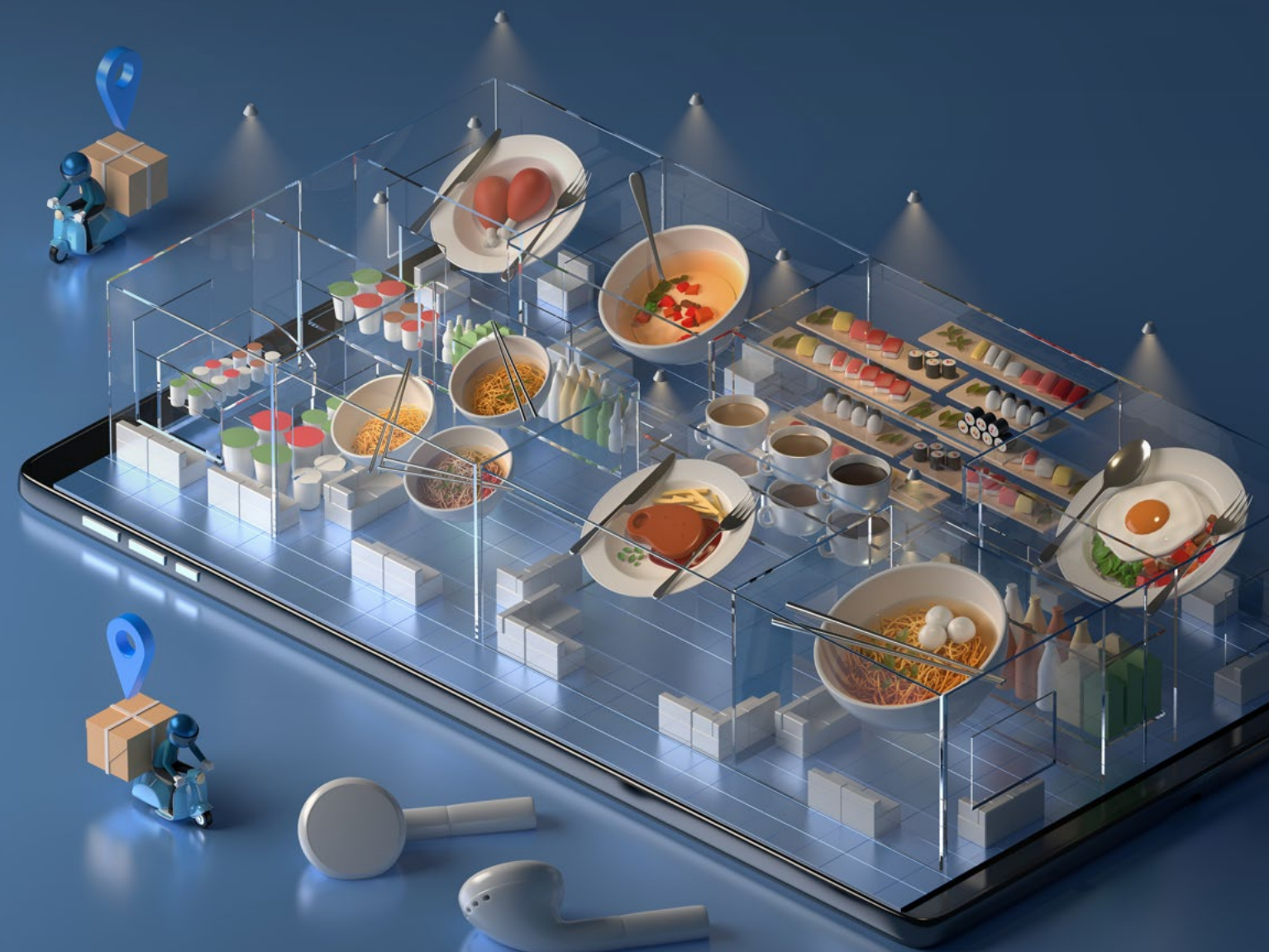


DIGITAL ECONOMY PAYMENTS

March 2022 U.S. Edition

GOING DIGITAL TO PAY
FOR **TRAVEL AND
RESTAURANT DINING**



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.

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INTRODUCTION

As the pandemic subsides and more consumers venture out to dine at restaurants and travel, many are sticking with the digital payment habits they have developed over the past two years. Mobile payment methods are becoming central to this shift, especially as consumers look for ways to merge the physical and digital aspects of shopping experiences.

Purchases related to travel and dining offer a glimpse into these digital and mobile trends as consumers adjust to the new normal. PYMNTS' research reveals that two-thirds of United States consumers purchased food in restaurants in February. While cards still may be the most-used payment method for restaurant dining, spending via PayPal and other digital wallets is on the rise and is nearing the same level of usage as cash.

Mobile payments also are on the rise for certain online purchases, and consumers making travel- and food-related purchases now prefer to use mobile methods when doing so. Mobile devices were used in 51% of all travel services purchases in February, for example, and 12% of travel-related purchases were conducted using PayPal and other digital wallets.

These are but a few of the key findings that emerged from PYMNTS' latest survey of 3,250 U.S. consumers, conducted between Feb. 7 and Feb. 14. This report explores how their shopping and payment behaviors when purchasing groceries, food, retail products and travel services have evolved as the health crisis subsides as well as what these trends foreshadow for the remainder of 2022.

This is what we learned.

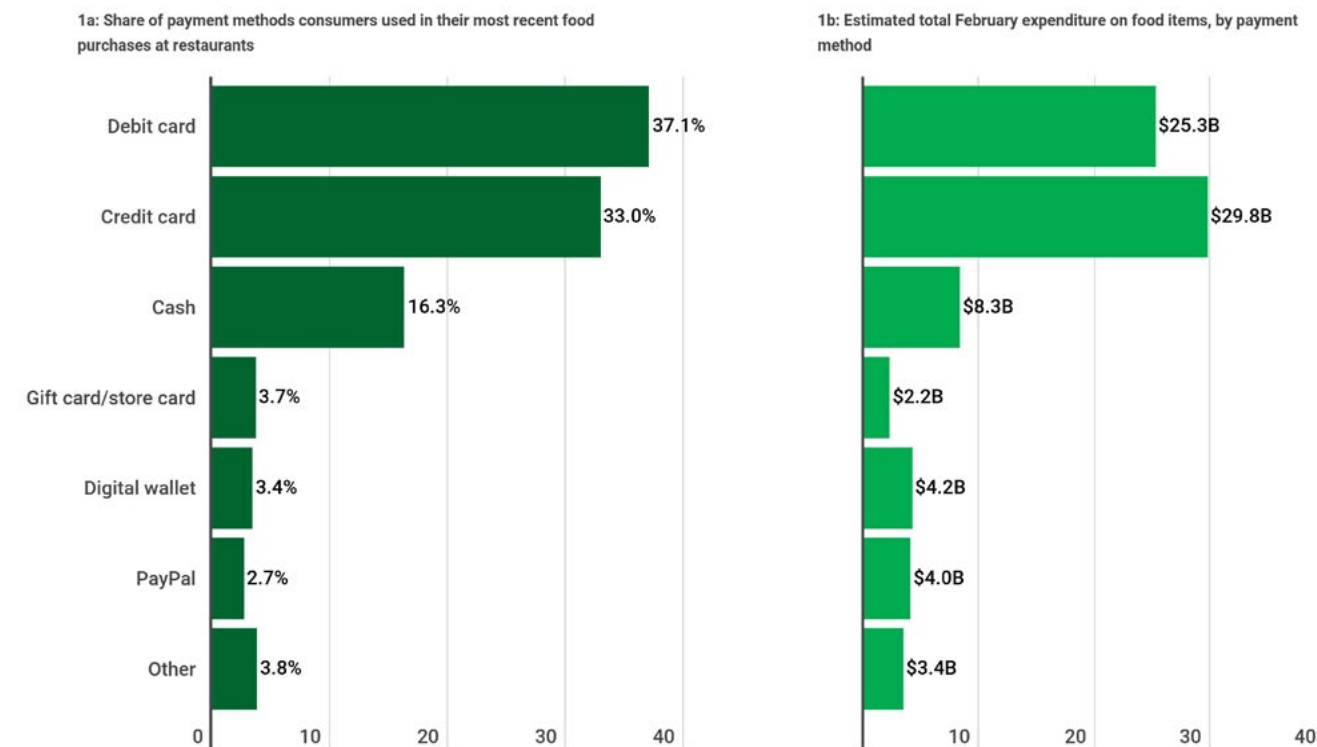
Two-thirds of U.S consumers now are going to restaurants to eat, and more are using PayPal and other digital wallets when they pay the check.

The share of consumers choosing to frequent fast food and table-service restaurants rose in February, and this trend is likely to continue. PYMNTS' research shows that 68% of consumers were purchasing food in either fast food or table-service restaurants during the month. Interest in restaurant dining had scaled back to 66% in January from a high of 73% in December as holiday gatherings ended and the omicron variant became a greater concern in consumers' lives.

Still, 32% of consumers purchased food via other channels, with 16% using mobile devices to do so. Ordering via phone call accounted for 7% of food item purchases, making it a more common purchasing method than using a laptop or desktop computer, which clocked in at only 5%.

Even as consumers return to eating at restaurants, they are increasingly tapping digital payment methods when doing so. Our research finds that, although cash is used more frequently than digital wallets, PayPal and other digital wallets now account for the same total value spent on food items. Cash is used for 16% of restaurant sales, for example, while PayPal and other digital wallets account for just 6%. Nevertheless, consumer spending on such purchases was roughly equal at \$8.1 billion for PayPal and other digital wallets and \$8.3 billion for cash.

Figure 1: US consumers' usage of select payment methods to purchase food at restaurants



N varies: Consumers who have made select purchases at least one time in the past 30 days
Groceries: N = 3,113; Restaurant: N = 2,454; Retail: N = 2,167; Travel: N = 565

Source: PYMNTS.com

Debit cards remain the most used payment method for restaurant sales, beating credit cards by approximately 4 percentage points. Credit cards did account for a larger share of restaurant spending in February, however. Consumers used their credit cards to spend \$29.8 billion on food items during the month, compared to \$25.3 billion spent via debit cards.

Consumers are becoming more mobile as the economy reopens, and mobile device usage to order and pay for purchases has eclipsed the usage of computers and laptops.

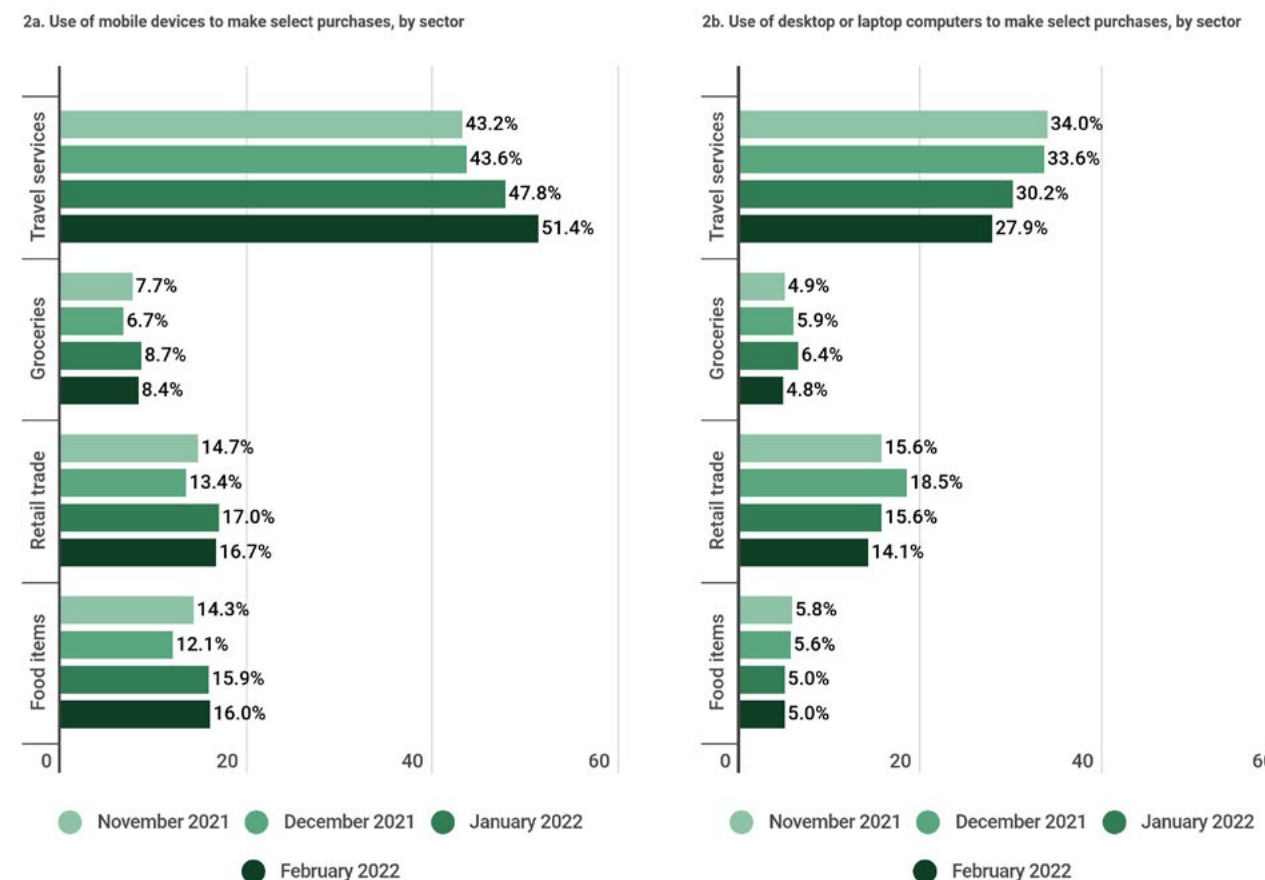
Consumers' use of mobile devices to purchase travel services has reached a new high since November 2021.

Mobile phones are overtaking laptop and desktop computers when it comes to shopping online, especially for food items and travel services. Fifty-one percent of consumers used mobile devices to purchase travel services in February.

The usage of mobile devices to purchase travel services, in particular, has risen steadily during the past few months. Travel service purchases via mobile device climbed to 48% in January 2022 from 44% in December 2021 and 43% in November 2021.

Laptop and desktop computers usage, on the other hand, reached an all-time low in every survey area in February. Just 28% of consumers were using computers to purchase travel services, for example, down from 34% in November 2021.

Figure 2: US consumers' online purchasing behaviors



N varies: Consumers who have made select purchases at least one time in the past 30 days
 Groceries: N = 3,113; Restaurant: N = 2,454; Retail: N = 2,167; Travel: N = 565

Source: PYMNTS.com

The move to mobile devices for online travel has been accompanied by growth in the use of digital payments. Credit cards and debit cards remain the most popular payment methods with which to purchase travel services, at 46% and 34%, respectively. Eight percent of consumers used PayPal while at least 4% used other digital wallets. Only 2% used cash to pay for travel purchases.

Venmo was U.S. consumers' preferred peer-to-peer (P2P) payment method in February.

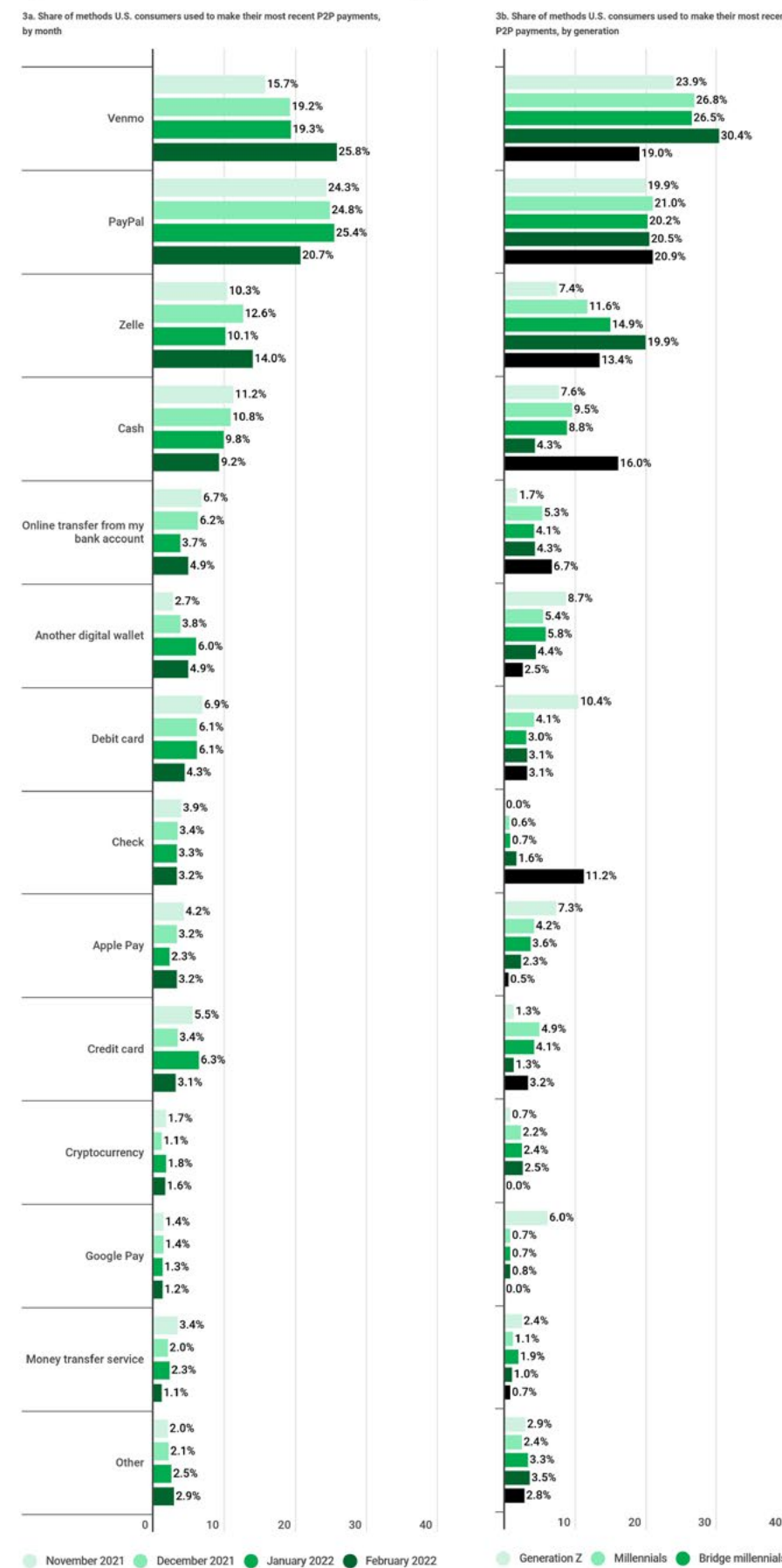
More than one-quarter of consumers used it to make their most recent P2P payments.

PYMNTS' research shows that 32% of consumers were making P2P payments in February. Bridge millennials were the likeliest to do so at 45%, and millennials followed closely behind at 43%. Our data also shows that the share of consumers using Venmo to make their most recent P2P payments surpassed the share of consumers using PayPal.

Twenty-six percent of consumers used Venmo for their most recent P2P payments in February, up from 19% in January. Twenty-one percent of consumers, meanwhile, were tapping PayPal for their most recent P2P payments — a drop from 25% during January.

Consumers from all generations except baby boomers and seniors were more likely to use Venmo rather than PayPal for their most recent P2P payments, with Generation X being the likeliest at 30%.

Figure 3: Methods US consumers used to make their most recent P2P payments



N varies: Respondents who made P2P payments in the past 30 days
 November 2021: N = 902; December 2021: N = 822; January 2022: N = 841; February 2022 N = 1,034

Source: PYMNTS.com

Fewer consumers experienced payment declines in February.

Travel service and food item purchases witnessed the largest shares of payment declines.

The share of consumers experiencing payment declines dipped month over month, with 10% experiencing such declines in February compared to 12% in January. The average declined transaction amount in February was \$156, down from \$174 during the previous month.

PYMNTS' research also found that 8% of payments for travel services were declined during February, most likely due to the higher costs involved in these transactions. Our data also revealed that 4% of restaurant purchases were declined for a variety of reasons.

Insufficient funds, suspicious activity and entering incorrect payment information are the main reasons for declines.

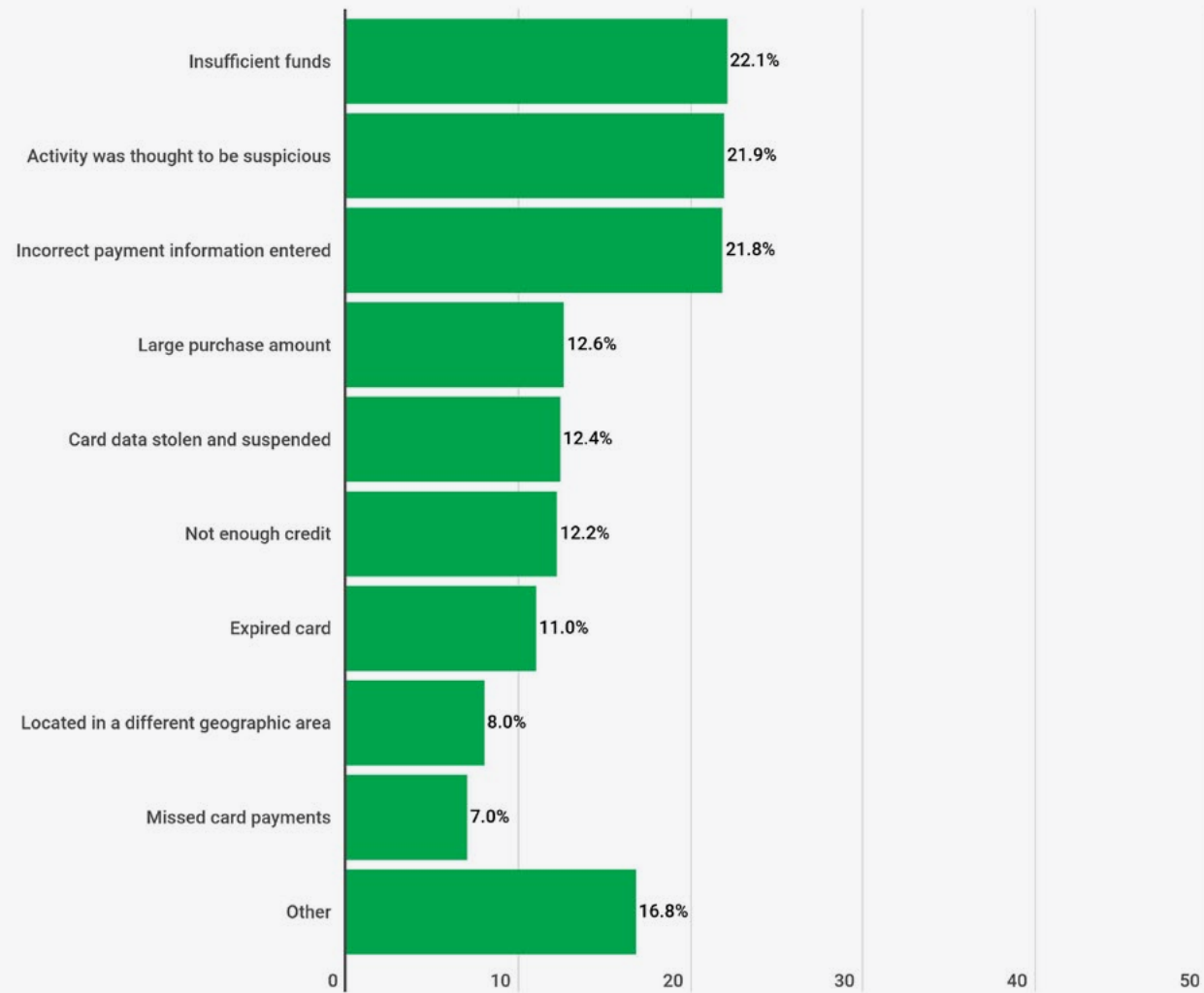
More than half of card declines happen in stores.

The share of consumers experiencing card declines in February was relatively small, but more of these payment declines took place across physical, rather than digital, channels. This is not surprising considering that consumers are returning to in-store shopping and restaurant dining.

Twenty-two percent of consumers who experienced payment declines attributed their most recent declines to insufficient funds, suspicious activity or entering incorrect payment information. Entering incorrect payment information was a top reason for card declines across both physical and digital channels at 41%. At least 12% of consumers attributed their most recent declines to higher transaction amounts, stolen card data or suspended or insufficient credit.

Figure 4: Reasons consumers were declined during their most recent card transactions

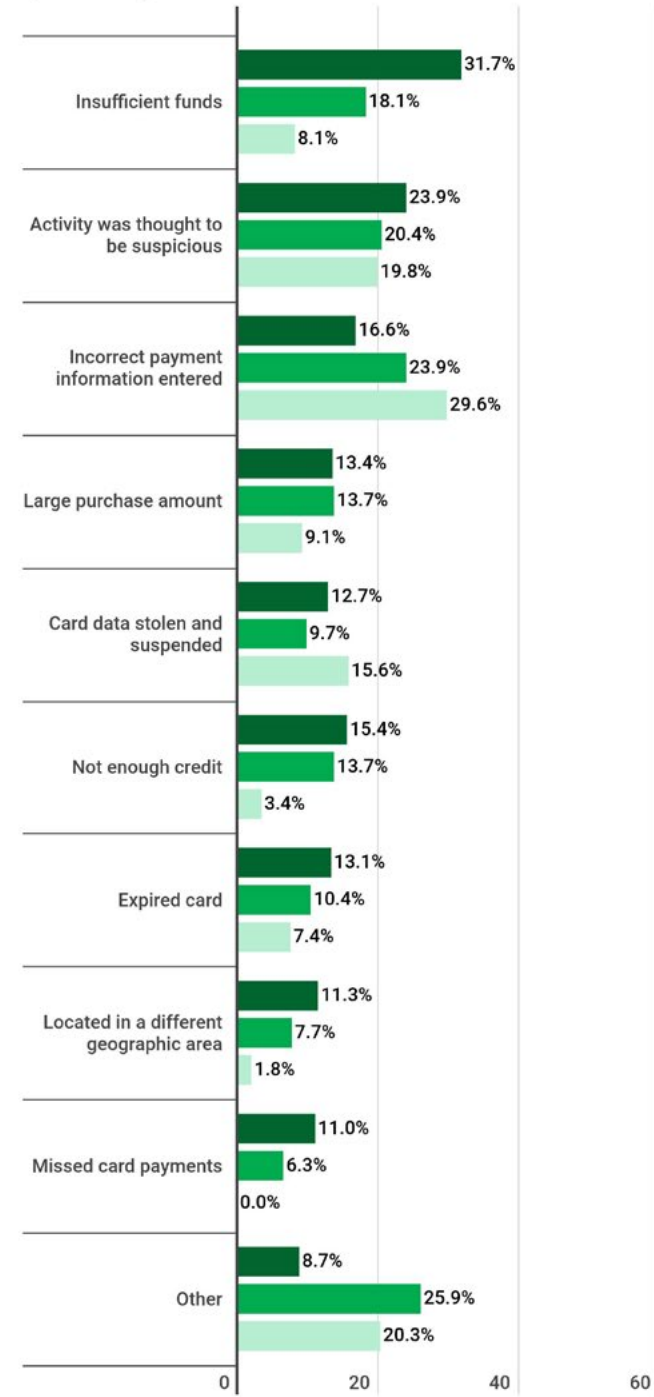
4a. Share of reasons consumers were declined during their most recent card transactions



N = 318: Respondents who experienced any payment declines in the last 30 days

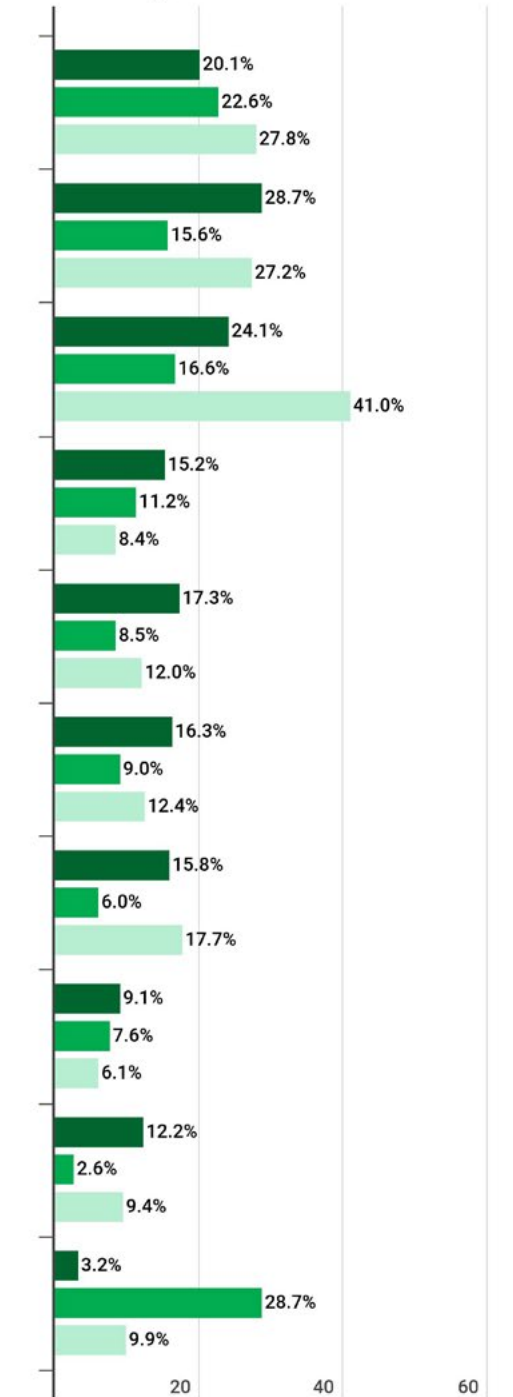
Source: PYMNTS.com

4b. Share of reasons consumers were declined during their most recent card transactions, by financial lifestyle



N = 318: Respondents who experienced any payment declines in the last 30 days

4c. Share of reasons consumers were declined during their most recent card transactions, by channel



Source: PYMNTS.com

METHODOLOGY

Digital Economy Payments: Going Digital to Pay for Travel and Restaurant Dining is based on a survey of 3,250 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 Feb. 7 and Feb. 14.

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