Retailer REI Ends Era of Many Happy Returns

Customer Abuses Lead the Outdoorsy Chain to Nix Unlimited Exchanges

By Kirsten Grind

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The basement at the flagship store of REI Inc., the privately held sporting goods chain based in Seattle, is like an evidence locker for how the outdoorsy retailer earned an endearing nickname: Return Everything Inc.

Hundreds of returned items are stacked in bins, hanging on racks and lining shelves. Tags detail the customer complaints: "suddenly not waterproof" on a frayed, blue, men's rain jacket from a previous decade; "don't fit well" on a pair of thick, black, women's clogs so well-worn that their original design has faded.

At another REI store, a customer recently returned a pair of women's sandals, designed for hiking and wading in rivers.

The problem? According to the tag, "not sexy enough."

For as long as anybody can remember, REI, which was founded in 1938 and has 130 stores in 32 states, has offered a no-questions-asked return policy, even giving customers cash in exchange for heavily used merchandise. Several years ago, a customer in Washington state successfully returned an REI snow suit he bought to climb Mount Rainier in 1970.

In June, though, the chain announced it would henceforth take back items only within a year of purchase.

While customers still can return a product for any reason during that year—and items with defects can be returned for the life of the product—the new policy aims to keep customers from using purchases for years and then exchanging it like a dress you bought on Friday just to wear Saturday night and then return.

The crackdown is a blow to those hikers, kayakers and climbers who secretly—or not so secretly—used the policy as an ATM. Some shoppers have bragged on message boards about using REI money for rent and college tuition.

And those people are the problem, as REI says the policy change was the result of a large number of returns from a "small group of members." That cluster of REI's clientele is now facing the ire of the majority.

"A few bad apples ruined it for the bucket of good ones," wrote one commenter on a hiking website.

Chad Thomas, a longtime REI customer who has returned used items, put it another way: "Some people think I'm a scumbag," he says.

Earlier this year, Mr. Thomas, says he returned a backpack he bought in 2004, which he had hauled up the tallest mountain in Yosemite National Park and hundreds of miles across a number of states. But it "was getting old and dirty, and I didn't like it anymore," he says.

Mr. Thomas returned the nine-year-old backpack to the REI store near his home in San Ramon, Calif. REI gave him a brand-new backpack plus $17 in cash—the difference between his purchase price and the item's new low cost. He later returned that one, too, when he realized there was a newer model.

His justification: Since he bought hundreds of REI products over the years, he says, the retailer still has made a healthy overall profit on his purchases.

In a blog item that ricocheted around the Internet, climber Leif Karlstrom bragged last year that he and a friend took "a bunch of knockoff gear" from China, used items bought at yard sales and broken gear scrounged from a dumpster back to REI for cash refunds. "I couldn't have afforded to climb in the Bugaboos or Yosemite without them," he said, according to the post on the Outside magazine website, which is frequently cited by those mourning the REI policy change.

Mr. Karlstrom said the comments attributed to him in the blog post were taken out of context and inaccurate, but he declined to comment further. An REI spokeswoman declined to comment on the blog post and Outside magazine didn't respond to a request for comment.

REI's old policy wasn't unique in the industry.

Outdoor-gear retailers Orvis, L.L. Bean and Patagonia have similarly liberal approaches.

A customer at a New York Orvis store recently showed up with the charred remains of luggage he bought years earlier. The man brought a newspaper article proving that he was the victim of a house fire, although Orvis would have taken back the luggage without it, says Bill Eyre, Orvis's director of corporate marketing.

At Patagonia, a man in May returned a backpack and a shirt that was shredded after he was stabbed while traveling in Cairo, says Joy Lewis, a district manager in New York for the Ventura, Calif. company.

Stores also often see returns from customers who have broken limbs while engaging in extreme sports such as skiing and rock climbing. When they return clothing, it comes with tears where rescue workers cut through the fabric, Ms. Lewis says. The company always replaces the gear.

Patagonia, L.L. Bean and Orvis, which is based in Manchester, Vt., say they have no plans to change their return policies. "We trust our customers know where the line is," Mr. Eyre says.

The mystery at REI is why suspect returns recently surged.

The company's stance is that "some customers have just been a bit confused about the spirit of our policy," says Rachel Ligtenberg, a regional vice president in charge of retail stores at REI.

Ron Suess, an avid backpacker from Santa Rosa, Calif. who got his original REI co-op membership card in 1961, says he has returned just a couple of items over the years and only for legitimate reasons—like hiking shoes that didn't fit after wearing them once or a tent with a part that failed. To him, the policy change reflects a gradual shift in the outdoor community.

"The culture has changed over the years and now people will take advantage of any opportunity they can," says Mr. Suess, 70, who is retired.

It could take a while before REI gets rid of the bad seeds. At the company's flagship store in Seattle, its bargain basement is still littered with dubious excuses, nearly three months after the new policy went into effect.

In a bin by a window, an unraveling scarf is marked "too fuzzy." On the next rack over, a well-worn man's shirt has "buttons that are too clangy on hard surfaces."

And nearby, a pair of child's sandals that are coming apart at the soles. The complaint on the tag: The sandals are "not good for mud wrestling."

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