



# 2021 Insights Report

COVID-19 changed the commerce landscape forever

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Today, commerce is a fluid, multifaceted consumer journey that encompasses a variety of channels, devices and payment options. Customers are empowered with information and have the tools to find whatever they want, whenever and however they prefer – in-person, online, through a mobile app, with their voice or more.

This Carat Insights Report reveals the key trends shaping the future of commerce

-  Omnichannel commerce is fueling a rebound in commerce
-  Convenient methods like BOPIS and delivery are here to stay
-  Younger digital-first consumers are driving the growth of debit
-  Innovative payment solutions increase purchase size



## Highlights

We have witnessed a seismic shift in the relationships between consumers and retailers due to the pandemic and the demand for safe interactions. COVID-19 accelerated new consumer behavior and will have a lasting impact on commerce. At the heart of this transformation lies the customer journey, and the impacts felt from the swift adoption of new operating models across traditional and digital channels.

Results of this Carat Insights Report originate from two key studies: a U.S. consumer survey and analysis from Fiserv's robust trove payments data. The data analysis is from the first half of 2021 and the survey was conducted in the first quarter of 2021 - a time when societies and businesses began to get back to normal, with lingering effects of the pandemic.

### Three key takeaways are evident:

1. Customers expect to effortlessly channel surf as they find, fulfill and pay for purchases
2. Offering a broad choice of payment methods and expanding use cases entices higher spend
3. Mobile-first experiences create a wealth of data to better understand customer preferences

## Survey Says



One in two Americans have used BOPIS in the past month



Millennials and Gen Z are driving the growth in debit card use online



Nearly half of consumers used a digital wallet for online purchases



High earners are more likely than middle-income consumers to use Buy Now, Pay Later

## Data Reveals



Omnichannel spend is up to 70 percent across key industries



Debit is now the preferred payment method online



Digital wallets have seen up to four percent of all online transactions



Contactless in-store transactions increased 450 percent



## We're back! Omnichannel spurs rebound in consumer spending

As consumers locked down during the pandemic, merchants shifted to a mix of online and in-store business models, and consumers quickly adapted to digital purchases, even in traditional segments.

Spending in the **Grocery, Restaurant and Retail** industries grew, and projections are strong for the next 12 months. Omnichannel has become the new normal, with YOY spend volume at levels higher than Q1 2020.

Confidence in **Travel & Entertainment (T&E)** is strong and has already surpassed pre-pandemic spend, and our data reveals that consumers are spending more than they realize. Much of this is due to a spending increase in the airline and in-person dining sub-segments.

### Action Plan

Put customers at the center of every omnichannel initiative to drive deeper engagement, convert more shoppers to buyers and build loyalty.

### Restaurant



77%

YOY increase in restaurant omnichannel spend in Q1'21

### Grocery



71%

YOY increase in grocery spend in Q1'21

### Retail



39%

YOY increase in retail spend in Q1'21



## Convenience is critical! New habits are here to stay

The pandemic accelerated the adoption of safe customer interactions, including contactless payments, online ordering and delivery, and curbside pick-up. The growth in digital wallets signals the customer expectation for convenient and seamless experiences.

60 percent of all survey respondents reported to have used Buy Online Pick-Up In-Store (BOPIS) at least once within the past month.

### Restaurant

**60%**  
of customers have used BOPIS in restaurants in the past month



### Retail

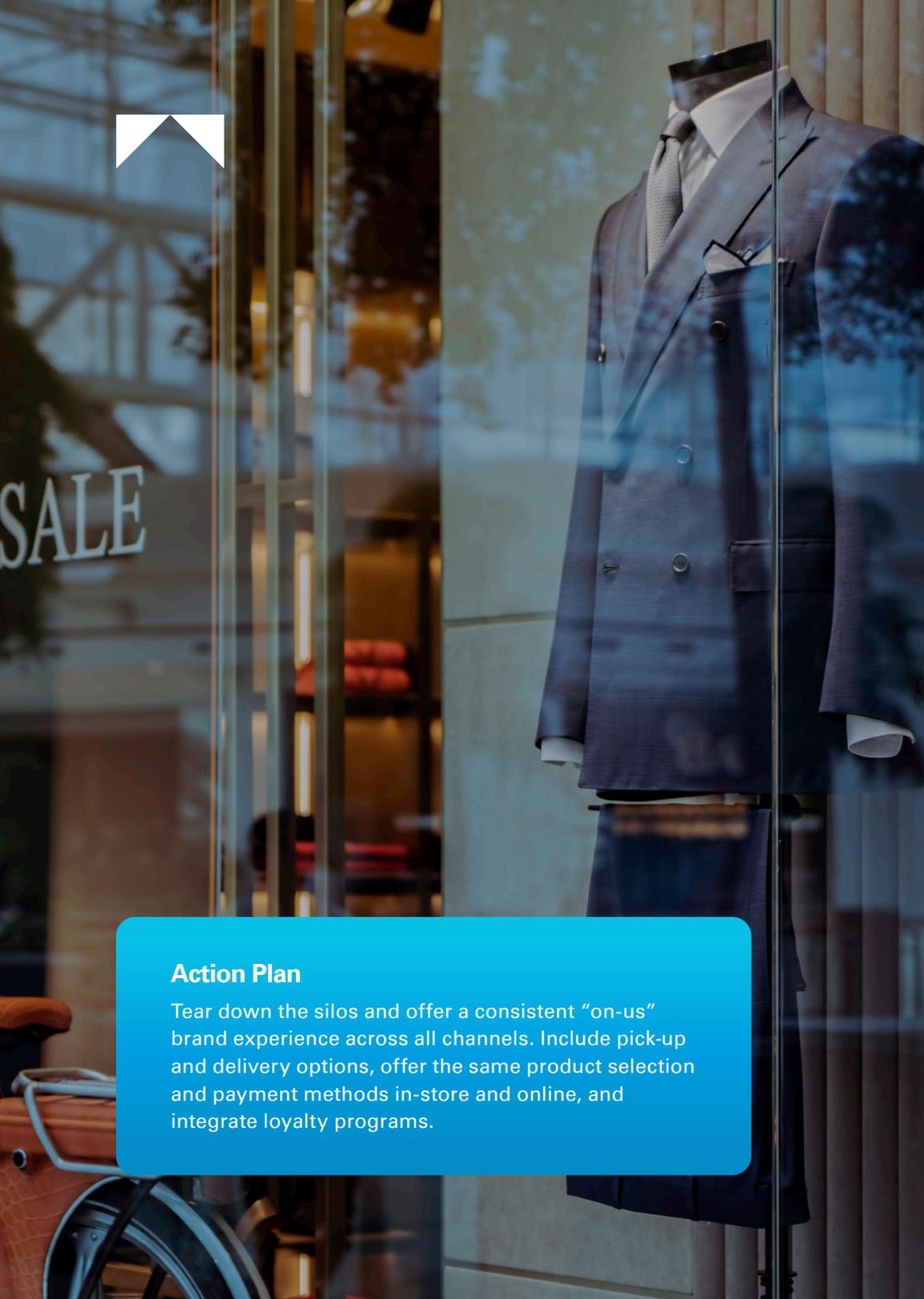


**48%**  
of customers have used BOPIS in retail

### Grocery



**44%**  
of customers have used BOPIS in grocery



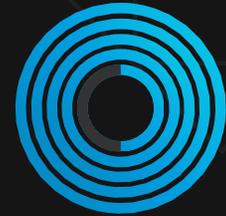
### Action Plan

Tear down the silos and offer a consistent “on-us” brand experience across all channels. Include pick-up and delivery options, offer the same product selection and payment methods in-store and online, and integrate loyalty programs.

Touchless experiences spurred the **growth of in-store contactless transactions** as consumers deemed paying with a tap as simple, safe and seamless.

450%

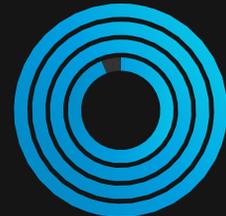
Increase in contactless in-store transactions



Consumers’ **adoption of digital wallets** soared in early 2021 and nearly half of survey respondents reported having used a digital wallet for online purchases.

394%

Increase in digital wallet eCommerce payments



47%

of customers reported paying with a digital wallet





## It's generational! Younger consumers influence strategic initiatives across the customer journey

Mobile presents the opportunity for merchants to transform customer experiences by blurring the lines between the physical and digital, and creating a wealth of data that can be used to provide a more personalized customer experience.

- Debit is driving the growth of spend volume YoY and is the preferred method of Millennials and Gen Z
- Consumers are increasingly starting their journeys on mobile devices. Mobile-first omnichannel experiences extend beyond payment to encompass marketing, engagement and loyalty opportunities by blurring the lines between physical and digital

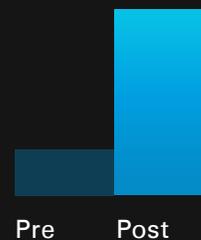
### Action Plan

Use the growth in mobile-first shopping experiences to add value and build direct customer relationships across all stages of the customer journey.

Consider optimized debit routing solutions to lower transaction costs.

# 75%

Growth in online **debit spend** volume, compared to **25 percent for credit**.



# 4%

Digital wallet share online, compared to **one percent pre-pandemic**.



## Keep innovating! Consumers find value in emerging payment solutions

New technologies and payment options can differentiate a merchant's offering, help increase basket size and deepen customer experiences by going beyond the transaction.

Use of **Buy Now, Pay Later** increased during the pandemic. It enables customers to finance their purchases in regular short-term installments.

Surprisingly, it is **not** a relief product! High earners with higher education are more likely to have used BNPL and while most unemployed and middle-income consumers are aware of BNPL, they have not used it during the pandemic.



**32%** of high-income consumers have used BNPL, compared to 24 percent of middle-income consumers

The pandemic brought **QR codes** to the forefront for touchless experiences such as downloading menus, but overall, the technology continues to struggle as a payment method. To survive, QR codes must add more than one-dimensional value. They should be used across a variety of use cases, from customer ID, to product information, menu & ordering, marketing, returns management and loyalty.



**76%**  
Aware of QR codes



**26%**  
Paid through QR code

### Action Plan

Position Buy Now, Pay Later as a strategic short-term financing option to increase conversion rates and purchase amounts.

Use QR codes to go beyond a single payment use case to create better customer experiences.



## Prepare for success – take action to meet customer expectations across all channels

COVID-19 has accelerated consumer behavior and will have a lasting impact. Looking beyond the buy button to optimize the entire commerce journey helps grow revenue, increases efficiency and builds customer loyalty.



Blend the physical and the digital



Optimize commerce and reduce friction at the checkout



Transform the consumer shopping and payment experience





# Carat Drives More Commerce

Carat is the omnichannel commerce ecosystem that delivers unlimited global payment opportunities across any channel anywhere, executing transactions on any device with any payment method, more securely and at global scale.



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