

Purchasing in a Pandemic



The Strawhecker Group (TSG) and Visa Consulting & Analytics (VCA) teamed up in July 2020 to survey a representative sample of U.S. consumers, and analyzed Visa's proprietary spend data with the goal of understanding how the COVID-19 pandemic has impacted consumer lifestyles, payment methods, and how behaviors may change after the pandemic.



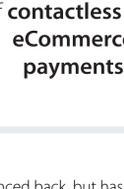
Key Takeaways



While travel remains hard-hit, COVID-19 has **accelerated growth** in certain vertical markets



Consumers are divided on when - and if - things will return to **"normal"**



COVID-19 has accelerated growth of **contactless** and **eCommerce payments**

CONSUMER SPEND

Spending has bounced back, but has not yet reached pre-pandemic levels

After a sharp decline in April, the U.S. saw a V-shaped spending recovery and reached positive territory again in June, with further a climb into July. Volumes declined 18% in April before returning to positive territory in June. July volumes through the 21st are up 7%.



48% of consumers are spending less



48% of consumers surveyed decreased overall spending since the pandemic started, but 28% of the respondents have increased their spending.

VERTICAL IMPACT

Shifts in spending has differed across industries

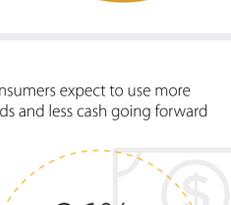
The image below shows how respondents of the survey have changed their spending habits across various industries since the pandemic began.



Visa reports that U.S. spend in these verticals declined 10% to 50% in April, but **recovered to growth by end of June**.



Visa credentials active in eCommerce (excluding Travel) were more than 12% higher in June than January.

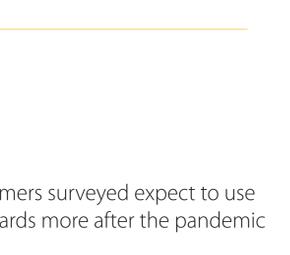


PAYMENT METHODS

Consumers expect to use more cards and less cash going forward

CASH

26% of surveyed consumers expect to use cash less after the pandemic than before and 18% expect their use of cash to increase.



CARDS

27% of consumers expect to use credit/debit more



27% of consumers surveyed expect to use credit/debit cards more after the pandemic than before.

In August, debit spending **grew 24%** year-over-year.



DIGITAL WALLETS

34% of respondents expect to use mobile/digital wallets more after the pandemic than before and 7% expect their use of wallets to decrease.



Most stores do not accept digital wallets.

I have privacy and security concerns.

I have one, I just do not use it. It is easier to pull out my card.

I don't trust the security level.

Of the respondents who do not use, and do not plan to begin using mobile/digital wallets, 69% stated they simply do not want one and others had concerns about privacy and low acceptance rates at stores.

Source: The Strawhecker Group and Visa Consulting & Analytics Consumer Survey, July 2020

CONTACTLESS CARDS

41% of respondents reported they have a contactless credit/debit card, showing there is lots of room to grow consumer access. Of those respondents, 60% use their contactless card for at least half of their purchases.

Visa added **80 MILLION** contactless cards during the first half of 2020

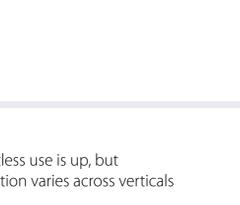
Source: Q3 2020 Visa Earnings Release

Of the top ten card issuers, nine now offer contactless cards.



As contactless penetration continues to increase, 42% of survey respondents who use cards, indicate that they have not yet received a contactless card from their bank.

55% of respondents expect to use contactless cards more after the pandemic than before.



The majority of respondents are confident that contactless payments were safer in terms of the spread of COVID-19.

Source: The Strawhecker Group and Visa Consulting & Analytics Consumer Survey, July 2020

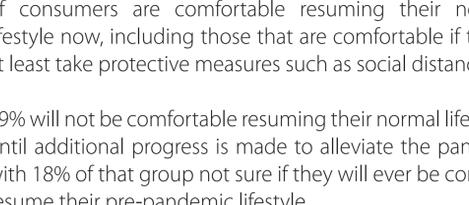
CONTACTLESS ADOPTION

Contactless use is up, but penetration varies across verticals

Education, access and broader experience - particularly at small merchants - will help drive consumer contactless adoption.

Growth in Contactless Payments

2020 vs. 2019



Visa contactless usage is up **40%** in Q2 2020 year-over-year.

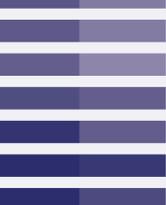
Source: April 28, 2020 Visa Earnings Release

Source: This data was provided by VCA based on U.S. VisaNet data from June 2019 - June 2020

BACK TO "NORMAL"

The consumers surveyed vary in their sentiment on when they feel they can resume a normal lifestyle, and they generally fall into two categories; those that are comfortable now and those that are not.

Consumers are currently most comfortable with social activities such as smaller events and being outdoors. An average of 41% of consumers are comfortable resuming their normal lifestyle now, including those that are comfortable if they at least take protective measures such as social distancing.



59% will not be comfortable resuming their normal lifestyle until additional progress is made to alleviate the pandemic, with 18% of that group not sure if they will ever be comfortable to resume their pre-pandemic lifestyle.

Average Comfortability Score

Darker = More Popular Response



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Panel Information: The Strawhecker Group (TSG) and Visa Consulting & Analytics (VCA) teamed up to survey 569 consumers in the U.S., with the goal of understanding how the COVID-19 pandemic is impacting lifestyle, payments methods, and how lifestyle and payments methods will change after the pandemic. The survey was conducted on July 20, 2020. All the results are from the perspective of a U.S. consumer. The survey represents consumers across various U.S. regions and age groups. The survey was conducted with a 4% margin of error at a 95% confidence level. This report is based upon information we consider reliable, but its accuracy and completeness cannot be guaranteed. Information provided is not all inclusive. All information listed is as available. Reproducing or allowing reproduction or dissemination of any portion of this report externally for any purpose, without expressed written consent of TSG, is strictly prohibited and may violate the intellectual property rights of The Strawhecker Group. © Copyright 2020. The Strawhecker Group. All Rights Reserved.

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