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Newegg's new private label card boosts order size

Newegg.com, a computer and consumer electronics retailer, already is experiencing larger order sizes from its new private label preferred account credit card, says Howard Tong, vice president of marketing.

"We just launched this yesterday, and we're already seeing basket sizes upwards of \$700 and \$800," he says. Newegg's average basket size historically has been between \$250 and \$300.

Tong attributes the increased sales to the card's introductory offer, which gives free rush-processing and no-payments-for-six-months financing for purchases of \$500 or more made by Dec. 31. Newegg also will waive finance charges if those charges are paid in full within six months.

"We feel that over a year's time, our preferred card could reach up to 10% of our total sales," Tong says. Newegg might make the introductory benefits permanent, depending on customer feedback, he says.

The preferred card enables Newegg to have "much closer relationship with our customers," Tong says, adding that Newegg plans to offer a loyalty program tied to the card early next year.

Processing costs for the private label card transactions also are less than for Visa, MasterCard, and American Express transactions, Tong says.

The card—which carries a 21.99% annual percentage rate—will be offered through I4 Commerce. Consumers can apply for the card online at the Newegg site. The card has no annual fee or prepayment penalties and offers zero fraud liability.

The company also accepts the major credit cards, I4 Commerce's Bill Me Later, and PayPal in addition to checks and money orders.

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