Summary of Commissioned Forrester Study:
*Total Economic Impact of PayPal Express Checkout for Web and Mobile* (July 2012)

This in-depth commissioned study, conducted by Forrester Consulting on behalf of PayPal, found PayPal and Bill Me Later have the capability of increasing sales, attracting new customers, boosting margins, and providing a rapid ROI.

**Key Findings (based on a composite organization)**

- **Incremental Sales:** In aggregate, 32% of PayPal and Bill Me Later sales are incremental to a merchant (and would not have taken place had these payment types not been offered).
  
  - **Incrementality by Product was as follows:** Express Checkout Web (25%), Express Checkout Mobile (35%), Bill Me Later (43%).

- **Sales Lift:** This results in a 5.7% lift in a merchant’s total sales over a three year period.

- **AOV:** Bill Me Later drives a 75% lift in average order value.

- **ROI:** The ROI of deploying PayPal/BML was 726%, and payback period is 4 months.

**Methodology**

Total Economic Impact is a methodology developed by Forrester Research that assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility.

- For this study, the Total Economic Impact of PayPal Express Checkout and Bill Me Later, Forrester anonymously interviewed seven retailers in the following industries: department store, fashion, electronics, flowers/gifting, consumer health products, and books/t-shirts.

- After its analysis, Forrester constructed a financial model of PayPal’s impact, then created a composite organization based on the framework and data gathered during the interviews. The composite organization provides a tangible way to model the results organizations could expect from a PayPal and/or Bill Me Later deployment.
The Sales Impact of PayPal and Bill Me Later

Benefits used in the ROI calculation for the composite organization include Incremental Sales with PayPal Express Checkout, higher average order value with Bill Me Later, and lower transaction costs versus credit card with PayPal Express Checkout:

- **Incremental Web Sales:** 25% of all web sales completed with Express Checkout were incremental. Offering PayPal opens the merchant to a new pool of potential customers who prefer paying with PayPal, plus conversion is higher due to the ease of checkout.

- **Incremental Mobile Sales:** 35% of mobile sales were incremental – equating to a 12.3% sales lift on a merchant’s total mobile sales over three years. Mobile purchasing represents a small but rapidly growing segment of all online sales.

- **Higher average order value:** Purchases made with Bill Me Later, a PayPal virtual consumer credit account, had a 75% higher average order value (AOV) compared with the composite organization’s overall AOV – $175 vs. $100. 43% of Bill Me Later sales were incremental to the merchant.

- **Lower transaction costs:** Purchases made with PayPal incurred lower transaction costs than those that were made with major credit cards.

**Conclusion**

This study confirms what many merchants already know: both PayPal and Bill Me Later lift sales. They do this by attracting new buyers and increasing the spend of existing customers. Because deployment costs for PayPal and Bill Me Later are low, the payback period is a fast 4 months. Want to know more? Contact your PayPal Account Executive or visit www.paypal.com/enterprise.