

# DIGITAL ECONOMY PAYMENTS

January 2022 U.S. Edition

HOW U.S. SHOPPERS PAID  
DURING THE HOLIDAY SEASON



## PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is re-inventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

# TABLE OF CONTENTS

Introduction .....	03
Key findings.....	04
Methodology.....	14

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# INTRODUCTION

**T**he 2021 holiday season was unlike any other, with retail sales growing at their fastest pace in 17 years. Holiday sales rose 8.5% from the year before and 11% compared to 2019, driven largely by consumers' appetite for apparel and jewelry.<sup>1</sup> This growth came even as product shortages arising from supply chain issues, rising costs and the spread of the omicron COVID-19 variant affected retailers and consumers alike. Overall, PYMNTS' research shows that consumers spent an astounding \$556 billion in the final month of the holiday season.

While shoppers made their last-minute holiday purchases with gusto, how they shopped and paid for their purchases deviated from the month before. Relatively fewer shoppers used their mobile devices, and a greater number of them returned to shopping in physical stores, possibly due to concerns over possible shipping delays and a good old-fashioned desire to get out of the house. These are just some of the key trends PYMNTS observed in its latest survey of 3,300 United States consumers, conducted between Dec. 2 and Dec. 14.

### This is what we learned.

<sup>1</sup> Author unknown. Mastercard SpendingPulse: U.S. Retail Sales Grew 8.5% This Holiday Season. Mastercard. 2021. <https://investor.mastercard.com/investor-news/investor-news-details/2021/Mastercard-SpendingPulse-U.S.-Retail-Sales-Grew-8.5-This-Holiday-Season/default.aspx>. Accessed January 2022.

## **Nearly one-third of U.S. consumers shopped for retail products online.**

Overall, consumers reported spending \$556 billion buying groceries, food, retail and travel products in stores and online in December.

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At the dawn of the 2020s, consumers largely used online channels to research products and trends and inform the purchases they made in physical stores. Consumers' habits have significantly shifted, however, with most now making retail purchases — excluding automobiles and gasoline — online. PYMNTS' research shows that 32% of U.S. consumers made retail purchases online — nearly 2.5 times higher than the share that bought groceries digitally.

Grocery products represented the most common purchase in physical stores, as 87% of consumers bought them in stores, but even that is shifting digital, as 13% of consumers bought their groceries online. Travel-related purchases, on the other hand, were more commonly made online, with 78% of consumers using their mobile devices and computers for the purchases.

## **Fewer consumers made purchases using mobile devices.**

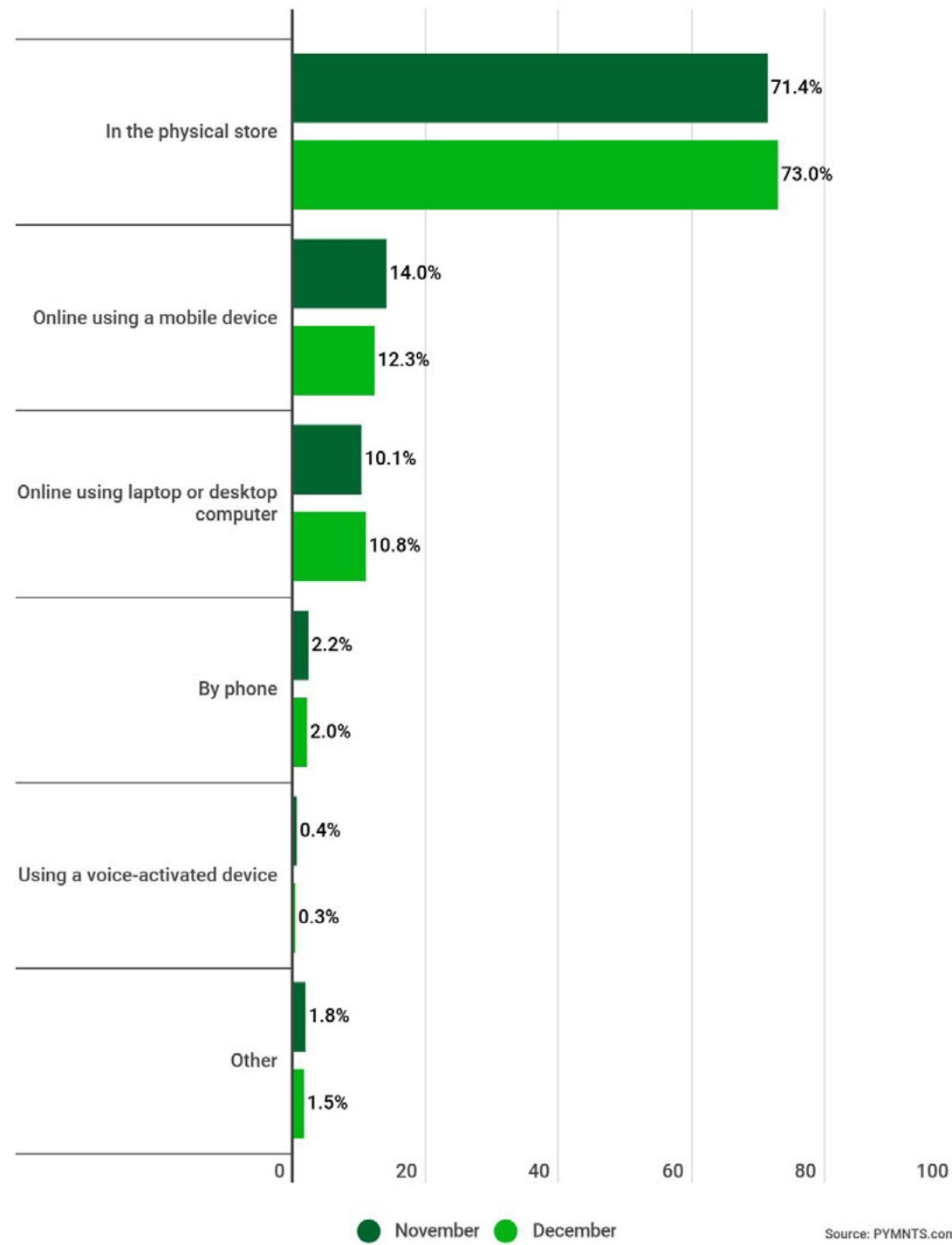
Nearly 75% of consumers chose to shop in physical stores.

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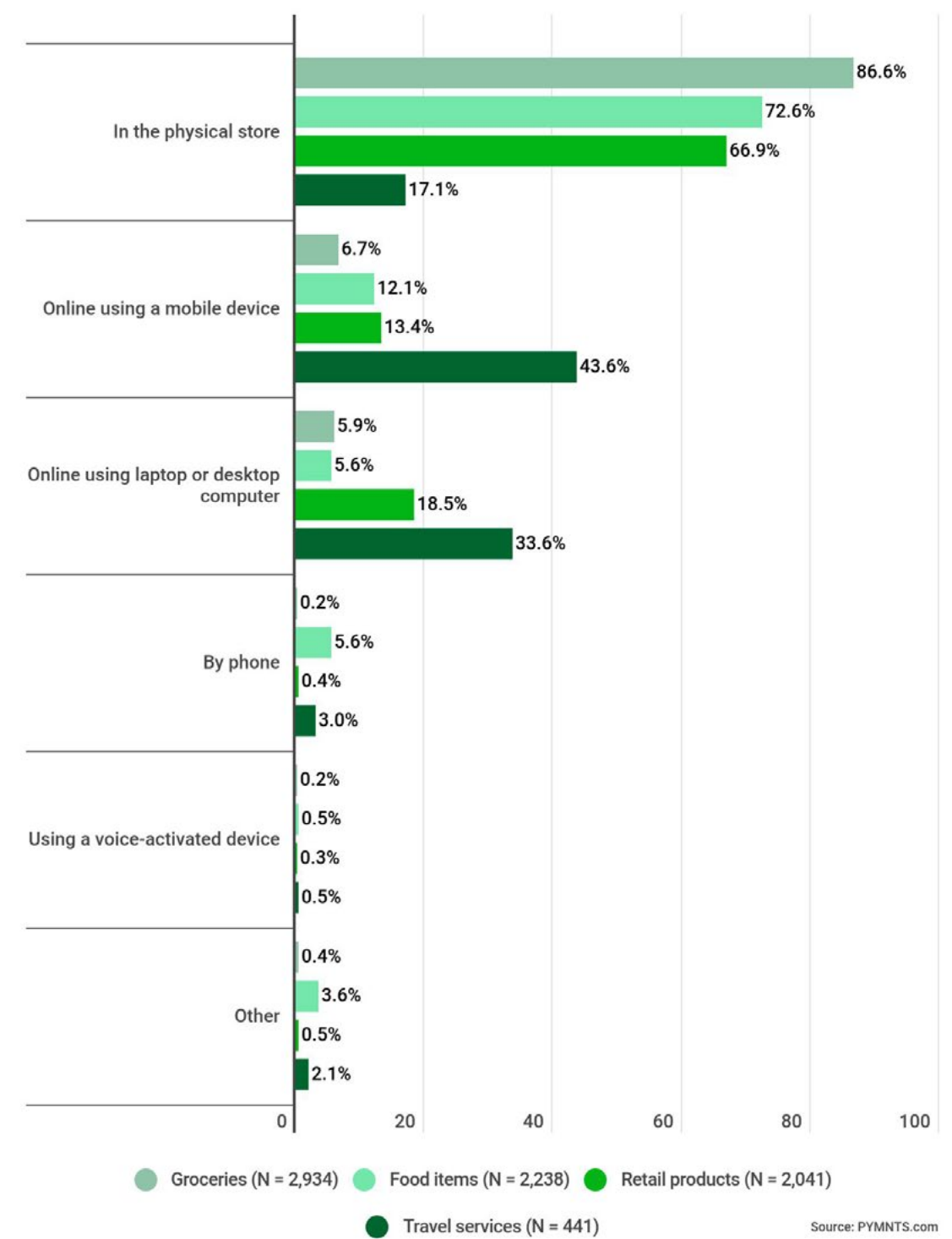
More consumers returned to shopping in physical stores after the Thanksgiving holiday. Our research shows that 73% reported shopping for various products in stores, up from 71% in November. This shift coincided with a slight decrease in consumers' use of mobile devices to make online purchases. Only 12% of consumers reported using their mobile devices to shop online, for example, down from 14% in November. Meanwhile, 11% of consumers used desktops and computers for shopping, a slight increase over the month before.

While fewer consumers used mobile devices to buy items such as groceries, food and retail products, this was not the case for travel-related transactions. Forty-four percent of consumers who made travel-related purchases used their mobile devices to do so, collectively spending \$5.2 billion. In comparison, just over one-third used desktops and computers for travel-related transactions.

**FIGURE 1:**  
**How consumers shopped for groceries, food, travel and retail products**  
 Share of respondents that used select channels for their most recent purchase



**FIGURE 2:**  
**How consumers shopped for groceries, food, travel and retail products**  
 Share of respondents that used select channels for their most recent purchase, by type of product/service (December)



## Consumers spent more on travel but made fewer purchases.

The average expenditure on travel purchases reached \$381, a 21% increase since November.

The rapid spread of the omicron COVID-19 variant is weighing heavily on consumers' travel plans. Only 14% of U.S. consumers reported making travel-related purchases in December, down from 17% in November. While consumers reported making fewer travel purchases in December, they collectively spent \$23 billion making such transactions — with the average consumer spending \$66 more than they reported in November. This could be because last-minute bookings, especially during the peak of the holiday season, can cost consumers a lot more.

Credit cards continue to be the most popular payment option in this area, with 43% of consumers who made travel purchases using them to pay. Digital wallets also appear to resonate with consumers making travel purchases, albeit to a lesser extent. PYMNTS' research shows that 10% of consumers reported using PayPal, while 3% reported using Apple Pay to make travel purchases in December. While digital wallet usage is relatively robust for travel-related transactions, consumers used digital wallets to pay for less than 5% of their overall transactions.

TABLE 1:

### Recently used payment methods (December)

Share of respondents that used select payment methods for their most recent purchase, by type of product/service

		Groceries (N = 2,934)	Food items (N = 2,238)	Retail products (N = 2,041)	Travel services (N = 441)
1	Debit Card	43.4%	35.8%	35.9%	28.2%
2	Credit Card	31.9%	32.4%	35.1%	42.8%
3	Cash	12.5%	17.9%	13.1%	3.8%
4	PayPal	2.3%	2.9%	4.5%	10.2%
5	Apple Pay	1.4%	2.5%	1.3%	3.4%
6	Check	0.8%	0.5%	3.0%	1.0%
7	Gift card	0.9%	2.4%	3.5%	1.8%
8	Store card	0.6%	0.6%	0.5%	1.8%
9	Do not know	0.2%	0.2%	0.2%	0.5%
10	Google Pay	0.1%	0.2%	0.1%	1.3%
11	Another digital wallet	1.0%	0.1%	0.3%	0.0%
12	Cryptocurrency	0.5%	0.2%	0.2%	0.8%
13	BNPL	0.2%	0.1%	0.5%	0.7%
14	QR code	0.1%	0.1%	0.0%	0.3%
15	Samsung Pay	0.1%	0.2%	0.4%	0.7%
16	Venmo	2.9%	3.6%	0.9%	2.1%
17	Other	0.8%	0.4%	0.4%	0.6%

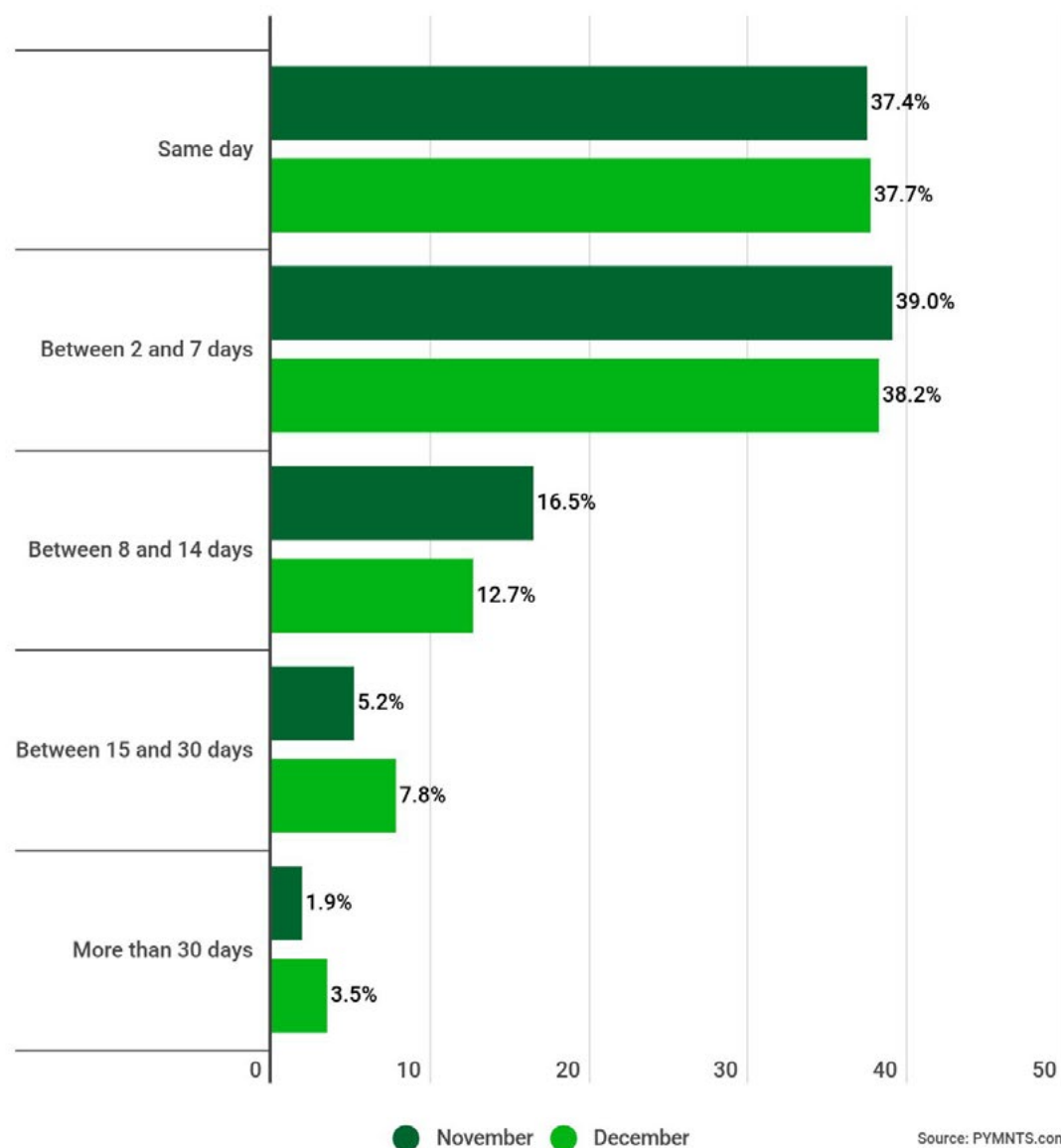
Source: PYMNTS.com



**It took nearly one-quarter of consumers a week or longer to realize that they were victims of payments fraud.**  
 Only 38% of consumers learned about these instances on the same days they occurred.

**FIGURE 3:**  
**Fraud recovery speed**

Share of respondents who discovered fraud in select timeframes

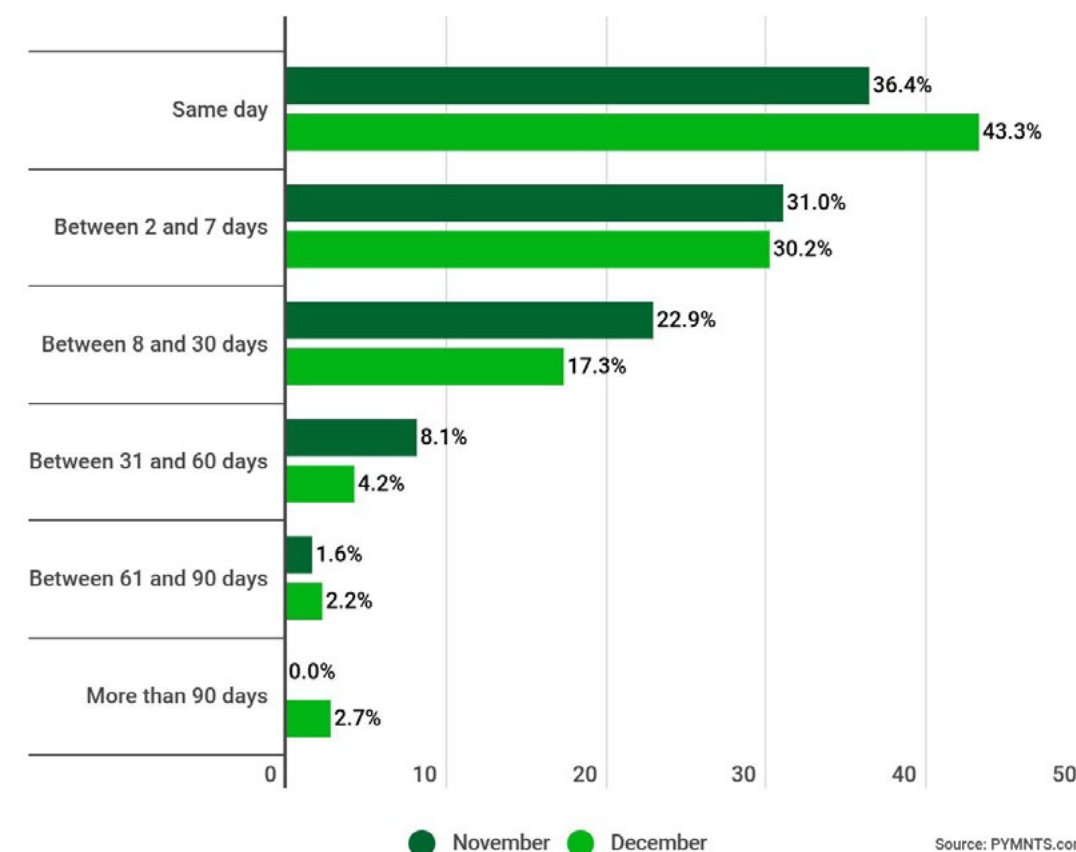


PYMNTS’ research shows that 5% of consumers reported being victims of payments fraud in December, down from 7% in November. Consumers who fell victim to payments fraud typically learned about the incidents within a week or less, with 38% learning about an incident on the same day it occurred and an equal share learning about it in less than a week. Still, it took 24% of payments fraud victims anywhere from eight days to more than a month to realize that they were victims of payments fraud.

Once consumers do realize that they were victims of payments fraud, most are quick to report it. Forty-three percent of payments fraud victims reported incidents the same day they became aware of them, while 30% reported incidents within two to seven days and 17% took eight to 30 days. Only 7% of payments fraud victims took 31 days or longer to report instances of fraud.

**FIGURE 4:**  
**Fraud recovery speed**

Share of respondents who reported unauthorized purchases in select timeframes



## Venmo experienced a marked increase in usage for peer-to-peer (P2P) transactions.

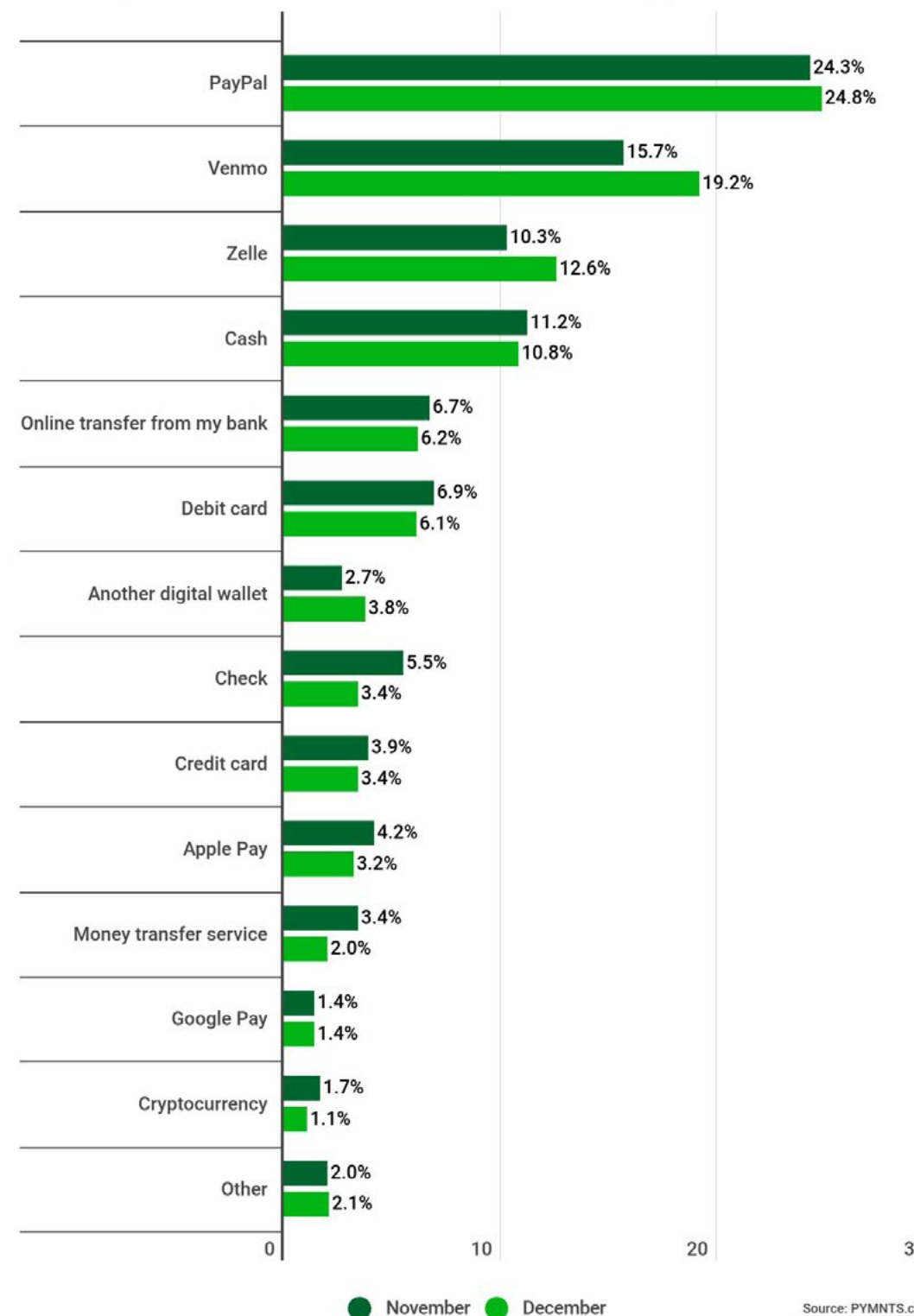
Fifty-seven percent of consumers reported using PayPal, Venmo and Zelle to make P2P payments.

PYMNTS' research shows that 28% of U.S. consumers reported making P2P payments last month, with the average consumer sending \$199 in payments. Venmo, in particular, experienced a measurable increase in usage: 19% of consumers reported using the app in December, up from 16% the month before. Large shares of the Generation Z and Generation X demographics used the app, leading all generations with 29% and 23%, respectively. Overall, consumers reported spending \$27 billion using P2P payment apps in December.

Cash use for P2P transactions experienced a slight decline. Nevertheless, the payment method continues to be popular among baby boomers and seniors: more than 22% of these consumers reporting in December that they used it.

FIGURE 5:  
Recently used P2P payment methods

Share of respondents that used select methods for their most recent P2P payment



Source: PYMNTS.com

# METHODOLOGY

**T**he Digital Economy Payments Report is based on a survey of 3,070 U.S. consumers who purchased groceries, retail products, food at restaurants or travel services over a one-month period. PYMNTS conducted the census-balanced survey between Dec. 2 and Dec. 14, 2021.

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