



Case Study:

DVD Planet Fast-Forwards to Higher Revenues With buySAFE

A Comprehensive Study of buySAFE's Impact on DVD Planet's Website Sales

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Executive Summary

As the third-largest online seller of DVDs and a permanent fixture in the *Internet Retailer* Top 500 list of the web's biggest retailers, **DVD Planet (www.dvdplanet.com)**, part of IR500 Infinity Resources, had seemingly cracked the code for selling online. In a segment characterized by tight margins and a high degree of commoditization, DVD Planet carved out a successful niche by offering a wide selection, good prices and excellent customer service, but felt like it was still not realizing its full potential.

Recognizing that about half of all internet users don't yet buy online due to online trust and safety concerns, DVD Planet undertook numerous initiatives to address this important issue to drive up their website's conversion rates. These efforts were met with mixed results. Upon learning about buySAFE and its unique bonded merchant program, DVD Planet embarked on a test to determine the impact that buySAFE could have on their bottom line.

In a word, the results were astounding. In a month-long A/B test of more than 170,000 visitors to their website, DVD Planet observed significant improvement in all of their key metrics when buySAFE was part of the transaction. Specifically, they observed:

- a 7.5% increase in conversion rate
- a 4.0% increase in average order size
- an 11.9% increase in net revenue

Based on these results, DVD Planet projects it will realize nearly \$546,000 in additional annual revenue simply by adding buySAFE to its site.

"I was ecstatic about the increase in our conversion rate" said Mark Harrill, director of merchandising for DVD Planet. "I loved the idea of providing a clear trust signal to my customers, and the rate of site visits that turned into sales was impressive. Clearly, having buySAFE integrated into our site gives our shoppers additional peace of mind, which results in a better bottom line for DVD Planet. I'd recommend buySAFE to any online merchant looking for a way to maximize their site traffic and revenue."

Introduction

In the highly competitive world of online DVD retailing, Itasca, Illinois-based **DVD Planet** (www.dvdplanet.com) has established itself as one of the highest-volume merchants on the Web. Competing against well-known online retailers such as Amazon.com, DVD Planet has built an outstanding reputation for low prices, broad selection, and excellent customer service. It has enjoyed consistently increasing sales every year and has earned a place in the prestigious *Internet Retailer* Top 500 list for the web's biggest merchants.

DVD Planet has been successful despite the fierce competition within the online DVD category. With many merchants to choose from, DVD shoppers typically buy from the merchant offering the lowest price so long as they believe that the merchant is trustworthy and will deliver reliably on its terms of sale. In other words, shoppers want the best deal and the assurance that they will get what they pay for. This downward price pressure translates into very small profit margins for merchants in the online DVD category.

With low margins and a highly commoditized product, it is imperative that DVD Planet maximize the rate at which its site visitors become customers. Enter Mark Harrill. As DVD Planet's Director of Merchandising, Harrill is dedicated to ensuring that shoppers become buyers. "Conversion rate is the most important metric for us by far," says Harrill.

To that end, Harrill and his team had gone to great lengths to optimize the shopping experience for DVD Planet's customers and instill buyer confidence, including:

- providing a toll-free customer service number on every page of the site;
- sending search traffic to targeted landing pages relevant to the search term (as opposed to simply driving them to the DVD Planet homepage);
- offering multiple payment options, and;
- including product reviews in listings.

Yet, these efforts notwithstanding, Harrill suspected that some site visitors were still failing to make a purchase or abandoning their carts due to a perceived lack of trust. He was right, trust and safety concerns are the #1 reason why half of all internet users still don't buy online. To solve this problem, Harrill turned to buySAFE.

About buySAFE

In more than 14 million online transactions since 2003, buySAFE has been ensuring safe, reliable and virtually risk-free online shopping for consumers and online merchants through its unique solution called Bonding. buySAFE inspects, certifies, and continually monitors merchants to ensure that they keep their promises to buyers, and identifies approved merchants with the buySAFE Seal.



buySAFE enables buyers to shop online risk-free and with complete peace of mind that they are going to get what they pay for.

buySAFE also takes its endorsement a giant step further by bonding the online transactions of a buySAFE Merchant. Surety Bonds have been used for thousands of years to guarantee business transactions involving buyers and sellers who don't know each other. Through its surety partners Liberty Mutual, Travelers, and ACE USA, buySAFE guarantees shoppers' purchases with a surety bond of up to \$25,000.

Visitors to a buySAFE Merchant website are re-assured by the buySAFE Seal displayed on all pages of the site, which tells shoppers that the merchant has been inspected and is continually monitored. Additionally, at checkout, the buySAFE Button also reminds shoppers that they can guarantee their transactions with a bond guarantee from buySAFE. By providing merchants with the world's only explicit third-party endorsement of their reliability and trustworthiness that is backed by a bond guarantee, buySAFE is able to increase buyer confidence and substantially improve merchant economics.

Armed with this knowledge, Harrill and buySAFE embarked on a comprehensive impact test to measure the effect that buySAFE could have on DVD Planet's sales.

The buySAFE Impact Test

From August 4 to September 6, 2007, DVD Planet participated in the buySAFE Impact Test. This objective, scientific test employs an A/B methodology to measure key site metrics *with* and *without* the buySAFE Seal and bond guarantee present on the site.



Test results were gathered through a four-step process:

- 1) buySAFE created two "buckets" of data based on the IP addresses of DVD Planet's site visitors
- 2) Using buySAFE's patent-pending technology, the buySAFE Seal and bond guarantee were served to one bucket of visitors – the other bucket was served a transparent "tracking" object only.
- 3) Once gathered, data was cleaned to ensure accurate calculations. Traffic originating from the IP addresses buySAFE, DVD Planet, and known web crawlers was removed.
- 4) Conversion rates and average order size were calculated for each clean bucket of data.

During the testing period, 171,294 visitors to the DVD Planet website participated in the test.

The Results

Having experimented unsuccessfully with many tactics to increase conversion rates and drive higher revenue, Harrill was unsure of the impact that buySAFE would have on his business. What he observed during the Impact Test, however, has made him a firm believer in the power of buySAFE.



During the buySAFE Impact Test, DVD Planet observed not only a significant increase in conversion rate, but also an increase in average order size. DVD Planet shoppers who saw the buySAFE Seal and bond guarantee **converted at a 7.5% higher rate** than did those who saw the transparent tracking seal. In addition, shoppers who saw the buySAFE Seal also had **4.0% larger average order sizes**. Taken together, the net impact of the increases in these two metrics translates into an **11.9% projected increase in revenue** for DVD Planet, due solely to the presence of buySAFE on its website. Based on these results, DVD Planet projects it will realize nearly **\$546,000 in additional revenue annually** simply by displaying the buySAFE Seal and bond guarantee.

"When the margins are as tight as they are in the online DVD business, every percentage point counts," said Harrill. "I loved the idea of providing a clear trust signal to my customers, and the rate of site visits that turned into sales was impressive. Clearly, having buySAFE on our site gives our shoppers additional peace of mind which results in a better bottom line for DVD Planet. I'd recommend buySAFE to any online merchant looking for a way to maximize their site traffic and revenue."

Conclusion

DVD Planet's results dramatically demonstrate the critical role that buySAFE plays in e-commerce. Trust is one of the primary drivers in determining where a shopper buys online, and establishing trust with prospective buyers is of paramount importance to internet merchants – whether the merchant is among the largest on the web, like DVD Planet, or is less well-known.

By providing an explicit, third-party endorsement of an online merchant's trustworthiness and reliability and backing it with a bond guarantee, buySAFE helps merchants of all sizes increase conversion rates, driving higher sales and revenue in the process. In tests with thousands of merchants, buySAFE has been shown to increase conversion rates for buySAFE Merchants by an average of 6.8%.

"Online shoppers are nervous, and this costs online merchants money every day in the form of lost sales," said Jeff Grass, CEO of buySAFE. "By using the buySAFE bonding solution on its website, DVD Planet was able to replace shopper doubt and uncertainty with trust and confidence, resulting in hundreds of thousands of dollars in additional revenue. We've observed this phenomenon with thousands of online merchants, all of whom were able to significantly improve their conversion metrics, revenues and bottom lines simply by integrating buySAFE into their ecommerce sites."

How to Get buySAFE

If you are an online merchant interested in leveraging the power of buySAFE on your website, visit www.buysafe.com or call 888-9-BONDED to see if you can qualify to become a buySAFE Merchant.