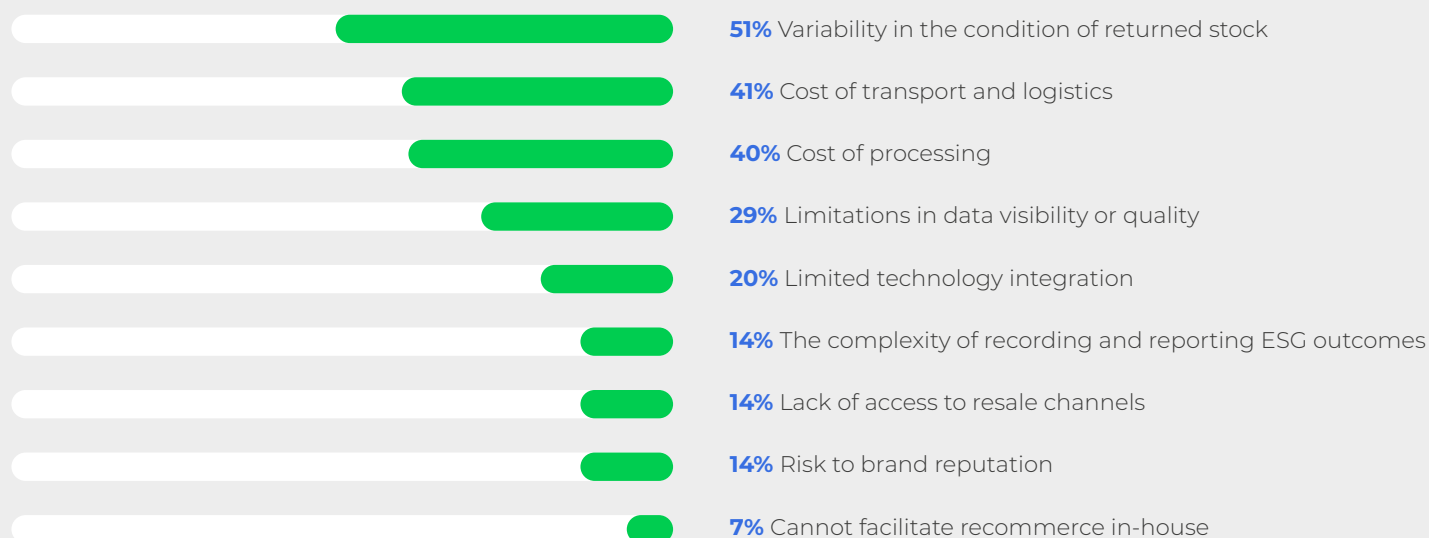
The Leading cohort in this research is, in effect, already operating as ESPR demands; for the rest of the market, compliance and commercial performance now call for exactly the same behaviours.



Recommendations for overcoming the challenges

Why is value recovery so hard?

Asked what most limits their ability to maximise circular value from returns, retailers pointed to three challenges above all others:



Together, these challenges explain the purpose-performance gap. Every returned item arrives in an unknown condition, and until it is inspected and graded, nothing can be decided - so slow or inconsistent triage invariably converts resalable stock into markdown and waste.

Meanwhile, each additional touch, mile and day adds cost that eats into recoverable value, tightening the margin for every circular route. And without connected data, on condition, location, channel pricing and environmental impact, disposition decisions default to the safest, cheapest option (i.e. to liquidate or write off).



How can retailers overcome these challenges?

The encouraging news from the Index is that these barriers are operational and completely addressable. The Leading **28%** face the same conditions (indeed, they report the challenges more acutely) yet still divert three-quarters of returns from disposal and hold write-offs below **4%**. The difference is how their operations are designed.

Drawing on the behaviours of these Leading retailers, five actions stand out:



- 1. Map the loop before you try to close it:** Build end-to-end visibility of what actually happens to returned stock today, covering volumes, conditions, grading outcomes, disposition routes, recovery rates and final destinations. Most retailers measure something; leaders measure the whole journey and can see exactly where value leaks. This is also the foundation ESPR compliance now demands.



- 2. Win the first 48 hours:** Speed of triage is the single clearest operational marker of Leading retailers. Design the reverse supply chain so returns are received, inspected and graded within 48 hours - while resale value and seasonal relevance are still intact - and route them immediately to their best next destination.



- 3. Automate the decision, oversee with humans:** Move beyond automating physical handling to automating disposition logic, for example introducing rules and predictive models that decide whether each item is resold, refurbished, repaired, donated or recycled. Ensure human oversight for exceptions and high-value judgement calls. This directly attacks the condition-variability problem by making grading consistent and decisions instant.



- 4. Build a recommerce ecosystem, not a channel:**

82% of retailers believe up to half of returned stock could generate more value through recommerce. But how? Well, **98%** of Leading retailers run an integrated strategy blending owned channels (outlet, in-store resale, online platforms) with specialist partners for repair, refurbishment, donation and recycling. No retailer can close the loop alone; the leaders develop a cohesive and coordinated ecosystem.



- 5. Make sustainability data earn its keep:** Tracking environmental impact is now near-universal, but using it to add real value is not. Connect CO₂, transport and processing data to operational decisions - carrier selection, consolidation, routing, disposition - so every improvement in footprint is also an improvement in cost and recovery. After all, the Index shows sustainability and value recovery rise together.

“Anyone recognising their own challenges in this report should take comfort from the data. Leading retailers report more obstacles than the market average, not fewer - from stock condition variability to data gaps. They see issues more clearly precisely because they're looking harder.

The report also reveals that the intent is there across the market, and that the barriers holding value back are operational rather than cultural. So, rather than launching new initiatives from scratch, start with increasing visibility and build on what exists. Map what actually happens to returned stock today - how much comes back, in what condition, where it goes (and how quickly), and what it's worth at the end step. Once you can see the whole journey, the leaks are easier to fix.

Encouragingly, the commercial and environmental cases both point in the same direction, they are not opposing goals. That makes it easier to build internal buy-in and support than with much sustainability work. And momentum builds quickly once the first loop closes properly.

Lastly, while the gap between Advanced and Leading can look daunting at first glance, in reality it's actually made up of a series of practical, achievable operation changes. Good luck, we'll be here to support you every step of the way.”

Inge Bujakiewicz-Baars

Head of Sustainability at ReBounce Returns

Conclusion: closing the loop, closing the gap

The Circularity Index highlights a retail sector that has made up its mind about circular returns.

Strategies are set, measurement is in place, ambition is there. **86%** of retailers have established circularity programmes, and **82%** can see untapped value sitting in their returned stock.

But what the sector has not yet done, at scale, is convert that purpose into performance.

Too much returned product still loses value on its way back through the supply chain, and too much leaves the loop entirely. Yet the Leading **28%** prove the gap can be closed, through a combination of fast triage, automated decisioning, integrated recommerce, actionable environmental data and shared ownership.

The arrival of ESPR means the retailers that close it first will hold both a commercial and a compliance advantage.

Either way, returns are rising. The question is whether retail treats them as waste, or as the foundation of a more circular, more profitable supply chain.

Take the next step

ReBounce and Advanced Supply Chain, part of Reconomy, help retailers close the purpose-performance gap every day, combining returns management technology, reverse logistics and supply chain expertise with circular services spanning resale, refurbishment, donation and responsible recycling.

ReBounce Returns processes more than one million items every month, with **95%** returned to retailers and brands for reuse or resale rather than waste. Its newly launched Circularity Portal extends that capability into consumer take-back, enabling shoppers to route unwanted products into circular pathways even without a sales order.

To benchmark your own circular returns performance, or to speak to a circular returns expert...



About ReBound

ReBound - Part of Reconomy - is the leading global returns management specialist, enabling easy omnichannel returns for retailers and consumers. By combining integrated returns software with an extensive logistics network, ReBound provides retailers with a complete ecosystem of suppliers and partners to handle their global, end-to-end returns.

ReBound optimizes and manages the entire returns lifecycle so clients can focus on their core business.

Learn more at ReBoundReturns.com or get in touch to see how we can optimize your returns process.

