

Bill Me Later®: PETCO.com's New Customer Acquisition Tool

It's tough to stand out in the pet supplies business, but PETCO.com is using Bill Me Later® to gain the advantage. In addition to offering product variety and competitive pricing, PETCO.com is converting new customers and increasing online sales by appealing to security-conscious customers who like the security and convenience of paying with Bill Me Later. This deferred billing option is also increasing online average order value by offering attractive financing for pet products.

PETCO has more than 700 stores, providing the pet pamperers with all the premium food and supplies they need to help nourish the human and animal bond. A key issue facing the company's online channel, PETCO.com, is overcoming the convenience factor of having a PETCO store down the street. To attract online customers, PETCO.com must create even more convenience by giving them the option to shop online for a wide assortment of products. The pet food and supply business is a very competitive one. How is PETCO.com getting ahead? With competitive pricing, a wide range of offerings, and, most recently, by giving customers the ease, security, convenience and deferred payment option that Bill Me Later provides.

A Powerful Acquisition Tool

As an alternative payment option, Bill Me Later delivered all the benefits PETCO.com was seeking: easy implementation, decreased processing costs, reduced risk and, most importantly, the promise of more first-time customers and higher average order value.

Now that it's up and running, Bill Me Later is benefiting PETCO.com on two fronts: differentiating the online channel from its competitors and attracting new customers by giving them the payment choice they desire. Bill Me Later is working as a powerful acquisition tool for PETCO.com, which believes that payment

Organization: Petco.com

Category: Multichannel retailer of pet supplies

Challenge: Achieve competitive differentiation, attract and convert new online customers and increase sales

Solution: Bill Me Later® payment solution, used in conjunction with special financing promotions and Network Marketing Programs

Results:

- * 6% share of online sales
- * 80% of Bill Me Later sales are new customers
- * 25% average-order value increase over typical online credit card purchase
- * Strong sales lift from Network Marketing efforts

ROI: Bill Me Later, which was integrated seamlessly, has increased online sales and attracted new online customers. Providing a secure, convenient alternative to credit cards has helped in converting site visitors to customers. Deferred payment and financing options have increased average order value, and Network cross usage has further lifted sales. The strategic payment method also lowered transaction costs and provided important differentiation for PETCO.com.

choice is a strong component in online customer conversions. Says Heather Blank, PETCO's Director of E-commerce Marketing and Business Development, "What is most appealing to customers about Bill Me Later is the fact that they can make a purchase without using their credit card. Bill Me Later enables customers to purchase whether or not they have security concerns, a credit card, or know their credit card number. They can still make their purchase quickly and easily using top-of-mind information."

Bill Me Later Delivered Results

PETCO.com is realizing the results it was seeking from a strategic payment option. "Bill Me Later is more than meeting expectations," says Blank. "During our holiday season, Bill Me Later accounted for 6% of online sales. But what was really exciting to us was that about 80% of those folks were first-time customers, so Bill Me Later proved to be a great acquisition source for the holiday season. And we have also seen a 25% increase in average online order value. This speaks to the fact that customers are starting to finance purchases that they normally do not pay for with their credit card. Coupled with all this, is the fact that there is a decrease in cost for us as far as payment processing goes."

The Power of Bill Me Later Financing and Marketing Promotions

PETCO.com is having particular success with Bill Me Later's strategic marketing and financing programs. The company launched Bill Me Later with a 90 day same as cash offering, which, according to the company, worked very well, attracting new customers and increasing average online order value considerably.

PETCO.com has also capitalized on the Bill Me Later Network, and is seeing good results from participating in the Network's co-op advertising, direct mail and online promotions. The company is enjoying the competitive edge and sales lift that comes from cross usage as customers who prefer the Bill Me Later option look to use it across the Network of merchants who accept it.

Holiday Integration Was Seamless

PETCO.com integrated Bill Me Later right before the holiday season, a critical and hectic time of the year, and the integration and launch phase went smoothly. The company praises the Bill Me Later team for being very responsive and very open to accommodating PETCO.com's business model into its existing payment type and offerings. The result was a partnership that customized a solution for PETCO.com instead of a boiler plate solution based on other merchants' needs.

About Bill Me Later

Quick, easy, secure Bill Me Later is trusted by millions of consumers and used by hundred of leading retailers to improve their customer purchase experience, acquire new customers, increase sales and average order value, while lowering interchange costs. Using its real-time credit decisioning platform and its suite of multichannel payment alternatives, Bill Me Later is expert at helping merchants to deploy and market payments as a way to improve customer experience and increase customer sales and loyalty.

For more information, visit www.billmelater.com.



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