worldpay
from FIS

2020 US CONSUMER BEHAVIOR REPORT

TURNING CONSUMER INSIGHTS INTO
VALUABLE CUSTOMER INTERACTIONS

METHODOLOGY

In August 2020, we commissioned the global online market research firm Dynata to survey a representative sample of over 2,500 consumers across the US and analyze their purchasing behavior across different buying channels.

We've split out some of the findings by age range to highlight the interesting differences between each generation's shopping habits. For this report, the generations were divided as follows:

GENERATION-Z	(1998 - 2001)	**18—21 YEARS OLD**
MELLENNIALS/ GENERATION Y	(1984 - 1997)	**22—35 YEARS OLD**
GENERATION-X	(1970 - 1983)	**36—49 YEARS OLD**
BABY BOOMERS	(1950 - 1969)	**50—69 YEARS OLD**

Respondents were selected from those registered with Dynata to participate in online surveys, therefore no sampling error estimates can be calculated. All sample surveys and polls may be subject to multiple sources of error, including but not limited to sampling, coverage, and measurement. The margin of error is +/- 1.6% at the 90% confidence level with our sample size.

Please note that for single response questions, total responses may not add up to 100% due to rounding. For multi-response questions, totals do not add up to 100% as more than one response could be selected.

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Welcome to the 2020 US consumer behavior report

The face of retail is constantly changing. The engine of that change is the sum of consumer behavior. Consumers drive change through the expression of their evolving needs, desires, and expectations—all in the context of today's technology.

Retailers work tirelessly to provide customer experiences that meet and exceed these evolving expectations. The foundation of that work starts with a more complete understanding of consumer behavior as it exists today.

The 2020 US Consumer Behavior Report is part of Worldpay's ongoing efforts to help US retailers better understand their customers. We explore how US consumers are buying, how they are paying, and what they think about topics such as new payment methods.

We'll probe the deepening connections between shopping and social media, while also understanding their fears around data hacking and fraud. We examine mobile purchasing and the ways in which consumers are adjusting to biometrics. We look at the future of cash and ask consumers, "What if cash was no longer available?"

Worldpay's 2020 US Consumer Behavior Report offers actionable insights based on these behaviors with an emphasis on payments, an essential building block of superior customer experiences.

PART 1

MOBILE AND SOCIAL: THE NEW NORMAL

The growth of online shopping and the use of mobile devices means that consumers are now shopping anytime, anywhere, and on virtually any device.

But that doesn't mean anything goes. Convenience is vital as commerce becomes more mobile and more social—while a foundation of trust and security remains as important as ever.

In this section, we'll explore the ways in which mobile and social media-driven purchasing have become second nature to many consumers—and ways retailers can respond.

WORLDPAY FIS: 2020 US CONSUMER BEHAVIOR REPORT | PART 1 — MOBILE AND SOCIAL: THE NEW NORMAL

PART 1 — SECTION 1

THE RISE OF SOCIAL SHOPPING

Gen Z and the power of social media

Social media has grown so much that it's difficult to imagine a world without it. That's especially true for Gen Z, who've only known a world where social media was part of their daily lives.

The power of social among this demographic is something that brands are eager to tap into. Our survey found 85% of Gen Z respondents follow brands on social media, with nearly half making purchases via social media platforms. Among those Gen Z respondents who have made purchases via social media, **more than a third (34%) do so every day.**

The combination of mobile and social is increasingly proving to be a perfect setting for commerce. New payment integrations like mobile wallets and buy-now-pay-later options are making purchases on social media platforms easier and more convenient than ever. Social commerce is opening doors for brands to connect with consumers where they are—and to deliver frictionless customer experiences.

34%

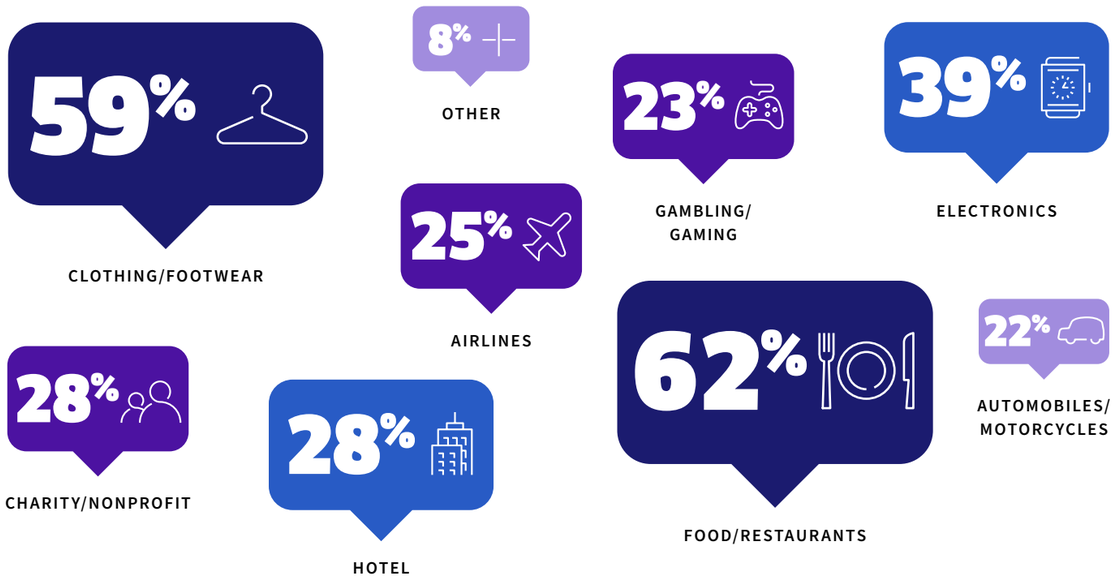
OF GEN Z-ERS WHO MAKE PURCHASES THROUGH SOCIAL MEDIA EVERY SINGLE DAY

What type of brands attract the most followers on social?

Social media creates opportunities for virtually every type of brand to engage with their customers—although some verticals may find traction easier than others when it comes to social commerce.

Among all US consumers surveyed, food and restaurant brands have the highest overall social media following, with clothing and footwear businesses a close second. There are often substantial variations across generations: clothing brands resonate most strongly with Gen Z (73%) and least with Boomers (41%). Almost two-thirds (66%) of Millennials follow food and restaurant brands, while Baby Boomers were most likely of all generations to follow charities and nonprofits.

THE TYPES OF COMPANIES OR BRANDS OUR RESPONDENTS SAID THEY FOLLOW ON SOCIAL MEDIA

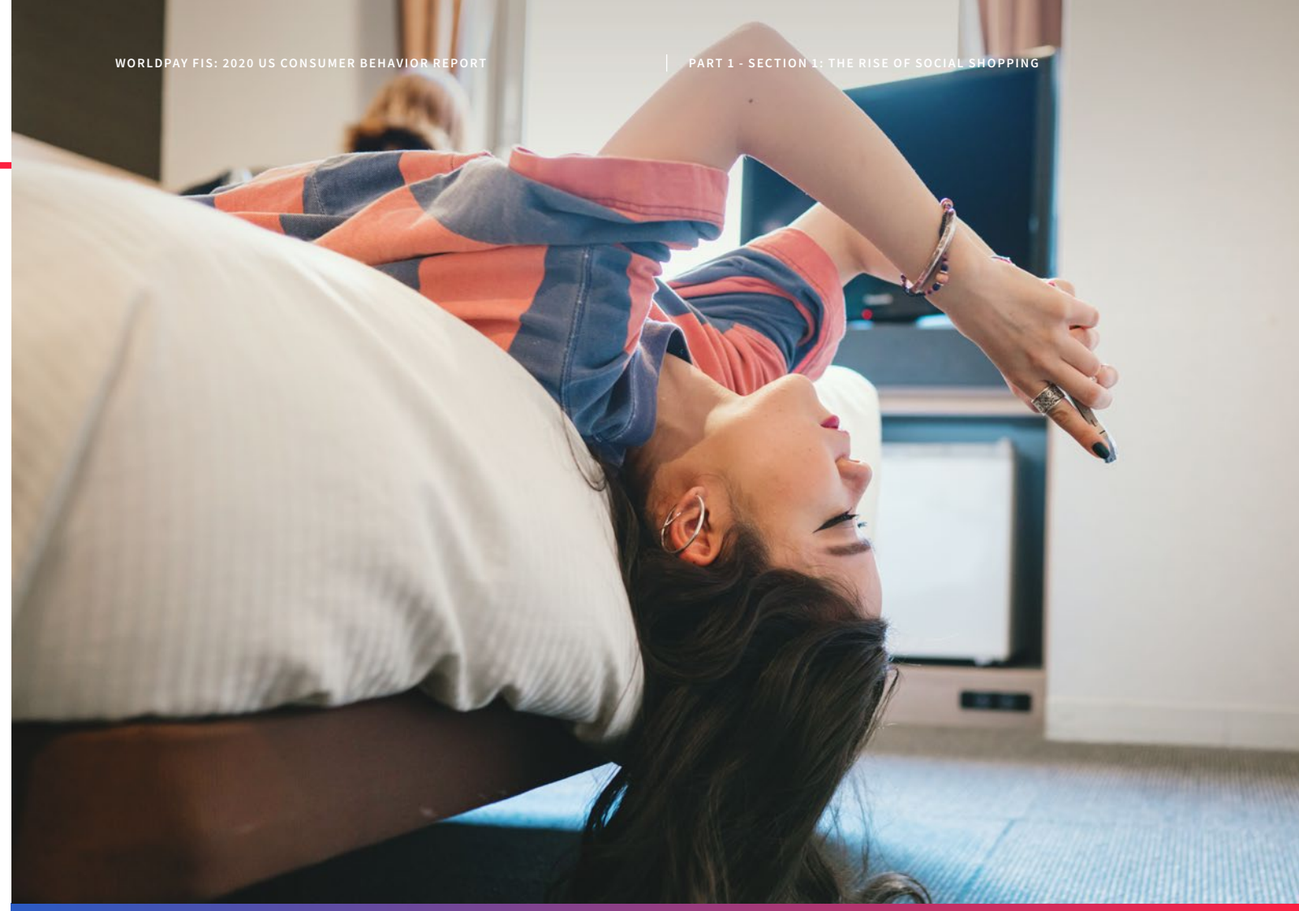


Do consumers think social media is a secure place to buy?

US consumers are clearly comfortable engaging with brands on social media. Companies looking to social media as a sales channel should be asking whether consumers are comfortable with the security of social media for purchases.

Over a third (34%) of US social media users surveyed have made a purchase via a social platform. Of those who hadn't made such a purchase, 29% say they are likely to do so in the next year, rising to 40% among Gen Z.

Among those US consumers who were unlikely to make a purchase via social media, 51% said they don't trust social media sites for secure purchases, while 46% would rather shop on retailer sites and apps directly.



KEY TAKEAWAY

Be prepared for the rise of social commerce.

Social media has emerged as a viable direct sales channel that is poised for significant growth. Social media is a hub in many consumers' omnichannel purchase journey. That presents big opportunities for brands who can leverage their existing social media presence to elevate customer engagement. Brands will want to **broaden their social strategy to use social media as a direct sales channel.**

PART 1 — SECTION 2

THE MOBILE EXPERIENCE

Cards vs. Phones: Who is winning where?

How do US consumers prefer to pay online? Our survey found that credit and debit cards remain king—at least for now. When buying online, almost 80% of US consumers indicated that they preferred using a debit or credit card.

The remaining 20% —including 25% of Millennials—prefer to use a mobile wallet like Amazon Pay, Apple Pay or PayPal.

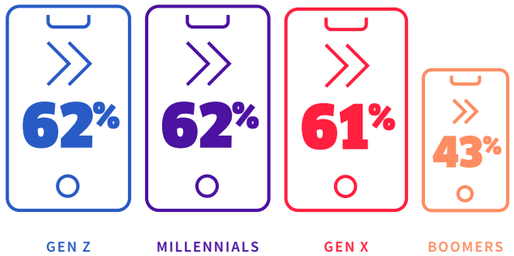
WE ASKED CONSUMERS: "WHY DO YOU USE A MOBILE WALLET?"

IT'S FASTER

IT'S SAFER

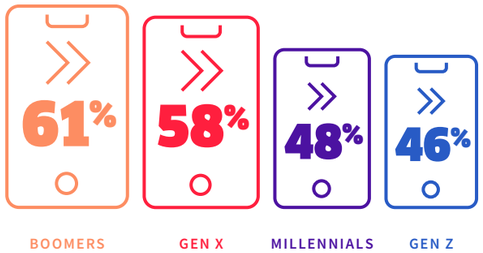
CONVENIENCE

PERCENTAGE OF THOSE WHO PREFER MOBILE WALLETS BECAUSE 'THEY'RE FASTER'



Checkout speed was cited as important more among younger generations

PERCENTAGE OF THOSE WHO PREFER MOBILE WALLETS BECAUSE 'THEY'RE SAFER'



The safety of mobile wallets is critical and becomes even more important as US consumers become more mature.

Responses of consumers who hadn't made an online purchases with a mobile phone.

50%

THE SCREEN IS TOO SMALL

49%

HARD TO INPUT DETAILS TO COMPLETE A PURCHASE

37%

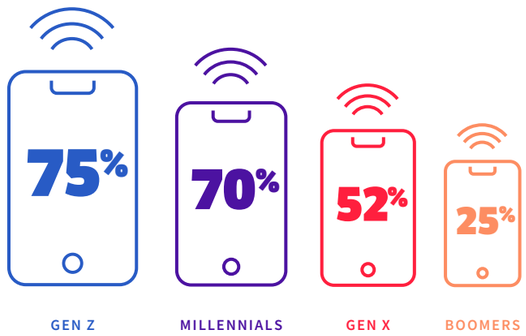
HARD TO CORRECT TYPOS

How do US consumers prefer to pay in-store?

Point of sale payment methods have evolved rapidly in just a few years. Until recently, credit and debit cards were authenticated by slow dial-up terminals and confirmed by customer signature. These days, faster and safer chip and PIN acceptance is the norm, while contactless acceptance is increasingly common.

The next phase of the evolution to the use of smartphone-based mobile wallets for payment in-store is well underway. US consumers have lagged in their adoption of mobile payments relative to consumers in Europe and Asia, but that's changing.

PERCENTAGE WHO HAVE USED A SMARTPHONE TO MAKE AN PAYMENT IN-STORE



In fact, 56% of all respondents in our survey believe that in five years, smartphones will replace credit or debit cards as their primary payment method. The percentage of believers is unsurprisingly the highest among Generation Z, at 75%.

But if that change is going to happen, what obstacles are businesses going to have to help consumers overcome?

REASONS US CONSUMERS GIVE FOR NOT USING MOBILE PAYMENTS IN-STORE

WORLDPAY FIS: 2020 US CONSUMER BEHAVIOR REPORT | PART 1 - SECTION 2: THE MOBILE EXPERIENCE

Our survey shows there's still a level of mistrust about mobile contactless payments. There's a lack of widespread knowledge about how mobile contactless payments work, as well as misperceptions based on outdated information. Through education and familiarity with this increasingly common, safe, and convenient payment method, the long-awaited tipping point seems at hand.

KEY TAKEAWAY

Make payments safe, easy and accessible.

Retailers need to offer a variety of payment methods that their customers know and trust. That starts with an awareness of how customers like to buy, while paying close attention to providing quick, secure and convenient checkout experiences. Serving the needs of US consumers requires a comprehensive strategy that supports both new and traditional payment methods whether in-store, online, or on-the-go.

PART 1 — SECTION 3

DELIVERY: GET IT QUICKER OR CHEAPER?

Quicker or cheaper?

Pay to get next-day delivery or wait and get it delivered for free?

These are the dilemmas that confront countless consumers, so knowing the answers can be invaluable to retailers.

We posed a scenario to US consumers and the results showed a bias against paying extra for faster delivery.

In this scenario, when deciding which retailer to choose from, **almost three-quarters of respondents (73%) would rather wait longer than have to pay the extra delivery fee.** Older generations were particularly unwilling to pay, including 74% of Gen X and 89% of Baby Boomers.

73%

OF RESPONDENTS WOULD RATHER WAIT LONGER THAN PAY FOR AN EXTRA DELIVERY FEE

SCENARIO

Imagine that two retailers offered the exact same product at the exact same purchase price: $50

- **Company A** offers next day delivery for $4.99
- **Company B** offers 3-5 day delivery, but for no charge

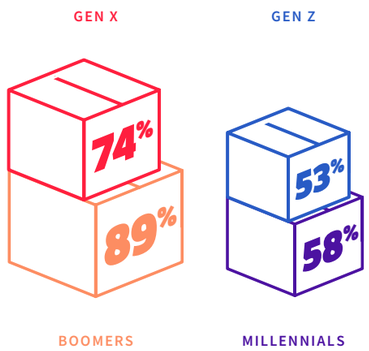
COMPANY

NEXT DAY DELIVERY
$4.99

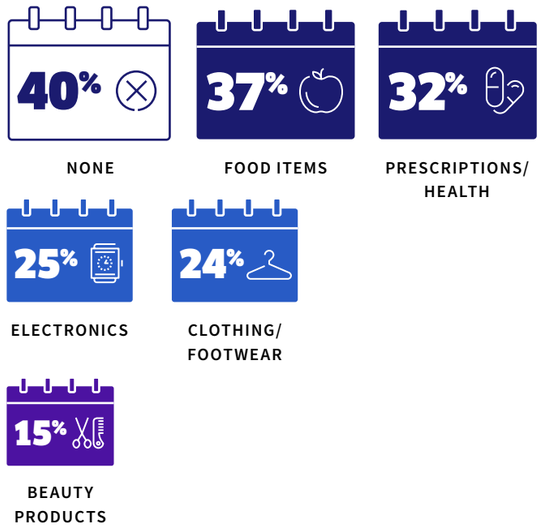
company

3-5 DAY
FREE DELIVERY

PERCENTAGE OF RESPONDENTS CHOOSING **COMPANY B** – 3-5 DAYS WITH FREE DELIVERY
TOTAL OF ALL RESPONDENTS: 73%



PERCENTAGE OF CONSUMERS WILLING TO PAY EXTRA FOR SAME DAY DELIVERY OF THE FOLLOWING PRODUCTS:



Arguably more important than fast delivery is being able to offer a specific timeslot— 88% of US consumers we surveyed said it would be either very or somewhat convenient to be able to select a one-hour delivery slot.

KEY TAKEAWAY

Think carefully about delivery charges.

Speed is important, but it isn't everything. Having to pay for delivery isn't popular among consumers, so consider providing a variety of options that trade-off speed for cost. **Be transparent and specific about delivery options and avoid surprises** that can lead to cart abandonment.

PART 2

BIOMETRICS AND FRAUD

PROTECTING YOUR BUSINESS IN 2020 AND BEYOND

How do consumers prove their identity? Are they prepared to embrace biometrics such as fingerprint scans and facial recognition?

As payment methods become even more sophisticated, do people remain concerned about their personal data falling into the wrong hands?

Our survey probed US consumer attitudes towards biometrics, personal data, and fraud. In this section we explore the highlights, including some surprising findings.

PART 2 — SECTION 1

BIOMETRICS & CONSUMER IDENTITY

Are consumers on board with biometrics?

Proving who you are is essential to remote commerce. Biometrics relies on attributes of identity that can't be hacked, like your unique fingerprint or your voice—why remember passwords when you can just look at a screen or say a command?

60%

OF RESPONDENTS WHO DISLIKE BIOMETRICS SAID IT WAS BECAUSE IT'S AN INVASION OF PRIVACY

Today biometrics are seemingly everywhere. US consumers routinely use fingerprint scans or facial recognition to unlock their smartphones. Biometrics allow us to issue commands tied to the sounds of our unique voices and unlock doors simply by looking at them.

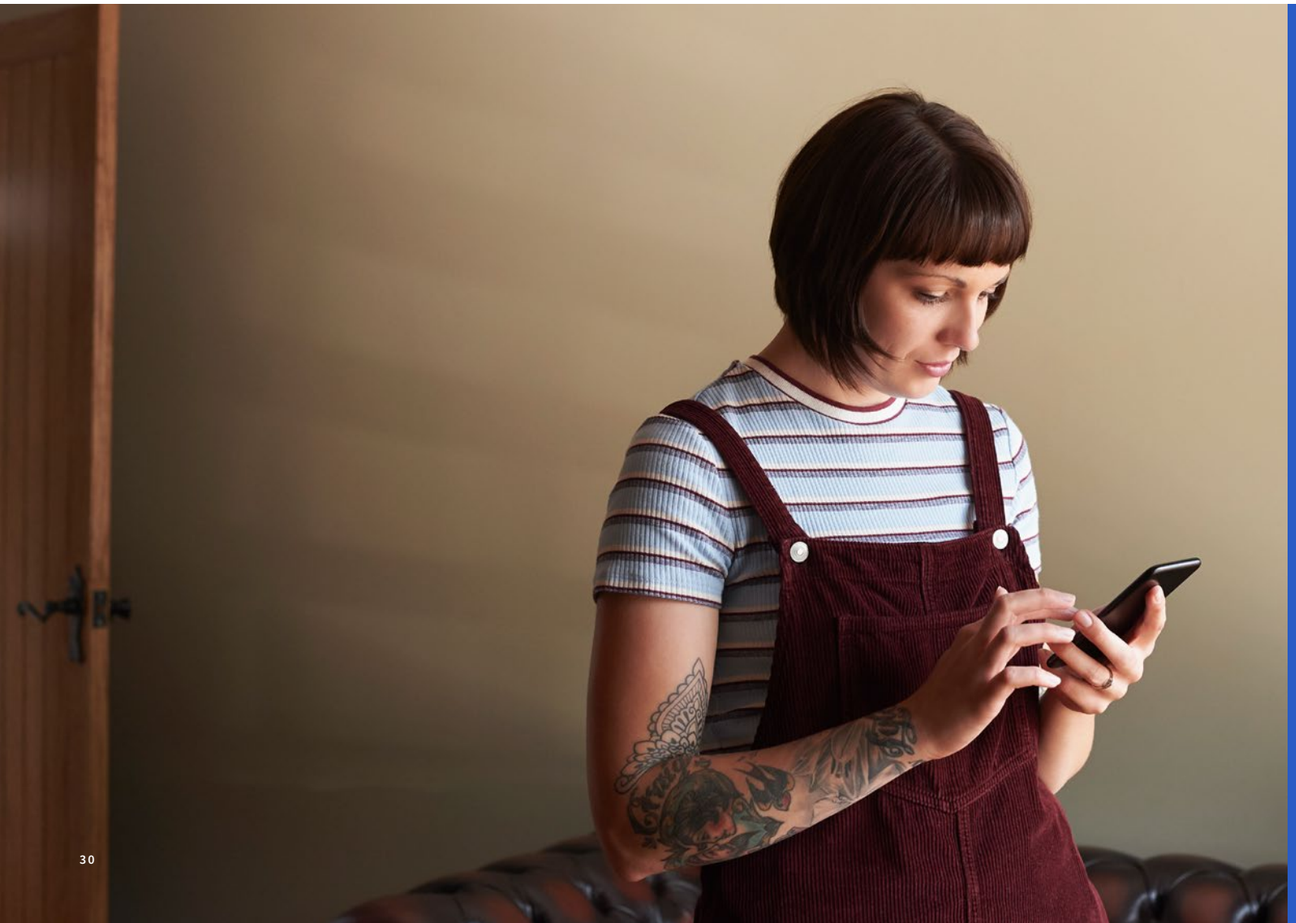
But how do US consumers feel about biometrics, especially when it comes to payments?

When asked how appealing it would be if they could ditch their credit and debit cards and make all their payments via biometrics, 46% of US consumers said it would be very or somewhat appealing. Generation Z are the biggest fans (62%) and Baby Boomers are the least (31%).

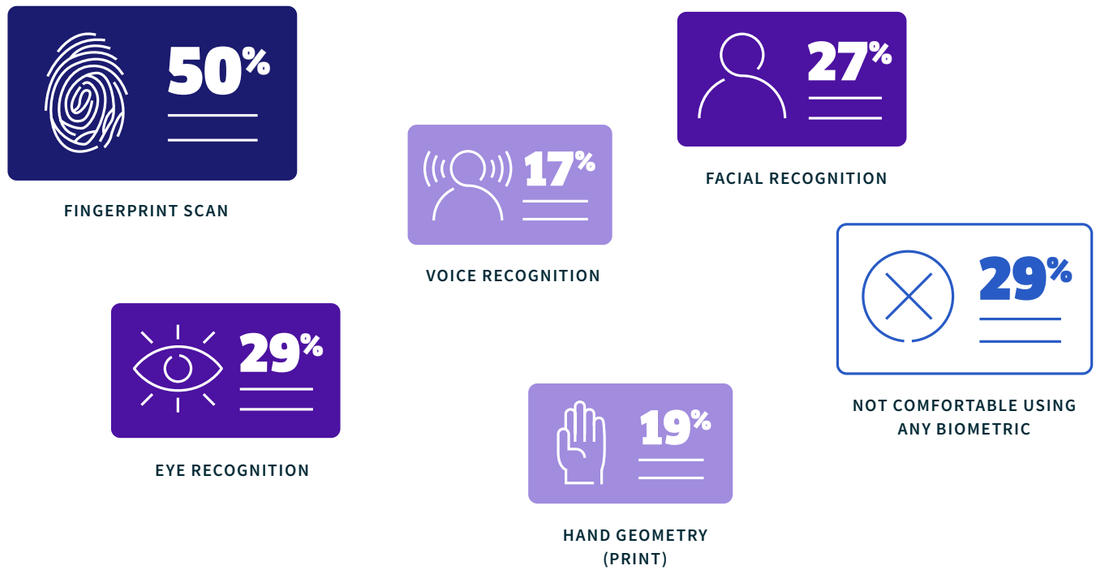
Of those who didn't find the idea appealing, 60% saw biometrics as an invasion of their privacy, **59% indicated that "it just doesn't feel right,"** and 54% of consumers worried about identity theft.

Retailers wanted to know whether there is a type of biometric payment US consumers favor. Fingerprint scanning is now ubiquitous as proof of identity on mobile devices, which explains why it's the most preferred biometric payment method in our survey.

Biometrics using methods other than a fingerprint are less well understood and so inspire less confidence among US consumers as a payment method—at least for now.



PERCENTAGE OF CONSUMERS WHO SAID THEY WOULD FEEL COMFORTABLE MAKING A PAYMENT TO A BUSINESS USING THE FOLLOWING METHODS



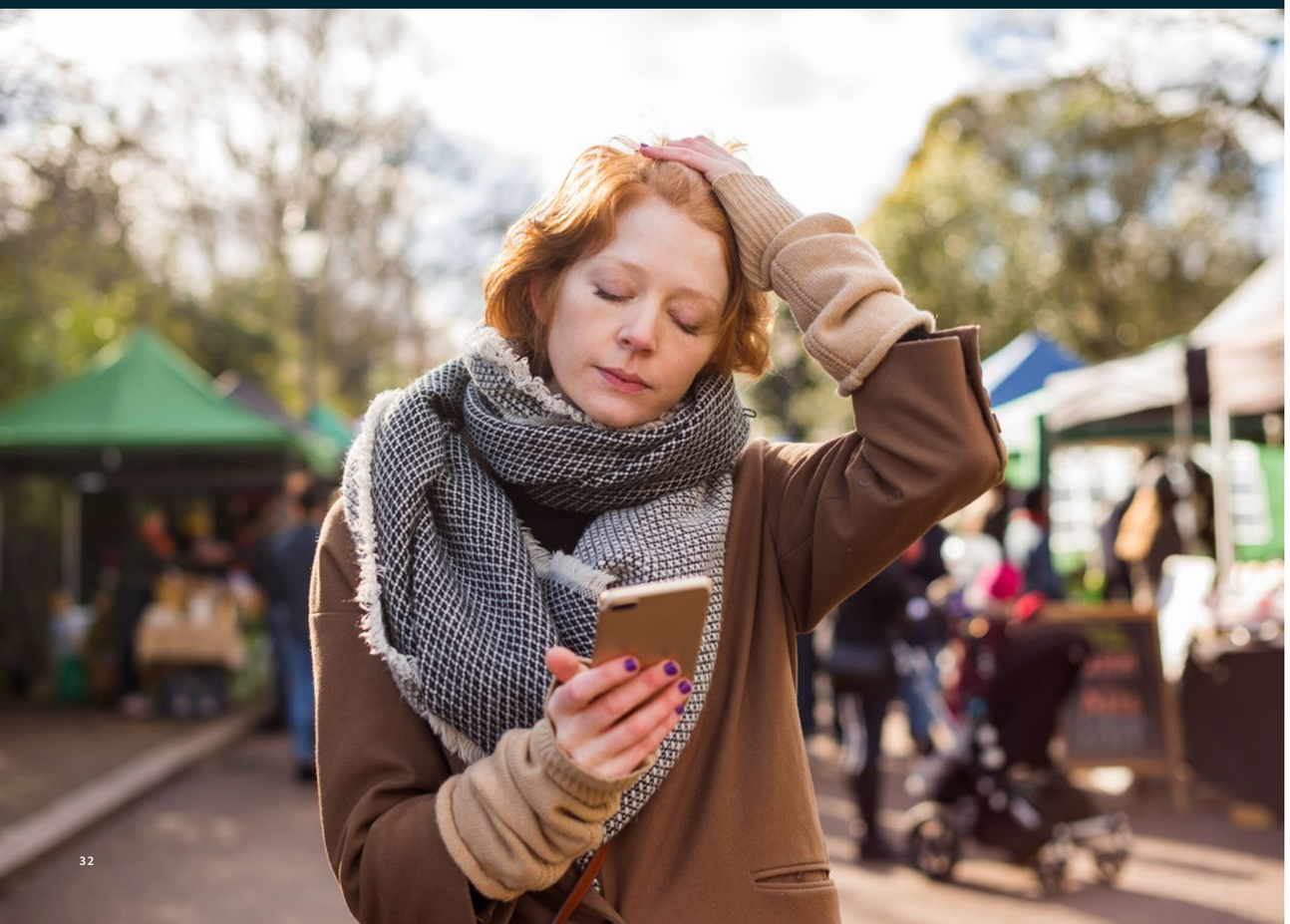
KEY TAKEAWAY

Seize the opportunity of biometrics.

Much like mobile and social payments, it won't be long before **fingerprint scanning, facial recognition, and other biometrics become the new normal.** Retailers should look to incorporate biometric authentication of payment transactions to improve customer experiences, reduce fraud, and improve operational efficiencies.

PART 2 — SECTION 2

FRAUD AND PERSONAL DATA



US consumers are worried about being hacked

US consumers are concerned about security, especially when it comes to their personal data.

These concerns are well-founded, fueled by the regularity of organizations and individuals that fall victim to hacking accompanied by widespread media coverage.

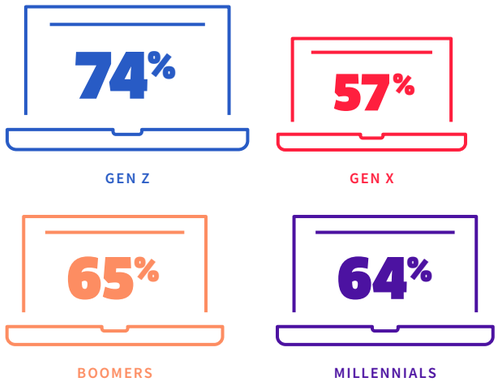
Our survey found that **63% of US consumers are either extremely or very concerned about their private/personal data being compromised**. Meanwhile, 35% think it's very likely that their private/personal data will be stolen by a hacker "in the near future."

63%

OF US CONSUMERS ARE CONCERNED ABOUT THEIR PERSONAL DATA BEING HACKED

Concerns about data security span across the generations, yet Gen Z consumers are perhaps more aware of the risks, with 74% of respondents being very or extremely concerned about their personal and private data being compromised.

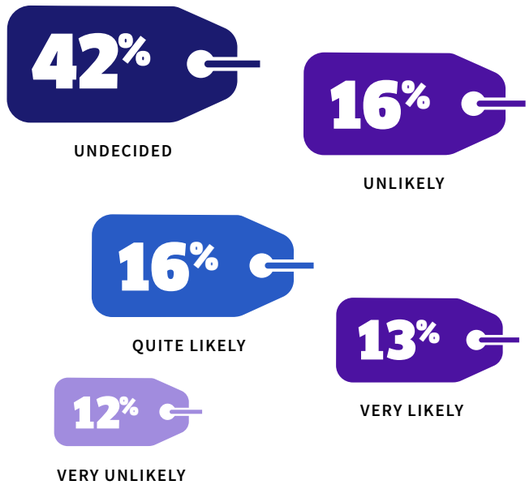
PERCENTAGE OF RESPONDENTS VERY OR EXTREMELY CONCERNED ABOUT THEIR DATA BEING HACKED:



What if the worst happens and a retailer suffers a data breach? How does this affect consumer trust?

We asked consumers to think about a retail brand that you've previously purchased from online. Imagine you've been made aware that the brand had suffered a data breach and customer details have been compromised.

HOW LIKELY WOULD YOU BE TO PURCHASE FROM THEIR ONLINE WEBSITE IN THE FUTURE?



Data breaches introduce uncertainty with consumers, with 41% undecided as to how they'd react to a specific retailer breach. What was surprising is that data breaches aren't a retail death sentence—only 28% were unlikely or very unlikely to revisit a retailer who had suffered a breach.

KEY TAKEAWAY

Don't mess around with data security.

With 63% of consumers either extremely or very concerned about their private and personal data being compromised or hacked, retailers need to make a concerted effort to reassure their customers and establish trust. Data breaches represent a serious threat to the reputation of any business. **Retailers need to prioritize comprehensive data security plans and transparently communicate those efforts to customers.**

PART 3

OUR PAYMENT PREFERENCES

AND WHAT IT MEANS FOR THE FUTURE

How are consumers willing to pay for products? Is there a willingness to access more flexible payment options?

In this section, we'll look at consumer payment preferences now and what they mean for the future of retail.

PART 3 — SECTION 1

INTELLIGENT PAYMENTS

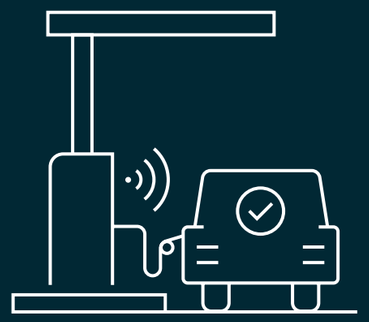
Credit card or card-free?

From cars and refrigerators to printers, more and more of the things we use every day are connected. We wanted to know how comfortable US consumers are with ceding control for ordering and making payments when something needs to be restocked or refueled.

Are consumers comfortable allowing a built-in computer to make automatic payments? To explore this question, our survey included the following scenario:

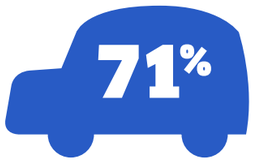
SCENARIO

Imagine you are in a gas station and you have just filled up. What would you think if your car had a built-in computer that could automatically make the payment to the gas station?



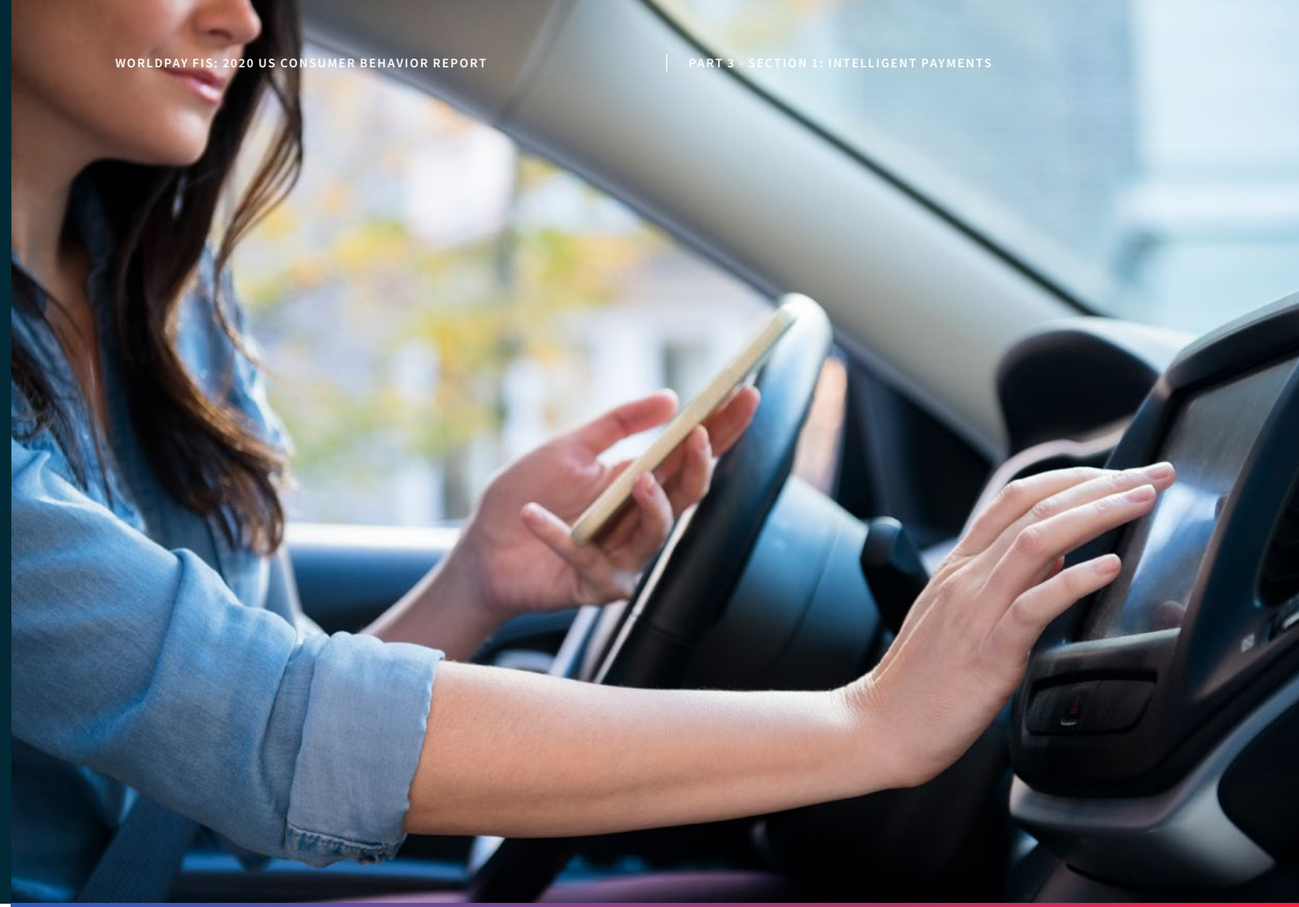
Would consumers be comfortable allowing a built-in computer to make automatic payments?

OF US CONSUMERS WOULD BE COMFORTABLE WITH THIS



WOULD FIND THIS PAYMENT CONVENIENT

WOULD TRUST THIS PAYMENT METHOD



KEY TAKEAWAY

The future of intelligent payments is now.

Payment innovation is all around us. From gas stations to cars, self-service kiosks to unattended retail, secure payments are being woven into the commerce experience in all its forms. Intelligent payments are redefining the scope of what's possible. **Keeping ahead of the changes will help you better serve your customers,** allowing them to focus on the exceptional products and experiences your business offers.

PART 3 — SECTION 2

GOING CASHLESS

Is there still a need for cash machines?

US consumers are using less cash, but they don't want to dispense with it completely. At least for now, cash and the automated teller machine still play a vital role.

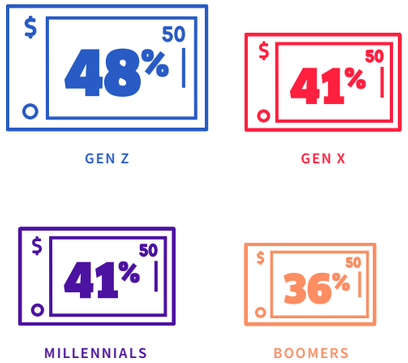
PERCENTAGE OF RESPONDENTS WHO GO TO THE ATM FOR MONEY:

	TOTAL	MALE	FEMALE	GEN Z	MILLENNIALS	GEN X	BOOMERS
DAILY	5%	7%	3%	9%	11%	3%	1%
WEEKLY	26%	28%	24%	39%	32%	27%	16%
MONTHLY	26%	25%	26%	20%	24%	27%	28%

ATMs are still being used regularly, but is there a downward trend in the use of cash generally? In short, yes.

We asked US consumers whether they use cash more or less than they did a year ago. While 41% of consumers said they use less cash than a year ago, 44% said they used it the same, and only 12% reported using cash more often.

PERCENTAGE OF RESPONDENTS WHO ARE USING LESS CASH COMPARED TO A YEAR AGO:
TOTAL AMOUNT OF RESPONDENTS: 41%



We also asked how people would pay a friend or family member, for example if they had prepaid for concert tickets.

Cash was the most popular choice at 49%, showing its enduring utility. Person-to-person payment apps like PayPal and Venmo followed at 28%, while checks were favored by 12% of US consumers.

How about a scenario where cash wasn't available? We asked how respondents would feel if cash was no longer available and only digital payments (credit/debit cards and apps) were to be used for payment.

The answer: 41% of US consumers said that they wouldn't want cash to go away as they like to pay with cash, including 56% of Gen Z and 57% of Baby Boomers. Yet almost half of respondents were ready to see cash become a thing of the past: 21% of consumers said that they could do without cash now, while 28% of all respondents would be happy to get rid of cash—so long as digital payments were accepted everywhere.

KEY TAKEAWAY

Cash isn't dead—yet the digital future is now.

Significant numbers of people regularly visit ATMs and like to make payments using cash. But there is a definite change, as illustrated in the decline in people using cash compared to a year ago. **Retailers need to ensure they're prepared for the digital payments consumers expect, but shouldn't stop accepting cash just yet,** as it's still an essential payment option for many consumers.

2020 US CONSUMER BEHAVIOR REPORT CONCLUSION

KEY LEARNINGS AND WORLDPAY FROM FIS PRODUCTS & SERVICES

CONCLUSION

KEY LEARNINGS FROM OUR REPORT

1 - BE PREPARED FOR THE RISE OF SOCIAL COMMERCE

Social media has emerged as a viable direct sales channel that is poised for significant growth. Social media is a hub in many consumers' omnichannel purchase journey. That presents big opportunities for brands who can leverage their existing social media presence to elevate customer engagement. Brands will want to **broaden their social strategy to use social media as a direct sales channel.**

2 -MAKE PAYMENTS SAFE, EASY, AND ACCESSIBLE

Retailers need to offer consumers a variety of payment methods that their customers know and trust. That starts with an awareness of how customers like to buy, while paying close attention to providing quick, secure, and convenient checkout experiences. Serving the needs of US consumers requires a comprehensive strategy that supports both new and traditional payment methods whether in-store, online, or on-the-go.

3 - THINK CAREFULLY ABOUT DELIVERY CHARGES

Speed is important, but it isn't everything. Having to pay delivery isn't popular among consumers, so retailers should consider providing a variety of options that trade off speed for cost. It's important to **be transparent and specific about delivery options** while avoiding surprises that can lead to cart abandonment.

4 - SIEZE THE OPPORTUNITY OF BIOMETRICS

Much like mobile and social payments, it won't be long before **fingerprint scanning, facial recognition, and other biometrics become the new normal.** Retailers should look to incorporate biometric authentication of payment transactions to improve customer experiences, reduce fraud, and improve operational efficiencies.

5 - DON'T MESS AROUND WITH DATA SECURITY

With 63% of consumers either extremely or very concerned about their private and personal data being compromised or hacked, retailers need to make a concerted effort to reassure their customers and establish trust. Data breaches represent a serious threat to the reputation of any business. **Retailers should prioritize comprehensive data security plans and transparently communicate those efforts to customers.**

6 - THE FUTURE OF INTELLIGENT PAYMENTS IS NOW

Payment innovation is all around us. From gas stations to cars, self-service kiosks to unattended retail, secure payments are being woven into the commerce experience in all its forms. Intelligent payments are redefining the scope of what's possible. **Keeping ahead of the changes will help retailers better serve customers**, allowing them to focus on the exceptional products and experiences the business offers.

7 - CASH ISN'T DEAD—YET THE DIGITAL FUTURE IS NOW

Significant numbers of people regularly visit ATMs and like to make payments using cash. But there is a definite change, as illustrated in the decline in people using cash compared to a year ago. **Retailers need to ensure they are prepared for the digital payments consumers expect, but shouldn't stop accepting cash just yet**, as it's still an essential payment option for many consumers.

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With an integrated technology platform, Worldpay offers a comprehensive suite of products and services, delivered globally through a single provider.

Worldpay processes over 75 billion transactions annually through more than 300 payment types across 146 countries and 126 currencies.

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