



<https://www.paypal.com>

Customer Case Study | LowCarbChocolates.com



Product

Specialty chocolates

Challenge

To find a low-risk, affordable way to accept payments.

Solution

PayPal

Results

- **Money saved.** Open for business with no upfront costs and cost-effective fees.
- **Seller protection.** PayPal's buyer complaint notification process and Seller Protection Policy reduces fraud.
- **Responsive customer support.** Online support and customer service offers information needed to grow the business.

“The only reason I could even consider starting a business like LowCarbChocolates.com was because of PayPal.”

— Dan Pritchett
LowCarbChocolates.com

LowCarbChocolates.com, located in Bellingham, WA, helps dieters stick with low-carbohydrate plans through a specialty line of quality chocolate bars.

The Challenge: An online entrepreneur needed an affordable payment service.

Like many Internet merchants, Dan Pritchett opened his first online store simply because he'd discovered a product that he felt passionate about.

In October of 2000, Dan had successfully lost 100 pounds on the Atkins® diet but was still searching for something to satiate his chocolate cravings. “One day at work, a friend of mine dropped by my desk with some low-carb chocolate and said, ‘Hey, you’ve really got to try this ... it’s the most incredible product.’ So I’m expecting something that’s going to taste like cardboard or wax. But I tried it, loved the product and decided to create a website to sell it online.”

As a trial venture, LowCarbChocolates.com needed to steer a conservative course. “At that point, I didn’t know what to expect. Would it be profitable? Would it require a lot of time? I had no idea.” Dan needed to find a low-risk, affordable way to fulfill orders and accept payments.

The Solution: PayPal

Dan heard about PayPal through a former co-worker who recommended it as a payment solution. “A standard merchant account would have cost me hundreds of dollars in set-up fees, monthly fees, etc. But with PayPal, I was able to open an account with no upfront costs and really reasonable fees ... even cheaper than what many of the credit cards were offering.”

Seamless integration with order fulfillment

Working with a programmer, Dan added a PayPal Shopping Cart to his website and used PayPal's email notification to streamline the fulfillment process.

“It turned out to be a fantastic way to run the business. I set up my confirmation emails [acknowledging purchases and payments] to automatically forward to my fulfillment company. All they have to do is grab the invoice, print it out, cut and paste the address, make a shipping label, slap it on the package, and the package goes out the door.”

Plus, PayPal helps Dan automate the customer service function. “Customers receive a confirmation email from PayPal, so I don’t have to worry about assuring them that their order has been received. This way, we’re both happy.”

While Dan has since added an Internet merchant account and gateway to support his phone-order business and provide additional online payment options, PayPal remains a central part of his online business. “The only reason I could even consider starting a business like LowCarbChocolates.com was because of PayPal.”

A comprehensive reporting function

For any business, dealing with tax-related paperwork can be exhausting. With PayPal, Dan is able to manage the process easily.

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“Getting paid online with PayPal is just the most wonderful thing in the world. I don’t have to sit there and wait for checks to come in... and it’s totally secure.”

— Dan Pritchett
LowCarbChocolates.com

“One of PayPal’s features that’s very important to me is the ability to run sales reports by state. With this report, at year-end, I can break out which sales were in my state so I can report Washington state B&O taxes.”

“This is a great feature that I can’t get with my credit card processing company. PayPal’s reporting is just really solid.”

Reducing online fraud

With PayPal’s Seller Protection Policy and buyer complaint notification procedures, Dan is better able to reduce fraud. “The process for [addressing] chargebacks and buyer complaints is a thousand times better with PayPal because PayPal works with both the customer and the merchant.”

In contrast, Dan feels the chargeback process through merchant accounts ties his hands. “When there’s a chargeback through my merchant account provider, a letter comes in the mail weeks later and I’m given very little information. This leaves me with very few options.”

“But with PayPal, I not only receive instant notification about a buyer complaint, I also get the chance to contact the customer directly. Since I know who they are and what they’ve bought, I can get in touch with them or send them the replacement order instead of automatically getting money taken out of my account.”

To Dan, PayPal’s seller protection helps Dan improve his service and reduce costs. “PayPal gives me the flexibility to take care of my customers better. And with PayPal, the amount of fraud is much lower ... which saves me money.”

Responsive customer support

As Dan’s business has grown, he relies on PayPal’s online support tools and customer service options to get the information he needs. After working with PayPal over the years, Dan commends the company’s willingness to listen and act. “PayPal is very responsive to their customer base and they’re really interested in taking care of merchants’ needs.”

The Results: A fast launch and profitable growth

In just a few years, LowCarbChocolates.com sales have grown tremendously as word spread and the low-carb lifestyle caught on. Last year, Dan sold more than \$350,000 worth of chocolate bars on the web and over the phone. Today, monthly order volume averages around 800 transactions, about 25% of which come through PayPal.

According to Dan, PayPal has been a hit with his customers from day one. “People like the security of PayPal and they like the fact that they’re not directly giving a credit card number to the merchant. They feel very secure that their information is only going to one place that they trust, and it’s never being distributed anywhere else.”

For Dan, the advantages of PayPal are clear. “Getting paid online with PayPal is just the most wonderful thing in the world. I don’t have to sit there and wait for checks to come in. I can transfer money in and out of my bank account. I can choose where the money goes; I can choose to earn interest on it if I’d like. Plus, I can see all my sales records there on the screen and it’s totally secure. I don’t know how else to explain it. PayPal is just awesome.”



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