

**PayPal**

# **Retail checkout optimization**

Powering growth beyond the holidays

# Optimized checkout, next-level growth

Retailers looking to power growth can help meet evolving customer expectations with an optimized checkout experience.

With artificial intelligence, hyper-personalization, and digital experiences shaping how people expect to shop, businesses that adapt can attract customers and boost revenue. This approach helped drive some of the record-breaking sales in 2024.<sup>1</sup>

The holiday season is especially important for retailers. It can account for up to 40% of annual sales for many retailers,<sup>2</sup> so it's critical to get the customer experience right. Retailers can assess what did and didn't work with their checkout experiences.

As shopping expectations continually evolve, retailers should focus on delivering an optimized payment stack that prioritizes speed, convenience, and flexibility — essential for growth year-round.

Taking a data-driven approach now to create adaptable customer experiences can help businesses capture valuable sales through the holiday season and beyond. When retailers analyze holiday performances and apply those insights throughout the year, they can create checkout experiences that convert in every season.

**Let's explore how powering payments beyond peak shopping events can drive long-term growth.**



# 73%

**of consumers surveyed  
say they expect better  
personalization when  
technology advances<sup>3</sup>**

<sup>1</sup> GlobalData. (2025, Jan). "US 2024 retail holiday sales hit record high in 2024."

<sup>2</sup> McKinsey. (2023, Nov). "US holiday shopping 2023: Consumer caution and retailer resilience."

<sup>3</sup> Salesforce, State of the Connected Consumer Report, published August 2023.

# Retailers end 2024 strong

Retailers capitalized on the biggest shopping days of the year with record-breaking activity.

Small- to medium-sized retailers had impressive growth during Cyber Week, the week between Thanksgiving and Cyber Monday:

- ✓ **70M** transactions were processed by PayPal<sup>4</sup>
- ✓ **100K** businesses made their first PayPal sale<sup>5</sup>

This activity topped Cyber Week in 2023. PayPal saw double-digit growth for small- to medium-sized retailers in:

- ✓ Buy now, pay later (BNPL) transactions<sup>6</sup>
- ✓ Pay with Venmo transactions<sup>7</sup>

The right payment strategy doesn't just drive success during peak season — it can set the foundation for year-round growth. To continue delivering the experiences shoppers want, retailers can benefit from looking at the data and staying on top of trends.

<sup>4,5</sup> Based on internal PayPal data for payments processed from 11/28/2024–12/02/2024.

<sup>6,7</sup> Based on internal PayPal data for payments processed from 11/28/2024–12/02/2024 as compared to 11/23/2023–11/27/23.

<sup>8</sup> Based on internal PayPal data for payments processed on 12/02/2024.

# \$7B

## Payments processed by PayPal on Cyber Monday, PayPal's biggest day of 2024<sup>8</sup>

# Data insights can speed up growth

Personalized, data-driven insights are key to shaping retail strategies and powering long-term growth.

High-quality data analytics give retailers what they need to make smarter, more customized decisions. Whether businesses are analyzing past sales, customer feedback, or browsing patterns, these insights help them fine-tune marketing efforts, optimize inventory management, and boost customer engagement.

But data truly shines when it comes to powering hyper-personalization that helps businesses deliver tailored shopping experiences. With the right insights, retailers can personalize every step of the customer journey — from creating specific ads that capture individual shoppers' attention to offering custom post-sale recommendations that drive loyalty and encourage repeat business.

**To help power growth, retailers can access PayPal's global customer insights — along with the scale of its customer network of 434 million active accounts.<sup>9</sup> Tap into these insights to recognize shoppers, bring in new customers, and simplify guest checkout.**

<sup>9</sup> PayPal Earnings-Q4, 2024, based on PayPal internal data. Active accounts are PayPal consumer and merchant accounts that have completed a transaction within the last 12 months.

<sup>10</sup> Superoffice. (2023, Dec). "11 Personalization Strategies for Marketing, Sales and Customer Support Teams."

# 84%

**of customers say that being treated like a person, not a number, is key to winning their business<sup>10</sup>**

# Key innovations not to miss

## Personalization through AI and ML

Artificial intelligence (AI) and machine learning (ML) are transforming customer engagement, with 92% of retailers already using these technologies to drive growth.<sup>11</sup> AI-powered personalization tools help retailers offer:

- ✓ SKU-specific product recommendations
- ✓ Tailored brand promotions
- ✓ Customized payment options

This level of personalization reduces shopper friction by anticipating customer needs and streamlining the checkout process. And AI helps provide post-sale insights by predicting what customers might purchase next.

AI can also help retailers operate more efficiently by:

- ✓ Predicting demand and aligning stock with customer preferences
- ✓ Reducing excess inventory
- ✓ Improving operational efficiency

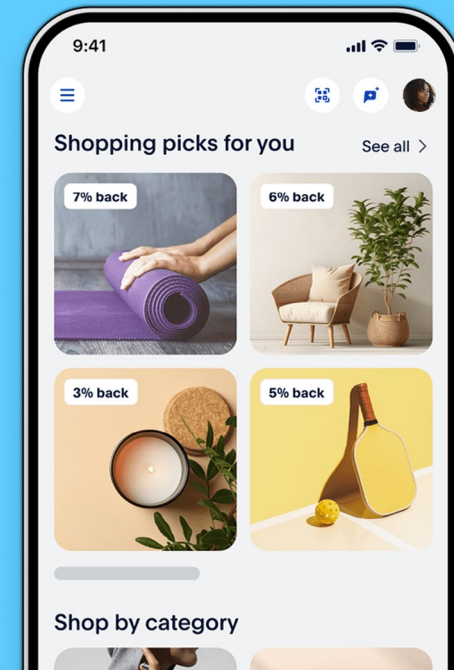
**Growth booster:** Make smart, data-driven decisions. Using predictive customer insights, PayPal's offers platform can help businesses reach new shoppers by delivering personalized and real-time offers that can help increase reach.

<sup>11</sup> Twilio. (2023, May). "Twilio Research Reveals Scale of AI Surge as 92% of Businesses Flock to the Technology."

<sup>12</sup> Twilio. (2023). "The 2023 Twilio State of Customer Engagement Report."

# 86%

of consumers say that personalized experiences increase their loyalty to specific brands<sup>12</sup>







## Omnichannel experiences

Shoppers want to switch between desktop, mobile, social, and in-store seamlessly. Offering a smooth, integrated experience across all these channels is no longer optional — it's essential.

Omnichannel experiences can help retailers:

- ✓ **Meet customer expectations:** 67% of shoppers expect brands to understand their needs based on previous interactions<sup>13</sup>
- ✓ **Unlock more sales:** Omnichannel customers spend 30% more than single-channel shoppers<sup>14</sup>
- ✓ **Improve customer loyalty:** 88% of shoppers are more likely to return to businesses offering a connected omnichannel experience<sup>15</sup>

**Growth booster:** Sync up your data across channels to gain a 360-degree view of your customers. This can help you make smarter decisions, no matter where shoppers engage with your business. With PayPal's vast global network, you get valuable insights into their shopping preferences to create personalized omnichannel experiences.

**90%** of customers expect consistent brand interactions across channels<sup>16</sup>

# Payment innovations

Payment options like digital wallets, contactless payments, and BNPL solutions are quickly becoming essential to meeting customer demands and driving retail growth.

Many people are using **BNPL** to buy now, pay later, and stay within their budgets. BNPL is expected to boom through 2030,<sup>17</sup> with many retailers already offering in-store installment or deferred-interest plans.

Accepting BNPL not only gives customers extra buying power — it also helps businesses **build brand loyalty** by offering preferred payment methods and seamless shopping experiences. If your business is not offering BNPL, you could be missing **sales and loyalty opportunities**.

**Growth booster:** Power payments almost anywhere. With its many payment options, PayPal also supports global payments in 200 markets and offers preferred local payment methods. Shoppers enjoy fast, flexible, and trusted payment options.

<sup>17</sup> Grand View Research. (2023). "Buy Now Pay Later Market Size, Share & Trends Analysis Report By Channel (Online, POS), By End-use (Retail, Automotive), By Enterprise Size, By Region, And Segment Forecasts, 2023 - 2030."

<sup>18</sup> Worldpay. (2024). "Worldpay Global Payments Report 2024: Digital Wallet Maturity Ushers in a Golden Age of Payments."

<sup>19</sup> Forbes. (2023, Aug). "53% Of Americans Use Digital Wallets More Than Traditional Payment Methods: Poll."

# 49%

of all global e-commerce transactions are now happening through digital wallets<sup>18</sup>

# 51%

of consumers say they would stop shopping at stores that don't offer contactless payments<sup>19</sup>



**Trust PayPal to help you grow, whether you're growing in complexity or expanding into new markets. PayPal has a comprehensive offering to help you meet growing expectations — all on one platform.**

# Powering payments with a brand your customers trust

If you're a small- or medium-sized business, working with a proven payment provider can help you enhance the customer experience and save time.

Your customers want to see their preferred payment options at checkout. You may want to diversify your customer base. A trusted payment provider can help you offer a range of payment options, accept payments from customers worldwide, and even handle the cross-border complexities of an expanding business.

Whether you want to improve your payment systems or optimize business performance, the right support can help you tackle any shopping season with confidence — and free you up to focus on other areas of your business.



# Build the ultimate retail checkout stack — now

Strong retail sales in 2024 showed that shoppers are ready to spend.<sup>20</sup> The best time to optimize your checkout experience and prime your brand to end 2025 strong is now. To start, you'll need data-driven insights and AI-powered innovations. PayPal can help.

Power growth and win sales with PayPal, the only checkout experience that:

- ✓ Is connected to 434 million active accounts<sup>21</sup>
- ✓ Accelerates guest checkout with Fastlane by PayPal
- ✓ Attracts Gen Z and Millennials with the brand power of Venmo

Get valuable, data-driven insights from the transactions fueled by PayPal's network of businesses and consumers. And explore checkout solutions that can help you thrive in the evolving retail landscape.

It's all on one platform.

**Start planning your holiday strategy now.**  
**Build the ultimate checkout stack with PayPal.**

[Learn More](#)

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This content is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.  
<sup>20</sup> NRF. (2025, Jan). "NRF Says Holiday Season Was a Notable Success as 'Consumers Came Out to Spend'"  
<sup>21</sup> PayPal Earnings-Q4, 2024, based on PayPal internal data.

