



Amex Digital Payments Trendex

Small Business Perspectives



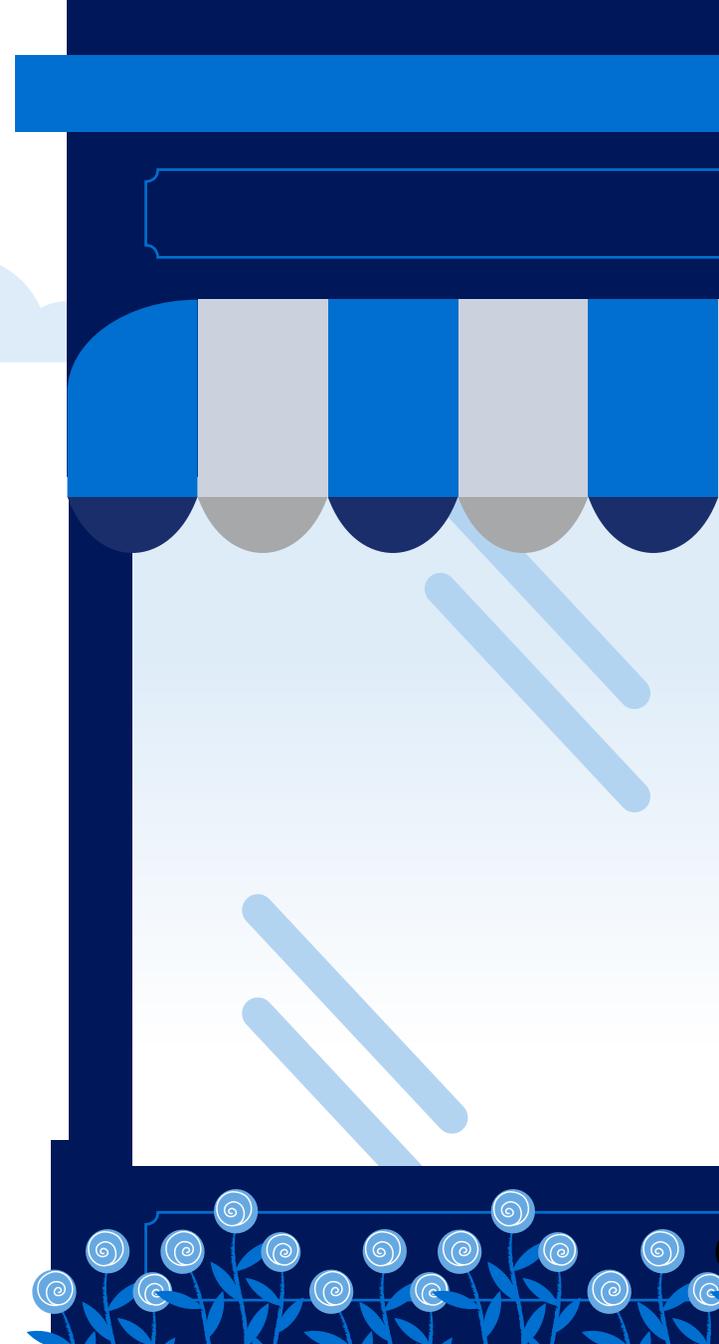
DON'T
do business
WITHOUT IT™

The Resilience and Innovation of Main Street

The COVID-19 pandemic has presented significant challenges for U.S. small businesses. The most recent **Amex Digital Payments Trendex**¹ research among U.S. merchants reveals that half of small businesses surveyed closed their doors for at least some period of time during stay-at-home orders.

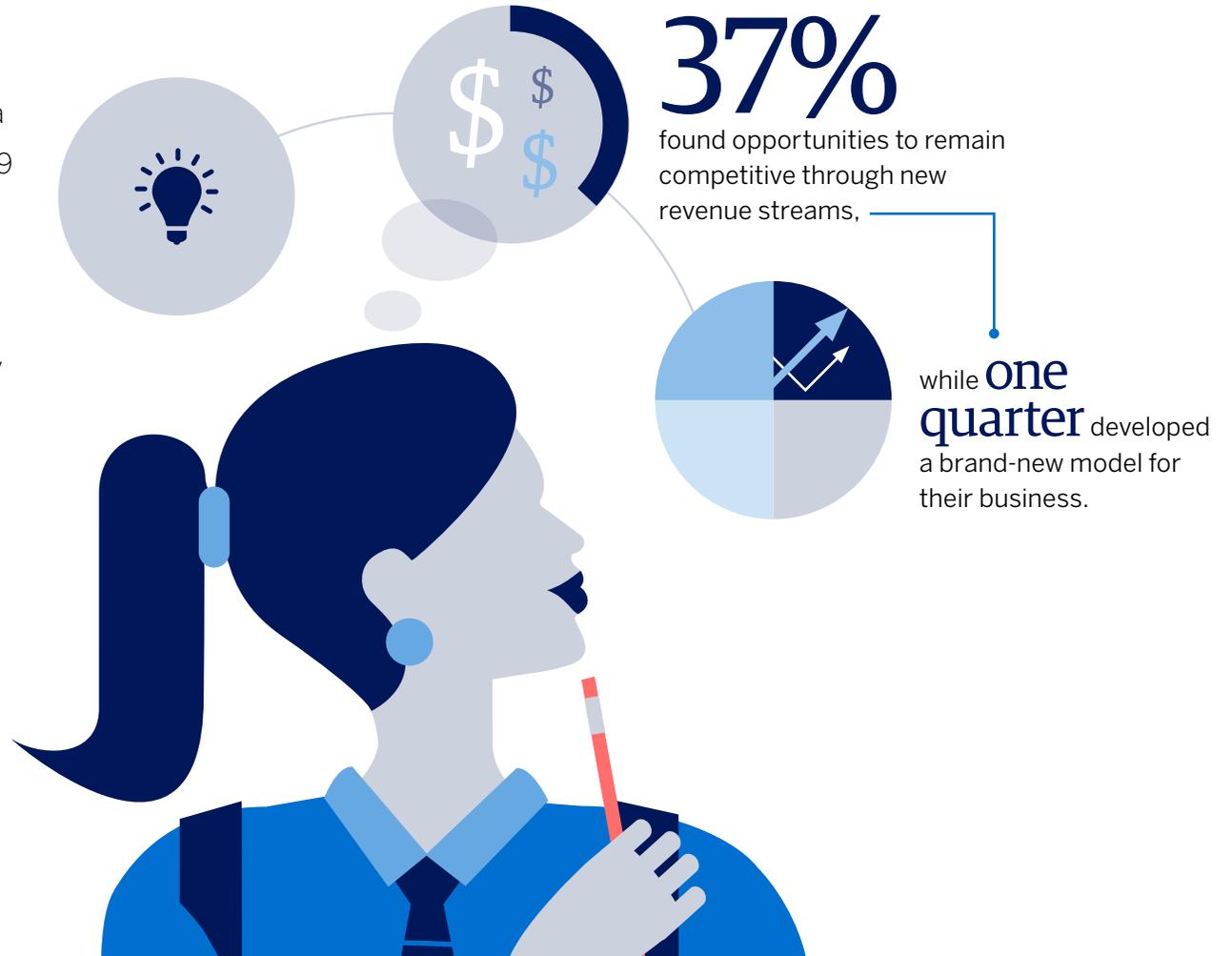
While some have yet to reopen, others have responded by pivoting key areas of their business strategy to adapt to the current environment and even, in some circumstances, find new opportunities. The study found that merchants are innovating in areas like payment methods and commerce channels to continue to serve their customers and keep their business afloat.

¹ The Amex Digital Payments Trendex survey was conducted online among a sample of 400 business leaders between July 30-August 7, 2020. This summary highlights a sub-sample of businesses with annual revenues under \$5 million (n=275).



Innovating to Stay in Business

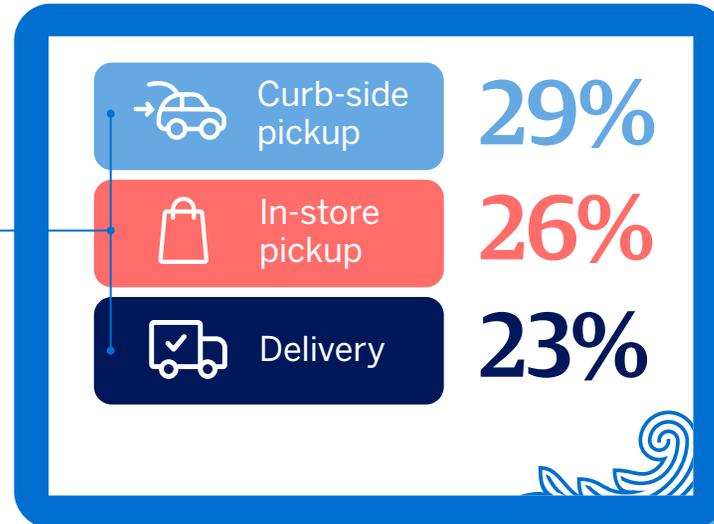
Small businesses have been faced with a variety of challenges during the COVID-19 pandemic. **Half of the companies** surveyed closed their store locations, and while some have since reopened, others remain closed. Most are currently operating or plan to reopen with reduced staff. In order to survive, merchants have found it necessary to adapt and innovate in order to continue to service their customers.



Leveraging E-commerce

 **70%** of small merchants agree that they have been prioritizing **e-commerce solutions** in order to remain competitive during the COVID-19 outbreak.

 **40%** of small merchants adopted or **plan to adopt an e-commerce website solution** for their customers due to COVID-19. Some of the solutions merchants implemented themselves include introducing new options for:



 **One quarter or more** said that due to COVID-19, they contracted or plan to **contract with a third party to conduct e-commerce** (28%) or **provide delivery services** (25%).



Pivoting Their Payments Strategy

Merchants are pivoting their payments strategy to adapt to changing business needs, meeting customer demands and keeping employees safe. Preferences for **cards and digital payments** over cash are driving businesses to offer new ways to pay.



More than **two-thirds** of merchants agree that, since the COVID-19 outbreak, they prefer **customers to pay with a card or app**, instead of having to handle cash.



12%

of merchants surveyed said they **will discontinue taking cash** because of COVID-19.

Meeting Customer Demands with Contactless

As consumer interest continues to grow for **no-touch payment options**, so have the number of small businesses who are encouraging the use of contactless.

Six-in-ten merchants say that since the COVID-19 pandemic, customers are requesting the option of **contactless tap-and-go** or **mobile app** payments. And, as a result, **one-third of merchants** who did not previously offer contactless payments either **adopted or plan to adopt this payment method**.



The perceived health and safety benefits of no-touch payments are also leading small businesses to change their payments strategy.

3 in 4 merchants agree that contactless payments keep the checkout area cleaner and safer for employees and customers. This is prompting a **move away from collection of signature and PIN** at the point of sale.



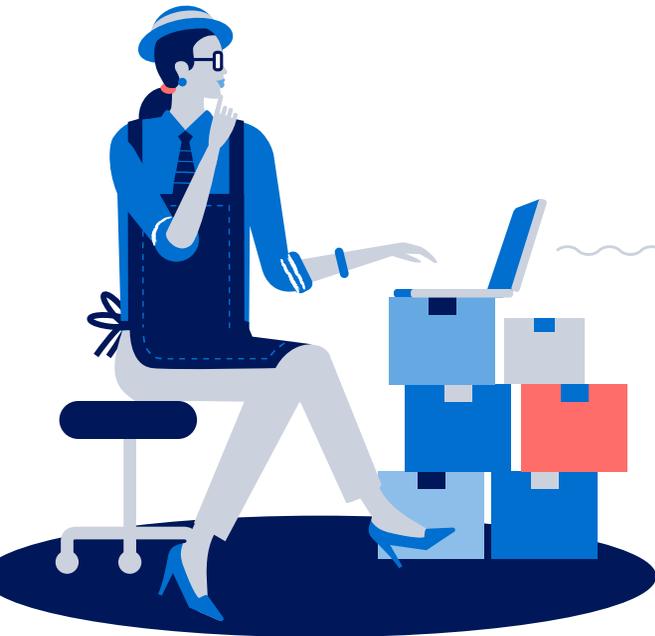
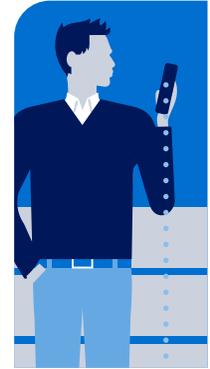
In fact, **15%** of **small businesses** who required signature or PIN for card payments said they **will discontinue the practice** because of the COVID-19 outbreak.



At the same time, **three-in-ten small merchants** say they now accept or plan to accept payment by **QR code** and **one-quarter** say they recently adopted or plan to **adopt mobile payments** at the point of sale.

Keeping in Touch with Customers

With a shift in consumer touchpoints from in-person to virtual or online, merchants looked for ways to stay top of mind with their clientele and generate new business.



1 in 3 small businesses implemented **new marketing or social media strategies** in order to stay in touch with existing customers and find new ones.

2 in 3 merchants said they **adopted customer service enhancements** due to COVID-19, including:



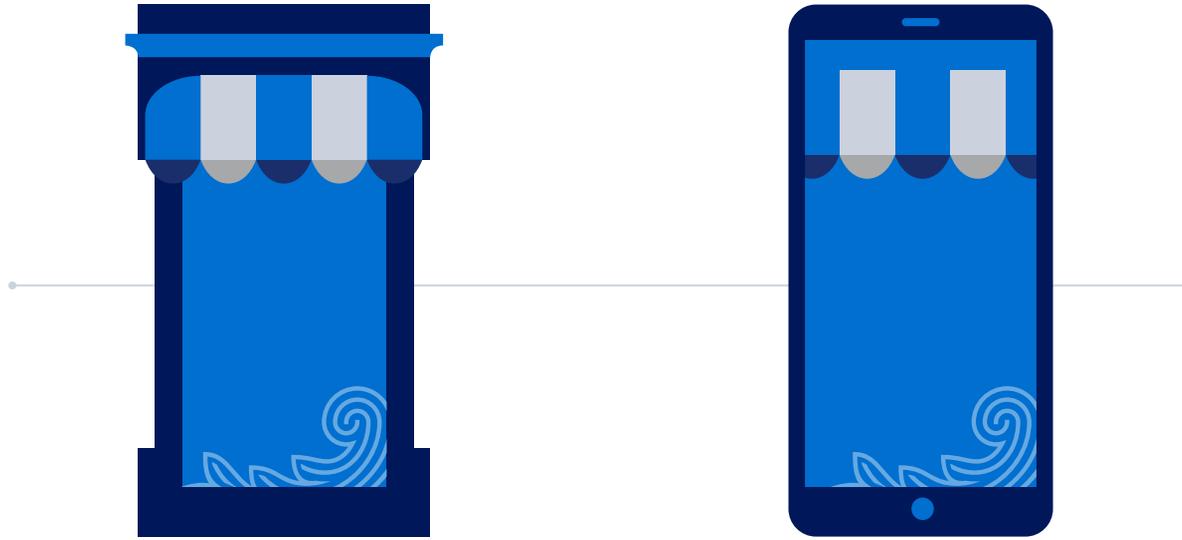
Allowing free or extended returns **(25%)** for online orders,



offering free shipping **(24%)** for online orders, and



creating customer loyalty programs **(23%)**.



Since the start of the pandemic in the U.S., small businesses have been bearing a significant burden. Despite the difficulties imposed by stay-at-home orders, many merchants remain resilient—finding new and effective ways to conduct business.

Continued support from customers and other stakeholders can help small businesses as they weather the storm and use these new approaches to hopefully help strengthen their business in the long-term.

Survey Method

The Amex Digital Payments Trendex was conducted online among a sample of 400 business leaders in the U.S. who have responsibility for making decisions regarding customer payment options, IT/data security, or online sales strategy and planning. This summary highlights a sub-sample of businesses with annual revenues under \$5 million (n=275).

Respondent companies must offer credit/debit card or digital payment options to their customers in addition to online/mobile payments. At least some portion of their payments must be accepted at point-of-sale. Companies operate in the following customer-facing industries: Arts / Entertainment / Recreation, Construction / Home Improvement, Financial Services / Real Estate / Insurance, Healthcare, Personal Services (e.g., salon, barber, gyms, etc.), Professional Services (e.g., repair services, legal services, design, decorator, etc.), Restaurants / Bars / Food Services, Retail Trade, Travel/Leisure.

The sample for the study came from an online panel. Fieldwork was conducted between July 30–August 7, 2020.

