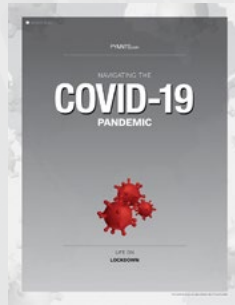


PYMNTS
COVID-19 SERIES

NAVIGATING THE COVID-19 PANDEMIC



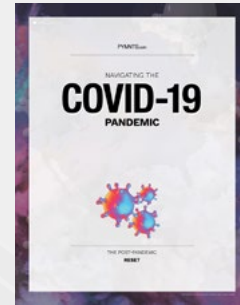
MARCH 18
How Consumers Are Reorganizing Their Lives In The Wake Of The Outbreak



MARCH 26
Life On Lockdown



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



APRIL 22
The Post-Pandemic Reset

THE GREAT REOPENING

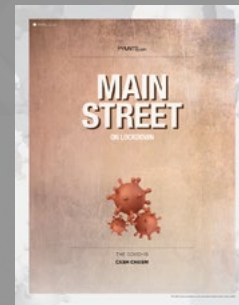


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■ MAY 2020

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THE GREAT
REOPENING



TRACKING DIGITAL'S
QUANTUM LEAP

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

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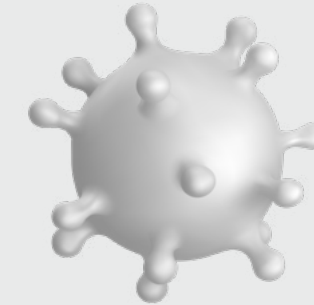
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INTRODUCTION



The connected economy has reached an inflection point, and there is likely no going back. eCommerce sales as a portion of overall retail sales have been increasing in the United States for some time. Studies show that they grew at an average annual rate of 15.3 percent between 2009 and 2019 and rose from 4 percent to 11 percent of all retail sales during the same period – an impressive growth rate under normal circumstances.

A pandemic is not a normal circumstance, however. The COVID-19 outbreak has rapidly accelerated eCommerce adoption in the U.S., triggering an amount of growth comparable to that of the past 10 years in just 10 weeks. Many consumers have shifted to shopping online, and if they continue to do so at the same level once the pandemic has passed, it could translate into \$158 billion in eCom-

merce sales that would otherwise have been made in brick-and-mortar shops.¹

So, who are these new digital adopters, and how will they shop and pay after the pandemic has ended?

PYMNTS has surveyed more than 12,000 consumers over the past 10 weeks to track the shifts in their behaviors and priorities as the pandemic progresses. The Great Reopening: Tracking Digital's Quantum Leap edition focuses on our most recent survey of 2,047 consumers to understand which are most likely to have gone online to shop, pay and order food since the outbreak began. The report also analyzes how many of them plan to continue these digital activities in the future, and what a long-term shift in online shopping behaviors could mean for the broader connected economy.

THIS IS WHAT WE LEARNED.

¹ Author Unknown. Consumer expenditure surveys. The U.S. Bureau Of Labor Statistics. 2020. <http://www.bls.gov/cex/tables.htm#annual>. Accessed May 2020

FOUR OUT OF 10 CONSUMERS HAVE BROUGHT THEIR ROUTINES ONLINE.

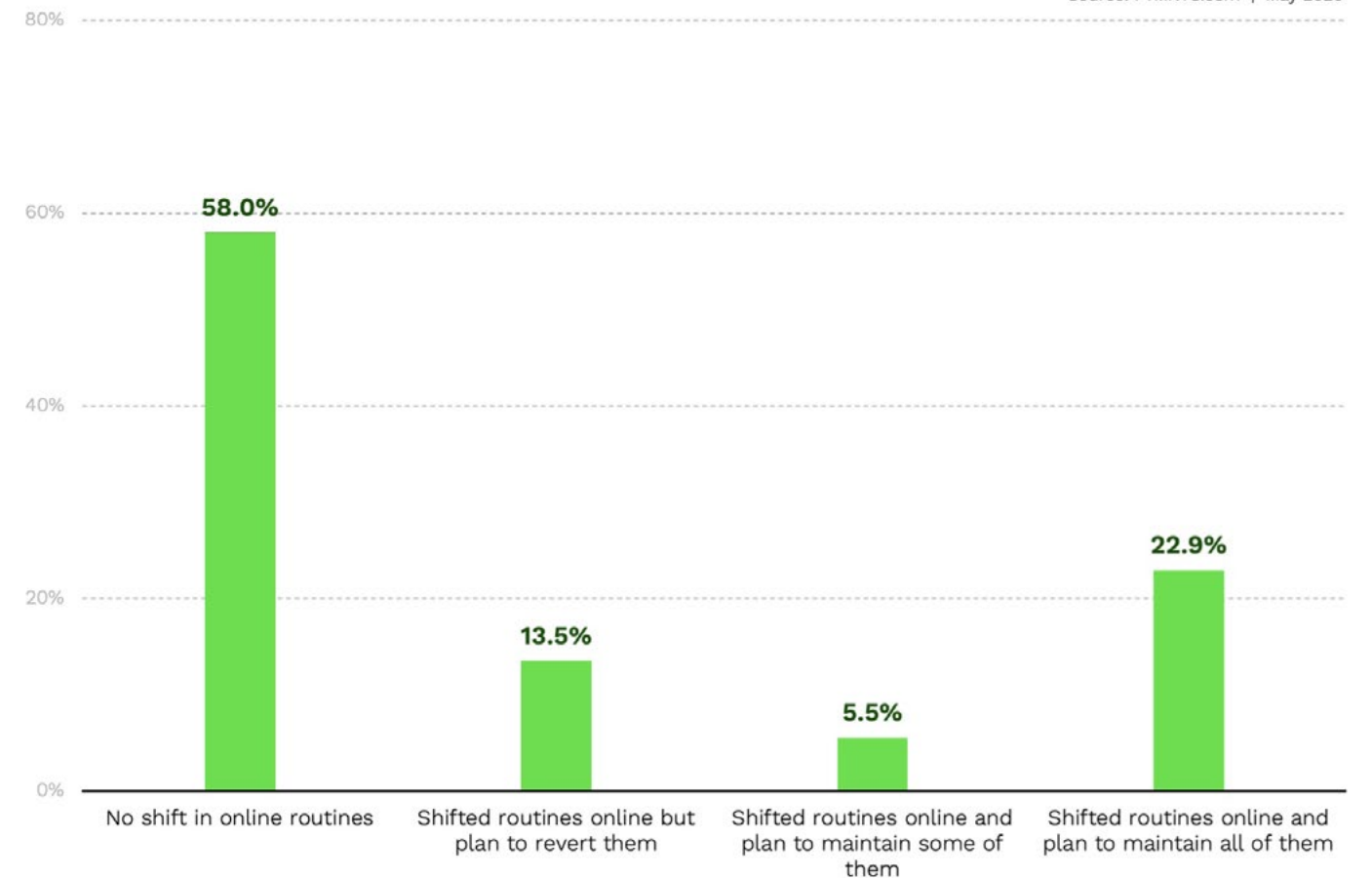
Consumers have changed many aspects of their lives to adapt to the COVID-19 pandemic, but many have continued their pre-outbreak routines by going online. Our research shows that 42 percent of consumers are using digital channels to engage in activities more often than they did before the pandemic, while 58 percent are not.

The majority of those who have brought their pre-pandemic routines online plan to keep them there once the crisis has ended, too. Our survey shows that 5.5 percent of all consumers have gone online to engage in such activities and plan to keep doing so somewhat more often than they did before, while 22.9 percent said they do not plan to do any of those activities offline in the future.

FIGURE 1: CONSUMERS' PROPENSITY TO MAINTAIN THEIR DIGITAL SHIFTS POST-PANDEMIC

Share who have or have not shifted their online behaviors in select ways and plan to maintain or revert these changes post-pandemic

Source: PYMNTS.com | May 2020



MILLENNIALS ARE USING DIGITAL CHANNELS MORE OFTEN AND PLAN TO KEEP DOING SO.

Consumers from different generations have very different approaches to managing their post-pandemic lives, with millennials being the most likely to limit their offline activities in the future. We found that 47 percent of millennials have shifted their routines online, while 45.1 percent of bridge millennials and 41.8 percent of Generation X consumers have done so. This shows that while millennials have always been prolific eCommerce shoppers, the pandemic has made them even more inclined to shop online.

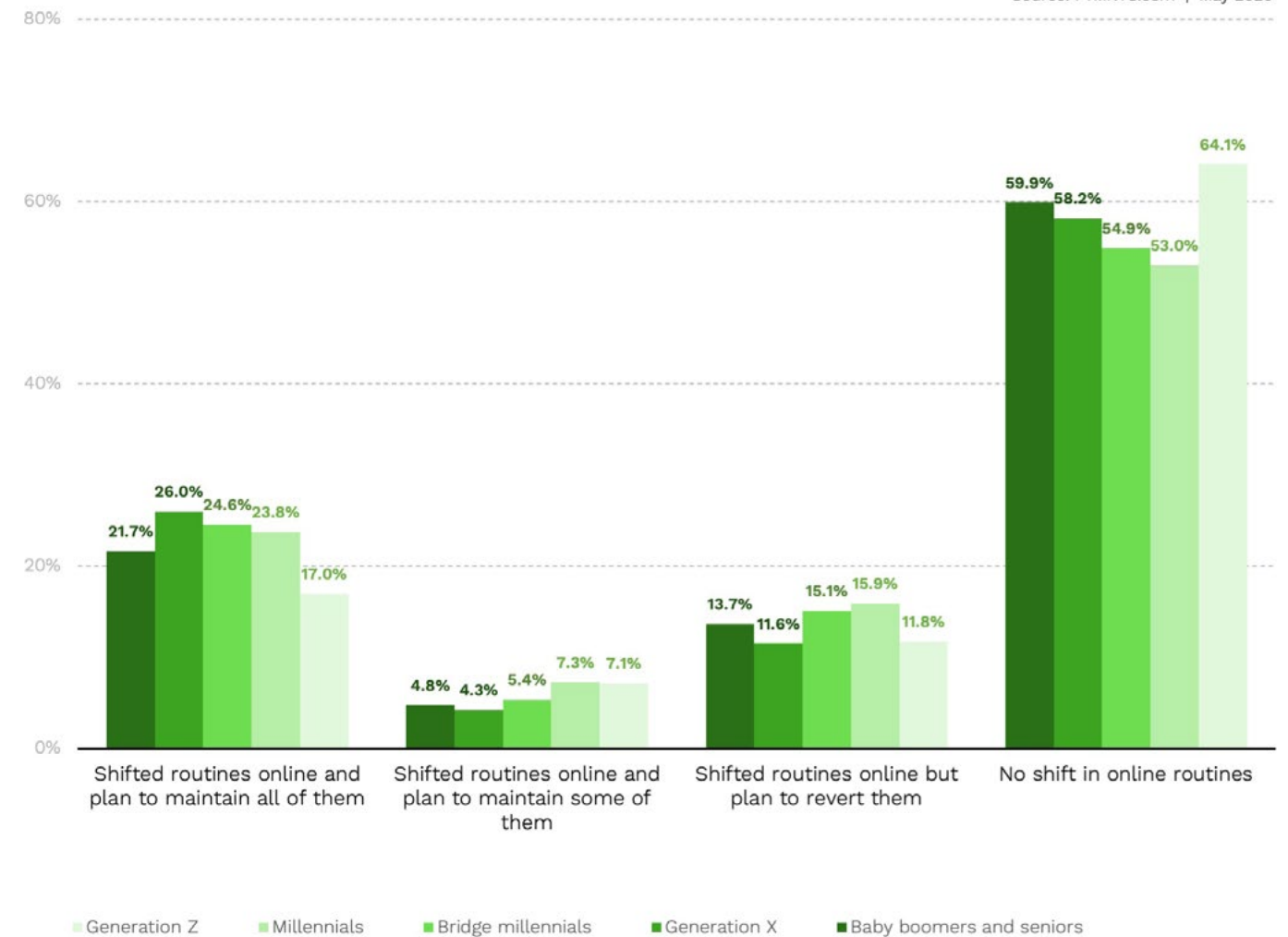
Millennials using digital shopping channels more often are also likelier than other generations to keep doing so once the pandemic ends. Our research shows that 31.1 percent of millennials have gone online to manage their retail lives during lockdown and plan to at least partially continue doing so in the future, compared to 30.3 percent of Gen X and 30 percent of bridge millennials who plan to do the same. This contrasts even more sharply with Generation Z consumers and baby boomers and seniors, who appear far less eager to maintain their digital shifts.



FIGURE 2: CONSUMERS' PROPENSITY TO MAINTAIN THEIR DIGITAL SHIFTS POST-PANDEMIC

Share who have or have not shifted their online behaviors in select ways and plan to maintain or revert these changes post-pandemic, by generation

Source: PYMNTS.com | May 2020



THE DEMOGRAPHICS OF THE DIGITAL SHIFT

HIGHER-INCOME CONSUMERS ARE THE MOST LIKELY TO HAVE MOVED THEIR ACTIVITIES ONLINE AND KEEP THEM THERE.

Consumers earning more than \$50,000 annually have been the fastest to move their activities online during lockdown, with those earning more than \$100,000 per year being the most likely to use digital channels more than they did before the pandemic. Our research shows that 38.1 percent of all consumers who plan to continue using digital channels as much as they do now even after the pandemic is over earn more than \$100,000 annually. Consumers in the same income bracket also represent 45.8 percent of those who have shifted to conducting their daily activities online and plan to partially continue doing so post-pandemic.

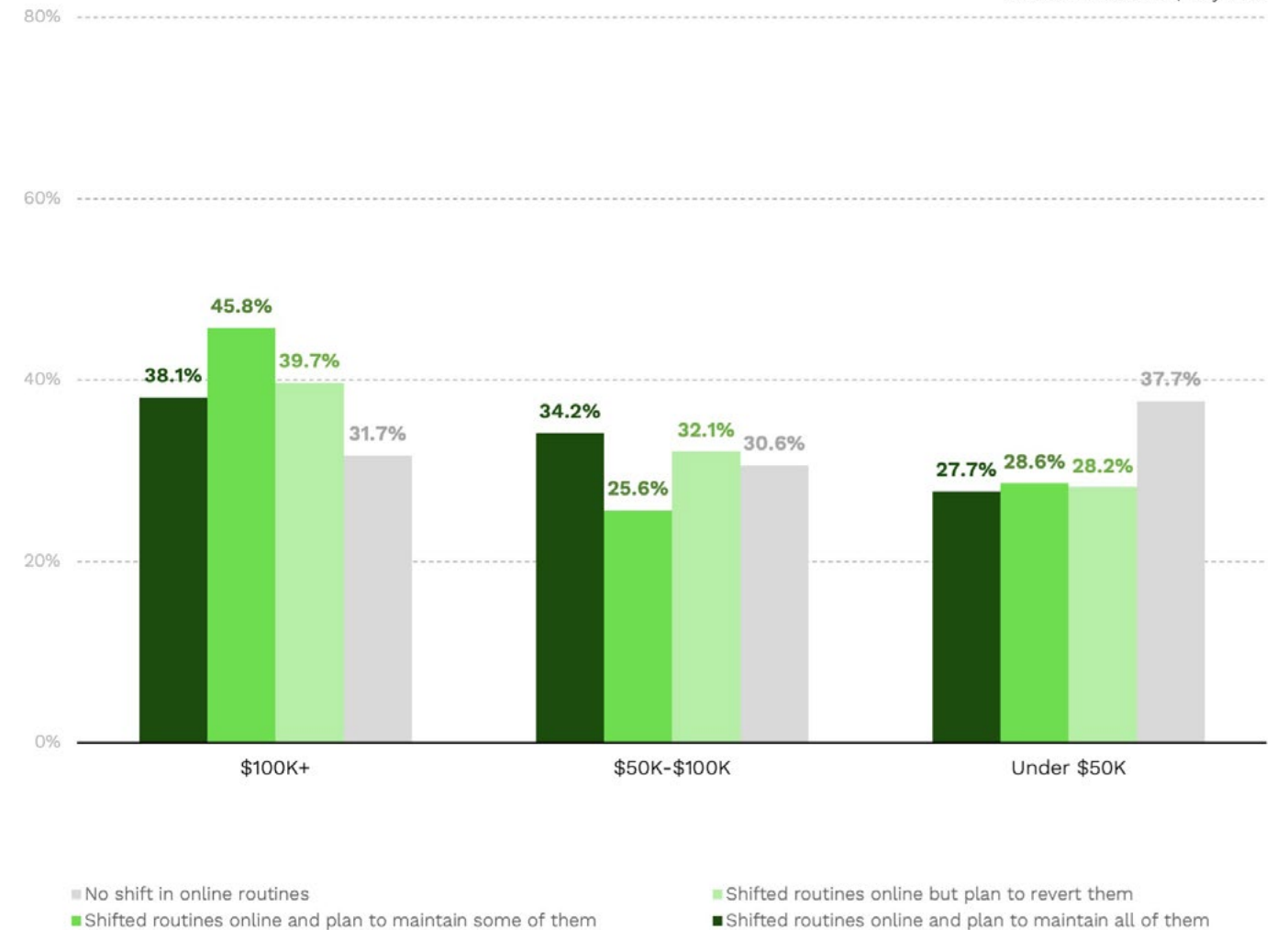
Consumers in the lowest income bracket, earning less than \$50,000 per year, are the least likely to have made the shift online. Our analysis reveals that 37.7 percent of consumers who have not moved their daily routines online since the pandemic make less than \$50,000 annually. This compares to 31.7 percent and 30.6 percent of consumers who have made no shifts who hail from the high-income and middle-income brackets, respectively.



FIGURE 3: CONSUMERS' PROPENSITY TO MAINTAIN THEIR DIGITAL SHIFTS POST-PANDEMIC

Share in each income bracket by whether they have shifted their online behaviors in select ways and plan to maintain or revert these changes post-pandemic

Source: PYMNTS.com | May 2020



SHIFTING AND SAVINGS

CONSUMERS' ONLINE RETAIL SHOPPING HABITS HAVE SEEN THE BIGGEST SHIFTS.

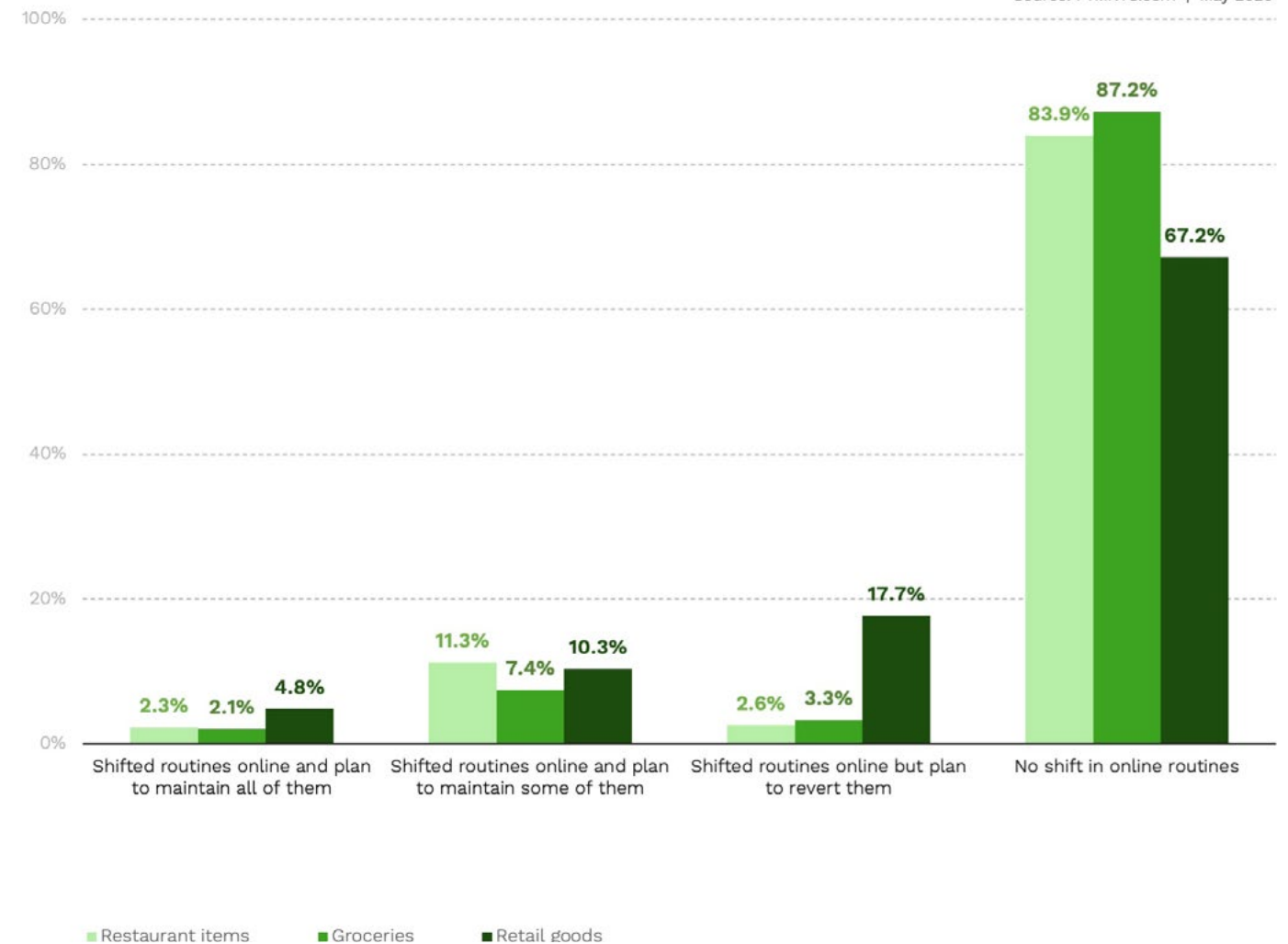
Consumers are doing more online during lockdown than they ever have, but the degrees to which they use digital channels vary depending on what they are purchasing. They are more likely to shop for retail goods online than they are to purchase items from restaurants, for example. Our research shows that 32.8 percent of consumers are shopping for retail goods just as often as they did before the pandemic but are doing so online. This compares to 12.8 percent and 16.1 percent who have gone online more often to shop for groceries or order from restaurants, respectively.



FIGURE 4: CONSUMERS' PROPENSITY TO MAINTAIN THEIR DIGITAL SHIFTS POST-PANDEMIC

Share who have or have not shifted their online behaviors in select ways and plan to maintain or revert these changes post-pandemic, by activity

Source: PYMNTS.com | May 2020

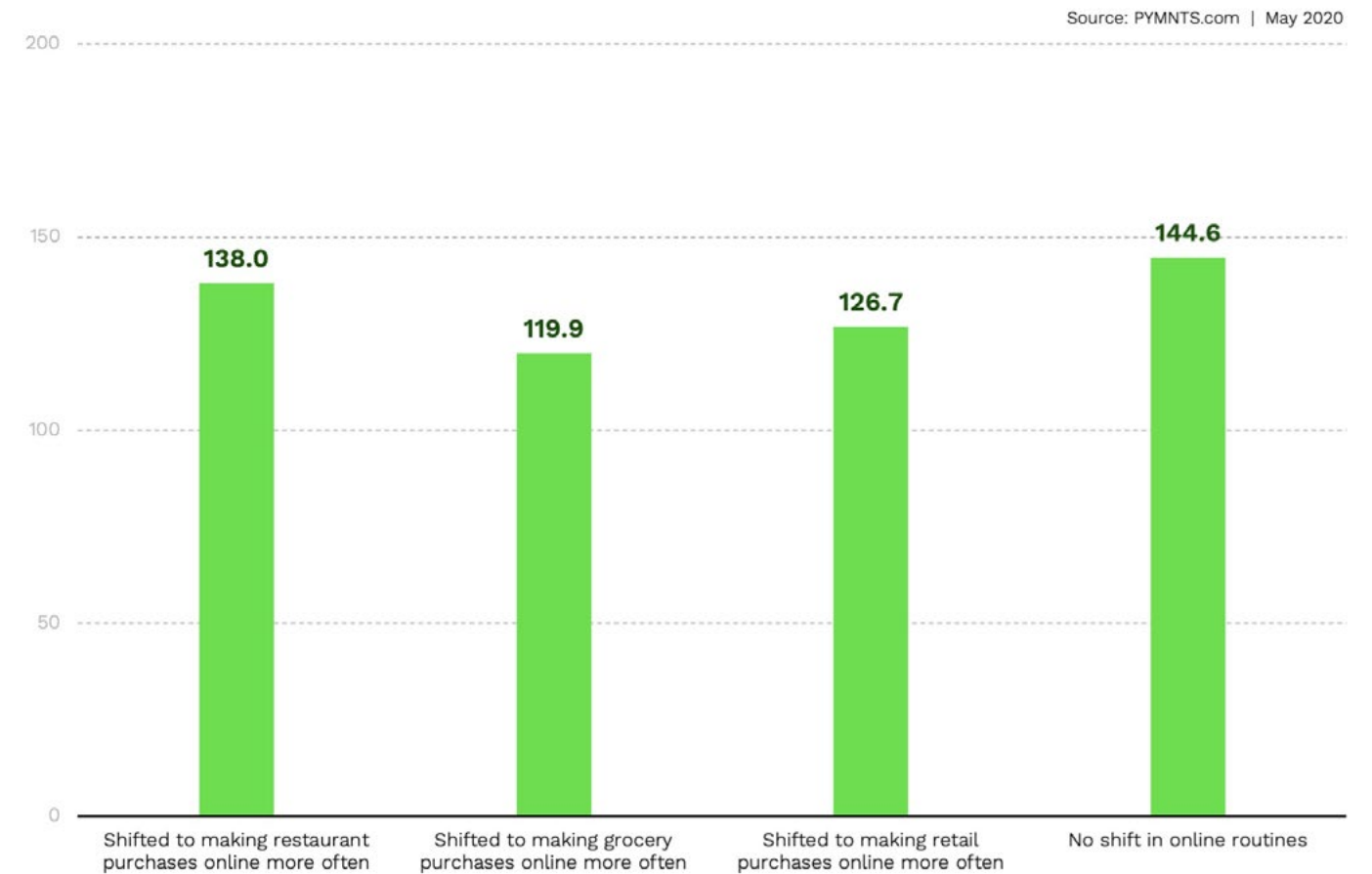


SHIFTING AND SAVINGS

CONSUMERS WHO SHIFTED TO BUYING GROCERIES ONLINE HAVE THE LEAST FUNDING ON HAND.

Consumers who go online to continue their pre-pandemic routines appear to be less financially stable than those who do not. Those who have switched to doing more grocery shopping online could go an average of almost 120 days without dipping into their savings, while those who have switched to retail shopping online could go nearly 127 days without doing so. Consumers who are not using the internet more than they did before the pandemic have the most funding on hand, as they can last almost 145 days on average before tapping into their savings to pay bills.

FIGURE 5: HOW LONG CONSUMERS CAN LAST WITHOUT TAPPING INTO THEIR SAVINGS
Average number of days until they must dip into their savings to pay bills



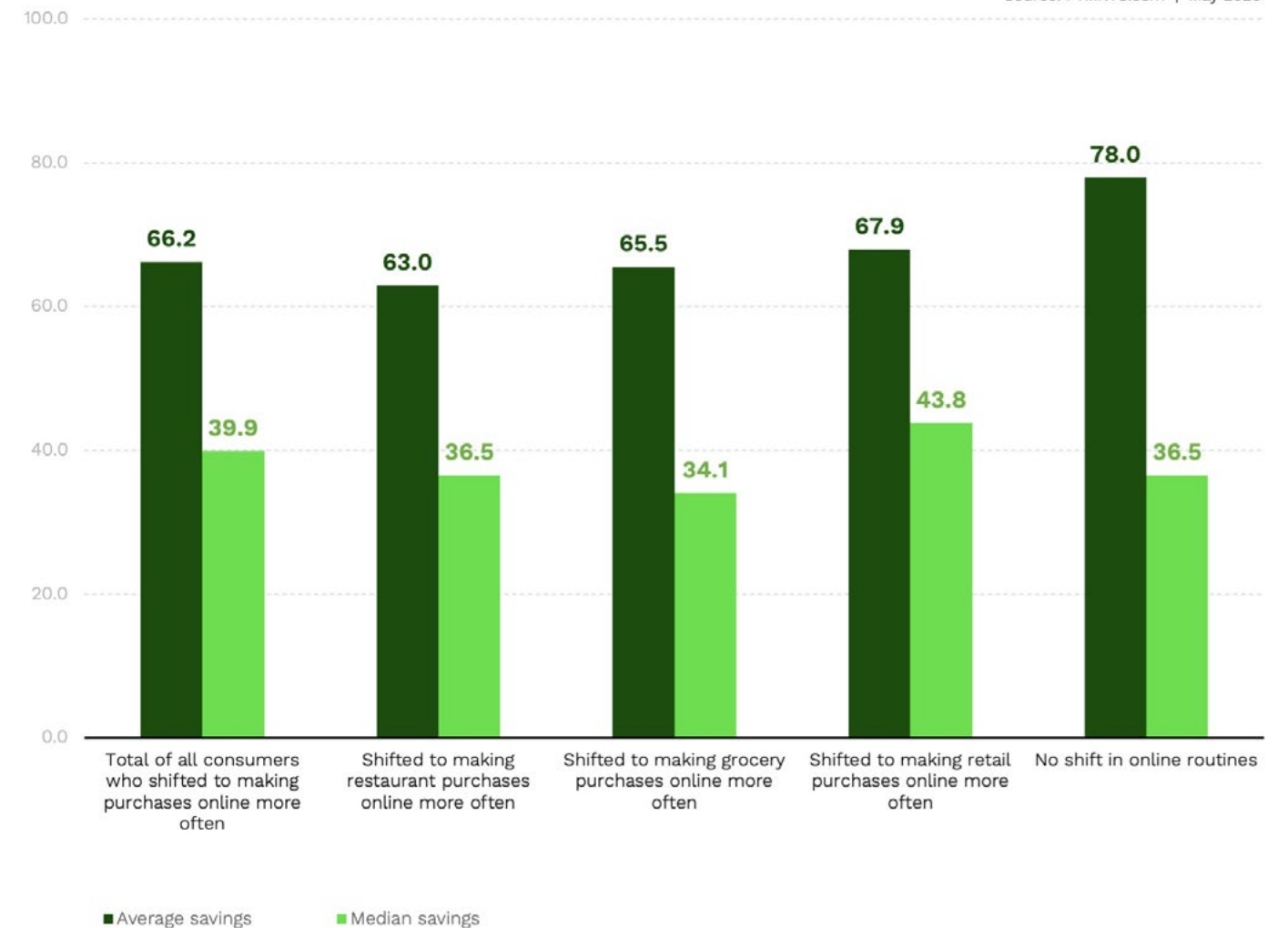
SHIFTING AND SAVINGS

CONSUMERS WHO ARE GOING ONLINE MORE OFTEN HAVE LESS IN THEIR SAVINGS ACCOUNTS THAN THOSE WHO ARE NOT.

Consumers who have shifted to doing their usual activities online also have less in savings than those who have not. Those who have not altered their digital shopping habits can last an average of 78 days on the funds they have in their savings accounts, for example, while consumers whose habits have changed can last only 66 days on average. Among consumers who have moved more of their pre-pandemic routines online, those shopping for retail goods have the most in savings. These consumers can subsist on their savings for 68 days on average, while those shopping for groceries online can live off them for only 66 days and those ordering from restaurants can last just 63 days.

FIGURE 6: HOW LONG CONSUMERS CAN LIVE OFF THEIR CURRENT SAVINGS
Average and median number of days consumers can rely on their savings

Source: PYMNTS.com | May 2020

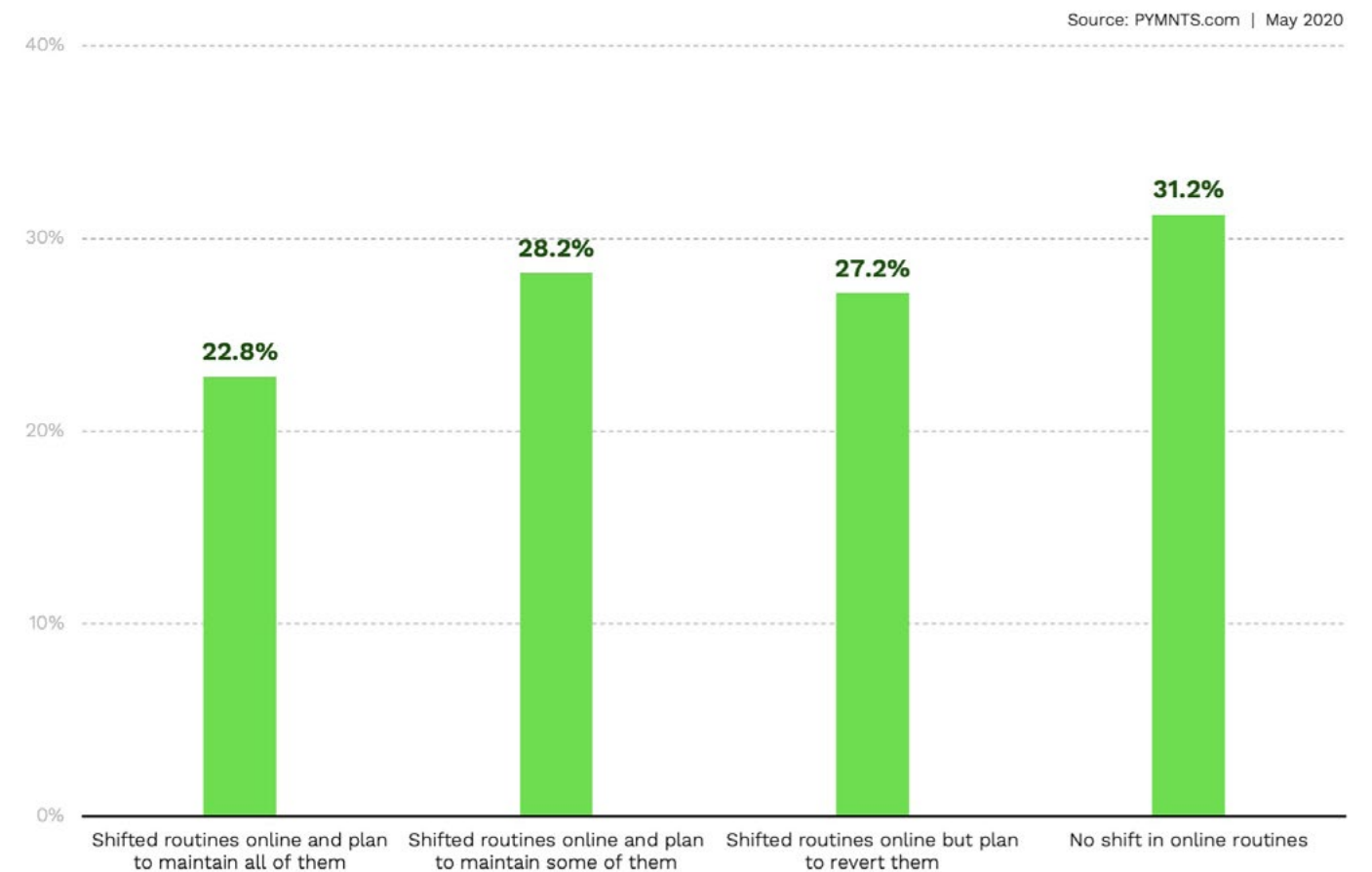


CONSUMERS WHO HAVE BEEN THE SLOWEST TO SHIFT THEIR ROUTINES ONLINE ARE THE MOST EAGER TO LEAVE THEIR HOMES.

The majority of consumers are not particularly interested in leaving their homes more often than they do now, but their interest levels vary depending on their post-pandemic plans. Those who have not gone online to manage their routine purchases are the most eager to leave their homes more, with 31.2 percent saying they are “very” or “extremely” interested in doing so.

Consumers who have gone online more often to make routine purchases are less interested in going out, however, especially if they plan to maintain the same level of online activity once the pandemic ends. Only 22.8 percent of those who are making online purchases more often and planning to maintain this stepped-up usage in the future report feeling “very” or “extremely” interested in leaving their homes more often. This compares to 27.2 percent of consumers who have shifted their routines online during lockdown but plan to revert to their pre-pandemic habits who say the same.

FIGURE 7: CONSUMERS' INTEREST IN LEAVING THEIR HOMES MORE OFTEN
Share who are “very” or “extremely” interested in going out, by persona group



CONSUMERS WHO PLAN TO STAY ONLINE ARE THE MOST WORRIED ABOUT INFECTING OTHERS OR DYING.

Consumers cite many reasons for feeling concerned about the COVID-19 pandemic, and the nature of their worries will likely affect how they choose to manage their lives after it is over. Consumers are most likely to say they plan to continue using the internet to engage in their usual activities, regardless of their cited reasons for concern, but there are four notable exceptions to this rule.

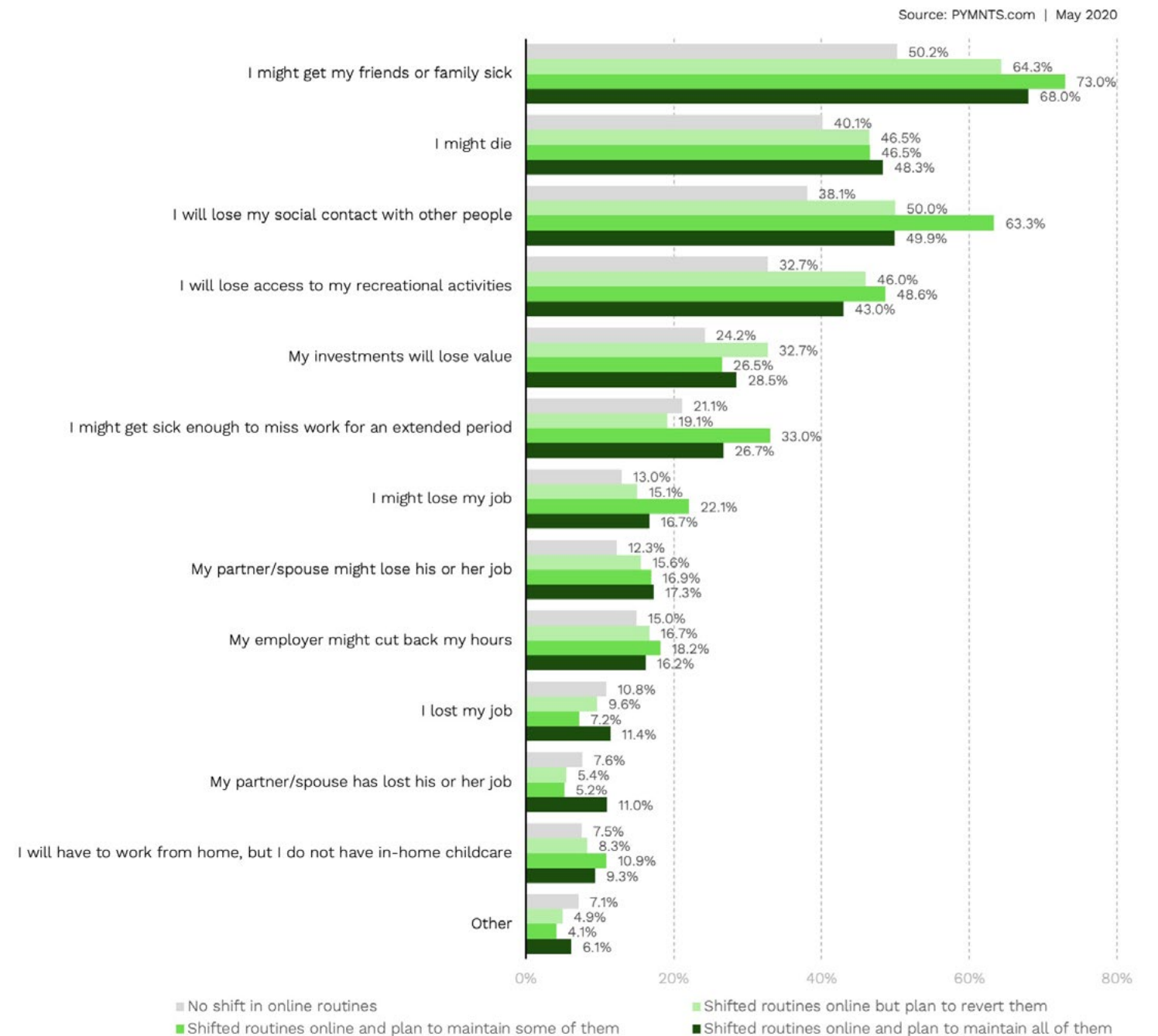
The first exception pertains to consumers' worry that the virus might kill them. Consumers who plan to continue their current digital channel usage after the pandemic is over are the most likely to cite this as a concern. Our research shows 48.3 percent of consumers who plan to use digital channels to manage their post-pandemic lives as much as they do now fear they might die from COVID-19. This compares to 46.5 percent of those who plan to either partially or totally revert to their pre-pandemic routines who say the same.

The second pertains to consumers' worries that their investments could lose value. Consumers who plan to completely reverse their shifts once the pandemic passes are more likely than others to cite this as their cause for concern. Our research shows that 32.7 percent of consumers who plan to go back to their former lifestyles after the outbreak is over say they worry their investments might lose their value. This compares to 28.5 percent of consumers who plan to completely maintain their online routines post-pandemic who cite the same concern.

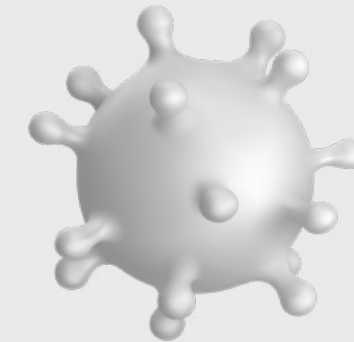
The third and fourth exceptions both pertain to job loss. Consumers who plan to utilize digital channels for their purchasing routines just as much after the pandemic as they do now are the most likely to say they worry either that their partners might lose their jobs or because they had already lost their own jobs. This was the case for 17.3 percent and 11 percent of consumers who planned to continue stepped-up online activities post-pandemic, respectively.



FIGURE 8: CONSUMERS' REASONS FOR FEELING CONCERNED ABOUT THE COVID-19 PANDEMIC
Share of consumers from various persona groups who cite select reasons for being concerned about the COVID-19 outbreak



METHODOLOGY



CONCLUSION

Consumers' post-pandemic plans tend to reflect the degrees to which they have grown to rely on the internet during lockdown. Those who have embraced life online are less eager to reenter the physical world, having become accustomed to managing their lives from the safety of their homes. This digital shift has already triggered a quantum leap in e-commerce engagement, with the share of online sales as a portion of total retail sales having spiked since the pandemic began. If these consumers continue to browse, shop and pay online even after the pandemic is over — as they say they will — retailers will be forced to rethink their digital strategies to capture this new and far larger post-pandemic e-commerce market.

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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