



In their own words.

Why understanding consumer values
is important for business growth

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We can all relate to the sharp, sudden changes that have taken hold in the past few years. While the world acted quickly to adapt, it also gave people time to reflect on and reassess what's important in their lives. This has had a huge impact on how and why people shop.

Understanding these consumer changes and their impact on purchasing habits is essential to driving growth.

Lockdown living has had one of the most significant impacts on how people shop. Online retail sales grew by 16.3% from 2021 to 2022 and represented 19% of total retail sales¹. But the story goes so much deeper than that. Anticipating and evolving with customer expectations has never been more important to long-term success. To do that today, you need to know your customers like never before. PayPal conducted extensive research to understand the core values, decision drivers, and even shopping preferences of millions of users worldwide to do just that.

The research aimed to understand where PayPal customers stand on 56 core human values in five key markets and then compared those results to the general population. Understanding what shoppers value is key to identifying how their expectations of brands and shopping experiences have changed. These insights can help build customer strategies that help businesses acquire, convert, and retain a high-value audience, which spends 12% more on average and completes 34% more checkouts². Read on to discover our key findings and start seeing the bigger picture when it comes to what consumers value.

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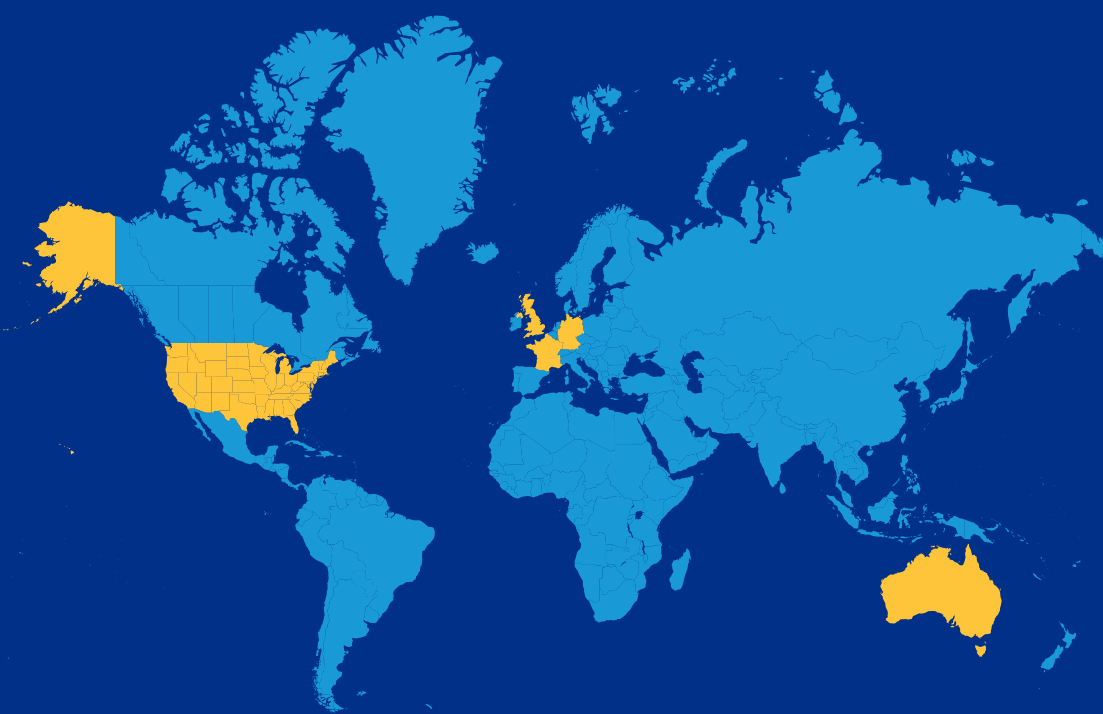
56 CORE HUMAN VALUES

in five key markets and then compared those results to the general population.



We surveyed PayPal customers in five markets

What PayPal customers said they valued



A GLOBAL CONSUMER RESEARCH STUDY

Security



- 41% of consumers report feeling **"very"** or **"extremely"** concerned about the security of their eCommerce digital accounts⁴.
- 59% of consumers say that have become **more protective of their personal data** in the last six months⁵.
- 47% of consumers report that a brand's ability to protect their personal data impacts **"to a great extent"** how much they trust that brand⁵.

Experience



- OVER 1/3** of respondents had considered "breaking up" with a brand not because of a brand's products or services but because of what consumers **perceived to be a poor customer experience**⁶.
- 58% of surveyed consumers said **customer experience is one of the most important factors** when making a purchase decision⁶.
- 70% of online **shopping carts are abandoned** globally on average⁷.

Loyalty



- 39% of customers **have changed brand retailers** in the last two years⁸.
- 79% of customers are looking to **explore their retailer options**⁸.
- 71% of customers prefer **customized communication**.



3. Valuegraphics, commissioned by PayPal, December 2021-January 2022. Valuegraphics conducted a statistically representative sample of 6,750 PayPal users in US, UK, DE, FR and AU to identify the values that impact their decisions. For the purpose of this study, General Population is a random stratified statistically representative sample of the population referred to. Strata = age and location. 4. PYMNTS, Report: AI and Transaction Notifications Help FIs Stop Payments Fraud Before Customers Get Scammed, 2021. 5. PwC, December 2021 Global Consumer Insights Pulse Survey, 2021. 6. Sitel Group, Driving Customer Loyalty: Perception, Effort and Action, Create Connection, Value Conversation, 2021. 7. Baymard Institute, Cart Abandonment Stats, 2021. 8. McKinsey, Next in loyalty: Eight levers to turn customers into fans, 2021. 9. McKinsey, The value of getting personalization right—or wrong—is multiplying, 2021.

Why demographics don't cut it and why you should care

Understanding customer needs is the foundation of any business. While that's not a groundbreaking revelation, there are different ways you can approach this first step.

Businesses have traditionally divided their audience into groups based on objective categories such as age, gender expression, ethnicity, and more. Sure, there are some helpful insights into how these groups shop, but they don't always paint the full picture. People are so much more than the demographic we assign to them. Each group has a diverse set of customer preferences, opinions and values—and overall, a much more detailed story to tell.

While our understanding of these demographic groups is continually evolving, the all-encompassing impact of COVID-19 triggered the need for a full reset when it comes to understanding customers. One of the biggest shifts we're seeing is that customers are no longer all about possessions. They're more focused on experiences. By looking into core values such as these, you can start to piece together how they affect their decisions. What gets them out of bed every morning? What brings them joy? What leaves them feeling good about their daily decisions?

By adding a human layer to numbers-based demographics, **businesses can connect with customers on a more meaningful level and go on to redefine and deepen their relationship with them.**



“PayPal’s size, resources and commitment to products, give businesses a lot of flexibility to operate in a way that works for them to scale and innovate.

And that’s what I find really valuable.”

— **Blaine Labron**

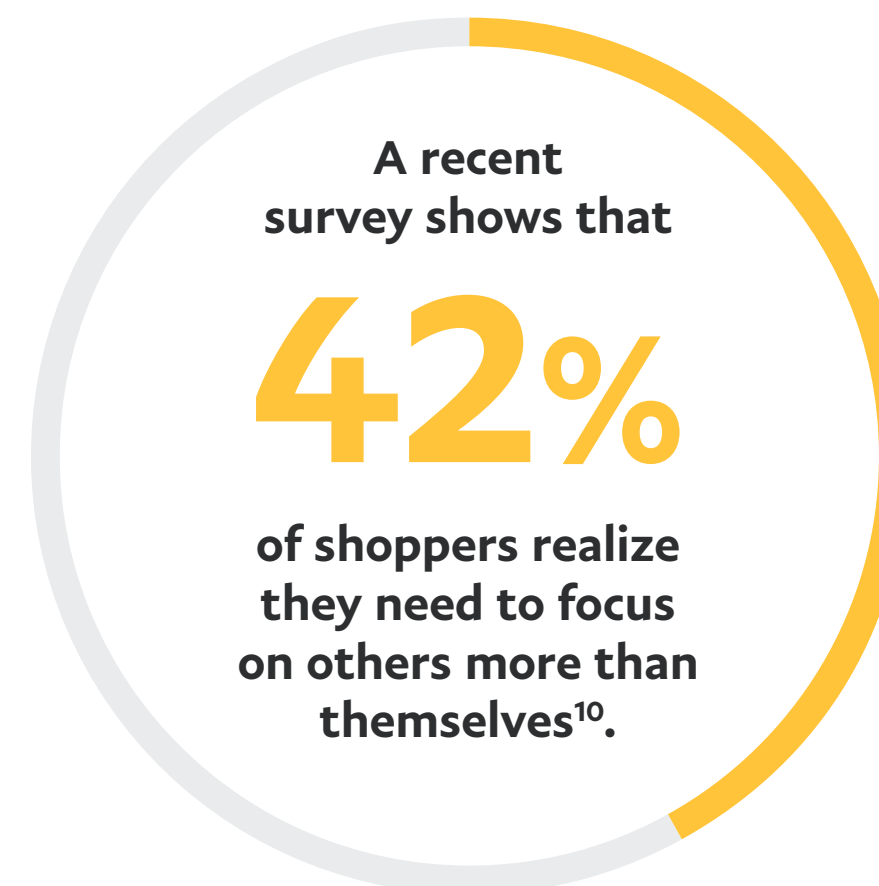
Vice President of Digital Commerce and Technology
Pressed

How customer values have evolved

When we look beyond the numbers to look at customers on a deeper level, there's a new element we need to consider—human nature. Whereas numbers are often hard and fast, people's values and actions aren't always set in stone. They are in constant flux with new ideas, technological possibilities, and new experiences. No matter how well your business is tracking these evolutions, it can be hard to distinguish what is a genuine trend and what's a flash in the pan.

Never before have we experienced such a single event that altered the values of shoppers worldwide so dramatically. The COVID-19 pandemic was a catalyst for self-reflection and evaluation. A recent survey shows that 42% of shoppers realize they need to focus on others more than themselves¹⁰. This has caused a change in buying habits and created major opportunities for businesses to reset their strategies to better align with these new expectations.

For example, 53% of shoppers consider if a company has strong values before making a purchase, 48% prioritize supporting local communities, and 51% value transparent product origins¹¹. Furthermore, they also cited issues like data protection as a factor that impacts their trust in brands “to a great extent¹¹.” These are shifts that businesses can directly respond to while knowing they're directly addressing a significant number of shoppers' concerns and expectations.





eCommerce lost an estimated
\$20B
USD to online payment fraud in 2021¹².

Security

The first key finding our research revealed was that security takes precedence for PayPal customers compared to the general population. To be specific, 54% of Global PayPal customers ranked security in their top 10 set of core values¹³.

Why security is the key to acquiring customers

Not only is security an important factor for PayPal customers, it's also been a focus for shoppers around the world in recent years. As sweeping lockdowns took effect, eCommerce experienced an unprecedented boom, but it also left the door wide open for cybercriminals. In fact, eCommerce lost an estimated \$20B USD to online payment fraud in 2021¹⁴. That's 14% more than the \$17.5B recorded in 2020¹⁴.

These increasing losses were not lost on customers as we see in their heightened sensitivity to security and data protection. 41% of surveyed customers reported feeling “very” or “extremely” concerned about the security of their digital accounts¹⁵, and 59% say that they have become more protective of their personal data in the last six months alone¹⁶.

It's no surprise that this directly affects how customers relate to brands. Almost half reported that a brand's ability to protect their personal data impacts how much they trust that brand “to a great extent¹⁶.” It goes without saying that a secure payment offering is crucial for businesses looking to acquire new customers.

How PayPal can help you improve security

PayPal is ranked one of the most trusted brands to help keep financial information secure when it comes to digital payments¹⁷. Our customers feel the same way, with 69% saying they feel more secure shopping at a merchant that accepts PayPal¹⁸. This added layer of trust can give you even greater visibility with a large group of shoppers that value security above all else.

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¹². Statista, [Value of e-commerce losses to online payment fraud worldwide in 2020 and 2021](#), 2022. ¹³. Valuegraphics, commissioned by PayPal, December 2021-January 2022. Valuegraphics conducted a statistically representative sample of 6,750 PayPal users in US, UK, DE, FR and AU to identify the values that impact their decisions. For the purpose of this study, General Population is a random stratified statistically representative sample of the population referred to. Strata = age and location ¹⁴. Statista, [Value of e-commerce losses to online payment fraud worldwide in 2020 and 2021](#), 2022. ¹⁵. PYMNTS, [Report: AI and Transaction Notifications Help FIs Stop Payments Fraud Before Customers Get Scammed](#), 2021. ¹⁶. PwC, [December 2021 Global Consumer Insights Pulse Survey](#), 2021. ¹⁷. Morning Consult, [The 15 Most Trusted Brands Globally](#), March 2021. Morning Consult surveyed over 330,000 consumers across 10 international markets to provide a global view on the current state of consumer trust across brands. ¹⁸. An online study commissioned by PayPal and conducted by Netfluential in November 2020, involving 1,000 US online shoppers ages 18-39. (Among PayPal users, n=682)

“The relationship we have with PayPal has been extremely positive and it has allowed us to reach more people around the world, which has been crucial to our growth.
And having that type of relationship with the PayPal team is super rewarding.”

—David Serpa
Director of Finance and Corporate Treasury
Younique



Experience

Another key finding we uncovered with PayPal customers is that a great experience goes a long way¹⁹. If a business is lacking here, they not only risk losing a sale, they also risk alienating loyal customers as well.

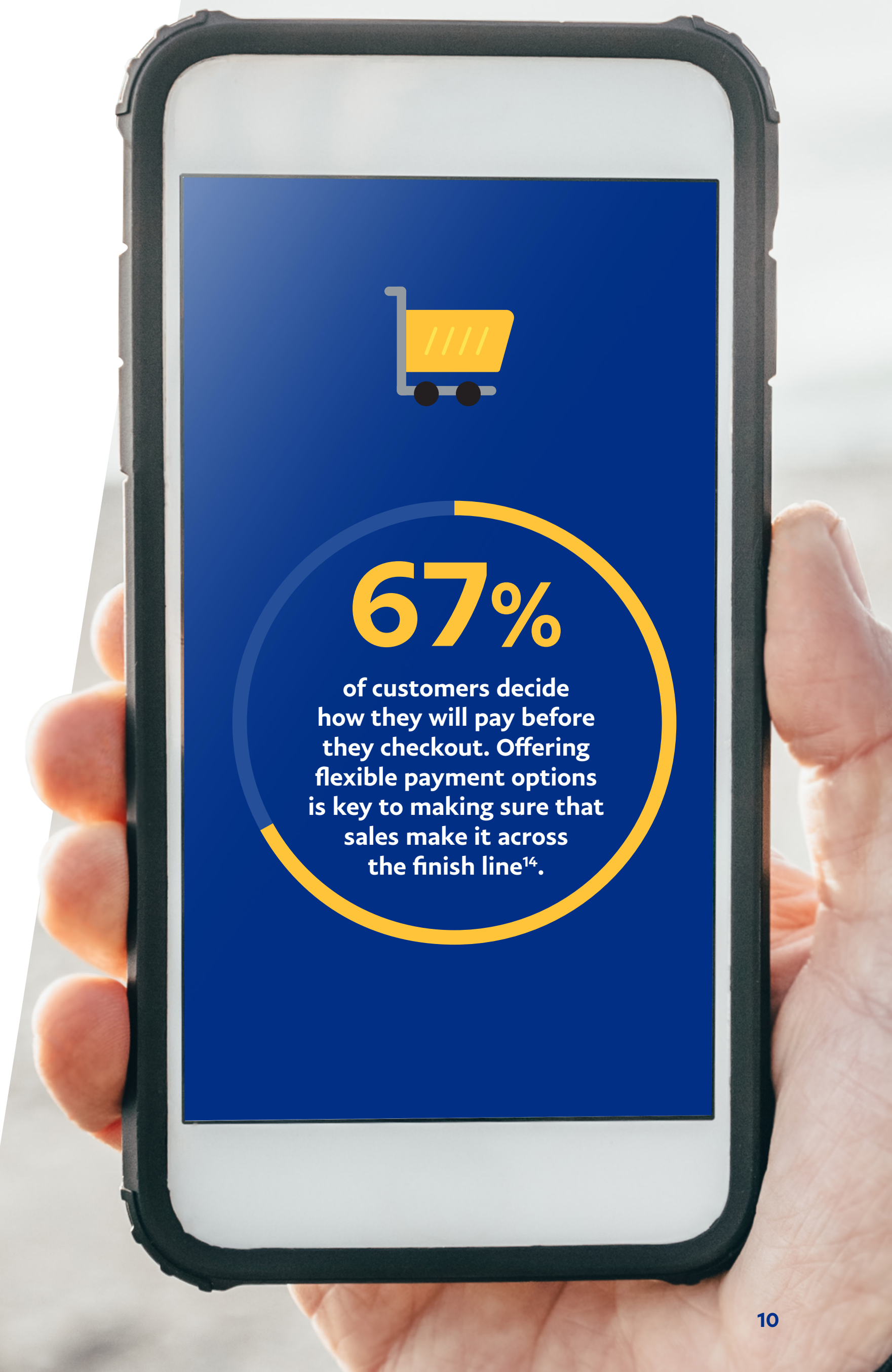
In today's digital-first world, businesses are under pressure to deliver a fast and seamless customer experience. Without it, conversions could be a risk. With an average of 7 in 10 shopping carts abandoned globally, the risk is more pronounced than ever²⁰. But it's not just sales, research shows that bad CX can also damage a brand's relationship with the customer. Over a third of people surveyed considered "breaking up" with a brand because of a poor experience alone²¹.

But when it works, it truly pays off. Exceeding customer expectations on experience is just as significant a differentiator as price or quality. In fact, 94% of customers surveyed acknowledged the impact of customer experience, while more than half said it's one of the most important factors in their decision making²¹.

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How can PayPal help improve your customer experience

Multi-channel experiences have become the norm for customers, so businesses looking to drive conversions need to make sure they deliver on every front. From shopping via social platforms to purchasing through partner websites, PayPal helps to ensure businesses have the tools they need to flawlessly execute whatever is new and now in the eCommerce world. As well as reducing friction, you'll be adding the payment flexibility customers have come to know and love these past few years. With 67% of customers deciding how they will pay before they checkout, offering flexible payment options is key to making sure that sales make it across the finish line²².





Loyalty

Our final key finding goes right to the heart of the matter—loyalty—which ranked in the top 10 core values for 59% of PayPal customers²³.

Why loyalty helps retain customers

The recent economic volatility has really done a number on brand loyalty. More than 75% of customers changed their spending habits in the last two years, while 39% changed their brand retailers²⁴. So, what have businesses done after this big shake-up to deliver an experience that builds brand loyalty? One key winner is personalized experiences, with 71% of customers surveyed saying they prefer customized communication and 76% becoming angry when they don't receive it²⁴. But they aren't just nice for customers to have, they also lead to more sales. Digitally native brands drive 53% more loyalty and 81% more purchases through personalization, and these loyal customers can be vital to businesses—especially in a volatile market²⁴.

How PayPal can help you drive and retain loyal customers

PayPal can help businesses boost affinity, drive brand loyalty and retain customers with a positive and seamless payment experience. In fact, recent survey results showed that PayPal increases repeat purchases by 13% from the same merchant²⁵. Plus, PayPal's compelling rewards and incentives do their part to help keep customers coming back*. Start maximising the value of your customers by connecting loyalty programs to payment activities and with purchase experiences that can increase order frequency and customer satisfaction.

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²⁴. McKinsey, *Next in loyalty: Eight levers to turn customers into fans*, 2021. ²⁵. Nielson Study, commissioned by PayPal, July 2022 to September 202 of 15,144 US consumers to understand the measure the impact that PayPal has for the US based LE merchants across different verticals.

*PayPal rewards and incentive solutions differ by region

Making the most of shifting values

Open your business to more possibilities with PayPal. We know winning the hearts, minds, and sales doesn't just happen at checkout, it happens throughout the entire customer journey. **That's why we're constantly innovating to develop new solutions, beyond transactional payment tools, that will help you acquire, convert and retain more customers.**

Acquisition:

Our customers value security, and they've put their trust in PayPal²⁶. Offering our products and solutions can help you win over millions of shoppers around the globe who already use and trust PayPal.

Conversion:

Experience matters to PayPal customers, so when you offer flexible payment options and shopping incentives, they notice. Reduce cart abandonment, re-engage customers, and increase conversion with PayPal.

Retention:

Retaining customers is not just about what you offer, it's about how you offer it. When you offer a positive, seamless buying experience, you'll be on your way to earning customer loyalty driving repeat purchases. Maximise the value of your customers with loyalty programs and create purchase experiences that keep them coming back.

Learn how PayPal can help grow your business at www.paypal.com/us/enterprise

