

# Payments Gap Assessment

Discover how your payments processing setup  
can help you achieve your goals



# Table of contents

Why analyze your setup? .....	3
The payments analysis framework .....	4
Part 1: Set your goals .....	5
Part 2: Examine your payments .....	11
Part 3: Identify your gaps .....	17
PayPal's approach to payments .....	23



# Why analyze your setup?

The digital transformation has arrived. Consumers are moving online at an unprecedented pace.\* Alternative payment methods like digital wallets and buy now, pay later options are becoming more popular.\* And today's consumer always demands convenient, frictionless checkout on every channel.

Rapidly shifting consumer behaviors pose new challenges for enterprises. Your payments processor may be in a unique position to help you meet those challenges head-on. From frontend conversions to backend efficiencies, the right partner could have the tools you may need to meet – and exceed – your annual forecasts.

In short, there has never been a better time to analyze your payments processing setup. This guide will help you perform a payments gap analysis and get you thinking about payments in a whole new way.

**40%** of consumers are shopping online more and shopping in stores less\*

**57%** say the availability of digital payment options impacts where they shop\*

**48%** of those who prefer buy now, pay later won't buy if it is not offered\*

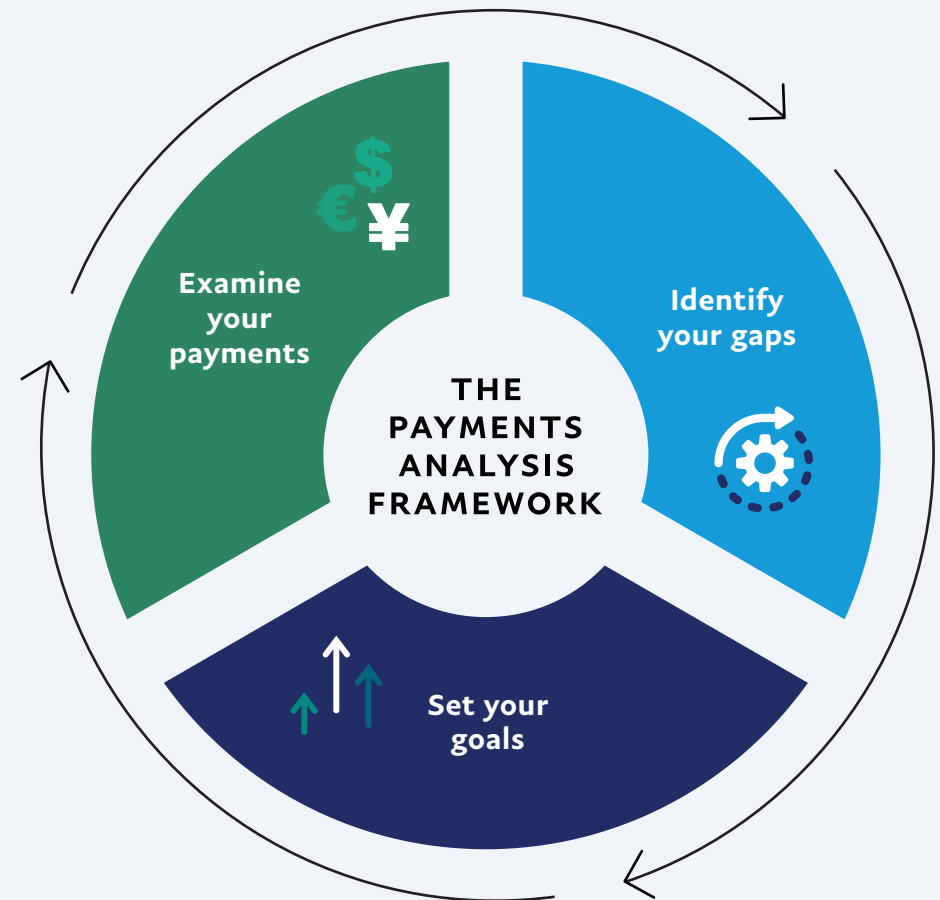
\* [How We Shop: Measuring The Rapid Digital Shift](#), PYMNTS.com, September 2020

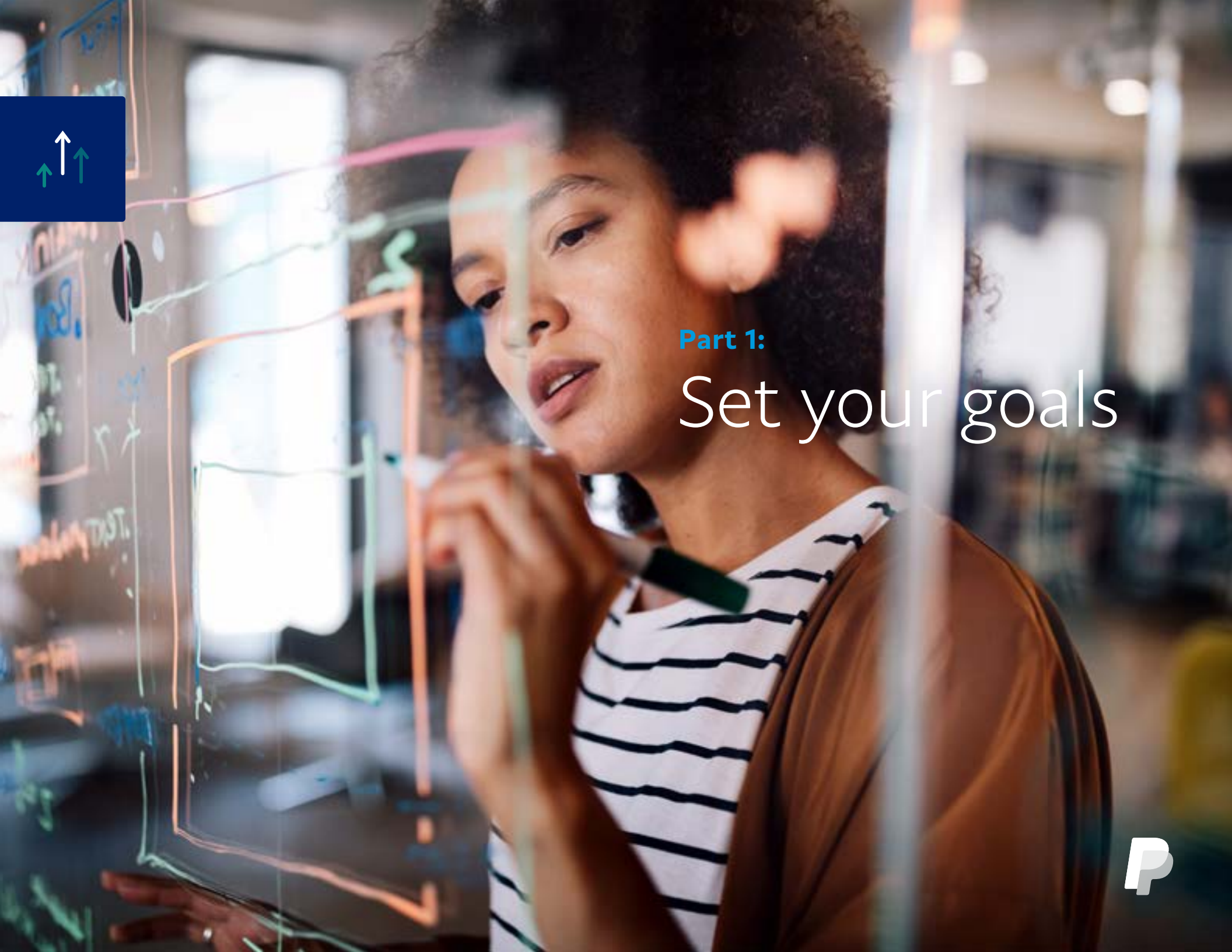
# The payments analysis framework

Modern payments platforms can do much more than process transactions. Yet enterprises often don't make the connection between payments processing and their goals for growth and revenue. This framework is designed to help connect those dots.

You'll start by assessing your past performance and outlining what you'll need to do to reach your goals in the upcoming year. Part 2 of the framework looks at the strengths and weaknesses of your current setup and prioritizes the areas with the greatest opportunity. In Part 3, we'll dive into the specific tools and features that could help you achieve your goals.

Throughout the framework, we'll be examining payments through the lens of a common business tool: the Ansoff matrix. Your payments processing has a direct impact on market penetration, market development, diversification, and technology – and we'll show you how.





Part 1:

# Set your goals



> PART 1 | SET YOUR GOALS

Let's start by looking back at last year's objectives and key results (OKRs). Did you hit your goals? Give an honest assessment of your performance and write down anything you learned that can inform your strategy for the upcoming year.

Goal	Current state	Learnings

➤ PART 1 | SET YOUR GOALS

Next, perform a SWOT analysis to examine where you are and what obstacles you might encounter as you work toward your goals this year. It will also point to areas where you may find quick wins, helping you to prioritize tasks and create a more strategic roadmap.

<b>Strengths</b> What do you do well? What unique resources can you draw on? What do others see as your strengths?	<b>Weaknesses</b> What could you improve? Where do you have fewer resources than others? What are others likely to see as weaknesses?
<b>Opportunities</b> What opportunities are open to you? What trends could you take advantage of? How can you turn your strengths into opportunities?	<b>Threats</b> What threats could harm you? What is your competition doing? What threats do your weaknesses expose to you?

> PART 1 | SET YOUR GOALS

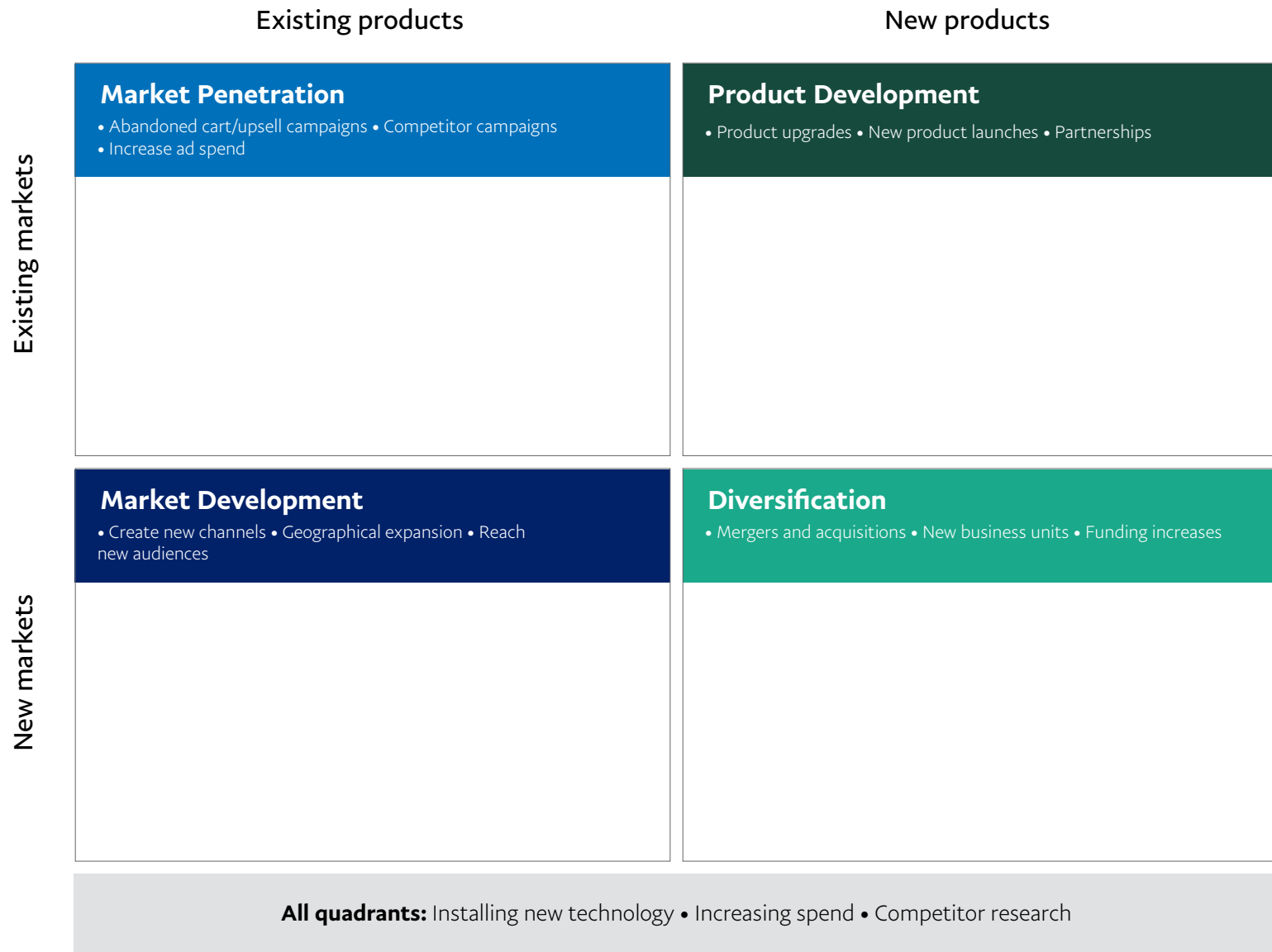
Based on your learnings from the past year and your SWOT analysis, outline your new goals for the upcoming year. Think about what resources you will need and potential obstacles you might encounter.

Goal	Required resources	Potential obstacles



> PART 1 | SET YOUR GOALS

Finally, fill out this Ansoff matrix to identify how your team is planning on hitting your new goals. We've listed a few examples to get you started.



## What are some of the ways you need to change your business in order to hit your new goals?

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Did you know that your payments processor can help you reach many of these business goals? In the next section, we'll examine your current payments setup and determine where your payments partner can best help you achieve your goals.



Part 2:

# Examine your payments



Your payments partner can have a big impact on nearly every quadrant of the Ansoff matrix. Let's analyze your current setup through the lens of market penetration, market development, diversification, and technology to reveal your areas of greatest opportunity.

## Market penetration

To achieve greater market penetration, you need to drive repeat conversions, loyalty, and referrals. Take a detailed look at your checkout experience. Are you providing a fast, easy, and intuitive checkout?

### 1. What is your overall conversion rate?

0-2%      2.1-4.0%      4.1-6.0%      Over 6.0%

### 2. What is your cart abandonment rate?

Less than 50%      51-70%      71-90%      Over 90%

### 3. At which point in checkout do you see the highest abandonment?

Viewing cart      Creating account      Shipping details      Payment

### 4. How many form fields does your customer need to fill out at checkout?

0-4      5-6      7-8      9 or more

How confident are you in your ability to achieve your market penetration goals? \_\_\_\_\_ out of 5

Extremely  
Confident



Not at all  
Confident

## Market development

To target higher-value demographics or expand your operations globally, identify the gaps between what your target market wants and what you're providing. Then ask yourself if your current partner provides the support you need.

### 1. What payment methods are most popular with your target audience?

Credit and debit      ACH      Digital wallets (PayPal, ApplePay)      Venmo      Point-of-sale financing

### 2. Do you offer all of these payment methods?      Yes      No

### 3. Where do you currently do business? What countries are on your roadmap for global expansion?

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### 4. Do you offer the local payment methods popular in those countries?      Yes      No

Examples: UnionPay (China), JCB (Japan), giropay (Germany), MyBank (Italy)

### 5. Can you accept payments in the appropriate currencies?      Yes      No

Examples: Euro (EUR), Chinese yuan (CNY), Japanese yen (JPY), Canadian dollar (CAD), Australian dollar (AUD)

How confident are you in your ability to achieve your market development goals? \_\_\_\_\_ out of 5

Extremely  
Confident

5

4

3

2

1

Not at all  
Confident

## Diversification

In today's fast-paced digital world, diversification is more important than ever. Examine your business's larger roadmap for potential joint ventures, mergers, acquisitions, and new business units, and consider how they may affect your payments process.

### 1. How many joint ventures, mergers, acquisitions, and new business units are on your roadmap?

1-3      4-6      7-9      10 or more

### 2. What new tech will they introduce to your payments ecosystem?

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### 3. Are there opportunities to leverage in-context commerce experiences with these partners?

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### 4. Does your current payments platform allow you to create such experiences?      Yes      No

How confident are you in your ability to achieve diversification quickly and efficiently? \_\_\_\_\_ out of 5

Extremely  
Confident

5

4

3

2

1

Not at all  
Confident

## Technology

Tech that can help streamline operations, improve authorization rates, and keep out fraud affects your growth in all areas. It's time to think about how your payments technology measures up.

### 1. How many integrations are in your current tech stack?

1-2      3-5      6-8      9 or more

### 2. How many payment vendor relationships are you managing?

1-2      3-5      6-8      9 or more

### 3. What are your current decline rates?

Less than 5%      5-10%      11-15%      Over 15%

### 4. What percentage of declines are actually false declines (i.e. good transactions)?

Less than 20%      20-30%      31-40%      Over 40%

How confident are you in your current payments technology? \_\_\_\_\_ out of 5

Extremely  
Confident



Not at all  
Confident

## Bringing it all together

We'll come back to your confidence scores in the next section, so let's summarize them here. Look back at your scores on pages 12-15, where you rated your confidence in reaching your goals on a scale of 1 to 5 (with 1 being "Not at all confident" and 5 being "Extremely confident"). Fill in the table below with each confidence score: areas with lower scores should be higher on your list of priorities.

	Market penetration	Market development	Diversification	Technology
Confidence score				







Part 3:

# Identify your gaps



You know where you are and where you want to be. But how do you get there? Go through the lists below and check off all items that you've achieved through your current payments setup. The remaining items are your gaps.

### **Market penetration**

Frictionless checkout is the foundation for conversions. Modern payments processors can also help increase penetration into your current markets with tools such as cart abandonment campaigns and targeted marketing.

Create a seamless omnichannel experience to keep customers coming back

Reduce form fields to 8 or fewer to help make checkout frictionless

Securely save customer data for returning customers and recurring payments

Improve mobile responsiveness and load times to help drive m-commerce sales

Use targeted marketing tools to encourage repeat purchases and referrals

Implement cart abandonment email campaigns to recapture lost sales

## Market development

Payments are changing. Digital wallets, P2P payments, and pay later options are on the rise, especially among younger consumers. Cross-border commerce is easier than ever in our globalized economy. With the right tools, you can leverage these trends to reach new markets.

Offer options that can help you reach millennial and Gen Z markets

Offer popular digital wallets to stay at the forefront of customer preferences

Provide buy now, pay later solutions to help ease financial uncertainty and increase AOV

Leverage local banking relationships and expertise to expand globally

Offer popular local payment methods to help capture sales in global markets

## Diversification

Diversification is key to long-term, stable growth, but incorporating new processes, systems, and technology isn't always smooth. Your payments processor may be able to provide tools that can open up new commerce opportunities.

Transition to a full-stack solution that consolidates all your payments technology

Leverage a flexible, reliable, and scalable architecture to ensure seamless growth

Obtain end-to-end visibility in all processes to help overcome roadblocks

Access data-sharing tools to create new, in-context commerce experiences

Ensure you have the customer service you need to help you integrate new technology

## Technology

Payments technology is becoming more and more sophisticated, from security and fraud tools to data and reporting. Don't be left behind – ensure you have what you need to operate at peak efficiency and help uncover new revenue streams.

Rapidly deploy new customer experiences to keep up with fast-changing preferences

Help stay ahead of fraudsters with quality fraud tools

Implement a real-time account updater to help reduce false declines

Shift chargeback liability to card issuers on eligible transactions with 3DS2

Fully integrate chargeback management into your setup to improve efficiencies

Leverage comprehensive reporting to identify areas for improvement

Use network tokenization to help improve data security

> PART 3 | IDENTIFY YOUR GAPS

Now look back at your checklists – is there anything you did not check off that could be considered a gap in your payments processing setup? If you have a lot of gaps, you're not alone. But it's not too late to do something about them.

Fill out the table below with your gaps in each quadrant, then prioritize them based on the number of gaps and your confidence scores from page 16. Low confidence scores indicate a higher priority, as closing the gaps in these areas could make the biggest difference in your goals.

Quadrant	Gaps	Priority
Market penetration		
Market development		
Diversification		
Technology		

**Your plan:** Starting with your highest priority quadrant, implement the remaining tools and features you need in order to optimize your payments and achieve your goals! If your current payments processor doesn't have the ability to help, consider making the switch to a new provider. You may discover how much more a modern full-stack payments platform can do for you.

# PayPal's approach to payments

PayPal has more than 20 years of experience and has processed trillions of transactions, but we don't stop there. We're always investing in innovation, including Braintree, Xoom, Venmo (US only), Hyperwallet, iZettle, Simility, Honey and others, to stay at the top of our industry. We're one of your most connected payments partners, here to help you achieve your goals.

## Market penetration

Market penetration is all about driving conversions – and that's our number-one focus. PayPal has shown it can drive conversions, spend, and customer satisfaction.<sup>1</sup> Our marketing tools help you create more effective campaigns, while buy now, pay later options can help increase sales.<sup>2</sup> Overall, we'll help you make checkout more frictionless and encourage customers to return to make repeat purchases.<sup>3</sup>

## Market development

Payments are an essential part of entering new markets. Digital wallets are more popular than cash among millennials and Gen Z, and offering these payment methods may help you capture these younger demographics.<sup>4</sup> Plus, we were ranked one of the most trusted brands in America across all generations.<sup>5</sup> We've also built relationships with global payments networks, to help take some of the stress out of global expansion.



## Diversification

When you're focused on diversifying, the last thing you want to worry about is your payments tech stack. Our agile, scalable, full-stack payments solution can help you integrate new partnerships quickly and easily, while our data-sharing capabilities make it possible for you to get more from those partnerships. Our technology can help you create seamless in-context commerce experiences to open new channels and help drive revenue.

## Technology

We're more than a digital wallet and payments processor. We can help you reveal hidden revenue and create new efficiencies. Leverage our advanced Fraud Protection on eligible payments to help you keep out bad actors while approving more legitimate transactions. Take control of charge-back management and shift liability to card issuers where possible thanks to 3DS2. See all your data in one place to better plan for this year and beyond.



Throughout our relationships with our merchants, we provide professional, white-glove customer service. If you need help creating personalized, strategic plans for long-term growth and efficiency, bring your goals to our experts. We're here to help you create your perfect payments ecosystem.

**Call today to talk to an expert:  
844-353-0728**

1 Nielsen Study, Commissioned by PayPal, July 2020 to September 2020 of 15,144 US consumers to understand and measure the impact that PayPal has for US-based LE merchants across different verticals.

2 Average annual incremental sales based on PayPal's analysis of internal data among 210 small and middle market merchants with annual sales up to \$37MM against a broader group of merchants with 24 months of continuous Direct Credit Card volume between January 2016 and November 2019.

3 Nielsen Study, Commissioned by PayPal, July 2020 to September 2020 of 15,144 US consumers to understand and measure the impact that PayPal has for US-based LE merchants across different verticals.

4 [How We Shop: Winning the Digital-First Consumer](#), PYMNTS.com, November 2020.

5 [Most Trusted Brands 2020](#), Morning Consult, February 2020.

The content of this material is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.