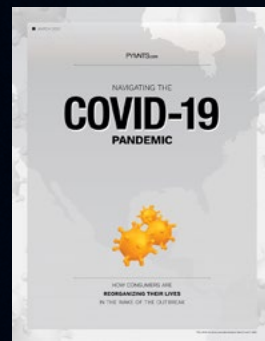
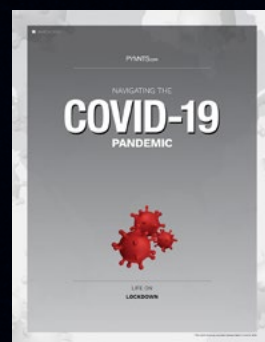


PYMNTS
COVID-19 SERIES



NAVIGATING THE COVID-19 PANDEMIC I
How Consumers Are Reorganizing Their Lives In The Wake Of The Outbreak



NAVIGATING THE COVID-19 PANDEMIC II
Life On Lockdown



MAIN STREET ON LOCKDOWN
How SMBs Are Coping With The Economic Fallout Of COVID-19

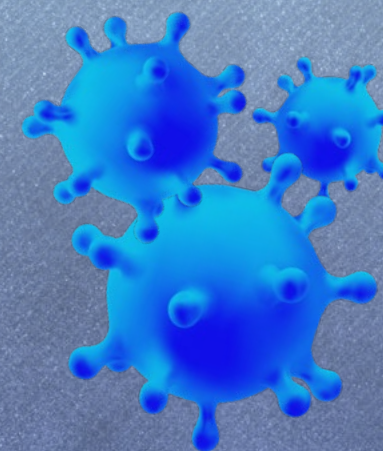
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■ APRIL 2020

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NAVIGATING THE
COVID-19
PANDEMIC



HOW THE PAYCHECK-TO-PAYCHECK ECONOMY
IS BEGINNING TO BUCKLE

*The COVID-19 survey was taken between March 27 and 28, 2020.

TABLE OF CONTENTS

02

INTRODUCTION

03

PART I
Jobs And Employment

07

PART II
Living In The Pandemic

11

PART III
Savings Accounts

15

PART IV
Concerns And Responses

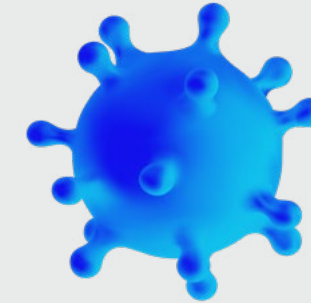
21

PART V
Expectations And Solutions

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INTRODUCTION



The World Health Organization's (WHO's) March 11 announcement labeling the COVID-19 outbreak a pandemic marked the end of business as usual in the United States. State and local governments began issuing stay-at-home orders soon afterward, putting all non-essential business operations on hold.

The lockdown has forced many restaurants and retailers to reduce employees' hours, furlough them or even close for good, which has caused an unprecedented rise in unemployment rates. Making matters worse is that the widespread interruption comes as six out of 10 consumers live paycheck to paycheck.

How have these events altered consumers' pandemic outlooks, and how can we expect their behaviors to change as the virus spreads?

PYMNTS has been tracking consumers' COVID-19 outbreak responses since March 6 – five days before it was declared a pandemic. We have since launched a new survey of approximately 2,000 U.S. consumers every 10 days and have showcased our findings in the Navigating The COVID-19 Pandemic series.

It has been three and a half weeks since COVID-19 was declared a pandemic, and we are now seeing that its fallout may last far longer than the U.S. economy can handle. PYMNTS' Navigating The COVID-19 Pandemic: How The Paycheck-To-Paycheck Economy Is Beginning To Buckle edition explores how the unprecedented job loss and economic stagnation stemming from the outbreak is affecting paycheck-to-paycheck workers, and what would it take for things to return to normal.

THIS IS WHAT WE LEARNED.

JOBS AND EMPLOYMENT

THE EMPLOYMENT RATE DROPPED 15 PERCENT SINCE THE PANDEMIC BEGAN.

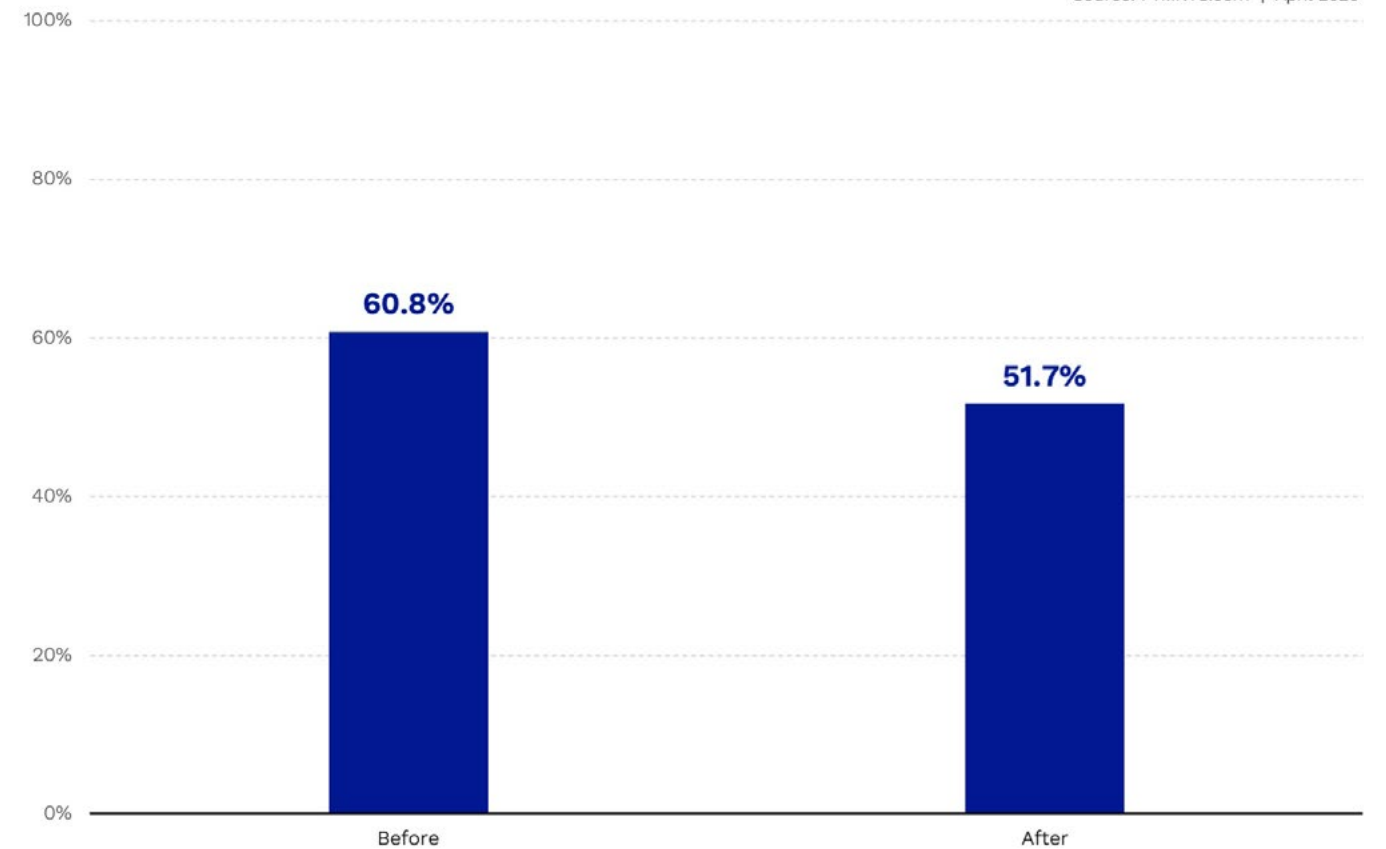
The COVID-19 pandemic has had an unprecedented impact on employment, with the share of U.S. residents who were employed or earning incomes decreasing from 60.8 percent on March 6 to 51.7 percent on March 27. This means the portion of residents earning incomes dropped 15 percent in just over three and a half weeks, which translates to 22.8 million people losing their jobs in less than a month.



FIGURE 1: COVID-19'S IMPACT ON THE U.S. JOB MARKET

Share of individuals who were employed or earning incomes before and after the pandemic

Source: PYMNTS.com | April 2020



JOBS AND EMPLOYMENT

ALMOST HALF OF ALL U.S. CONSUMERS WHO STILL HAD JOBS WERE WORRIED ABOUT LOSING THEM.

Consumers are anxious about their financial futures amid the uncertainty surrounding the pandemic and its economic impacts. We found that 48.8 percent of U.S. workers – approximately 77.4 million people – were worried they might lose their jobs, with 28.5 percent saying they were “very” or “extremely” concerned. This meant 45.2 million consumers feared losing their jobs, and 32.2 million were “somewhat” worried about losing them.



FIGURE 2: CONSUMERS' FEARS ABOUT LOSING THEIR JOBS
Share who were concerned about losing their jobs

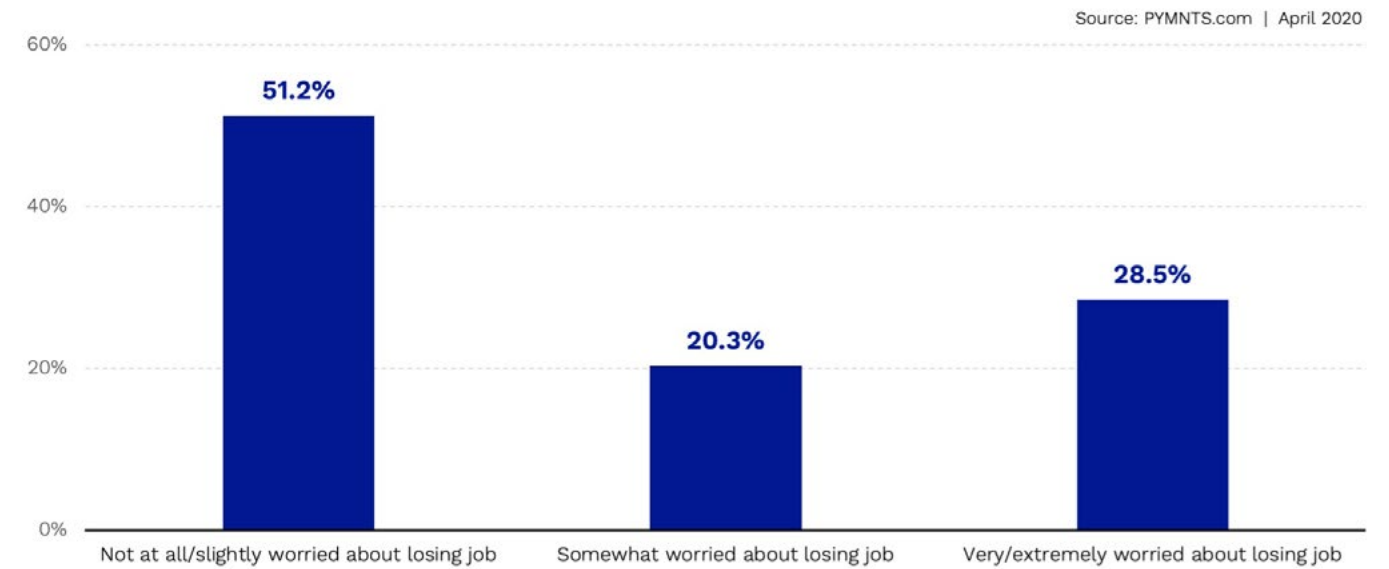
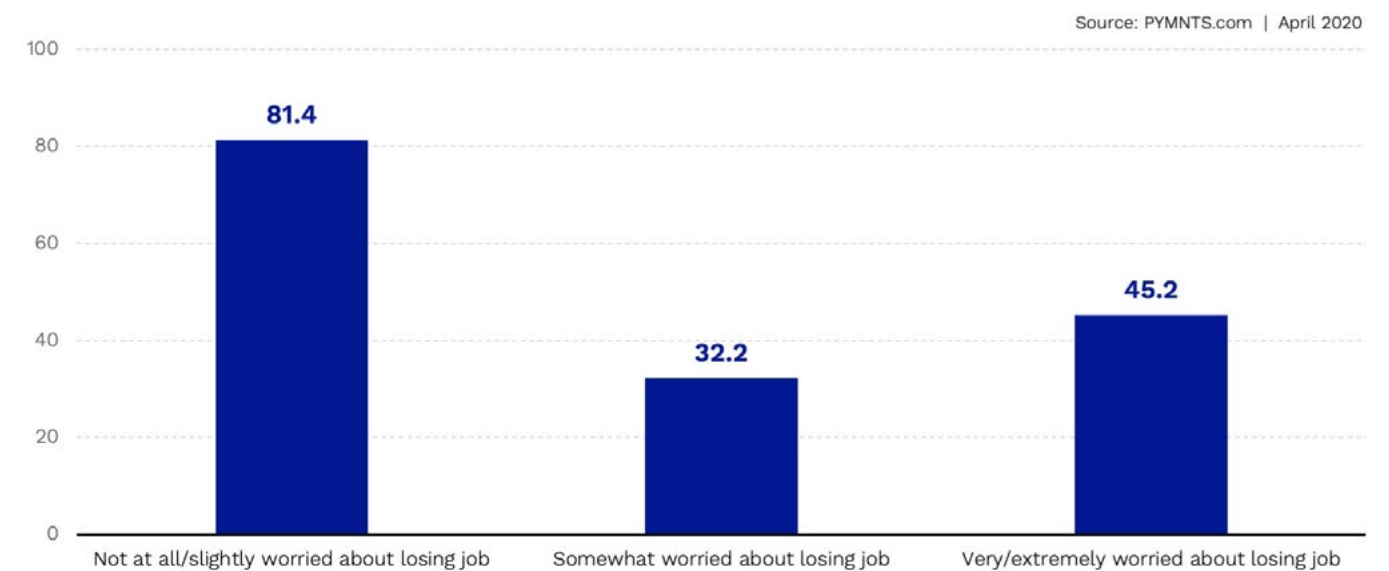


FIGURE 3: CONSUMERS' FEARS ABOUT LOSING THEIR JOBS
Estimated number of consumers concerned about losing their jobs, in millions



LIVING IN THE PANDEMIC

SIX OUT OF 10 CONSUMERS REPORTED LIVING PAYCHECK TO PAYCHECK.

A large portion of consumers reported living paycheck to paycheck, making it understandable that they would be worried about losing their jobs. Our latest survey showed that 59.2 percent of consumers lived paycheck to paycheck as of March 27, with 22.9 percent of these respondents saying they also struggled to pay their monthly bills. Another 36.3 percent said they lived paycheck to paycheck but had enough to pay their bills each month. Consumers seemed to be more consciously curbing their spending, too, with the share living paycheck to paycheck having decreased from 65.7 percent on March 17 – a drop of 10.1 percent in just 10 days. This could also indicate that many consumers who had been living paycheck to paycheck before the pandemic had since lost their jobs.

Consumers living paycheck to paycheck were also more worried about losing their jobs, with those who struggled to pay their monthly bills being the most worried. Our research showed that 20.8 percent of consumers who lived paycheck to paycheck and struggled with their bills were “very” or “extremely” worried about losing their jobs, compared to the 14.6 percent of paycheck-to-paycheck workers who were comfortably paying their monthly bills who said the same.



FIGURE 4: CONSUMERS' JOB LOSS CONCERNS AS THEY RELATED TO CASH FLOWS
Share who said they did or did not live paycheck to paycheck, by date

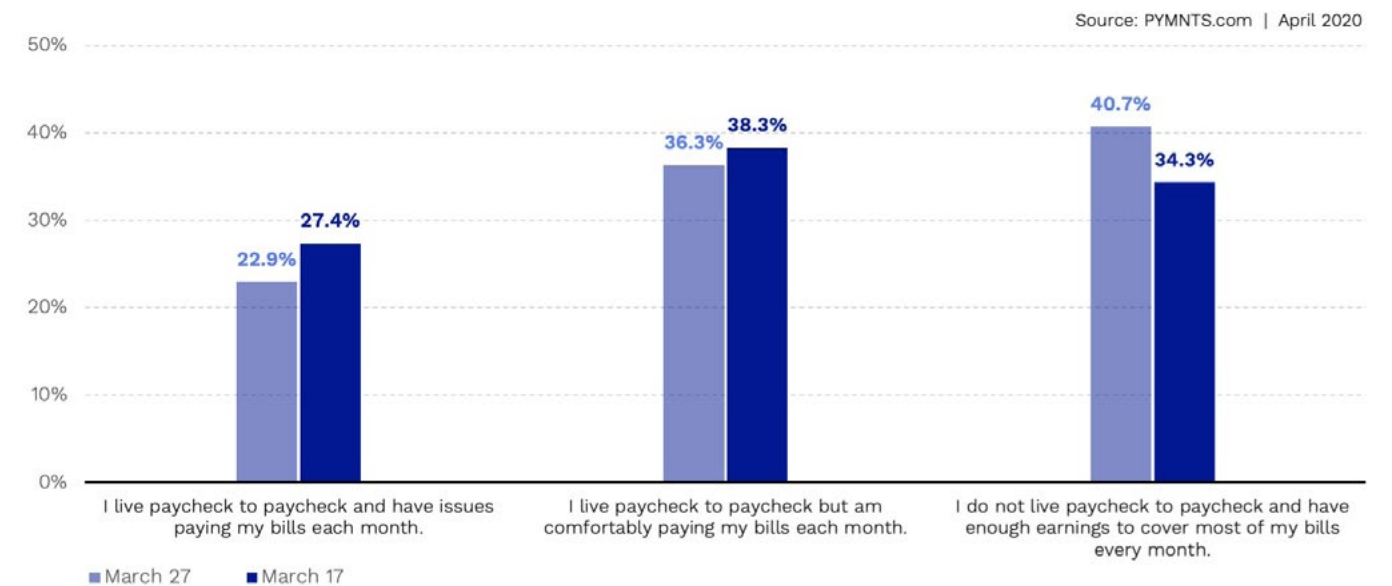
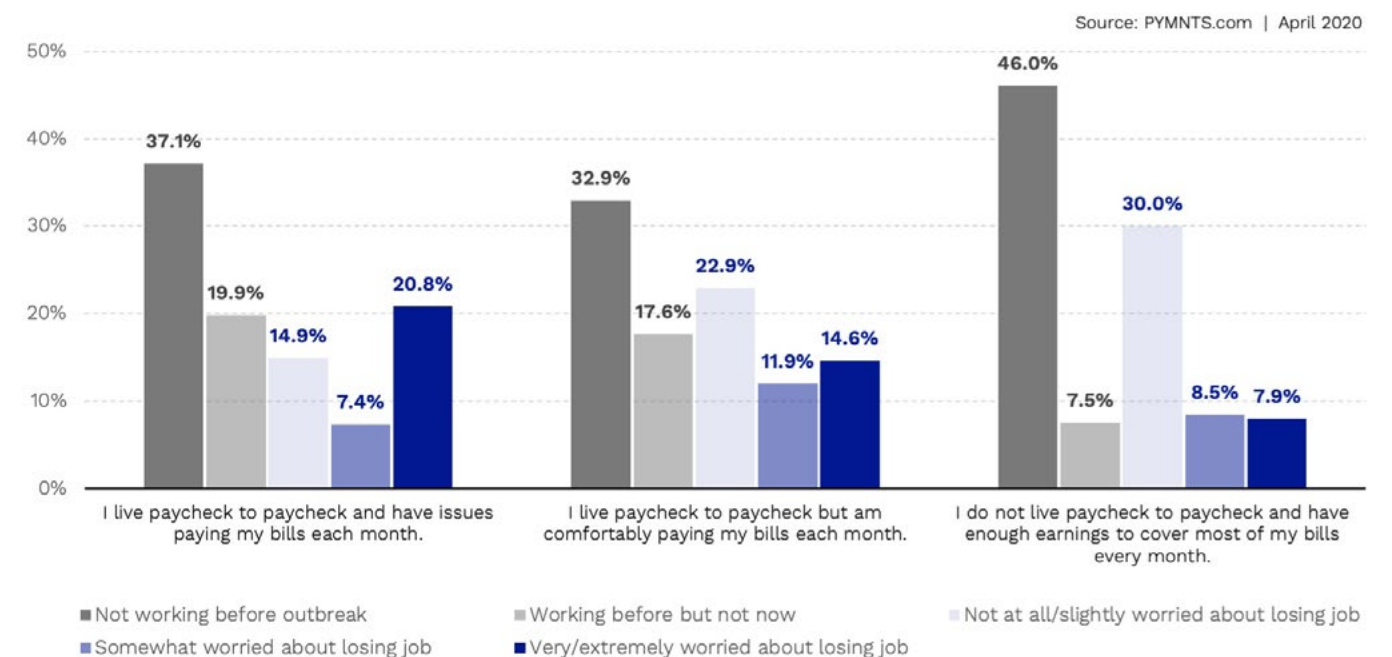


FIGURE 5: CONSUMERS' JOB LOSS CONCERNS AS THEY RELATED TO CASH FLOWS
Share who expressed select levels of concern regarding their employment, by cash flow status



LIVING IN THE PANDEMIC

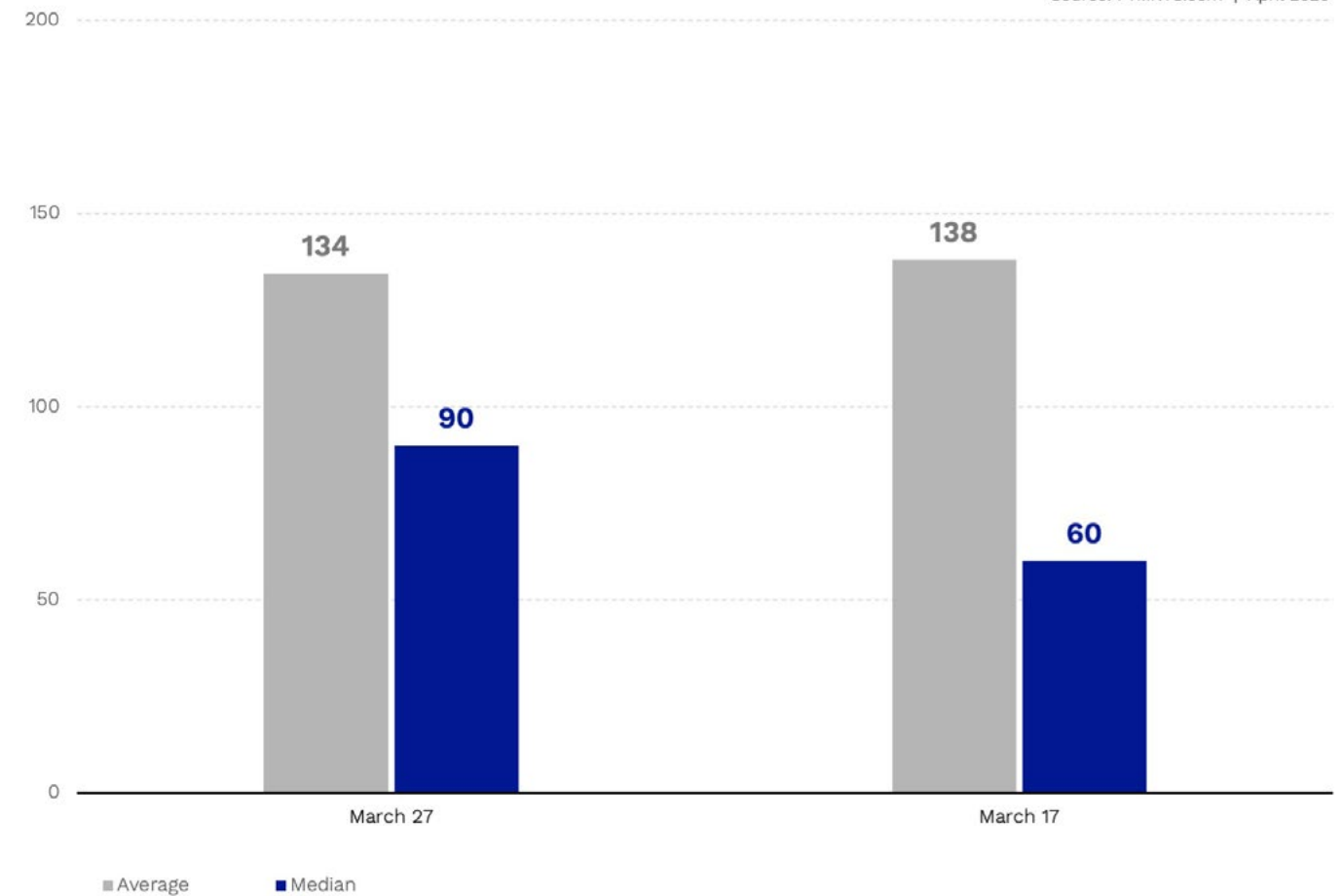
THE AVERAGE CONSUMER BELIEVED IT WOULD TAKE MORE THAN FOUR MONTHS FOR LIFE TO RETURN TO NORMAL.

Consumers' widespread COVID-19 fears were likely due in part to how long they believed it would affect their everyday lives. The average consumer surveyed on March 27 believed the pandemic's effects would last another 134 days, compared to the 138 days they expected it to last when surveyed March 17. This means that much of the U.S. workforce is bracing for a long, difficult road ahead as the pandemic continues to spread.

FIGURE 6: HOW LONG CONSUMERS EXPECTED THE PANDEMIC TO AFFECT THEIR LIVES

Share who believed it would take a select number of days for their lives to return to normal

Source: PYMNTS.com | April 2020



SAVINGS ACCOUNTS

FIFTY-FIVE PERCENT OF CONSUMERS WHO LOST THEIR JOBS SINCE THE PANDEMIC'S ONSET SAID THEY WOULD HAVE TO PULL FROM THEIR SAVINGS WITHIN TWO MONTHS OR LESS.

Many consumers who lost their jobs since the outbreak began relied on steady cash flows to stay afloat, but the pandemic is forcing many to make do with the funds they have – even though these funds will not last long. Fifty-five percent of those who had lost their jobs since the pandemic said they could live off their cash reserves for two months or less before they would need to tap into their savings to pay their bills. This meant most consumers had enough funds to last 60 days before accessing their savings – just 44.8 percent as long as they expected the pandemic to last.

The consumers most at risk of cash flow shortages were those who lived paycheck to paycheck and struggled to pay monthly bills before the outbreak, but who had since lost their jobs. We found that 87.6 percent of these consumers had only enough cash to last two months or less before they would be forced to tap into their savings, with 55.3 percent having enough funding to last just two weeks before doing so. Consumers who lived paycheck to paycheck but could comfortably pay their monthly bills were also at risk, though to a lesser extent. Our survey showed that 63.2 percent of these consumers had funds to last two months or less before they would have to tap into savings, while 20.6 percent had enough to last them just two weeks before doing so.



FIGURE 7: HOW LONG CONSUMERS COULD SURVIVE WITHOUT PULLING FROM THEIR SAVINGS
Share who could pay their bills for select amounts of time before dipping into their savings

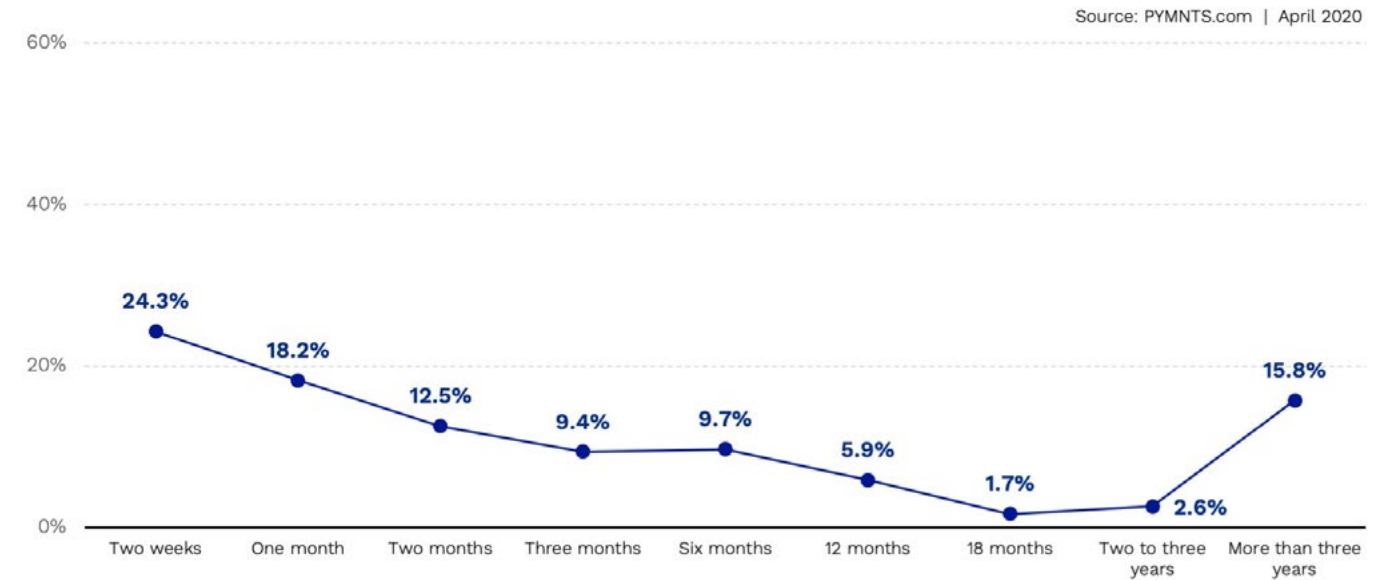
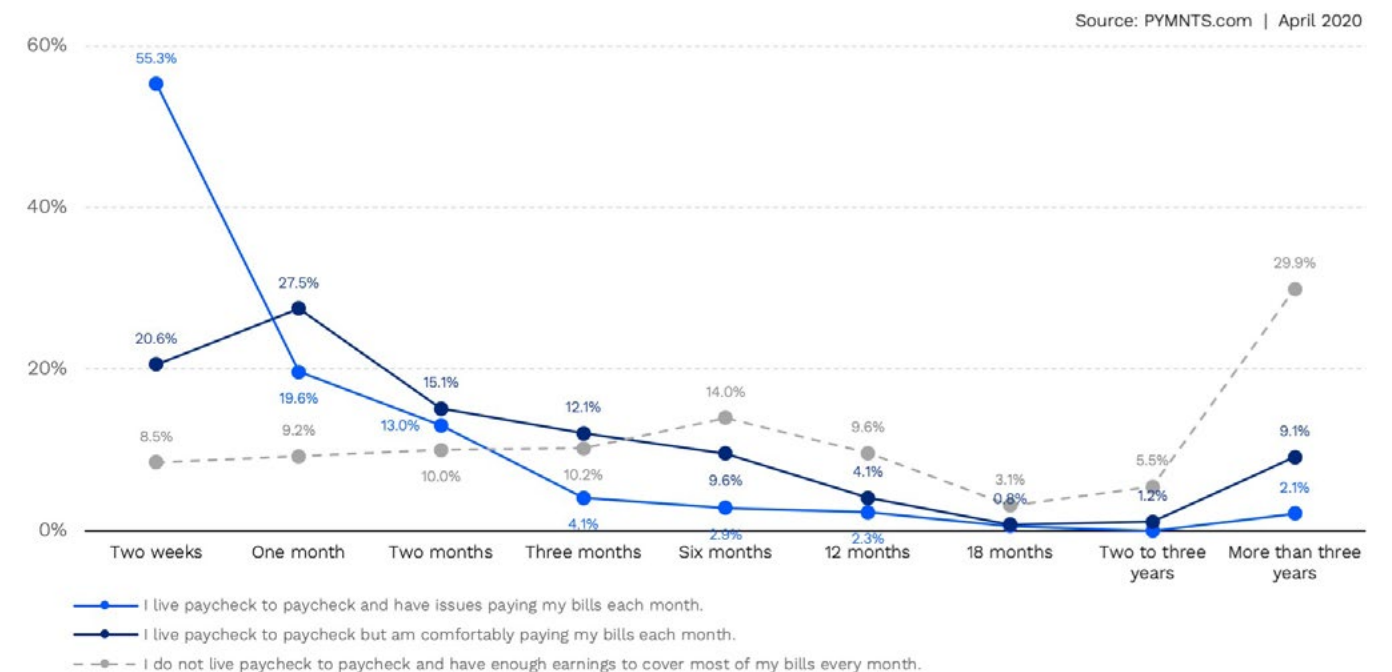


FIGURE 8: HOW LONG CONSUMERS COULD SURVIVE WITHOUT PULLING FROM THEIR SAVINGS
Share who could pay their bills for select amounts of time before dipping into their savings, by cash flow status



SAVINGS ACCOUNTS

ALMOST HALF OF ALL CONSUMERS HAD \$2,500 OR LESS IN SAVINGS.

Short cash flows are not solely to blame for putting consumers in the red during the pandemic: Many also lack savings. A large share of the consumers operating in the paycheck-to-paycheck economy do not or cannot accumulate robust savings — or any savings at all. Our March 27 survey showed that 45.4 percent of consumers had \$2,500 or less in savings, while 15.6 percent had no savings at all. This could exacerbate the pandemic’s already-dire economic impact, as consumers who lose their jobs or see reduced hours lack the necessary financial cushions to stay afloat.

Consumers earning less than \$50,000 per year were particularly vulnerable to sudden cash flow shortages, as they had little to no savings for emergencies. Our survey showed that 69.3 percent of consumers in this income bracket had \$2,500 or less in savings, while 28.9 percent had none.



FIGURE 9: HOW MUCH MONEY CONSUMERS HAD IN EMERGENCY SAVINGS
Share who had select savings amounts to cover emergency expenses

Source: PYMNTS.com | April 2020

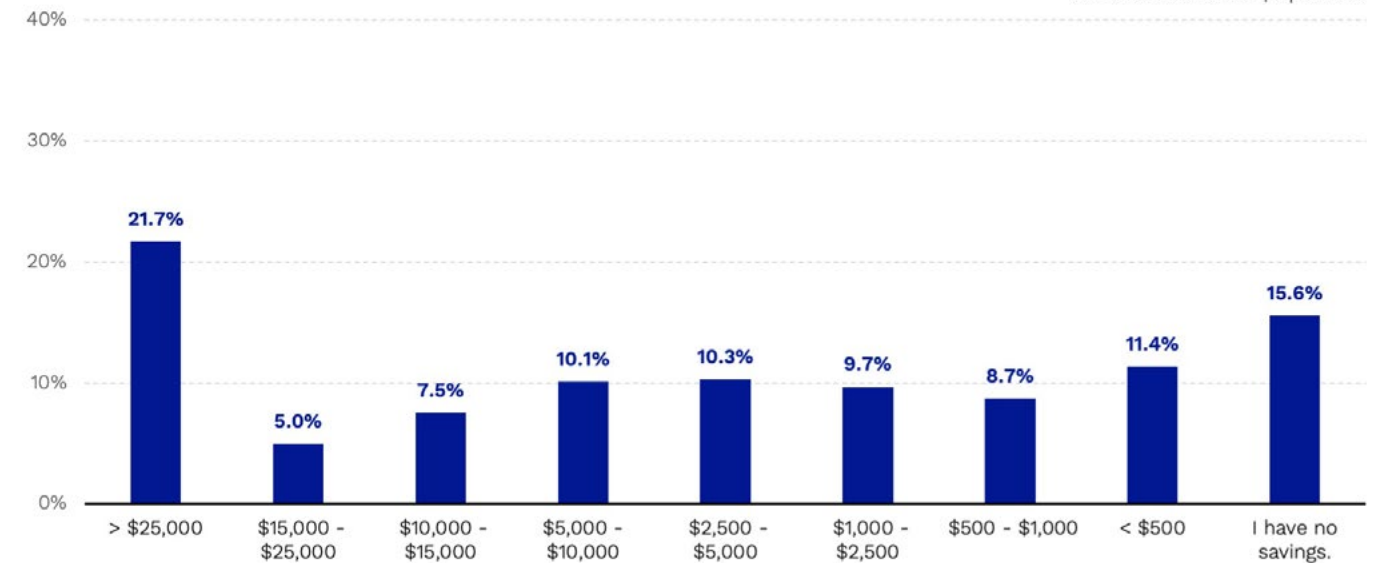
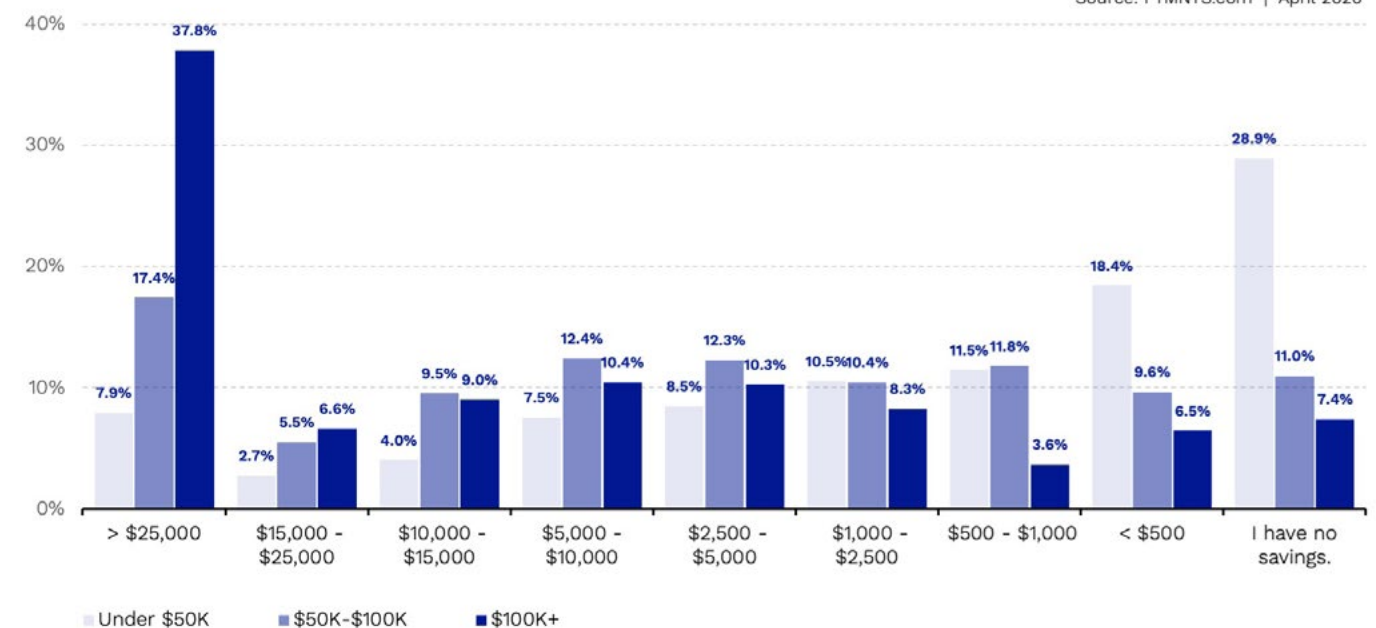


FIGURE 10: HOW MUCH MONEY CONSUMERS HAD IN EMERGENCY SAVINGS
Share who had select savings amounts to cover emergency expenses, by income level

Source: PYMNTS.com | April 2020



CONCERNS AND RESPONSES

A FAR GREATER SHARE OF CONSUMERS LISTED DYING AS THEIR MAIN CONCERN RATHER THAN LOSING THEIR JOBS.

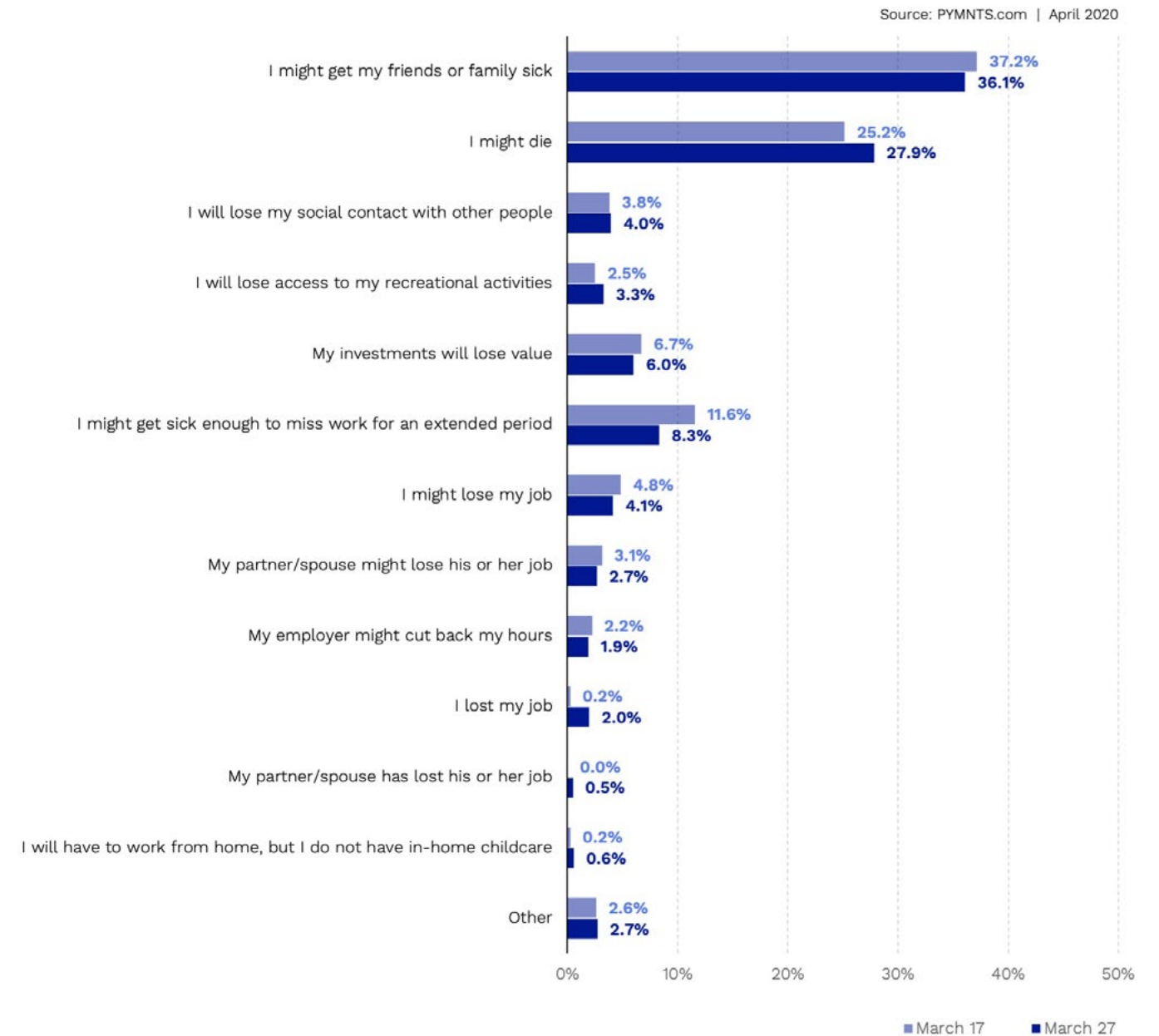
Greater shares of consumers indicated dying from COVID-19 and infecting other people were their top concerns compared to those who listed unemployment as their main worry in the face of the pandemic. We found that 36.1 percent of consumers cited infecting other people as their biggest concern, while 27.9 percent reported dying as their main worry. This compared to just 4.1 percent who said losing a job was their biggest fear.

Our latest survey showed a notable increase in the share of consumers who cited dying from the virus as their biggest concern. We found that 25.5 percent of consumers listed this as their main concern on March 17, compared to the 27.9 percent of respondents who did so on March 27.



FIGURE 11: CONSUMERS' TOP CONCERNS REGARDING THE COVID-19 PANDEMIC

Share who cited select factors as their biggest causes for concern, by factor



CONCERNS AND RESPONSES

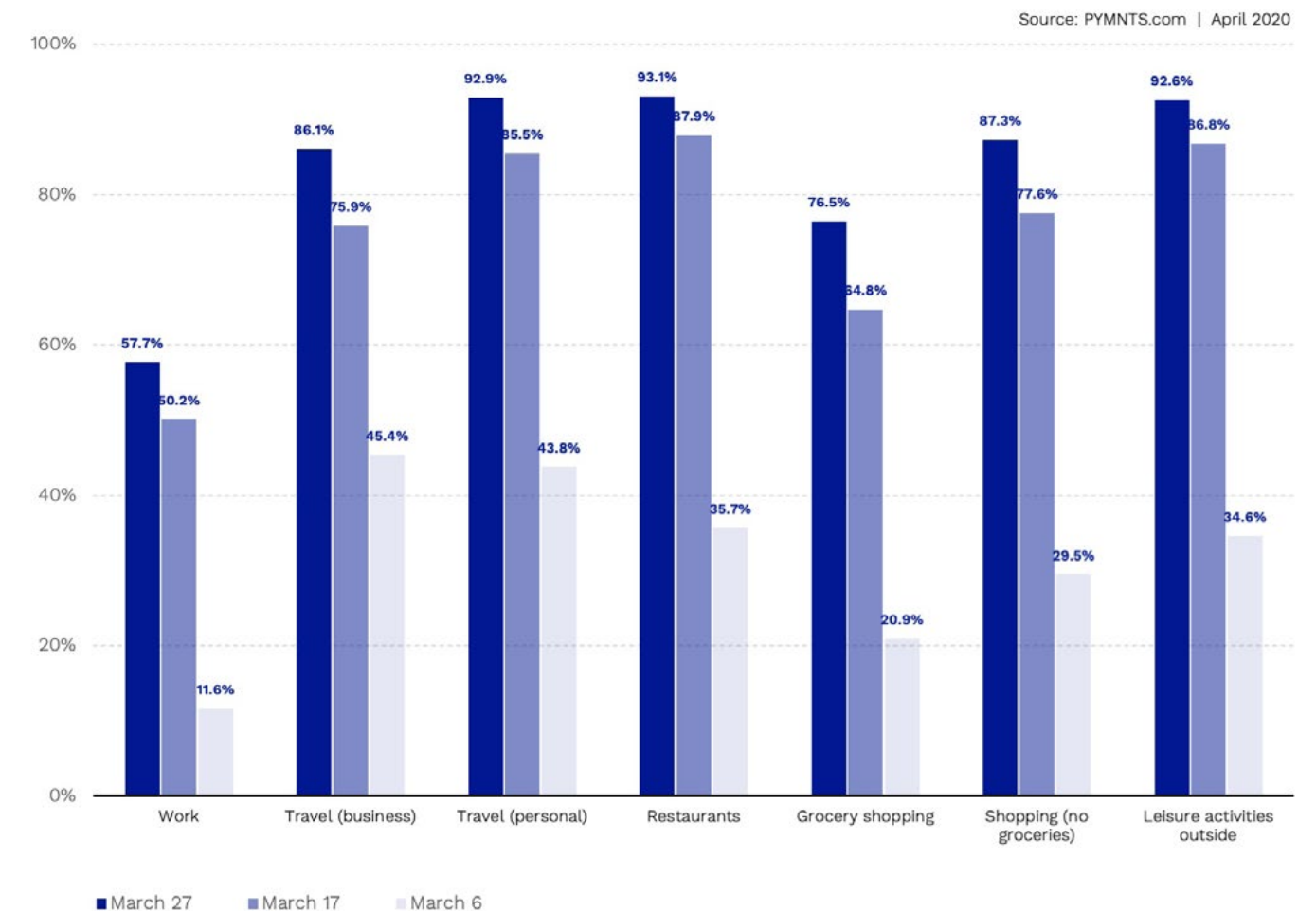
CONSUMERS WERE AVOIDING BOTH ESSENTIAL AND NON-ESSENTIAL ACTIVITIES.

Consumers have been less frequently engaging in non-essential activities as the pandemic advances. Our latest findings showed that 93.1 percent of consumers reported eating at restaurants less often than they did before the pandemic, for example. This was an increase from the 87.9 percent who reported eating at restaurants less often on March 17 and the 35.7 percent who said the same on March 6.

We have even seen a steady decrease in the share of consumers who report performing essential activities, such as shopping for groceries and working. Our latest research showed that 76.5 percent of consumers were shopping for groceries less often than they did before the pandemic, up from the 64.8 percent who said the same on March 17 and the 20.9 percent who said so on March 6. The share who reported working less often also increased in that time, reaching its highest point on March 27, when 57.7 percent of consumers reported working less often than they did before the pandemic. This compared to 50.2 percent who reported working less often on March 17 and 11.6 percent who did so on March 6.

FIGURE 12: CONSUMERS' PROPENSITY TOWARD ENGAGING IN SELECT ACTIVITIES OVER TIME

Share who performed select activities "somewhat" or "much" less often than they did before the pandemic, by date



CONCERNS AND RESPONSES

MANY CONSUMERS WHO STILL SHOPPED HAD GONE ONLINE TO DO SO.

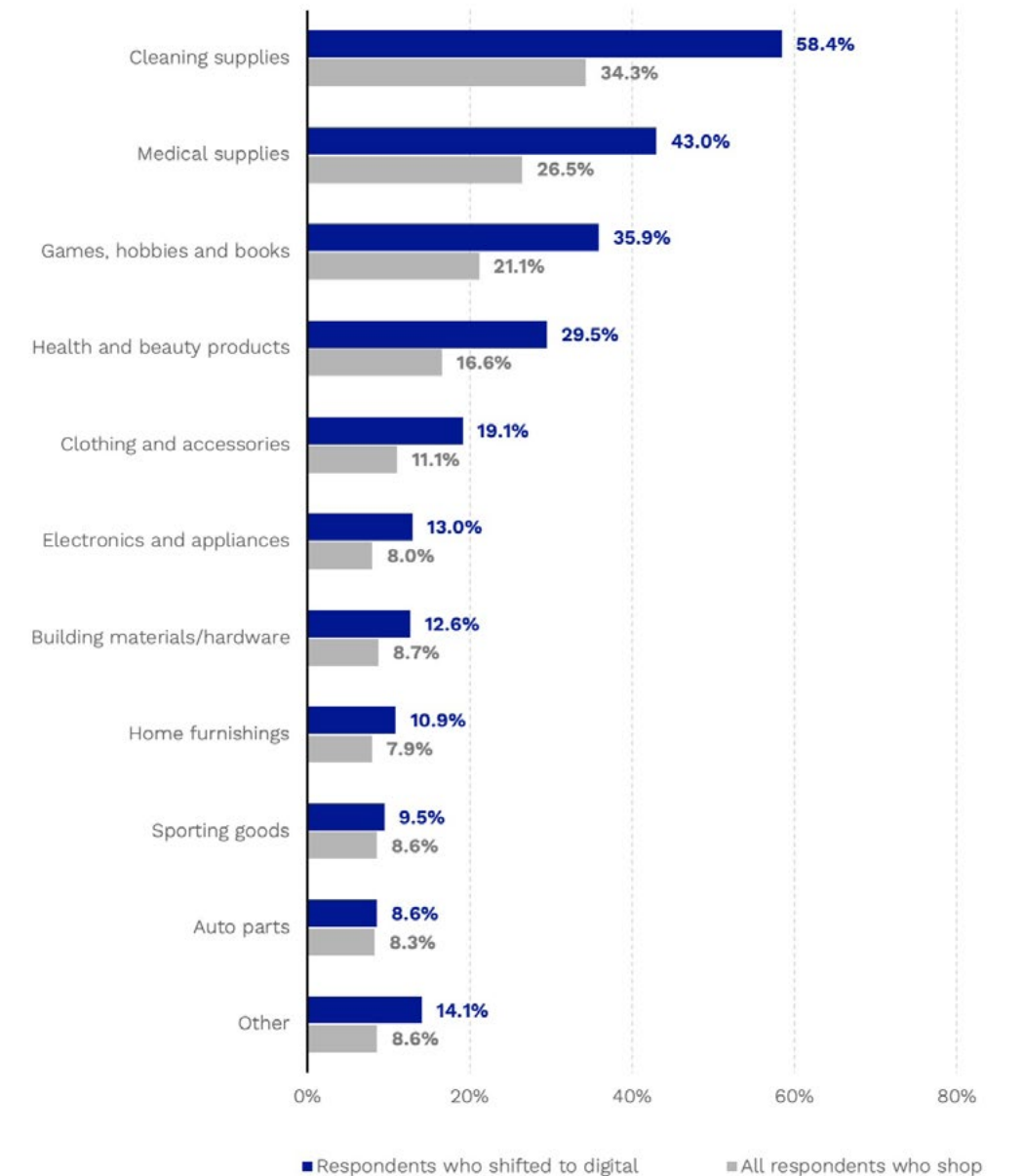
The COVID-19 pandemic has changed how consumers engage in routine activities as well as how they go about conducting them. Many still shop for the same things they did before the pandemic but have since moved those activities online. Our research showed that 58.4 percent of consumers who bought cleaning supplies both before and after the pandemic began have shifted from buying them in-store to purchasing them online. We also saw that 43 percent of consumers who bought medical supplies in-store have shifted to buying them online. This trend was seen across all other product types purchased by consumers, albeit to a lesser extent.



FIGURE 13: SHIFTS IN CONSUMERS' SHOPPING HABITS AS A RESULT OF THE PANDEMIC

Share who reported using digital channels to purchase select items more now than they did before the pandemic

Source: PYMNTS.com | April 2020



EXPECTATIONS AND SOLUTIONS

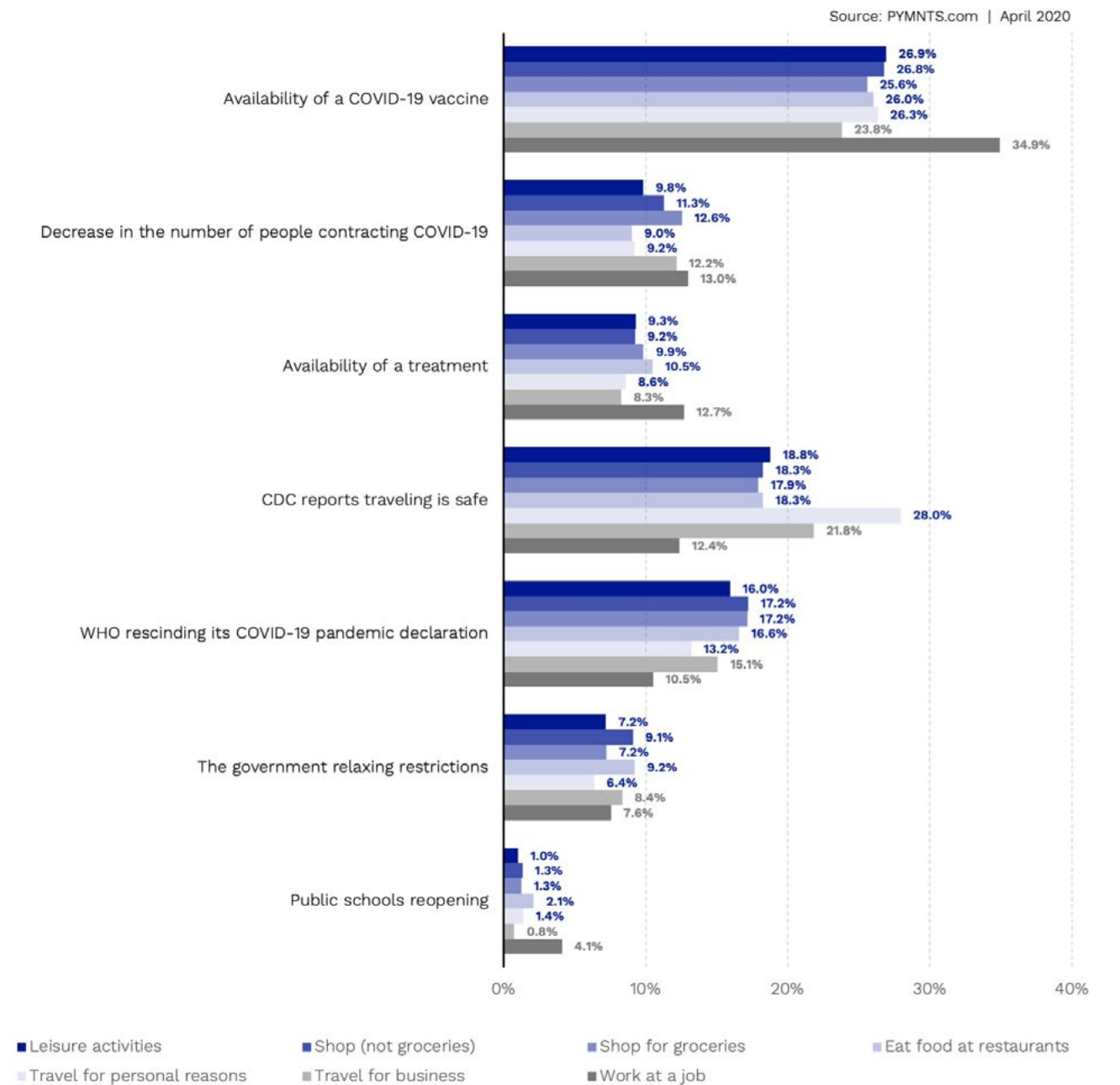
THE GREATEST SHARE OF CONSUMERS STILL SAID THEY WOULD FEEL COMFORTABLE RETURNING TO THEIR ROUTINES ONLY IF A COVID-19 VACCINE WERE AVAILABLE.

The availability of a COVID-19 vaccine was the most important factor consumers identified as making them feel comfortable enough to go back to business as usual across almost all activities. Our latest survey found that 34.9 percent of consumers said having a vaccine would be the most important factor in making them feel comfortable returning to work, and 26.9 percent said a vaccine would be key to making them resume their usual leisurely activities. The lone exception was personal travel, with 28 percent of consumers indicating that a Centers for Disease Control (CDC) declaration that it was safe to travel was the most important factor in encouraging them to do so. This compared to 26.3 percent who said a vaccine was the top factor that would encourage them to do so.

A CDC declaration that it was safe to travel was the second-most commonly cited event consumers required before they would return to most of their usual activities. Our research showed that 21.8 percent said they most wanted the CDC's approval before resuming business travel. This underscored that consumers were still more concerned about the pandemic's health implications than they were about its broader effects on the economy and their routines.



FIGURE 14: WHAT CONSUMERS REQUIRED TO FEEL COMFORTABLE RETURNING TO THEIR ROUTINE ACTIVITIES
Share who cited select events as the most important that must occur for them to return to their normal routines, by activity



EXPECTATIONS AND SOLUTIONS

CONSUMERS WANTED THE GOVERNMENT TO SUPPORT SMBs DURING THE CRISIS.

Consumers' concerns about how the pandemic might affect their health and the health of those around them trumped their economic and social qualms, but they were also worried about its economic repercussions. The majority of consumers believed the government should actively mitigate the virus's economic impact, and supporting small and mid-sized businesses (SMBs) was the most common measure they believed it should take to help protect the economy. Our latest survey found that 64.1 percent of consumers believed the government should provide funding to help SMBs cope with the crisis. Many also felt the government should waive fees and interest rates, with 55.5 percent saying the government should waive all interest expenses for three months and 49 percent saying all credit card payments should be waived for the same length of time.

Different generations tended to have varying ideas about which mitigation measures the government should take, however. Baby boomers and seniors were the most likely to say the government should provide funds to save small businesses, for example, with 75 percent saying so. This compares to just 55.1 percent of millennials who said the same. Millennials were the most likely to say that all rent payments should be waived for three months, with 54.4 percent saying so. Generation X meanwhile stood out as the group most likely to believe that all credit card and mortgage payments should be waived for three months. These measures were cited by 54.9 percent and 55.1 percent of Gen X as steps the government should take to soften the pandemic's financial blow, respectively.

FIGURE 15: THE STEPS CONSUMERS BELIEVED THE GOVERNMENT SHOULD TAKE TO PROTECT THE ECONOMY
Share who said they wanted the government to enact select measures to help protect the economy

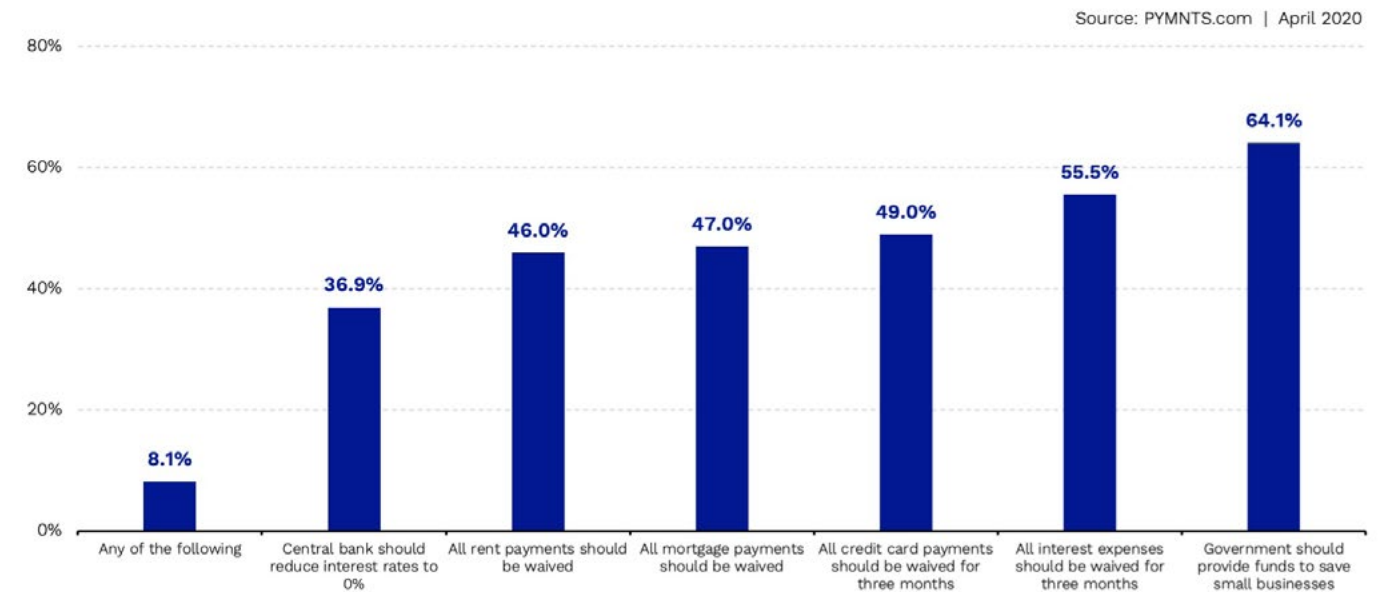
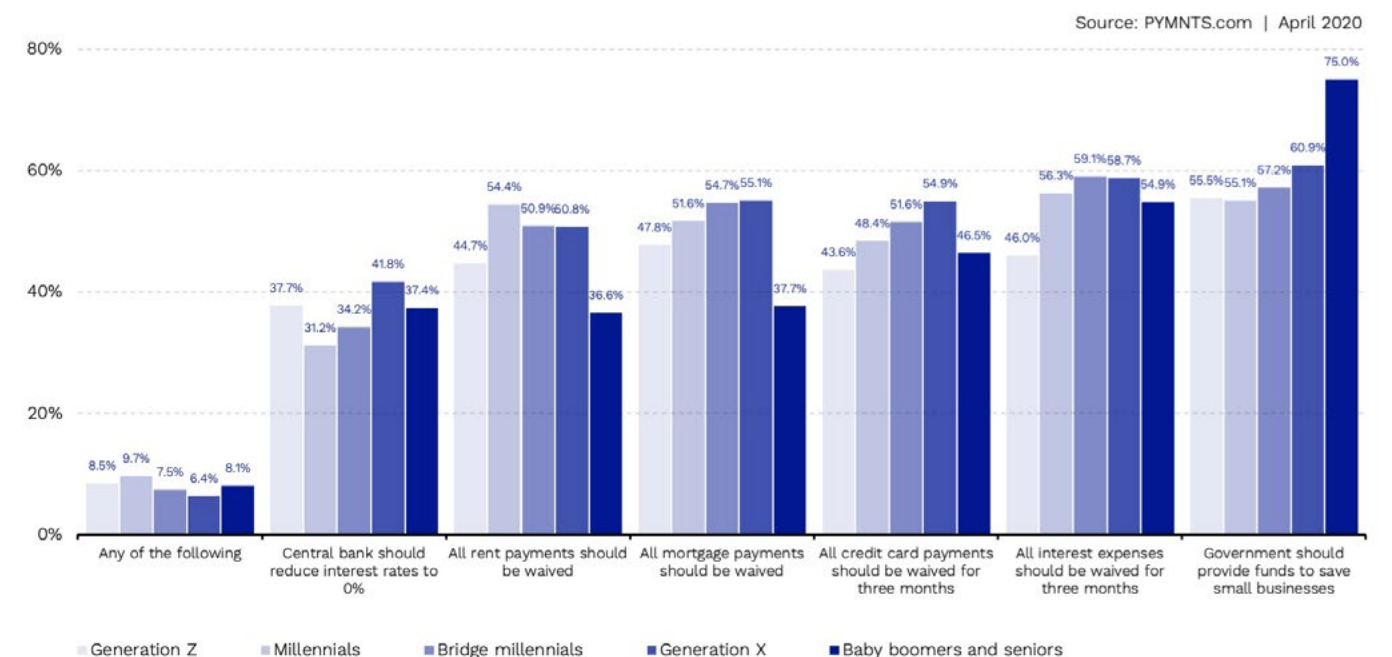
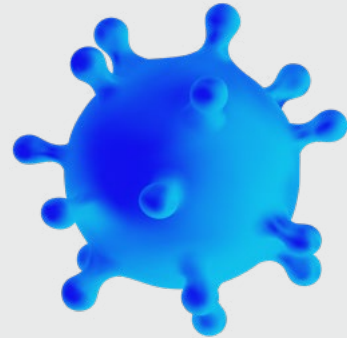


FIGURE 16: THE STEPS CONSUMERS BELIEVED THE GOVERNMENT SHOULD TAKE TO PROTECT THE ECONOMY
Share who said they wanted the government to enact select measures to help protect the economy, by generation



METHODOLOGY



PYMNTS issued a survey to a census-balanced panel of 2,118 U.S. residents on March 27 as a follow-up to its March 6 and March 17 surveys, which examined consumers' behavioral changes following the COVID-19 outbreak. Respondents were 47.2 years old on average. Fifty-two percent were female, and 32.6 percent held college degrees. We also collected data from inhabitants of every type of residential environment, with 18 percent of respondents hailing from large, urban areas, 14 percent from large cities, 21.1 percent from small towns and 18 percent from rural areas.

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