

Recommendations and Conclusions

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Recommendations

It is economically sound to invest in PayPal. PayPal has been performing well and it is expected to continue performing well. Statistics show that more and more people prefer to purchase things online. By 2016, 79% of the American shoppers bought their phones online as opposed to 20% in the year 2000 (Perez, 2017). It is therefore certain that the necessity for digital payment platforms will only grow. Currently, the price of the PayPal stock is above 72 dollars (McClay, 2018). This company has recorded positive growth in the recent past after the February crash following eBay's decision (McClay, 2018). This shows that the company has the capacity to be resilient despite a shifting business environment. Looking closely at the company's performance last five years gives a clear indication that it is a company to invest in. Generally, PayPal has experience growth over the five years from 2012 to 2016. In the year ending 31st December 2012, the net revenue for the company was 5.663 billion dollars ("PayPal Holdings - Annual Report", 2017). In the next four years, the revenue grew to 6.627, 8.025, 9.248 and 10.842 billion dollars respectively from 2013 to 2016 ("PayPal Holdings - Annual Report", 2017). The trend shows a continuous growth over time which is a promising indicator for business.

To increase business, the company has also recently joined other digital money platforms in signing patents with Bitcoin. This is in line with the rising consumption of cryptocurrency as a mode of business transactions. The company states that it aims to enhance the user-friendliness of the cryptocurrency transactions. Although PayPal is no longer the sole entity option for e-commerce digital payment options, it reserves many advantages that enhance its economic significance over other providers.

Although competitors are increasing their muscle, the dominance already created by PayPal will be difficult to change. In 2016, PayPal received an increase of 21 million accounts compared to 12million new accounts for Amazon payments (Gray, 2017). Currently, the company has almost 200 million active accounts and 35million more accounts from merchants. On the other side, Amazon Payment has about 33 million accounts (Gray, 2017). PayPal is, therefore, expanding faster despite its already large consumer base.

With increased visibilities of global e-commerce platforms, many consumers are not loyal to a single selling point. Unlike payment methods such as Alipay which will only serve on a single e-commerce platform, its independent nature allows people to avoid having multiple accounts which increases the chances of forgetting passwords and suffering from fraud. Having a PayPal account is, therefore, even today a necessity for most of the people venturing into the online selling of purchasing of goods.

In addition to this, over time, PayPal has marked a strong brand position (Beulah, 2017). This helps it in two ways. First of all the consumers have established a level of confidence in the company. The company is associated with less fraud and breach of data. Research conducted by the International Business Machines (IBM) found that each case of fraud is associated with 4 million dollars in losses. In 2015, cases of a breach of data resulted in 3.8 million dollars while in 2016, there were 4 million dollars lost. This discourages people from entrusting data from newer payment methods that are seen an experimentation procedure by the people. On the other hand, PayPal uses its strong brand position to convince upcoming e-commerce businesses of the advantages of attaching themselves to the company. More merchants accepting PayPal payments mean that more consumers see it as a necessary payment method. This strengthens the position

of PayPal as a global money transfer. It can, therefore, be presumed that PayPal will remain strong in the lead in the e-payment platforms.

Conclusion

PayPal has rapidly become the focal point and backbone of cross-border e-commerce. E-commerce is an avenue that is rapidly growing and is expected to continue growing exponentially. Despite the mushrooming competition in this arena, the company is expected to keep a strong lead into the foreseeable future. PayPal has already positioned itself appropriately to solve all the e-commerce needs. These include an increasing demand for online shopping that is motivated by various factors. PayPal, therefore, markets itself as a solution to an urgent market need. It promises efficiency, security, and cost-effectiveness. All these services involve the movement of money between various people. It also promises to alleviate the consumers of digital payment platforms the constant threats of a security breach. The product mix is therefore meant to attract various groups of people with regard to the services they require. Generally, PayPal charges between 1.9-2.2% of the amount being transacted for every transaction. So far, the organization is inalienable to businesses. It, therefore, does not have to advertise itself to businesses. However, to remain relevant, the company needs to continue remaining relevant to the people. PayPal is quite visible in its social media accounts interactions with consumers. These interactions are usually targeted at increasing the user-friendliness of the platform to consumers.

References

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