



COMPANY OVERVIEW

Happy Returns is a company that provides centralized, in-person return services for online retailers. The California-based startup sets up return kiosks in high-traffic areas such as shopping malls to accept returned items in person for online retailers and give the customers making the returns an immediate refund.



Source: Happy Returns

In April 2016, Happy Returns opened its first Return Bar at the Santa Monica Place mall in Santa Monica, California. In a 10-by-12-foot kiosk, the company’s “returnistas” accept items and process refunds for customers on the spot. The items are then shipped in bulk back to the e-tailers that sold them. The company is now accepting returns for its first client, Tradesy, an online consignment site, and it is in talks with several other e-tailers.

REVERSE LOGISTICS CHALLENGE

Reverse logistics are a challenge for retailers. Returns were estimated to have totaled \$260.5 billion in 2015 in the US alone, according to the National Retail Federation (NRF). Online pure plays see return rates of approximately 30% of total purchases in categories such as apparel and accessories, whereas physical stores see return rates of about 15%. And returns are costly for retailers. On average, one dollar of goods returned translates



to only about 20 cents of value when factoring in credit-card fees, labor costs to prepare the goods for resale and shipping costs, according to industry experts.

The industry also has to absorb as much as \$15.9 billion of fraudulent returns. Online pure plays suffer more than brick-and-mortar retailers do because they cannot institute a proper in-person inspection and return process.

Figure 1. Annual US Merchandise Returns and Fraud, 2015

Retail Industry Sales (USD Bil.)	3,256
Returns as % of Total Sales	8.0%
Value of Merchandise Returned (USD Bil.)	260.5
% of Returns Made Without a Receipt	10%
Return Fraud and Abuse as % of Total Returns	6.1%

Source: NRF, 2015 Consumer Returns in the Retail Industry Survey

BUSINESS MODEL

Happy Returns has created a mutually beneficial model that:

- Provides in-store return solutions for e-tailers that do not have physical stores.
- Reduces return costs by charging retailers fees and centralizing the shipping process.
- Improves retailers’ customer relationships through a better return experience. Customers do not have to print shipping labels, go to a post office or shipper, or wait for their refunds.
- Increases traffic to malls and shopping centers, some of which may convert to additional sales.
- Decreases fraudulent returns by adding an in-person inspection process for online retailers.



Source: Happy Returns



MANAGEMENT TEAM

Co-Founders David Sobie (CEO) and Mark Geller (COO) are both e-commerce veterans. Their career paths intersected at HauteLook, where Sobie served as SVP of Marketing. Sobie has held senior marketing roles at several e-commerce companies, including JustFab and REVOLVE. Geller was previously the Head of Mobile at HauteLook, where he ran HauteLook’s Return to Rack program, which generated about 1 million visits to Nordstrom Rack stores.

FUNDING

Happy Returns raised a seed round of \$1.9 million, led by Southern California-based venture capital firm Upfront Ventures.

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Jing Wang
Research Associate

HONG KONG:
10th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 2470

LONDON:
242-246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

NEW YORK:
1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FBICGROUP.COM