International Post Corporation

UK-online-fashion-leaders-take-hit-from-surge-in-returns

17-06-2022

British online fashion leaders ASOS and Boohoo, major users of parcel delivery services, have warned of the negative effects on their business from a sharp rise in returns rates on goods, attributed largely to the cost of living crisis, with customers shifting to pre-pandemic behaviour.

Reuters reported that ASOS shares took a heavy hit yesterday after the company signalled it would miss profit forecasts due to a spike in returns in the UK and Europe, with inflationary pressures exacting a toll on its '20-something' customers. The company said it expected adjusted pre-tax profit to be between £20 million and £60 million, a substantial reduction from its previous guidance of £110 million to £140 million.

Boohoo shares also suffered a double-digit slump after it reported an 8% dip in first-quarter sales that partly reflected higher returns. But the company did not adjust its forecasts.

Source: CEP Research