



# The PayPal Pay Later Strategy for Enterprises





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# | Executive Summary

## EXECUTIVE SUMMARY

Intensified by a global pandemic, the way consumers shop has changed dramatically over the past year. Buying habits are changing out of both necessity and preference, resulting in more shoppers ordering online than ever before.

With the growth of online shopping comes increased cross-border sales. And with advancements in payment options, they don't need a credit card to make a purchase.

We're also welcoming a new generation of savvy customers with substantial buying power, and a preference for the flexibility of buy now pay later (BNPL).<sup>1</sup>

For merchants with customers across the globe, offering and promoting BNPL across your site may help you attract new, global customers and increase conversions and revenue.

With increasing expectations for BNPL offerings, merchants (and customers) will look for worldwide-trusted payment options. To help you meet these market demands, PayPal Pay Later is included in your PayPal payment integration, enabling you to offer BNPL to customers at no additional cost to your business.

<sup>1</sup> Insider Intelligence/eMarketer, 'Almost 75% of BNPL users are millennials or Gen Z', data based on surveys of BNPL usage in the U.S.



| The opportunity beyond borders



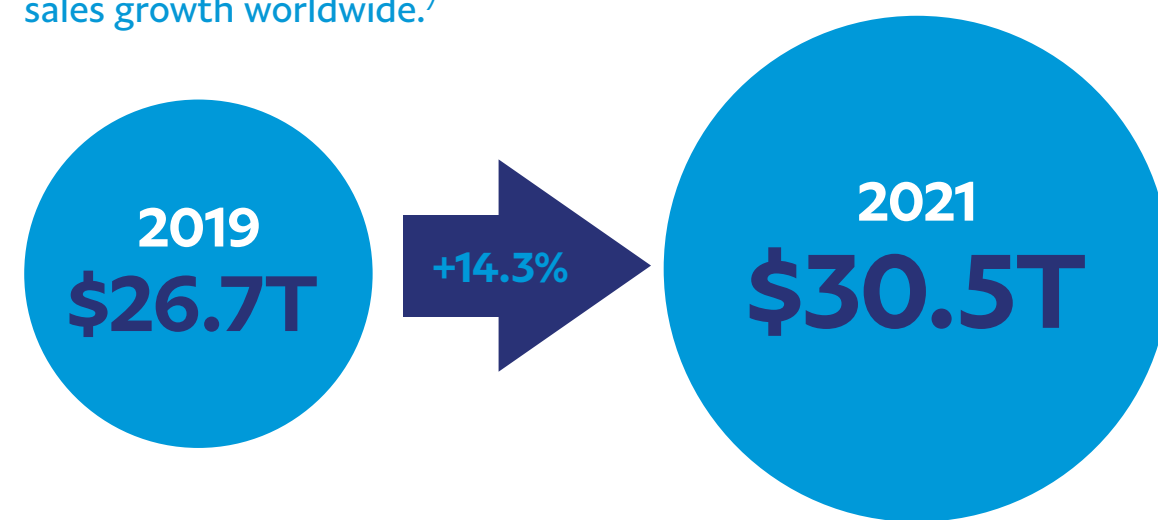


# Online shoppers surge through COVID-19

Global e-commerce adoption surged by nearly 28%<sup>2</sup> in 2020, spurred by lockdown measures and people turning to online retail for necessities and entertainment.<sup>3</sup>

Countries with the lowest pre-COVID e-commerce penetration saw some of the largest migrations to online shopping, led by Mexico<sup>4</sup>, with 74% of users shopping online more during the pandemic.<sup>5</sup>

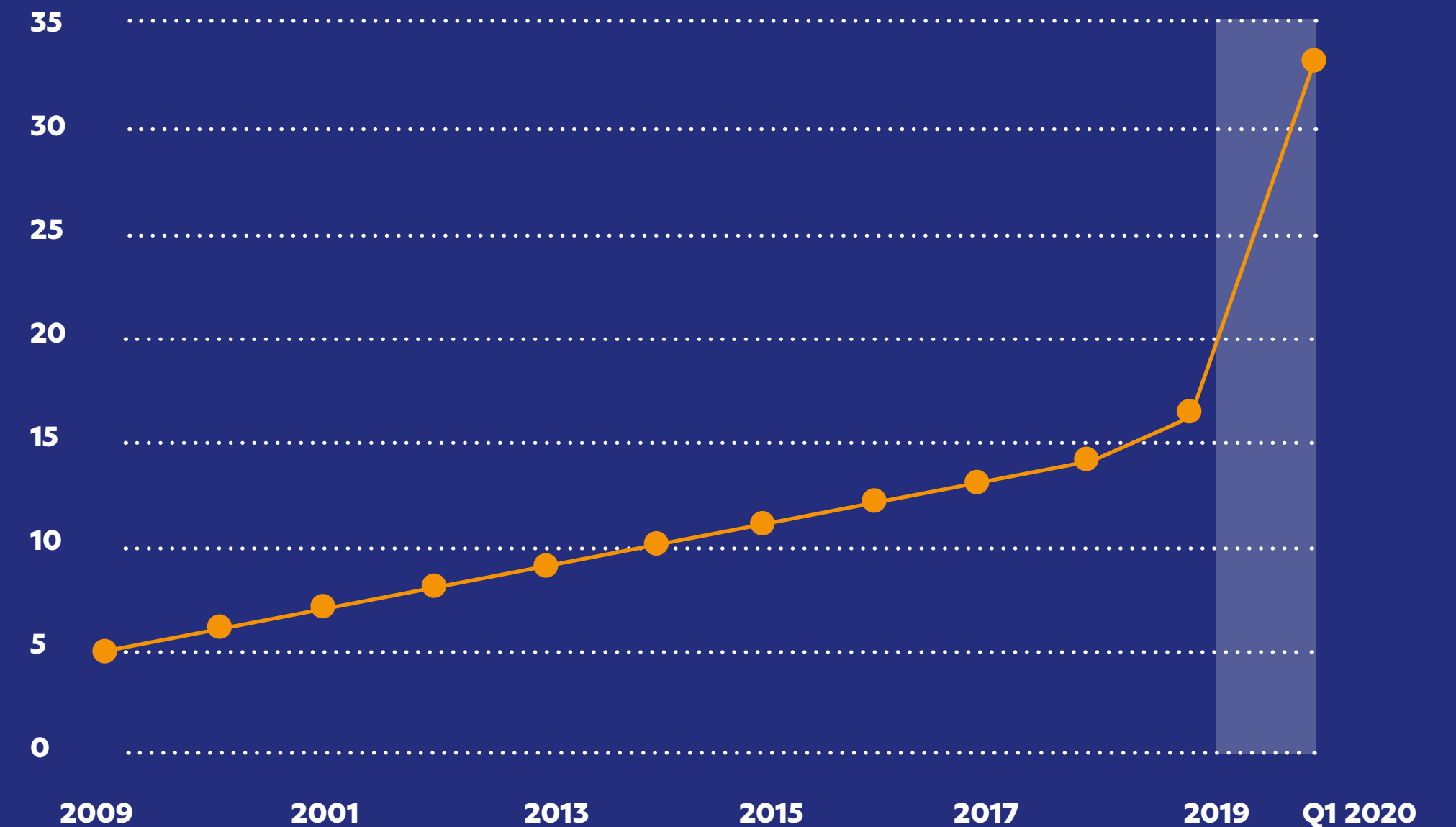
Projected e-commerce sales growth worldwide.<sup>7</sup>



E-commerce is the fastest-growing retail market segment globally, with major nations reporting over half of consumers shopping online more than ever before.<sup>6</sup> Worldwide e-commerce sales jumped to \$26.7T<sup>6</sup> in 2019 and will continue to grow by 14.3% in 2021.<sup>7</sup>

These new behaviors have become ingrained. The average shopper will continue to increase their online spend over the next few years. Across Europe, over 70% of shoppers will continue to shop online, with a preference for merchants that have an omnichannel approach.<sup>9</sup>

US e-commerce penetration, % 10 years' growth in 3 months



Source Bank of America: Forrester Analytics: ShawSpring Research: US Department of Commerce: McKinsey analysis

<sup>2</sup> Insider Intelligence/eMarketer, Retail E-commerce Sales Worldwide, 2019-2024, 12 Dec 2020, estimates based on analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions. <sup>3</sup> PayPal, 2021, 'The great pivot in global e-commerce: Borderless Commerce Report 2021'. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021. <sup>4</sup> PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020–February 2021. <sup>5</sup> Statista, July 2021. CAWI survey of 1,041 Mexican internet users and their online shopping habits throughout COVID-19. <sup>6</sup> UNCTAD/netcomm suisse, 2020, 'COVID-19 and E-commerce', findings from a survey of online consumers in 9 countries: Brazil, China, Germany, Italy, Republic of Korea, Russian Federation, South Africa, Switzerland, and Turkey. <sup>7</sup> Insider Intelligence/eMarketer, Global E-commerce Update 2021, 13 Jan 2021, forecast based on analysis of 19,840 data points from 764 sources, including third-party research, retail industry, and government research; e-commerce sales data, and relevant consumer trends. <sup>8</sup> McKinsey Quarterly: Five Fifty, Q2 2020: The Quickening, data provided by Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis. <sup>9</sup> PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020–February 2021.



# Increased comfort for cross-border shopping

Many markets are increasing their comfort level with cross-border shopping post-COVID-19, led by India, Brazil, and Mexico.

Online shoppers who purchased cross-border spent more overall than domestic-only shoppers, despite national campaigns and the broad sentiment to support local retailers.

Cross-border shoppers are getting savvier. They're factoring shipping costs, return policies, and security concerns into their purchase decisions. 54% of consumers are more willing to shop when PayPal is available, particularly from unfamiliar stores.<sup>10</sup> With PayPal offering Buyer Protection and free return shipping, it helps them feel secure, leading to over 31%<sup>9</sup> of customers preferring to use PayPal.

From great change comes great opportunity

The events of the last year accelerated e-commerce from every angle: general adoption, mobile usage, spend and future intent to spend, cross-border sales, omnichannel, social shopping, and infrastructure. It is prime time for businesses to tap into cross-border growth by revising e-commerce strategies and keeping ahead of changing consumer preferences, especially for emerging markets.

Percentage of consumers who have shopped cross-border:<sup>11</sup>

GERMANY

37%

AUSTRALIA

63%

UK

42%

FRANCE

66%

US

33%



Online shoppers who purchased cross-border spent more overall than domestic only shoppers.<sup>9</sup>

<sup>9</sup>. DPDgroup, European e-Shoppers in 2020, a barometer based on data from previous DPDgroup e-shopper barometer studies and third-party sources, March 2021. <sup>10</sup>. IPSOS. 2018 Online Payment Experiences Study. The IPSOS study was commissioned by PayPal and conducted in July 2018. Study of 10,500 people, including 6,930 PayPal users, across the US, UK, Germany, Australia, Italy, Spain and Brazil (1,500 people per market) <sup>11</sup>. PayPal, 2021, 'The great pivot in global e-commerce: Borderless Commerce Report 2021'. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021. \*Buyer Protection: Available on eligible purchases. Limitations apply. <https://www.paypal.com/ie/webapps/mpp/paypal-safety-and-security>. Return shipping: Exclusions apply. This service is offered by PayPal Pte. Ltd in partnership with CallPoint New Europe JSC (TELUS international Europe), the service processor. This is an exclusive offer offered to eligible PayPal account holders for up to 12 refunds on your return shipping costs



A method of payment  
for all buyers and purchases



The global financial impact of the pandemic had a significant trickle-down effect on consumer shopping habits. Europeans became more prudent in 2020, with 42% of shoppers postponing major purchase decisions as they navigated the early days of the pandemic.<sup>12</sup>

Though purse strings are tighter, the appetite for shopping remains. Amidst financial uncertainty, savvy consumers have turned to the Buy Now, Pay Later (BNPL) model when shopping online.

BNPL empowers shoppers to make purchases—even big-ticket ones—in installments that suit their budget, without accruing steep interest fees and credit card debt.<sup>13</sup>

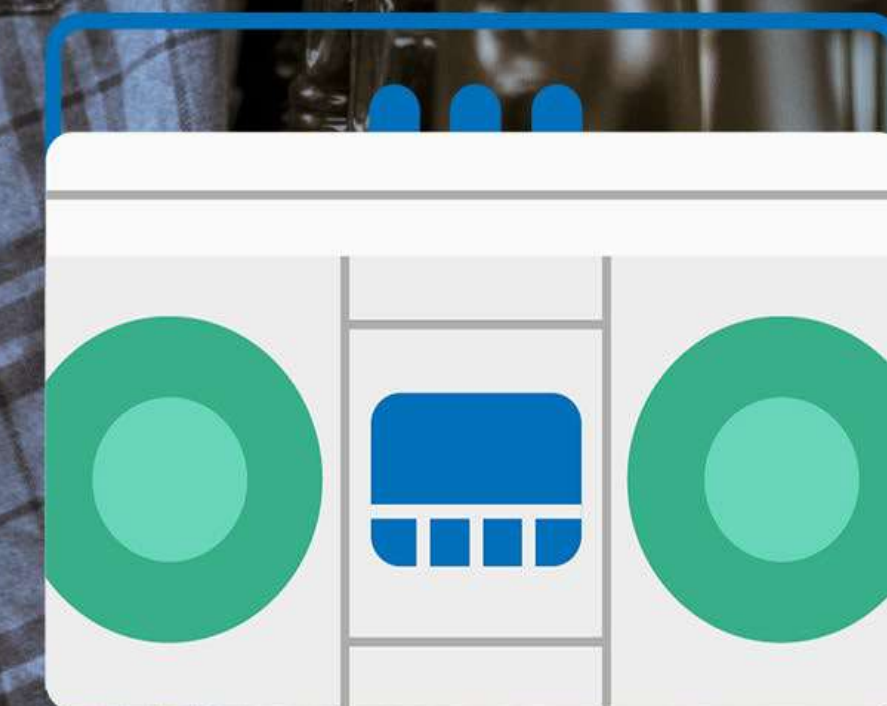
It's also one of the fastest-growing payment services, with its global market share expected to reach \$20.4B in 2025.<sup>14</sup> BNPL transactions are also projected to make up 11% of all European e-commerce payments within 3 years.<sup>15</sup>



**\$20.4B**

BNPL transactions are projected to make up **11% of all European e-commerce payments** within 3 years.<sup>15</sup>

**42%**



10. IPSOS. 2018 Online Payment Experiences Study. The IPSOS study was commissioned by PayPal and conducted in July 2018. Study of 10,500 people, including 6,930 PayPal users, across the US, UK, Germany, Australia, Italy, Spain and Brazil (1,500 people per market). 11. PayPal, 2021. 'The great pivot in global e-commerce: Borderless Commerce Report 2021'. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021. 12. European Commission, 2021. 'Commission's new consumer survey shows the impact of COVID-19 and popularity of 'greener' choices', 12 March 2021. 13. Vogue Business, Condé Nast, 2021, 20 August 2021. 'Gen Z Shopping Trends Uncovered', data sourced from PayPal consumer surveys. 14. Grandview Research, August 2020. Buy Now Pay Later Market Size, Share & Trends Analysis Report By Channel (Online, POS), By Enterprise Size, By End Use (Fashion & Garment, Consumer Electronics, Healthcare), By Region, And Segment Forecasts, 2021 - 2028. 15. Penser UK, 'Buy Now Pay Later (BNPL) European Market Insight', July 2021.



Most common types of BNPL purchases during COVID-19 worldwide<sup>16</sup>



CLOTHING  
**47%**



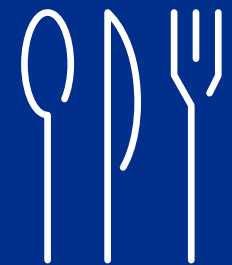
ELECTRONICS  
**44%**



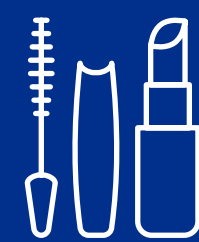
FURNITURE  
**32%**



APPLIANCES  
**29%**



HOUSEWARES  
**23%**



COSMETICS  
**22%**



FOOD & DRINK  
**20%**





Payment presentment strategy  
leads to conversions



## PAYMENT PRESENTMENT STRATEGY LEADS TO CONVERSIONS

As customer demands and e-commerce evolve, so too does competition, both locally and around the world.

Developing a payment presentment strategy is a small but crucial step towards staying ahead of the curve, driving improved conversion, and increasing sales.<sup>17</sup>

Payment presentment refers to when payment options are displayed throughout the buying journey on your site to enhance the customer experience. A strong payment presentment strategy can drive conversion momentum and increase sales.<sup>17</sup>

When you make payment options visible across the customer journey, you let shoppers quickly identify if their preferred payment is available. This helps to assure them that the checkout process will be secure and frictionless, making them more likely to see their purchase through.

Make it clear that you accept PayPal and PayPal Pay Later by placing messaging prominently across product pages and throughout the checkout process to encourage conversions. Adding PayPal Express Checkout buttons to product pages will also let consumers purchase directly, skipping tedious checkout steps.

# 30%



30% of shoppers will abandon your store if they don't find their preferred payment method.<sup>17</sup>

<sup>17</sup> PayPal, 26 June 2020. 'Optimizing customer experience with payment presentment'.



# How PayPal presentment drives conversions

54%

of online shoppers are more willing to buy from a site they aren't familiar with if PayPal is present.<sup>18</sup>

## TRUST

Displaying the PayPal payment options can increase consumer willingness to shop from new, unknown retailers.

47%

Customers are 47% more likely to return if you have a seamless payment process.<sup>18</sup>

## SIMPLICITY

Making PayPal a visible option accelerates and simplifies the purchase process, reducing abandoned carts.<sup>19</sup>

60%

Nearly 60% of shoppers buying cross-border are unlikely to complete their purchase if they can't pay with PayPal.<sup>20</sup>

## MULTI-CURRENCY PAYMENT

Most cross-border online shoppers prefer to pay in their own currency.<sup>20</sup> With PayPal, customers can pay in more than 100 currencies.

52%

of online shoppers are more likely to purchase if PayPal is visible.<sup>21</sup>

## ENGAGEMENT

Include the option to pay with PayPal in email reminders to shoppers who abandon their carts. This increases the chances they will return to the buying process, confident that their preferred payment method is available.

<sup>18</sup>. IPSOS. 2018 Online Payment Experiences Study. The IPSOS study was commissioned by PayPal and conducted in July 2018. Study of 10,500 people, including 6,930 PayPal users, across the US, UK, Germany, Australia, Italy, Spain and Brazil (1,500 people per market). <sup>19</sup>. PayPal, 22 September 2021. '6 ways to reduce shopping cart abandonment'. <sup>20</sup>. Ipsos surveyed a representative sample of approximately 1,000-2,000 (34,052 in total) adults (aged 18 and over) who use an Internet-enabled device. The interviews were conducted online in the second quarter of 2018. <sup>21</sup>. Worldwide; Monetate; Conversion rate of online shoppers worldwide as of 1st quarter 2019, Q1 2018 to Q1 2019 via Statista.



PayPal Pay Later  
empowers customers





## PAYPAL PAY LATER EMPOWERS CUSTOMERS

PayPal Pay Later is included in most PayPal checkout integrations, where available, at no cost to your business. By offering payment in installments, you empower your customers to make purchases with flexible choices in how and when they pay. They can pay over time, interest-free (in selected countries and with select offers), while you can see higher sales and more repeat business.

### For your customers, PayPal Pay Later:

**Increases purchasing power with simple & clear installment options:** Give customers the flexibility to buy now and pay later with a choice of options to meet their budget and lifestyle.

**Improves confidence:** Our proprietary data and models offer transparent financing to customers and help keep them on track with payments.

**Is a global, trusted brand:** Give customers installment options through PayPal, the 2nd most trusted brand in the world with 11+ years of leadership in the buy now, pay later space.<sup>22</sup>

**A complete solution:** PayPal provides a single integration for end-to-end e-commerce and payment needs, including Pay Later.

### For you, PayPal Pay Later delivers:

**A single integration for your end-to-end payment needs:** Pay Later is included in most PayPal payment integrations with minimal development work.

**Increased sales and average order values (AOV):** PayPal Pay Later may increase your customer AOV by 24%.<sup>23</sup>

**No additional cost:** Eligible customers can choose Pay Later (in selected markets) with no additional cost to you. Pay Later transactions are charged at your standard PayPal merchant rate. You can also promote Pay Later offers with dynamic messaging\* at no extra cost.

**No risk:** You get paid in full, up front. PayPal takes care of billing and collecting payments from customers.

\*Requires integration of our JS SDK messaging module.

YEARS OF  
LEADERSHIP

11+

IN THE BUY NOW,  
PAY LATER SPACE

22. 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. 23. TRC, Commissioned by PayPal, April 2021. TRC conducted an online survey amongst 1,000 consumers ages 18+ across DE.





Our Pay Later solution helps put you at the forefront of the most competitive markets in the world.

Feature	US	UK	France	Germany	Australia	Coming soon	
						Spain	Italy
<b>What you can offer</b>	<b>Pay in 4*</b>	<b>Pay in 3</b>	<b>Pay in 4X</b>	<b>PayPal Ratenzahlung</b>	<b>Pay in 4</b>	<b>Pay in 3</b>	<b>Pay in 3</b>
<b>Payment frequency</b>	4 bi-weekly payments	3 monthly installments	4 monthly installments	3-24 monthly installments	4 bi-weekly installments	3 monthly installments	3 monthly installments
<b>Consumer interest rate</b>	0%	0%	0%	9.99%**	0%	0%	0%
<b>Cost to merchant</b>	No additional cost. Already included PayPal transaction rate						

\*About Pay in 4 (US): Loans to California residents are made or arranged pursuant to a California Financing Law License. PayPal, Inc. is a Georgia Installment Lender Licensee, NMLS #910457. Rhode Island Small Loan Lender Licensee.  
 \*\*Merchants have the option to fund 0% APR offers for consumers



# Executing your PayPal Pay Later strategy





## EXECUTING YOUR PAYPAL PAY LATER STRATEGY

Letting your customers know they can buy now and pay later with PayPal while they browse your site may help increase your conversion rate. Adding promotional messaging across your website lets customers know that you offer the freedom and flexibility to pay the way they want, before they reach checkout.

### Using dynamic promotional messaging\*

PayPal Pay Later's dynamic promotional messaging automatically calculates the product cost per installment and presents it to your customers as they browse your site. With the cost parceled as affordable installments, shoppers are more confident in their ability to spend.

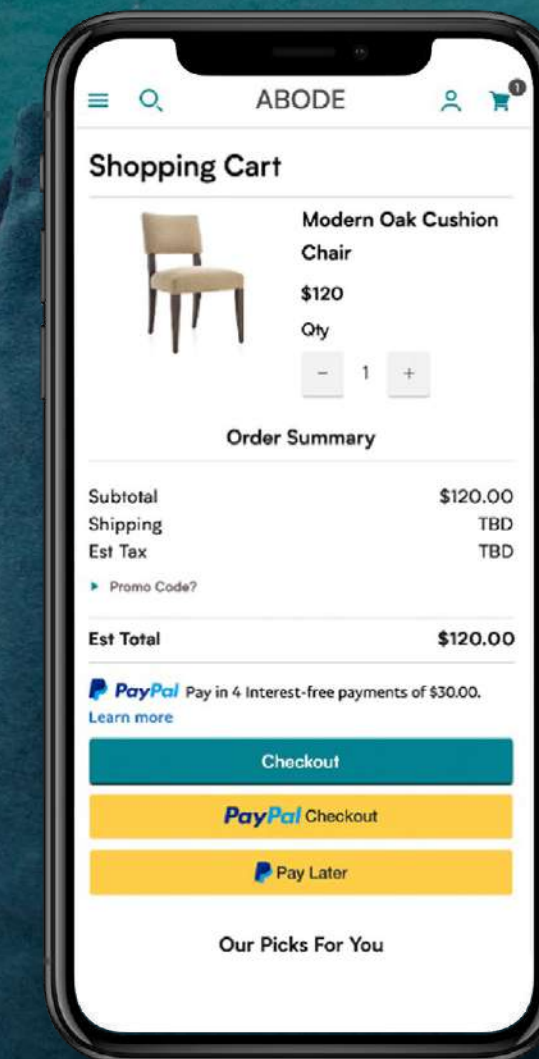
Display dynamic promotion messaging alongside the PayPal Checkout and Pay Later buttons so consumers are clear on how they can access the offers they saw while browsing.

### Product pages: Boost buying power

The most impactful places to add dynamic Pay Later messaging are your product pages and your cart.

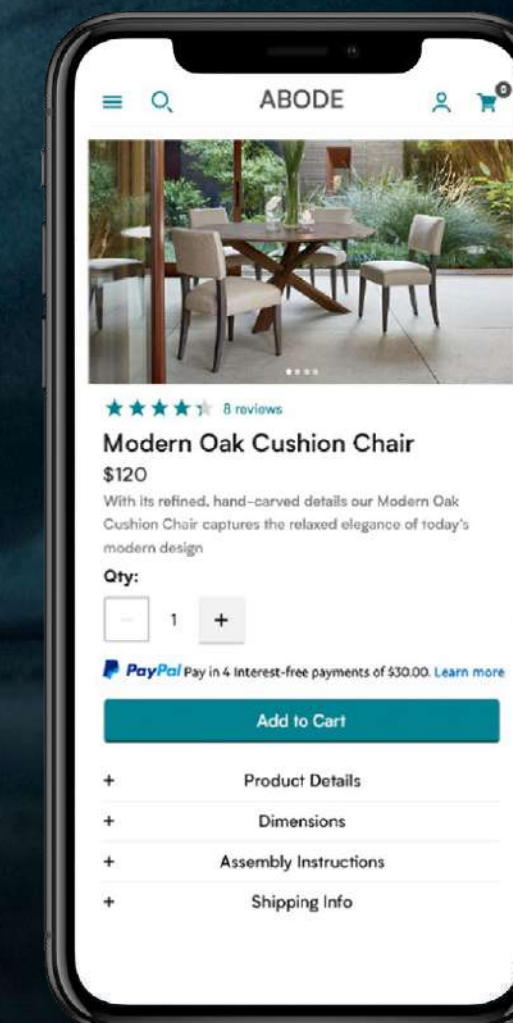
Including the Pay Later option on your product pages can encourage consumers to make purchases they are otherwise hesitant to pay for at one go, as prices are made more digestible with dynamic messaging.

Pay Later messaging should be placed directly above the 'Add to Cart' button so customers know flexible payment options are available.



62% of BNPL users say that seeing a buy now, pay later message while shopping encouraged them to complete a purchase.<sup>24</sup>

# 62%



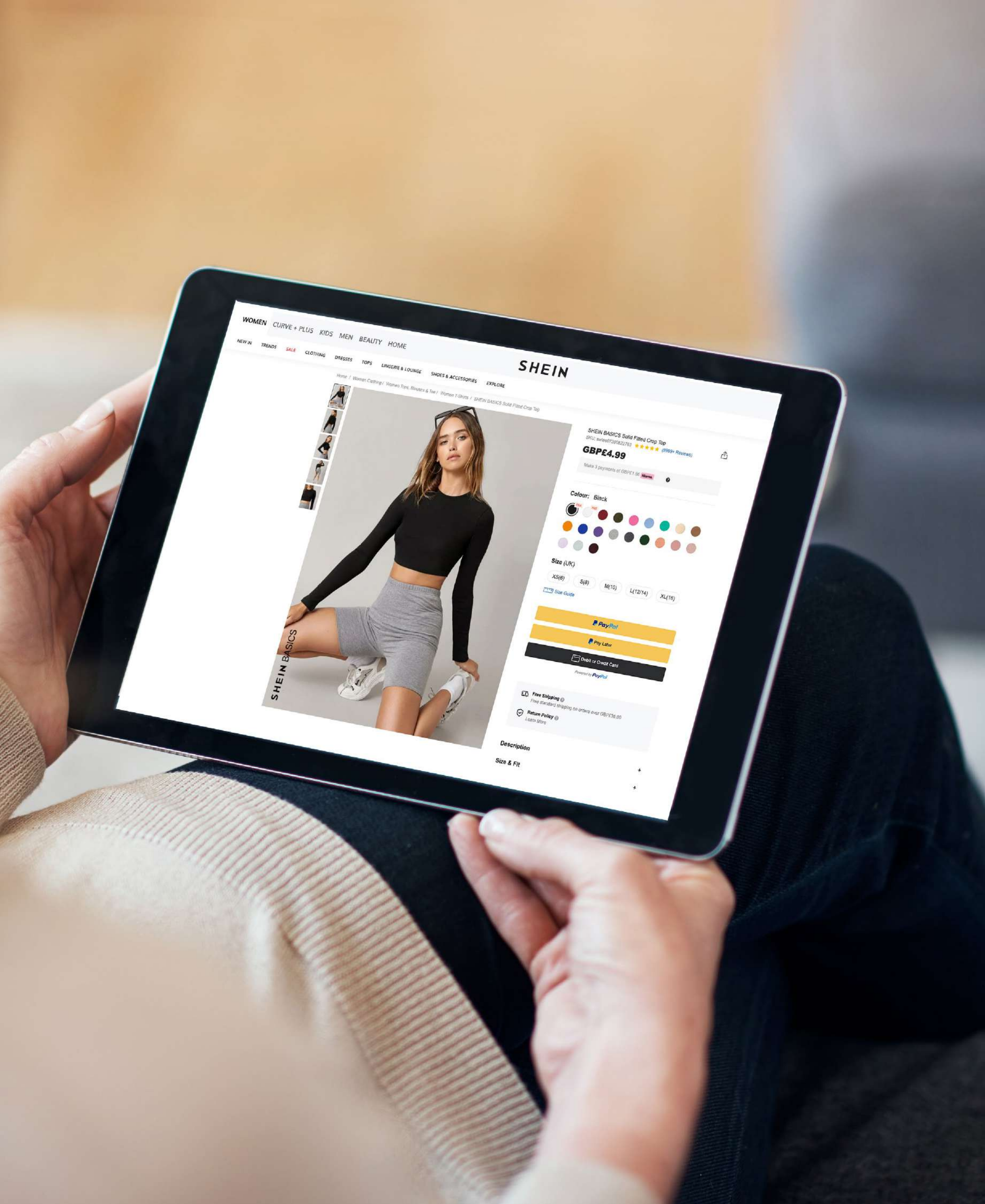
### The cart: Help reduce shopping cart abandonment

High cart totals may deter consumers, so having the Pay Later option level with the 'Checkout' button can encourage purchase completion. Place Pay Later messaging above the 'Checkout' button, below the cart total. Also, present PayPal Checkout and Pay Later buttons in the same button size and shape as the 'Checkout' call to action (CTA) button.



24. TRC online survey commissioned by PayPal in April 2021 involving 5,000 consumers ages 18+ across US, UK, DE, FR, AU (among BNPL users, US (n=282), UK (n=303), DE (n=342), AU (n=447), FR (n=255))  
\*Requires integration with our JS SDK messaging module

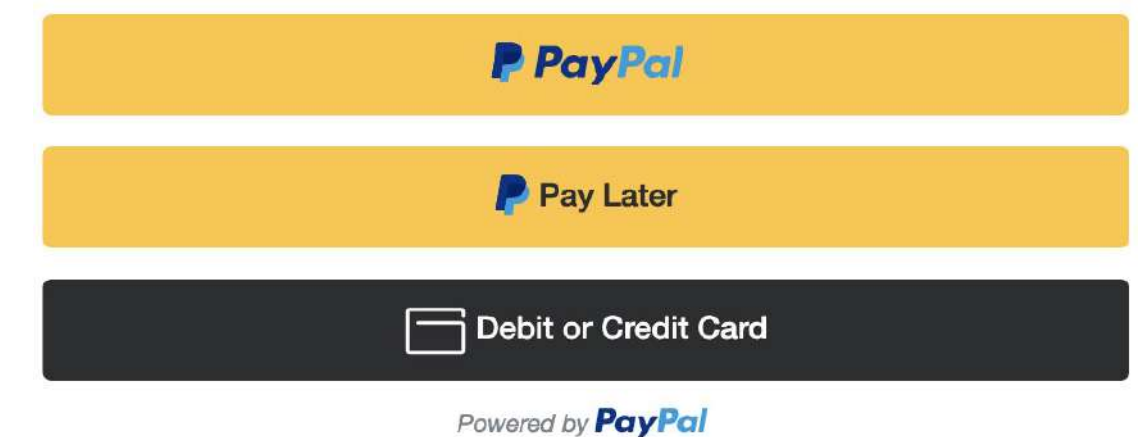




# Presenting the Pay Later button

Use the stacked button to present PayPal Checkout and Pay Later equally. Using the gold button leverages PayPal's brand recognition and can improve conversions as shoppers trust that PayPal keeps their purchases secure.

PayPal Pay Later provides another payment choice for PayPal customers. By including Pay Later dynamic messaging across your site and presenting it as equal to PayPal Checkout and traditional checkout in your shopping cart you can drive awareness and use—and leverage the PayPal brand to close the sale.





# | Key takeaways



# Buy Now **Pay Later**

- BNPL may increase conversions, attract new customers, and help your business grow.
- PayPal is a trusted payment method among consumers.
- PayPal Pay Later is included for most PayPal integrations at no additional cost.
- Adding Pay Later dynamic messaging to your site is quick and easy and may deliver a significant impact.

**The BNPL market will expand at a compound annual growth rate of 22.4%, reaching \$20.4B in 2028.<sup>25</sup>**

# 22.4%

## **Find out more about how PayPal Pay Later can help grow your business.**

Our sales and support experts are here to help. [Connect with us.](#)

### **About PayPal**

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 400 million consumers and merchants in more than 200 markets to join and thrive in the global economy.

**To learn more, visit [paypal.com/ie/bnpl](https://paypal.com/ie/bnpl)**

