

NAVIGATING A NEW ERA OF PAYMENTS



Editor's note

The impact of coronavirus

We were putting the finishing touches on this New Era of Payments ebook, when the coronavirus created a challenging, new payments dynamic. Many of the trends we were already experiencing — including the move to online buying, food delivery, site-to-store pick-up, video on demand, and telemedicine — have been accelerating.

It's no longer just millennials and Gen Zers who are purchasing products and services online. Social distancing is causing many late adopters from the Greatest Generation to the Silent Generation to Boomers to turn to next-gen technologies. (My father, a computer newbie at age 89, just had his first virtual doctor's visit and paid his first online co-pay.)

When life returns to normal, will buying habits return to pre-coronavirus conditions? Or will there be a new normal for retailers, movie theaters, restaurants, medical professionals, and everyone else? It's too early to say. But, whatever happens, PayPal for Enterprise is here to help you navigate any challenges and changes that lie ahead.

Immediate assistance from PayPal

We understand these are unprecedented times for enterprises of all sizes. Here are a few of the ways we can help your company weather the storm.

Drive conversions with [Store Cash](#): When a potential buyer abandons a sale, we can automatically send a credit to their PayPal Wallet as an incentive to complete the purchase. You won't pay anything unless the sale is made.

Increase buying power with [PayPal Credit*](#): PayPal Credit provides an easy way to offer your customers financing and drive higher sales. 42% of PayPal Credit users would not have made their most recent purchase if PayPal Credit wasn't offered.¹

Minimize chargebacks with [Seller Protection](#): We know selling online is a challenge for merchants. Our Seller Protection can protect your eligible online sales, minimizing claims and chargebacks and helping to prevent fraud.

You can find immediate answers to your questions at the [PayPal Help Center](#) or by clicking help on any PayPal page.

¹Online study commissioned by PayPal and conducted by Logica Research in November 2018 involving 2,000 U.S. consumers, half were PayPal Credit users and half were non-PayPal Credit users.

* PayPal Credit is subject to consumer credit approval.

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SUMMARY

Payments in 2020 are much different than they were just a few short years ago. Millennials are demanding secure, frictionless, mobile payment options. Enterprises that accept payments — including retailers, government agencies, financial institutions, universities, and healthcare organizations — are modernizing their payments platforms to meet these new demands. Cyberthreats, and the technology to defend against them, have evolved. CEOs and CFOs who once saw payments as “plumbing” are now using payments to help accelerate growth and drive revenue. It’s a brave, new era of payments. This ebook will help you to successfully navigate the changes.





THE STATE OF PAYMENTS

Opportunity:



Digital commerce continues to be an engine for growth, opening doors to new customers, new distribution channels, and new possibilities. In 2019, e-retail sales accounted for 14.1% of all retail sales worldwide,¹ and are expected to reach 22% by 2023.²

Challenge:



Payments have always been an integral part of the overall ecommerce experience. But with retailers competing more and more beyond borders, it can be a struggle to navigate the varied cultural and regulatory complexities of global payments. This requires taking a more proactive approach to what was once considered an afterthought. To win more digital dollars, merchants need to optimize payments to help improve customer loyalty, reduce payment friction while alleviating security concerns, and lay the foundation for emerging commerce and payment types around the world.



\$4.9T projected global retail ecommerce sales by 2021³

Payments influence decisions at many steps in the customer journey. When it comes to payments, it's no longer enough to keep pace with the changes. You have to stay ahead of the curve, which can be a challenge in a space that is unfamiliar and constantly in flux. But with the right partnerships and payments technology, you can use payments to improve revenue growth, achieve scale, build loyalty, and make commerce a natural extension of how customers interact in the physical and digital world.

As you look to the next frontier of commerce, you'll need to navigate the challenges and the opportunities of payments. [Here's a roadmap to help you get started.](#)

\$3.9m Average cost of a data breach.⁴

31% Consumers who buy online weekly or more frequently in 2019, up 5% over 2018.⁵

24% Consumers who shop on their mobile phones, compared to 23% of consumers who shop on their desktop.⁶

69.57% Global consumers who add items to their carts only to abandon them.⁷

47% Increase in fraud attempts for mid/large ecommerce merchants selling physical goods compared to 2018.⁸



**UNLOCK THE
FULL POTENTIAL
OF MOBILE**



While it feels like we're all spending every second on our phones, many merchants are still behind the curve when it comes to converting mobile browsers to paying customers.

THE MOBILE EXPLOSION

As we've entered the new decade, it's safe to say mobile is no longer a trend – it's a fact of life. There are now 5.2 billion people subscribed to mobile services at the end of 2019, accounting for 67% of the global population.⁹

However, while customers are happy to shop on their phones, that doesn't mean they're always in the mood to buy. About half of browsing is now done on mobile, but mobile conversion rates are still lower than desktop or tablet.¹⁰ Security concerns, slow load times, difficulty viewing and comparing items, limited payment options, and too many fields to complete a purchase are common culprits. For many shoppers, mobile is a great place to browse while on the bus, watching a movie, or lying in bed, but the final purchase often takes place elsewhere.

But with so many people on their phones so much of the time, the mobile shopping experience isn't something you can disregard. One thing you can do is use your payments process to create a mobile-first checkout experience that is inviting and engaging to customers, helping them feel at ease. When a merchant has a good payments process, 44% of shoppers are more likely to trust them,¹¹ while 47% are more likely to come back to the website to shop again.¹²

SMALL IMPROVEMENTS, BIG GAINS

Offering a seamless mobile checkout can help boost conversion rates and increase repeat customers. Here's how you can facilitate more mobile transactions:

Simplify interfaces:

Smaller screens are one knock against mobile transactions, but with the right user interface (UI), merchants can tear down this barrier. Mobile checkouts, whether in an app or browser, should be easy to navigate and feel like a natural extension of the site. PayPal for Enterprise provides a mobile-friendly drop-in UI that allows merchants to accept PayPal, credit cards, debit cards, Venmo (in the US), and a wide variety of alternative payment methods, all with a single integration.

Improve load times:

Slow load times can easily drive customers to abandon their carts and shop elsewhere. A combination of factors can contribute to slow load times, such as advertisements, plug-ins, and graphics. Carefully weigh the pros and cons of each element you incorporate to find a balance between features and functionality.

Streamline checkouts:

Tiny buttons and screens mean consumers are reluctant to fill out multiple fields to complete mobile transactions. PayPal for Enterprise helps you dynamically identify customers so they can check out without having to create an account, type in an address, or enter a 16-digit card number.

Alleviate security concerns:

With online fraud constantly in the news, some users are reluctant to take out their credit cards in public or enter information for fear that the network is vulnerable or someone will look over their shoulders. Here too, merchants can help quell consumer concerns by offering verification services and expedited checkout.

A vibrant night scene of a canal, likely in Austin, Texas. The canal is illuminated with colorful lights, and a boat is visible in the distance. The foreground is dominated by long, colorful light trails in shades of blue, purple, and red, suggesting a long-exposure photograph of a boat or a light display. The background shows a stone bridge with decorative arches and a building with a balcony, all lit up with warm and cool lights. The overall atmosphere is festive and lively.

WHY SPEED MATTERS



IMPROVE SPEED AND USER EXPERIENCE FOR BETTER CONVERSION

Time is money. Your money, specifically. When load times are slow and checkouts are cumbersome, consumers are quick to take their business elsewhere.

THE INFLUENCE OF LOAD TIMES

In the physical world, consumers will blow off a shopping trip if the parking lot is too busy or the checkout lines are too long. It's the same on your website, where their decision to complete a transaction and come back often hinges on speed and convenience.

Load times – how long it takes a page to download – can make or break whether customers stay on a site and decide to come back. While any number of factors, from file sizes to plug-ins, can contribute to slow load times, the effects are well documented. Slower load times are associated with:

Higher bounce rates: The longer it takes a page to load, the more likely a user will get frustrated and go elsewhere.

Shorter session times: A lag in load times can also mean shorter sessions for shoppers who do stick around. Less time spent on a site generally indicates lower customer engagement, which means fewer sales.

Lower conversion rates: Online ecommerce conversion rates are already only 2.72%.¹³ According to internal Google data, a one-second delay in mobile load times can impact conversion rates by up to 20%.¹⁴

Reduced customer satisfaction: 54% of people say their frustration increases as the load time for a brand's mobile site increases.¹⁵ If you think a customer will come back after that, think again.

THE IMPACT OF UX ON CONVERSION



A customer may breeze through a site and fill their shopping cart with items, only to abandon the cart at checkout. In fact, the average global cart abandonment rate in 2019 was a staggering 69.57%.¹⁶

There is a wide range of factors that contribute to cart abandonment – after all, some people just like to change their minds. However, the speed of your checkout process is one of the few that is under your control: nearly one out of four shoppers (23%) reported abandoning a cart due to a checkout process that’s too long or complicated.¹⁷

The payoff for correcting checkout usability problems can be massive. The average large-sized ecommerce site can realize a 35.26% increase in conversion rate¹⁸ – which translates to \$260 billion based on US and European sales alone – through better checkout design.¹⁹



TAKE DOWN BARRIERS AT CHECKOUT

You're only as strong as your finish. While your merchandise might be top-notch and your branding the envy of your competitors, it will do little good if your checkout experience falls flat. [Here's how you can solve the four most common checkout barriers.](#)

1

Too much information: In a recent survey of checkout usability, the Baymard Institute found that being asked to create an account was one of the top reasons customers abandoned their carts during checkout (31%), while 23% attributed abandonment to a checkout process that was too long or complicated.²⁰

The solution: By allowing more than 280 million global PayPal customers to skip entering their payment information and shipping address, PayPal makes it simple for your customers to check out quickly. You can also help improve conversion by using PayPal for Enterprise to set up customer-friendly billing options like recurring billing.

2

Poor usability: Dozens of factors can impact the checkout experience, including the ease with which customers can update their carts, return to shopping, get help, or see their final price before checkout. In the Baymard Institute survey, 20% of customers abandoned their carts simply because they couldn't see or calculate the total cost up front.²¹

The solution: Implement the right user interface for a seamless experience. In addition to offering merchants seamless checkout via a ready-made drop-in UI, PayPal for Enterprise helps make it simple to customize your checkout experiences for optimal flow.

3

The wrong payment options: Increasingly, customers are making buying decisions based on their payment options. In fact, 30% of shoppers will abandon a purchase if they don't find their preferred payment method.²²

The solution: Offer the right mix of payment methods so users can choose to pay with the method they prefer. PayPal for Enterprise can make it simple to accept all the ways your customers already pay, such as credit cards, debit cards, and PayPal, along with up-and-coming alternative payment methods like Venmo (US only) and local payment methods from around the world.

4

Security concerns: Some shoppers will abandon their carts at the first sign of security trouble, with 17% of consumers saying they have abandoned a purchase because they didn't trust the site with their credit card information.²³

The solution: In addition to keeping SSL certificates current and displaying industry-standard trust logos, merchants can reassure customers by offering a payment experience that they trust and recognize.



**COVER FRAUD
FROM ALL
ANGLES**

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Fraud cuts both ways. While you're busy trying to protect your business from consumer fraud, your consumers are wary of doing business with any website that has the slightest hint of being unreliable.

THE HIGH COST OF FRAUD

The growth of digital commerce has brought an unintended consequence. Safeguarding against cybercrime and consumer fraud is increasingly a top priority, but one that requires constant vigilance.

Ecommerce retailers lost an average of 1.86% of revenue to fraud in 2019²⁴ despite all their investments in fraud mitigation. And for every dollar organizations lose to fraud, they pay out roughly 3.1 times the actual cost.²⁵

That isn't even factoring in the intangible cost of fraud: consumer confidence. A lack of visible security can be a major barrier for a customer when it comes time to click the buy button. Security needs to be both visible and seamless so that it doesn't create barriers like requiring an account set-up, asking for too much information, or declining legitimate transactions, all of which can send customers elsewhere.



Data breaches: common and costly

In 2019 alone, the average data breach exposed 25,575 records,²⁶ with an average cost of \$150 per record globally.²⁷





MAXIMUM SECURITY, MINIMUM FRICTION

Consider these best practices to help create a more secure checkout experience for both you and your customers:

Avoid redirecting customers to a third-party site for checkout, make sure the UI conveys the level of security being used, and require an additional layer of cardholder verification such as 3D Secure. PayPal creates a secure on-site checkout experience that's eligible for SAQ-A PCI compliance validation, while our 3D Secure 2 solution helps you meet PSD2's Strong Customer Authentication (SCA) requirements.

Offer digital wallets and other alternative payment methods so consumers can choose the method they trust most. A recent survey showed that 52% of online shoppers were more likely to purchase if PayPal is a visible option.²⁸

Work with a payments expert that has the right insight and tools, including post-transaction fraud management tools that help recover revenue from chargebacks filed fraudulently or mistakenly.

Keep customers' payment data secure. PayPal uses multiple encryption keys with split knowledge and dual control. All API and Control Panel communication between merchants and PayPal is conducted using Transport Layer Security (TLS).

Use a rules-based approach to help guard against common types of fraud while reducing costly false positives.

Review and observe employee, customer, and vendor activity to guard against suspicious or unauthorized activities. Conduct automated vulnerability scans at least quarterly, and at least once a year schedule extended penetration testing conducted by outside sources.

DIGITAL WALLET TAKEOVER



THE FUTURE OF PAYMENTS

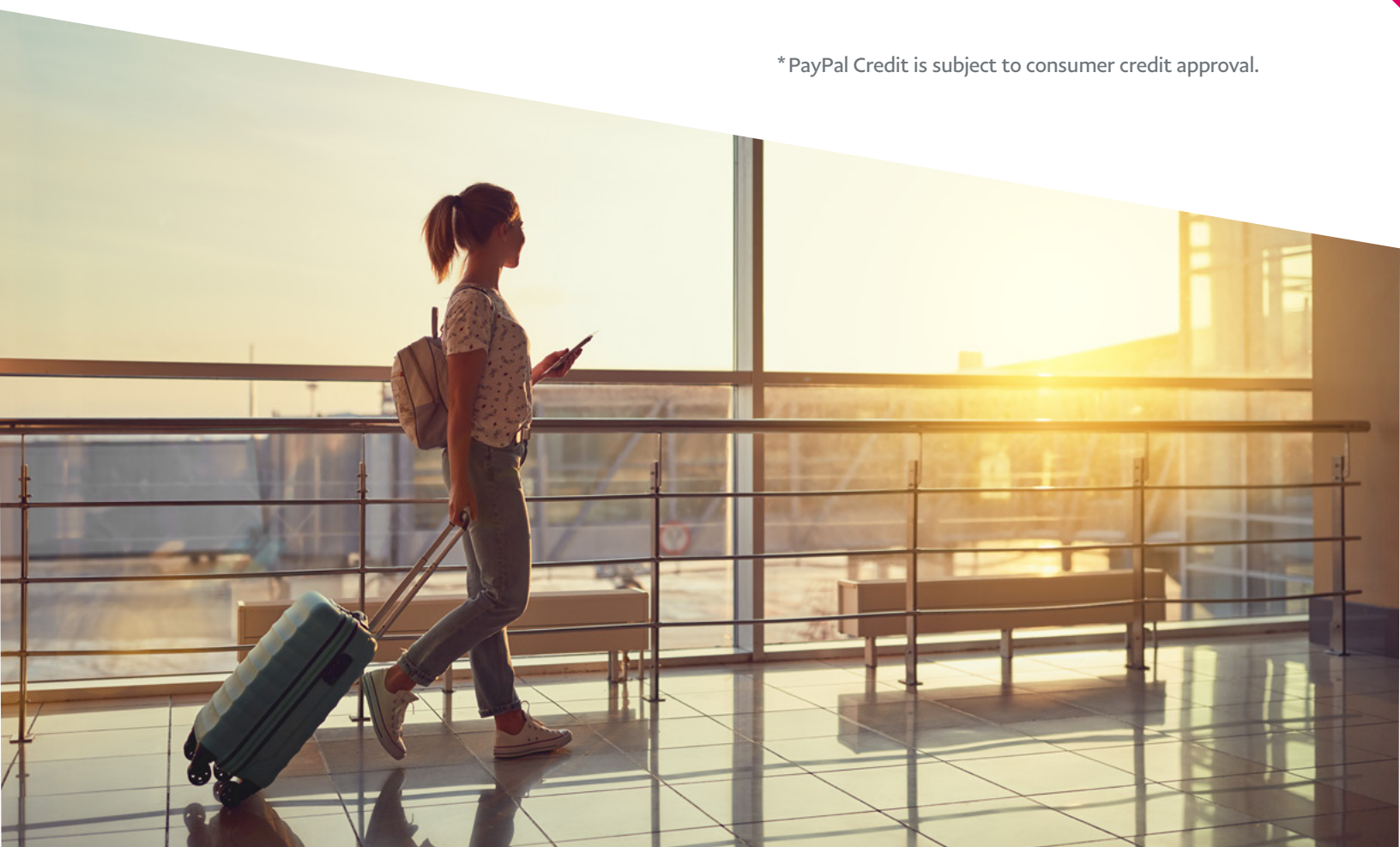
Cash is no longer king [in many countries](#). Increasingly, consumers prefer digital payment methods, such as PayPal, Venmo, debit cards and local alternative payment methods.²⁹ Meanwhile, innovative business models mean you may need to think outside of payroll and invoices when paying others.

Global consumers are increasingly counting on digital wallets to complete both digital and in-person transactions. Many customers now use digital wallets as their preferred payment method for online transactions.

There are hundreds of different payment methods around the world, each with its own expansive user base. Some of these payment methods, like PayPal, are accepted around the globe, while others are niche payment methods that are widely used in their home country but unheard of outside of it.

With PayPal for Enterprise, you can offer buyers the most popular payment methods in the world including PayPal products like Venmo (in the US) and PayPal Credit.* You can also accept a wide variety of credit cards, debit cards, and local alternative payment methods. Best of all, you can accept all these payment types using a single integration that works across your website, mobile app, retail locations and more.

* PayPal Credit is subject to consumer credit approval.





USING YOUR PAYMENTS TO MAKE PAYMENTS

Thanks to crowdsourcing, platform and gig economy business models, you can no longer just think about how you're going to get paid. You have to figure out how to pay the vendors, contractors, sellers, artists, and others you rely on to make your business work.

When choosing a method to receive payments, look for ways to tie it into the way you make payments. PayPal for Enterprise helps make it simple to pay your contractors and sellers by making deposits to their accounts with PayPal or Venmo (US only). Payments can be sent around the world in more than 30 currencies, allowing you to scale your business across the global economy.

ITERATE WHILE YOU INNOVATE

No one knows what's coming next. But with the right payments partner and infrastructure tools, you can help make it easy to expand your business across new channels and partners. PayPal for Enterprise can help you:

- ▶ **Sell** in more places by reaching buyers on other platforms and mediums
- ▶ **Increase** user engagement by enabling loyalty and reward programs and other value-added services like booking and reservations
- ▶ **Manage** complex payments, such as routing to multiple international processors and enabling specialized fraud services
- ▶ **Create** valuable partnerships while keeping users' payment information secure
- ▶ **Use** built-in tools and partners or the tools of your choice to build a bespoke commerce network customized to your business and customers

**SEE WHERE
PAYMENTS CAN
TAKE YOU**



The digital retail landscape is continuously evolving, with every twist and turn presenting its own challenges and opportunities. Your approach to payments directly impacts your ability to take full advantage of every opportunity that comes your way.

ISN'T IT TIME YOU MADE PAYMENTS A PRIORITY?

Learn more about how [PayPal for Enterprise](#) can help make this new era of payments work for you.





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