



Payment Technology & Your Customers:

The Evolution of Competition
Requires an Ecosystem of
Solutions



THE EVOLUTION OF ECOMMERCE

Ecommerce continues to grow and evolve rapidly – and platforms must keep pace with merchant expectations.

Today's online buyers have many merchant options and, because of this, merchants must engage in multiple channels to acquire customers. Social media and mobile, which makes up at least a third of ecommerce revenue,¹ are two channels that offer increasing opportunities for growing revenue.

This increase in competition and change in consumer behavior is prompting many merchants to be on the lookout for newer, more integrated payment technologies that create optimized checkout experiences. This creates additional opportunities for platform providers.

EVOLVING REQUIREMENTS

62%

Amount of merchants looking for a customized ecommerce solution.²

DIFFERENT CHANNELS

67.7%

Mobile sales growth among merchants in 2016's Mobile 500.³

200%

Increase in ecommerce referrals through social media outlets.⁴

INCREASED COMPETITION

\$340
BILLION

was generated through ecommerce sales in 2015.⁵

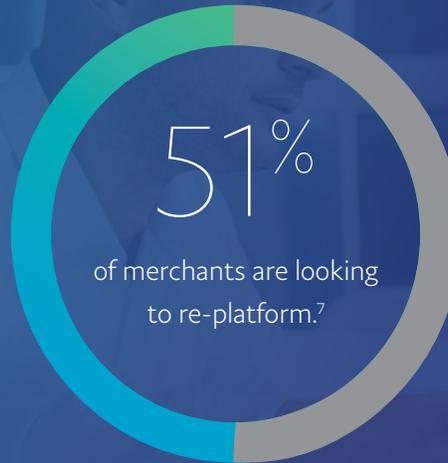
¹ Drawn from Criteo's State of Mobile Commerce Report compiled in October 2015 available at <http://www.criteo.com/resources/mobile-commerce-report/> | ² Drawn from the Econsultancy Technology for Ecommerce Report 2015 published April 2015 available at <https://econsultancy.com/reports/technology-for-ecommerce-report/> | ³ Drawn from the Internet Retailer 2016 Mobile 500 Guide created in 2016 available at <https://www.internetretailer.com/mobile500/#/> | ⁴ Drawn from Business Intelligence's The Social Commerce Report: How Social Platforms are Diving up Retailer Sales and Boosting Direct-Response Activity created in 2015 available at http://www.businessinsider.com/intelligence/research-store?!R=T&utm_source=businessinsider&utm_medium=report_teaser&utm_term=report_teaser_store_text_link_social-commerce-2015-report-2015-6&utm_content=report_store_teaser_text_link&utm_campaign=report_teaser_store_link#!/THE-SOCIAL-COMMERCE-REPORT-2015/p/51350391 | ⁵ Drawn from the U.S. Department of Commerce's Quarterly Retail E-Commerce Sales Estimates released February 17, 2016 available at https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

Competition among ecommerce platforms is high...



Web sales among the top 1,000 merchants are increasing annually.⁶

...churn is ever-present...



...but there's revenue there for the taking.

\$2
BILLION

is expected to be spent on ecommerce platforms by 2019.⁸

As merchants compete and become more savvy, ecommerce platforms must respond and adapt. Merchants' evolving expectations are driving a higher degree of competition among ecommerce platform providers – and those providers are increasingly required to differentiate themselves in a fragmented market where merchant churn is a constant concern.

The migratory nature of merchants does have an upside. Platform providers have a substantial opportunity to capitalize on merchants' growing demands, their investment in ecommerce platform technology and their need for more innovative payment solutions.

⁶ Drawn from the Internet Retailer Top 1000 Guide created in 2016 available at <https://www.internetretailer.com/top1000/#/> | ⁷ Drawn from the Econsultancy Technology for Ecommerce Report 2015 published April 2015 available at <https://econsultancy.com/reports/technology-for-ecommerce-report/> | ⁸ Drawn from the U.S. Department of Commerce's Platform Technology and Services Forecast, 2014 to 2019 published March 11, 2015 available at <https://www.forrester.com/report/US+Comerce+Platform+Technology+And+Services+Forecast+2014+To+2019/-/E-RES119165>



GAINING AN EDGE OVER THE COMPETITION

In a rapidly changing marketplace, growth is heavily dependent upon external factors like consumer behavior, merchant expectations and competition among ecommerce platform providers. Offering an innovative, scalable and secure ecosystem of payment solutions enables providers to grow and sustain business by strengthening their relationships with merchant customers.

With PayPal's offerings, platform providers get the resources to empower their merchants to grow while equipping themselves with the innovations to maintain a competitive edge on multiple fronts – not just in payment technology.

PAYMENT ECOSYSTEM VS. PAYMENT TECHNOLOGY

Platform providers don't operate in a vacuum – and neither should the payment solutions they offer. A payment ecosystem – instead of just a payment product – equips platform providers with the suite of accelerated, scalable and secure payment solutions needed to drive revenue and solidify market position.

As consumer behaviors continue to drive merchant expectations, platform providers will increasingly be in the position of having to offer the right tools to optimize the ecommerce payment process. With the right payment ecosystem, one implementation can offer top-to-bottom benefits to platform providers.

The right ecosystem benefits the consumer, empowers the merchant, and pays the platform provider.

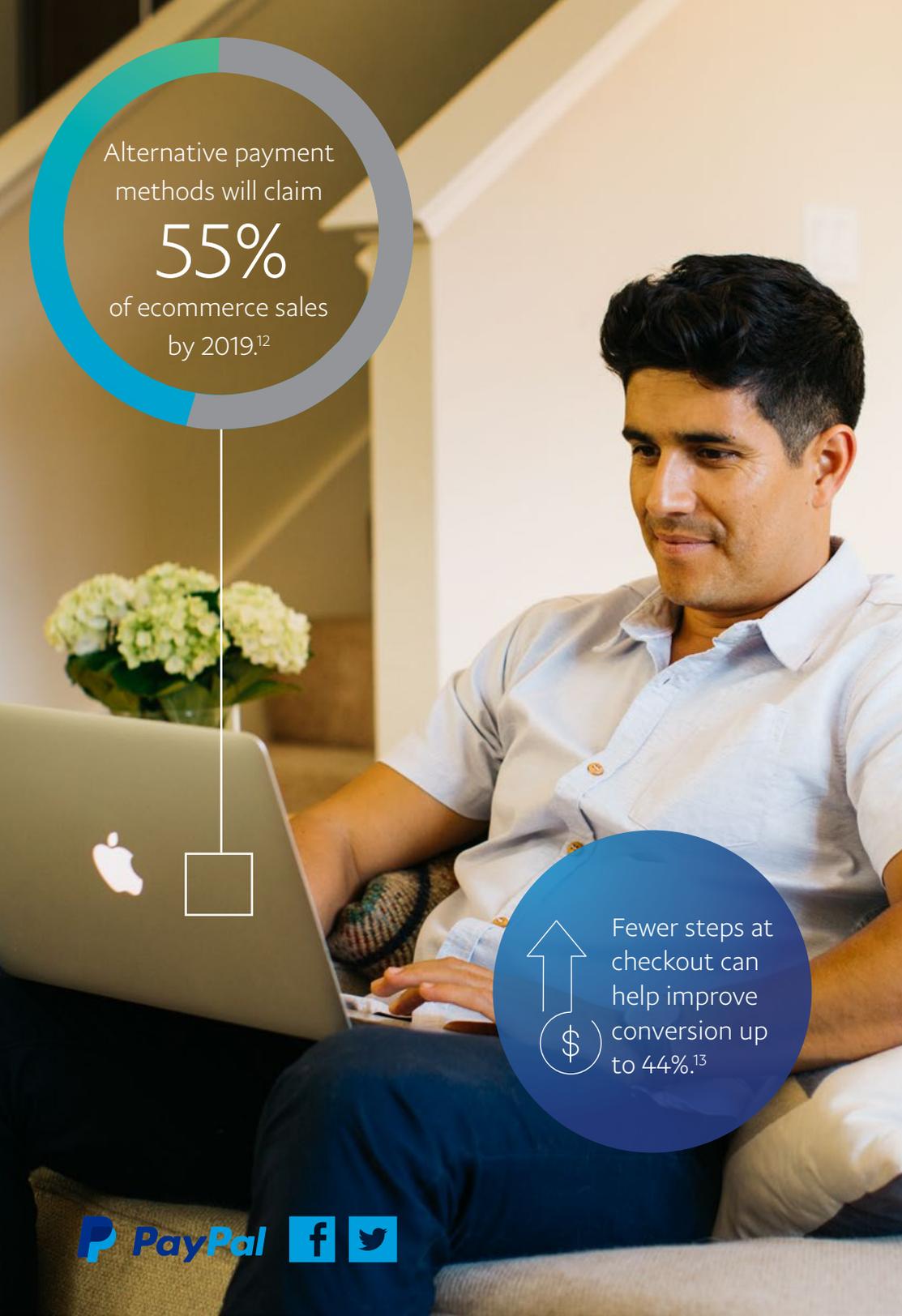
⁹ Drawn from the UPS Pulse of the Online Shopper Study, conducted between January 30, 2014 and February 9, 2015 available at https://solutions.ups.com/assets/UPS_Pulse_of_the_Online_Shopper.pdf | ¹⁰ Drawn from Walker Sands Communications' The 2015 Future of Retail Study published in 2015 available at <http://www.walkersands.com/pdf/2015-future-of-retail.pdf>



52%

of shoppers want to choose from a variety of payment options.⁹

Offering alternative payment methods can boost sales by as much as 30%.¹⁰



Alternative payment
methods will claim

55%

of ecommerce sales
by 2019.¹²



Fewer steps at
checkout can
help improve
conversion up
to 44%.¹³

TECHNOLOGY IS JUST THE START

There's no doubt that a faster and simpler checkout process helps merchants drive sales, but that's only one of the benefits made possible by the right integrated payment technology. Over half of a merchant's customers will want more than one payment option,¹¹ and many will leave a business' site if their preferred payment method isn't listed – often to go to a competitor's. While the merchant loses the sale, the platform provider misses the opportunity to have their merchant properly equipped to succeed, which could push the merchant to look for a different provider.

¹¹ Drawn from the UPS Pulse of the Online Shopper Study, conducted between January 30, 2014 and February 9, 2015 available at https://solvers.ups.com/wp-content/themes/unitedproblemsolvers/assets/pdf/UPS_Pulse_of_the_Online_Shopper.pdf | ¹² Drawn from Worldpay's Global Payments Report 2015 published November 2015 available at http://offers.worldpayglobal.com/rs/850-JOA-856/images/GPR_Worldpay.pdf?mkt_tok=3RkMMJWW_fF9wsRojvazK_ZKXon_jHpfsX67_eUkW6%2BzIMI%2FO_ER3fOvrPUfGjl_4ERMNji%2B_SLDwEYGjlv6SgFQrXFMapv27gFXhc%3D | ¹³ As reported in Nielsen's Online Panel research for activity occurring from July – November 2015, which compared PayPal transactions to non-PayPal transactions on sites that offer PayPal as a payment option. Nielsen measured 125,000 households' online behavior across 10 SMB merchants. Copyright 2016 Nielsen.

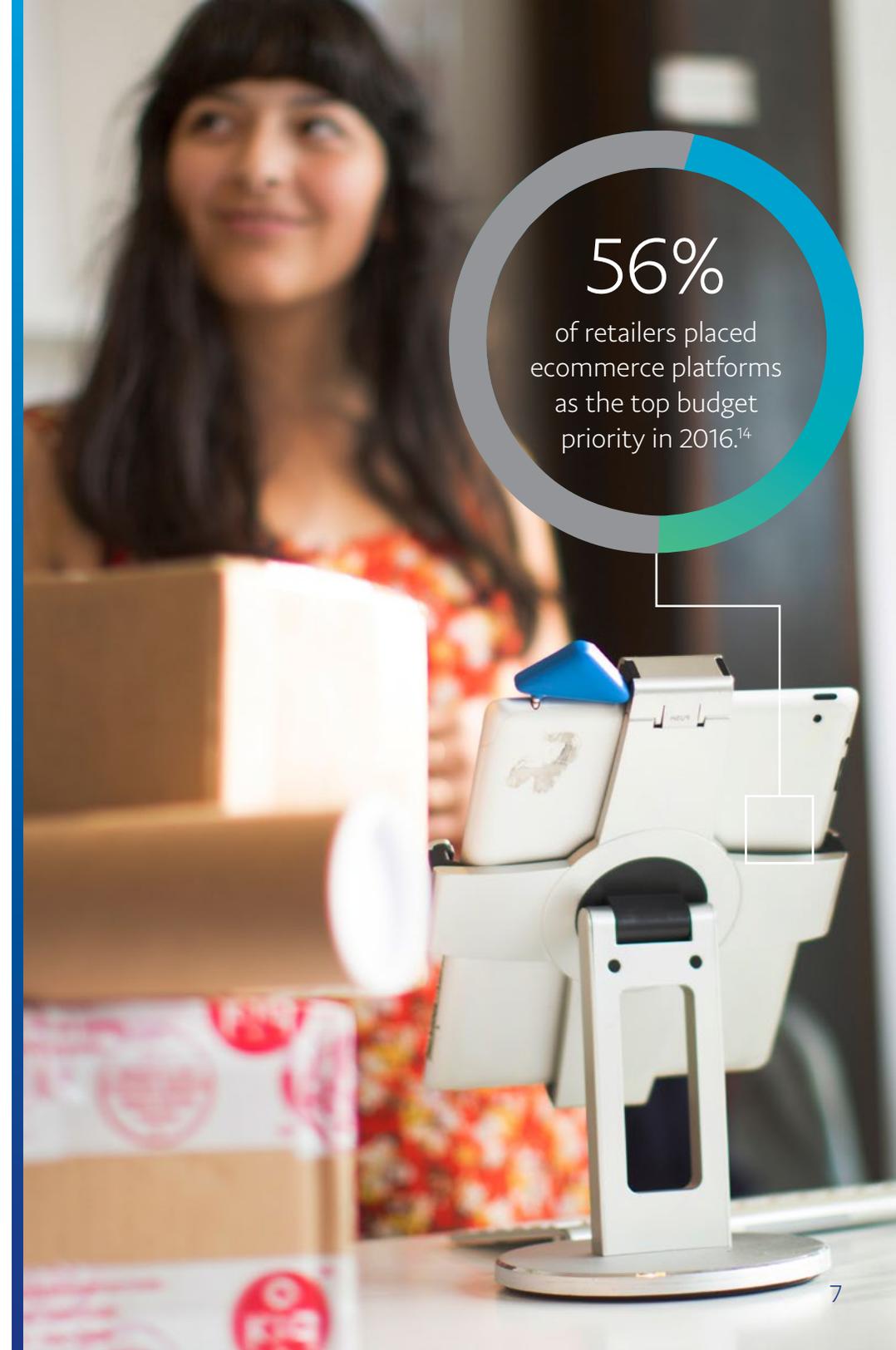
SCALABILITY PROVIDES LONGEVITY

Having the latest payment features is great, but it's also important for platform providers to consider how the payment technology they offer will work for their merchants in the future. Adaptable payment technology is the best way to accomplish this.

Features like credit and financing options, point-of-sale solutions, and invoicing technology streamline the payment experience for consumers and give merchants payment technology that won't require further development or implementation cycles.

Payment scalability should extend beyond web channels, as well. Social media and mobile channels present merchants with more avenues to drive revenue. As the number of shoppers using social media and mobile apps increases, merchants will need a flexible suite of payment features to convert them.

¹⁴ Drawn from Internet Retailer survey results published September 14, 2015 available at <https://www.internetretailer.com/2015/09/11/e-commerce-technology-lots-growth-and-consolidation>





BEYOND SUPPORT

Sustaining and managing the technology within a payment ecosystem requires a variety of specialized ancillary services. While platform providers may have knowledgeable, dedicated support teams, they may lack the specialized payment expertise or the time necessary to address merchant issues like fraud disputes or chargebacks. The right payment partner augments providers' internal support teams with specialized expertise so managing payment issues is faster and more streamlined.

SECURITY SAFEGUARDS THE FUTURE OF BUSINESS

Almost 90% of ecommerce sites have at least one serious vulnerability, and more than half – 56% – have multiple security issues.¹⁶ Being ill-prepared to deal with fraud threats and security breaches leaves merchants and their customers open to a number of financial and legal risks – risks that could potentially affect the platform provider.

With integrated security measures and live, expert support teams, providers can better manage risk in the checkout experience. Features that safeguard checkout from hacking and allow customers to track the status of their cash throughout the transaction build merchant credibility. Access to specialized, 24-hour payment support also enables merchants to stay informed about security and fraud protection.

¹⁶ Drawn from WhiteHat Security's, Website Security Statistics Report 2015 conducted in 2014 available at <https://info.whitehatsec.com/rs/whitehatsecurity/images/2015-Stats-Report.pdf> | ¹⁷ Drawn from Walker Sands Communications' The 2015 Future of Retail Study published in 2015 available at <http://www.walkersands.com/pdf/2015-future-of-retail.pdf>



The Benefits of Working with the Right Payment **Partner**



Revenue sharing



Lead generation



Innovation



Security

THE BALL IS IN THE PLATFORM PROVIDER'S COURT

For platforms, a great place to fight churn is by hitting merchants where it matters to them most – their pocket books. This can be done through a partnership that equips merchants with the smarter payment solutions they need to grow business and optimize checkout. Payment technology alone isn't enough to be a differentiator for platform providers.

Working with the right payment partner IS.



PayPal is a global payments platform with over 184 million active accounts in 203 major markets. For merchants, we're an open and secure payments ecosystem, and for ecommerce platform providers, we're an innovative, all-in-one payments partner with the solutions and support you need to strengthen the relationship you have with your clients.

Learn more about the benefits of an innovative, lasting payment partnership:

[Get Started Now!](#)