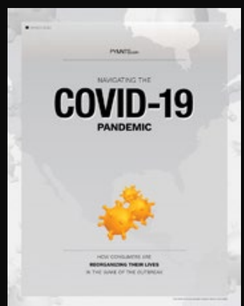
PYMNTS
COVID-19 SERIES

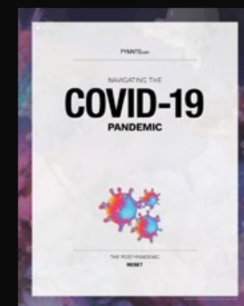
NAVIGATING THE COVID-19 PANDEMIC



MARCH 18
How Consumers Are Reorganizing Their Lives In The Wake Of The Outbreak

MARCH 26
Life On Lockdown

APRIL 9
How The Paycheck-To-Paycheck Economy Is Beginning To Buckle



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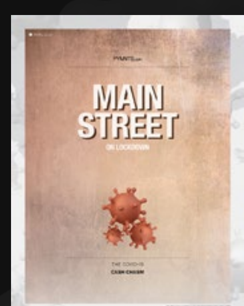

APRIL 16
The COVID-19 Cash Chasm

MAY 1
Reinventing The Road To Recovery

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MAY 2020

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THE GREAT REOPENING

THE ROAD TO
A DIGITAL NORMAL

*The COVID-19 survey was taken between April 27 and April 29, 2020.

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INTRODUCTION

The COVID-19 pandemic has taken an unprecedented toll on consumers' financial stability as well as their physical and mental health. Job loss in the United States reached record levels by April 30, with 30 million consumers having filed unemployment claims during the prior six weeks alone.[1] Some state governments have responded by rescinding their stay-at-home restrictions and easing social distancing guidelines in hopes of kickstarting their economies, with 24 having been partially reopened and six others scheduled to reopen soon.[2]

Consumers are far from ready to go back to business as usual, however. PYMNTS' research suggests a large portion of them have grown comfortable managing their lives online and using their homes as command centers. Just three out of 10 are "very" or "extremely interested" in leaving their homes more often than they do now, for example, and one out of four have no interest in going out at all.

So, how should businesses plan to operate in a post-pandemic market until consumers feel the benefits of resuming their day-to-day activities far outweigh the personal health risks they could face when doing so — particularly when the experiences they have in stores, restaurants and workplaces will be different until suitable digital substitutes exist?

PYMNTS has surveyed more than 12,000 U.S. consumers over the past two months to learn how their personal and professional lives have changed as they adapted to life on lockdown. The Great Reopening: The Road To A Digital Normal report draws on our latest survey of 2,047 consumers to gauge their increasing reliance on connected devices to work, shop, pay and eat, and to understand how their newfound routines might help shape the post-pandemic market.

THIS IS WHAT WE LEARNED.

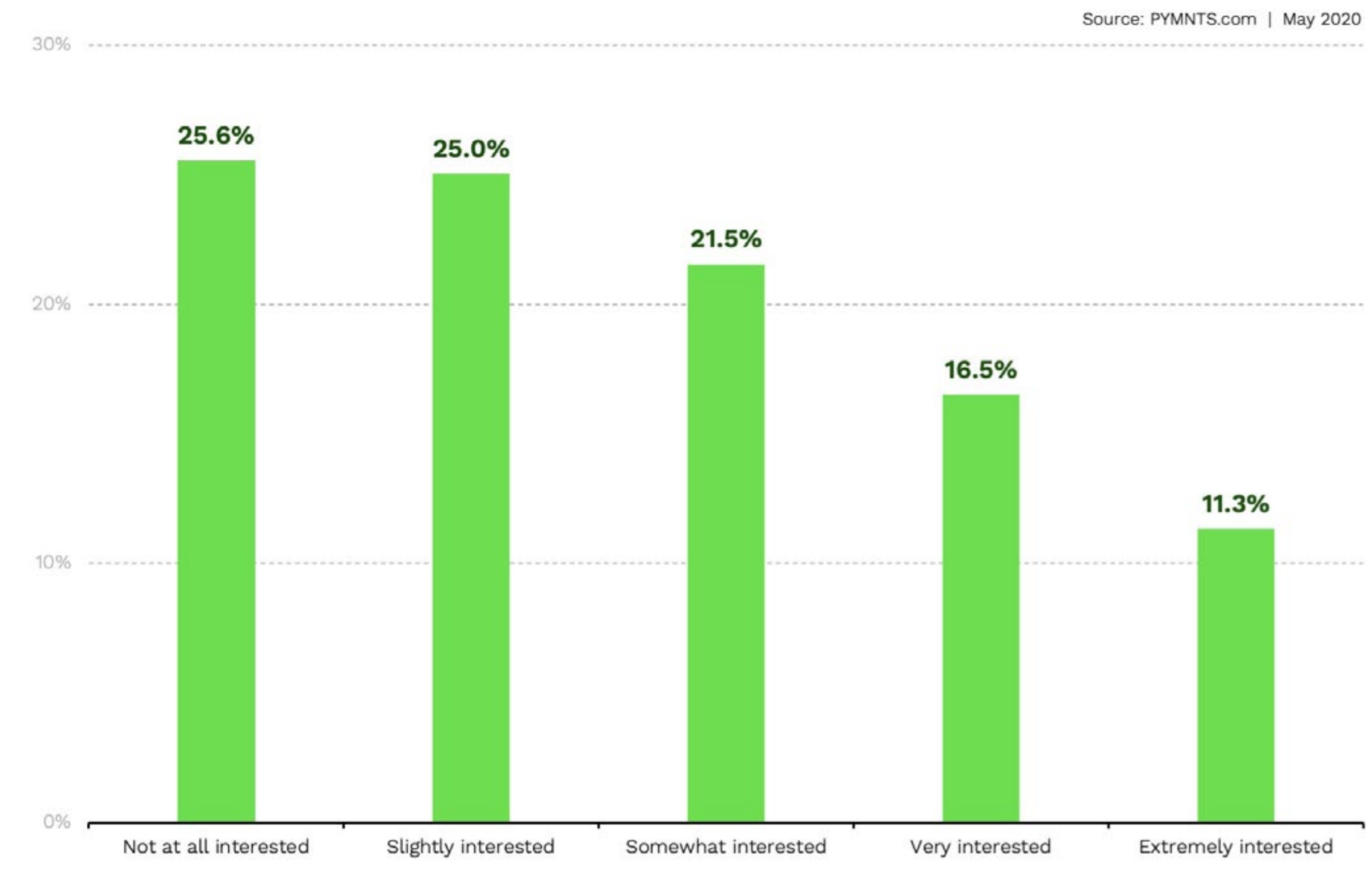
[1] Dmitrieva, K. Job losses deepen in pandemic with U.S. tally topping 30 million. Bloomberg. 2020. https://www.bloomberg.com/news/articles/2020-04-30/another-3-8-million-in-u-s-filed-for-jobless-benefits-last-week. Accessed May 2020.

[2] Mervosh, S.; Lee, J.; Gamio, L.; Popovich, N. See which states are reopening and which are still shut down. The New York Times. 2020. https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html. Accessed May 2020.

CONSUMERS ARE NOT READY FOR THE ECONOMY TO REOPEN.

Consumers have shown little interest in leaving their homes, even when surveyed six weeks after the first statewide stay-at-home orders were issued in California on March 19. Our April 27 survey found just 27.8 percent were "very" or "extremely interested" in going out more often, while 46.5 percent were "somewhat" or "slightly" interested in doing so. The remaining 25.6 percent had no interest in leaving their homes, whatsoever.

FIGURE 1: CONSUMERS' INTEREST IN LEAVING THEIR HOMES MORE OFTEN
Share who reported select levels of interest as of April 27



CONSUMERS DO NOT EXPECT TO BE READY FOR ANOTHER 7.5 MONTHS.

Consumers are hoping the pandemic will pass, but most feel the end is farther away than ever. The average consumer now expects it to take another 225 days before their lives will return to normal, up from 178 days on April 11 and 138 days on March 17. This means they now expect the pandemic to last 63 percent longer than they did 40 days ago.

There has also been a dramatic increase in the share of consumers who expect the pandemic to last longer than six months — and in the share who never expect to recover. Most now believe it will take six months or longer before their lives can return to normal, cited by 53.2 percent. This is up from 44.7 percent on April 11 and 30.6 percent on March 17.

FIGURE 2: EVOLUTION IN HOW LONG CONSUMERS EXPECT THE PANDEMIC TO LAST
Average number of days consumers expected it to take for life to return to normal

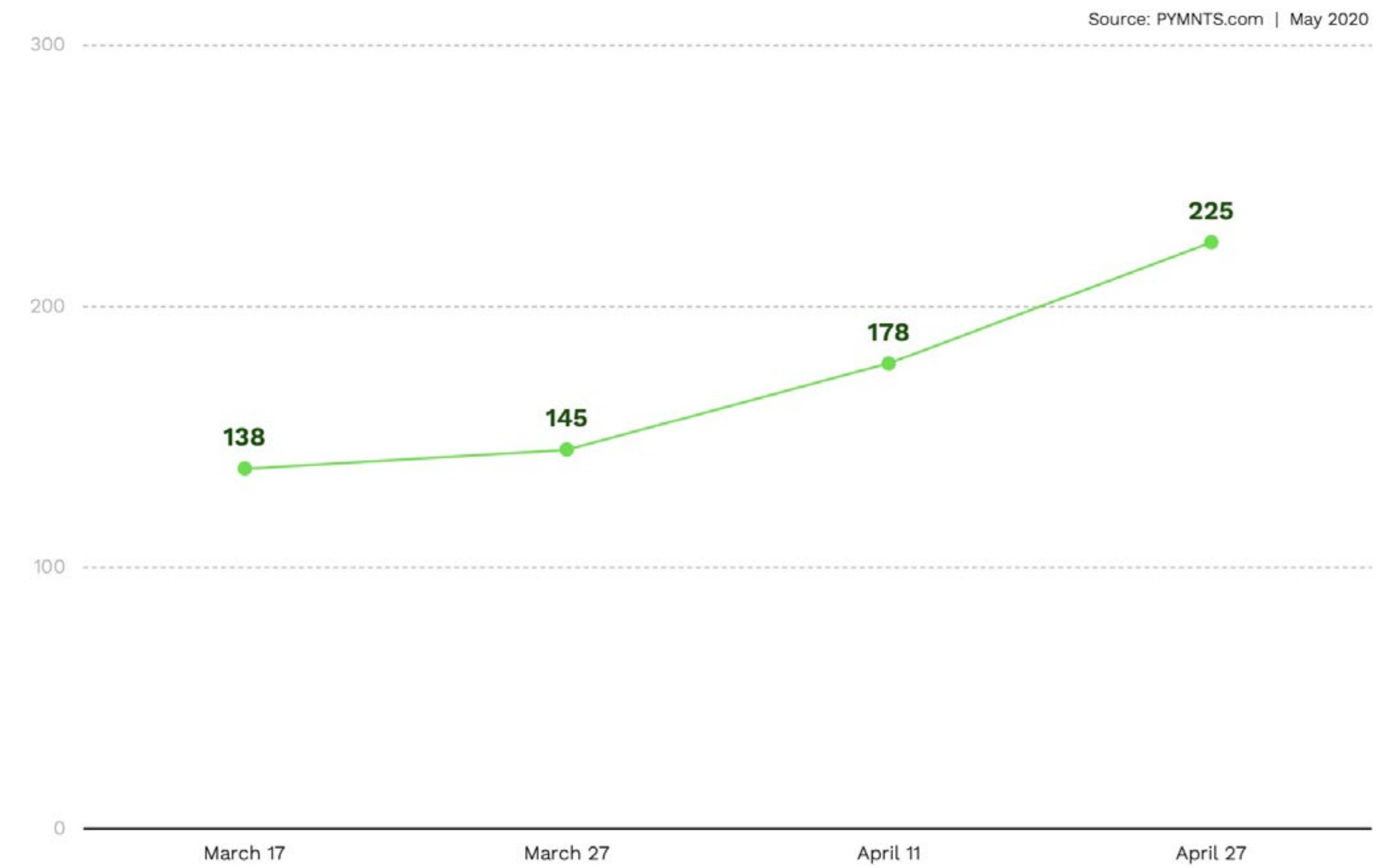
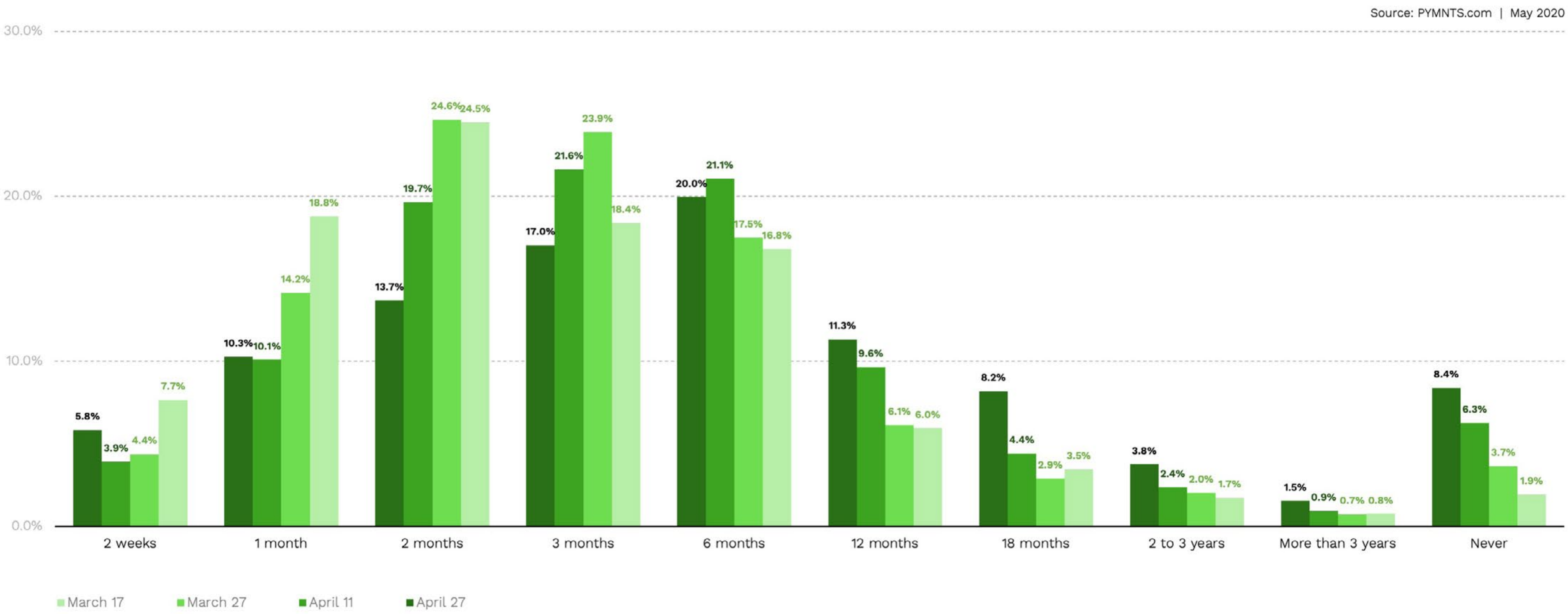


FIGURE 3: EVOLUTION IN HOW LONG CONSUMERS EXPECT THE PANDEMIC TO LAST
Share who believed it would take select amounts of time for life to return to normal



BABY BOOMERS AND SENIORS AS WELL AS LOW-INCOME CONSUMERS EXPECT THE PANDEMIC TO LAST THE LONGEST.

Consumers across different generations and income brackets have varying ideas about how long the pandemic will affect their lives. Baby boomers and seniors have the most pessimistic outlook, with 60 percent believing their lives will not return to normal for at least another six months and 11.5 percent saying life will never go back to how it was. Millennials and Generation Z tend to see COVID-19's effects as far more short term, with only 44.2 percent of the former and 36.9 percent of the latter believing it will take six months or longer before they can return to their pre-pandemic routines. It is also notable that just 1.3 percent of Gen Z and 5 percent of millennials believe its impact on their lives will be everlasting, which means baby boomers and seniors are more than eight times as likely as Gen Z and more than twice as likely as millennials to believe their lives will never return to how they were.

We also see considerable diversity in how long consumers from different income brackets believe the pandemic will last. Low-income consumers who earn below $50,000 per year expect long-term impacts on their lives and are the most likely to say they expect it to take 18 months or longer before they will be able to return to their normal routines (cited by 26.8 percent). This compares to 19.1 percent of middle-income consumers who earn between $50,000 and $100,000 per year and 15.7 percent of the high-income consumers earning more than $100,000 per year who say the same.

FIGURE 4: HOW LONG CONSUMERS FROM DIFFERENT INCOME LEVELS EXPECT THE PANDEMIC TO LAST
Share who say it will be select amounts of time before life returns to normal, by income

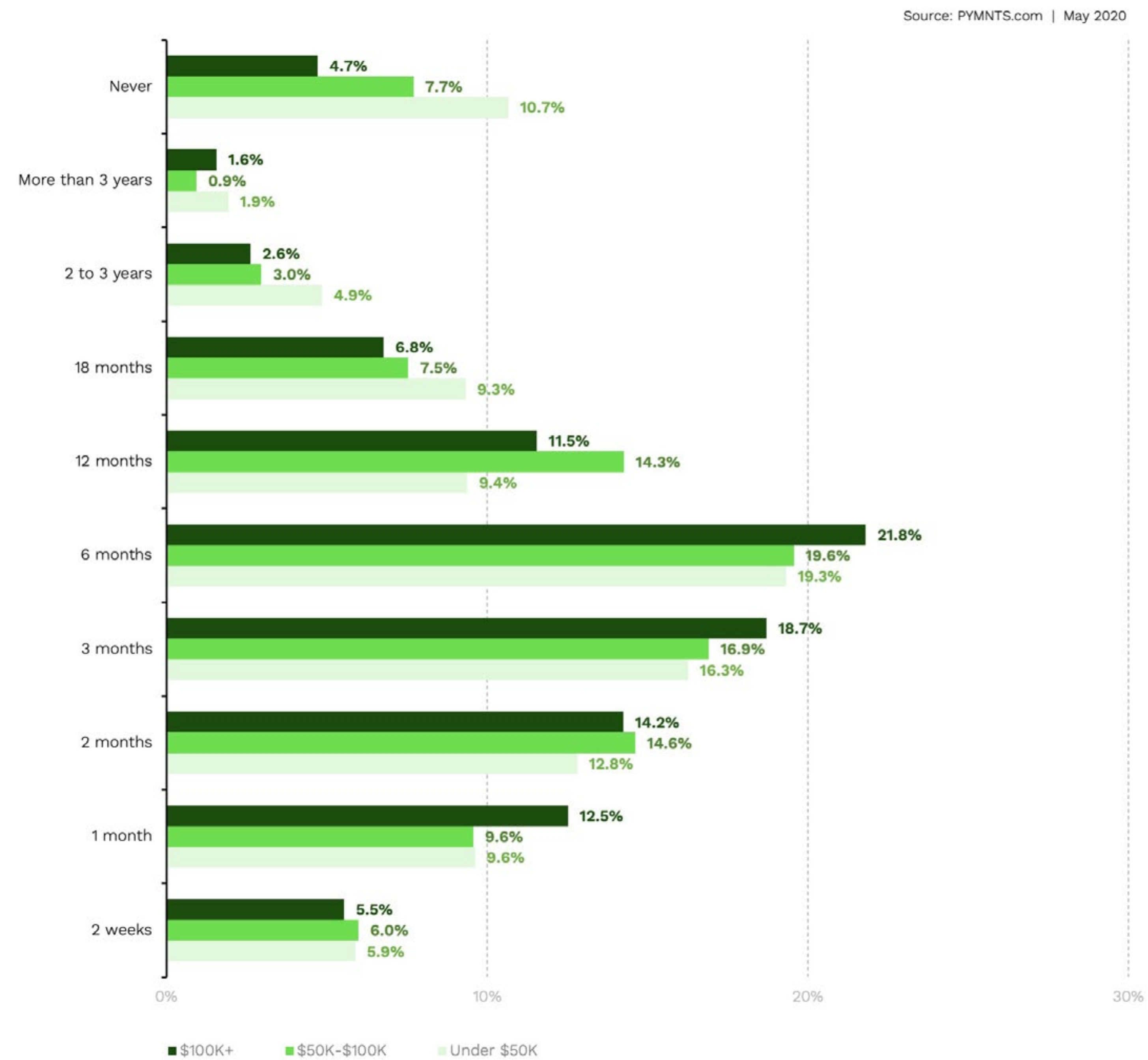
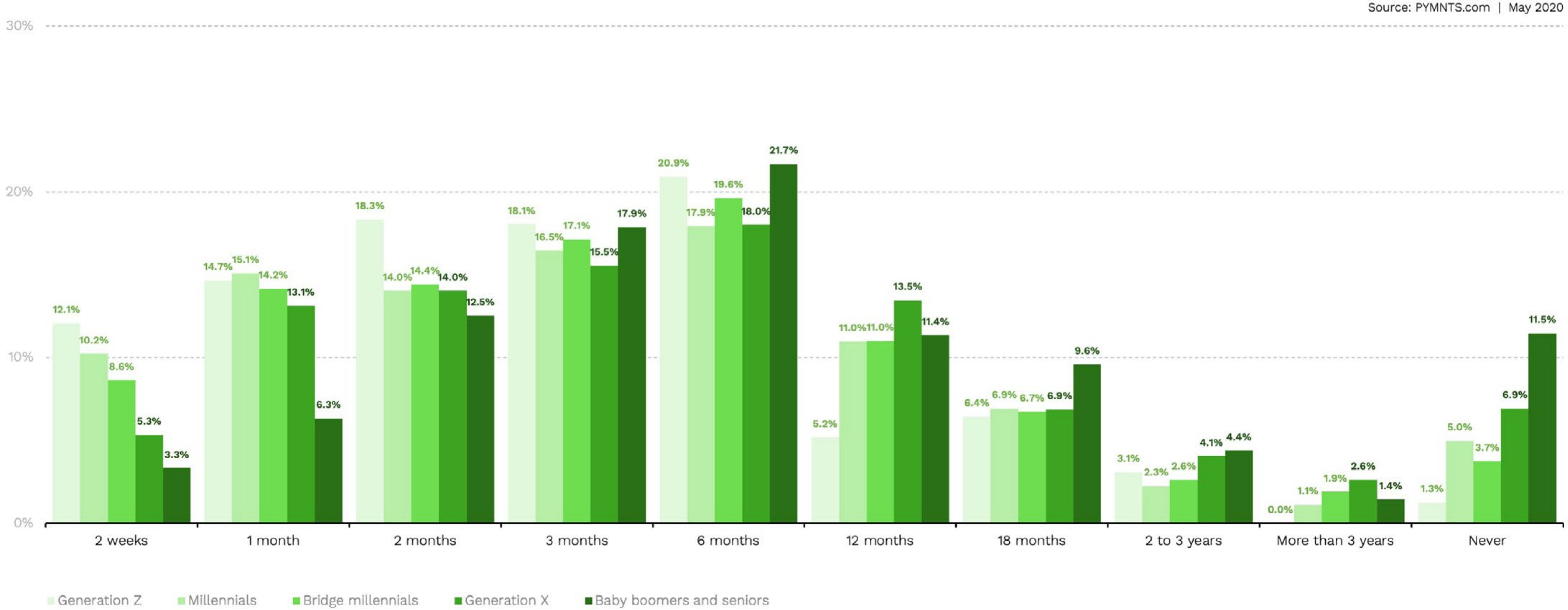


FIGURE 5: HOW LONG CONSUMERS FROM DIFFERENT GENERATIONS EXPECT THE PANDEMIC TO LAST
Share who say it will be select amounts of time before life returns to normal, by generation

Source: PYMNTS.com | May 2020

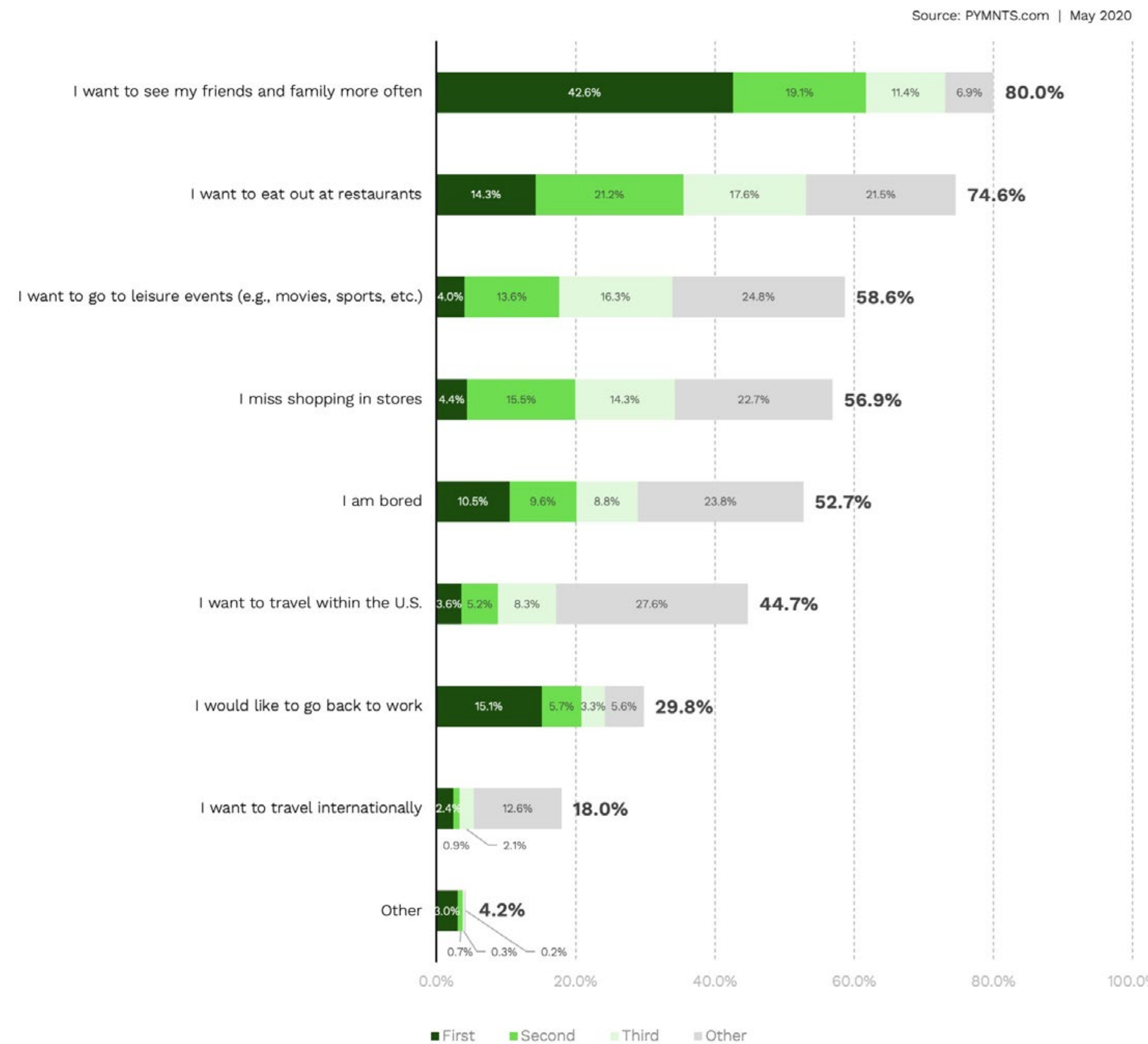


CONSUMERS WOULD LIKE RESTRICTIONS TO LIFT BECAUSE THEY MISS SEEING THEIR FAMILY AND FRIENDS.

Consumers have many reasons for wanting to leave their homes, but none are cited as often as wanting to reconnect with friends and family. This was both the most common reason given for wanting to go outside as well as the most important: 80 percent of consumers who were interested in leaving their homes more often noted wanting to do so to see their family and friends, and this was cited by 42.6 percent as their primary reason. Another 19.1 percent called it the second-most important reason, and 11.4 percent cited it the third-most important.

The second-most commonly cited reason consumers say is their most important for wanting to leave their homes more is to return to work. This is cited as most important by 15.1 percent of those interested in leaving their homes, compared to 14.3 percent who cite dining in restaurants and 10.5 percent who cite feeling bored. This shows that, although consumers share an interest in enjoying the same activities in which they engaged before the pandemic, returning to work is generally a higher priority.

FIGURE 6: THE BIGGEST REASONS CONSUMERS WANT TO LEAVE THEIR HOMES MORE
Share who cite select reasons as the first-, second- and third-most important



PRIORITIZING

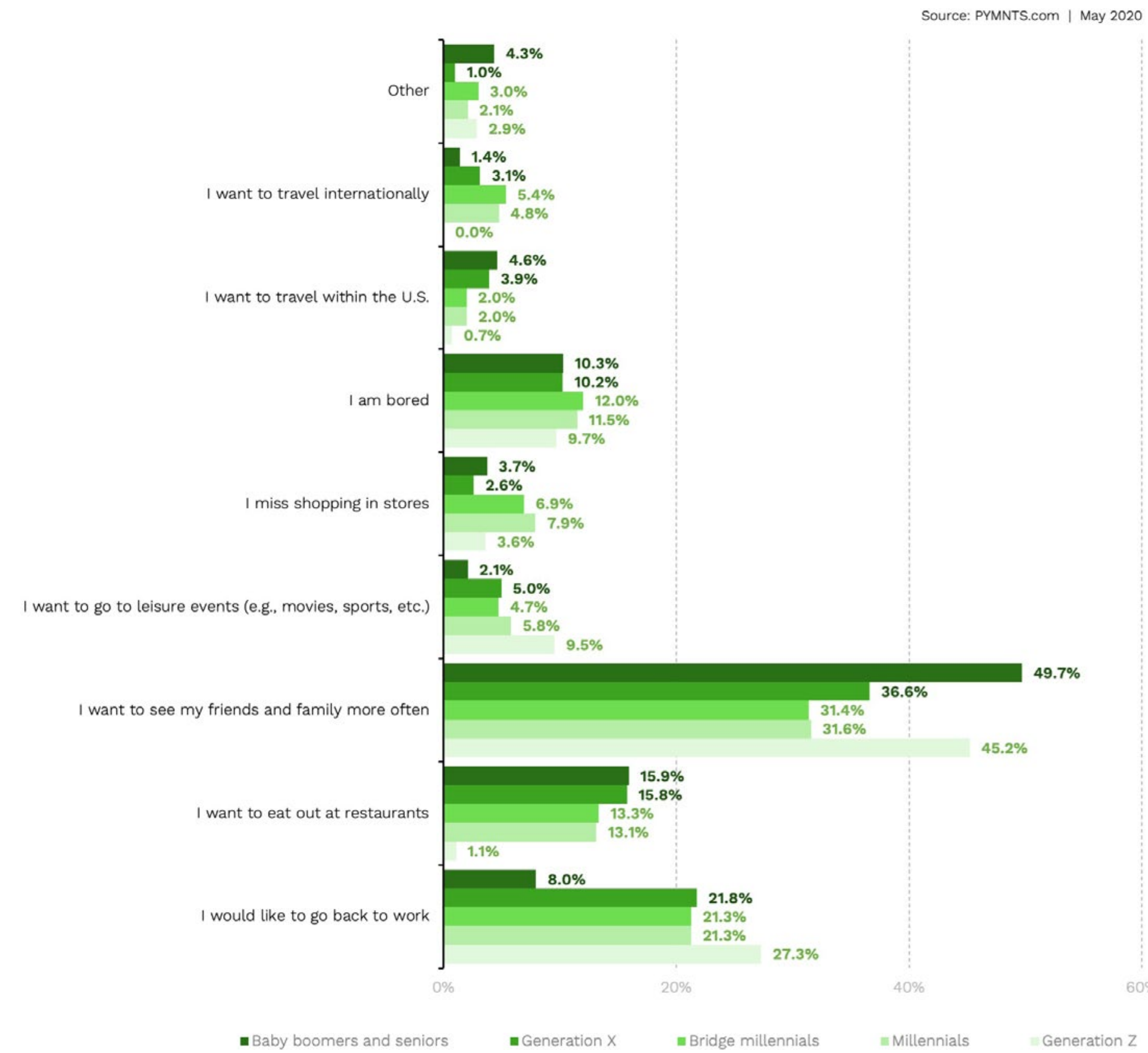
FAMILY ALWAYS COMES FIRST, BUT DIFFERENT GENERATIONS ARE DIVIDED ABOUT WHAT COMES NEXT.

Consumers in all generations and income levels agree that seeing their family and friends is the top priority when discussing why they want to leave their homes, but their likelihood of citing this as their primary reason varies by generation. Baby boomers and seniors and Gen Z are the two most likely to say their primary reason for wanting to leave their homes is to visit family and friends, for example, with 49.7 percent and 45.2 percent saying so, respectively, compared to 31.6 percent of millennials and 31.4 percent of bridge millennials.

Consumers' secondary priorities also vary by generation. Those from Gen Z are most interested in returning to work, while baby boomers and seniors are most interested in dining in restaurants. Our research shows 27.3 percent of the former cite wanting to return to work as the most important reason they want to leave their homes, compared to 21.3 percent of millennials and 21.8 percent of Gen X. We also see 15.8 percent of Gen X citing eating in restaurants as the most important reason they want to go out more often, compared to 13.1 percent of millennials and just 1.1 percent of Gen Z.

Bridge millennials and millennials are the most likely to say they want to leave their homes because they feel bored. Twelve percent of the former and 11.5 percent of the latter who want to go out more often cite being bored as their primary reason, compared to 9.7 percent of Gen Z and 10.2 percent of Gen X who were interested in leaving their homes and said the same.

FIGURE 7: PRIMARY REASONS CONSUMERS WANT TO LEAVE THEIR HOMES MORE
Share who cite select reasons as their most important, by generation

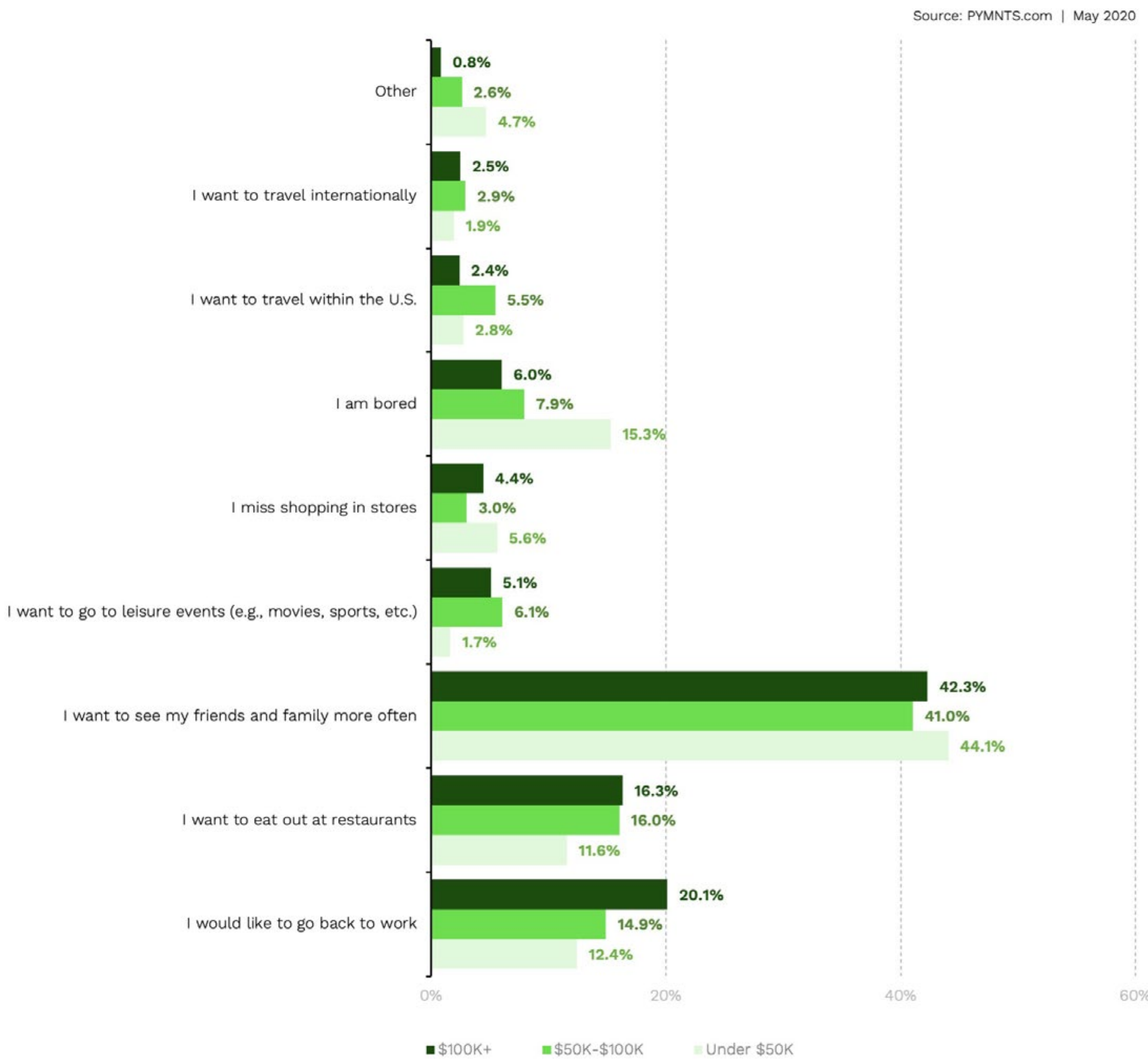


HIGH-INCOME CONSUMERS ARE THE MOST EAGER TO GO BACK TO THE WORKPLACE.

Generational demographics are not the only factors affecting consumers' reasons for wanting to leave home more often. Low-income consumers are the most likely to say they would like to go visit their family and friends, for example, cited by 44.1 percent, compared to 41 percent of mid-income and 42.3 percent of high-income consumers who say the same. Those earning less than $50,000 per year are also the most likely to say they would like to venture outside because they are bored, with 15.3 percent noting they would like to leave their homes out of boredom, compared to 7.9 percent of mid-income and 6 percent of high-income consumers.

Middle-income consumers appear to be the most interested in leaving their homes to resume leisurely activities like attending leisure events and traveling. Among those who were interested in leaving their homes more often, 6.1 percent cited wanting to go to leisure events as their most important reason. We observed only 1.7 percent of low-income consumers and 5.1 percent of high-income consumers saying the same. High-income consumers had the most interest in going back to work, though, with 20.1 percent citing it as the most important reason they wanted to leave their homes more often, compared to 12.4 percent of low-income and 14.9 percent of middle-income consumers.

FIGURE 8: PRIMARY REASONS CONSUMERS WANT TO LEAVE THEIR HOMES MORE
Share who cite select reasons as their most important, by income



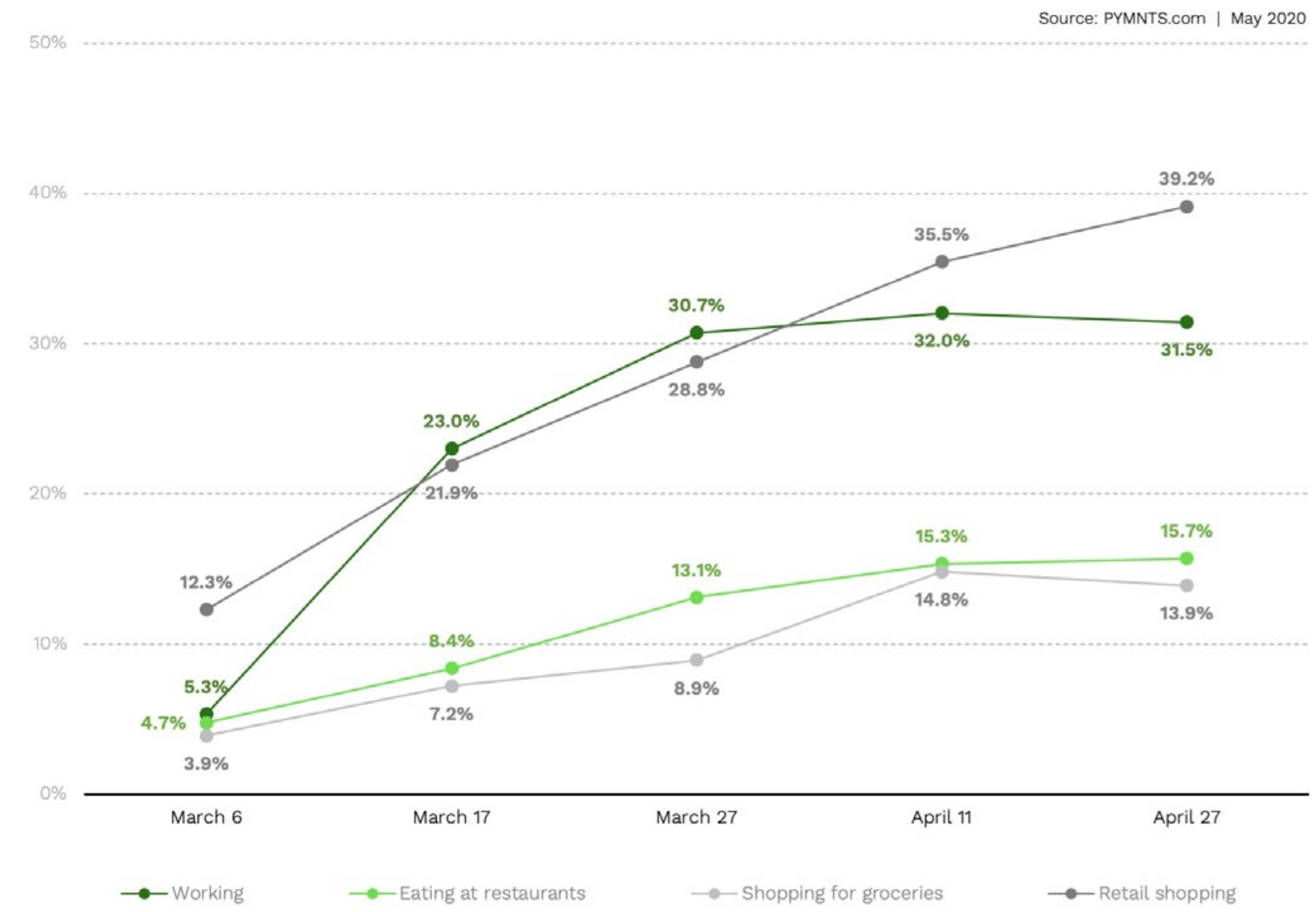
DIGITAL IS BECOMING A MUCH MORE ROUTINE WAY OF DOING BUSINESS.

Consumers stuck at home are going online to remotely manage their professional and personal lives. The share working from home has grown fivefold since early March, for example, increasing from 5.3 percent on March 6 to 31.5 percent on April 27. The share of consumers using digital platforms to remotely order from restaurants has grown threefold in that time, too: Our March 6 survey showed 4.7 percent of those who purchased food from restaurants ordered online, but that has increased to 16.5 percent as of April 27.

This shift to digital has been dramatic, but it appears to be slowing. Consumers did not appear much more likely to have ordered from restaurants online on April 27 than they were on April 11, for example, and the share of those working remotely online has remained relatively stable. This suggests that most consumers who were able to make the switch from brick-and-mortar to digital food ordering and remote online work had already done so by the end of April.

Consumers' increasing reliance on digital channels for non-grocery purchases has showed no signs of slowing, though. Their likelihood to be using digital channels to shop for retail goods has shown stable and rapid increases over the past few weeks, from 12.3 percent on March 6 to 21.9 percent on March 17 and subsequently to 28.8 percent by March 27 and then 35.5 percent on April 11. We found 39.2 percent of consumers who shopped for retail goods had moved online to do so by April 27, which strongly suggests their shift to digital will continue as the pandemic progresses.

FIGURE 9: CONSUMERS' SHIFT TO LIFE ONLINE
Share who have gone online to perform select activities



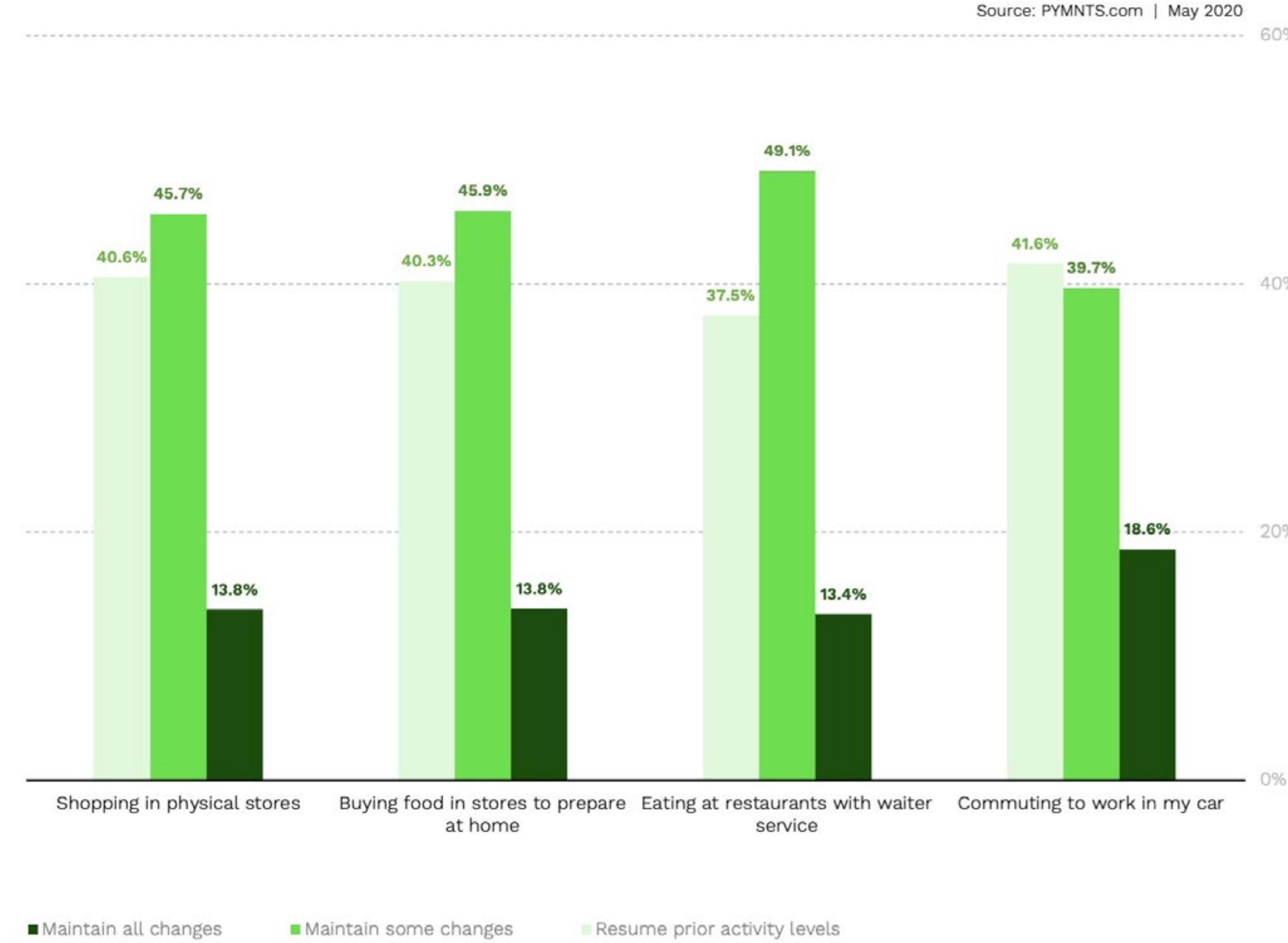
JUST FOUR OUT OF 10 CONSUMERS WHO ARE SHOPPING LESS OFTEN IN BRICK-AND-MORTAR LOCATIONS AND WORKING ON SITE LESS OFTEN WILL GO BACK TO STORES OR TO THE OFFICE AFTER THE PANDEMIC HAS PASSED.

Many of the consumers who have stopped shopping in brick-and-mortar stores and working in offices during the pandemic say they will not go back, even after it is over. Our research shows that 58.3 percent of those who commute to work in their cars less often since the outbreak plan to either commute less often than they did before or stop commuting entirely once the risk of contagion has passed, for example, while the remaining 41.6 percent plan to go back to their pre-pandemic commutes.

Even smaller portions say they will go back to eating in restaurants and shopping in physical stores. Our survey shows 62.5 percent of consumers who are eating in restaurants less often since the pandemic began plan to either dine in restaurants less often or to keep avoiding them entirely once it is over. This compares to 59.5 percent who have shopped in physical stores less often since the outbreak and switched to shopping online, and plan to either continue shopping online or avoid physical stores altogether once it has passed. Just 37.5 percent and 40.6 percent of consumers, respectively, are doing these activities less often in the physical world but plan to return to their pre-pandemic eating and shopping routines.

COVID-19

FIGURE 10: HOW CONSUMERS WILL LIVE AND SHOP AT PHYSICAL LOCATIONS AFTER COVID-19
Share whose brick-and-mortar channel usage will change in select ways, by activity



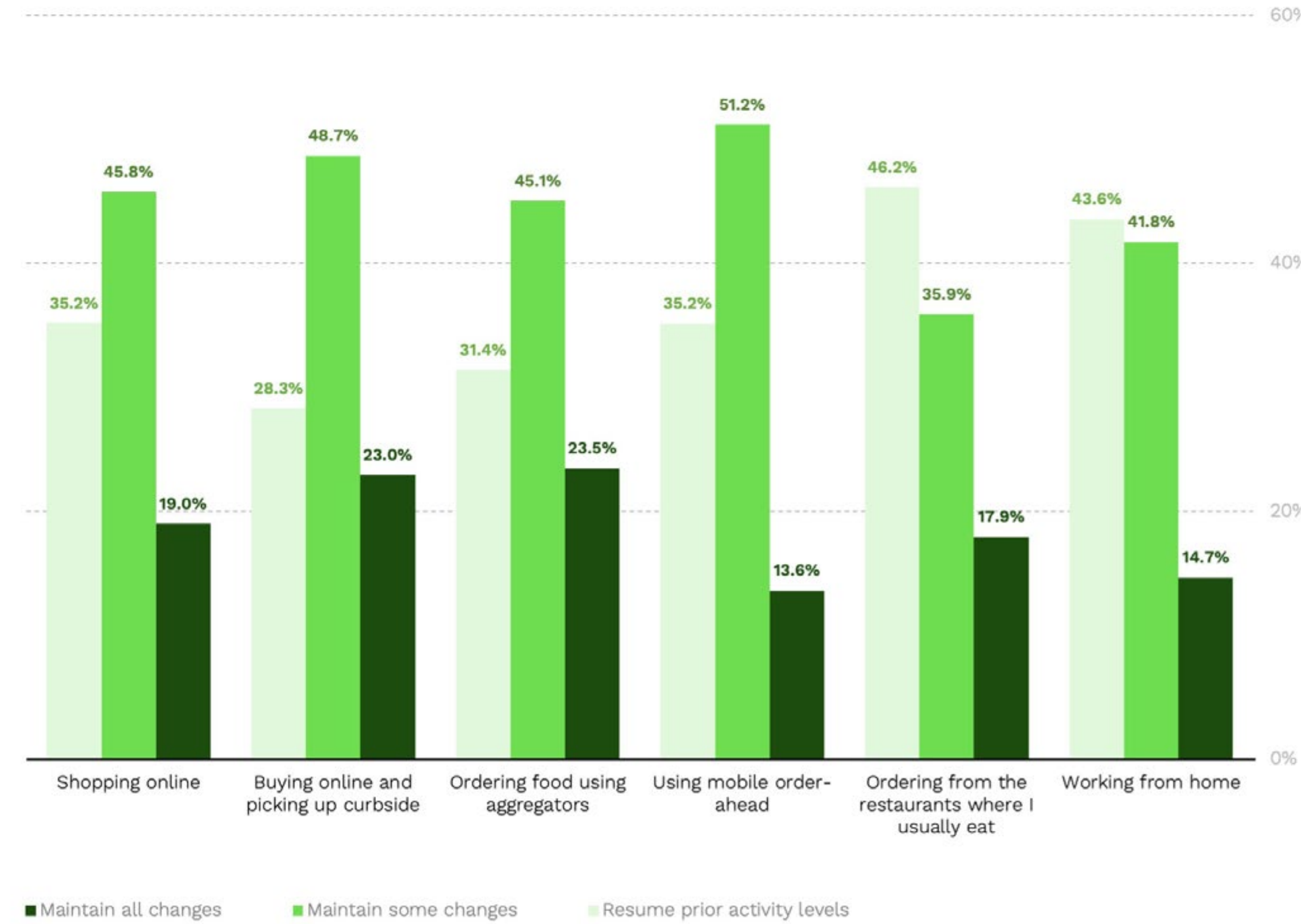
MORE THAN FOUR OUT OF 10 CONSUMERS WHO HAVE GONE ONLINE TO ORDER FOOD WILL KEEP DOING SO ONCE THE PANDEMIC IS OVER.

Consumers are also planning to manage their personal and professional lives online more often after the pandemic has passed. Our research shows 53.8 percent of those who have shifted from eating in restaurants to ordering from them online for takeout plan to keep doing so at least "somewhat" more often than they did before, for example, as do 64.8 percent of those who have shifted to using mobile order-ahead to pick up in stores. An additional 68.6 percent of those who have gone from dining in restaurants to ordering remotely through aggregators plan to keep using them at least "somewhat" more than they did before the outbreak.

Consumers also plan to shop much as they do now. Our research shows 56.4 percent of those who have gone from working on-site to doing so online from home will keep working from home after the pandemic is over, while 64.8 percent of those who have shifted from brick-and-mortar shopping to eCommerce will continue shopping more online than they did before. Even grocery shopping routine changes are likely to continue, with 71.7 percent of consumers who have gone from shopping in stores to ordering groceries online and picking them up curbside saying they will continue such practices after it has passed.

FIGURE 11: HOW CONSUMERS WILL LIVE AND SHOP ONLINE AFTER COVID-19
Share whose use of digital channels will change in select ways post-pandemic, by activity

Source: PYMNTS.com | May 2020



CONCLUSION

The COVID-19 pandemic has struck a harsh blow to the American economy and the lives of the people who make it work. Many consumers, small and mid-sized businesses and governments want to resume activities that were made dormant out of necessity, but the truth is that doing so may not be enough to keep the market from slipping. Many consumers no longer expect or even want their lives to return to the way they were before the crisis began. They are not as interested in shopping in stores or at supermarkets as they once were, for example, and the idea of commuting to offices has lost its appeal for those who have grown accustomed to working from home — and our previous research has shown not even a vaccine can change that. Recovery is therefore no longer about how long it will take for life to return to normal once the pandemic has passed, but about how long it will take for a "new normal" to emerge and what it will look like when it does.

METHODOLOGY

PYMNTS issued a survey to a census-balanced panel of 2,047 U.S. residents on April 27 as a follow-up to its March 6, March 17, March 27 and April 11 surveys, which examined consumers' behavioral changes following the COVID-19 outbreak. Respondents were 46.8 years old on average. We found that 52.5 percent were female, and 31.7 percent held college degrees. We also collected data from inhabitants of every type of residential environment: 19.9 percent of respondents hailed from large, urban areas, 13.5 percent lived in large cities, 21.6 percent were from small towns and 16.2 percent resided in rural areas.

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