



<https://www.paypal.com>

Customer Case Study | TigerDirect.com



Product

Computer and computer-related products

Challenge

To find a way to build site traffic and increase conversion rates.

Solution

PayPal

Results

- **Incremental sales and new customers.** 87% of PayPal buyers on TigerDirect.com are new customers – higher than any other payment option.
- **Low fraud.** The fraud rate on PayPal orders is nearly half of the overall TigerDirect fraud rate.
- **High payment volume.** The volume processed by PayPal is 3 to 4 times higher than expected.

“There is no other payment service that can deliver my exact target market like PayPal.”

— Lonny Paul
TigerDirect.com

TigerDirect.com offers more than 50,000 computer and computer-related products for sale through its popular website.

The Challenge: An established online retailer was looking for ways to build site traffic and increase conversion rates.

Through aggressive pricing, a wide selection and same-day shipping, TigerDirect.com was already a leading Internet retailer of computers and computer supplies when Lonny Paul joined the company in 2000 as Director of e-Commerce. His immediate goal was to build on this success and drive sales.

Early on, Lonny decided to evaluate the website’s checkout process. At that point, TigerDirect.com accepted major credit cards through a merchant account, wire transfers, and mail order checks. “I wanted to ensure that we were keeping customers as happy as possible ... letting them work with us in the ways they wanted. We had to make sure that every payment method was available.”

As an avid Internet user, Lonny was already using PayPal. “I understood how PayPal worked, and I knew PayPal has millions of users who were my exact demographic target market. It just made sense for us to add PayPal to the TigerDirect site.”

The Solution: PayPal

After speaking with representatives from PayPal, Lonny put together a proposal to get buy-in from his colleagues. “It was not a really hard sell. The Internet was in its infancy, and PayPal was the largest payment method outside of credit cards.”

Smooth integration

PayPal integrates seamlessly with websites, providing customizable fulfillment and accounting processes and streamlining payments. PayPal immediately rewards users with features that range from instant online transactions and world-class fraud protection to higher conversion rates and satisfied customers.

For Lonny, PayPal made it easier to do business right away. “PayPal provides great integration tools and they supervise the testing of transfers, authorizations, the whole spiel. It’s fairly plug-and-play. During the integration process, the technical team was more than helpful – and we were the first large integration in 2000.”

For PayPal users, the checkout process on TigerDirect.com is consistent with the experience on other PayPal websites and takes just seconds. First, the customer’s order is processed by TigerDirect.com. Then, the customer clicks on the PayPal button – which passes on the order and customer information to PayPal. And finally, the customer makes the payment through PayPal and authorization comes back to TigerDirect.com’s system. “The interface is very clean, very simple – customers start at Tiger and end at Tiger.”

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“Customers love having PayPal as an option. They tell us, ‘Thank you so much for using PayPal ... it is just such a convenience.’”

— Lonny Paul
TigerDirect.com

Attracting new customers

Beyond increasing conversion rates, Lonny was looking to PayPal as a way to build incremental sales. After an initial trial, TigerDirect.com’s customers tend to be very loyal – with a significant number placing daily orders. Building site traffic was vital. “The hardest thing to get on the web is a new customer. Right now, 87% of PayPal buyers on TigerDirect.com are new customers. It’s incredible – of all our payment options, PayPal has attracted the highest number of new customers.”

Reducing online fraud

Several months after implementation, Lonny began to notice a trend with the PayPal transactions. The fraud rate on PayPal orders is nearly half of the overall TigerDirect fraud rate.

“Looking at chargebacks, PayPal’s numbers are extremely, extremely low. Other payment methods have nowhere near the technology that PayPal has integrated into their services to protect us from fraud. PayPal helps make chargebacks a very minimal part of our business.”

PayPal’s fraud protection has also helped TigerDirect.com’s sales. “Individuals who aren’t yet comfortable completing credit card transactions online for security reasons are comfortable using PayPal,” says Lonny. “Shoppers know that PayPal is the payment method they can trust. And many of those who will not use credit cards online are happy to use PayPal at TigerDirect.com.”

The Results: Improved customer satisfaction and increased sales

Over two years after implementation, PayPal has exceeded Lonny’s expectations. “I never anticipated the volume would be as high as it is ... it’s maybe 3-4 times higher than I imagined.”

Currently, PayPal sales on TigerDirect.com are greater than wire transfers, purchase orders and an alternative deferred-payment method combined. “This volume is indicative of PayPal’s prominence in the industry and with online shoppers. Adding PayPal to our site has meant incremental sales.”

The direct feedback Lonny and his team have received from customers is equally positive. “Customers love having PayPal as an option. They tell us, ‘Thank you so much for using PayPal ... it is just such a convenience.’”

For large Internet retailers, Lonny feels offering PayPal is a must. “I would tell them absolutely, positively. There is no other payment method that is solely comprised of online purchasers. It is the most important payment service available to people who shop online. Why wouldn’t you want that?”



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