

# COVID-19 BUSINESS RECOVERY REPORT



MAY 2020

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# COVID-19 BUSINESS RECOVERY REPORT

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Information on [PYMNTS.com](https://pymnts.com) and American Express

## Acknowledgment

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**WHAT'S  
INSIDE**

The COVID-19 pandemic is rapidly changing commerce as businesses shut their doors to keep employees and customers safe, and these shifts are creating serious financial challenges. Many companies are quickly pivoting their business models and adjusting services to maintain some of their revenues during the outbreak and prepare themselves for comebacks once the crisis ends. Gyms and fitness clubs are launching virtual classes, for example, while restaurants are focusing on takeout and delivery orders and travel companies are [exploring](#) whether more flexible cancellation plans will entice business travelers to book future trips. Even healthcare organizations are rethinking their revenue and treatment models to safely and conveniently provide services via digital channels.

Businesses across numerous sectors are extending remote services and redesigning their operations to maintain visibility, and these moves require software providers' support. Fitness centers that typically accept payments for on-site classes need to adopt methods that allow consumers to pay for virtual offerings, and some are turning to payment facilitators to do so. Restaurants are also reimagining their transaction experiences, with many [encouraging](#) contactless digital payments while forgoing cash due to concerns that the virus can linger on paper.

Governments can also step in to improve payment experiences. Healthcare providers are

better able to provide remote services via digital channels when governments [compel](#) insurance firms to cover such treatments, for example. Both businesses and governments are also [tapping](#) crowdfunding platforms and payment processing software providers to help them receive donations. Private companies, meanwhile, are accepting donations for their workers, and governments and nonprofits have similarly been [soliciting](#) online contributions for COVID-19 relief funds. Such developments show that organizations must go digital and explore various revenue approaches to outlast the pandemic, and that the right payment tools can ease their transitions.

### **OTHER COVID-19 BUSINESS RECOVERY DEVELOPMENTS**

Local stores are receiving donations from loyal customers to help them pay workers and reopen once the pandemic subsides. Crowdfunding payments facilitator GoFundMe recently [partnered](#) with search engine Bing to help stores ask for and accept such contributions. The collaboration lets companies update their Bing search listings with donation buttons that appear next to their store profiles.

Enabling online payments is also key for fitness clubs [launching](#) virtual classes where instructors livestream guided exercises. Digital class bookings and management software providers such as Vermont-based Punchpass are helping companies stay organized and accept payments as they go virtual. Home workout

services are even helping some fitness centers reach new customers, as these centers can now connect with individuals who live far away. Successfully expanding their reaches could ultimately inspire fitness centers to continue providing virtual content even after they reopen.

Companies can also make their offerings more appealing by accommodating consumers who are coping with uncertain situations. The travel industry has been particularly affected by the pandemic because customers do not know when or where it will be safe to travel in the coming weeks and months. One business travel bookings company, TravelPerk, has been [highlighting](#) its travel protection product in more markets to appeal to wary travelers. Customers who purchase it can recoup most of their funds if they decide to cancel, which may make them more willing to schedule trips.

For more on these and other COVID-19 business recovery headlines, read the report's News and Trends section (p. 14).

### **FITNESS CENTERS STRETCH THEIR BUSINESS MODELS, FIND NEW STRENGTHS DURING PANDEMIC**

Gyms' and fitness clubs' revenue streams have slowed to trickles during the pandemic as members follow stay-at-home orders and social distancing protocols as well as states' mandated temporary closures of nonessential businesses. Fitness center operators may be unable to offer on-site classes and services, but the situation is not preventing them from turning to payment facilitators to launch digital

offerings. For this report's Feature Story (p. 8), Ryon Packer, chief product officer at fitness industry-focused payment and club membership management software provider [ABC Financial](#), explains how payment partners are helping gyms rethink their operating models, why the sector will emerge with expanded service approaches and what it will take for clubs to remain competitive.

### **DEEP DIVE: BUSINESSES REDESIGN PAYMENTS, OPERATIONS TO SURVIVE THE PANDEMIC**

Businesses are trying a variety of tactics to stay in operation and weather the COVID-19 pandemic. Some restaurants are promoting gift cards, which can be significant money-makers because 80 percent of patrons using gift cards spend beyond the cards' stored values. Other eateries are asking for donations via digital wallets like Venmo or offering items not found on their normal menus that range from ingredients like flour to household items like toilet paper. Gyms are also getting innovative, with some renting out stationary bikes and other equipment that would otherwise go unused during lockdowns. Fitness businesses that already had online offerings have also experienced boosts, with one home workout company reporting that it experienced a 200 percent year-over-year jump in subscription sign-ups in March alone. This report's Deep Dive (p. 22) digs into these and other strategies that businesses in the entertainment, food service, fitness and healthcare sectors are adopting as they adjust to new realities.

# FIVE FAST FACTS

## 37

Number of states that require private insurance providers to cover telehealth appointments as they would in-person services

## 50%

Rise in telehealth sessions made in the U.S. during March 2020

## 32%

Share of Global Business Travel Association members who expect business travel levels to normalize within two months

## \$1B

Value of digital wallet transactions made in March

## 31.6%

Share of SMBs expecting to rely "much more" on eCommerce after the pandemic

## Executive INSIGHT

**To what extent do you expect the COVID-19 pandemic to permanently change consumers' payment and commerce behaviors, and how can payment facilitators help merchants prepare for these shifts?**

"The COVID-19 pandemic has changed consumers' payment and commerce behaviors significantly. Contactless and digital payment options are likely to continue gaining traction as more sanitary [alternatives] to cash, checks and traditional POS chip-and-swipe interactions [and also provide] the added benefit of [greater] convenience. Another change [is that] the significant move to digital, which would normally occur over years, has been condensed into weeks. Consumers with established habits are now trying new eCommerce experiences to obtain goods and services, and [they] may prefer [to] continue these new habits after the pandemic subsides.

Payment facilitators can help merchants by offering a comprehensive suite of payment options that reduce physical interactions at the point of purchase and allow customers to use their payment of choice. They can also help merchants capitalize on the shift toward eCommerce by providing a robust online offering with flexible and scalable capabilities. [This can help] brick-and-mortar merchants [in expanding] their reaches and resilience. While not all new [consumer purchasing] behaviors will become permanent, some will certainly continue beyond recovery and become part of the new normal for which payment facilitators can help prepare their merchants."

### ALLISON KEANE

director of U.S. partner acquisition at [American Express](#)

The background is a solid blue color with various semi-transparent geometric shapes, including rectangles and a large, stylized number '5' in the lower half. The shapes are in different shades of blue, creating a layered effect.

# **FEATURE** STORY



## Fitness Centers Stretch Their Business Models, Build New Strengths Amid COVID-19 Pandemic

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Keeping the public safe during the COVID-19 pandemic means ensuring consumers stay home to avoid further spreading the virus through person-to-person contact. Exercise enthusiasts must thus avoid gyms and fitness clubs, causing income shortages for fitness firms that traditionally rely on membership subscriptions, training revenues and retail sales during customer visits.

Fitness centers are feeling the pain from sudden revenue drops as on-site operations cease, but they may be able to build new business strengths with creative approaches and the support of payment partners. Each gym has its own income model, with some focusing almost exclusively on recurring payments like memberships and others supplementing their revenue streams with on-site retail offerings

like personal training, smoothies or group exercise. None of these sources have fared well during the pandemic, however, as public health officials are still advising against visiting public spaces, and many governors have ordered nonessential businesses — including fitness centers — to temporarily close. Several states' attorneys general have also [instructed](#) fitness providers to let customers cancel memberships, issue refunds for unused services or [suspend](#) fee collections while they remain closed.

“For many [clients], their point-of-sale transactions have just gone to zero,” Ryon Packer, chief product officer at fitness industry-focused payment and club membership management software provider [ABC Financial](#), told PYMNTS in a recent interview. “The industry is just shut

down, [and more than 95 percent of it] is literally closed and has stopped billing.”

At-home or remote workout content streaming is not new to club operators, but the closures have dramatically accelerated the adoption of these solutions. The businesses are focusing on these offerings so they can bring in revenues during the pandemic and prepare for new commercial realities once they reopen their physical locations, Packer explained. He believes the industry will rebound but that its businesses will not look the same in the post-COVID-19 era. Payment companies must therefore be ready to help their fitness center clients shift their revenue models to suit the new commercial landscape.

### **FLEXIBILITY TRAINING FOR BUSINESS FORMATS**

Reaching out online is helping clubs endure the shutdown. Some are asking loyal customers to donate the amounts they would have spent on memberships, for example, and are launching online payment capabilities to enable this, Packer explained. These centers are also looking to capture some of their physical operations’ core appeals and deliver them virtually, creating online classes to keep customers engaged with their favorite instructors and workouts.

“[The physical] club can no longer just be that single brick-and-mortar destination, and online classes allow the club to extend into members’

living rooms or hotel rooms. The physical club retains the role of being the hub of the members’ fitness world,” Packer said. “The club can still provide education, training, community, inspiration [and] motivation.”

Instructors are now working to stream classes online in real time or on demand, and trainers are staying in touch with clients via phone or video calls. Some clubs are even lending gear to members to help them complete workouts at home, Packer added, keeping them more engaged with their instructors and fostering loyalty that might inspire them to donate now and return to venues once they reopen.

Payment facilitators can be key to offering clubs access to new business models, Packer said, helping them provide an array of revenue cycle management services, including automated recurring billing processes, delinquencies remediation and streamlined member-facing support and communication. Payments facilitators also can offer dashboards and reporting functions that enable businesses to get sales insights and make decisions. These payments companies need to have detailed knowledge of their clients’ industries to serve them well, he added.

“It’s too easy to apply universal risk ratings that can cripple ... your client[s] [in certain] industries and not provide enough coverage for [clients in] others,” Packer said.



Current economic uncertainties have prompted some payment providers to reassess such risks and hold more of their clients' funds than usual, though. Customers might file chargebacks if their accounts are charged while clubs are closed, for example, or if they believe fraudsters made payments using their payment details. Payments facilitators may be concerned that their clients will experience higher-than-usual chargeback volumes while also receiving little new revenue to pay them. They must thus balance holding onto larger shares of clients' received payments with not retaining so much that they stymie fitness clients' recovery efforts.

"We've heard of different [payment] companies [that] have ... put almost punitive types of holdbacks against the fitness industry, and these excessive holdbacks then become contributors to putting the clubs' businesses at risk,"

Packer said. "[That's] because if their revenues are being held back by their payment providers, [gyms] aren't getting the revenues in the door to be able to pay employees or handle the additional cleaning requirements that are being brought about by the [Centers for Disease Control and Prevention] and other guidelines."

Serving the fitness sector still carries risks, but payment providers may be overestimating their extent, he added. Fitness centers' revenue streams are often less secure than those of grocers, for example, because the latter provide necessary goods. Workout enthusiasts are generally consistent in their desire for exercise offerings, however, and a notable share will likely continue spending with these businesses once life returns to normal.

"[Fitness clubs] have a higher risk factor associated with them compared to recurring-revenue businesses [that operate with fixed-length

customer contracts],” Packer acknowledged. “The health and fitness sector is certainly a different business model, but the risks are manageable. [Payment facilitators] need to understand how the industry works and how to judge that so [they] are treating [these businesses] correctly and not overstepping [their] bounds.”

Recognizing customers’ purchasing patterns will help facilitators set more reasonable hold-back levels. Those with good understandings of their fitness clients’ businesses can more accurately determine how much money to keep in reserve. They should also extend payment capabilities that support gyms and clubs designing new revenue models to put these businesses on faster tracks to recovery.

### **AIMING FOR ACTIVE RECOVERY**

The COVID-19 pandemic has inspired more gyms and fitness centers to offer digital classes and content, but some had ventured into virtual offerings prior to the outbreak. Customers at that time still showed interest in visiting

clubs in person even while taking advantage of virtual offerings, indicating that they are likely to return to using multiple channels to access services once the pandemic ends, Packer said. He believes that clubs’ social environments will hold continued appeal to consumers, giving physical offerings staying power. He thus predicted that the fitness industry will become more omnichannel, requiring health clubs to compete by offering both in-person and virtual offerings.

“There’s [already] been a move toward omni-fitness or a hybrid type of approach that can combine what you want to do in a health club with what you do outside of a health club,” he said. “The pandemic has certainly pushed and accelerated that move substantially.”

Physical clubs’ social environments are likely to remain the main draw for consumers, but Packer expects these businesses to continue extending digital offerings. Those that launched online training video libraries during the pandemic are likely to keep them available and may even continue offering new digital



classes. Payment facilitators can help fitness clients provide both digital and in-person services, too.

“The last thing [club operators] want is to say, ‘I have this great idea that I think will make me very successful in the marketplace,’ and have their payment partners say, ‘Those are really cool ideas but we can’t do that, so you can’t do that,’” Packer explained. “They need the flexibility to really be creative to differentiate in their markets and pull all these capabilities together to build something that will allow them to recover and perform above their peer groups.”

The public safety needs created by the COVID-19 pandemic are stressing the industry, but fitness clubs and members are looking to stay active and engaged with their gym communities. Consumers are embracing digital offerings to get remote access while they cannot work out at physical locations, but they will likely return to in-person gym services and more connected exercise opportunities as soon as they can. They will likely still take advantage of digital offerings to keep them moving when they do not have the time to visit in person, too. This means that the fitness clubs that can work with their payment providers to offer services now have better chances of emerging with new digital strengths and omnichannel propositions.

## Under The Hood

### *To what extent do you expect fitness customers to return to normal levels of patronage after the pandemic?*

“There is certainly going to be a near-term impact on the fitness industry. During the closures, the clubs stopped selling new memberships. At the same time, the prevalence of information about closures and [customers’] concerns about the pandemic fueled a continuation of cancellations and member account freezes. Additionally, there are members who have gone through job changes [or] pay cuts or [who are] just not comfortable with that social environment. But I read a financial report just a few weeks ago, [however,] that showed ... industries that were doing quite well [include] grocery [and] fast food. The fast food one caught my eye: How many people are going through the pandemic and when they get to the other side will be saying, ‘I’ve got to get back into the gym, I’ve got to get back into shape, I’ve got to start moving again?’ That could create a surge and create much better things for us than when we entered the pandemic.

There are enough variables that we don’t know what it will be like when [business] comes back, but there’s reason to believe it will be a positive thing. [This will be especially true for] those people in the industry [who] are being creative and energetic about how they are bringing solutions to the marketplace — [especially if they] are backed by [companies] that provide the services, support and technologies that they need to enable their visions of what they want to be and make their unique operating model work.”

#### **RYON PACKER**

chief product officer at [ABC Financial](#)

**NEWS &  
TRENDS**

## Relief fund acceptance

### **BING, GOFUNDME COLLABORATE TO ENCOURAGE FUNDRAISING FOR LOCAL BUSINESSES**

A multitude of businesses have temporarily closed, reduced their operating hours or shifted their service models to protect the wellbeing of staff members and customers and to comply with stay-at-home orders. Small firms tend to have limited financial resources, however, and may operate in industries with traditionally slim margins such as food service. Local retailers, restaurants and other operations are thus asking customers to pitch in what they can to help businesses endure until commerce normalizes.

Crowdfunding facilitator GoFundMe and Bing Places for Business — the business listing branch of search engine Bing — recently [teamed up](#) to support such efforts. The latter service allows businesses to make accounts and profiles that consumers see in web searches, and firms can now adjust their profiles so customers can access GoFundMe donation buttons displayed alongside business details. Consumers that click the buttons are directed to GoFundMe campaigns to make contributions.

### **PAYMENT FACILITATORS EASE CHARITABLE GIVING TO LOCAL GOVERNMENT RELIEF FUNDS**

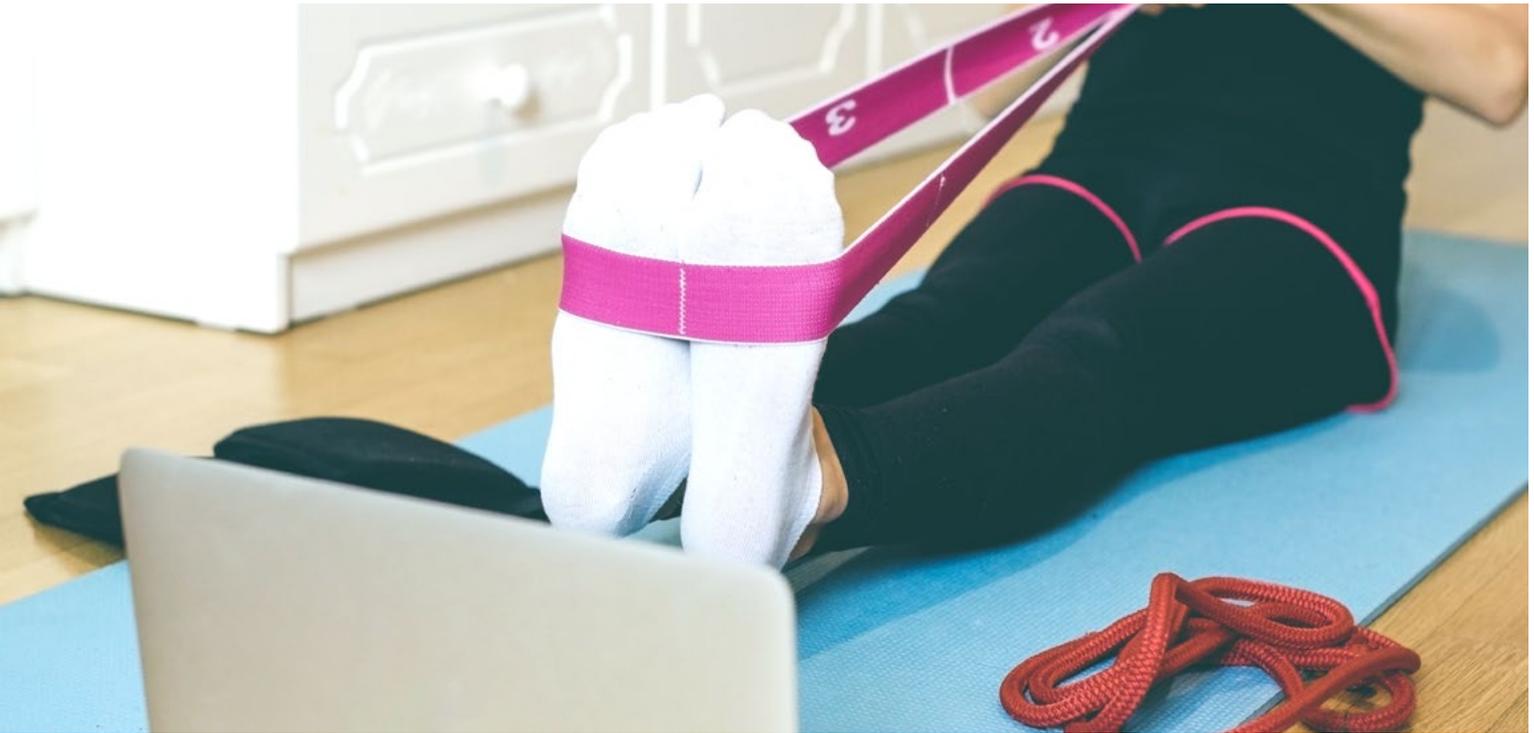
Governments are well aware that some consumers are struggling financially and are

forgoing traditional commerce channels. This is prompting many businesses to suspend or reduce their operations, causing rises in unemployment rates and furloughs as well as cuts to pay and benefits, and local governments are responding to these hardships by addressing residents' new financial needs.

The Massachusetts cities of Boston and Cambridge have established emergency relief funds to help residents affected by the pandemic, [turning](#) to online payment platform provider Invoice Cloud to enable cloud-based payments software that allows them to accept donations. The provider is also encouraging more contributions through its products, covering automated clearing house (ACH) fees and offering free support to biller clients implementing online donation options. Invoice Cloud serves clients in the healthcare, local government and nonprofit sectors, among others.

### **TRANSFERGO, IFX PARTNER TO HELP LITHUANIA'S PANDEMIC EMERGENCY FUND PROCESS CONTRIBUTIONS**

Aid efforts are underway in Europe, as well. Digital remittance services provider TransferGo [announced](#) a collaboration with IFX Payments — a United Kingdom-based foreign exchange, FinTech and payment solutions provider — to help the Lithuanian government quickly receive pandemic relief contributions. The former will use the latter's digital bank routing technology to process donations to the country's



COVID-19 Consequence Reduction Fund. Nicholas Williams, CEO of IFX Payments, said the move will swiftly and cost-effectively send the contributions – accepted in 39 currencies – to the Bank of Lithuania to aid “those on the front line.” Lithuania’s fund was [established](#) as part of the government’s March 16 stimulus and relief package.

## Virtual wellness

### YOGA STUDIOS GO GLOBAL WITH ONLINE BOOKINGS, PAYMENT SOFTWARE

Donations can offer needed funds to residents and businesses, but not all companies rely on them to bolster their revenues. Gyms and fitness studios that have temporarily shuttered are finding ways to move at least some of their services online. This includes Vermont-based

Hot Yoga Burlington, which [turned](#) to software solution provider Punchpass for help. The latter offers class-booking management and payment acceptance software, and it added Zoom capabilities to its platform in March. The added feature enables fitness instructors to automatically send clients invites to Zoom-based workouts, and Hot Yoga Burlington currently offers free classes with a \$25 suggested monthly donation price.

Punchpass founder Chris Patton said offering online classes enables fitness studios to expand their reaches and generate business from customers who would not be able to attend in-person sessions. Instructors can enroll former customers who move out of state, for example, as well as recruit new, long-distance ones.

## FITNESS CLASS BOOKING PROVIDER REVAMPS APPROACH TO REACH REMOTE CONSUMERS

Fitness class booking and membership billing aggregator ClassPass has also [adjusted](#) its services to keep revenues steady for itself and its health club partners. The platform allows users to book in-person fitness classes, but no such bookings are being made because almost all gyms have temporarily shuttered. ClassPass faced a wave of membership cancellations and suspensions from customers who did not want to keep paying for services that no longer existed during the pandemic. The company responded by removing cancellation fees and launching services customers could use.

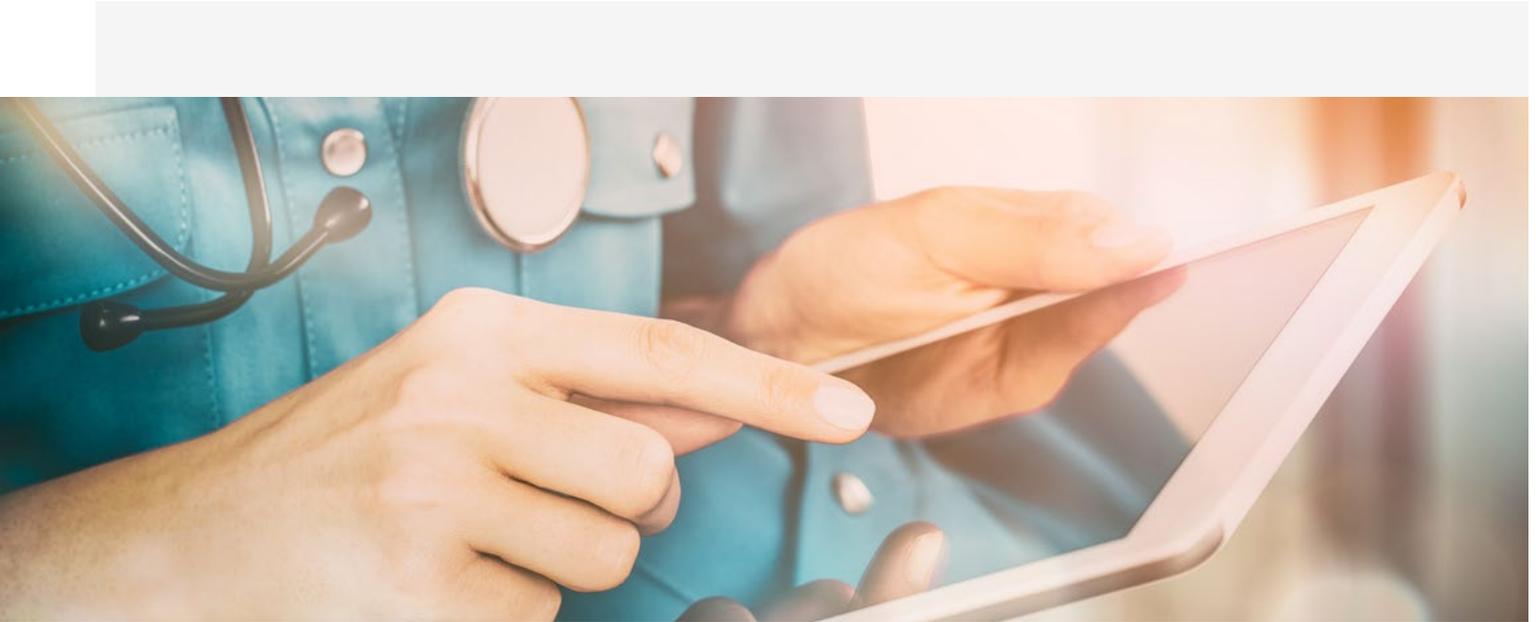
ClassPass has since pivoted to support booking and payments for live virtual classes. Fitness center partners have been responsive to the new offering, with 1,500 such businesses signing on for the digital class-booking service within a week of its launch. ClassPass' shift has enabled it to retain some revenues, as live workout sessions – even remote ones – still appeal to consumers, company CEO Fritz Lanman said in a recent [interview](#) with PYMNTS' Karen Webster. The company also added buttons to its platform that allow users to donate directly to its partners' trainers and instructors.

## Expanding telemedicine

### FLEXIBLE PAYMENT TOOLS EASE HOSPITALS' FINANCIAL PAINS

Hospitals are [facing](#) immense challenges as the COVID-19 pandemic stresses their services, and many healthcare providers are struggling to maintain their budgets. Hospitals often rely on profits from elective procedures to fuel their operations, but the current health crisis has left them unable to conduct nonessential procedures. Healthcare providers may find it difficult to receive payments even for the services they do offer. The [proliferation](#) of high-deductible health insurance plans over the past decade has put patients on the hook for increasingly large shares of their medical payments, and relying on consumers rather than insurance companies to pay large portions of these bills is problematic for hospitals. The costs of employee-sponsored healthcare have [grown](#) far more quickly than wages, meaning patients often struggled to pay their bills even before the pandemic hit.

Hospitals are therefore looking to continue offering care without forcing consumers to choose between physical and financial wellness. More practitioners are exploring remote care options – such as consultation via video-conferencing – and using payments software to enable flexible transactions. Such efforts



could help providers receive more revenues without pushing consumers beyond their means, John Talaga, executive vice president and general manager of healthcare for payments company Flywire, said in a recent [interview](#) with PYMNTS' Karen Webster. Billing systems that enable hospitals to tailor payment plans to customers' financial capabilities – and then adjust those plans in real time – are key, Talaga explained. Healthcare providers without such capabilities may instead have to suspend billing entirely until customers can recover financially.

### **EXPANDED INSURANCE COVERAGE ENCOURAGES TELEMEDICINE ADOPTION**

Remotely conducted doctors' appointments are becoming increasingly popular, and the practice of telemedicine can help patients safely and more conveniently receive care, [said](#) Hill Ferguson, CEO of Doctor On Demand, an app that connects patients with practitioners.

In a recent conversation with PYMNTS' Karen Webster, Ferguson also discussed the barriers to remote health services, including patients' wariness toward them. The pandemic is compelling many consumers to try telemedicine for both physical and mental health support, however.

There is another factor affecting virtual medical services' rise: The requirement that such services comply with the Health Insurance Portability and Accountability Act (HIPAA) has been [suspended](#). The move is intended to help practitioners offer telemedicine options for patients during the COVID-19 pandemic, and it permits them to leverage general-use video chat services like Google Hangouts or FaceTime to conduct appointments. Therapists are still advised to rely on HIPAA-compliant channels, such as Skype for Business and Google Voice, to better safeguard their clients' privacy while extending these services.

Pushing more health insurance companies to cover telehealth treatments' costs could encourage greater adoption of the technology, and 37 states had laws requiring private insurance providers to offer the same level of coverage for in-person and remote appointments as of March. Medicare has also amended its policies to cover more telehealth services.

## Markets and marketplaces

### **SMB RETAILERS, RESTAURANTS GET CREATIVE TO STAY IN BUSINESS**

Local retailers and restaurants are [looking](#) to boost their digital efforts to keep customers engaged, even as they shutter or curtail their in-store operations. Software tools that assist business owners with scheduling social media postings and email marketing campaigns can keep their brands visible, and some firms are even hosting remote events through digital channels.

Jersey City, New Jersey-based indoor market operator Midnight Market recently held a virtual event encouraging customers to order takeout from participating market restaurants, for example. The organization also boosted event participation by livestreaming a DJ set and promoting at-home drink recipes. Such initiatives can help quarantined consumers feel connected and give businesses short-term

revenue boosts as they struggle to stabilize amid the economic turmoil.

### **AIRBNB MOVES TO SUPPORT HOSTS DURING WIDESPREAD CANCELLATIONS**

Businesses are working hard to retain their customers and employees, and marketplaces similarly need to equally protect sellers' and buyers' funds. Homeshare platform Airbnb was recently [reminded](#) of this after it pleased guests but upset hosts by permitting the former to cancel and receive full refunds for bookings that were placed by March 14 and scheduled through May 31.

Airbnb CEO Brian Chesky sent a letter to hosts stating that the move was made to reduce public health risks. Hosts were not notified of the policy change before it was enacted, however, and some were surprised and unhappy about losing out on booking revenues. Airbnb responded to their concerns in late March by offering them 25 percent of the amounts they would have received for cancellations under typical circumstances. The platform also announced a \$10 million fund to help support its top-ranking hosts.



## Keeping travel in motion

### **RAILWAY OPERATOR IMPROVES ITS VENDOR PAYMENT PRACTICES TO SUPPORT SUPPLY CHAIN**

Transportation systems around the world are revising their operations to cope with new realities amid the COVID-19 pandemic. Major U.K. railway operator Network Rail has adjusted its services and business practices to ensure that essential workers can continue to get to their jobs, for example. The company [owns](#) and manages 20,000 miles of railway tracks and 20 major stations, and it has reduced service to discourage discretionary travel.

It has also [announced](#) plans to accelerate suppliers' payments to help them stay afloat financially. Its typical suppliers [range](#) from vendors [providing](#) railway infrastructure to those delivering catering to overnight staff. Business-to-business (B2B) payment timelines can be notoriously [slow](#) across industries – especially for smaller businesses – and the issue is becoming more problematic during the pandemic. Network Rail has thus announced that it will strive to issue “immediate” payments upon approving invoices during the crisis. It anticipates that this will result in small to mid-sized businesses (SMBs) receiving payments seven days earlier than usual, with some suppliers being paid up to 28 days earlier. Clive Berrington, Network Rail's commercial

and procurement director, said such efforts are critical to keeping vendors in operation so that the company has a “strong supply chain when we emerge from this pandemic.”

### **TOUR BOOKING COMPANY EXPERIENCES SHIFT TO NEAR-TERM, LOCAL TRAVEL**

Travel companies focused on tourism and recreational trips have been [shifting](#) their approaches in response to increased public health concerns. Guided tour booking marketplace GetYourGuide, for one, saw business plunge, cancellations rise and purchasing patterns change in mid-March. Customers still taking trips during that month wanted only to travel locally and to schedule near-future trips. It was unclear whether they would opt to travel at later dates, and they seemed less comfortable planning more geographically distant trips. GetYourGuide reported that it saw a 15-percent rise in the number of trips scheduled to take place within three days of their booking dates during the first two weeks of March, however.

CEO Johannes Reck said the company also began enacting more convenient cancellation policies, refunding customers for trips canceled up to 24 hours in advance and offering credit for last-minute cancellations. Reck said digital travel companies that can endure the pandemic will come out ahead, as “just surviving will be a competitive advantage.” He predicted that consumer travel purchasing

would not return to normal until at least the summer of next year.

### **CANCELLATION COVERAGE KEEPS BUSINESSES TRAVELING**

Business travel booking startup TravelPerk has been similarly affected by customers’ reluctance to travel, leading it to focus on [promoting](#) its cancellation protection product, FlexiPerk. Customers who purchase FlexiPerk receive 80 percent refunds on cancellations, including those due to the pandemic. The offering is intended to encourage consumers to make long-term business travel plans without feeling they will risk significant amounts of money. The company’s business customers may still be compelled to take trips during the pandemic, but these travelers also have to wrestle with shifting access to airports and even countries as governments attempt to control the virus’s spread.

FlexiPerk debuted in the summer of 2019 and has become increasingly crucial for TravelPerk. The company is working to expand the product’s reach and began offering it to customers across the European Union and in Switzerland in April. FlexiPerk was previously available only to customers in Germany, France, the U.S. and the U.K.

**DEEP**  
**DIVE**

## How Businesses Are Redesigning Payments To Survive The Pandemic

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The COVID-19 pandemic has sent the entertainment, fitness and restaurant sectors scrambling to adapt their revenue models and maintain customers' loyalty during lockdowns. Business owners in these industries are learning how to survive financially as consumers abide by stay-at-home orders, all while preparing to restore their operations and afford payroll, utilities and other needs once doors reopen. These firms must therefore rethink how they offer services to retain as many customers and employees as possible.

The healthcare sector's service model has also been deeply affected, with many patients [avoiding](#) health clinics and hospital visits for fear of being exposed to the virus. Doctors, dentists, nurses, therapists and other health practitioners realize patients still require support for their health concerns, and many are therefore turning to digital technologies that offer remote care such as telehealth appointments.

This month's Deep Dive explores how these four business sectors are adjusting to continue delivering services and receiving payments. It also examines how businesses that have not traditionally leveraged mobile and online

methods are launching and managing these new payment flows, and it examines the payment tools and software that can help.

### **FITNESS AND HEALTHCARE GO VIRTUAL**

Most gyms' and fitness centers' operations are based on providing customers with equipment and exercise classes on premises, but such models have evaporated as nonessential businesses see temporary closures. Wellness operations around the globe are instead shifting toward virtual classes, with fitness studios and individual practitioners charging per-class or weekly fees. Cloud-based workout scheduling and business management software providers are stepping in to enable these shifts. Consumers' uptake has been strong, with software-as-a-service (SaaS) provider MINDBODY reportedly [handling](#) between 125,000 to 200,000 digital classes daily between March 31 and April 7, for example.

Several spin studios have [taken](#) different approaches to maintaining revenues, with some [renting](#) out their stationary bikes for monthly fees and delivering them to consumers via U-Haul trucks. This approach is allowing

the businesses to monetize equipment that would otherwise be gathering dust in shuttered studios. Still other fitness businesses are emulating the gift card model and [offering](#) clients discounts to purchase classes they can take once studios reopen.

Healthcare providers are also exploring digital means to continue serving customers who do not require in-person visits. These practitioners are now remotely [offering](#) care and consultation via apps, chatbots, emails, texts and video-based communications, and many are also [enabling](#) digital prescription ordering. Extending remote service is only half the battle, however, as healthcare providers must also accommodate financially strained consumers. Some clinics are thus [turning](#) to payment service providers to offer installment payment plans and adjust or suspend repayment timelines. This approach enables hospitals to keep receiving revenues for their work while easing the pressure on cash-strapped consumers.

### **RESTAURANTS DELIVER DINNER, DRINKS AND TOILET PAPER**

Restaurants are also adjusting to serve remote customers, and venues that previously lacked order-ahead or delivery services are [turning](#) to free software to help them accept, manage and receive payments for orders. Eateries are also designing delivery approaches to accommodate social distancing needs, with no-contact

drop-offs in which meals are left at customers' doorsteps. Most are also [discouraging](#) cash tips or payments due to concerns that the virus can linger on paper.

Restaurants are also experimenting with what they deliver, with some offering limited menus, bulk ingredient and item purchases or alcoholic products. Eateries' supply chains [differ](#) from those of convenience and grocery stores, and they have therefore not experienced the same inventory depletions from consumer purchasing spikes. This has [prompted](#) some restaurants allow consumers to add toilet paper, soap and pantry supplies like flour to their delivery orders.

Some are promoting the sale of gift cards, as these products can give immediate cash infusions to help restaurants pay their staff and also show business owners that customers will return once venues reopen. Gift cards can also help restaurants generate additional revenue beyond sales prices, as 80 percent of restaurant gift card holders [reportedly](#) spend more than the amount stored on the cards when using them. Other restaurants are [asking](#) for Venmo donations to support cooks, waitstaff and other employees during the COVID-19 pandemic.

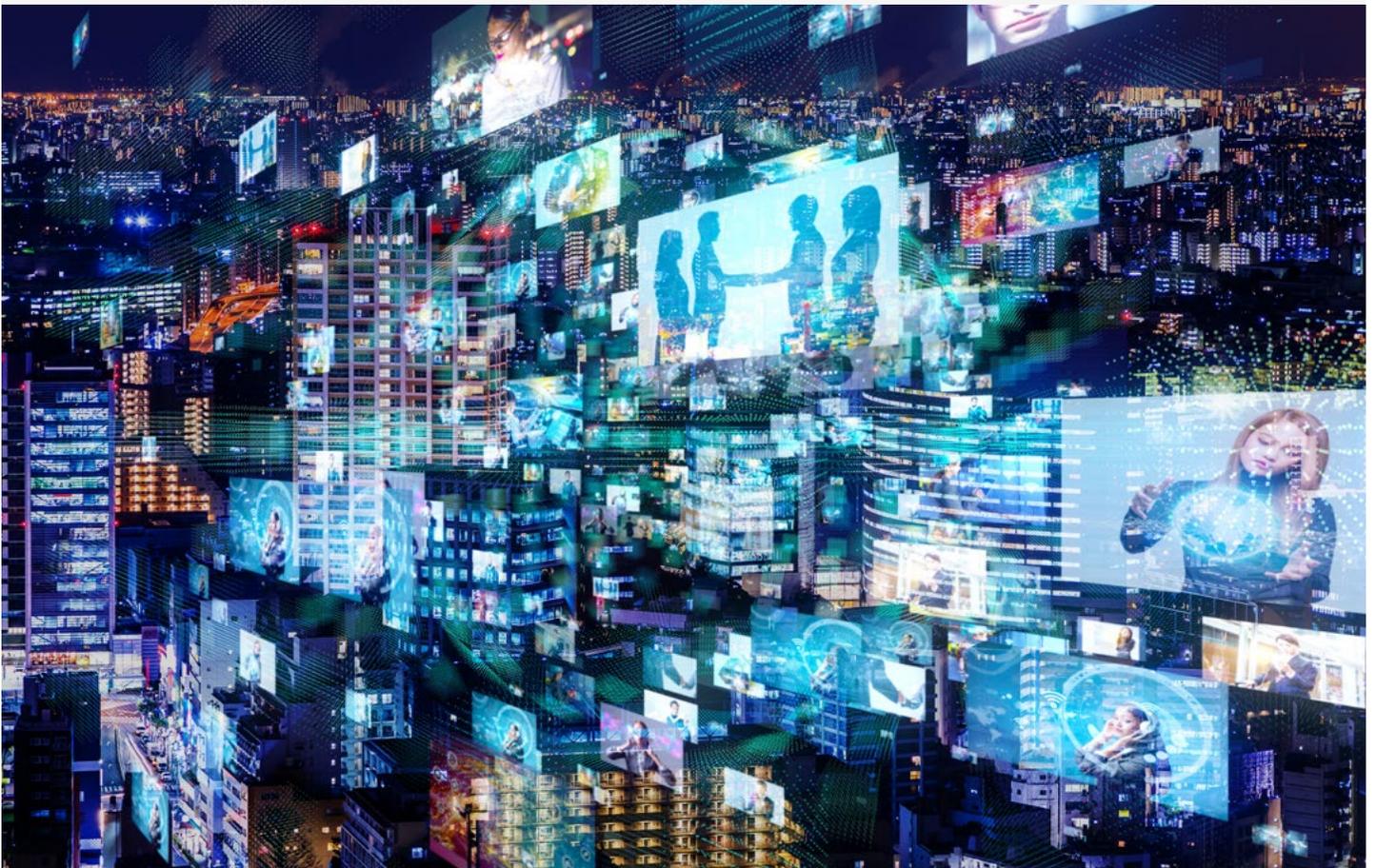
## ENTERTAINMENT SALES TARGET CONSUMERS AT HOME, IN THEIR CARS AND IN THE FUTURE

What “dinner and a movie” looks like has changed greatly for consumers, and the shifts are not limited to how consumers get their meals. The entertainment industry is also pivoting its business model as movie theaters close. Film studios are [forgoing](#) theater-based releases and instead launching movies via online streaming and rental services. Drive-in venues are also seeing resurgences, and estimates [project](#) that these locations constitute 60 percent of the movie theaters currently open to U.S. customers.

Other entertainment operations are also experimenting to stay in the game. One retro gaming arcade is [responding](#) by selling discount passes that can be used during the upcoming Memorial Day to Labor Day season, for example. The discounts are meant to encourage customers to buy now in the hopes that social distancing will no longer be necessary by Memorial Day, which falls on May 25.

## MANY PAYMENTS FOR MANY CONSUMERS

Businesses that are redesigning their approaches to continue service need to be sure that they also accept many different types of



payments or they will risk locking out some consumers during customers' moments of need. Providing a wide array of payment options can help businesses sell to customers who may not have credit cards, allowing those shoppers to instead pay directly from their bank accounts or other methods.

One recent demonstration of the need for wider payments acceptance is in the food sector, where retailers are working to enable economically disadvantaged individuals to participate in the ease — and safety — of online grocery shopping. The 38 million consumers who are reliant on the Supplemental Nutrition Assistance Program (SNAP) are often unable under current government regulations to use these benefits to [pay](#) for groceries ordered online. This forces the consumers to instead visit stores in person and shop in the aisles, which could increase their risk of exposure to the virus. Only eight states are actively engaged in pilot programs that enable SNAP to be used for digital payments. This problem has prompted some retailers to design order-for-pickup options in which customers indicate in their digital order applications that they want to pay with SNAP and then provide their benefit cards for staff to scan when they arrive to collect the items. Such approaches enable customers to still use online ordering even while unable to pay digitally.

Merchants may also find that enabling wider arrays of online payments allows them to cater to customer bases spread across different geographies. Fitness instructors offering online classes and entertainment businesses trying to sell worldwide need to provide purchasing options suited to the payment norms and preference in each different customer location. U.S. consumers tend to [prefer](#) paying for eCommerce with credit cards and Chinese shoppers strongly favor digital wallets, for example, so merchants selling into both markets need to enable transactions with these different payment instruments. The right payment methods can power businesses to make their customer bases more inclusive.

Companies are facing strains as the pandemic overturns their standard business operations, and the entertainment, fitness, healthcare and restaurant sectors have all been greatly affected. Innovative approaches to delivering services, maintaining loyal customers and supporting software and digital payment methods are helping these companies retain revenues while better enabling them to resume their operations once it is safe to do so.

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