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How AI is supercharging checkout when shopping for everyday essentials

Making AI investments count in grocery retailers, convenience stores, and pharmacies

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How shopping for everyday essentials is changing

For shoppers purchasing everyday essentials, reliable payment experiences are everything. Quick, regular tasks like running errands shouldn't be met with slow, clunky checkouts—let alone the risk of fraud. Merchants need to deliver secure, seamless experiences every time.

Now, AI is changing the foundations of reliability, particularly in payments. Our grocery retailers, convenience stores, and pharmacies have an opportunity to take full advantage.

Agentic AI and automation can give merchants a helping hand with inventory management, operational efficiency, customer service, and more. Meanwhile, online shoppers can get personalized, real-time recommendations based on their basket and purchase history. AI-powered search can find deals in just a few taps—and soon, thanks to OpenAI and PayPal's partnership, customers in some markets will be able to check out there and then.[1]

The benefits are huge. But in a high frequency, low margin industry, it's critical that merchants are smart with their investments, otherwise they may risk creating experiences that lose customer trust.

[1] PayPal, 'OpenAI and PayPal Team Up to Power Instant Checkout and Agentic Commerce in ChatGPT' (2025). Available at: https://newsroom.paypal-corp.com/2025-10-28-OpenAI-and-PayPal-Team-Up-to-Power-Instant-Checkout-and-Agentic-Commerce-in-ChatGPT

Smart systems for smart experiences

Reliability leads to customer loyalty in multiple ways, from effective customer service and healthy stock availability to smooth payments and consistent fraud protection. There's also a number of ways in which AI can help—particularly when it comes to payments.

Smart contextual systems can help streamline checkout for shoppers, in-store, in-app, and online. In the near future, this could look like a customer paying as they exit a smart store, scroll a social media app, or chat to a voice-activated device.

These systems can also analyze fraud threats to help businesses stay protected by allowing them to manually hold, approve, or decline transactions.[2] These efficient, effective fraud prevention strategies represent a new era of reliability for customers shopping for everyday essentials.[3]
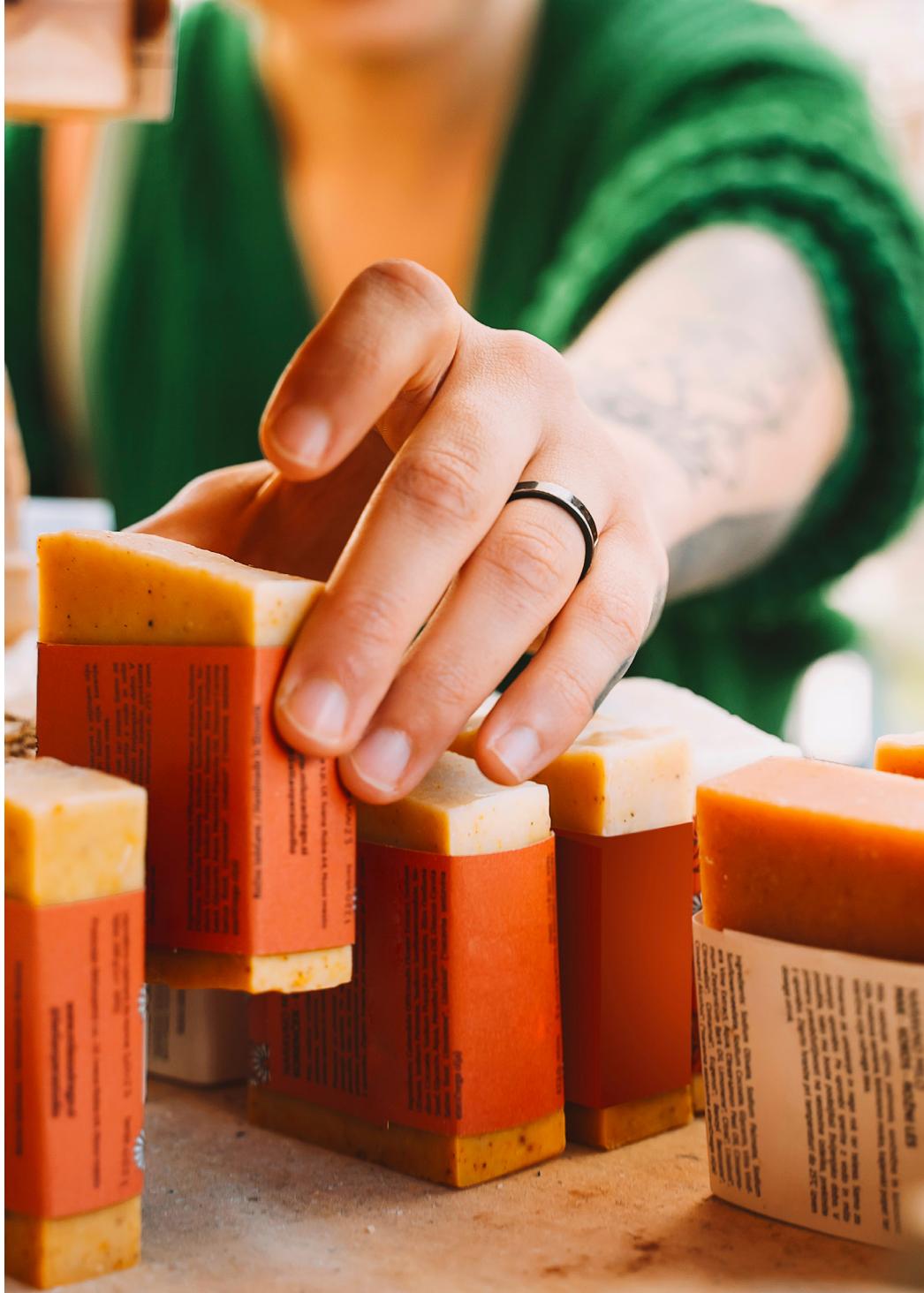
[2] PayPal, 'How Fraudsters Use AI Fraud Techniques, Putting Merchants At Risk' (2024). Available at: www.paypal.com/us/brc/article/how-fraudsters-use-ai
[3] PayPal, 'Empowering Payments: At the Speed of AI' (2025). Available at: https://developer.paypal.com/community/blog/trust-paypal-ai/

What leading merchants are doing differently

Leading merchants are already using payment systems powered by machine learning to elevate their payment experience and supercharge customer loyalty:

1. Add efficiency to your checkout

Intelligent routing helps maintain pace during peak periods, while also improving quality. Boosting efficiency has a history of making an impact, with PayPal Checkout delivering **3.5%** higher card authorization rates than the market average for large grocery enterprises.[4] Now, with new AI capabilities on the table, merchants have an opportunity to streamline checkout even more.

2. Sharpen up fraud protection

AI-powered tools can streamline fraud analysis to help merchants improve risk decisions. This can help reduce unnecessary declines, minimizing unnecessary disruption in a segment where customers want quick, trouble-free checkouts.

3. Connect your payment services

In place of fragmented payment setups, unified, intelligent frameworks use automation to reduce operational drag, cut down on the need for manual reviews, and support more consistent decision-making across every channel.

4. Do more with your data

With the support of these unified, intelligent frameworks, merchants can consolidate their data to further strengthen their systems and enrich customer experiences to help boost conversion and loyalty.

Increasing the stakes in fraud protection

In everyday essentials, fraud protection needs to be fast enough for the high-frequency nature of the industry, but discreet enough to not disrupt the payments and processing experience, especially when customers expect transactions to be approved first time.

The payments industry is responding to these needs with a growing number of machine-learning based solutions that work quietly behind the scenes to take on new fraud challenges that may arise in a new medium.[2] This means customers still get the experiences they expect, while merchants can stay one step ahead of fraudsters.

Everyday intelligence in practice

While AI-powered payment and processing solutions can help stabilize approvals and reduce friction, businesses will have specific challenges that AI can help them to address:

- **Grocery retailers.** Merchants face sharp swings in volume throughout the day. They need systems that keep approvals steady while also reducing the little interruptions that slow things down, so shoppers get the same experience—whenever they visit the store.

- **Pharmacies.** Merchants have to process both sensitive and recurring payments every day. They need systems that reduce unnecessary friction and recognize return patterns to ensure customers get the items they need, when they need them.

- **Convenience stores.** During late night and early hours' trading where staffing is lighter, merchants need systems that continue to filter fraud in real time so payments clear cleanly.

No matter the environment, machine-learning based solutions can work behind the scenes to reduce friction and support consistent, reliable payment and processing experiences. This keeps frequent transactions moving at the pace customers expect.

² PayPal, 'How Fraudsters Use AI Fraud Techniques, Putting Merchants At Risk' (2024). Available at: www.paypal.com/us/brc/article/how-fraudsters-use-ai

Everyday shopping, next-level results

With **76%** of retailers saying they're increasing AI investment over the next year, it's clear that intelligent payment experiences are the next step forward in ensuring reliability.[5] To do this successfully, merchants need a unified payments partner by their side who understands the specific pressures their sector faces and has the necessary solutions to scale and adapt.

Handling **$1.53 trillion** in total annual payment volume globally, PayPal is already relied on by thousands of businesses to process payments.[6] And, with a suite of solutions, PayPal Open helps you get paid via a smooth, unified checkout experience across every channel, get growing with efficient, centralized backend operations, and get ahead thanks to AI-powered fraud protection solutions.

[5] Salesforce, '75% of Retailers Say AI Agents Will Be Essential to Compete' (2025). Available at: www.salesforce.com/news/stories/ai-agent-retail-trends-2025/
[6] PayPal, 'Fraud Protection Advanced' (2025). Available at: www.paypal.com/us/enterprise/fraud-protection-advanced

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Are you ready to put AI into action?

Get in touch to start building a smart retail payment experience today.

Get in touch