

# TSG-ETA COVID-19 SMB Insights

April 2020

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[The Electronic Transactions Association](#) is the leading trade association for the payments industry, representing over 500 companies worldwide involved in electronic transaction processing products and services. The purpose of ETA is to influence, monitor and shape the payments industry by providing leadership through education, advocacy and the exchange of information.

# TABLE OF CONTENTS

Report Overview	3
COVID-19 Impact – Status of Operations	6
COVID-19 Impact on Fraud & Chargebacks	9
COVID-19 Impact on Sales	12
COVID-19 Impact on Method of Payment Acceptance	23



# REPORT OVERVIEW

# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ *Report Overview*

TSG conducted a survey of 361 small to medium sized businesses (SMBs) in the U.S. market, **with the goal of understanding the impact COVID-19 has had on U.S. SMB operations, specifically including payments fraud, chargebacks, sales, and methods of payment acceptance.** Each of these areas was further examined by industry.

The survey was conducted between March 27<sup>th</sup> and March 30<sup>th</sup>, 2020. All results are from the perspective of the merchant. The survey represents SMBs across U.S. regions and industries.

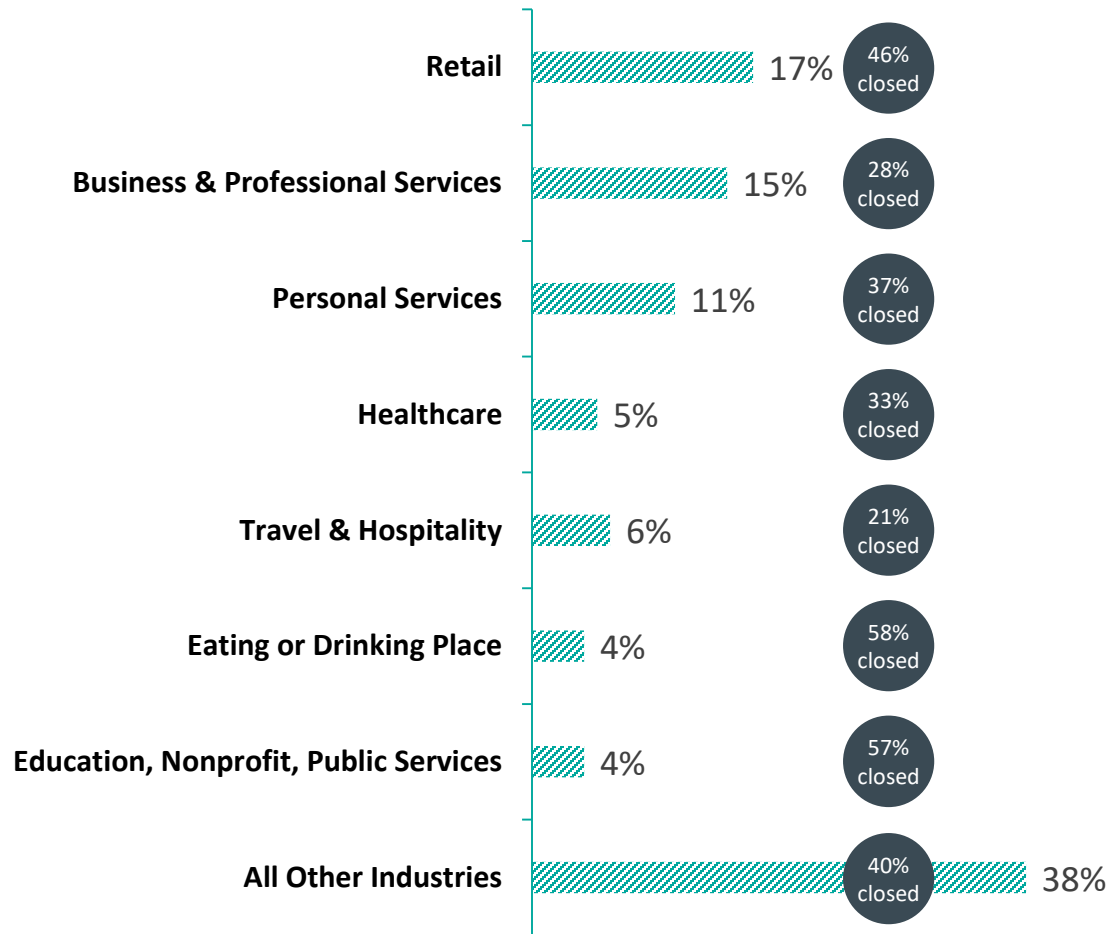
This report will be valuable for your operation during the current business climate. Please contact TSG if you have further questions, [tsgmetrics@thestravgroupp.com](mailto:tsgmetrics@thestravgroupp.com).



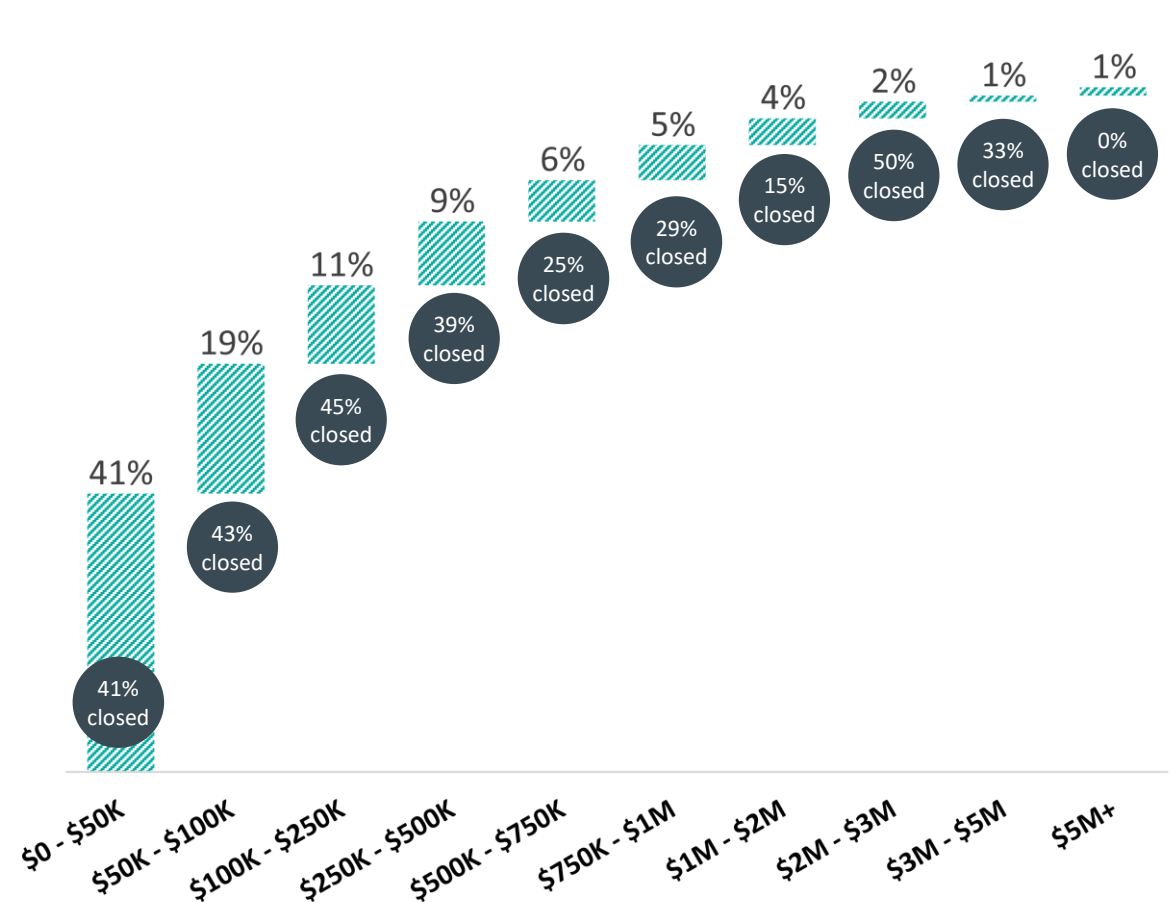
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

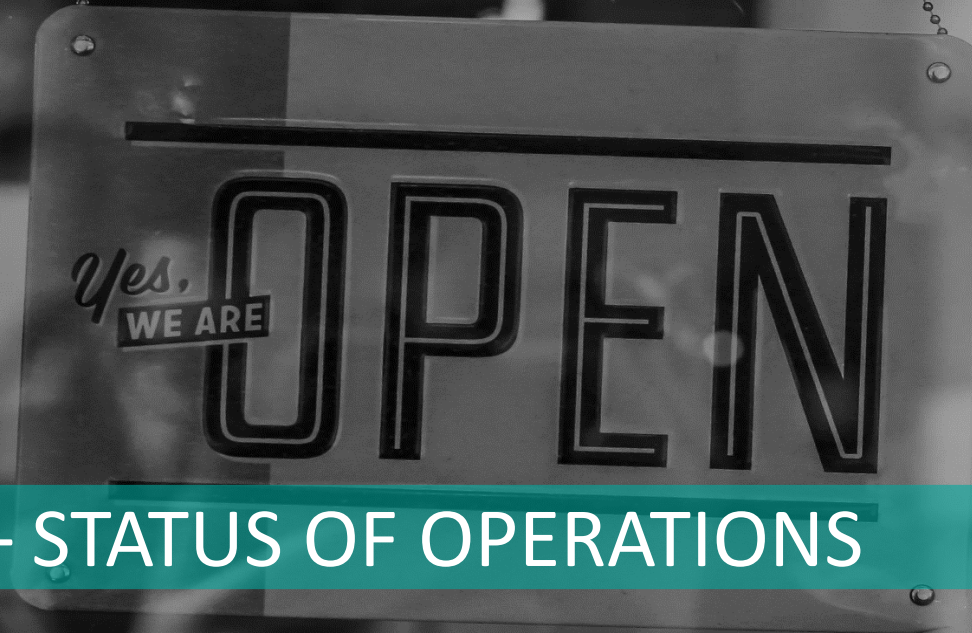
→ The survey population represents a variety of merchant types across the U.S., most of which generate less than \$250,000 in annual revenue

## Respondent Industry Distribution



## Respondent Annual Revenue Distribution





COVID-19 IMPACT – STATUS OF OPERATIONS

# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ 37% of SMBs are closed to some extent due to the COVID-19 pandemic, either temporarily or indefinitely

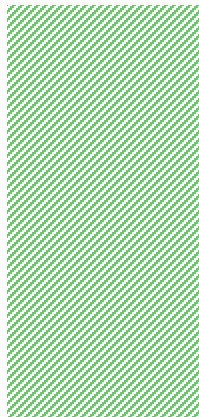


How “open for business” is your business currently?

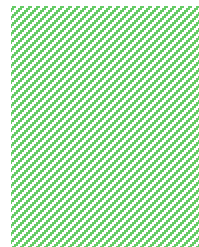
Open for Business

Closed for Business

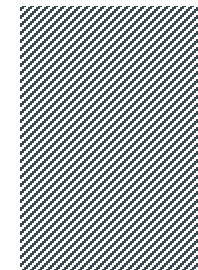
39%



23%



25%



12%



Fully open, as the business was prior to the pandemic

Partially open, e.g. shipment sales only, drive-through only, shorter business hours etc.

All or most business operations are closed temporarily

All or most business operations are closed indefinitely

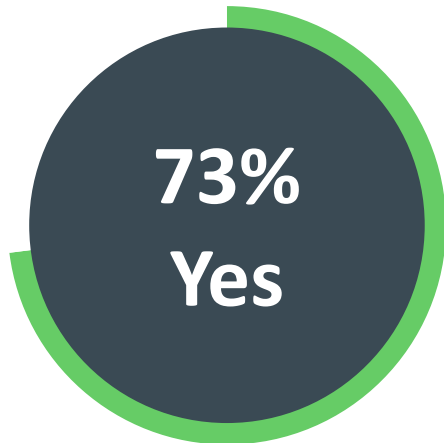
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ *SMBs that are still open during the COVID-19 pandemic have a 10% higher debit/credit card payment acceptance rate than those that are closed*

Open for Business



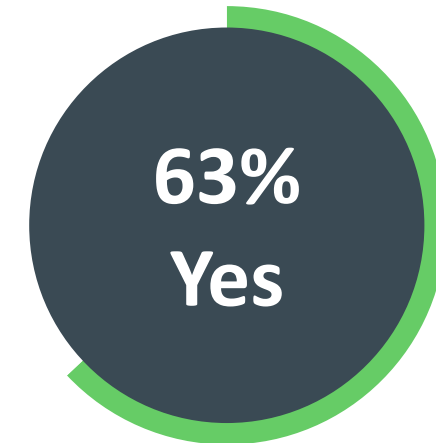
*Does your business accept debit/credit card payments from your customers?*



Closed for Business



*Before your business closed, did you accept debit/credit card payments from your customers?*







## COVID-19 IMPACT ON FRAUD & CHARGEBACKS

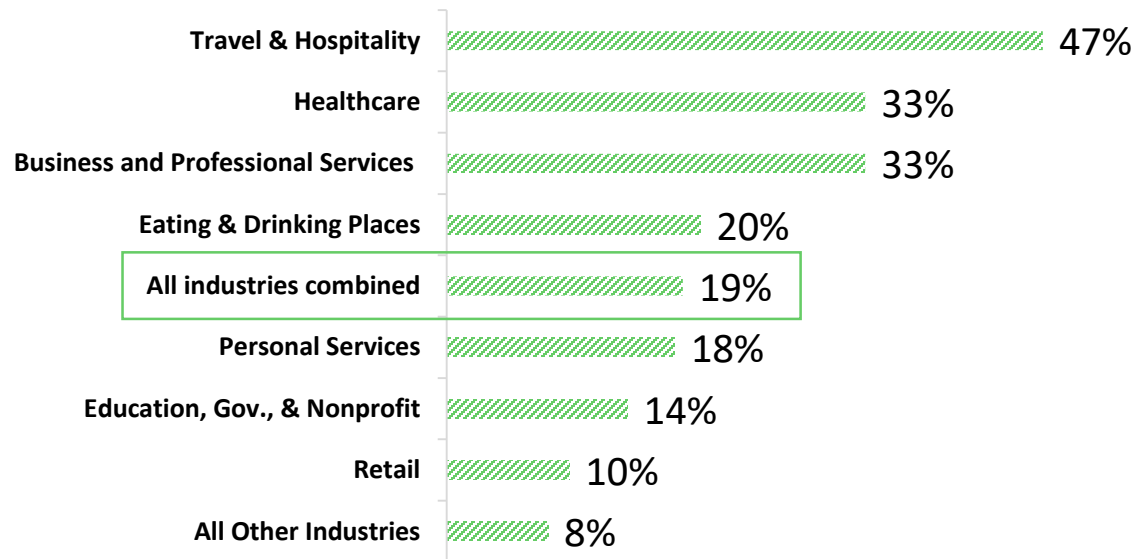
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ Since COVID-19, 47% of travel and hospitality SMBs surveyed have seen more attempted fraudulent payments and more chargebacks

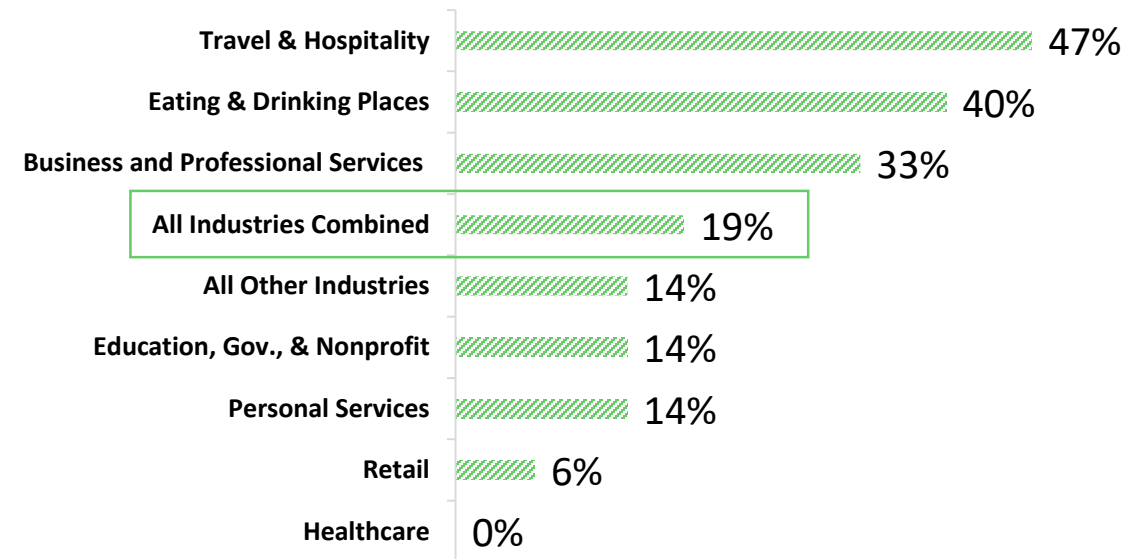
## Open for Business



**Respondents by industry who have experienced more attempted fraudulent payments at their business since COVID-19.**



**Respondents by industry who have experienced more chargebacks at their business since COVID-19.**



Note: Due to varied sample sizes, vertical data cuts will not reflect the same confidence level and margin of error that applies to the full survey results shown on other pages in this report

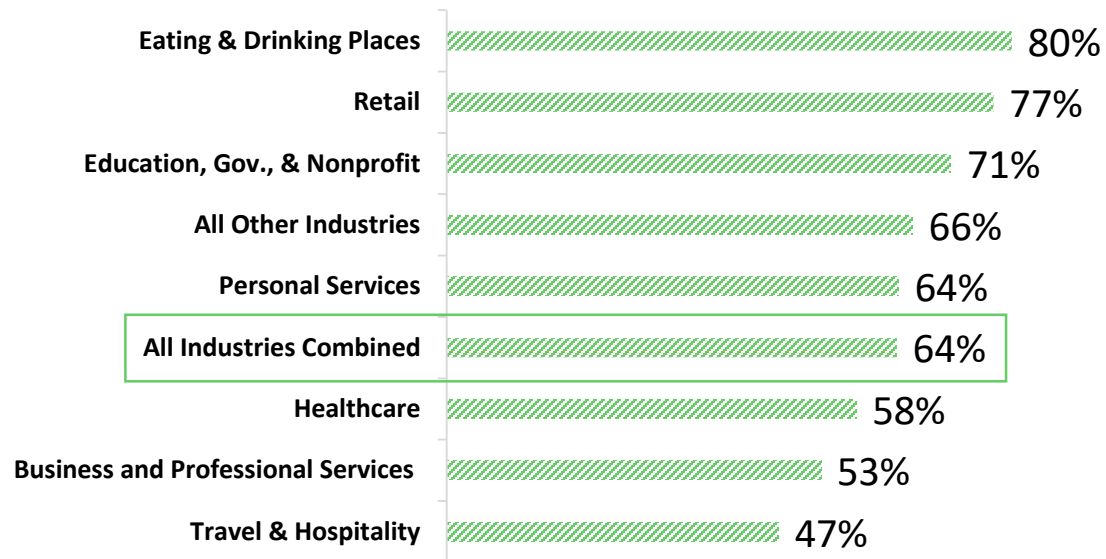
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ Since COVID-19, the majority of eating and drinking SMBs surveyed have not seen any change to attempted fraudulent payments and the majority of healthcare SMBs have not had more chargebacks

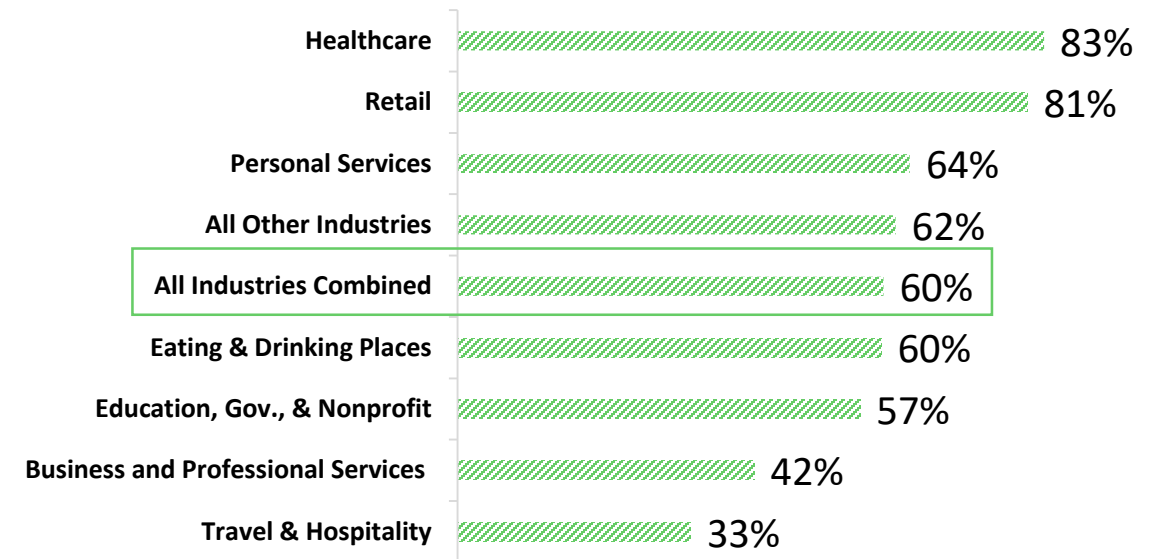
## Open for Business



**Respondents by industry who have NOT experienced more attempted fraudulent payments at their business since COVID-19**



**Respondents by industry who have NOT experienced more chargebacks at their business since COVID-19.**



Note: Due to varied sample sizes, vertical data cuts will not reflect the same confidence level and margin of error that applies to the full survey results shown on other pages in this report

A black and white photograph of a shopping cart in a grocery store aisle. The cart is in the foreground, and the aisle extends into the background with shelves on the right. A teal banner is overlaid across the middle of the image.

## COVID-19 IMPACT ON SALES

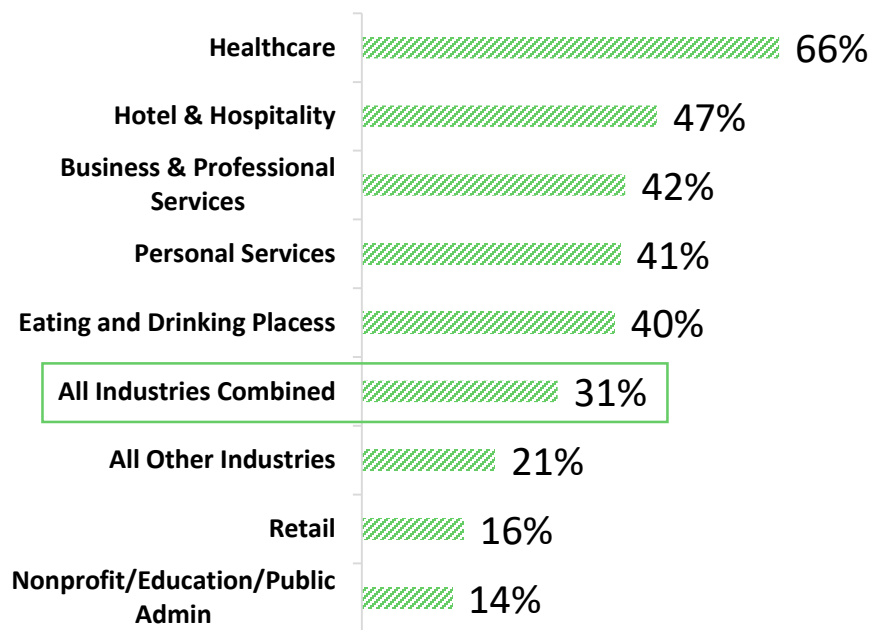
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ Since COVID-19, two-thirds of healthcare SMBs surveyed have experienced an increase in sales, while the nonprofit, education and public administration SMBs surveyed have been hit the hardest

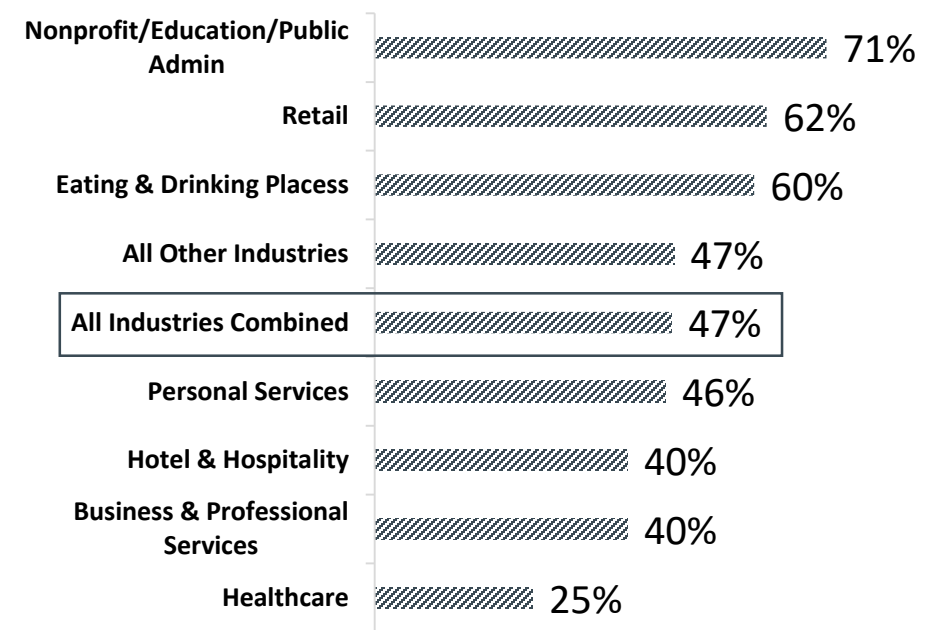


**How have your business sales been impacted since COVID-19?**

## Increase in Sales



## Decrease in Sales



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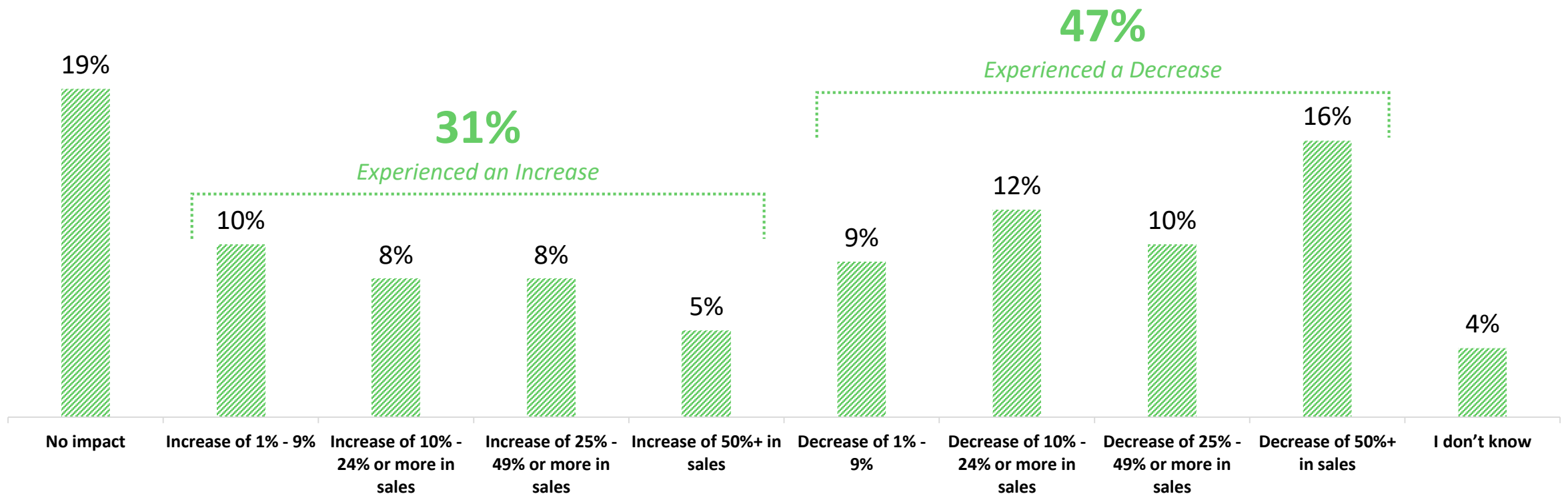
# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ 31% of SMBs have seen an increase in sales since the pandemic started

Open for Business



How have your business sales been impacted since COVID-19?



# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

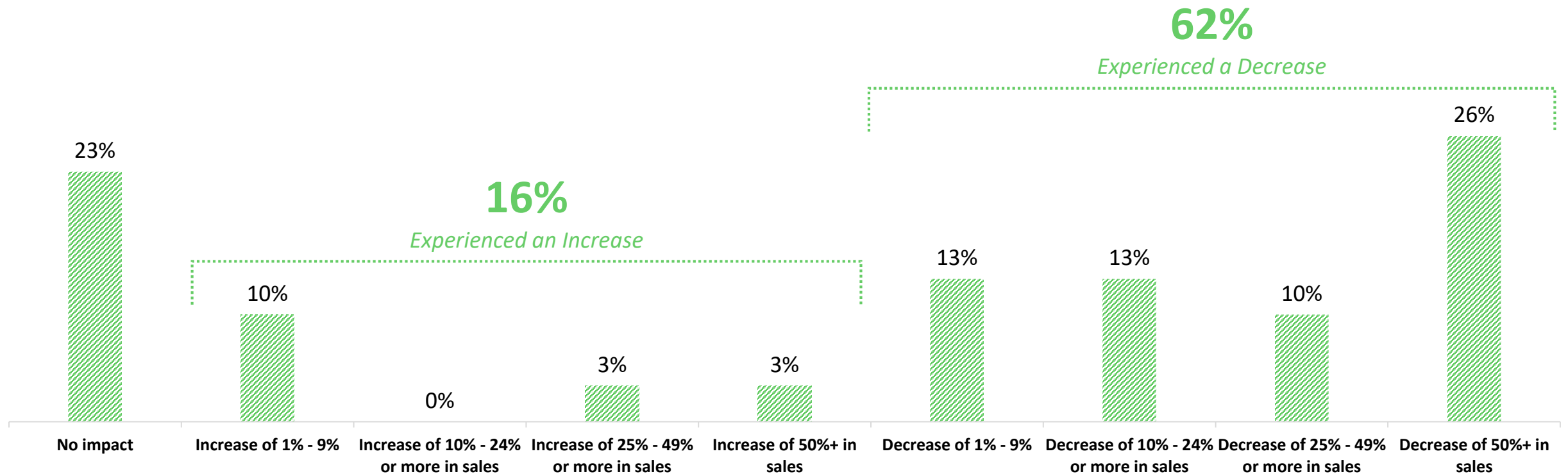


➔ Among retail SMBs that are still open, 26% have experienced a decrease of over 50% in sales since the COVID-19 pandemic

## Open for Business



How have your business sales been impacted since COVID-19?



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

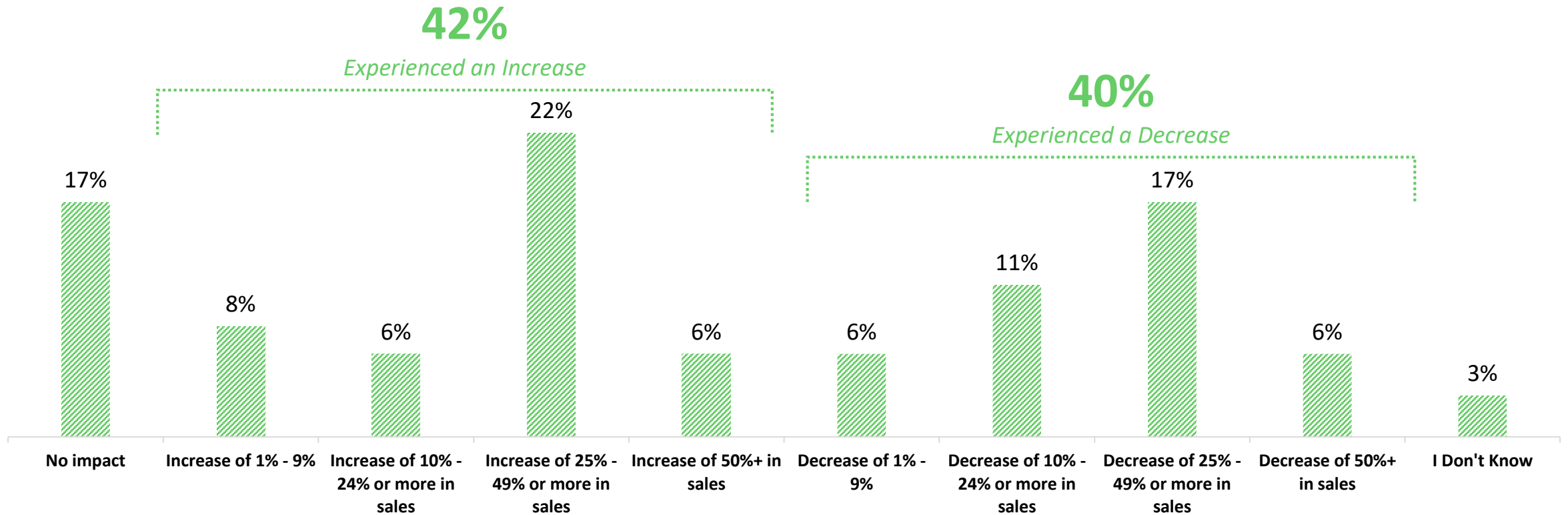


➔ A fairly equal amount of open business and professional service SMBs have seen an increase or decrease in sales since the pandemic started

## Open for Business



How have your business sales been impacted since COVID-19?



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

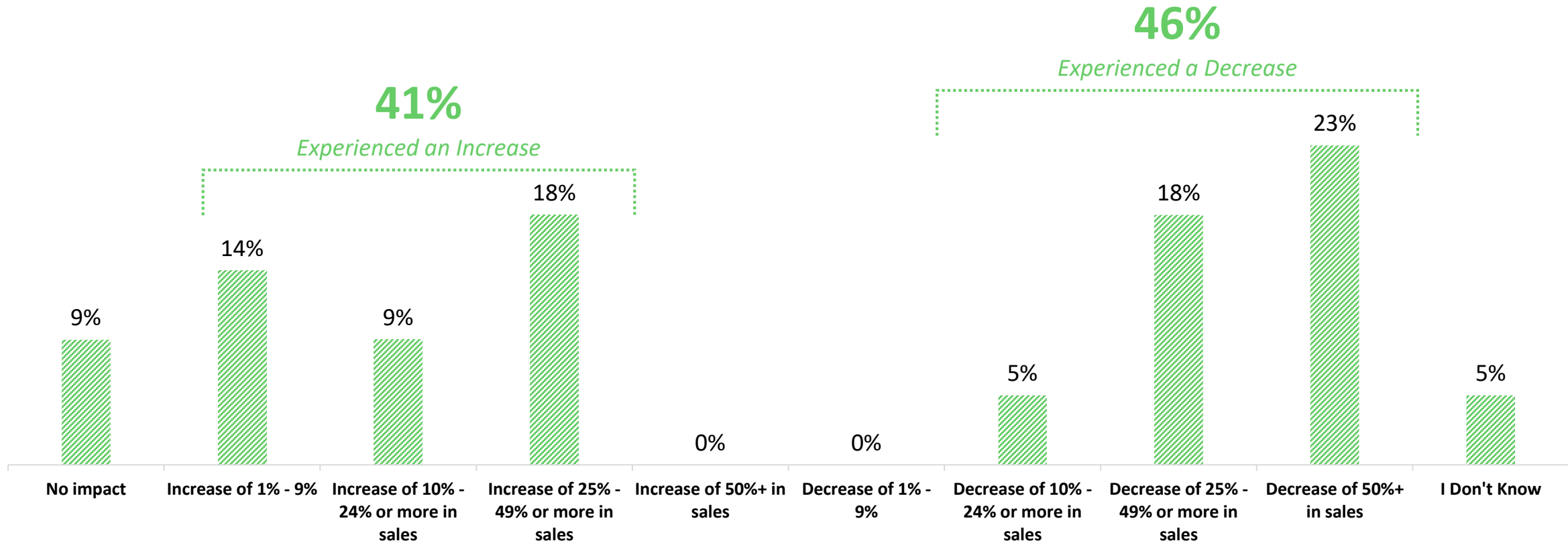


➔ 23% of open personal services SMBs have experienced a decrease of over 50% in sales since the pandemic

## Open for Business



How have your business sales been impacted since COVID-19?



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



➔ 47% of open travel and hospitality SMBs have seen an increase in sales since the COVID-19 pandemic started

## Open for Business



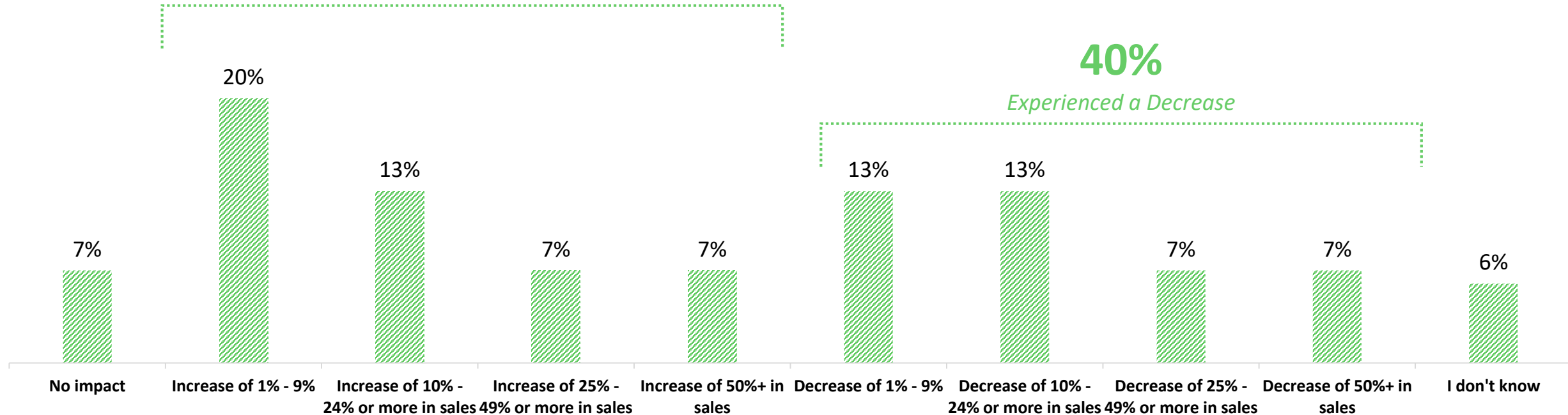
How have your business sales been impacted since COVID-19?

47%

Experienced an Increase

40%

Experienced a Decrease



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

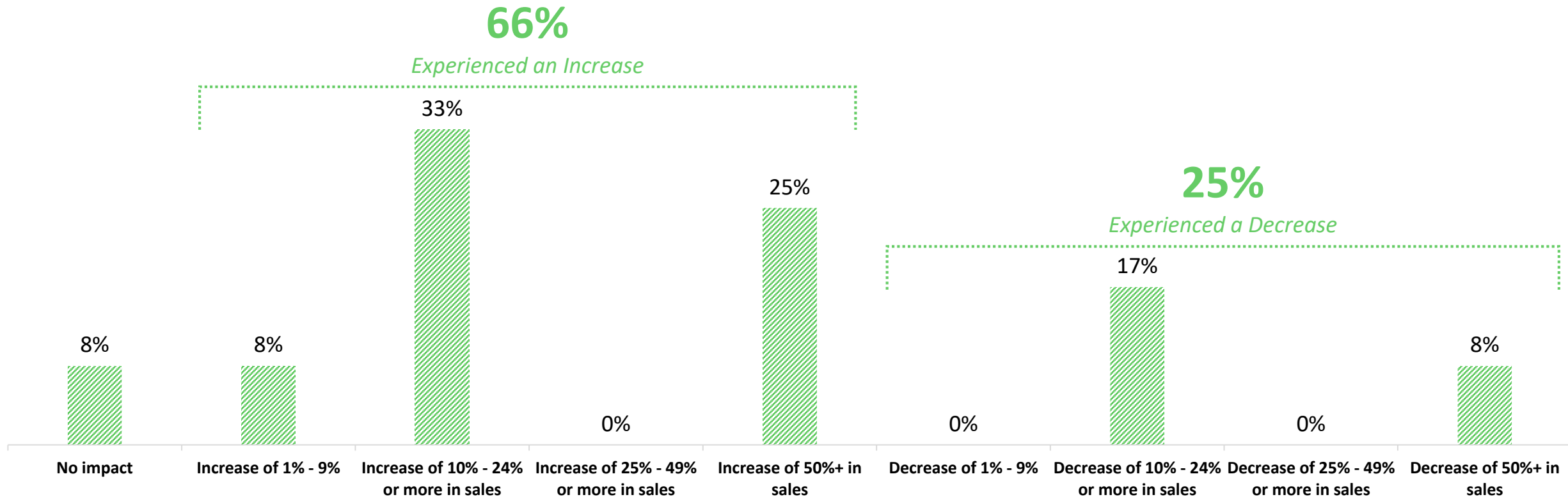


➔ 66% of open healthcare SMBs have seen an increase in sales since the COVID-19 pandemic started

## Open for Business



How have your business sales been impacted since COVID-19?



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

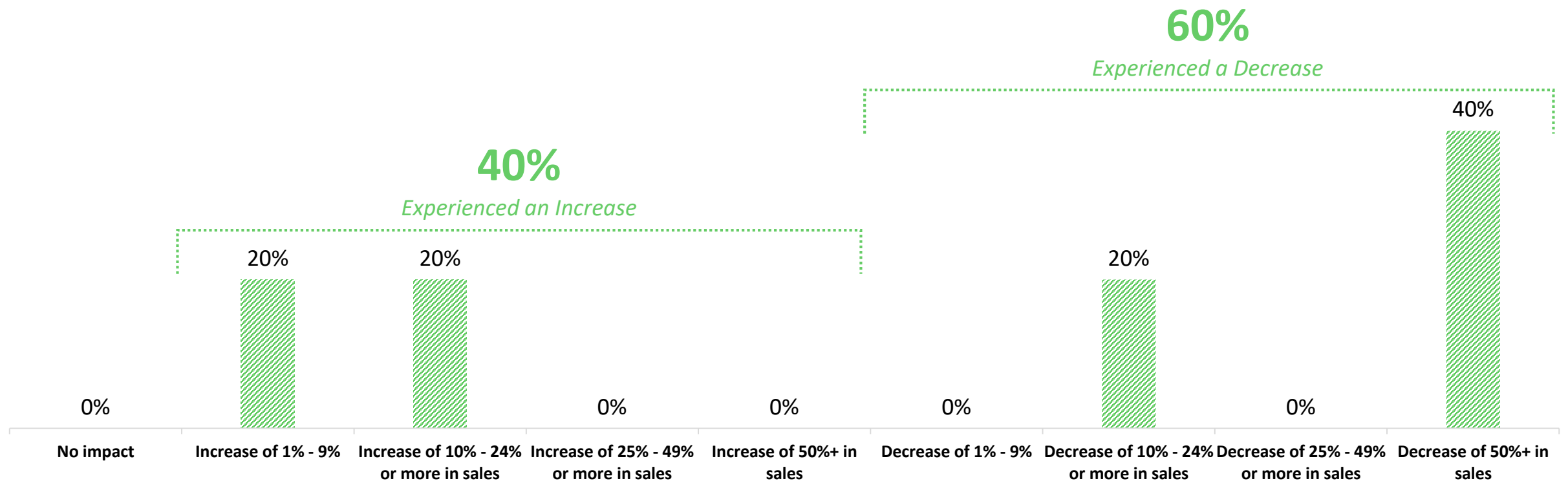


➔ 40% of open eating and drinking SMBs experienced a loss in sales of over 50% since the start of the COVID-19 pandemic

## Open for Business



*How have your business sales been impacted since COVID-19?*



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

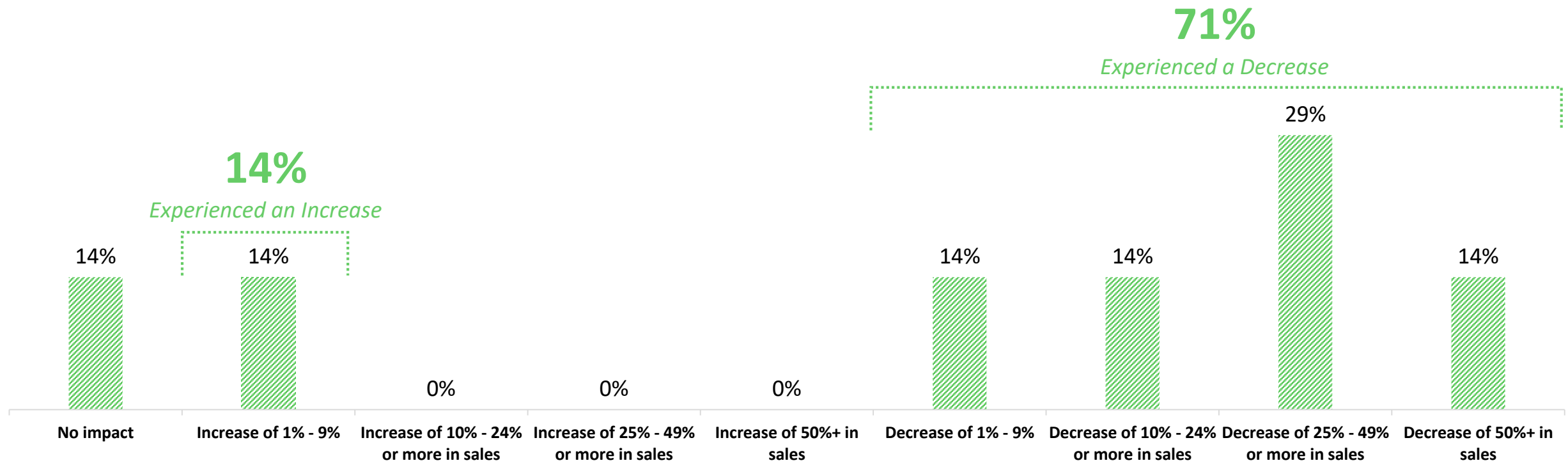


➔ A large majority of open education/government/nonprofit SMBs have seen a decrease in sales due to the pandemic

## Open for Business



*How have your business sales been impacted since COVID-19?*



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

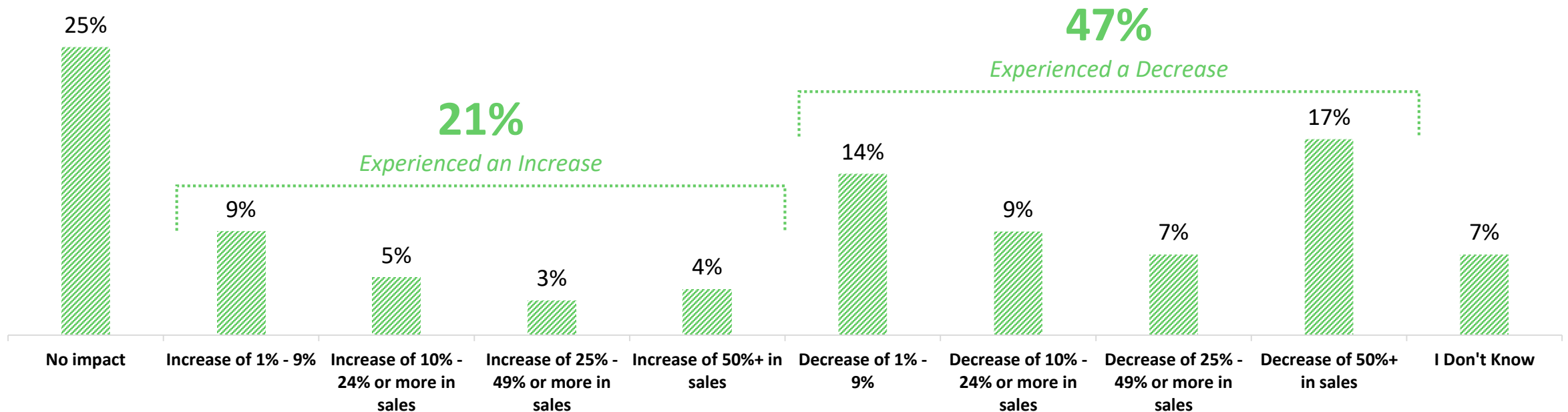


➔ Nearly half of open SMBs within “all other industries” have experienced a decrease in sales since the pandemic started

## Open for Business



*How have your business sales been impacted since COVID-19?*



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COVID-19 IMPACT ON METHOD OF PAYMENT ACCEPTANCE

# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

➔ Outside of no change at all, increased use in credit and debit card use was the most common change in consumer payment preferences since the COVID-19 pandemic started

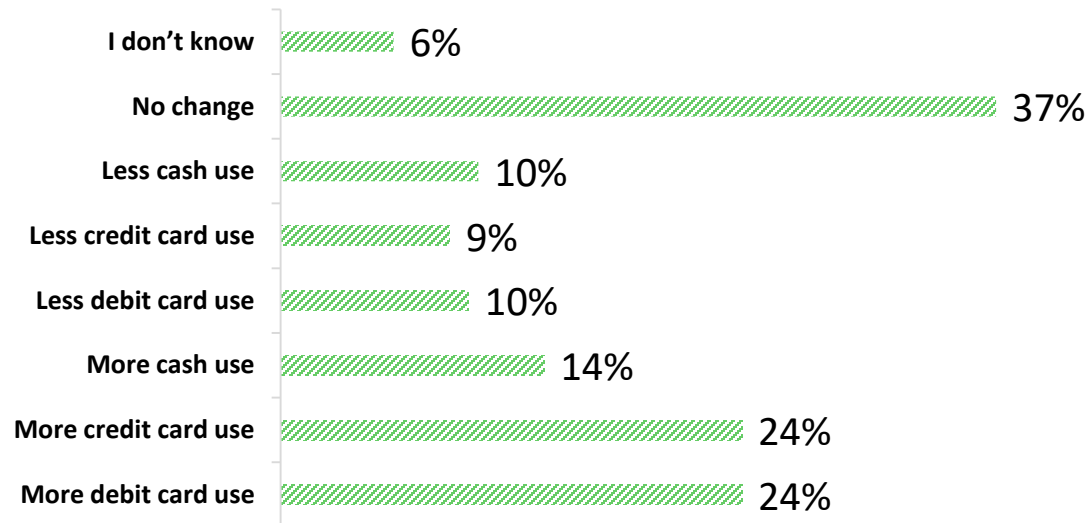
- Also, 27% of SMBs have noticed increased use in contactless payments

## Open for Business

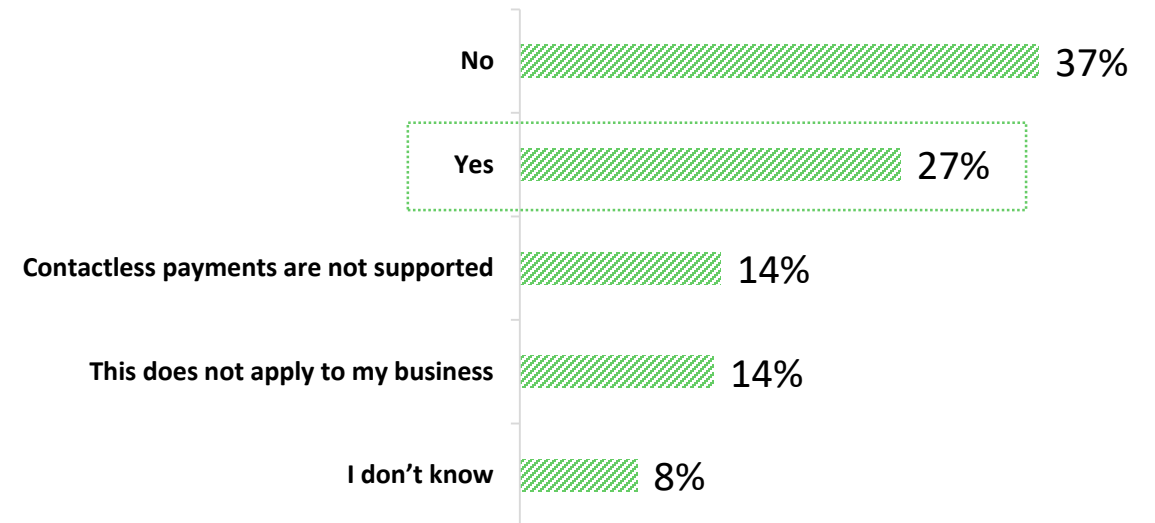


**Since the COVID-19 pandemic, what changes, if any, have you noticed in the way your customers are paying? Select all that apply.**

*This chart will not sum to 100%, as respondents were able to select more than one option*



**Have you seen an increase in “contactless” payments (defined as customers using their mobile phone (e.g. Apple Pay) or contactless debit/credit cards)?**





# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

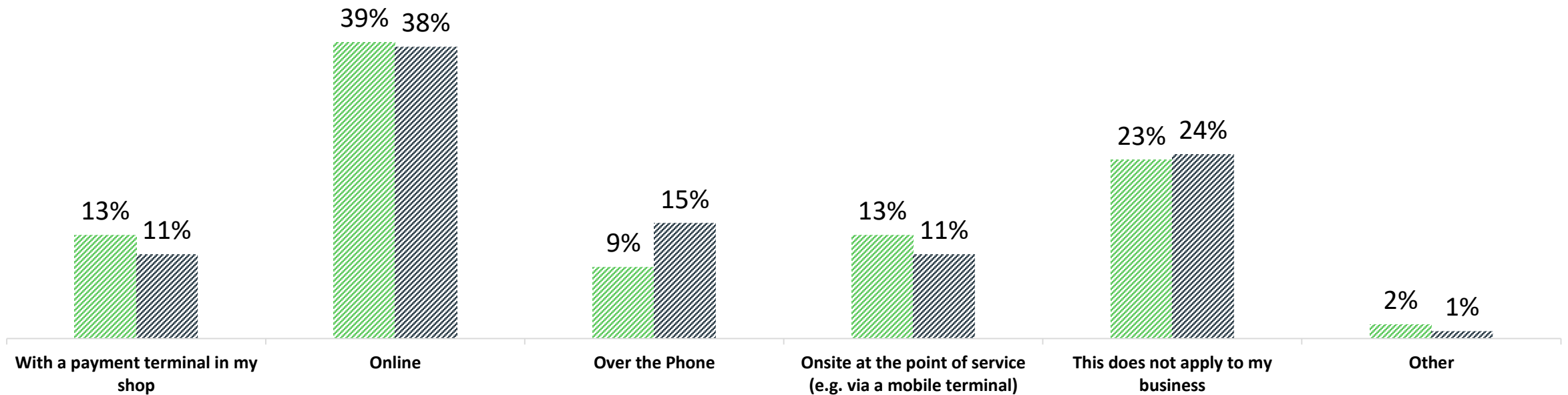
➔ Since COVID-19, the SMBs surveyed have increased their acceptance of card payments by 6% over the phone

Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

Before Pandemic    Since Pandemic



# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



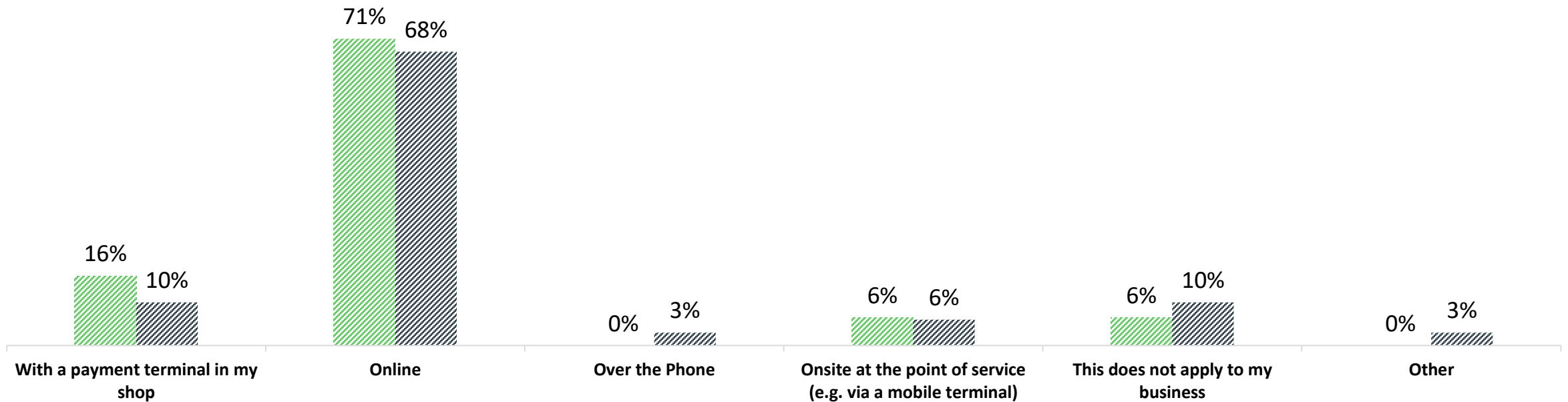
➔ Since COVID-19, most retail SMBs surveyed continue to use the same method to accept cards, with decreased acceptance through a terminal in their shop by 6% and online by 3%

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

■ Before Pandemic    ■ Since Pandemic



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



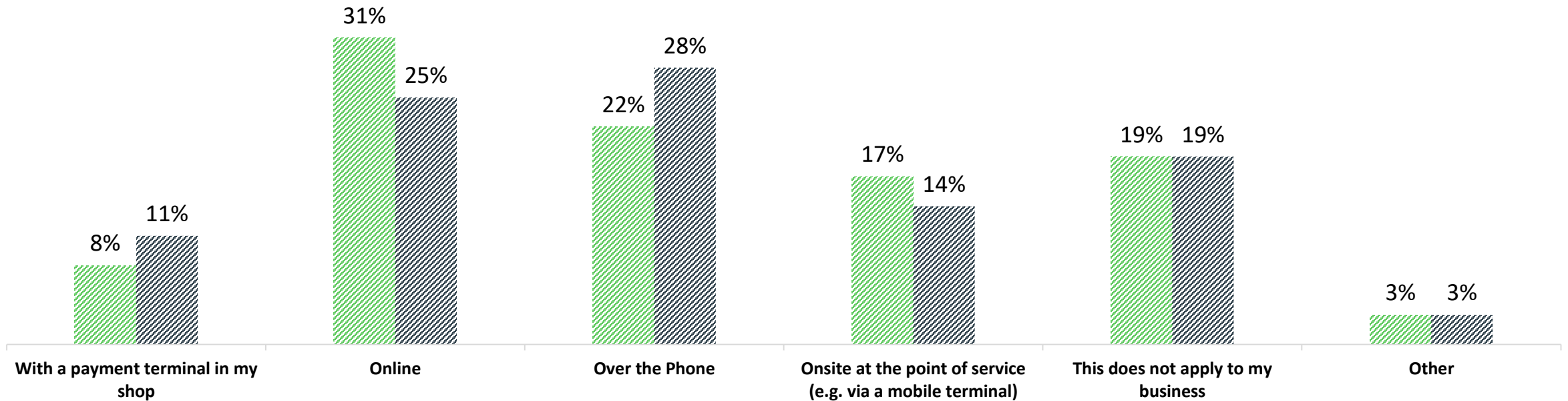
➔ Since COVID-19, business and professional service SMBs surveyed have increased their use of in-store terminals by 3% and over the phone sales by 6%; online acceptance has decreased by 6%

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

Before Pandemic    Since Pandemic



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

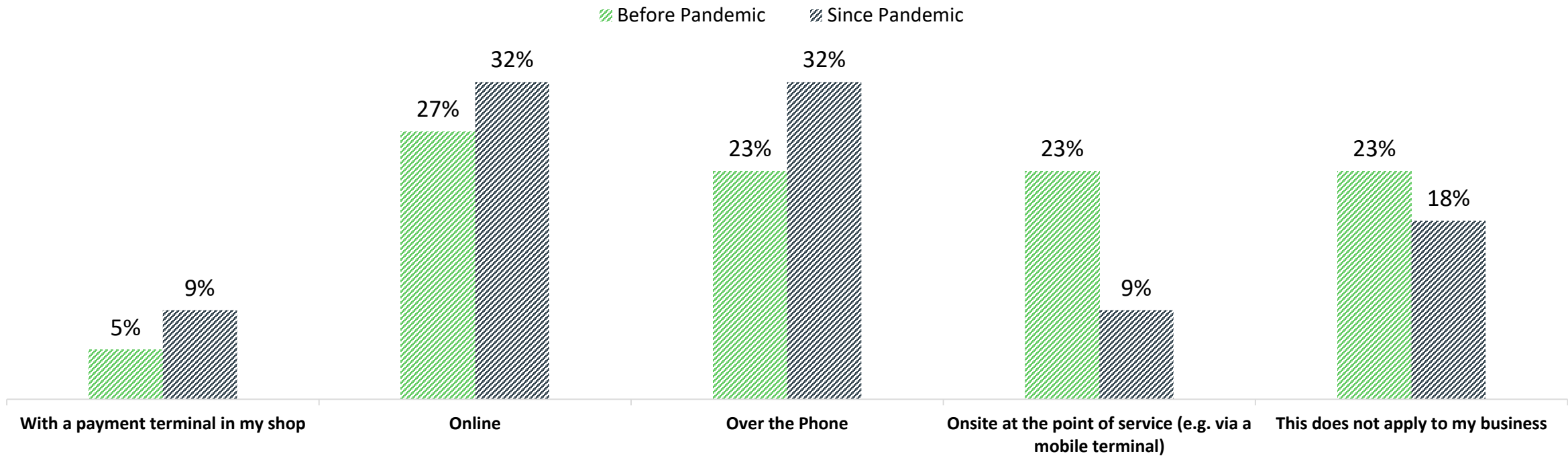


➔ Since COVID-19, personal service SMBs have increased their card acceptance online and over the phone by 5% and 9%, respectively; acceptance via onsite at the point of service has decreased by 14%

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



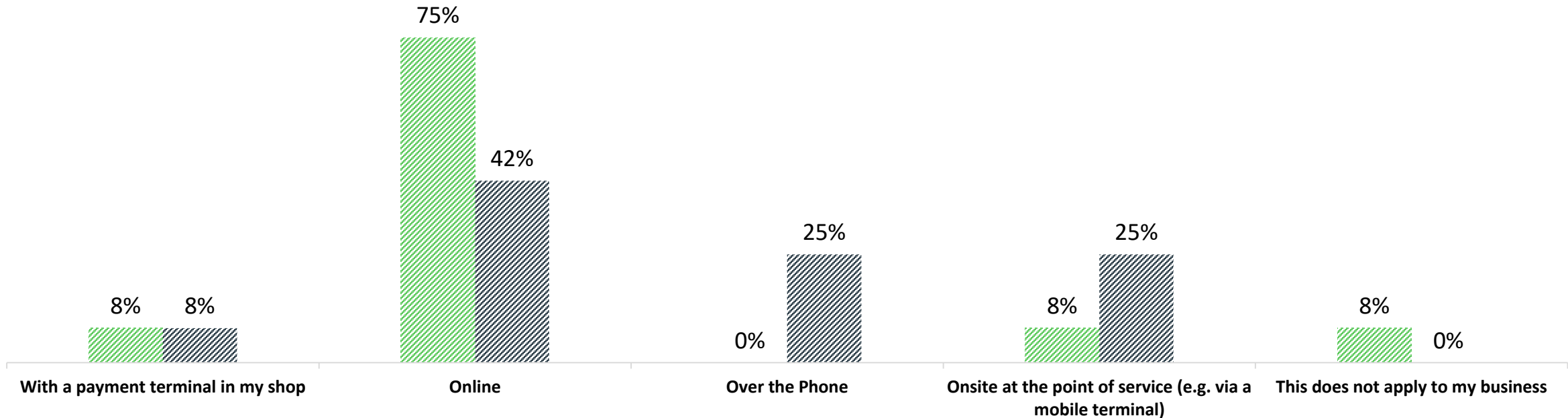
➔ Since COVID-19, healthcare SMBs have decreased card acceptance online by 33% and have increased card acceptance over the phone by 25% and onsite at the point of sale by 17%

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

Before Pandemic    Since Pandemic



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



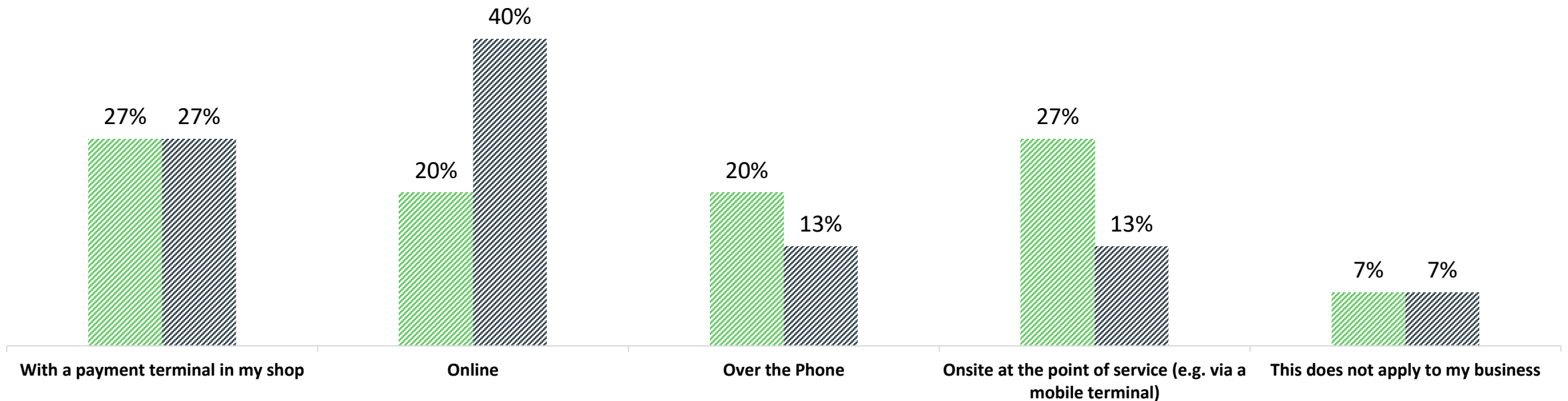
➔ Since COVID-19, online card acceptance has doubled for the travel and hospitality SMBs surveyed

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

Before Pandemic    Since Pandemic



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS

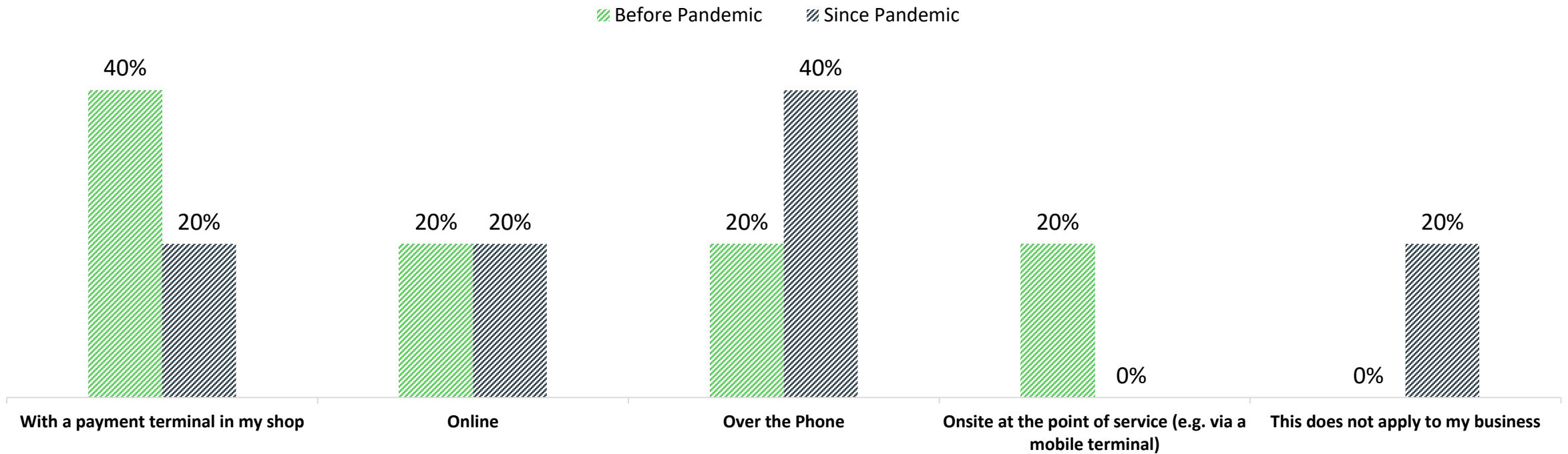


➔ Since COVID-19, eating and drinking SMBs survey have cut card acceptance at the terminal in their shop by half, while increasing card acceptance over the phone by two-fold

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



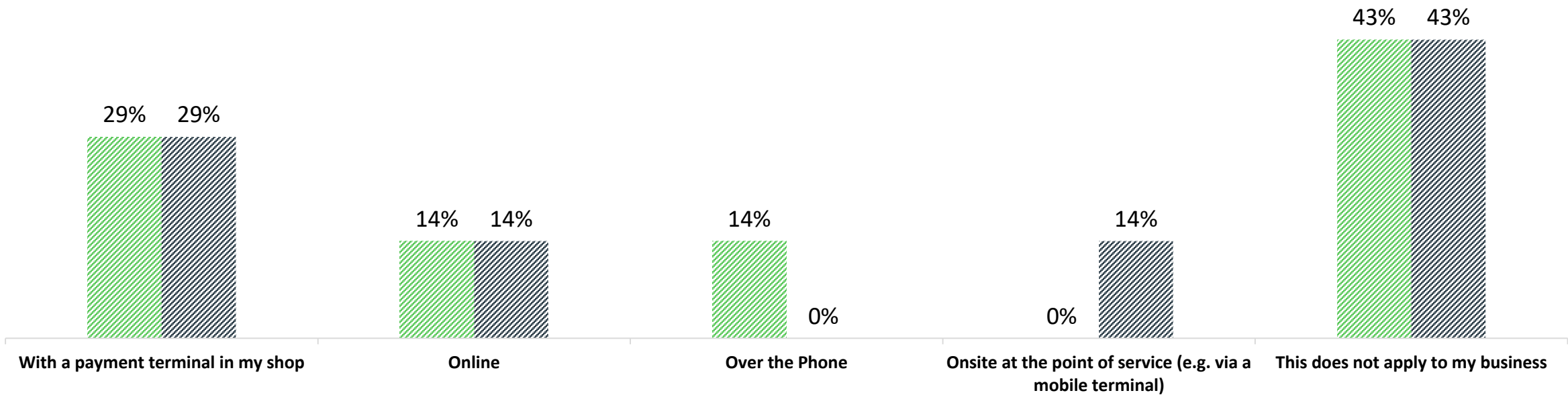
➔ Since COVID-19, education, government and nonprofit SMBs have shifted card acceptance from onsite at the point of service to over the phone

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

▨ Before Pandemic    ▨ Since Pandemic



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# U.S. SMB COVID-19 PERSPECTIVES: SURVEY RESULTS



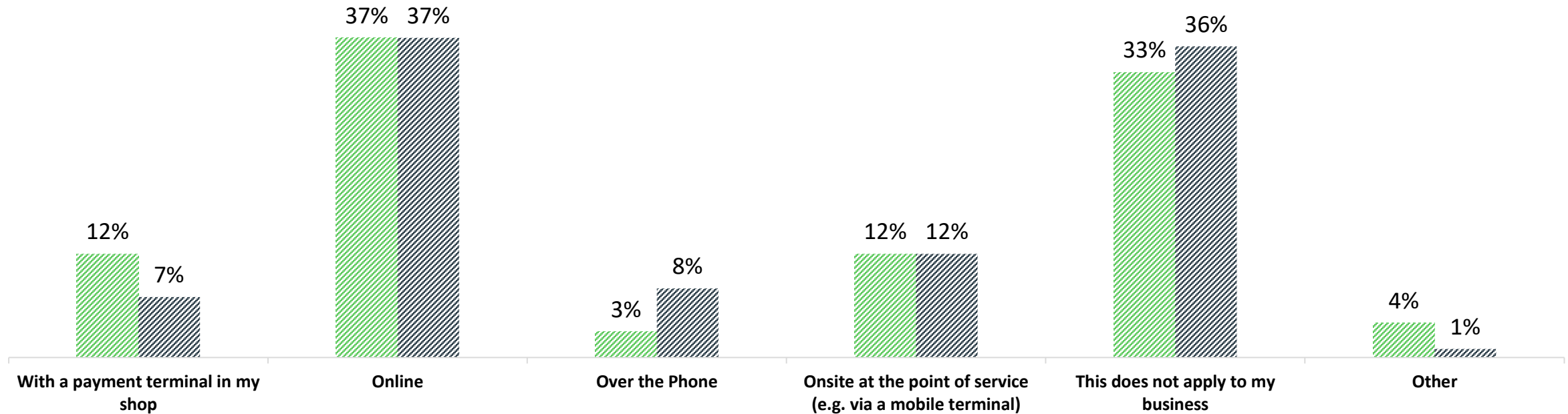
➔ Since COVID-19, all other industries have decrease their card acceptance at the payment terminal in their shop by 5% and increased acceptance over the phone by 5%

## Open for Business



***Before/Since the COVID-19 pandemic, how did you primarily accept debit/credit card payments?***

█ Before Pandemic    █ Since Pandemic



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Payments Experts. Powerful Data.  
 THE STRAWHECKER GROUP®

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**1,000+**

Clients advised, including many in the Fortune 500



**40+**

Of the top 50 merchant acquirers served, including 9 of the top 10



**25+ Years**

Average Associate experience in the payments industry



**250+**

Completed payments company valuations; as well as ~30 buy/sell/investment advisements



**~4 Million**

Card-accepting merchants in TSG's AIM analytics platform, driving millions of dollars in ROI for its users



**150+**

Completed Market Intelligence analyses on the global payments landscape, uncovering hundreds of thousands of data points