



SpendTrend® Special Report

Update | Coronavirus Impact on Consumer Spending

October 9, 2020

All data is Fiserv proprietary data and includes only actual card-based forms of payment. SpendTrend is a macroeconomic indicator that reports aggregated year-over-year same store sales activity for card-based payments. SpendTrend from Fiserv does not represent Fiserv financial performance. © 2020 Fiserv. All rights reserved.

Executive Summary

As various health measures of the U.S. economy and the consumer remain stable, spending velocity has held onto gains seen over the last several months. That said, the rebound pattern remains at a plateau into September, possibly due to similar patterns seen in mobility measures and a still-cautious stance by some consumers given that the pandemic continues.

Our proprietary SpendTrend analysis shows that the YoY decline in consumer spending improved from -13.1% in August to -10.3% through the first three weeks of September. Similar to our last update, sectors that remain in positive growth territory include Building Materials, Electronics and Furniture – driven by stay-at-home dynamics. Sectors demonstrating relatively stable spending trends include Dining and Gas Stations. Clothing and Luxury have seen recent shoots of growth after some cooling off post their early summer growth spike. Trends in Entertainment and Travel are showing slow and steady improvement but remain at very depressed levels overall.

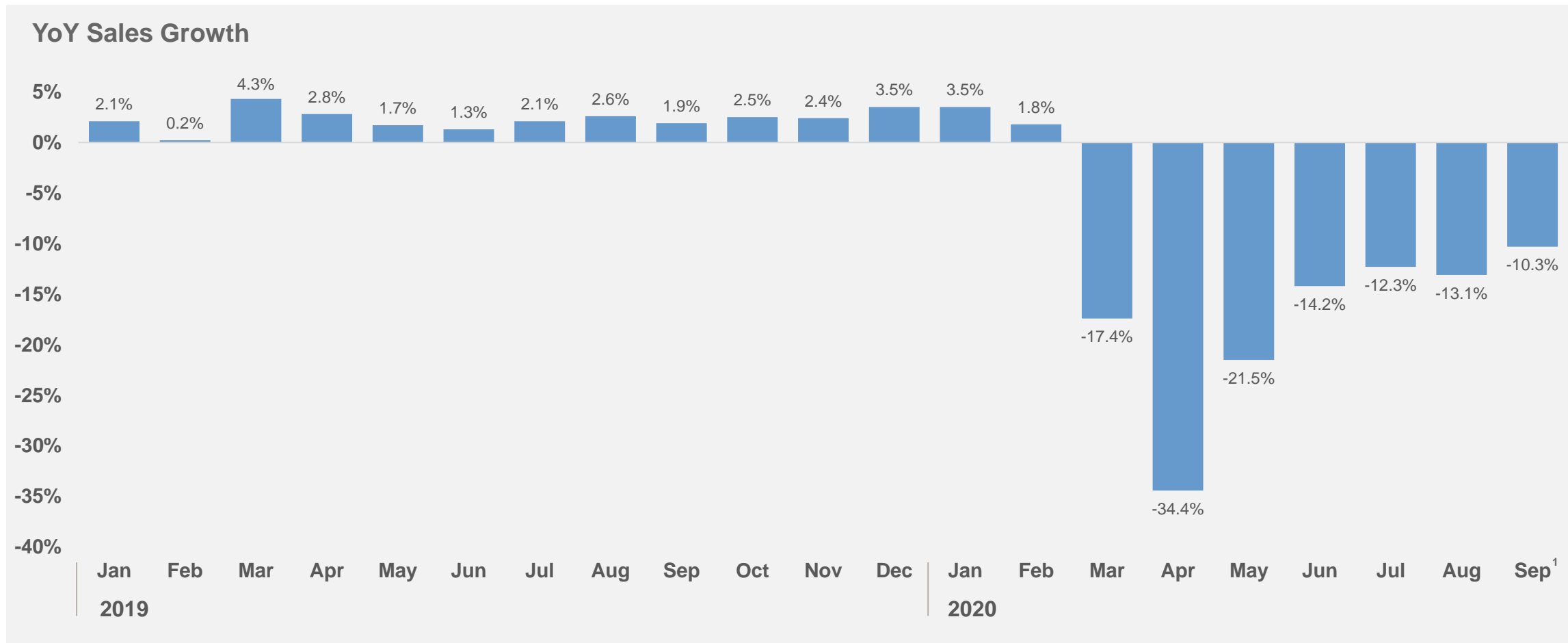
Within payment types, many of the behavioral changes seen in the earlier part of the pandemic now appear locked in with trends stabilizing, while a few others continue their trajectory. The share of cash usage at the point of sale has declined over 900 basis points since January. ATM transaction activity has leveled off after rebounding into June. Conversely, adoption of mobile wallets for e-commerce purchases, along with contactless NFC, remain on a steady upward slope.

On a positive note, COVID-related cases, hospitalizations and mortality rates continue to move in a favorable direction. That said, the “low hanging fruit” of the economic rebound is behind us, which argues for the need for notable improvement in employment, mobility and confidence measures to drive the next leg up in spend. At the same time, an underway back-to-school season and inevitability of spending more time indoors, may be driving a cautionary stance toward spending. Presumably, if COVID case growth and mortality rates remain in check in the coming months and/or significant progress on the development and deployment of a vaccine is seen, those may provide the needed catalysts for consumer confidence and spending going forward.

U.S. Commerce Trends Through September 22

Monthly SpendTrend Trajectory

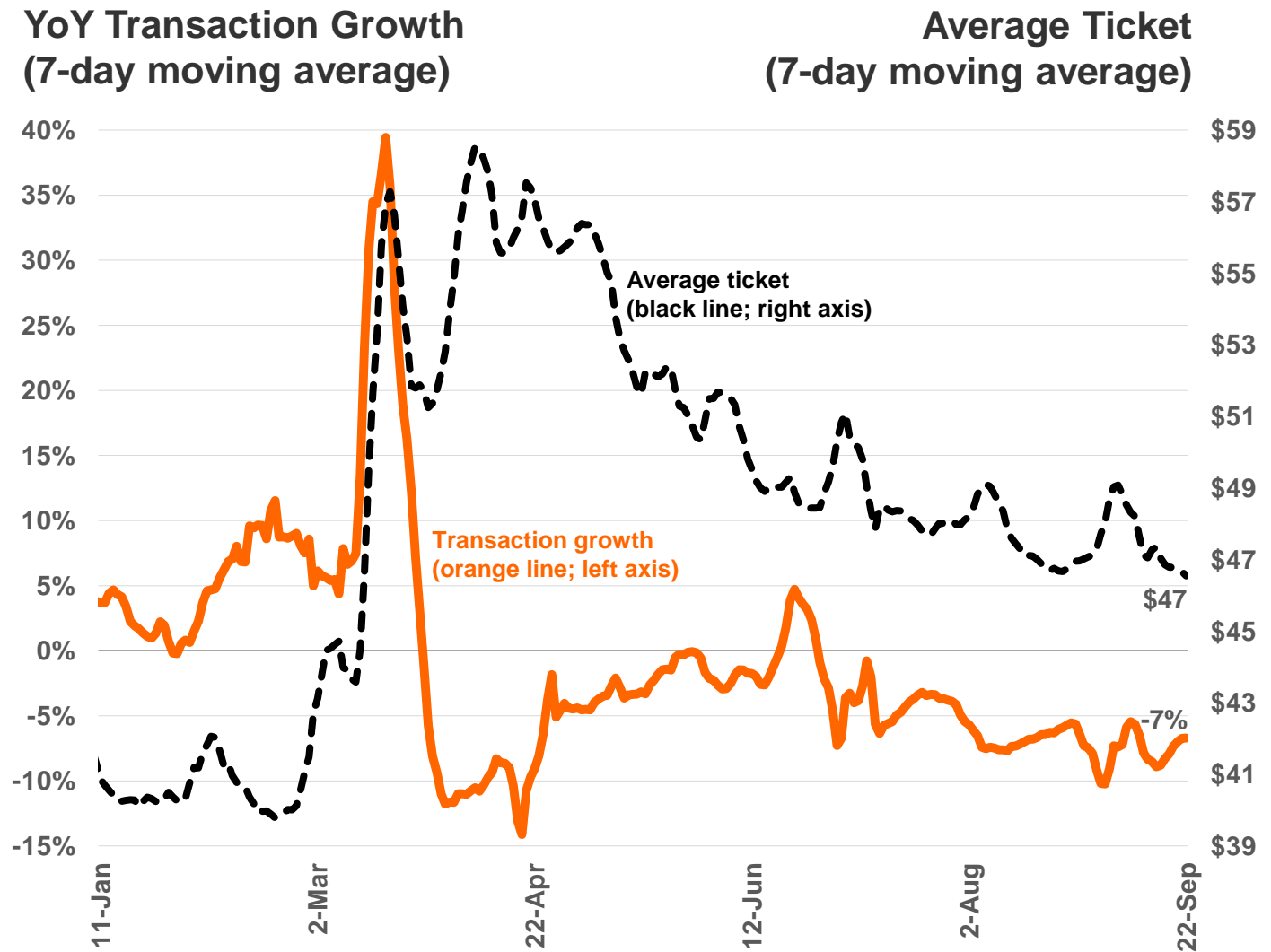
While still in negative territory, and after a slight blip last month, the trajectory for overall U.S. spending continues to steadily improve



Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis. 1. September 1-22.

Food, Beverage and Grocery

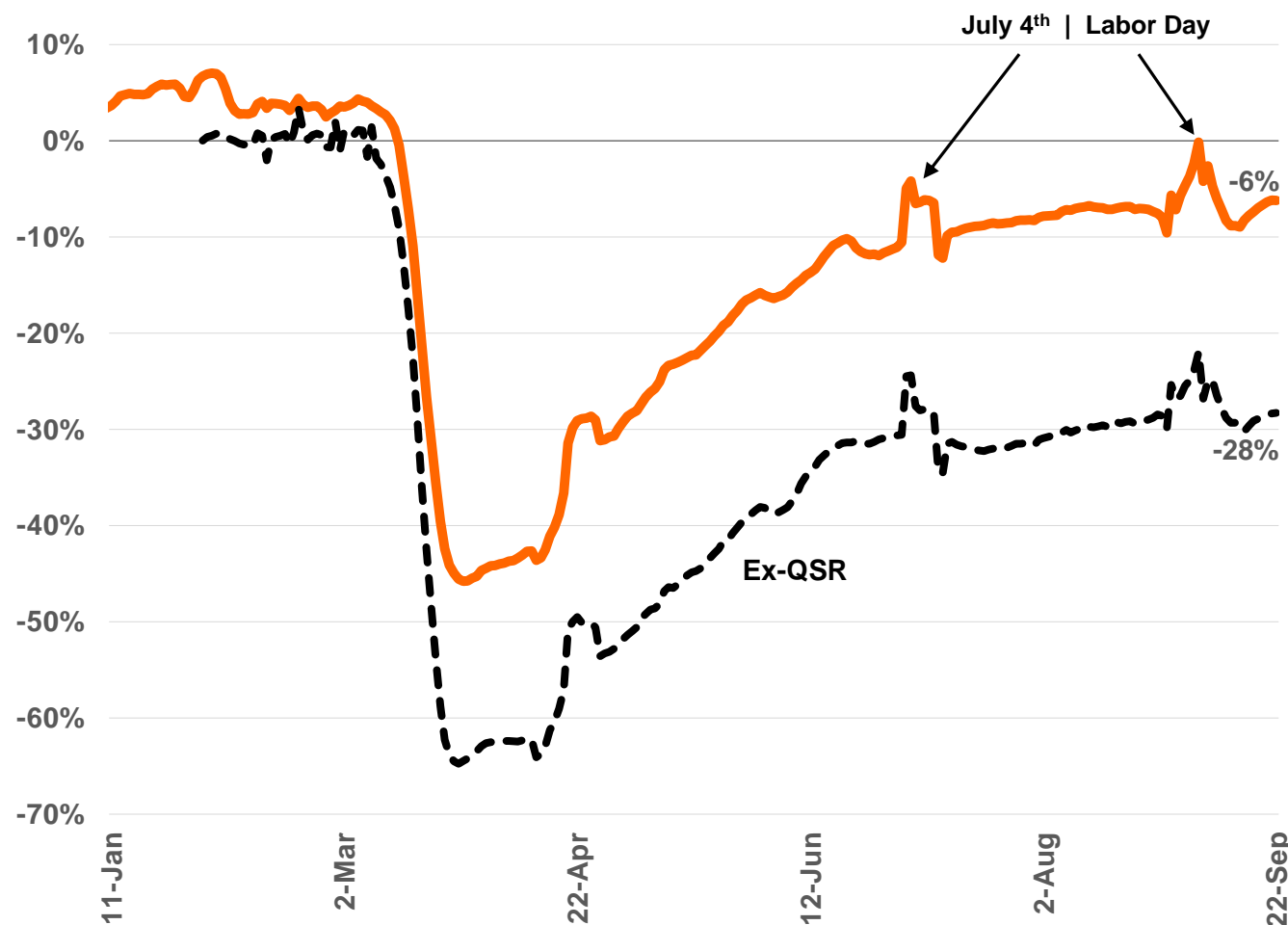
Grocery transaction growth remains down slightly as consumers shop less often. Ticket sizes also continue to slowly moderate from their March and April highs but remain above pre-crisis levels as basket size has increased.



Dining Out and Restaurants

While the Dining sector rebound appears to have plateaued to a degree, in recent weeks there has been a slight marginal improvement from early August levels.

YoY Transaction Growth (7-day moving average)



Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis. Ex-QSR begins February 1.

Dining Out and Restaurants Category Breakdown

Every dining subcategory has substantially improved since the early days of the pandemic. In the first several weeks of September, most categories carried on the notable progress from August as consumers gradually return to in-person dining.

YoY Sales Growth

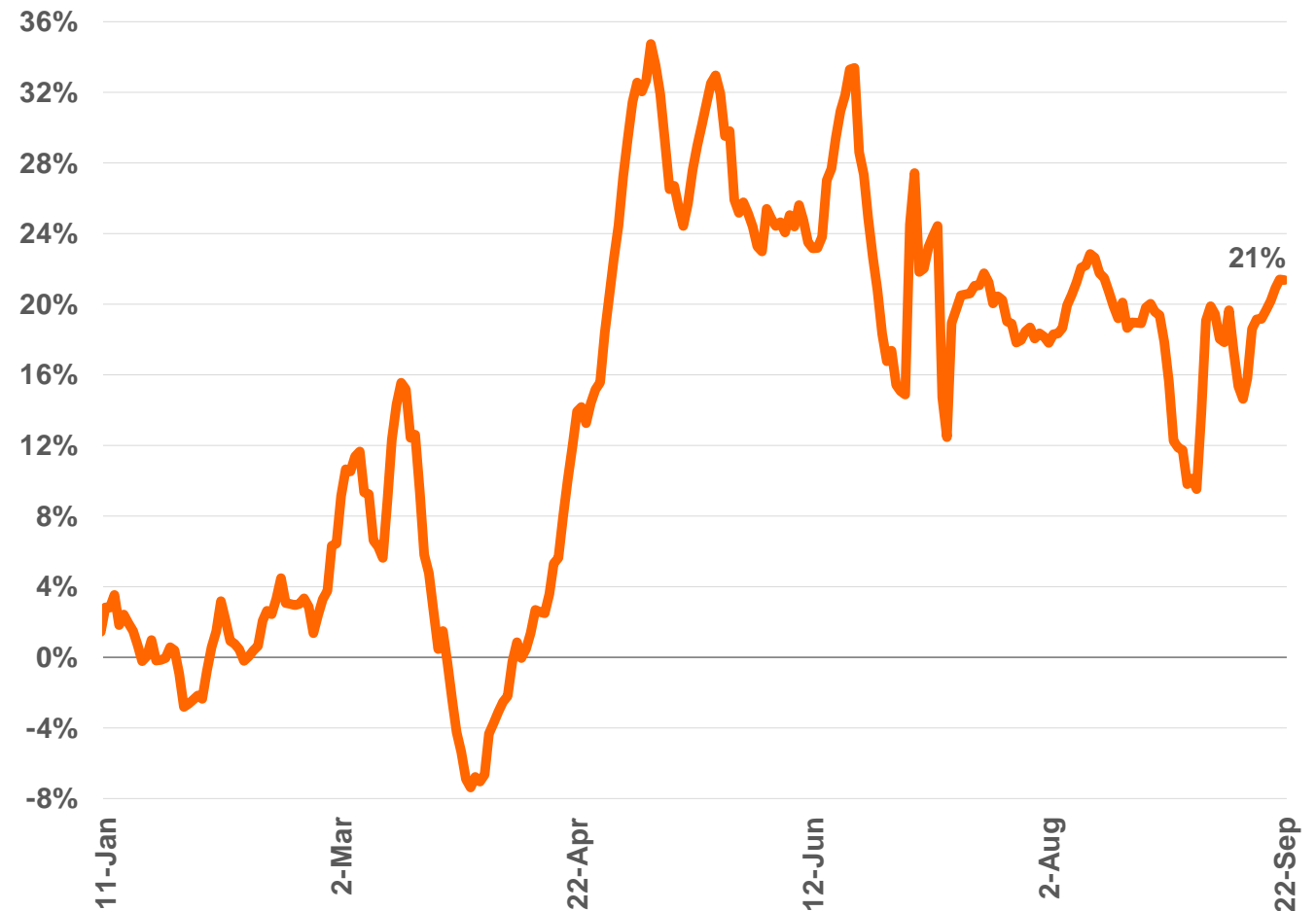
	1H Feb ¹	2H Feb ²	1H Mar ³	2H Mar ⁴	1H Apr ⁵	2H Apr ⁶	1H May ⁷	2H May ⁸	1H Jun ⁹	2H Jun ¹⁰	July	Aug	1-22 Sept
Casual Dining	0%	5%	-12%	-77%	-77%	-72%	-67%	-59%	-50%	-40%	-44%	-39%	-34%
Family Dining	2%	4%	-10%	-72%	-75%	-69%	-62%	-53%	-45%	-38%	-41%	-37%	-32%
Fast Casual	3%	4%	-3%	-43%	-42%	-26%	-25%	-20%	-16%	-14%	-14%	-13%	-13%
QSR	9%	8%	6%	-21%	-20%	0%	6%	8%	9%	7%	11%	11%	13%
Upscale Dining	1%	7%	1%	-88%	-89%	-89%	-86%	-80%	-71%	-59%	-60%	-54%	-50%
Total Restaurants	3%	5%	-5%	-49%	-40%	-34%	-29%	-22%	-16%	-16%	-15%	-14%	-11%
<div> <div>Weakest</div> <div>No Growth</div> <div>Strongest</div> </div>													

Source: Fiserv. SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis. 1. February 1-14. 2. February 15-28. 3. March 1-15. 4. March 16-31. 5. April 1-14. 6. April 15-30. 7. May 1-12. 8. May 13-31. 9. June 1-16. 10. June 17-30.

Building Materials and Garden Supply

The sector remains well above pre-crisis growth levels, thanks to continued stay-at-home dynamics. While velocity has pulled back from its early-summer peak, overall levels remain very healthy.

YoY Transaction Growth (7-day moving average)

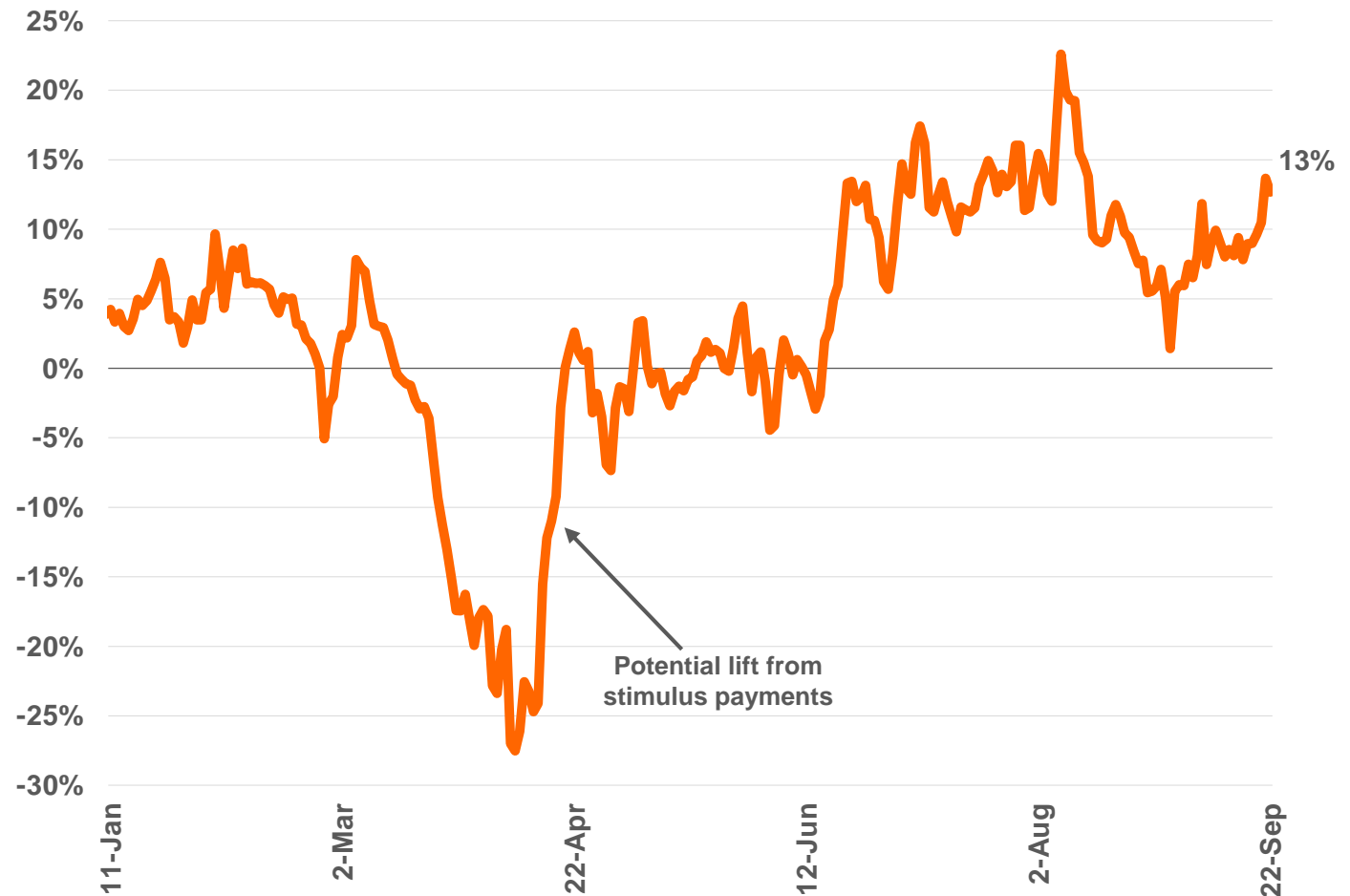


Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Electronics and Appliances

Electronics remain elevated and appear to be seeing another growth breakout in recent weeks after a second breakout in late June, possibly driven by school-from-home demand trends.

YoY Transaction Growth (7-day moving average)

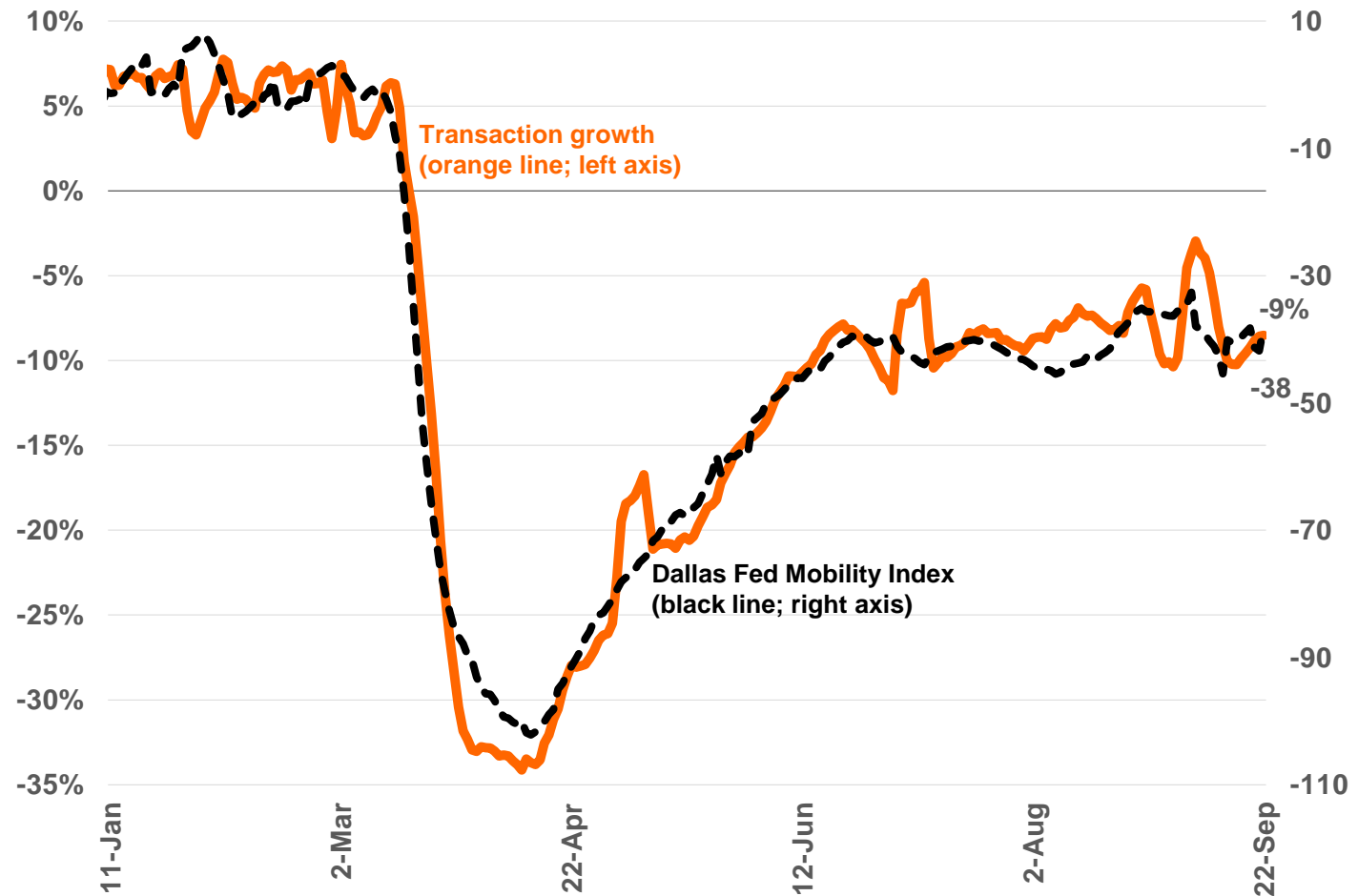


Gas Stations

Gas station transaction trends have generally leveled off in recent months, in line with overall U.S. mobility trends.

YoY Transaction Growth
(7-day moving average)

Dallas Fed Mobility Index
(7-day moving average)

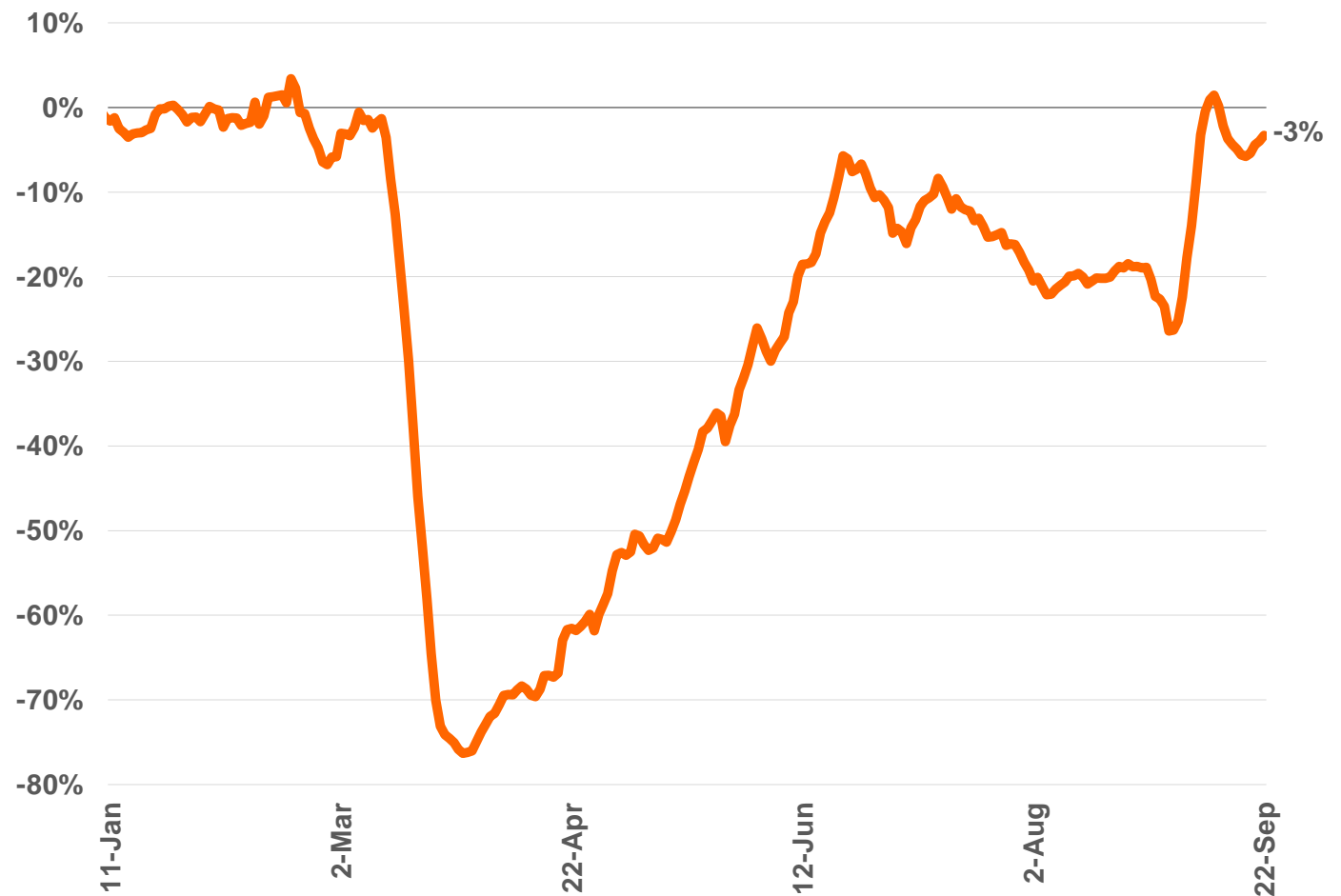


Source: SpendTrend, Dallas Fed Mobility and Engagement Index. Note: SpendTrend data represents Brick & Mortar and E-commerce, on a same-store-sales basis. The Dallas Fed Mobility Index measures the deviation from normal mobility behaviors induced by COVID-19.

Clothing

The rebound in Clothing appears to have resumed in earnest in recent weeks after cooling off for a bit following a sharp demand spike in early summer.

YoY Transaction Growth (7-day moving average)

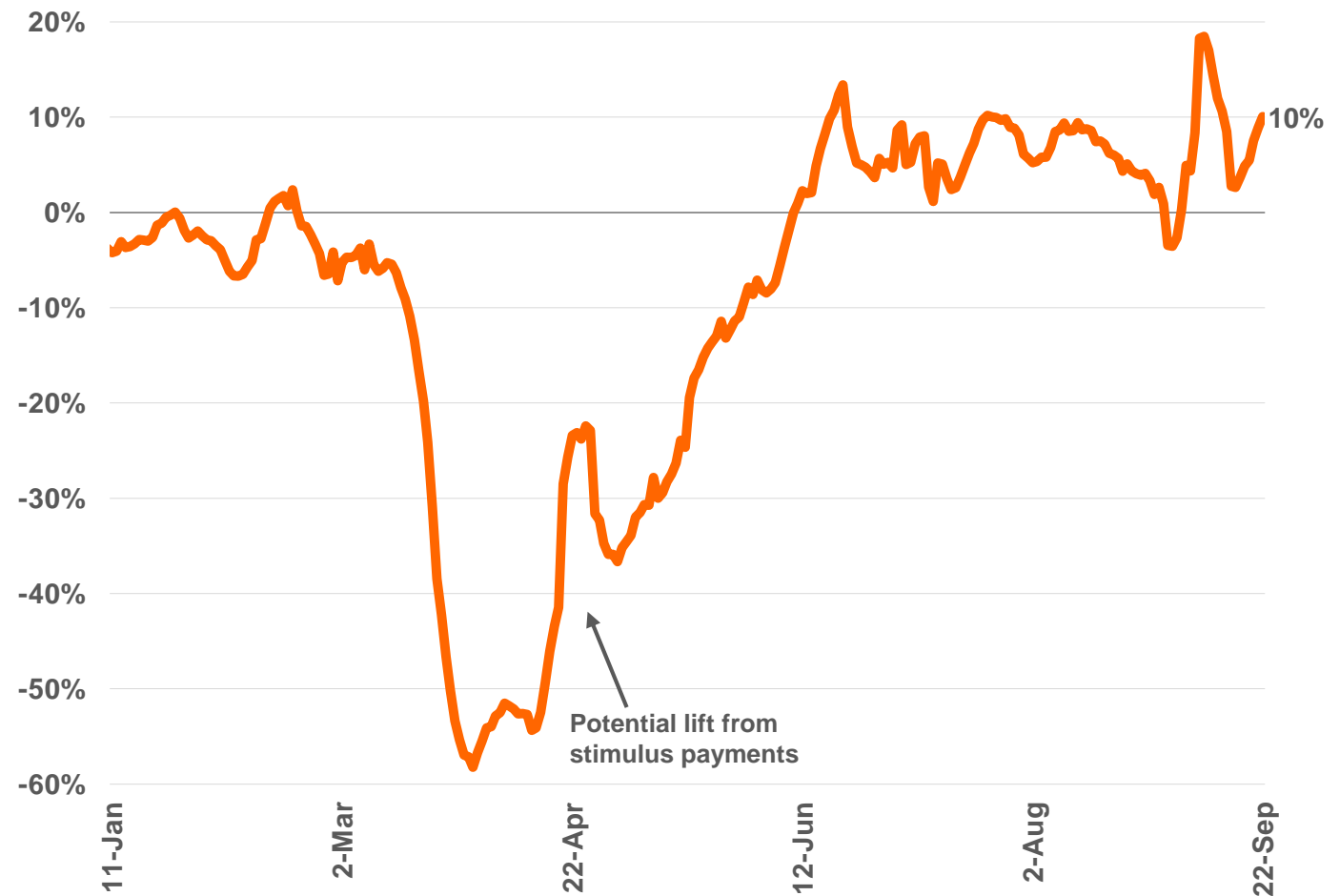


Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Furniture

Furniture spending velocity has seen some spikes and dips in recent weeks, likely a result of Labor Day, but continues to be solidly above pre-crisis levels as consumers continue refreshing their living spaces.

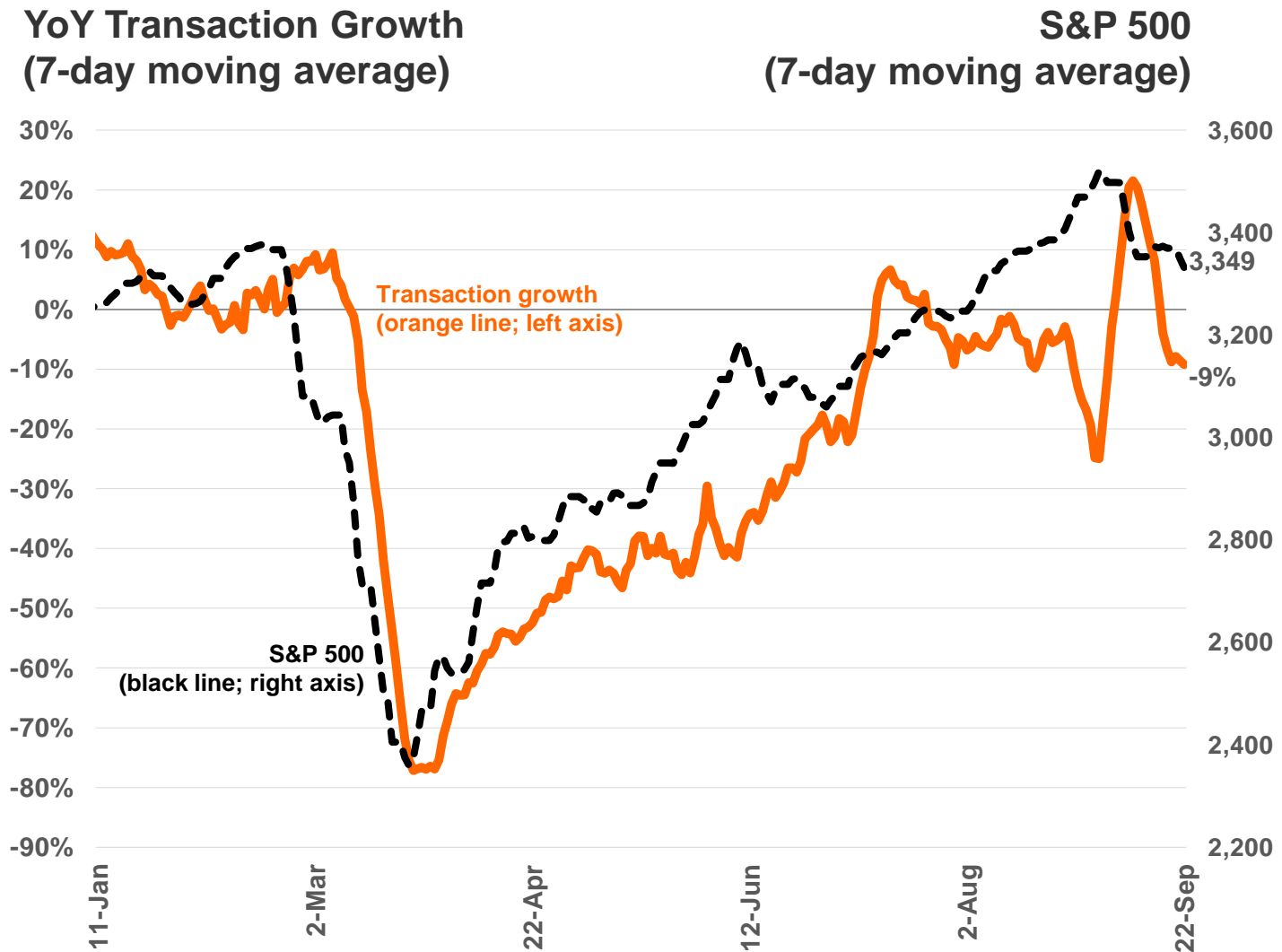
YoY Transaction Growth (7-day moving average)



Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Luxury Goods

After a strong rebound this summer, the Luxury category has seen some recent volatility. That said, its fortunes have been in relative close alignment with stock market moves.



Source: SpendTrend, Refinitiv. Note: SpendTrend data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Entertainment and Leisure

After noteworthy improvement in early June, activity continues to gradually move upward but is still down significantly as only a limited number of consumers are comfortable gathering in public places and restrictions remain in place.

YoY Transaction Growth (7-day moving average)

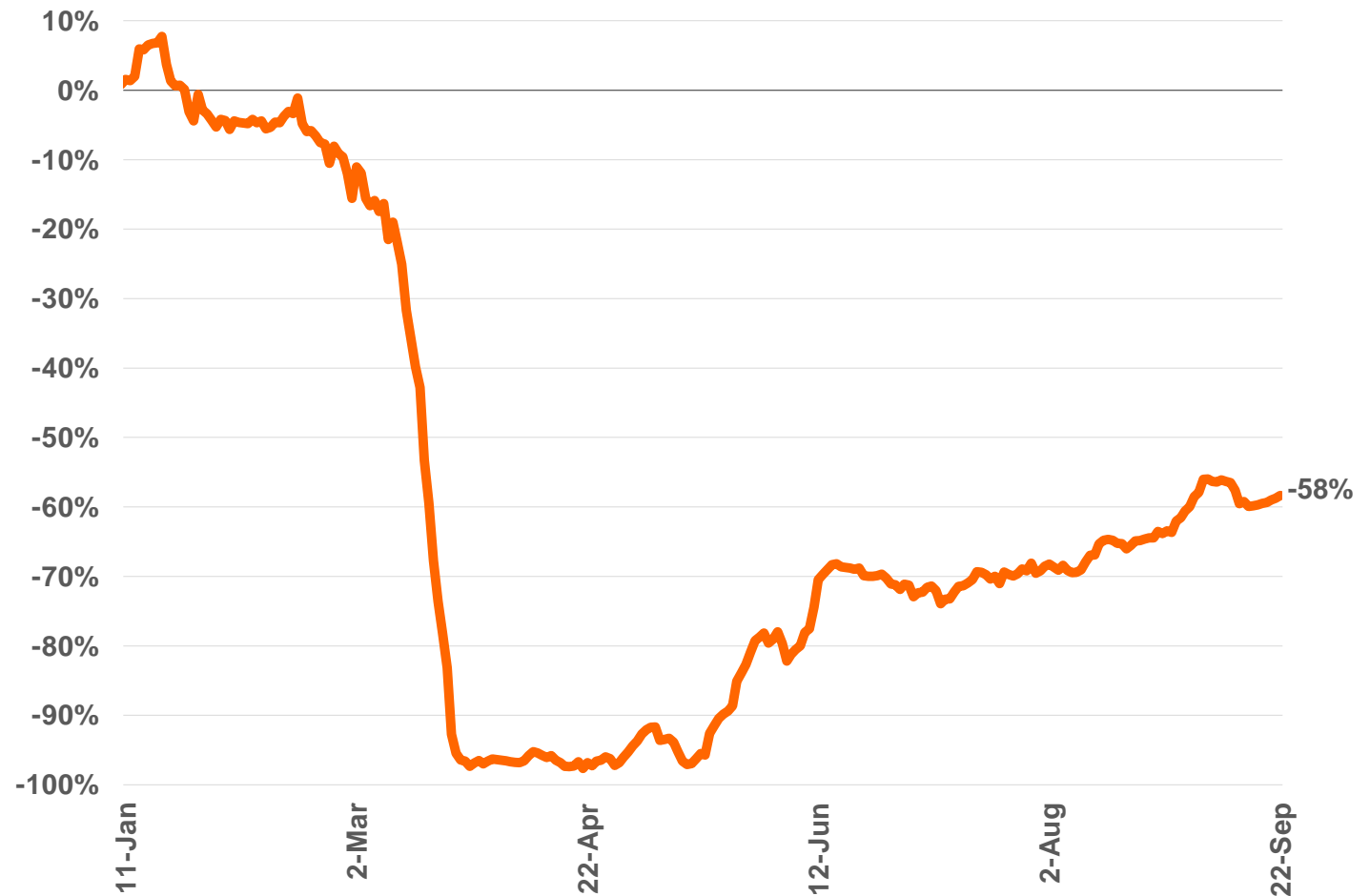


Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Travel

Similar to Entertainment and Leisure, the Travel sector has slowly regained some progress in recent weeks but is still down significantly as consumer and business travel remains limited.

YoY Transaction Growth (7-day moving average)



Source: SpendTrend. Note: Data represents Brick & Mortar and E-commerce, on a same-store-sales basis.

Additional Analysis

Cash Usage at the Point of Sale

Americans are hoarding **cash** because of Covid-19

Quartz

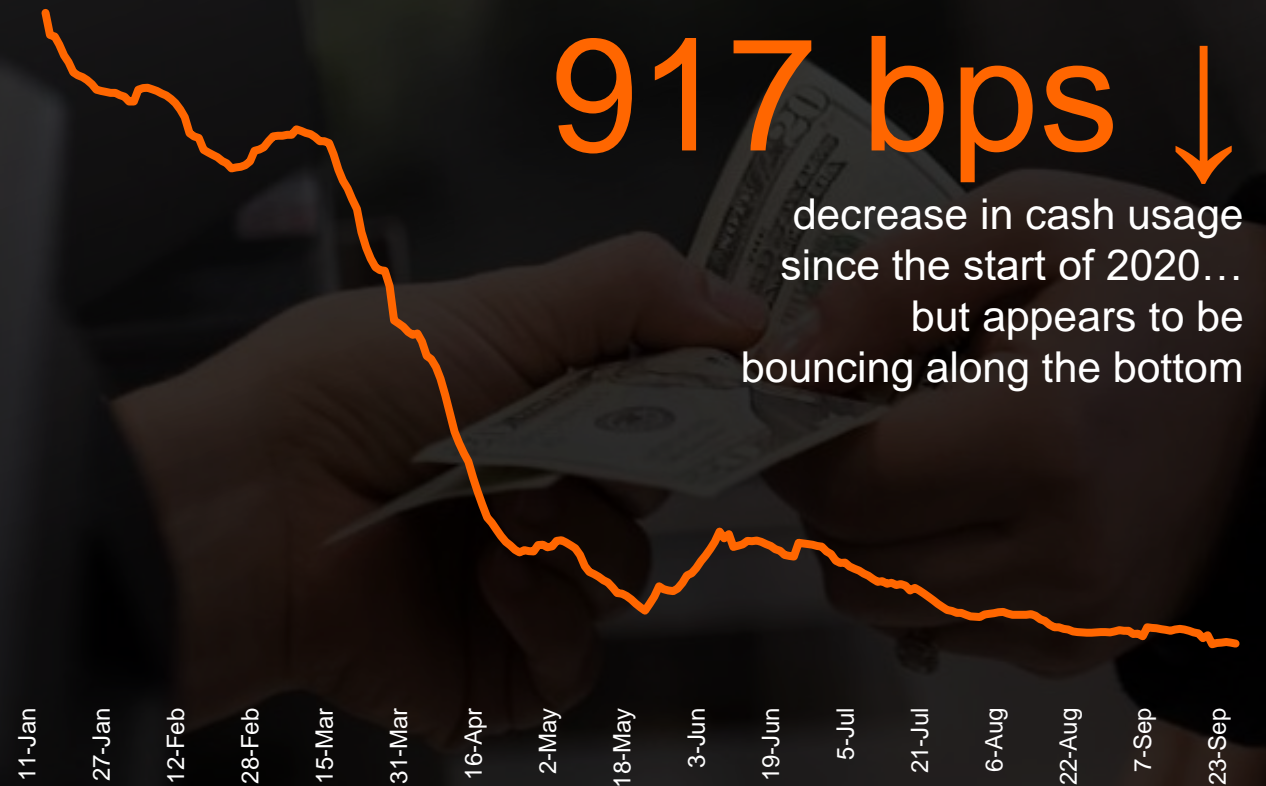
Cash Is History. How to Profit From the Digital-Payment Future.

Barron's

Will The Pandemic Spell The Real Death Of **Cash**?

PYMNTS.com

Cash Usage Decrease¹ (14-day moving average)

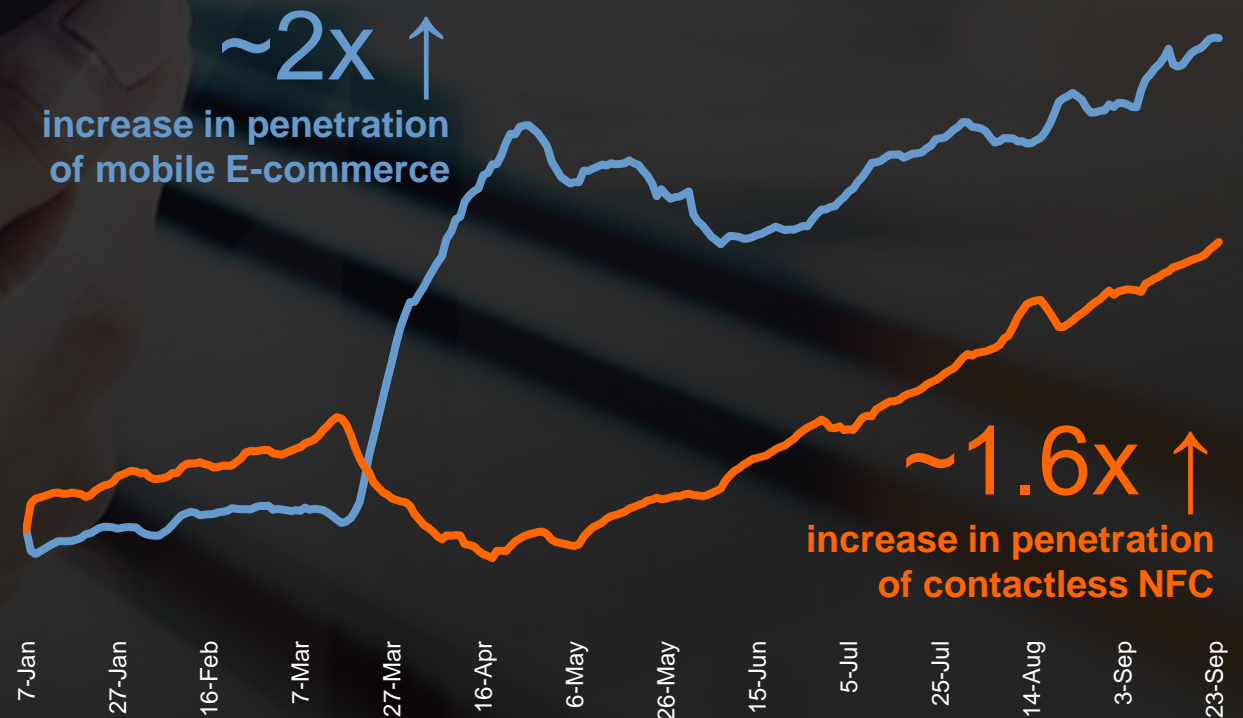


Source: Fiserv. 1. Measured as U.S. cash transactions as a percent of total at Clover merchants.

Contactless Activity Mobile E-commerce & NFC

Mobile E-commerce activity increased as physical stores closed and consumers shifted to delivery and pick-up. While contactless NFC dropped in the initial stages of the pandemic, penetration has steadily improved as shoppers became comfortable venturing out but still wanted to limit touch exposures.

Contactless Share of Transactions¹
(7-day moving average)



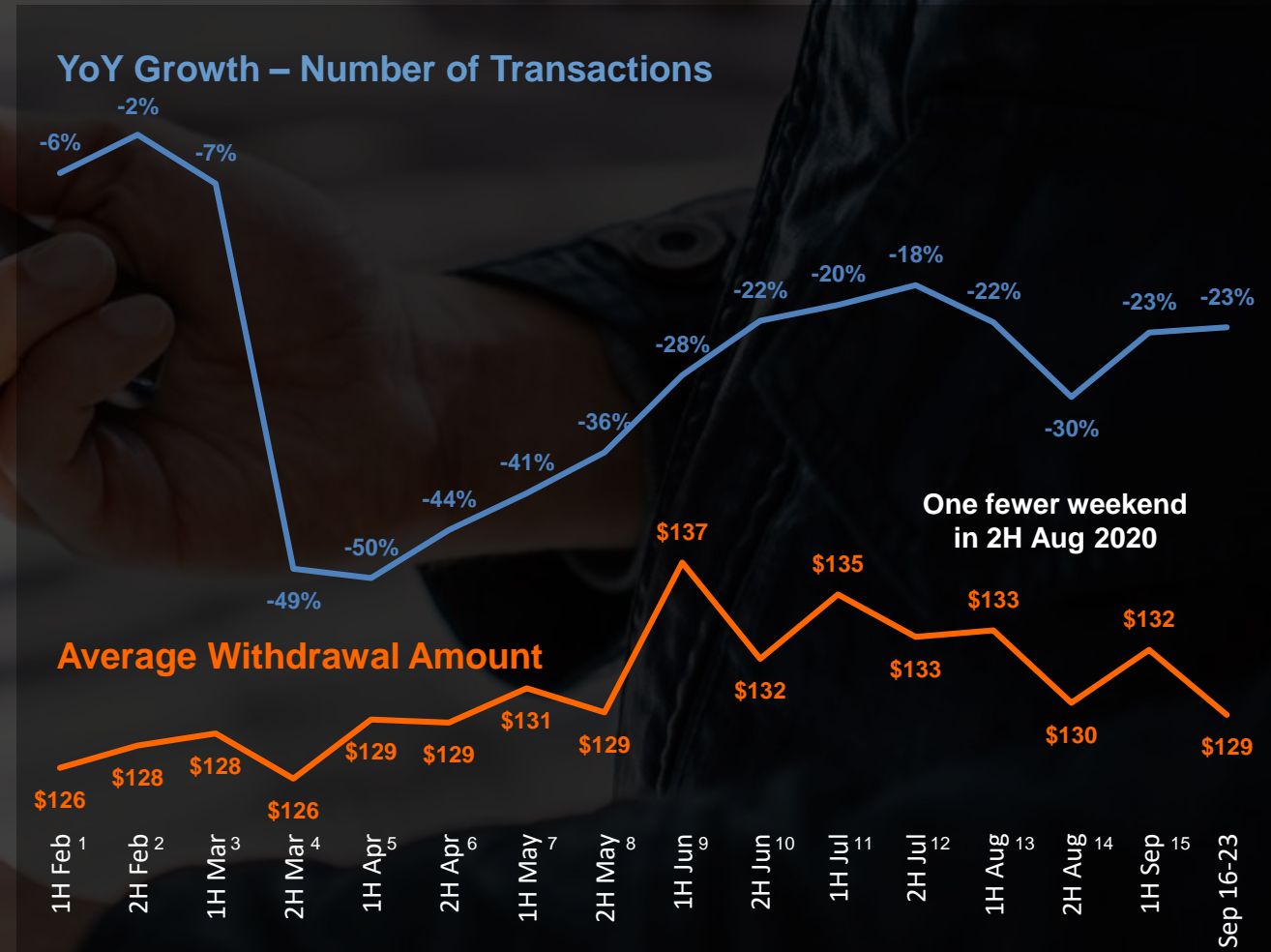
Source: Fiserv. 1. Measured as Mobile E-commerce transactions as a percent of overall transactions. Mobile E-commerce transactions include transactions performed through mobile wallets such as Masterpass, Visa Checkout, Walmart Pay®, Apple Pay®, Samsung Pay® and Google Pay®, but excludes face-to-face contactless near field communications (NFC) transactions conducted via methods such as Apple Pay®, Samsung Pay® or Google Pay®.

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2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020

ATM Transaction Trends

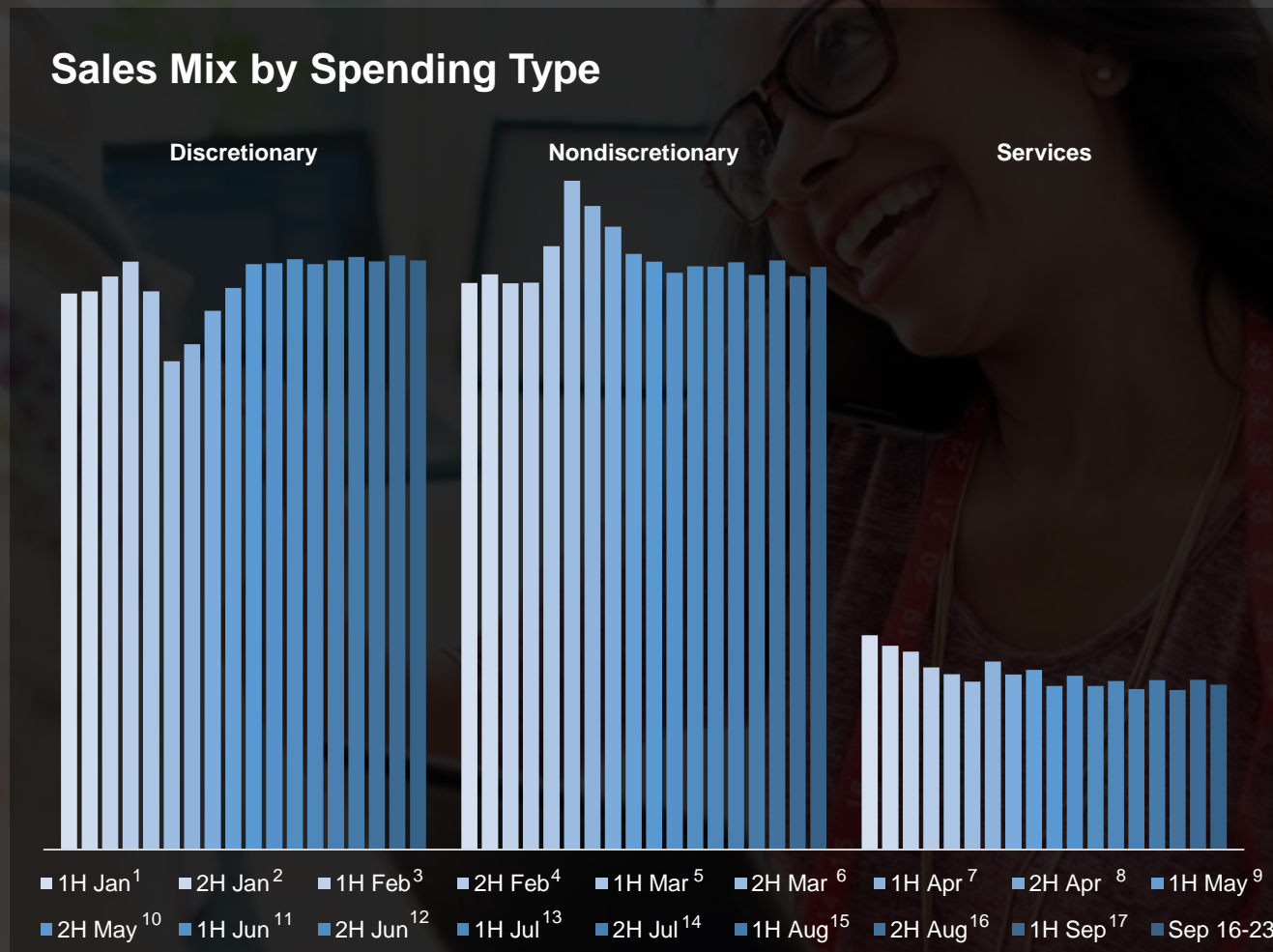
ATM withdrawals immediately declined as lockdowns took hold due to less need for cash but improved and stabilized since the April trough. Average withdrawal amounts increased in line with economic activity and now remain in a tight range.



Source: Fiserv. Note: ATM withdrawal transactions includes STAR® and Accel® network transactions. 1. February 1-14. 2. February 15-28. 3. March 1-15. 4. March 16-31. 5. April 1-15. 6. April 16-30. 7. May 1-15. 8. May 16-31. 9. Jun 1-15. 10. Jun 16-30. 11. Jul 1-15. 12. Jul 16-31. 13. Aug 1-15. 14. Aug 15-31. 15. Sep 1-15.

Spending by Type

Discretionary spend came back quickly as the economy re-opened and has leveled off in recent months. Overall, both Discretionary and Nondiscretionary have taken share from services and are exceeding pre-pandemic share levels.

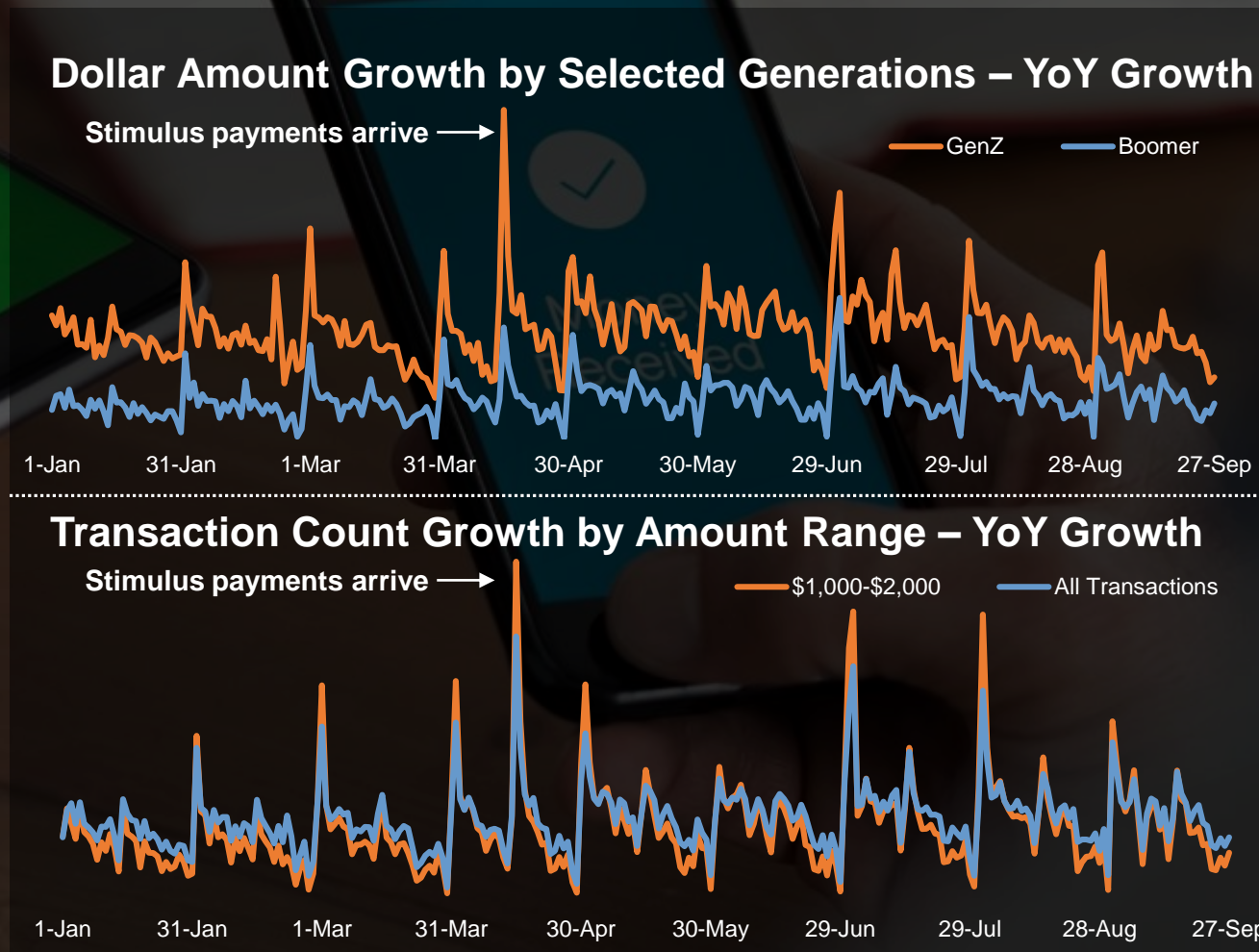


Source: Fiserv. 1. January 1-15. 2. January 16-31. 3. February 1-14. 4. February 15-28. 5. March 1-15. 6. March 16-31. 7. April 1-15. 8. April 16-30. 9. May 1-15. 10. May 16-31. 11. Jun 1-15. 12. Jun 16-30. 13. Jul 1-15. 14. Jul 16-31. 15. Aug 1-15. 16. Aug 16-31. 17. Sep 1-15.

P2P Trends

P2P payment activity for Gen Z has remained slightly stronger than it was prior to the April stimulus. Timing of spending patterns are also generally the same.

Similarly, transaction growth across all size ranges has maintained greater momentum post the April stimulus payments.



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Same Store figures include activity (amount of USD sales volumes or transactions) for merchant locations that are open and have activity in both comparison time periods. They are not reflective of overall Fiserv activity.

Same Store Dollar Volume growth reflects the percent change in the USD amount of same store sales (net of returns) in the current period compared to the same period in the prior year. Same Store Transaction growth reflects the percent change in the number of same store transactions (net of returns) in the current period compared to the same period in the prior year.

Same Store Average Ticket is derived by dividing the total USD amount of Same Store Sales for a specified period by the total number of Same Store Transactions for that same period.

Same Store Sales Data includes sample data which we believe generally reflects current trends but does not include all data available to Fiserv and specifically excludes Salem platform, Bank of America proprietary platform, and Bank of America TSYS platform activity.

All data contains Credit, Debit and EBT transactions.

All charts show year-over-year (YoY) growth rates for same time period in previous year. Growth rates are not seasonally adjusted.

Cash Usage at the Point of Sale includes transactions conducted at Clover Point of Sale terminals.

Mobile Wallet (in-app/e-commerce) includes transactions performed through mobile wallets such as Masterpass, Visa Checkout, Walmart Pay, Apple Pay, Samsung Pay and Google Pay, but excludes face-to-face contactless near field communications (NFC) transactions conducted via methods such as Apple Pay, Samsung Pay or Google Pay.

P2P is person-to-person cash transfer services initiated with bank accounts at select financial institutions.

How to Read SpendTrend

All growth rates compare current performance to that of the same period prior year. We believe year-over-year growth better reflects organic spending patterns. 7-day moving averages reflect the mean of the prior seven (7) days.

We do not adjust for seasonality. We believe that seasonality adjustments are best made by the users of our reports.

Our analysis is based on normalized POS activity from Fiserv's proprietary systems. Our data includes only card-based payments and checks where appropriate. Key differences between SpendTrend and other available reports:

Government and network association reports are often based on surveys and estimates rather than actual POS activity.

Government and network association reports often make sequential growth comparisons (i.e. April 2020 vs. March 2020 instead of April 2020 vs. April 2019).

Government and network association reports make adjustments for assumptions and seasonality.

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