



THE ROLE OF LEGITIMATE CUSTOMERS AS MEDIATORS OF RETURN POLICY LENIENCY

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Abstract. The rapid development of e-commerce requires companies to align customer satisfaction and operational efficiency through appropriate return policies. This study aims to examine how the five dimensions of Return Policy Leniency affect customer satisfaction and return proclivity in the Indonesian context. Unlike previous studies that were limited to the American context and did not consider the role of legitimate customers, this study specifically aims to analyze the mediating role of legitimate customers in the relationship between Return Policy Leniency and customers satisfaction. This study uses an explanatory quantitative approach with CB-SEM analysis to test the relationship between variables, with the unit of analysis being individual e-commerce consumers who have experience making product returns. The results show that the monetary, effort, and scope dimensions have a positive effect on customer satisfaction, while excessive leniency increases return proclivity. The legitimate customers variable significantly mediates this relationship, where legitimate e-commerce customers view moderate return policies as a form of fairness and transparency that strengthens trust and loyalty. This study expands the Return Policy Leniency Theory by incorporating the ethical aspect of legitimate customers in the context of Indonesian e-commerce. Practically, these results provide guidance for online businesses to design return policies that are fair, efficient, and oriented towards customer trust.

Keywords: Return Policy Leniency, Legitimate Customers, Customer Satisfaction, Return Proclivity, E-Commerce.

1. Introductions

The development of global e-commerce in recent years has had a major impact on consumption patterns and retail practices: the volume of online transactions has increased sharply, so that the issue of returns has become a major operational challenge and marketing strategy for online retailers (Baden & Frei, 2021; Stevenson & Rieck, 2024). In countries with high digital penetration, the easing of return policy leniency (RPL) increases conversions, but on the other hand increases the frequency of returns and the cost burden of reverse logistics (Baden & Frei, 2021. Duong et al., 2025).

Looking at the situation in Indonesia, this topic emerges as a significant issue that warrants further research. The growth of national e-commerce in the last three years has shown a significant increase and has given rise to the need for managerial to regulate effective return policies, including in the West Java region as one of the centers of national digital economy activity (Prayogo et al., 2024). Although empirical studies in Indonesia highlight product quality, accuracy of product descriptions, and return procedures as key determinants of return rates, research that quantitatively investigates how return policy leniency influences customer satisfaction and return intentions in the Indonesia B2C market remains very limited. This lack of empirical evidence indicates a clear research gap that needs to addressed (Prayogo et al., 2024; Stevenson & Rieck, 2024).

Theoretically, Return Policy Leniency is measured through several operational dimensions such as return time, compensation/monetary, effort, scope, and exchange options that have different impacts on customer satisfaction and return tendencies (Duong et al., 2025). Duong et al. (2025) assert that the monetary, effort, and scope dimensions often significantly affect both satisfaction and return proclivity, while other dimensions can have a neutral or counter-productive effect if not carefully designed (Baden & Frei, 2021).

However, not all consumers respond to return policies in the same way, and cross-country studies show unethical return behavior, which distinguishes between Illegitimate and Legitimate returners, hence the concept legitimate customers i.e. consumers who return goods for valid reasons and respect the fairness of the policy, this is important as a variable that can mediate the relationship between Return Policy Leniency and outcomes such as satisfaction in returns (Magano et al., 2024; Hipólito, Dias, & Pereira, 2025). Customer Satisfaction reflects consumers' evaluation of the shopping and post-purchase experience, and Return Proclivity Describe the consumer's tendency to return the product (Magano et al., 2023) This consumer behavior research highlights the importance of the perception of fairness, policy transparency and trust as determinants of whether Return Policy Leniency leads to increased satisfaction or an increase in operational returns (Hipólito et al., 2025).

Although international studies have begun to examine these nuances, contextual studies in Indonesia with a focus on West Java and the local e-commerce customer population are still minimal. Therefore, this study fills the empirical gap by examining the influence of the dimensions of Return Policy Leniency on customer satisfaction and return proclivity, including the role of legitimate customers in mediating the influence that occurs. The findings are expected to enrich the marketing/retailing management literature on equitable return policies and provide practical recommendations for e-commerce policy makers in Indonesia (Prayogo et al., 2024).

2. Methods

2.1 Sample and Procedure

This study uses a quantitative approach with an online survey method. The research population is e-commerce and social commerce users who are domiciled in West Java, especially Tasikmalaya. The sampling technique used purposive sampling with the following criteria: (1) respondents were at least 18 years old, (2) had shopped online at Shopee or TikTok Shop at least twice, and (3) had experience making returns at least once. The determination of sample size referred to CB-SEM requirements, which generally recommend a larger sample to ensure model stability, adequate statistical power, and reliable parameter estimation. Following these guidelines along with practical considerations such as the 10-times rule and power analysis, the researcher targeted approximately 170 respondents, a number that exceeds the minimum threshold required to obtain robust estimates for both direct effect and mediation analysis.

The research instrument was in the form of a Google Form-based closed questionnaire, which consisted of two parts: (1) respondents' demographic identity (age, gender, education, and frequency of online shopping), and (2) research statement items that measured variable constructs. The measurement scale uses the bipolar adjective scale, which is a development of the semantic differential scale (Kotler & Keller, 2021), with a range of 1–10. The even range was applied to avoid the tendency of respondents

to choose a middle/neutral number, where 1–5 indicates disagreement and 6–10 indicates approval.

2.2 Operationalization of Variables

Table 1. Operationalization of Variables

Variable	Indicators (example)	Brief description
Return Policy Leniency (RPL)	1) Return time (period) 2) Refund (monetary) 3) Ease of process (effort) 4) Product coverage 5) Exchange options	The RPL is measured multi-dimensionally according to the findings of Duong et al. (2025), each dimension is executed into several scale grains.
Legitimate Customers (LC)	1) Perception of policy fairness 2) Perception of transparency 3) Trust level 4) Valid return history	Measure how much respondents see themselves/their group as legitimate customers' who only return goods for valid reasons; The indicators were selected based on studies on return behavior and unethical return behavior.
Customer Satisfaction (CS)	1) Overall satisfaction 2) Satisfaction with the return process 3) After-sales service satisfaction	CS is measured as a holistic evaluation of the online shopping experience (utilitarian + emotional).
Return Proclivity (RP)	1) Intensity of return intent 2) Frequency of return history 3) Tendency to buy trial	Measure the actual propensity/intention to make a return after purchase.

2.3 Statistical Analyses

Data analysis is carried out using Structural Equation Modeling (SEM) because it is able to test complex causal relationships with mediation and moderation variables simultaneously, with the help of the statistical analysis tools used in this study are IBM SPSS Statistics 27.0.1 and IBM SPSS AMOS 24. to test the direct and indirect relationship between variables and the suitability of the research model. The analysis techniques used are Covariance-based SEM (CB-SEM) to test model fits, path relationships, and mediating effects (Hair et al., 2019).

The analysis steps include data cleansing, normality and outlier assumption tests, convergent and discriminant validity tests (AVE, CR), measurement model testing (CFA), and structural model testing using CB-SEM (fit indices: CFI, TLI, RMSEA, χ^2/df). Mediation testing was performed according to bootstrapping procedures for estimating indirect effects (Hair et al., 2019; (Kline, 2015)).

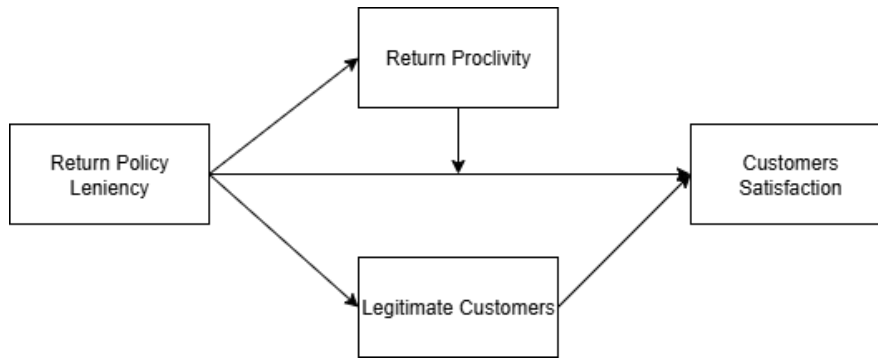


Fig 1. Research Model

This study utilizes a covariance-based Structural Equation Model (SEM) as an analysis method using AMOS software. The analysis process begins with the construction of a pre-compiled conceptual model, which has been collected will be examined to ensure that nothing is missing and to verify that the data meets the criteria required in SEM analysis. After that, validity and reliability tests were carried out, to ensure that the measurement items used could represent the variables in this study accurately and have a high level of consistency. Once validity and reliability are assured, the model will be tested to ensure that it is fit or fit. The test was followed by analyzing the significance between variables, according to the hypothesis proposed (Hair et al., 2019).

Before conducting SEM analysis on both models, a normality test was first performed to ensure that the data followed a reasonable distribution (Hair et al., 2019). In model 1, the multivariate critical ratio value was recorded at -1.506, which is still in the range of ± 2.58 , indicating that the data is normally distributed and ready for further analysis. Outlier testing showed a univariate Z-score range between -2.374332 to 2.98129, which is within the safe limit of ± 3 , so no univariate outliers were found. A multivariate examination with the highest Mahalanobis distance of 30.225, which was compared to the table's chi-square value of 99.287, also showed the absence of multivariate outliers. In model 2, with the largest univariate value is 2.261. Univariate outlier testing showed a Z-score range between -2.46842 to 2.64369, as well as a multivariate examination with the highest Mahalanobis distance of 50.589 compared to the chi-square table of 57.324, which also indicated no outliers. Thus, both models meet the assumption of normality and are free from outlier interference, so that the data is ready to proceed to the SEM analysis stage (Hair et al., 2019).

Table 2. Characteristic Responders

Characteristics	Attribute	Total	%
Age	<20 years old	6	3.44%
Age	20-25 years	85	48.85%
Age	26-30 years	68	30.08%
Age	>30 years old	15	8.62%
Frequency of online shopping per month	2-3 times	65	37,3%
Frequency of online shopping per month	3-4 times	58	33,33%

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Characteristics	Attribute	Total	%
Frequency of online shopping per month	>5 times	51	29.31%
Platform type	Shopee	50	28.74%
Platform type	Tiktok Shop	37	21.26%
Platform type	Shopee & Tiktok Shop	87	50%
Have ever made a return	Yes	100	100%
Have ever made a return	Not	0	0%
TOTAL		174	100%

Overall, the respondents' profiles show that most of the users of e-commerce platforms are young people between the ages of 20 and 30 with a relatively high shopping frequency and a strong tendency towards Shopee and Tiktok Shop. In addition, the 100% product return experience rate reflects the importance of e-commerce companies to focus on after-transaction service strategies to maintain consumer satisfaction and trust.

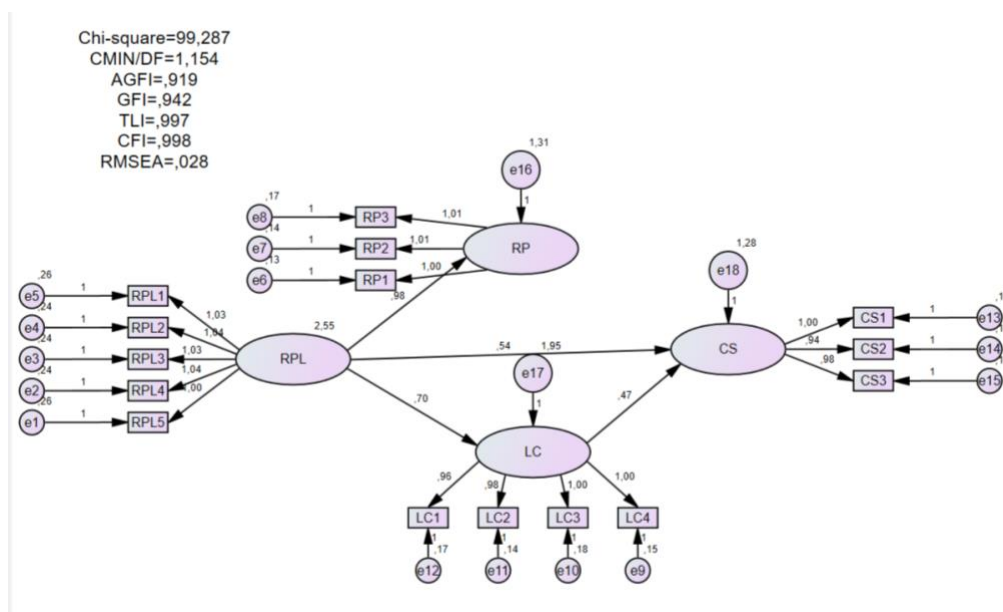


Fig 2. Model 1

Illustrates the relationship between Return Policy Leniency (RPL), Legitimate Customers (LC), and Customers Satisfaction (CS), with LC serving as the mediating variable. The model shows that lenient return policies influence customers' perception of fairness and legitimacy, which subsequently enhance their satisfaction.

Table 3. Goodness Of Fit (GOF)

Goodness of Fit	Analysis Results	Cut of Value	Model Evaluation
Chi-Square	99.287	Expected small	Marginal Fit

<i>Goodness of Fit</i>	<i>Analysis Results</i>	<i>Cut of Value</i>	<i>Model Evaluation</i>
<i>CMIN/DF</i>	1.154	< 2,000	Fit
<i>AGFI</i>	0.919	> 0.90	Fit
<i>GFI</i>	0.942	> 0.90	Fit
<i>TLI</i>	0.997	> 0.95	Fit
<i>CFI</i>	0.998	> 0.95	Fit
<i>RMSEA</i>	0.028	< 0.80	Fit

Table 3 presents the GOF results for model 1, showing that all key indicators fall within the acceptable or excellent criteria. These results indicate that the model fits the data well, meaning the measurement and structural components are appropriate and accurately represent the relationships among the variables.

Table 4. Hypothesis Testing

Parameters	Estimate	Lower	Upper	P
RPL>LC>CS	,328	,236	,437	,001

Table 4 reports the mediation test results for the indirect relationship between RPL, LC, and CS. The indirect effect estimates of 0.328, with p-value of 0.001 and a 95% confidence interval that does not include zero, confirms that the mediation effect is statistically significant. This indicates that Legitimate Customers effectively mediate the influence of Return Policy Leniency on Customer Satisfaction.

Table 5. Measurement, Loadings, CR, and VE. Model 1

<i>Yes</i>	<i>Questionnaire Statements</i>	<i>Construct</i>	<i>Indicator</i>	<i>Loading Factor</i>	<i>CR</i>	<i>VE</i>
1	Product return time	<i>Return Policy Leniency</i>	RPL1	0.849	0.921	0.702
2	Product Return Costs		RPL2	0.825		
3	Ease of return process		RPL3	0.881		
4	Product coverage		RPL4	0.806		
5	Exchange options		RPL5	0.827		
6	Perception of policy fairness	<i>Legitimate Customers</i>	LC1	0.792	0.874	0.635
7	Perception of transparency		LC2	0.839		
8	Confidence level		LC3	0.78		
9	Valid return history		LC4	0.775		
10	Satisfaction of completeness	<i>Customers Satisfaction</i>	CS1	0.826	0.87	0.691
11	Satisfaction with the return process		CS2	0.848		
12	After-sales service satisfaction		CS3	0.82		
13	Return value intensity	<i>Return Proclivity</i>	RP1	0.873	0.845	0.646
14	Frequency of Return History		RP2	0.886		
15	Return tendency after purchase		RP3	0.911		

All Goodness of Fit indices meet the model fit criteria, either in absolute (GFI, AGFI), incremental (TLI, CFI), or parsimonious (CMIN/DF, RMSEA). An RMSEA value below 0.05 indicates that the model has a good level of compatibility with the data. The results of the RPL>LC>CS mediation test showed an estimate of 0.328 with a value of $p = 0.001$ (significant at $\alpha = 0.01$) and a confidence interval of 95% between 0.236 to 0.437 which did not include a zero value. These findings confirm that legitimate customers significantly mediate the relationship between RPL and CS. Model 1 has an

excellent fit and is acceptable. All constructs have a CR value of 0.921 above 0.70 and VE of 0.702 above 0.50, with loading factors ranging from 0.806 to 0.881. The RPL3 indicator (0.881), indicates that respondents consider the effort dimension as the strongest representation of Return Policy leniency, the LC2 indicator has the highest contriction in the loading factor construct Legitimate Customers, indicating that policy transparency is a key factor that distinguishes legitimate customers from opportunistic ones. Konstruk Customer Satisfaction has a CR of 0.870 and VE of 0.691, with loading ranging from 0.820 to 0.848, the CS2 indicator shows the highest loading (0.848) confirming that a positive return experience is a crucial determinant of overall satisfaction in the context of e-commerce. Meanwhile, the Return Proclivity construct shows a CR of 0.845 and VE of 0.646 with the highest loading of RP3 (0.911), indicating that future behavioral intentions are more reflective of return tendencies than historical histories. By this, it means that the indicators used are consistent and valid in measuring their respective constructs.

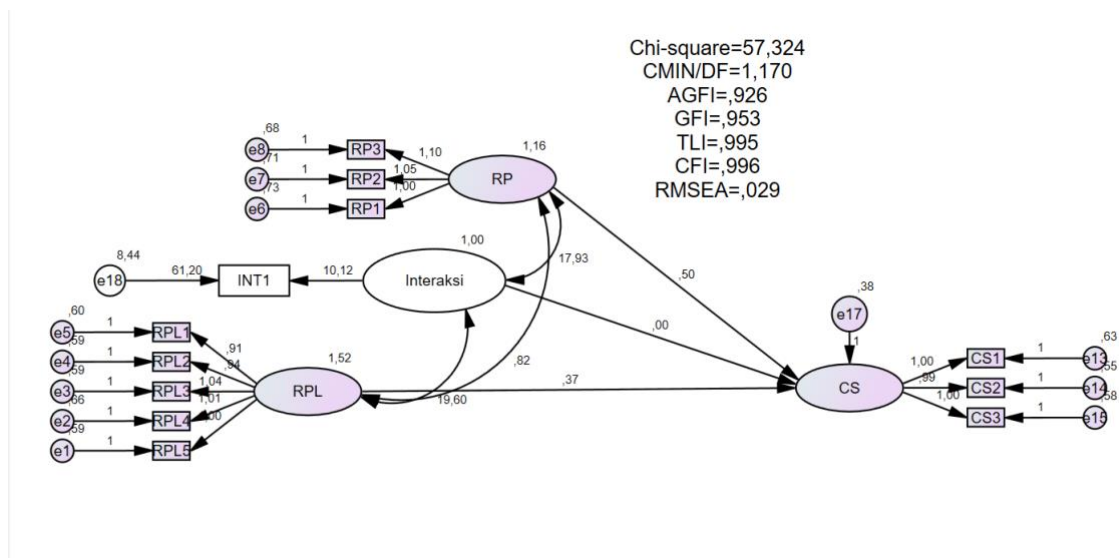


Fig 3. Model 2

This model focuses on understanding how the dimensions of RPL directly influence customer satisfaction and customers tendency to return product. By simplifying the structure, model 2 allows the evaluation of direct effects and provides a comparison against model 1, which includes mediation. The diagram demonstrates that the model structure remains stable and theoretically consistent, enabling the assessment of direct causal relationships among the variables.

Table 6. Goodness Of Fit (GOF)

<i>Goodness of Fit</i>	<i>Analysis Results</i>	<i>Cut of Value</i>	<i>Model Evaluation</i>
<i>Chi-Square</i>	57.324	Expected small	Marginal Fit
<i>CMIN/DF</i>	1.170	< 2,000	Fit
<i>AGFI</i>	0.926	> 0.90	Fit
<i>GFI</i>	0.953	> 0.90	Fit
<i>TLI</i>	0.995	> 0.95	Fit
<i>CFI</i>	0.996	> 0.95	Fit
<i>RMSEA</i>	0.029	< 0.80	Fit

Table 6 reports the GOF indices for Model 2, showing that the model meets all key fit criteria. Indicators such as GFI, AGFI, TLI, CFI, and RMSEA fall within excellent ranges, while the Chi-square and CMIN/DF values indicate an acceptable level of parsimony. These results confirm that model 2 has strong overall fit, meaning the model adequately represents the observed data and is suitable for interpreting the direct relationships tested within this structural model.

Table 7. Measurement, Loadings, CR, and VE. Model 1

<i>Yes</i>	<i>Questionnaire Statements</i>	<i>Construct</i>	<i>Indicator</i>	<i>Loading Factor</i>	<i>CR</i>	<i>VE</i>
1	Product return time	<i>Return Policy Leniency</i>	RPL1	0.883	0.923	0.705
2	Product Return Costs		RPL2	0.811		
3	Ease of return process		RPL3	0.884		
4	Product coverage		RPL4	0.83		
5	Exchange options	<i>Return Proclivity</i>	RPL5	0.844	0.845	0.646
7	Return value intensity		RP1	0.802		
8	Frequency of Return History		RP2	0.788		
9	Return tendency after purchase		RP3	0.821		
10	Satisfaction of the Universe	<i>Customers Satisfaction</i>	CS1	0.826	0.87	0.691
11	Satisfaction with the return process		CS2	0.848		
12	After-sales service satisfaction		CS3	0.82		

Almost all indicators show fit results. The CFI, TLI and RMSEA scores even indicate excellent fit. Although the Chi-square value of 57.324 is lower than that of model 1, with CMIN/DF = 1.170 remaining within the acceptable range (<2000), this decrease in Chi-Square value indicates that model 2 has a better parsimony with a smaller number of parameters relative to the complexity described. The model as a whole is worth using because it meets all the main criteria of goodness of fit. All constructs have a CR value above 0.70 and VE above 0.50, meaning that the indicators used are consistent and valid in measuring their respective constructs.

3. Discussion

This research helps to understand how return policy impacts the way consumers behave in e-commerce in Indonesia, especially in West Java. The results show that Return Policy Leniency (RPL), or the level of relaxation of return policies, significantly affects consumer behavior. Here, legitimate customers (consumers who make returns for legitimate reasons) act as the main mediator between loose policies and customer satisfaction. Consumers who return items for legitimate reasons consider a moderate return policy to be a form of fairness and a company's commitment to their rights, thereby increasing trust and loyalty to the brand. Analysis of RPL dimensions shows that aspects such as cost, effort, and scope of returns have a positive impact on customer satisfaction, as researched by (Duong et al., 2025). A full money-back return policy and an easy process increase the sense of security and convenience when shopping online. However, policies that are too loose can increase the likelihood of backlash and unethical behavior such as wardrobing, as researched by (Baden & Frei, 2021). Therefore, finding a balance between convenience for customers and operational efficiency is essential for the sustainability of an e-commerce business.

The majority of respondents in this study were aged 20–30 years old (78.93%), indicating that the digital native generation has high expectations for user experience and

fairness in policy. All respondents have made a return, indicating that returns have become a mandatory part of the customer experience journey. In Indonesia, logistics and infrastructure factors are still a challenge in providing an efficient return policy, as expressed by (Prayogo et al., 2024). Fairness in consumer perception depends not only on the speed and transparency of the procedure, but also on the speed of completion and the quality of customer service communication. Theoretically, this study expands the theory of Return Policy Leniency by including aspects of consumer ethics through the concept of legitimate customers, and emphasizes the importance of justice theory, namely distributive, procedural, and interactional justice that together form customer satisfaction. The effectiveness of a return policy is determined not only by the degree of relaxation of the policy, but also by its consistency and transparency in its implementation.

4. Conclusion

This research shows that the More Return Policy Leniency (RPL) significantly affects customer satisfaction in the Indonesian e-commerce sector. Legitimate customers play an important role in linking return policies to consumer behavior. A balanced policy, not too strict and not too loose, can increase customer trust and loyalty, while reducing the risk of misuse of returns. In practical terms, e-commerce platforms are encouraged to design balanced return policies, increase transparency in communication, and invest in logistics systems and technology to detect return patterns based on data. However, this study has limitations, namely the coverage of the region only covers West Java and the approach used is cross-sectional, so it is less able to capture behavioral changes over time. Subsequent research is recommended using a broader sample of different regions, a longitudinal approach, as well as considering factors such as product type, price, and brand reputation. In addition, research can also explore the role of technology such as virtual try-on and augmented reality to reduce return rates.

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