

Newegg.com Preferred Account and Bill Me Later®: A Phenomenal Payments Combination that's Helping Newegg.com Win the Online Race

Newegg.com, the online computer and electronics store, opted to partner with payments and financing vendor, Bill Me Later®, Inc., because it could offer both a payment alternative — Bill Me Later® — as well as a private label credit card. This suited Newegg.com's strategy to offer different payment options simultaneously and to reduce transaction costs. According to Newegg.com, the combined payment options represent a very powerful vehicle to drive results.

Step One: Bill Me Later to Improve the Consumer Experience

According to its management, Newegg.com is all about variety, so being able to offer customers payment and financing choice is important. The Bill Me Later option was a good bet, the retailer says, because it provides the fast, easy, secure payment experience customers want:

"Bill Me Later offers a very convenient payment type for our customers," says Stuart Wallock, Director of Marketing for Newegg.com. "It's quick, it's safe, and it's secure. Customers only have to enter three pieces of information: their name, the last four of their social, and their birth date, and the transaction is approved in less than three seconds."

The option also makes good business sense for the retailer because it provides discount rates that are lower than traditional credit cards.

Organization: Newegg.com

Category: Online computer, consumer electronics and communications product superstore.

Challenges:

- ◆ Provide more payment choice
- ◆ Develop a private label credit card
- ◆ Increase brand loyalty

Solution: Bill Me Later® payment solution and development of Bill Me Later, Inc.-backed Newegg.com Preferred Account.

Results:

- ◆ 80% overall AOV increase for Bill Me Later
- ◆ 300% overall AOV increase for Preferred Account
- ◆ 2% Share of Revenue for Bill Me Later
- ◆ 8% Share of Revenue for private label credit card

ROI: In a combined payment option, Newegg.com has met their customers need for choice at the point of sale. In doing so, they have increased overall average order values by 300% with the private label credit card, and at the same time reduced their transaction costs by driving customers to less expensive payment options.

“The lower transactional cost is definitely an important reason to go with Bill Me Later,” says Howard Tong, Vice President of Newegg.com. “Any business person will tell you that you have to watch your bottom line and this definitely helps. With the volume of transactions that Newegg.com does each day, it makes a significant difference.”

Newegg.com offers Bill Me Later with a “no payments for 90 days” deferred billing option that stimulates sales by allowing customers to buy goods now and pay them off months later. Wallock calls this a fantastic option for customers and one of the main reasons Newegg.com chose Bill Me Later:

“Whether it’s a 90-day or six-month option for no payments, this made great sense for our customers,” says Wallock. “Especially as we began looking at new types of customers, people making purchases in the Consumer Electronics categories, such as TVs, where no payments for six months on a \$2,000 TV or a \$1,000 TV is a great benefit.”

Basket Size Boosted

Tong says that Newegg.com experienced amazing sales during the holiday season, which topped off an exceptional growth year in 2005. He credits Bill Me Later as a key factor in helping to boost sales, because it helps consumers make the decision to buy right now instead of contemplating and searching around. Qualified customers are instantly approved and can take advantage of a same-as-cash offer so they don’t have to make a payment for several months. With Bill Me Later, Newegg.com has seen customers come back on a 30% repeat basis month-over-month, sometimes using Bill Me Later to buy twice a week, which makes it an excellent repeat-business tool.

Step Two: Private Label Credit Card for Effective Marketing and Loyalty Campaigns

With the Bill Me Later success under its belt, Newegg.com next decided to implement a Bill Me Later, Inc. private label credit card to help drive retention and loyalty. The retailer boasts a very loyal following of customers who are proud to say that they shop at Newegg.com. Management wanted these customers to have Newegg.com plastic in their wallet, as well as a dedicated credit line when they were ready to shop. The private label credit card was intended as the precursor to the company’s planned loyalty program. The retailer wanted first to establish financial programs and saw Bill Me Later, Inc. as the perfect partner. Getting closer to good customers was a critical goal:

“We wanted a channel we could use to market to customers,” says Tong, “one that would give us an opportunity to create a rewards program or just a vehicle to talk to the customer and offer them special promotions. We believe the Newegg.com Preferred Account has done this.”

Newegg.com predicts that the private label credit card will represent a major element of the company’s loyalty program in 2006, enabling the retailer to create, offer, customize and track promotions to repeat customers. The company identifies its private label credit card user as a savvy consumer who is technically sophisticated, knows what he wants and buys frequently. This is Newegg.com’s best customer and the one it is using the private label credit card to attract:

“This is the type of customer that we like to attach to a Preferred Account,” Tong says, “because we can use the card to know a little bit more about them and get a little bit closer to them to better cater to their needs.”

Bill Me Later and Private Label Credit Card, a Phenomenal Combination

Tong describes results from the private label credit card program as “phenomenal” and says it co-exists with its sister option, Bill Me Later, very nicely. Bill Me Later is used with a

“no payments for 90 days” financing offer, whereas the private label credit card promotes a six-month offer. Each is used for a different purpose.

“Bill Me Later with the 90-day offer is a great introductory offer for a new customer or repeat customers,” says Tong. “The Newegg.com Preferred Account then allows us to move these customers up to another level so we can get closer to the person who is our best customer.”

Bill Me Later and private label credit card have created great value. For Bill Me Later “no payments for 90 days”, management is reporting a 150% increase in average order value, and for private label credit card “no payments for 6 months”, it is seeing a 400% increase in average order value. Repeat customers buy 30% more often, with customers who use the card coming back within a week to a month. In only months, the retailer has seen upwards of 10–11% of its total revenue coming through the Bill Me Later and private label credit card combination.

A One-Two Punch to Create Competitive Edge

Tong says that in the competitive environment of online shopping, having options like Bill Me Later and private label credit card is a must. He describes the combined results of Bill Me Later and the private label credit card as a one-two punch that has helped Newegg.com on many fronts: increasing shopping cart size, improving conversion rates and driving customer loyalty to create a very beneficial effect for the company. He endorses both Bill Me Later, Inc. programs:

“I would tell another retailer about the private label credit card from Bill Me Later, Inc. and say that it is a must. If you want to get more intimate with your customer, you need an effective vehicle, and the Preferred Account is a perfect method. Bill Me Later, on the other side, is an excellent product, a perfect starting place. It’s fast, it’s easy, it’s convenient for the customer; it’s secure, and implementation on our end was a breeze.”

So What About Implementation?

“A wonderful experience,” Tong claims. He describes the BML team as professional, hardworking folks who know what they are doing: “I look for a partnership and a long-term relationship that can be grown over the years, and that’s what I found with Bill Me Later, Inc.”

The implementation for Bill Me Later, he says, was very simple and created no strain on Newegg.com’s back-end resources, making it easy and worry free. Adding the private label credit card was just as easy, requiring minimal resources to do the job.

Marketing the Payment Options

Newegg.com, Wallock says, has been able to market and push the two vehicles in a very dynamic way with the help of the Bill Me Later, Inc. team:

“We’ve made the presentment loud and clear on the web site. We’ve gone out and used it in our external advertising vehicles, such as print and even in some of our TV commercials. We’ve put it into all of our email communications. And people have responded well. They’re clicking on it; they’re asking questions about it. It’s a pretty powerful vehicle. The promotional financing is intriguing to the consumer and we’ve taken the utmost advantage of it.”

Wallock credits the Bill Me Later team as being extremely knowledgeable in helping Newegg.com get the message out to its customers about the two different payment options:

“The Bill Me Later team has been particularly helpful in getting us to develop the right presentment across the site, whether it’s on the home page, the product page, or in the shopping cart, which has helped the education process for our customers.”

Newegg.com also participated in Bill Me Later Network Marketing, which proved beneficial in driving new customers to

its web site and generating awareness and market share among an audience that has a propensity to buy online.

[Newegg.com and Bill Me Later, Inc.: The Verdict](#)

According to management, Bill Me Later is very good for Newegg.com's bottom line, and supports key corporate objectives: more choice and convenience for customers, more sales and lower transaction costs. Implementing the Newegg.com Preferred Account, meanwhile, has delivered stunning results by boosting basket size and delivering an option to make "no payments for six months" that customers love. The retailer has seen enrollment growth of almost 100% month-over-month since it launched the Program in October.

"We're seeing the growth we anticipated," says Wallock, "and even more impact on the basket size."

[About Bill Me Later, Inc.](#)

Bill Me Later, Inc.'s alternative payment solutions help multichannel retailers to attract, satisfy and retain customers at the point-of-sale. Through the company's product suite, which includes its flagship Bill Me Later® solution, merchants can leverage consumer insight to make successful, real-time retailing decisions that drive sales. Millions of consumers rely on the safety and convenience of Bill Me Later, Inc.'s payment solutions when shopping online, via catalog and in-store. Bill Me Later, Inc.'s alternative payment solutions help merchants to use payments as a strategic tool to enhance customer loyalty, drive higher sales and expand profit margins. The solutions are the first new payment methods since credit cards to be so broadly available within the United States.

[For more information, visit www.billmelater.com.](http://www.billmelater.com)



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