PayPal's new features aim to replace traditional wallet in stores

May 24 2013, by Heather Somerville

PayPal is doubling down on efforts to bring the mobile payment platform to brick-and-mortar stores and restaurants, offering new pay-from-your-smartphone services that threaten to make the physical wallet obsolete.

At an event at PayPal headquarters in San Jose on Tuesday morning, President David Marcus unveiled new mobile features for shopping, eating out and attending sports games without needing to use cash or a credit card. The eBay Inc. subsidiary is pushing for a shift from the decades-old habit of carrying wallets in favor of making all transactions digital.

"We need to change consumer behavior and habits that have been ingrained for the past 40 years," Marcus said.

New PayPal features allow consumers to purchase tickets on StubHub - an eBay company - and have the tickets sent directly to PayPal's digital wallet, eliminating the need to mail or carry paper tickets to a sports game or concert. The new application also gives consumers suggestions for restaurants and bars near the venue, parking passes, and directions to their seats once inside the venue. They can also order food from their seat - no need to miss an inning at a baseball game while waiting in line for a hot dog, PayPal staff said.

PayPal is also expanding the order-ahead service it began testing in January at the Jamba Juice in Emeryville, Calif. The app lets customers
order their smoothie and pay with their PayPal account, and skip the line when they later come into Jamba Juice to pick it up. Marcus said order-ahead would soon be in Jamba Juice locations nationwide, and there are plans to expand to more retailers in the next several months.

Marcus said that while swiping a debit card isn't too onerous for customers, PayPal wants to bring a new level of convenience to the retail experience.

"Ordering ahead and skipping the line is one of" those conveniences, he said.

According to a PayPal study of 5,000 consumers, about 80 percent of Americans wish they could leave their wallet at home. Whether it's to a bar, the beach or a supermarket, many consumers want to go wallet-free.

"They can't even imagine going without (their smartphones), but their wallets, no, they don't want to take them," Marcus said.

The company is also making a push into the restaurant scene with PayPal Local, an app that combines features similar to customer review website Yelp and social networking app Foursquare. PayPal Local users can find restaurants nearby and check-in, and partnering restaurants will store information such as the user's picture, ordering history and dietary needs. The app even includes a buzzer to get the server's attention. So far, only a few Starbucks and Jamba Juice locations have the service.

PayPal is also pushing to get its payment platform into more businesses. According to the company, five new businesses sign up for PayPal every second. The most recent addition is RadioShack, which will begin offering PayPal checkout on Friday.
PayPal launched in-store checkout in December 2011, starting with a single Home Depot store. Checkout is now in about 250,000 stores, including Barnes & Noble, American Eagle Outfitters and Toys R Us. Marcus said PayPal checkout will be available in 2 million stores by the end of the year.

And in June, the company will announce a program to encourage small merchants and mom-and-pop shops to exchange their outdated, offline cash registers for a PayPal system. Companies that make the switch will get free PayPal services through the end of the year.

PayPal is the engine driving much of eBay's growth, and is expanding aggressively into emerging markets including Brazil and Russia. There is an average of 140 to 150 payments per second on PayPal, with many more during peak shopping hours.

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