

# DIGITAL ECONOMY PAYMENTS

November 2022 U.S. Edition

THE RISE OF  
**MOBILE eCOMMERCE**



## PYMNTS

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## DIGITAL ECONOMY PAYMENTS

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# INTRODUCTION

**T**he drive toward convenience that inspired 2020's digital shift is launching a new shift toward mobile shopping. In Q3 2022, mobile devices were used by 15% of consumers for non-grocery shopping and 9.8% of consumers for grocery shopping. Personalization is also still important to consumers when it comes to payments. Buy now, pay later (BNPL) — another way to customize payment experiences — has seen a fourfold increase in adoption, although credit and debit cards are still the payment methods of choice for most consumer purchases. Currently, eCommerce growth stands above pre-pandemic projections for this time period.

In Digital Economy Payments: November 2022 U.S. Edition — The Rise Of Mobile eCommerce, we review new data on consumers' purchasing and payment preferences during the past quarter. From Sept. 9 to Sept. 14, we surveyed 2,730 U.S. consumers about their shopping habits, the products they buy in-store and online, and the payment methods they use.

**This is what we learned.**

## Overall, eCommerce's share of retail revenue decreased in 2022, but it is still higher than projected pre-pandemic levels for this quarter.

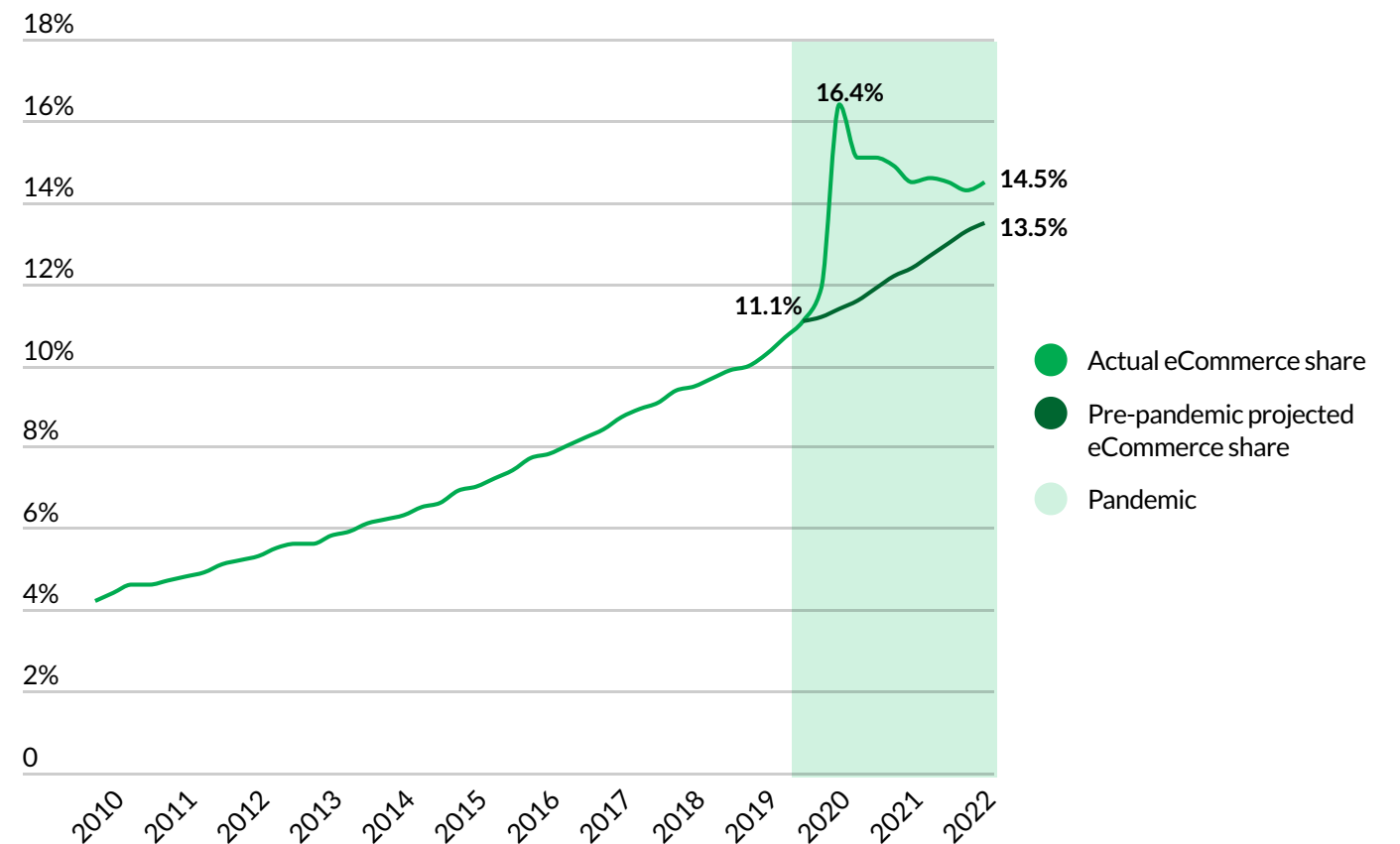
Despite rising inflation and ongoing public health concerns, the shift toward doing more online and less in-store has continued, and the role of eCommerce in driving retail revenue remains significant. Currently, eCommerce represents 21% of total retail sales based on PYMNTS' Quarterly Payments Survey and Bureau of Economic Analysis (BEA) data.<sup>1</sup> According to the U.S. Census Bureau's tabulation of merchant sales volume, eCommerce holds a 15% share of all U.S. retail sales on a seasonally adjusted basis — 1 percentage point above pre-pandemic predictions.

This suggests that some of the changes in consumers' habits that were adopted in the pandemic's early months may last for the long term.

<sup>1</sup> Author unknown. Table 2.4.5U. Personal Consumption Expenditures by Type of Product. Bureau of Economic Analysis. 2022. <https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=3&isuri=1&1921=underlying&1903=2017#reqid=19&step=3&isuri=1&1921=underlying&1903=2017>. Accessed November 2022.

**Figure 1**  
Tracking the pace of eCommerce growth

eCommerce share of U.S. retail sales as reported by the U.S. Census Bureau, seasonally adjusted<sup>2</sup>



Source: PYMNTS and U.S. Census Bureau

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<sup>2</sup> Author unknown. Estimated Quarterly U.S. Retail Sales (Adjusted). U.S. Census Bureau. 2022. <https://www2.census.gov/programs-surveys/arts/tables/2020/ecommerce.xlsx>. Accessed November 2022.

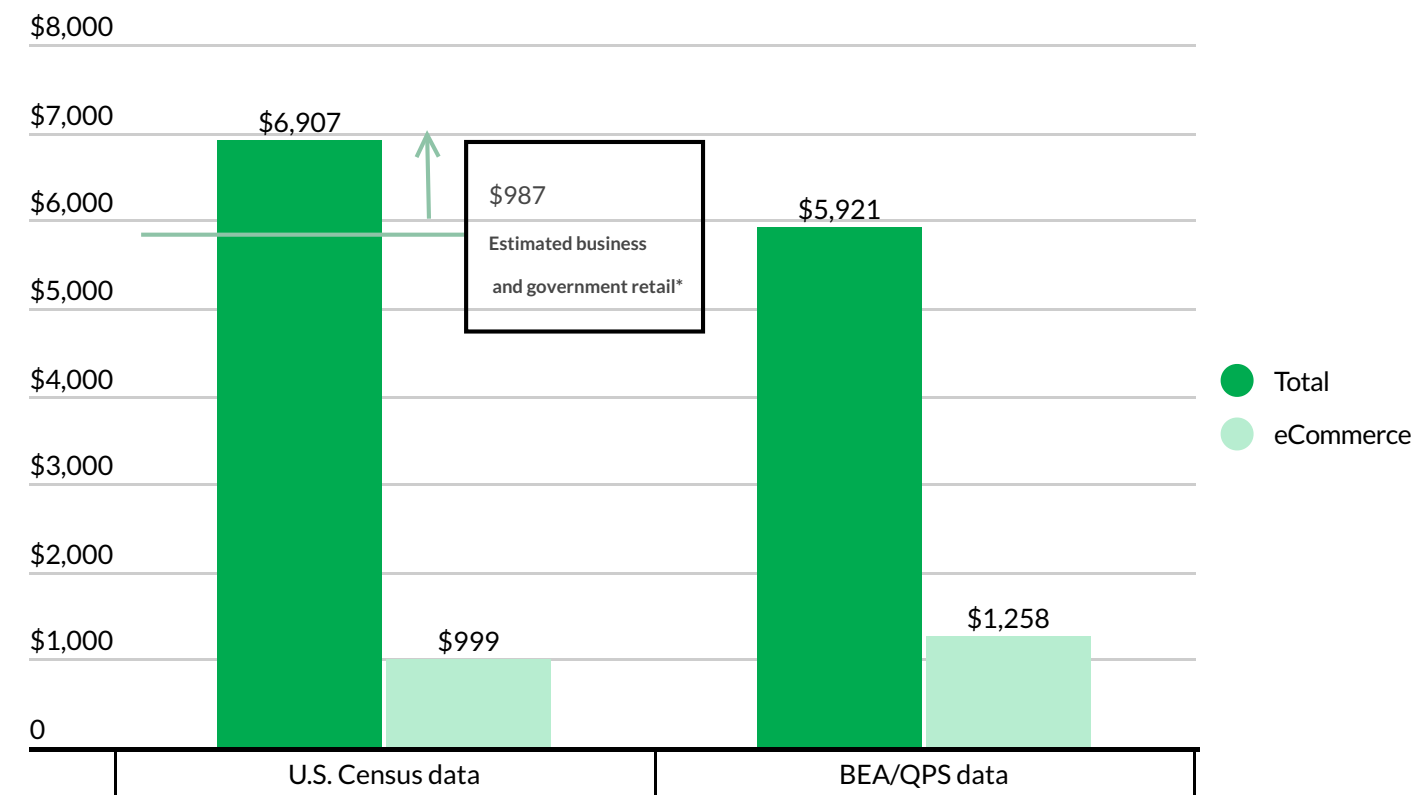
## eCommerce remains a fraction of all retail sales, regardless of how retail volume is measured.

According to PYMNTS’ quarterly survey of consumers and Bureau of Economic Analysis data, eCommerce accounts for \$1.3 trillion, or 21%, of \$5.9 trillion in retail sales.

At the same time, the U.S. Census Bureau’s survey of merchant sales finds that eCommerce accounts for \$1 trillion, or 15%, of \$6.9 trillion in overall retail activity. The difference between the census totals and the findings from the PYMNTS survey may have to do with merchants’ tendency to underreport their online sales figures.

Although the two perspectives differ, both demonstrate that while in-store sales still dominate the retail market, eCommerce activity has become an important component.

**Figure 2**  
Comparing what retail merchants sell to what consumers spend when they shop, in billions of dollars



\*Estimated as a residual

Source: PYMNTS, U.S. Census Bureau and the U.S. Department of Commerce

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N = 2,730: Whole sample, fielded Sept. 9, 2022 – Sept. 14, 2022

## Shopping on mobile devices is accelerating as consumers continue to shift away from in-store and desktop shopping.

The convenience of mobile shopping allows consumers to multitask and access hybrid shopping experiences, like using a mobile app to purchase at multiple stores, check inventories and manage deliveries. Currently, mobile commerce, or mCommerce, is projected to account for 44% of all digital sales by 2025.<sup>3</sup> The shift toward mobile was most apparent in grocery purchasing, where it accounts for 10% of all purchases, up from 6.7% last December.

The steady growth in mobile sales comes as in-store shopping and purchases made via laptop and desktop computers has declined.

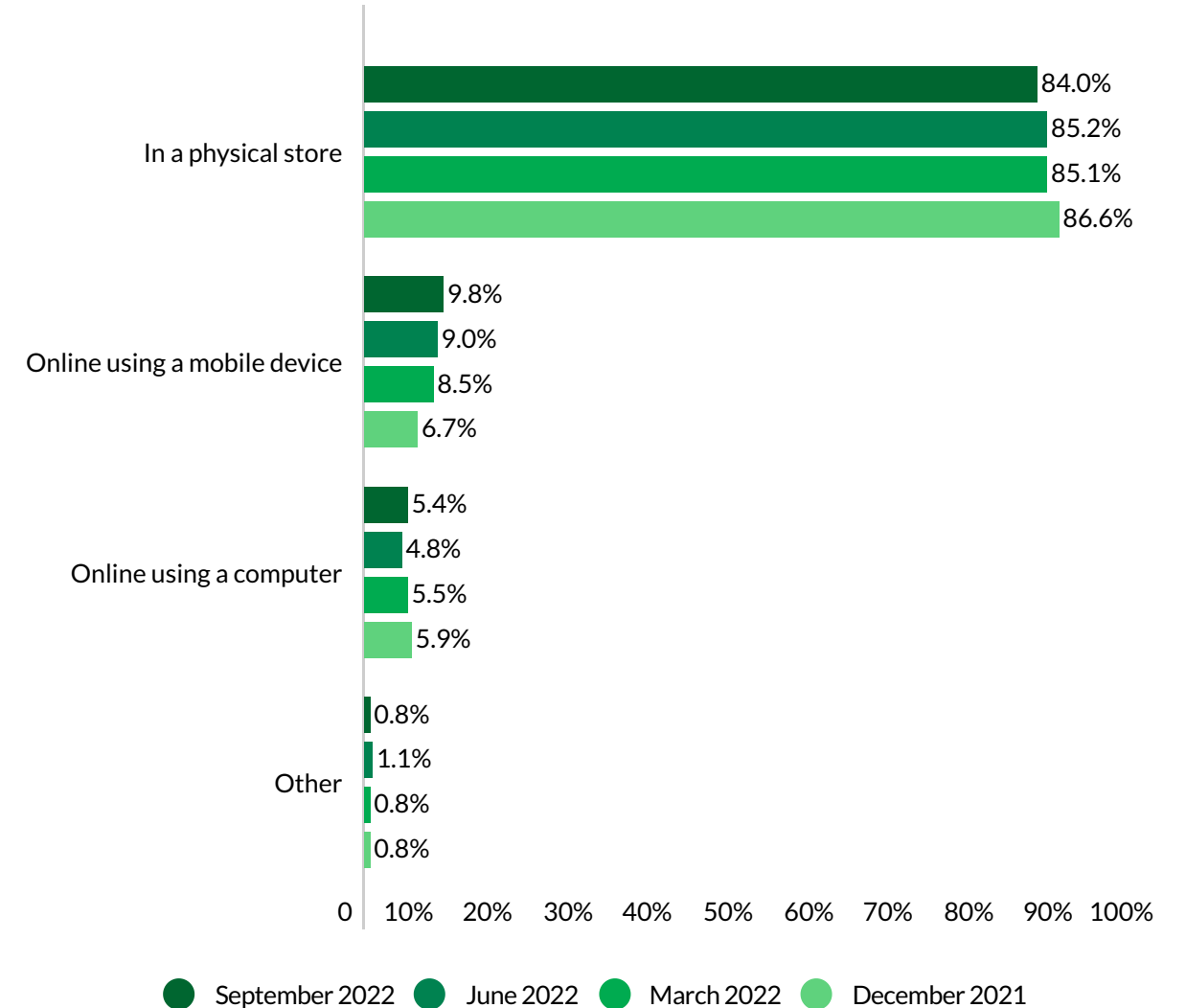
The share of grocery purchases consumers made in stores decreased to 84% in Q3 2022 from 87% in Q4 2021. Grocery purchases made online via laptops and desktops fell to 5.4% from 5.9% of transactions during the same period, while mobile purchases rose to 9.8% from 6.7%.

3 Harnessing Mobile Commerce For Customer Loyalty. PYMNTS. 2022. <https://www.pymnts.com/digital-payments/2022/merchants-forced-to-adapt-as-ecommerce-moves-to-mobile/>. Accessed November 2022.

With non-grocery items, consumers' in-store purchases rose to 70% of transactions in Q3 2022 from 67% in Q4 2021, while transactions made with laptops and desktops dropped to 13% from 19% in that time. Mobile purchases rose to 15% from 13%.

**Figure 3A**  
**Online shoppers are going mobile**

The shopping methods consumers use to buy groceries



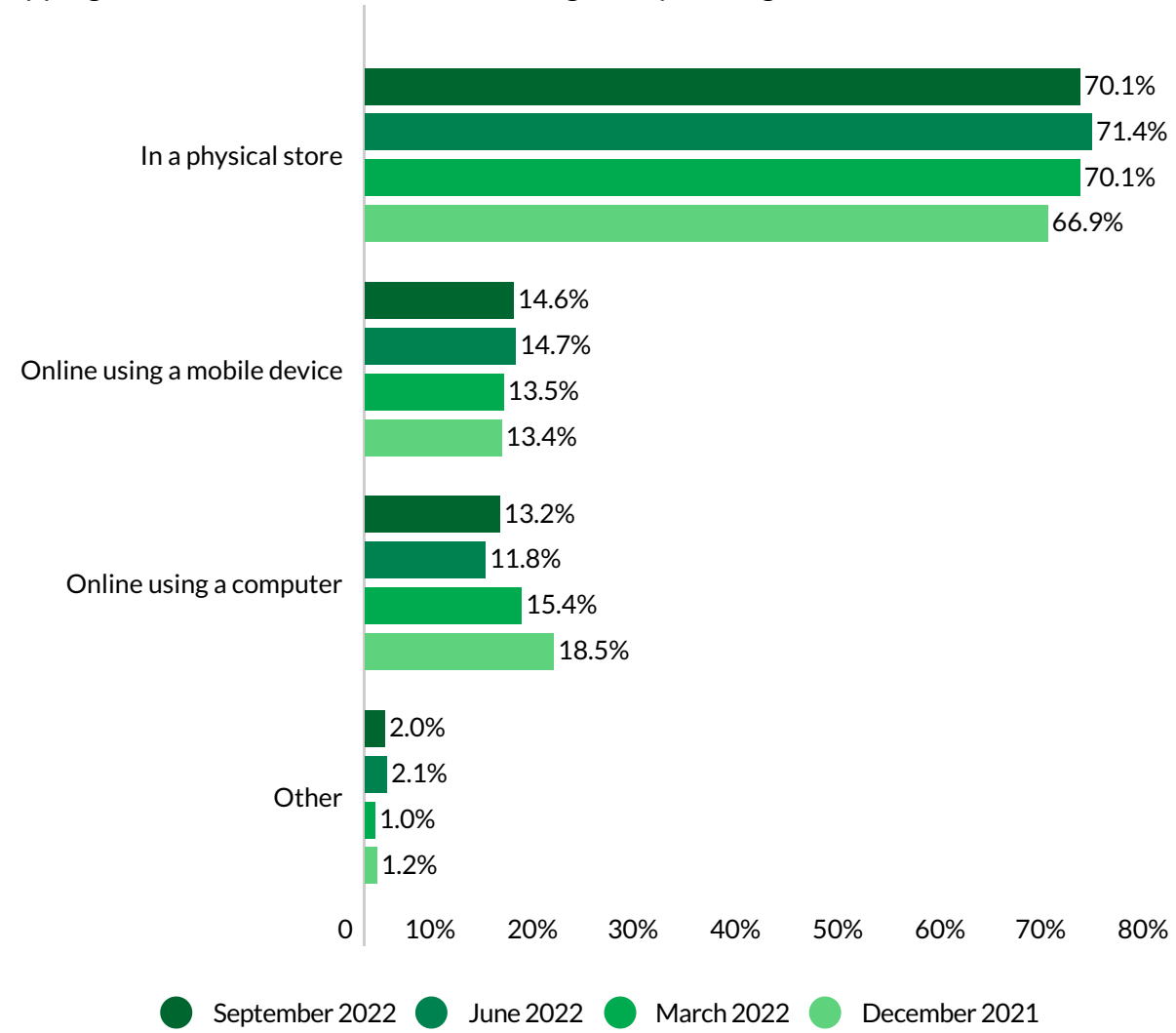
Source: PYMNTS

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N = 2,409: Grocery shoppers, fielded Sept. 9, 2022 – Sept. 14, 2022

**Figure 3B**  
**Online shoppers are going mobile**

The shopping methods consumers use for non-grocery retail goods



Source: PYMNTS  
 Digital Economy Payments: November 2022 U.S. Edition – The Rise Of Mobile eCommerce, November 2022  
 N = 1,705: Non-grocery shoppers, fielded Sept. 9, 2022 – Sept. 14, 2022



## BNPL adoption in non-grocery retail has quadrupled since Q4 2021.

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BNPL allows consumers to use their credit or debit cards to pay for items in installments, customizable by time period and payment amount. BNPL is one of the few payment methods to exhibit significant growth in 2022, accounting for 4.5% of non-grocery retail purchases during Q3 2022, but just 1% during Q4 2021.

Consumers tended to stay true to their go-to payment methods for routine in-store purchases like groceries, with some changes that may be a reflection of BNPL's increasing availability for in-store purchases.<sup>4</sup> In their most recent purchase of groceries online in Q3 2022, 33% of consumers used debit cards to purchase groceries, compared with Q4 2021, when 42% of consumers used debit cards to do so. Yet, credit card and debit card usage still outpaced other payment methods for purchasing groceries. Only PayPal, at 9.5%, neared 10% of purchases.

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<sup>4</sup> Is Grocery BNPL's Next Big Frontier? PYMNTS. 2022. <https://www.pymnts.com/bnpl/2022/is-grocery-buy-now-pay-laters-next-big-frontier/>. Accessed November 2022.

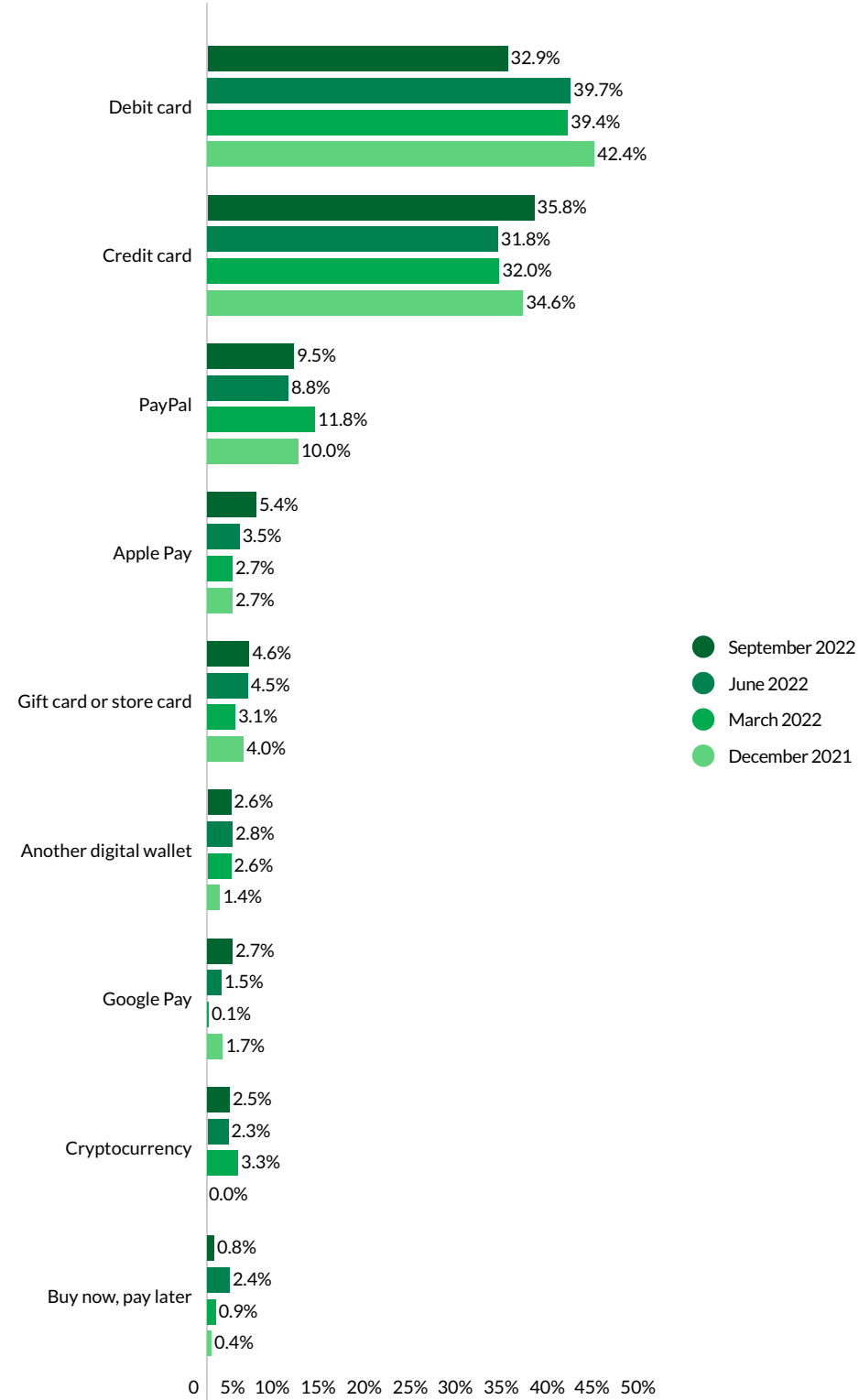
Non-grocery items purchased online show a similar pattern. Forty-four percent of consumers used credit cards in their most recent transactions, while 27% used debit cards. Consumers used gift cards for 7.7% of online purchases of non-grocery items, and PayPal was used in just 7% of transactions.



**Figure 4A**

**How consumers pay when they shop online**

Payment method consumers used for most recent online grocery purchase

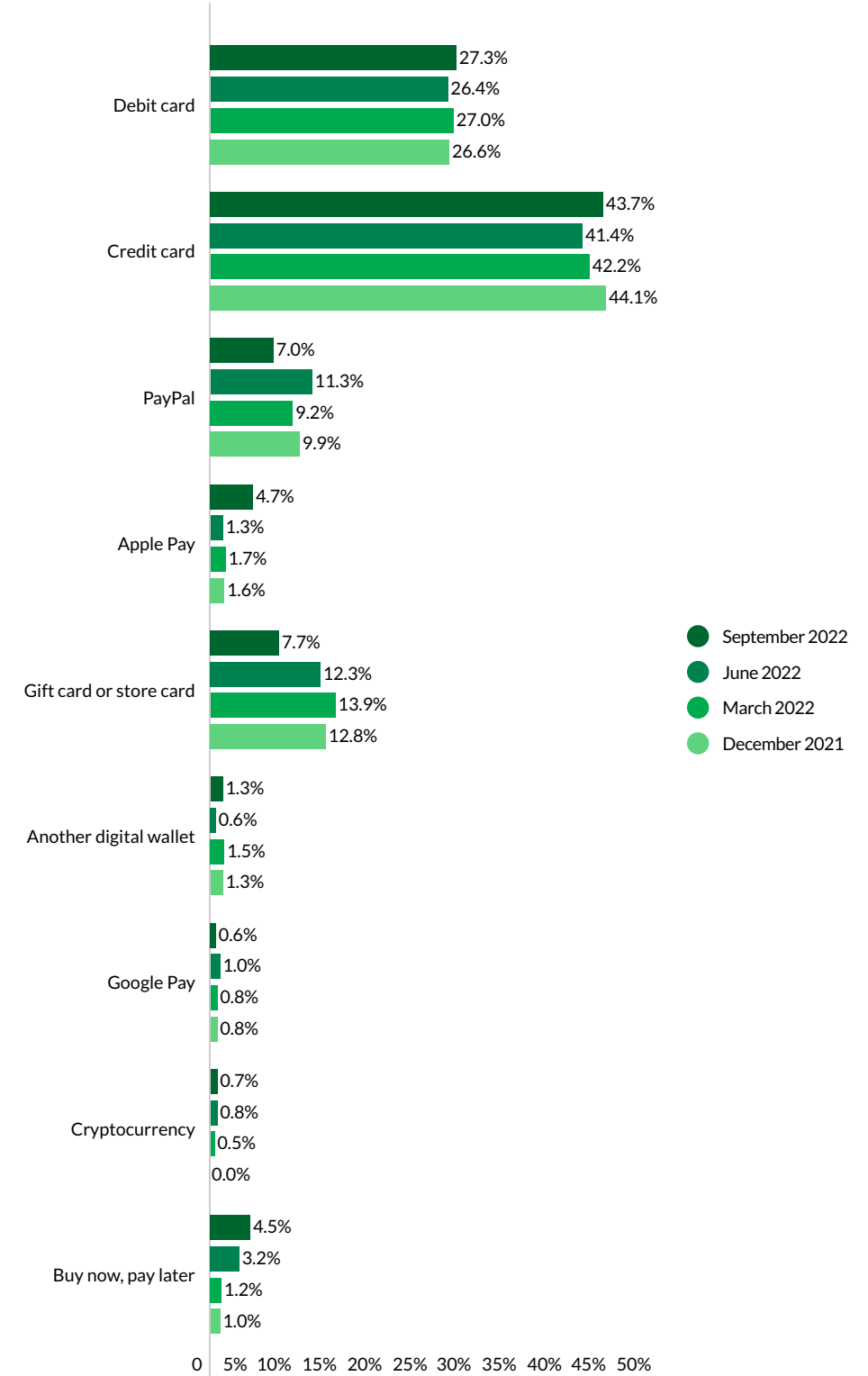


Source: PYMNTS  
 Digital Economy Payments: November 2022 U.S. Edition – The Rise Of Mobile eCommerce, November 2022  
 N = 2,409: Grocery shoppers, fielded Sept. 9, 2022 – Sept. 14, 2022

**Figure 4B**

**How consumers pay when they shop online**

Payment method consumers used for most recent online non-grocery purchase



Source: PYMNTS  
 Digital Economy Payments: November 2022 U.S. Edition – The Rise Of Mobile eCommerce, November 2022  
 N = 1,705: Non-grocery shoppers, fielded Sept. 9, 2022 – Sept. 14, 2022



# METHODOLOGY

**D**igital Economy Payments: November 2022 U.S. Edition — The Rise Of Mobile eCommerce uses consumer spending data from the Bureau of Economic Analysis to estimate spending for each of the categories in this study. PYMNTS surveyed 2,730 U.S. consumers from Sept. 9 to Sept. 14 about their shopping habits, the products they buy in-store and online, and the payment methods they use. This data was used to calculate online sales ratios for each of the retail segments and to estimate eCommerce volume. We also work with U.S. Census Bureau data, which retailers provide on the Monthly Retail Trade Survey, Annual Retail Trade Survey, Service Annual Survey and their own administrative records. The census retail data was reorganized to assign sales of “general merchandise” to each specific category of product mass merchants sell, approaching this through revenue reports and publicly available data. Non-store sales, which aggregate most eCommerce sales in the census data, were recategorized using the breakout published annually for total electronic shopping and mail-order houses. Non-merchandise receipts, including customer support, advertising, and shipping and handling, were proportionally assigned to each of the categories included in the NAICS 4541 breakout. Non-store retailers that were not part of eCommerce, and of which the U.S. Census Bureau does not make available any information, were categorized using each category’s share of eCommerce sales. Finally, business and government retail purchases were calculated as a residual, comparing U.S. Census Bureau to BEA data.

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