



How PayPal Credit and Pay in 3 are helping BT Shop increase average order value by over 300%



BT Shop is an online electronics retailer within BT Group, the world's oldest telecommunications company. Carrying products from top brands, BT Shop is a popular destination for electronics among consumers.

### The opportunity.

BT Shop wanted to give customers more choice in ways to pay, including instalment options.

When BT Shop moved into BT Group's Consumer division, its goal was to turn the site into a respected entity with broad reach and a high level of customer satisfaction. Part of that transformation was offering customers more choice in ways to pay.

From the start, customers could pay seamlessly and securely online using their PayPal wallet.¹ According to Duncan Rutherford, Head of e-commerce for BT Shop, the confidence that customers feel in PayPal was key to building a more robust payment ecosystem on this foundation. Adding additional payment options via PayPal was a logical next step.

"Customers are cautious about what happens to their payment information when they enter it online. And rightly so. That's why it's important we work with companies that embody trust and have real credibility," he says.

Duncan saw that along with a sense of trust, BT Shop's electronics customers want flexible ways to pay. Pay Later options give buyers the flexibility to manage their budgets by paying in monthly instalments for new purchases.

"We recognised that we want to support customers who want options in how to pay for things," says Duncan. "Not having a credit option left us vulnerable to losing those who desired the ability to spread the cost over time."

BT Shop wanted to offer their customers flexible credit options within the checkout process. This would allow BT Shop to be more competitive in the electronics market, where many retailers were already providing credit options.



# PayPal Credit was a game-changer. Being able to unlock that capability was massive for us.

**Duncan Rutherford** Head of e-commerce, BT Shop

#### The solution.

## PayPal Credit and Pay in 3 give BT Shop customers choice in how they want to pay.

In 2020, BT Shop implemented PayPal Credit, a digital, reusable credit line that lets customers pay for purchases over time with a variable APR, no annual fee, and no interest for the first four months for purchases of £99+.² This applies to every purchase that is over £99 and allows the customer to better budget with 4 months of 0% interest.

The BT team next experimented with offering credit financing interest-free, as well as introducing compelling offers, such as longer payment terms for more expensive products. Working in conjunction with PayPal to offer these promotions helped BT Shop offer their consumers choice in how they wanted to pay for their products.

In January 2023, BT Shop also implemented PayPal's Pay in 3 solution available in the UK. This allows customers to pay in three equal instalments for eligible purchases without interest or late fees.<sup>3</sup> And PayPal's dynamic

messaging automatically displays the most relevant offer for BT shoppers, including the timing and cost of each.

"It was really important to let people have that clear choice laid out," says Duncan. "This was another way of being able to showcase brand trust. We've got a really credible partner in PayPal."

The level of effort for implementation of Pay in 3 was less than the BT team expected, taking just weeks to deploy. Duncan says it was one of the team's fastest-to-market implementations ever, which benefited from PayPal's consultative support and creative problem-solving.

"Our relationship with PayPal is one of the best partnerships we have," he says. "It's collaborative. I've always said that anyone we work with has to feel like an extension of my team, to maximise the impact we can have for customers."

#### The impact.

BT Shop's Pay Later sales are increasing along with the average order value.

In the first quarter of 2023, sales from PayPal Credit and Pay in 3 accounted for 35% of total PayPal sales at BT Shop.<sup>4</sup> PayPal Pay Later options are also prompting an unexpected boost in average order value (AOV), with transactions via these solutions measuring 321% higher than the standard PayPal transaction in Q1 2023.<sup>4</sup>

Duncan believes the increase in AOV is because shoppers are better able to budget for high-priced items and more accessories than they would typically want to pay for upfront.

He also reports that anecdotal evidence suggests customers are satisfied with the new payment options, and he anticipates that over time BT Shop will see more repeat customers as a result.

"It's been really positive for me seeing the AOV come up and knowing that our customers are responding so positively to having those choices presented to them," he says. "I'm anticipating that will really help with customer retention."



He gives the experience of working with PayPal a score of 10 out of 10.5 "It's the right fit," he says. "There's no doubt about it."

And there's no doubt that more choice in how to pay is the right fit for BT Shop's customers.

**35**%

of total PayPal sales use Pay Later options.4

10/10

satisfaction rating from BT Shop.5

321%

higher Pay Later AOV than standard PayPal transactions.<sup>4</sup>

<sup>&</sup>lt;sup>1</sup> For more information, please visit: https://www.paypal.com/uk/enterprise/accept-payments

<sup>&</sup>lt;sup>2</sup> For more information, please visit: https://www.paypal.com/uk/webapps/mpp/paypal-virtual-credit

<sup>&</sup>lt;sup>3</sup> For more information, please visit: https://www.paypal.com/uk/webapps/mpp/paypal-payin3

<sup>&</sup>lt;sup>4</sup> PayPal data from Q1 2023. These results may not be typical and may vary substantially by business. This content is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.

<sup>&</sup>lt;sup>5</sup> Data from BT Shop (rebranded to EE Store 11 July 2023) case study interview with PayPal, June 2023.