

CUTS sees a significant lift in customer lifetime value with Happy Returns by PayPal

CUTS workleisure brand has become go-to attire, whether remote or in-office. Their signature t-shirts delivered the comfort of athleisure, combined with professional quality and styles suited for the workday. CUTS products have since expanded into a full selection of tops, bottoms, outerwear, and accessories for both men and women.

As a native DTC brand, CUTS competes with major retailers who have set a high bar for the customer

experience. An integral part of this is enabling seamless returns and exchanges.

For online apparel companies such as CUTS, this is further magnified because customers can't try on items before they buy. We talked to Carter Shae, Chief Financial Officer at CUTS, about how Happy Returns' intuitive software helps simplify the returns process.





The challenge.

In its early years, CUTS's team processed returns and exchanges manually, sorting them in a conference room. But this clearly wouldn't scale. Items often had to be sent back out to a 3PL provider to reprocess them — adding to the shipping expenses and delays. "It's almost a requirement now to have a seamless and free returns process for apparel that shoppers can't try on or touch before buying," says Shae.

CUTS views returns not as an obstacle, but rather as an opportunity with enormous upside potential. The brand initially turned to Happy Returns to simplify its returns and exchanges process. Then, in a hoped-for cost-cutting move, CUTS briefly left for a competitor.

However, customer feedback about the new returns system wasn't positive. As a customer-centric brand, CUTS took immediate action. "It was all hands on deck to respond to customer concerns," notes Shae. "In the end, it was an easy decision based on the feedback we were receiving from shoppers." And that decision was to return to the proven entity, Happy Returns.

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The expected savings by switching to the new vendor simply didn't pan out. We saw our customer lifetime value numbers decline by more than 40%. The obvious decision was to go back to Happy Returns.

Carter Shae

Chief Financial Officer, CUTS

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The solution.

Switching platforms is never easy, but for CUTS, it was a priority to go back to the solution that helped them simplify returns and exchanges to keep customers happy. A mere 90 days after leaving Happy Returns, CUTS switched back.

Scalability was one of the benefits that Happy Returns was able to provide to CUTS. The apparel brand grew very quickly and needed operational systems that could flex during its growth journey.

Also, Happy Returns' reporting and analytics dashboard provided in-depth, actionable insights. These insights allowed CUTS to easily track both the status of each return and its Net Promoter Score ratings from shoppers.



The results.

CUTS has built its customer lifetime value (LTV) to industry-leading levels, helped by an exceptional repeat customer rate of more than 50%. A key driver is CUTS's return strategy, which has always focused on putting the customer first.

"We want shopping to be easy and seamless, so customers have no hesitation to buy. Returns are the last thing we want them worrying about," Shae comments. "We want returns and exchanges to be easy, so our customers feel comfortable coming back and buying again and again."

Shae noted that customers use the Return Bar instead of a return label. "The cherry on top is that with our customer base largely in metropolitan areas, more than 76% of our shoppers prefer to drop off returns at Return Bars — even when we provide free mail returns."

This has significantly helped reduce CUTS costs while keeping true to their "customer first" approach.

CUTS partners with Happy Returns to offer customers a safe, seamless returns experience. This has contributed to CUTS's Net Promoter Score (NPS) of 92 and a seamless and positive return experience.

"Customers delight in being able to drop off returned items at thousands of Return Bar locations," Shae notes. "It's convenient not having to print a label, package the item, and then stand in line at the post office."

CUTS values Happy Returns' willingness to listen to customers, get feedback, make enhancements, and add new features.

"It's just a huge plus with Happy Returns," relates Shae. "The e-commerce world is changing quickly. Our needs are heard and it's nice to know our returns partner is willing to adapt and support us along the way."



SUCCESS METRICS

92

NPS score.*

76%

of customers chose
a Return Bar over free
return shipping labels.*

50%

repeat customer
rate.*

*Data source is from CUTS, August 2020 - October 2022. These results may not be typical and may vary substantially by business. This content is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.