

PayPal Hong Kong Merchant Survey: From New Normal to New Growth

Hong Kong's eCommerce businesses set to capitalize on the window of opportunity as end-of-year recovery anticipated

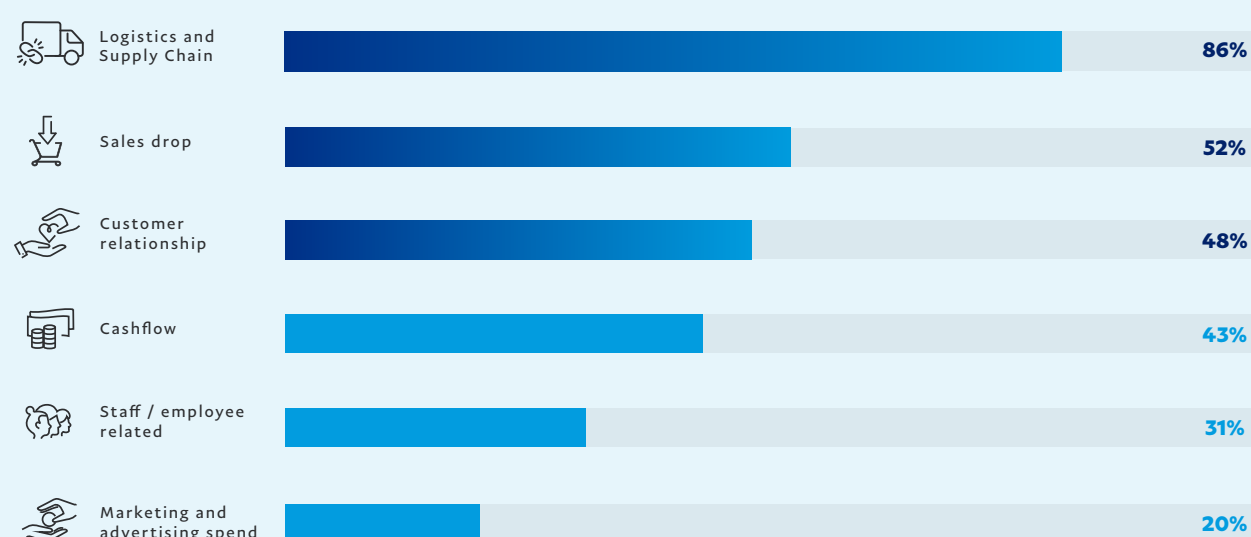
eCommerce businesses have been hit hard by the pandemic



1 in 4

eCommerce businesses are **highly concerned about the sustainability of their business**

Top challenges encountered since COVID-19



Increased operational costs created additional financial pressure, impacting cashflow

29%

had to **pay more for the same products** due to supply chain disruptions

23%

saw their **labor costs increase** as a result of logistics disruption

43%

admitted experiencing **cashflow difficulties** during the pandemic as financial pressure piles up

Disruptions to logistics and supply chains have directly impacted customer relationships and company reputation

64%

experienced issues with their **company reputation and customer relationships due to logistics disruptions**

98%

of the businesses surveyed saw an **increase in customer complaints** in the past 6 months

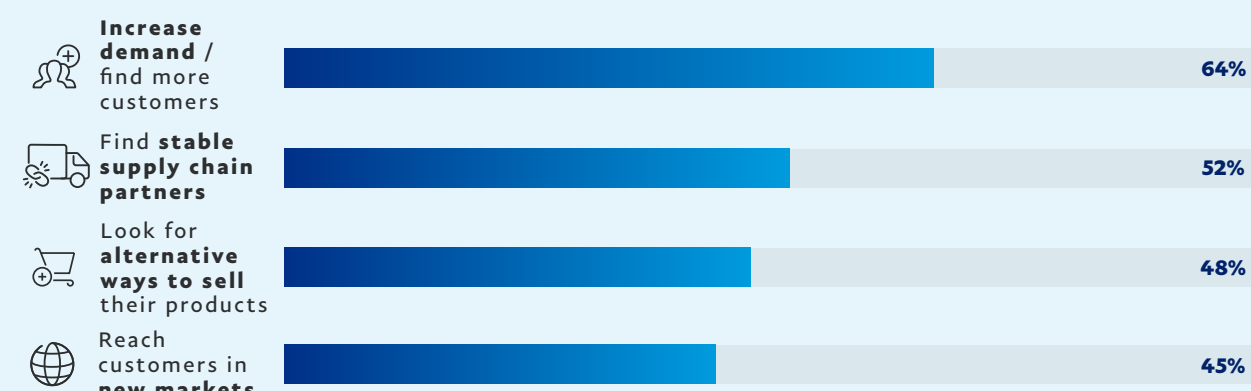
Switching gears from survival to recapturing growth



61%

of eCommerce businesses expect a **recovery by the end of 2020**

Priorities to recapture growth



Improving the online shopping experience is essential to boosting competitiveness

86%

of eCommerce businesses look to **improve their online shopping experience** to boost competitiveness

47%

of the businesses highlighted the importance of **improving their payment experience**

58%

also plan to invest in improving checkout experience **within the next 6 months**

PayPal's commitment to helping businesses thrive in the new normal of doing business



Global reach

Global network of over 320 million consumers and merchants in 200+ markets



Frictionless payment

Omnichannel payment experience including online, mobile, in-app



Innovation

Use of AI, machine learning and data analytics technologies to manage risks



Trust and security

Buyer and Seller Protection Policies, data encryption and fraud prevention

About PayPal Hong Kong Merchant Survey

The independent study, entitled "From New Normal to New Growth", was conducted by Edelman Intelligence on behalf of PayPal Hong Kong to offer insights into how eCommerce businesses in Hong Kong had been impacted by the pandemic and where businesses plan to invest to recapture growth. The results are based on interviews with 44 senior executives of mid to large-cap eCommerce merchants in the physical goods space held online in August 2020.