

Name: _____ Section: _____
 Date: _____ Score: _____

Case Study

Paypal: Challenging The Present Situation

From a business perspective, there are some industries you ought to stay away from at all costs. Examples include banking, supermarkets, semiconductors, and aircraft. Because there are so many barriers to entry, the banking sector is perhaps the most challenging to try and disrupt. Since their cash is their most precious asset, you need a lot of capital, regulatory approval, and years of building confidence with your consumers.

Old banks do exist. Even though they do not produce anything, their business strategies haven't evolved much in hundreds of years, and they are quite wealthy. It is practically hard to replace them because of their immense strength. But for some reason, PayPal did not appear to care. In a remarkably short period, PayPal has emerged as a different payment method, offering a solid alternative to your handy debit or credit cards. PayPal has become one of the best payment solutions for almost everyone by leveraging one of the fastest-growing business trends in the world.

PayPal spends less cash on innovation than even a medium-sized bank does. However, its technology platform is much better. Even though PayPal has only been around for a small portion of that time, customers trust it just as much, if not more, than they do their bank since PayPal has complete control over data mining. With virtually every current payment innovation, PayPal is easier to market. Instead of working directly with banks, PayPal prefers to work directly with retailers offering a real alternative to your dependable debit or credit card.

Paypal also got a lucky break when it accidentally became the favored payment provider for eBay transactions. It was followed a few years later by a \$1.5 billion acquisition by eBay itself. Today, PayPal holds a remarkable 20% market share of US online payments and 62.7% of the e-Wallet market. Their direct relationships with large and small merchants accounted for nearly all that growth.

Questions: (3 items x 10 points)

1. What is PayPal's strategy?
2. What do you think are PayPal's plans to compete with the age-old and time-tested banking system?
3. Do you think PayPal's plans are ingenious? Why or why not?

Rubric for grading:

CRITERIA	PERFORMANCE INDICATORS	POINTS
Content	Provided pieces of evidence, supporting details, and factual scenarios	7
Organization of ideas	Expressed the points in a clear and logical arrangement of ideas in the paragraph	3
Total		10

Reference:

Wright, T. (2022). *The 6 best business strategies I've ever seen*. <https://www.executestategy.net/blog/the-5-best-business-strategies-ive-ever-seen>