

Bill Me Later®: A Low-Cost Strategic Marketing Tool for eToys.com

In the toy business, competitive pricing during the holiday season means the hottest items often have the narrowest margins. eToys Direct works to differentiate itself from other online toy retailers by offering the broadest selection of toys and video games on its friendly, easy-to-use web site. In 2003, the company wanted to give its customers new payment choices, specifically deferred billing — a popular promotion appreciated by holiday toy shoppers.

Deferred Billing – A Valuable Benefit for Holiday Toy Shoppers

eToys Direct, Inc. sought to increase its competitive stance by offering more payment options, particularly deferred billing. The company also believed that a secure alternative to credit cards would attract and satisfy those customers seeking a different way to pay for their online purchases.

The criteria eToys used when selecting Bill Me Later® included cost reduction and customer acquisition. Could Bill Me Later lower costs and attract customers by providing a secure payment solution with a deferred billing option?

Bill Me Later met these criteria, proving to be a great new-customer acquisition tool and a low-cost marketing vehicle. It quickly became eToys' third largest tender, achieving a 15% share of holiday transactions and increasing average order value by 30%.

A Low-Cost Strategic Marketing Tool

eToys uses Bill Me Later as a strategic marketing tool that's been part of the company's holiday plan for two years in a row. And it's been very successful attracting new customers and helping to raise customer satisfaction.

Organization: eToys Direct, Inc., the company that owns eToys (www.etoys.com), the My Twinn doll company (www.mytwinn.com) and operates KBtoys.com (www.kbtoys.com) under a long-term licensing agreement

Category: Online toy retailer

Challenge: Acquire new customers, increase sales and provide a deferred billing option to holiday toy shoppers, critical to drive sales and increase average order value

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

Results:

- * 15% percent share of holiday sales
- * 30% average order value increase over typical credit-card purchase
- * Gained incremental customers from Bill Me Later® Network

ROI: In a single payment option — Bill Me Later®, eToys found the answer to two key challenges: how to offer deferred billing and how to provide a secure, convenient alternative to credit cards. When used in conjunction with seasonal financing promotions and Bill Me Later Network Marketing, the result was a 15% share, a 30% increase in AOV and exposure to a new base of potential customers.

"During the holiday season, we typically run a special financing promotion with excellent results," says Michael Wagner, CEO of eToys Direct. "Besides having the option to pay later, our customers like being able to shop online without using their credit card."

Bill Me Later's deferred billing program is one of eToys' biggest holiday promotions and a low-cost one to implement. "Bill Me Later is one of our lowest-cost marketing efforts that drives results," says Wagner. "Offering free shipping can be a very expensive proposition, where deferred billing through Bill Me Later is less costly and raises the average basket size by 30%."

Sales Lift from Network Marketing

eToys also participates in Bill Me Later's Network Marketing and cooperative marketing efforts, such as direct mail and package enclosures. "We've had good results from this," says Wagner. "It's clear that customers who have tried Bill Me Later at one website want to use it at others."

No Pain Points

eToys integrated Bill Me Later easily in time for the 2003 holiday shopping season, and the retailer describes the eToys-Bill Me Later partnership as hands-off and seamless. "We don't have

any pain points with it," Michael Wagner says. "It works like other billing options. We don't have to think about it. We don't have any technical resources assigned to it; it just works."

Would eToys recommend Bill Me Later to other retailers? "Definitely," says Wagner. "We chose Bill Me Later because it gives us an advantage over our competition, which is critical in the toy industry. It's a great customer acquisition tool and it allows us to offer holiday shoppers deferred billing at the time of year when they really need it. That's helped increase our average basket size and increase our conversion rate for those customers."

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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