

Assessing the Impact of Environmental Change

This discussion exercise is based around the results of two Canadian market research surveys, conducted on behalf of PayPal, which highlights the willingness of their population to shift to a cashless society.

This change in the macro-environment will have significant implications for the retailing sector. Your task here is to review the survey results and identify how retailers and financial and other intermediaries will be able to benefit from this emerging opportunity.

The two surveys conducted on behalf of PayPal Canada found that:

- 71% of respondents were comfortable with NOT using cash to make a purchase
- 25% of respondents currently go more than a week without using cash
- However, 43% of smartphone users don't trust that their mobile phone applications and hardware will keep their personal details safe and secure, and
- 80% are concerned about financial privacy and sharing personal or credit card details when making mobile purchases and transactions

As you can see, while there are significant attitudinal shifts in the market's willingness to embrace and adopt non-cash methods of payments, it is countered by substantial concerns, mainly in the area of security and privacy.

Obviously PayPal, the sponsor of the research study, is very positive about the results and believe that a cashless future will be a reality in Canada. According to Darrell MacMullin, managing director, PayPal Canada, "The growth we're seeing in Canadians' eagerness to go cashless is significant. Canadians understand that a digital wallet can be a safer and smarter way to pay and get paid."

Student Discussion Questions

1. Which of the broad aspects of the macro-environment are affected by the changes identified above?
2. Given the results, how long do you think it will take before Canada essentially becomes a cashless society?
3. As the survey was commissioned by PayPal; does this affect the way that we should interpret the results? Why?
4. As markets shift to a cashless society, how will this change in the environment affect the retail sector? Are online retailers more likely to benefit? Why?
5. Would financial intermediaries and mobile phone companies be supportive of this environmental change? If so, what broad steps should they take to support these changes?
6. Are there any industries, or types of firms, that will be negatively affected by the future environment?