



<https://www.paypal.com>

Customer Case Study | FlashlightsUnlimited.com



Product

Specialty lighting products and lighting accessories

Challenge

To find a safe and convenient online payment solution that would grow with the business.

Solution

PayPal

Results

- **Low fraud.** Low rates of fraud because of PayPal's verification process.
- **Satisfied customers.** Buyers pay through a wide range of payment options, including credit cards and bank accounts.
- **Easy implementation.** It took minutes to establish an e-commerce presence with the PayPal Shopping Cart.

“With PayPal, my cost to initiate the business was really next to zero.”

— Floyd Hacker
FlashlightsUnlimited.com

[FlashlightsUnlimited.com](https://www.flashlightsunlimited.com), located in Doraville, GA, is a specialty reseller of advanced technology flashlights, specialty personal lighting products, and lighting accessories.

The Challenge: A new specialty retailer needed a flexible and convenient online payment solution that would grow with its business.

Three years ago, Floyd Hacker was looking to make a career change. For this 20-year veteran of the information technology (IT) industry, it was a simple product purchase that sparked his entrepreneurial vision.

“I had ordered a highly specialized flashlight and was really amazed. So I started showing it around the office and everyone wanted one.” Floyd contacted the manufacturer, which set him up as a distributor.

After selling flashlights to many of his coworkers, Floyd began to see a larger opportunity. “I said to myself, ‘Hey, I know how to write a web page ... I can sell these things online.’”

Floyd decided to start small by representing a single product line. With his IT experience, he knew he needed four things: a web page, a web-hosting service, a management system to track orders, and a good payment-processing service. Floyd built his website and management system in Microsoft FrontPage® and Access® and quickly found an affordable web-hosting provider. That left online payments on his checklist.

“I looked at the cost of setting up a merchant account with a bank. The monthly service charges and high transaction fees were outrageous.” As a merchant just starting out, Floyd needed to find a different kind of service.

The Solution: PayPal

Floyd was familiar with PayPal, having already used it to purchase items online. He decided to investigate. “I was amazed by how many millions of people were using PayPal and surprised to learn that there weren't any set-up fees or monthly fees. So with PayPal, my cost to initiate the business was really next to zero. The more I looked into it, the more I realized, ‘Yes, this is the way to go.’”

A seamless implementation process

Floyd was impressed by the simplicity of the PayPal Shopping Cart. “The set-up process was flawless. I used the online form to generate the shopping cart buttons.” This part of the process took Floyd just minutes.

Floyd explains that, with the most basic web programming knowledge, merchants can combine the PayPal-provided code with product graphics and copy to build entirely new product pages in just an hour or two. “I have gotten to where I can literally just copy and paste the shopping cart code, tweak the price, tweak the description, and it's done.”

Enabling efficient fulfillment processes

As a one-man operation, Floyd had to create efficient workflows for order processing and fulfillment. Because of PayPal's flexibility, it fit neatly into Floyd's processes. “My website is run strictly from the PayPal Shopping Cart. When the notification emails from PayPal come through for individual purchases, I highlight, copy, and paste that data right into my database, postal management software and vendor orders.”

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“Being able to add new products to my website in literally a matter of minutes is just amazing. Quite simply, PayPal has become the lifeblood of my business.”

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With this system, it takes Floyd about 3-5 minutes to process a typical order. The vast majority of his orders drop-ship directly from his vendors. So once this process is finished, his work is done. And, since his customers key in the orders, his error rate with order entry and shipping addresses “is virtually zero.”

Providing financial flexibility

The versatility of the PayPal Shopping Cart is also a significant benefit to Floyd and his customers. The PayPal checkout process lets buyers pay through their credit cards – even if they do not have a PayPal account. And for customers who prefer to use their PayPal account, they have the advantage of being able to make purchases by simply entering their email addresses and PayPal passwords.

PayPal gives Floyd and his customers a wide range of payment options. “PayPal lets you attach as many credit cards and banking accounts as you want and use any of them as funding sources. And customers can choose to use a credit card for one purchase and their bank account for another. That flexibility is just so important to people.”

Preventing chargebacks and providing security

As Floyd learned the ropes of being an online merchant, he came to appreciate the way PayPal keeps his chargebacks down. “People all the time ask me, ‘Can you take my payment over the phone?’ Frankly, I don’t want to because credit fraud rates for phone orders are up around 18% or 20%. The PayPal system keeps my fraud rate near zero.”

Floyd believes that PayPal’s verification process of confirmed and unconfirmed addresses plays a major role in keeping fraud rates down and letting him manage risk. “When the [buyer’s] address is unconfirmed, I know about it and, at that point, I’ll want to talk to somebody before I ship. Probably 90% of the time, I can verify those unconfirmed addresses and get products out.”

Floyd continues to depend on PayPal’s security. “PayPal is more secure than trying to run credit card transactions myself. It’s more secure for my customers and, as a result, they feel more secure. In fact, those who call and ask me about it, I tell them, ‘I don’t even see your credit card information. It’s stored on PayPal’s secure server.’”

The Results: A solid start and growing

As Floyd built site traffic, his business became a full-time venture. In an average month, flashlightsunlimited.com receives 100 to 200 orders. Annual sales for 2003 were \$125,000, and are expected to double in 2004. “During the Christmas season, it almost got to the point where it was more than I could handle on a daily basis.”

Looking back, Floyd feels that PayPal played an instrumental role in getting his business off the ground. “At this point, it seems clear to me that if it hadn’t been for PayPal, I wouldn’t be running this business. For the first year, the advantages of low transaction fees and no monthly charges and that sort of thing were essential to keeping costs down.”

And as flashlightsunlimited.com has grown, PayPal has grown with it. “As my business increases, I’m paying lower transaction fees. New features are always coming out, and I’ve always gotten tremendous support. Plus, being able to add new products to my website in literally a matter of minutes is just amazing. Quite simply, PayPal has become the lifeblood of my business.”



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