

# How We Shop

**The How We Shop Report,** done in collaboration with and supported by PayPal, examines how consumers' shopping and payment preferences are evolving as they turn to digital channels and what it means for retailers to cater to those experiences.



WINNING THE DIGITAL-FIRST SHOPPER

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The How We Shop Report was done in collaboration with and supported by PayPal, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

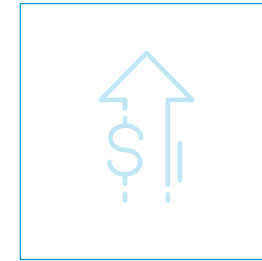
# INTRODUCTION

Pittsburgh-based supermarket chain Giant Eagle began receiving record numbers of online orders after the COVID-19 pandemic began in March 2020. The grocer's curbside pickup service became especially popular, prompting the chain to enable customers to request the service directly through its mobile app. The app provides customers notifications and updates about when their orders are ready for pickup and tracks their coordinates to provide the local Giant Eagle branch with estimated arrival times so that store associates can deliver the orders as soon as customers arrive.<sup>1</sup>

Giant Eagle's high-tech curbside pickup solution is one of countless digital shopping innovations that grocers across the United States have adopted since the start of the pandemic. Supermarkets and grocery stores are gearing up to deliver the digital-first and touch-free shopping experiences their customers have come to expect, from touchless mobile checkout apps being offered by New York City's Westside Market and Fairway Market to self-driving autonomous vehicles delivering products to Save Mart customers in California.<sup>2</sup>

<sup>1</sup> Redman, R. Giant Eagle curbs friction with curbside pickup. Supermarket News. 2020. <https://www.supermarketnews.com/online-retail/giant-eagle-curbs-friction-curbside-pickup>. Accessed November 2020.

<sup>2</sup> Palmer, A; Repko, M. How the coronavirus pandemic helped convince grocery chains to experiment with new tech. CNBC. 2020. <https://www.cnbc.com/2020/09/06/how-coronavirus-convinced-grocery-chains-to-experiment-with-new-tech.html>. Accessed November 2020.



## SHIFTING TO DIGITAL

Eighty million U.S. consumers have switched from shopping for retail items in stores to shopping for them online.

This push for digital shopping options is not unique to grocery sellers, either. PYMNTS' research suggests that 26 million consumers, or 10.6 percent of U.S. adults, have switched from in-store to online shopping for groceries, while 80 million, or 32.5 percent, have shifted to online shopping for retail goods in that time. This helps explain the market pressure that retailers are facing to add new digital capabilities to meet this massive consumer demand. There are also 29 million U.S. consumers — 11.9 percent of the adult population — who have switched from dining on-site to ordering from restaurants online since the pandemic began.

There is a universal increase in consumer demand for digital shopping and payment options,

but the increase is greatest among consumers living in urban areas.

47%

Forty-seven percent of all consumers who live in large cities have shifted from in-store retail shopping to online retail shopping.





Our research shows that the demand for digital-first shopping is being led by consumers living in urban areas, 47 percent of whom have shifted from in-store retail shopping to online shopping since the pandemic began. Consumers living in urban areas are also 42 percent more likely to have switched to ordering food online than those living in rural areas, and 24 percent more of these urban shifters than their rural counterparts plan to keep ordering their food online even after the pandemic.

The shift in how consumers are choosing to shop today is also being seen across different generations. It is particularly strong among bridge millennials, consumers between ages 32 and 41, who grew up using connected devices. Bridge millennials are more likely than all others to use touchless payment options like digital wallets and contactless credit and debit cards. Our research shows that 64.3 percent of bridge millennials already use digital wallets to pay in stores, for example, while 24.1 percent pay in-store using contactless debit and credit cards. This compares to 53.1 percent and 18.1 percent of Generation X who do the same, respectively.

The final group moving the market toward a digital-first future consists of consumers earning more than \$100,000 in annual income, or high-income consumers. These high earners are fond of using many touchless payments to spend their disposable incomes, being the most likely group to pay using cards on file, contactless cards, QR codes and POS credit options.

Such differences may seem trivial but are crucial to understanding how retailers can best serve the diverse shopping preferences of their customers.

Seamless ordering and payment options have been increasingly indispensable to consumers over the last few years. Looking ahead, however, retailers are challenged with tailoring their digital offerings to meet the shifting, particular needs of their customers. Merchants must understand which payment options their customers want, which customers want them and whether they will still want them once the COVID-19 pandemic has passed. Who are the consumers leading the charge to adopt a digital-first style of commerce, and what can their shopping habits tell retailers about how to prepare for the digital economy they are helping create?

PYMNTS, in collaboration with and supported by PayPal, surveyed a census-balanced panel of 2,029 U.S. consumers in June and then again in August to gauge how consumers' shopping and payment behaviors have changed over the course of the pandemic and how they vary among consumers from different age groups, incomes and even geographic locations.

Our research shows that consumers of different ages, incomes and locations have widely different payment preferences, yet they share one very important common trait: Their demand for digital payment options is going up. This edition of How We Shop: Winning The Digital-First Shopper explains why.

**This is what we learned.**



PART I:

# Through cities, towns and farms



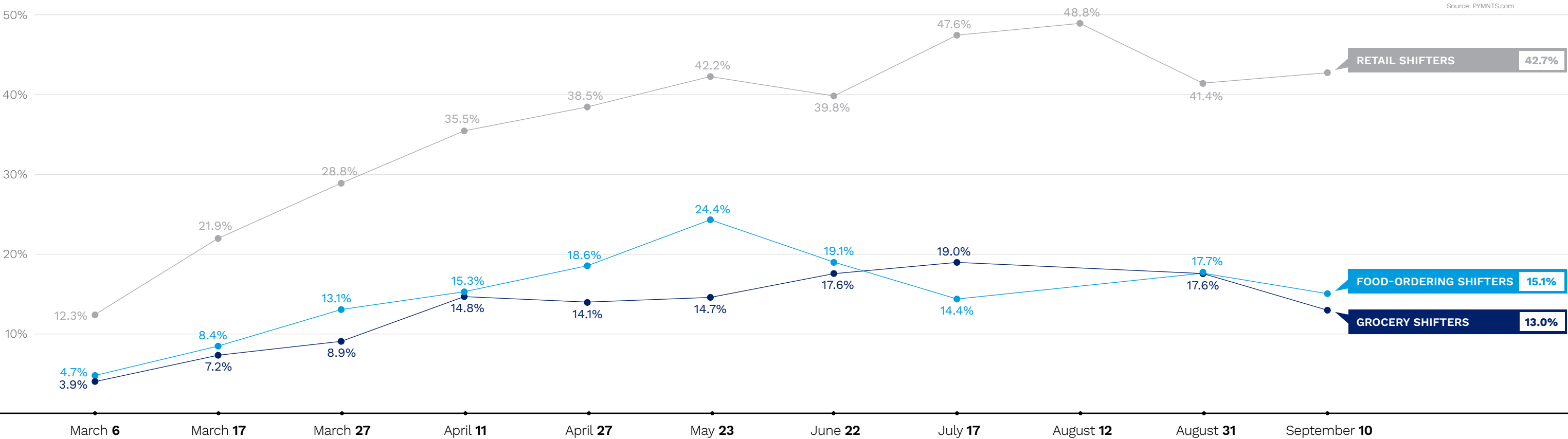
# Consumers living in urban areas are leading the digital shift.

Those living in cities are more likely to have gone online to shop and pay since the pandemic began and are more likely to keep doing so after it is over.

Consumers have been going online for the past seven months to perform their routine activities, including ordering food ahead for delivery or curbside pickup and retail shopping

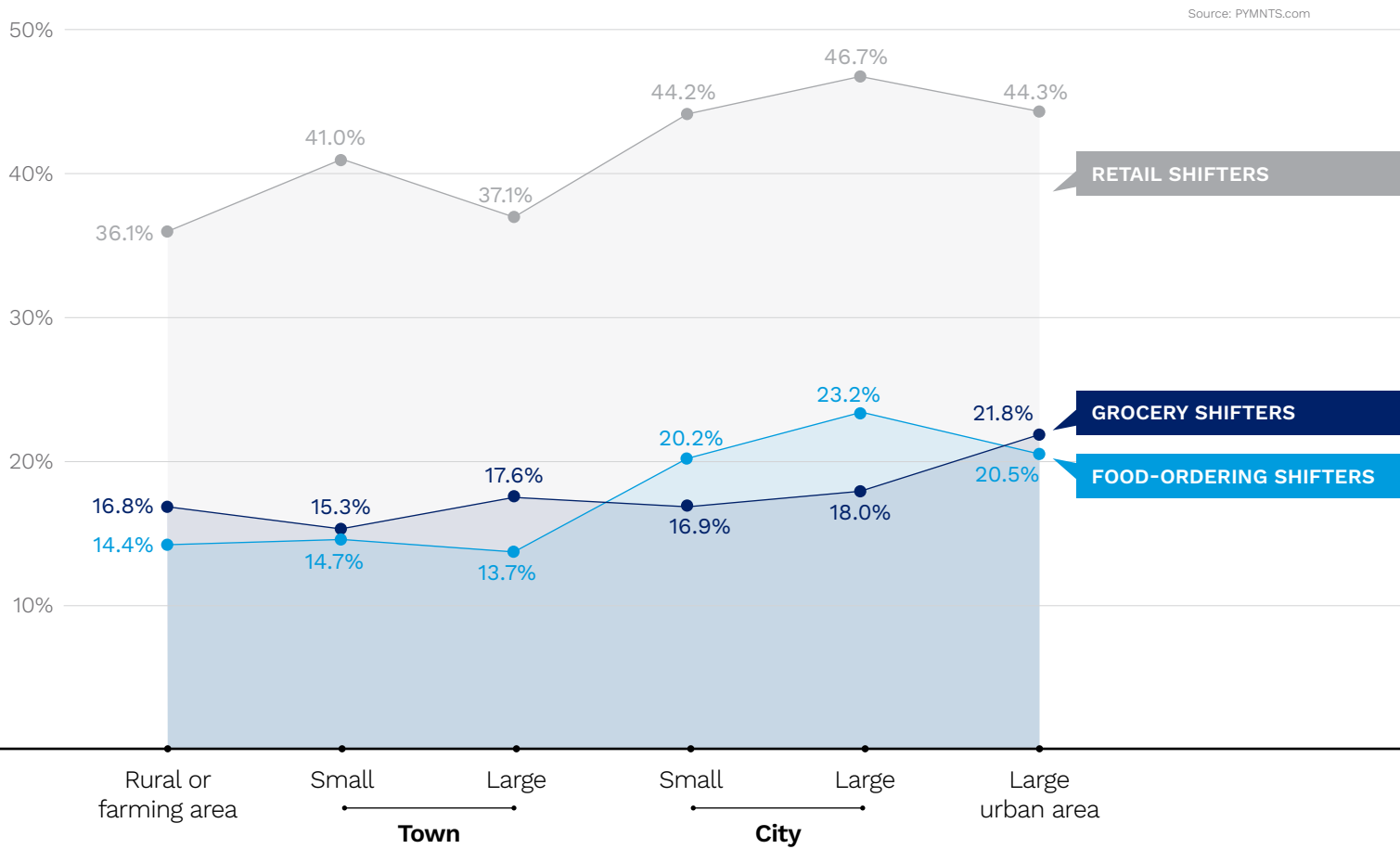
online, and they still show no signs of reversing course. Our research shows that 97.3 million U.S. consumers have now switched to performing at least one routine activity online — working from home on their laptops, browsing retail marketplace apps, ordering their food via aggregator apps or buying groceries for curbside pickup, for example.

**FIGURE 1:**  
**The evolution of consumers' shift to digital commerce**  
Share of consumers engaged in select activities who have shifted to performing those activities online, by date



The biggest shift has occurred among retail shoppers, 43 percent of whom have switched from buying retail items in stores to buying them online. This means that 80 million more consumers are making eCommerce purchases online now than they were before the pandemic began. Fewer consumers have switched to making grocery purchases and food orders online, but still 26 million and 29 million have done so, respectively. Thirteen percent of consumers who used to do their grocery shopping in stores are now doing so online, and 15 percent of those who used to dine in sit-down restaurants are now ordering from those restaurants online.

**FIGURE 2:**  
**The strength of the digital shift across geographic areas**  
Share of consumers engaging in select activities who have shifted to doing them digitally, by area



Consumers of all incomes have gone online to shop and pay since the COVID-19 pandemic began. Population is a key factor with the migration to digital-first commerce, as the shift is strongest among consumers who live in densely populated areas.<sup>3</sup>

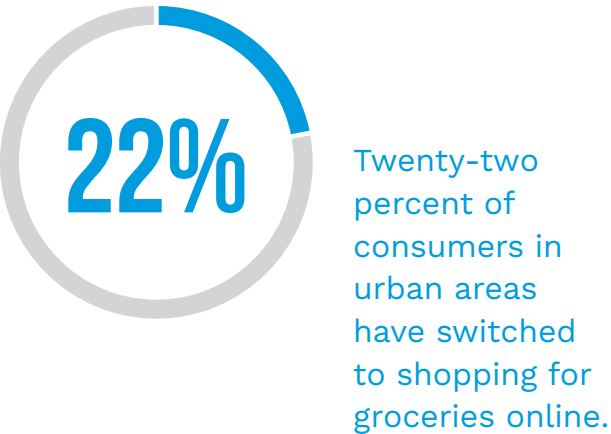
It is more common for consumers living in cities to have shifted to ordering food online than it is for those living in towns or rural areas to have done the same. Our research shows that consumers are most likely to have shifted to ordering food online if they live in large cities, where eateries from QSRs to Michelin-starred restaurants provide order-for-delivery services. Twenty-three percent of residents of large cities have done so, yet only 14 percent of consumers living in either large towns or rural and farming areas have switched from dining in sit-down restaurants to ordering their food online to go.

<sup>3</sup> Our survey defines the geographic areas mentioned in our report based on their population density as follows:  
Rural or farming areas: fewer than 25,000 inhabitants  
Small towns: 25,001 to 100,000 inhabitants  
Large towns: 100,001 to 250,000 inhabitants  
Small cities: 250,001 to 500,000 inhabitants  
Large cities: 500,001 to 1,000,000 inhabitants  
Large urban areas: more than 1,000,000 inhabitants



Residents of large cities are also the most likely to have shifted to shopping for retail goods online, whereas consumers living in rural or farming areas are the least likely to have done so. Our research shows that 47 percent of all consumers who live in large cities have shifted from in-store retail shopping to online retail shopping, compared to 36 percent of those who live in rural or farming areas.

We observe a similar trend when it comes to grocery shopping. People who live in large urban areas make up the most likely group to have switched to ordering groceries online, at 22 percent. Just 17 percent of inhabitants of rural or farming areas have done the same.



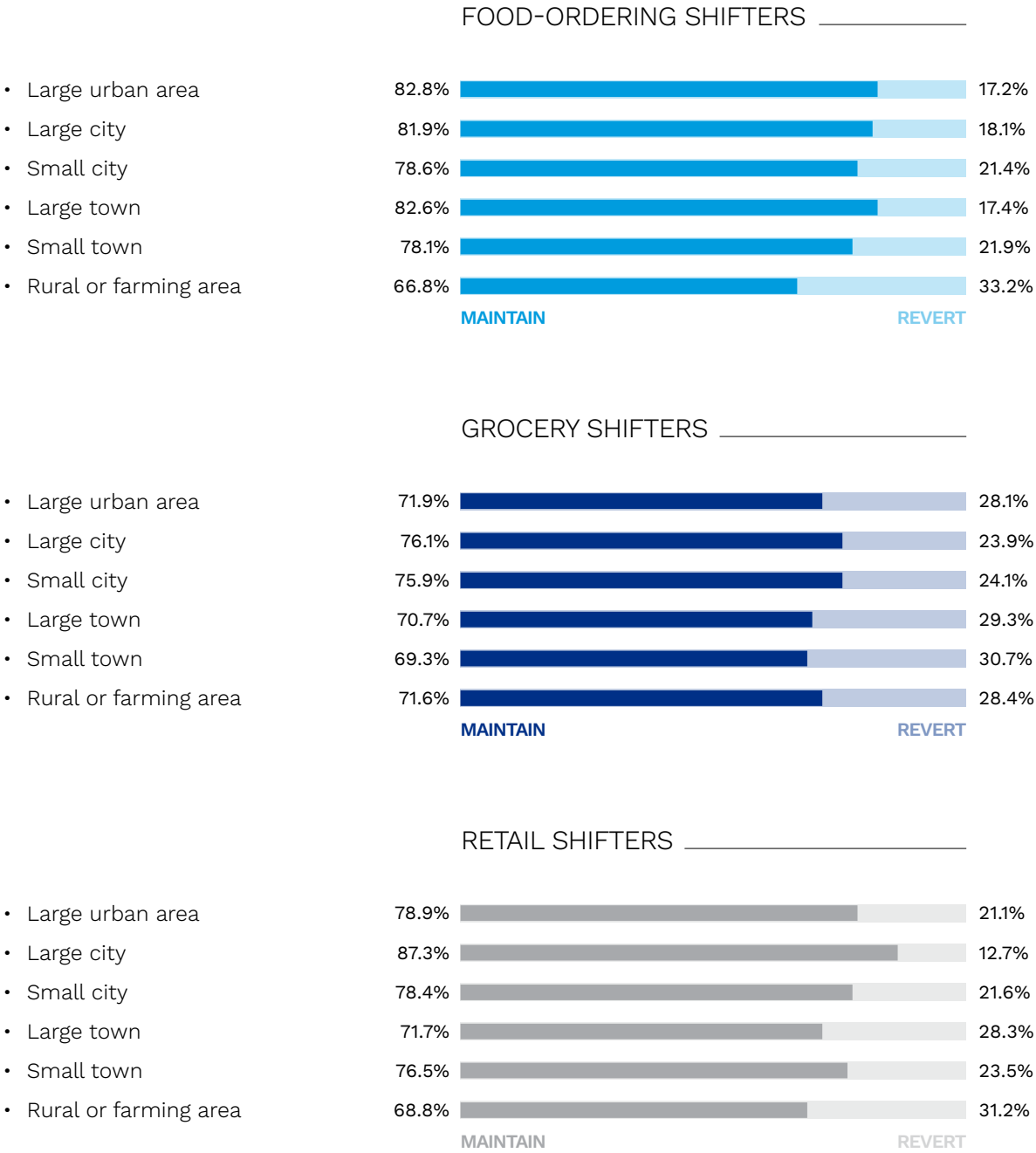
URBAN AREAS

Urbanites are also more likely to plan on continuing to purchase food, groceries and retail items online in the future.

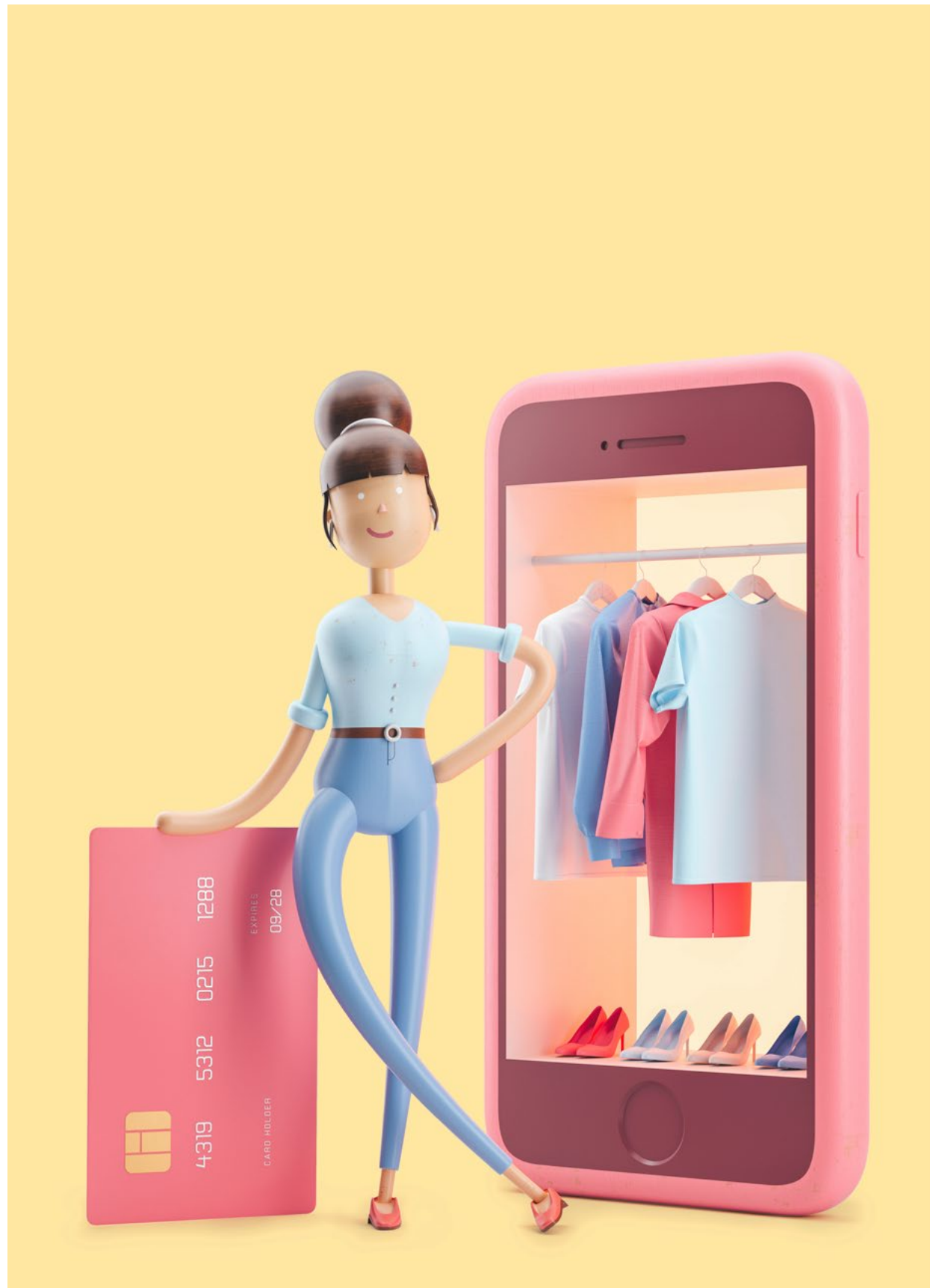
Consumers’ plans to continue utilizing digital channels for shopping also tend to change depending on where they live, which has major implications for how different economies could adjust to the post-pandemic market. City dwellers who have shifted to ordering food online are more likely than other residential groups to plan to keep doing so even after the pandemic has subsided, for example, as 83 percent of them say so. Only 67 percent of digital shifters in rural areas and farms say the same. The calculations mean that 5.6 million consumers in large urban areas could continue to order food online just as much as they are doing now even after the pandemic is over, as might 3.3 million consumers who live in rural areas and farms.

**FIGURE 3:**  
**How geography impacts consumers’ post-pandemic shopping plans**  
Share of food-ordering, retail and grocery shifters who plan to revert or maintain their behavior, by geographic area

Source: PYMNTS.com







76%  
of consumers in large cities who  
have shifted to buying groceries  
online **want to keep doing so**  
after the pandemic has subsided.

This shift to digital is perhaps even more visible when it comes to retail products. Our research shows that 79 percent of consumers in large urban areas and 69 percent of those in rural and farm areas who have shifted to shopping for retail goods online plan to keep doing so even after the pandemic is over. This could lead to as many as 11.6 million more consumers shopping for retail items online in cities and 9 million more consumers in rural areas shopping for retail items online than there were before the pandemic began.

Consumers' interest in using digital shopping channels also extends to how they make their grocery purchases. Seventy-six percent of consumers in large cities who have shifted to buying their groceries online plan to maintain this behavior even after the pandemic has subsided, as do 72 percent of consumers in rural or farm areas. This projects to 5.7 million more consumers in large cities and 4.6 million more in rural and farm areas regularly ordering their groceries online than they did before the pandemic.

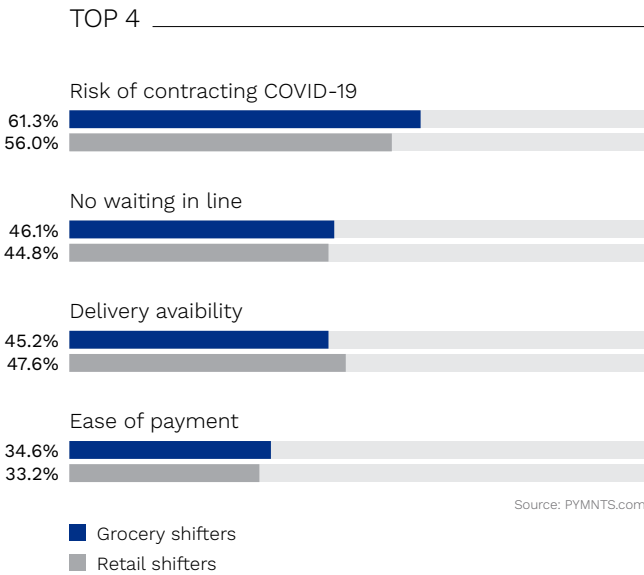
# Consumers want digital payments both for safety and to save time and energy.



**A**voiding COVID-19 is a higher priority for consumers in rural areas than it is for city dwellers.

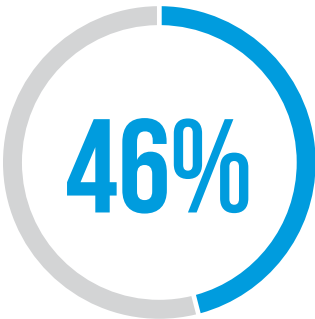
COVID-19 is a major factor driving demand for touchless, digital payment options, and more consumers who want those options cite the risk of exposure than any other reason. Fifty-six percent of consumers who purchased nongrocery items more online since the pandemic began say the behavioral shift is because they want to avoid the risk of contracting COVID-19, whereas 61.3 percent of consumers who purchased groceries more online since the pandemic began say they shifted their behavior for the same reason.

**FIGURE 4:**  
**Why consumers are going online to shop and pay**  
Share of consumers shopping more online for select reasons, by date



**CONTAGION**  
Fear of contagion is still the most common reason consumers give for going online to shop and pay.

THE REST	<div><div></div><div></div></div>	
	Grocery shifter	Retail shifter
Curbside pickup availability	31.2%	16.3%
Wide range of products	25.6%	30.7%
Product comparisons	23.2%	22.1%
Competitive prices/discounts	22.8%	24.5%
Payment options	17.0%	12.1%
Reviews/recommendations	15.0%	16.3%
Payment security	13.9%	12.2%
Networks of stores	13.8%	18.1%
Requested product online only	13.1%	17.7%
Personalized options	9.5%	11.1%
Other	2.3%	2.9%




Forty-six percent of consumers interested in digital payments say it is because they want to avoid standing in line.

Convenience is also at the top of consumers’ minds as to why they would like to use digital payment options, regardless of whether they are ordering food for delivery or ordering groceries for curbside pickup. Forty-five percent of consumers who would like to use digital payments for retail purchases say they feel that way because paying in that manner would mean not having to stand in line, for example, and 48 percent say they want to use digital payments in order to get their purchases delivered to their homes. Forty-six percent of consumers who want to use digital options to pay for their grocery purchases say they feel that way because the method would save them from having to stand in a line, and 45 percent say they want to use digital payments because they would like to get their groceries delivered to their homes.

TABLE 1:


**Why consumers in different areas are going online to shop and pay**  
Share of consumers who are grocery shopping more online for select reasons, by area

 GROCERY SHIFTERS	Large urban area	CITY		TOWN		Rural or farming area
		Large	Small	Large	Small	
• Risk of contracting COVID-19	47.0%	58.9%	73.6%	63.3%	66.1%	67.8%
• No waiting in line	37.4%	43.1%	51.4%	42.7%	54.3%	51.4%
• Delivery availability	45.3%	54.1%	57.1%	45.3%	39.2%	30.4%
• Ease of payment	29.7%	36.8%	42.4%	39.6%	33.9%	29.3%
• Curbside pickup availability	23.1%	33.7%	36.7%	21.1%	39.2%	35.3%
• Wide range of products	26.6%	38.3%	27.9%	22.4%	19.7%	18.3%
• Product comparisons	23.2%	37.2%	26.7%	16.4%	16.7%	18.1%
• Competitive prices/discounts	26.0%	26.3%	21.6%	24.6%	15.1%	22.6%
• Payment options	21.8%	21.8%	21.6%	10.2%	12.3%	10.1%
• Reviews/recommendations	17.4%	30.9%	10.8%	10.3%	5.5%	13.9%
• Payment security	17.7%	22.1%	10.8%	14.1%	7.3%	10.1%
• Networks of stores	10.1%	19.6%	13.5%	18.7%	10.6%	14.1%
• Requested product online only	14.2%	17.3%	8.9%	11.1%	13.9%	12.4%
• Personalized options	12.0%	16.2%	4.8%	9.9%	7.0%	6.0%
• Other	0.9%	0.7%	1.1%	0.0%	4.4%	6.8%

■ Highest percentage for each reason

Source: PYMNTS.com

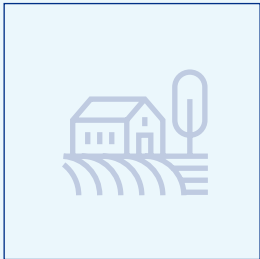
**TABLE 2:**  
**Why consumers in different areas are going online to shop and pay**  
Share of consumers who are retail shopping more online for select reasons, by area

 RETAIL SHIFTERS	Large urban area	CITY		TOWN		Rural or farming area
		Large	Small	Large	Small	
• Risk of contracting COVID-19	49.1%	60.2%	52.8%	60.6%	56.1%	60.7%
• No waiting in line	42.4%	52.1%	48.3%	32.2%	42.2%	51.1%
• Delivery availability	48.3%	52.2%	47.7%	51.8%	47.7%	39.3%
• Ease of payment	31.6%	44.6%	32.0%	34.5%	28.6%	31.3%
• Curbside pickup availability	18.1%	20.4%	15.6%	11.7%	16.1%	14.9%
• Wide range of products	30.7%	29.5%	31.9%	37.3%	27.4%	29.2%
• Product comparisons	26.0%	26.6%	12.9%	30.7%	20.1%	17.9%
• Competitive prices/discounts	20.5%	24.2%	21.3%	37.6%	25.7%	21.2%
• Payment options	17.6%	16.4%	10.9%	12.6%	8.8%	6.4%
• Reviews/recommendations	19.2%	16.3%	18.0%	20.5%	11.8%	12.9%
• Payment security	15.6%	16.5%	9.5%	12.4%	10.4%	9.2%
• Networks of stores	22.2%	18.0%	14.1%	16.8%	17.8%	18.6%
• Requested product online only	16.8%	18.2%	17.6%	24.0%	18.6%	12.9%
• Personalized options	13.8%	14.7%	10.8%	14.5%	7.4%	6.4%
• Other	2.6%	0.5%	3.3%	1.3%	4.8%	3.7%

■ Highest percentage for each reason

Source: PYMNTS.com

Concerns relating to contracting COVID-19 also motivate consumers to use contactless options. That is especially true for consumers who inhabit rural and farm areas, as 68 percent want to buy groceries and 61 percent want to buy retail products using touchless payment methods. We found that 47 percent and 49 percent of consumers who live in large urban areas cite COVID-19 as their motivation, respectively. This shows the universality of consumers’ desire to use digital payments to reduce exposure to COVID-19.



**RURAL OR FARMING AREA**

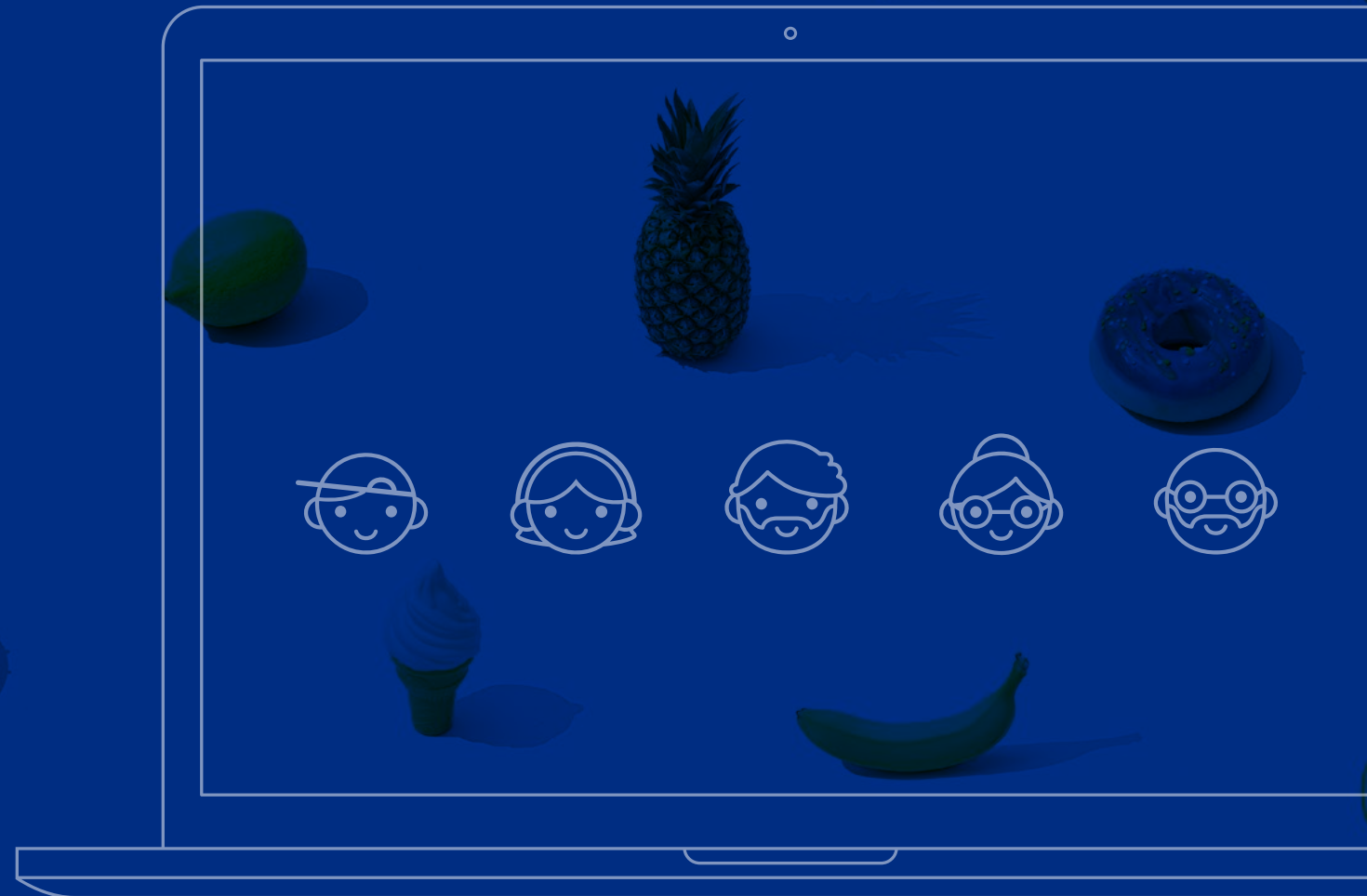
Even consumers in rural areas are more concerned about contracting COVID-19 than any other factor.

52%  
of consumers living in large cities who are interested in retail shopping more online say it is because they would like to have purchases delivered right to their homes.



PART II:

# Early adopters, by generation and income



# Young consumers, high-income consumers and urbanites have crossed the digital payments threshold.

## Payment Methods

Digital wallets are now more commonly used than cash among high-income and mid-income consumers, bridge millennials, millennials, Gen Z individuals and consumers who live in large cities and urban areas.

Consumers are shopping more online than they did before the pandemic and preferring innovative, touchless payment options over traditional payment methods such as credit cards, debit cards and cash. Two percent fewer consumers are using debit cards or credit cards to pay for in-store purchases now than they did in June, for example, and 4 percent fewer are now paying for in-store purchases using cash or checks than in June. Such changes may seem modest but translate to approximately 4.9 million fewer consumers paying with credit or debit cards and 5.4 million fewer consumers paying with cash or check now than just a few months ago.



Fifty-four percent of mid-income consumers report having used digital wallets to pay during the past three months.



Twenty-one percent of high-income consumers have paid using contactless cards during the past three months.

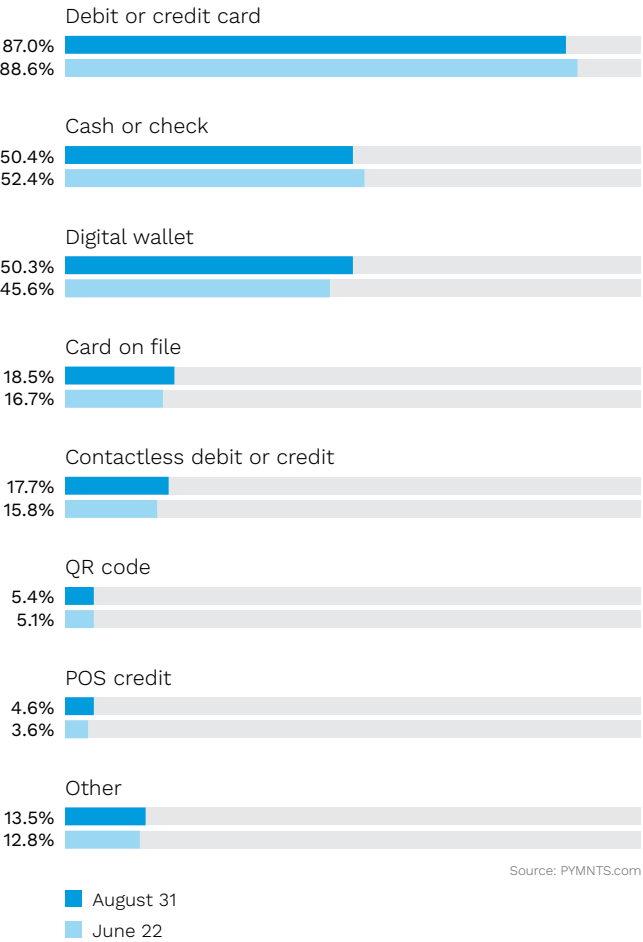


Twenty-three percent of millennials report having paid using cards on file during the past three months.



Sixty-four percent of bridge millennials have paid via digital wallet in the past three months.

**FIGURE 5:**  
**Consumers’ usage of select payment methods over a three-month time frame**  
Share of consumers using select payment methods, by date



**DIGITAL WALLETS**

Digital wallets are now more commonly used to pay than cash and checks combined, among certain demographic groups.

This marks a significant decrease over a short period of time, yet it pales in comparison to the increase we have seen in the use of touchless payments, including digital wallets, cards on file, contactless cards, QR codes and POS credit options. Ten percent more consumers are using digital wallets to pay for in-store and online purchases than they did in June, for example, and 11 percent more are buying goods using cards their merchants have stored on file than before. Consumers are also 7 percent more likely to be using QR codes to make purchases and 27 percent more likely to be paying via POS credit options than in June.

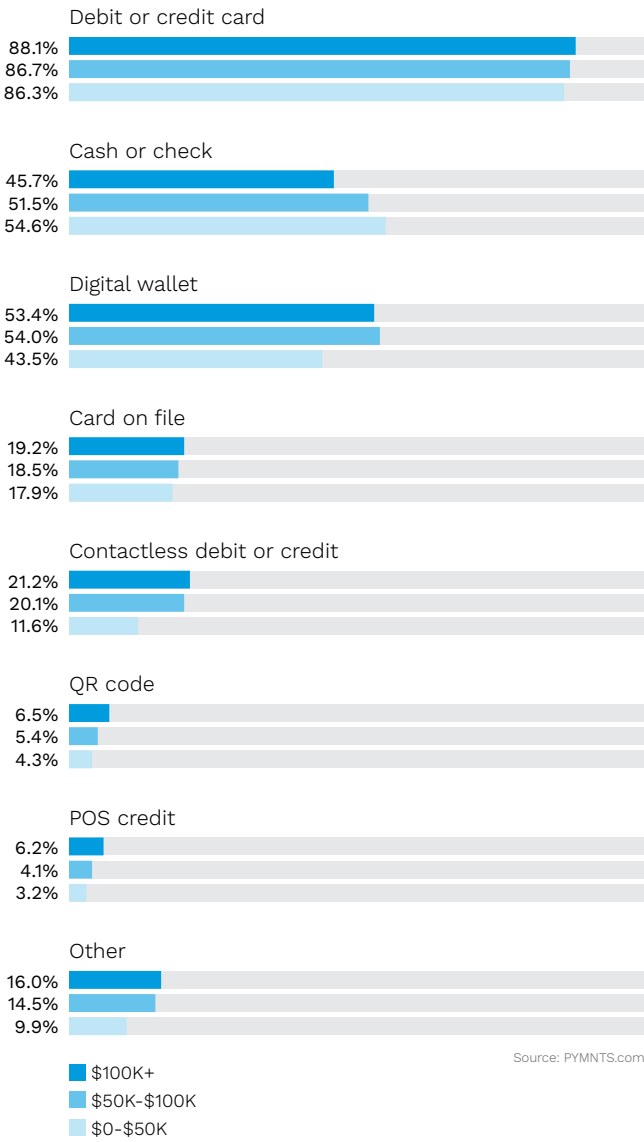
**Income**

Consumers’ propensity to use touchless payment options varies dramatically depending on their income, generational background and geographic location, however. Usage of touchless and otherwise digital payment options is highest among consumers earning more than \$100,000 per year, or high-income consumers. Usage is relatively lower among those earning between \$50,000 and \$100,000 per year (mid-income consumers) and lowest among consumers earning less than \$50,000 per year. High-income consumers are the most likely to pay using cards they have stored on file, contactless cards, QR codes and POS credit options, for example, whereas mid-income consumers are slightly more likely to pay via digital wallet.








Nineteen percent of high-income consumers now pay using cards they have stored on file with their merchants.

**FIGURE 6:**  
**Consumers’ usage of select payment methods over a three-month time frame**  
Share of consumers using select payment methods, by income



We also find that high-income and mid-income consumers have crossed the threshold in terms of touchless payments usage, as both groups are now more likely to pay via digital wallet than they are to pay in cash. Fifty-three percent of high-income consumers and 54 percent of mid-income consumers report having paid using digital wallets in the past three months, while 46 percent and 52 percent have paid in cash, respectively. This signals a major turning point in consumer preference for digital payments over more traditional paper methods. Digital wallets have dethroned cash and checks as these groups of consumers’ second-most preferred payment method, after credit and debit cards.

**TABLE 3:**  
**Consumers’ usage of select payment methods over a three-month time frame**  
Share of consumers using select payment methods, by generation and geographic area

GENERATION					
	Generation Z 23 or younger	Millennials 24 to 39	Bridge millennials 32 to 41	Generation X 40 to 55	Baby boomers and Seniors 56 or older
• Debit or credit card	72.3%	84.3%	86.3%	87.0%	92.9%
• Cash or check	43.6%	50.3%	45.5%	45.1%	56.2%
• Digital wallet	62.5%	63.2%	64.3%	53.1%	35.9%
• Card on file	20.8%	23.2%	22.4%	15.7%	16.7%
• Contactless debit or credit	22.2%	24.0%	24.1%	18.1%	11.7%
• QR code	7.7%	7.4%	6.7%	5.9%	3.1%
• POS credit	7.8%	6.6%	6.9%	4.9%	2.0%
• Other	28.5%	20.7%	16.3%	11.1%	6.3%

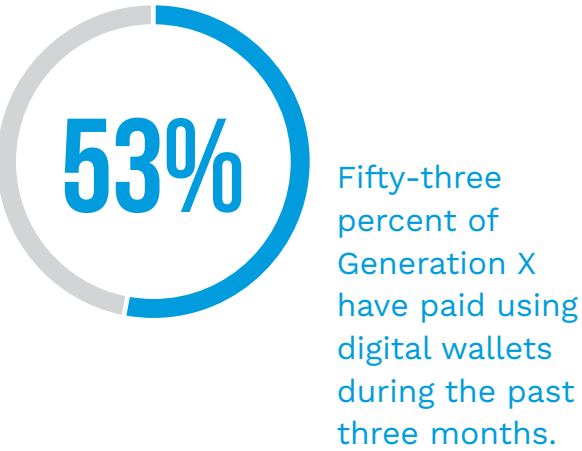
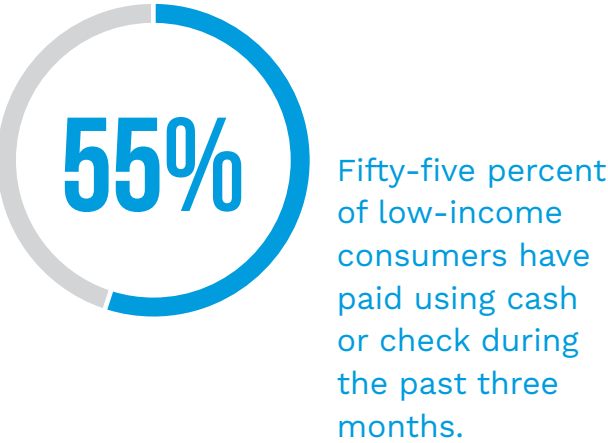
GEOGRAPHIC AREA	Large urban area	CITY		TOWN		Rural or farming area
		Large	Small	Large	Small	
• Debit or credit card	81.6%	87.0%	88.9%	84.1%	91.9%	88.3%
• Cash or check	42.8%	50.2%	46.6%	50.9%	58.5%	53.9%
• Digital wallet	58.7%	60.2%	51.3%	49.5%	41.8%	42.3%
• Card on file	23.8%	17.8%	17.9%	22.2%	12.4%	17.7%
• Contactless debit or credit	21.2%	22.0%	20.9%	18.9%	14.8%	9.8%
• QR code	7.4%	7.1%	4.8%	6.5%	4.4%	2.8%
• POS credit	7.2%	3.3%	4.8%	8.9%	1.3%	2.7%
• Other	15.0%	13.2%	14.4%	18.3%	12.6%	8.9%

■ Highest percentage for each method

Source: PYMNTS.com



Cash and check are the only payment methods that are more common among low-income consumers. Our research shows that 55 percent of consumers who make less than \$50,000 annually have paid in cash or check during the past three months.



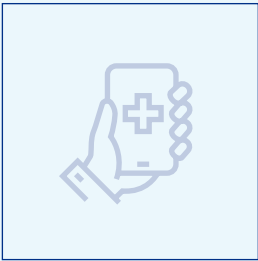
This digital divide also exists among consumers of different generations. Bridge millennials, millennials and Gen Z consumers are all more likely to pay via digital wallet than with cash. Bridge millennials are the most likely group to pay via digital wallet and contactless credit and debit cards, as 64 percent and 24 percent of them have done so during the past three months, respectively. We found that 36 percent of baby boomers and seniors paid using digital wallets in that time. Only 12 percent of baby boomers and seniors have used contactless cards to make purchases during the past three months. Millennials show the strongest preference for cards on file of any age group, and Gen Z consumers are the most likely to pay using QR codes and POS credit options.



**Bridge millennials, millennials and Gen Z consumers** are all more likely to pay using digital wallets than they are to pay in cash.

Location

The final factor that tends to relate to how consumers pay for food, groceries and retail goods is their geographic location. We observed a great divide regarding the preference for digital wallets versus cash between city dwellers and town residents. Consumers who live in large cities, large urban areas and small cities are more likely to pay using digital wallets than they are to pay in cash, but those living in large towns, small towns and rural areas are more likely to pay in cash.

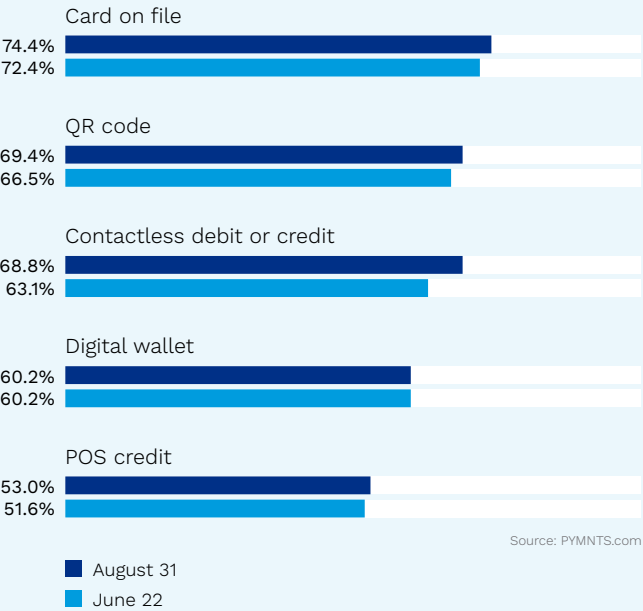


DIGITAL WALLETS

This preference for digital wallets over cash is also found among high- and mid-income consumers and those living in more densely populated areas.

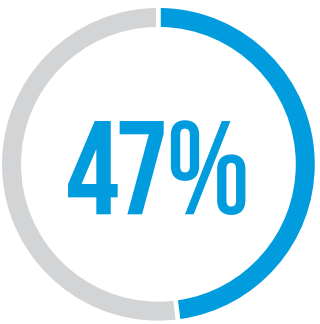
# Digital payments are now consumers' fallback choice.

**FIGURE 7:**  
**Consumers' preferred digital payment methods**  
Share of consumers who would still make purchases without being able to use select methods, by date



Consumers are more willing to settle for payment methods that are not their favorites — if those fallback methods are digital.

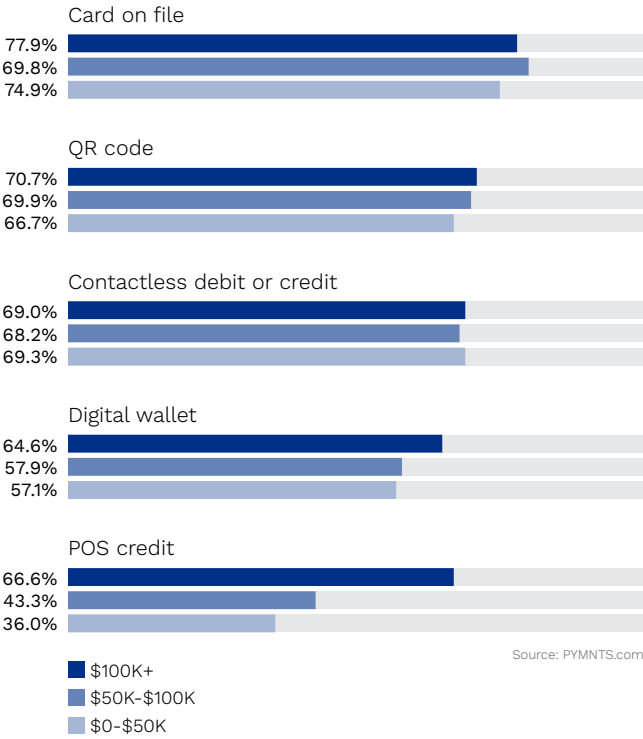
All consumers have favorite payment methods and fallback payment methods — the ones they use when their preferred payment method is not accepted. We also researched consumers who refuse to pay with anything other than their preferred payment method.



Forty-seven percent of consumers who prefer POS credit would not make purchases from any merchant that did not offer POS credit options.

Consumers who prefer to pay using touchless methods like cards on file, QR codes, contactless cards and POS credit options are more willing to pay using methods other than their favorites — a trend that has grown stronger over time, especially among consumers who are fond of using contactless cards. We found that 9 percent more consumers who prefer paying with contactless cards would still make purchases if contactless cards were not an option now than in June.

**FIGURE 8:**  
**Consumers' preferred digital payment methods**  
Share of consumers who would still make purchases without being able to use select methods, by income



## PREFERRED PAYMENT METHODS

Consumers are less willing to settle for anything but their preferred payment methods than they were in June.



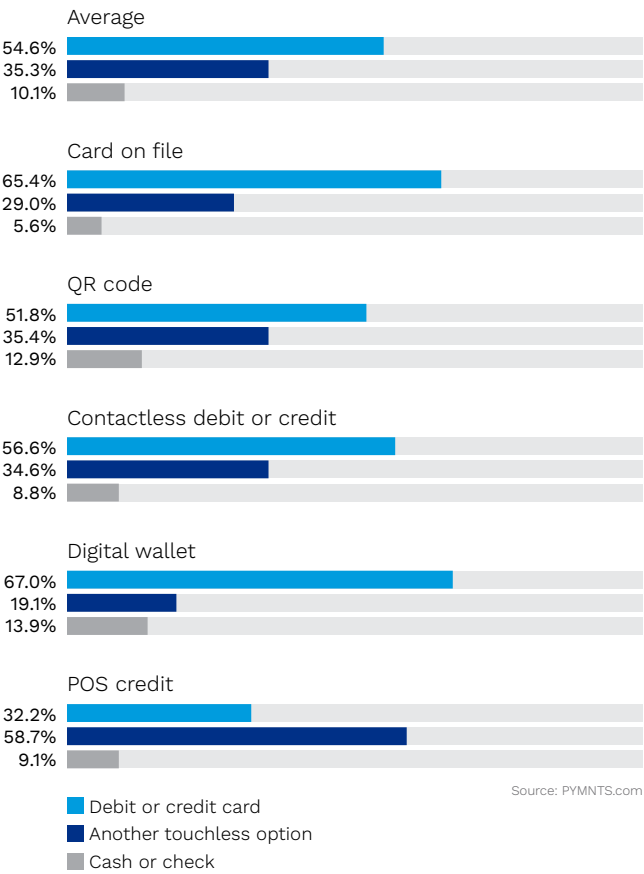


Sixty-four percent of low-income consumers who prefer POS credit would not buy from merchants that did not offer POS credit options.

It is also worth noting that high-income consumers tend to be more flexible in terms of their payment preferences than low-income consumers. This means merchants would be unlikely to lose high-income consumers’ business by not offering their preferred payment methods but may chase low-income consumers away by doing the same.

This finding is particularly resonant when it comes to POS credit options. POS credit can be very important for low-income consumers, who might not otherwise be able to afford certain purchases. Our research shows that only 36 percent of low-income consumers who prefer paying with POS credit would be willing to make purchases at merchants who did not offer it, yet 67 percent of high-income consumers and 43 percent of mid-income consumers would still make purchases if POS credit was not available.

**FIGURE 9:**  
**Which payment methods consumers use as their fallback options**  
Share of consumers who would still make purchases without being able to use select methods



Source: PYMNTS.com

Consumers prefer to use alternative digital payment methods when POS credit options are not available. Our research shows that 59 percent of POS credit-preferring customers would be willing to use other touchless options as their fallback, and 32 percent would be willing to pay via credit or debit card. Only 9 percent would be willing to pay with cash or check if they cannot pay using a contactless debit or credit card.

Consumers who prefer to pay using QR codes, contactless cards, cards on file and digital wallets are more likely to want to be able to pay using debit or credit cards if their preferred methods are not available, on the other hand. Not a single group of consumers is more likely to pay in cash or check than to pay using cards or digital payments as a fallback option.

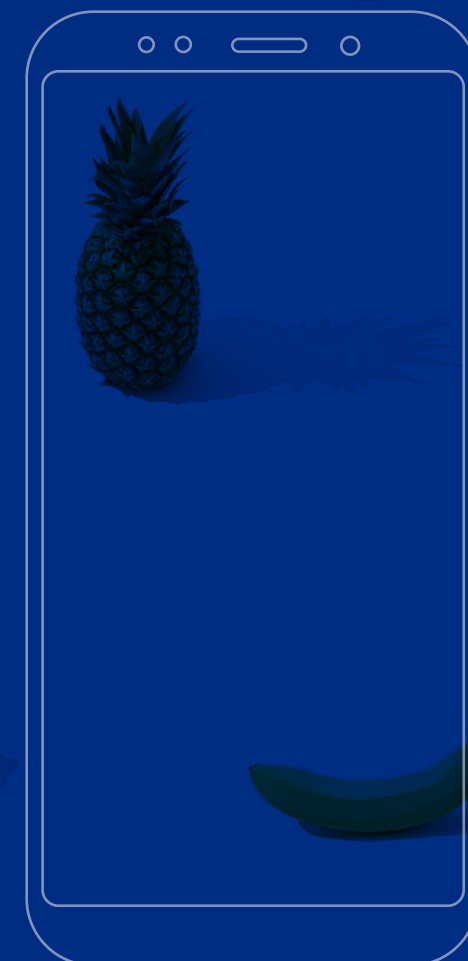
PART III:

# Giving early adopters what they want



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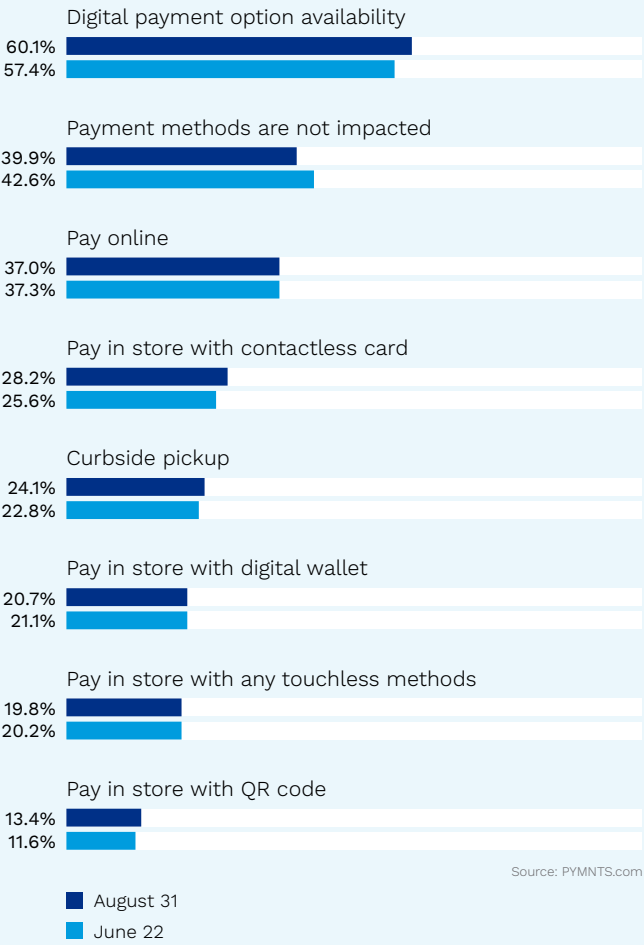
# More consumers are willing to shop in stores if digital payments are made available.

## Consumers want to pay using contactless cards and QR codes in stores and to order online for curbside pickup.

The digital shift is stronger than ever, but consumers are not unwilling to shop in stores. Consumers are more willing to shop in stores than they were in June, in fact, on one condition: Retailers must allow them to pay using the digital payment methods they prefer. Five percent more consumers say they would be willing to shop in stores if they could pay for their purchases digitally than just a few months ago.

The biggest thing merchants can do to entice consumers to shop in their stores is allow them to pay online.

**FIGURE 10:**  
**Consumers' propensity to shop in physical stores based on merchants' payment options**  
Share of consumers who say select digital payment offerings would entice them to continue shopping in stores, by date



Consumers are not opposed to shopping in stores,

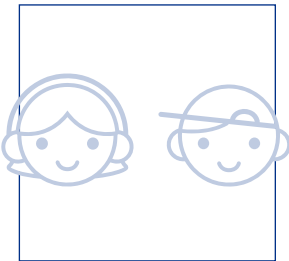
on the condition that brick-and-mortar retailers offer them digital payment options at the point of sale.



Sixty percent of all consumers would be more willing to shop in stores that offer digital payment options.

# Digital payment options can help boost foot traffic.

These payment options are particularly appealing to millennials, Gen Z individuals and consumers living in urban areas.

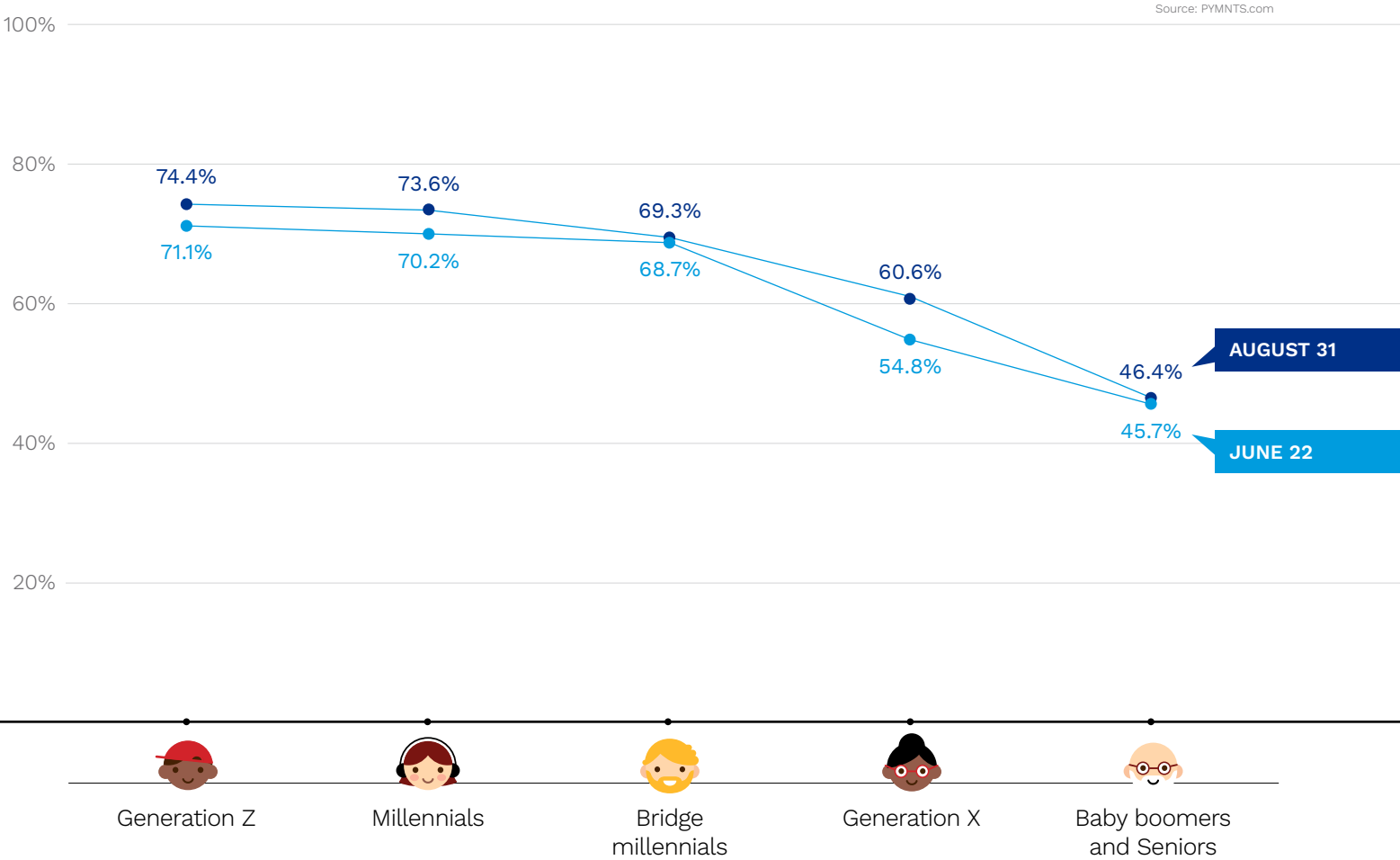


THE NEXT GENERATIONS

Millennials and Gen Z are more willing than other age groups to shop in stores that offer digital payment options.

Consumers are more willing to shop in stores now than they were in June — a trend across all age groups and geographic areas. Interest in shopping in stores is particularly high among Generation X consumers. Ten percent more Gen X consumers would shop in stores now than in June, and 5 percent more millennials would do the same than in June.

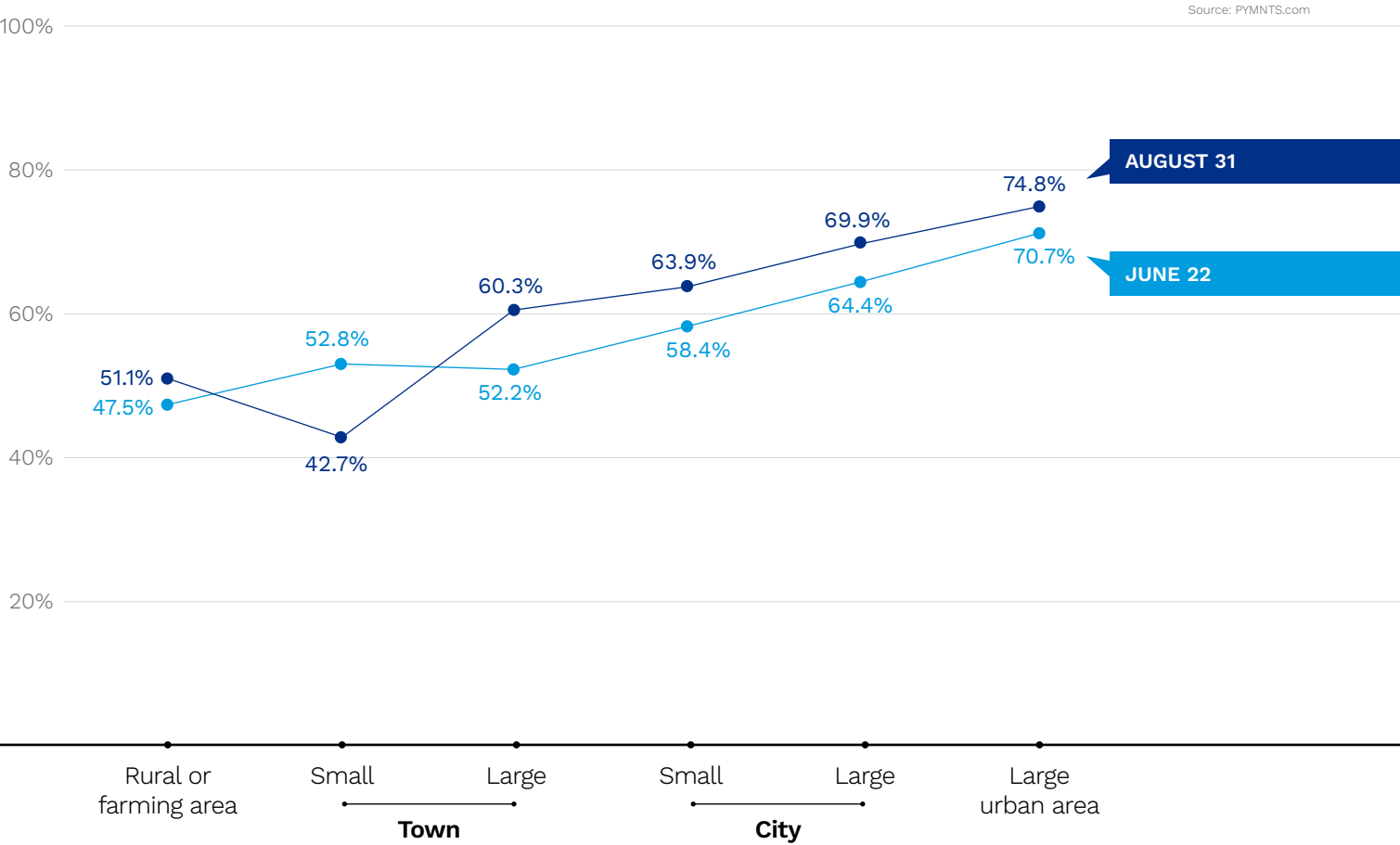
FIGURE 11:  
**Consumers’ propensity to shop in stores based on merchants’ payment options**  
Share of consumers of different generations who say merchants’ digital payment offerings would entice them to continue shopping in physical stores, by date



Consumers’ heightened interest in shopping in stores is something that we observe both in urban and rural areas. Small-town residents, meanwhile, are 19 percent less likely to be willing to shop in stores now than a few months ago.



**FIGURE 12:**  
**Consumers’ propensity to shop in stores based on merchants’ payment options**  
Share of consumers in different geographic areas who say merchants’ digital payment offerings would entice them to continue shopping in physical stores, by date



75%  
of consumers in large urban areas would choose where to shop based on merchants' **digital payment offerings.**






Our research shows that consumers exhibit a greater interest in shopping in physical store locations if they are offered their preferred shopping and payment methods. We also find that 50 percent of millennials and 46 percent of bridge millennials would be willing to continue shopping in stores that enable them to buy online and pick up in-store. The millennials and bridge millennials who are interested in this practice are also the most likely group to want to pay in-store using digital wallets and QR codes.

Retailers can similarly attract more Gen Z customers by accepting con-

tactless card payments, offering curbside pickup options and allowing consumers to pay using cards saved on file.

Worth nothing, however, is that consumers’ affinity to shop in-store if provided access to their preferred payment method tends to vary across geographic areas. Merchants in urban areas stand to benefit from accepting touchless payment options, as 75 percent of consumers show interest in using them in-store. Just 43 percent of small-town residents and 51 percent of consumers in rural and farm areas say the same.

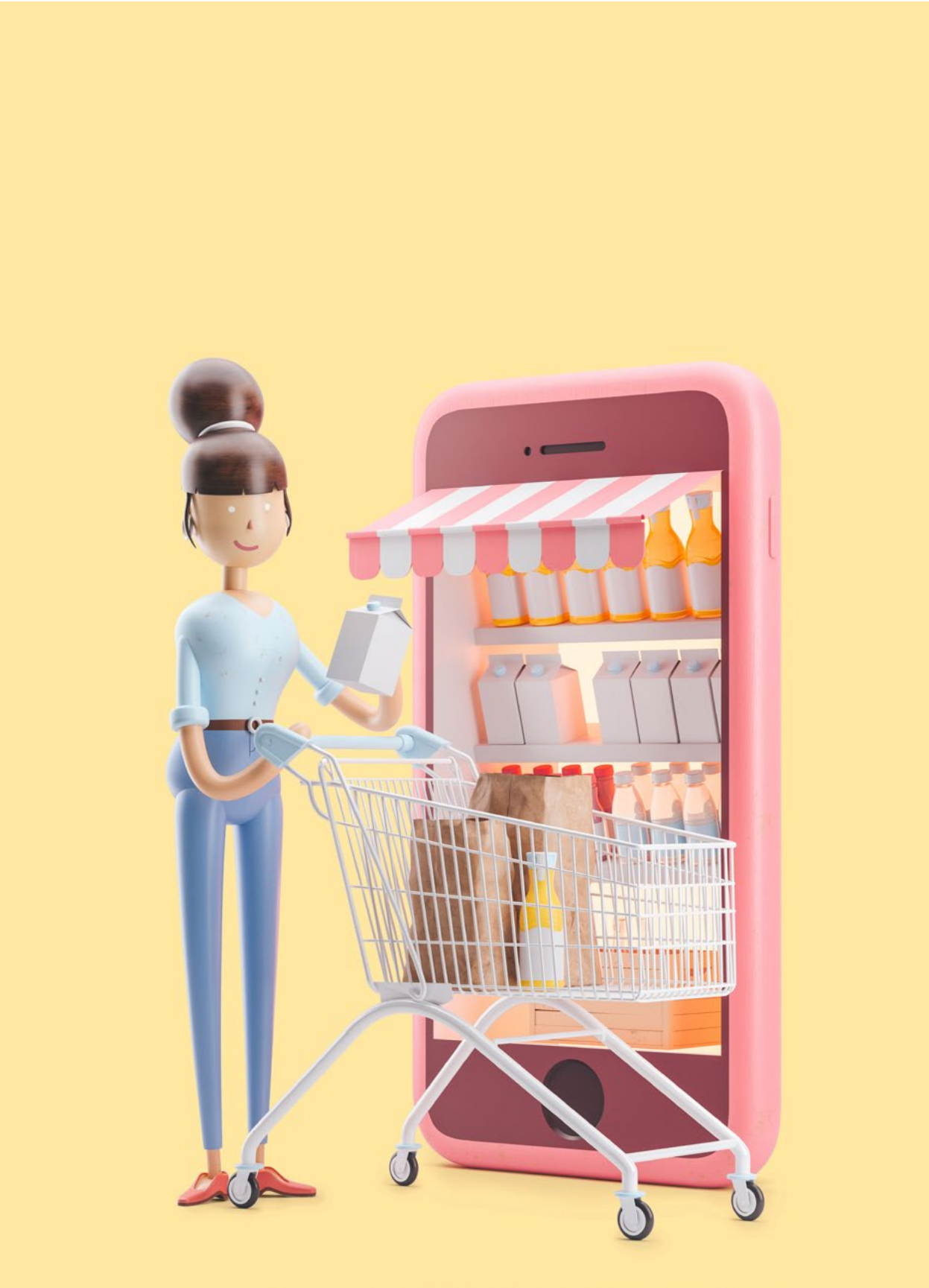
**TABLE 4:**  
**Consumers’ propensity to shop in stores based on merchants’ payment options**  
Share of consumers of different generations and geographic areas who say merchants’ digital payment offerings would entice them to continue shopping in stores, by method

GENERATION					
	Generation Z 23 or younger	Millennials 24 to 39	Bridge millennials 32 to 41	Generation X 40 to 55	Baby boomers and Seniors 56 or older
Payment options availability	74.4%	73.6%	69.3%	60.6%	46.4%
Payment methods are not impacted	25.6%	26.4%	30.7%	39.4%	53.6%
Pay online	42.6%	50.1%	46.4%	37.7%	25.8%
Pay in store with contactless card	46.7%	29.9%	30.5%	26.7%	23.2%
Curbside pickup	40.0%	27.2%	25.5%	25.3%	16.8%
Pay in store with digital wallet	26.0%	28.2%	28.1%	22.8%	12.5%
Pay in store with any touchless methods	25.1%	23.6%	22.8%	20.1%	15.4%
Pay in store with QR code	12.6%	21.4%	22.0%	15.3%	6.4%

GEOGRAPHIC AREA	Large urban area	CITY		TOWN		Rural or farming area
		Large	Small	Large	Small	
Payment options availability	74.8%	69.9%	63.9%	60.3%	42.7%	51.1%
Payment methods are not impacted	25.2%	30.1%	36.1%	39.7%	57.3%	48.9%
Pay online	49.7%	41.6%	41.7%	35.1%	25.5%	28.9%
Pay in store with contactless card	29.1%	32.1%	31.2%	31.0%	26.5%	21.3%
Curbside pickup	20.9%	22.4%	31.9%	25.3%	18.3%	26.7%
Pay in store with digital wallet	28.5%	27.8%	20.7%	18.1%	13.6%	16.0%
Pay in store with any touchless methods	26.5%	24.6%	24.3%	16.2%	11.7%	15.6%
Pay in store with QR code	20.5%	18.8%	9.1%	17.1%	6.7%	9.8%

■ Highest percentage for each method

Source: PYMNTS.com



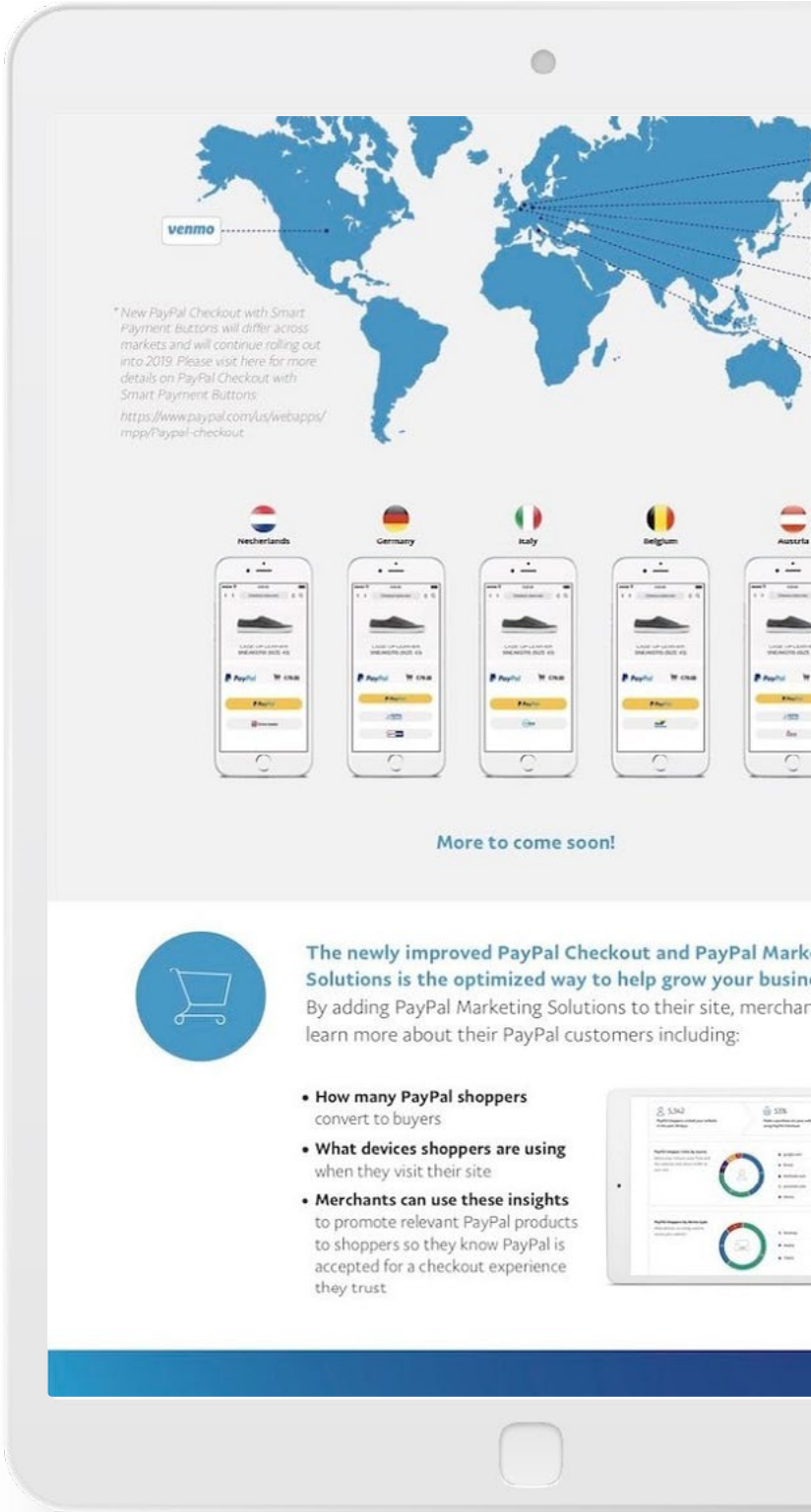


# CONCLUSION

U.S. consumers have varied shopping and payment preferences today, but the demand for digital options is rising across the board. Fewer consumers than ever plan to go back to shopping the way they did before the COVID-19 pandemic began. This underscores that concerns about the pandemic are widespread and that consumers have come to expect and even rely on digital shopping and payment methods in their everyday lives. Retailers’ ability to recognize and provide the digital offerings that best meet their customers’ specific needs will be key to navigating this new digital-first landscape.

## METHODOLOGY


PYMNTS issued its first study on consumers’ behavioral changes in the wake of the COVID-19 pandemic on March 23, 2020. We have since surveyed more than 16,000 consumers to gain a firsthand, real-time account of how their routines have continued to change with the passage of time. Our latest research, done in collaboration with and supported by PayPal, examines survey data collected from 2,029 U.S. consumers to learn which demographic groups have been the fastest to adopt digital-first shopping and payment options thus far and which will continue to use them even after the pandemic has subsided.



# ABOUT

DISCLAIMER ■

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 **PayPal** Beyond offering one of the world’s most popular digital wallets, [PayPal](#) provides end-to-end payments processing services that enable digital, mobile, and in-person payments on behalf of consumers and merchants worldwide. Through a combination of innovation and strategic partnerships, our platform creates better ways to manage and move money, and it offers choice and flexibility with modular, enterprise-grade solutions.

PayPal is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Available in more than 200 markets and in 100 currencies around the world, no other payments partner can match PayPal’s global scale, reliability and innovation.

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