



# “The new normal”

Pandemic response  
and business continuity tips

**VISA** everywhere  
you want to be

©2020 Visa Inc. All rights reserved

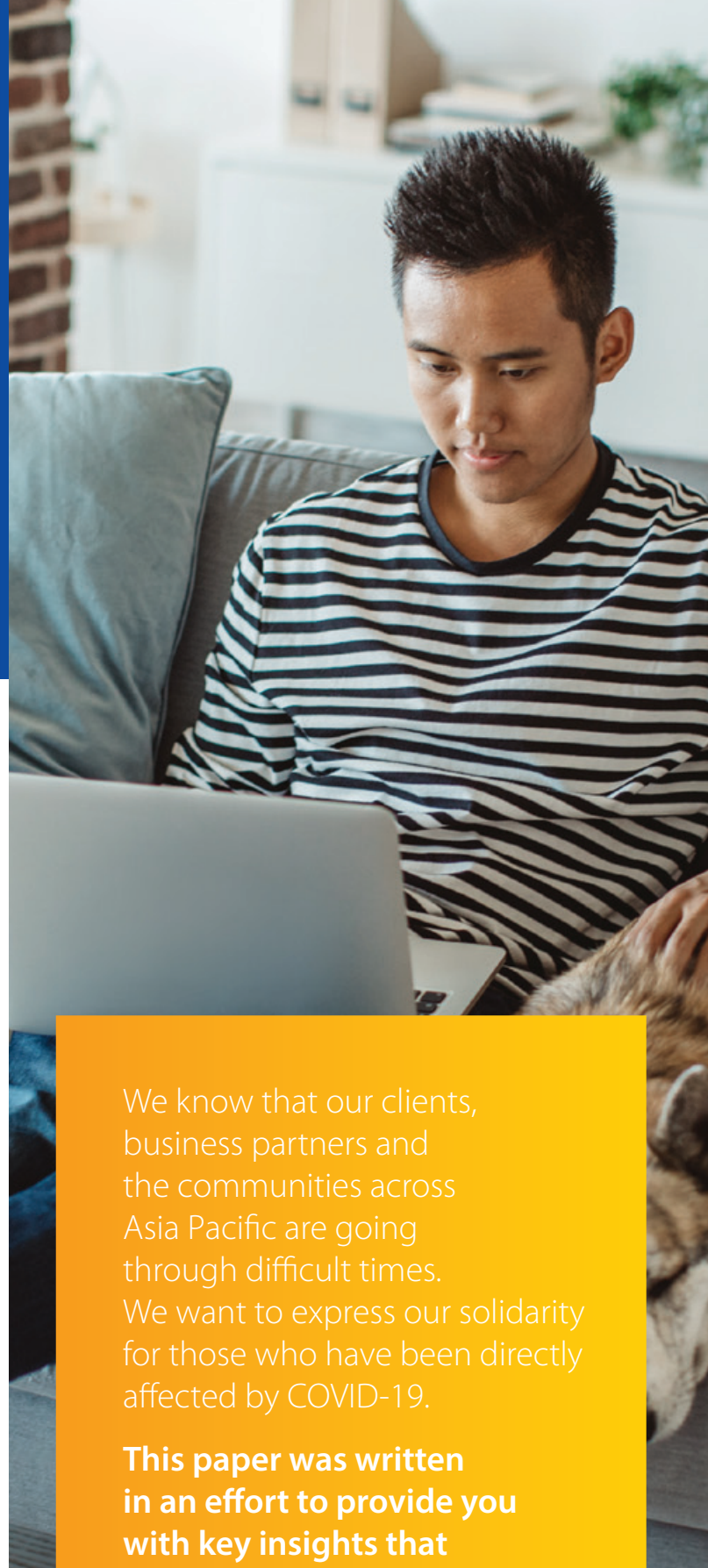


## Table of contents

- 3 Navigating through the diverse challenges of COVID-19
- 4 The pandemic has shifted consumer behaviour
- 5 Top concerns from consumers about the COVID-19 situation
- 6 COVID-19 is impacting shopping and payment behaviour
  - Change in eCommerce distribution
  - Fastest eCommerce growing categories for 2020
  - Shift to digital payments in Asia Pacific
  - New payment mix happening
- 9 Staying connected with customers
- 10 Pandemic response and business continuity
  - Tips for issuers
  - Tips for fintechs
  - Tips for acquirers
  - Tips for merchants
- 12 Visa is here to help you

The information, recommendations or "best practices" contained herein are provided "AS IS" and intended for informational purposes only and should not be relied upon for business, operational, marketing, financial, legal, technical, tax or other advice. The actual costs, savings and benefits of any recommendations or "best practices" may vary based upon your specific business needs and program requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Assumptions were made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors that we believe are appropriate under the circumstance. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use. Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party's intellectual property rights, any warranty that the information will meet the requirements of a client, or any warranty that the information is updated and will be error free.

# Navigating through the diverse challenges COVID-19 is bringing



The COVID-19 pandemic is disrupting our daily lives, as well as imposing worldwide health, social and economic challenges. “Business as usual” doesn’t exist anymore. Out of necessity, we are adjusting the way we interact with our family and friends, not to mention how we buy, work, learn, and entertain ourselves.

As we continue to navigate the evolving impact of the COVID-19 pandemic, it is critical for clients to explore changes to their business plans, the type of products they are offering and how they communicate with their clients. The role brands play during the pandemic is key. Consumers want brands to be genuine and for companies to prioritise consumer needs, staff welfare and flexible working arrangements.

**Issuers, fintechs, acquirers and merchants can succeed in this new environment by ensuring that the ways people choose to pay are convenient, frictionless, safe and consumer-friendly, as well as seizing the opportunity to “teach” current non-users of digital payments.**

We know that our clients, business partners and the communities across Asia Pacific are going through difficult times. We want to express our solidarity for those who have been directly affected by COVID-19.

**This paper was written in an effort to provide you with key insights that may help you better navigate the pandemic situation.**

# The pandemic has shifted consumer behaviours<sup>1</sup>



COVID-19 has the potential to create more permanent behaviour changes in the way people shop, work, get education and interact with people and brands. According to **Kantar**, when the coronavirus passes, consumers will go back to their daily routines with a lasting collective contagion fear, and they will hold to most of their digital “new normal habits” acquired based on the circumstances experienced during the life of the pandemic.



Online purchases of essential goods, household and pharmacy supplies



Delivery applications services



Digital payments as default and reduction of use of cash



Digital and social media content



Video conference among friends and family



Work from home platforms and technology



Online services (independent contractors: yoga teachers, personal trainers, chefs, musicians, etc.)



Online education platforms



Telemedicine

SOURCE:

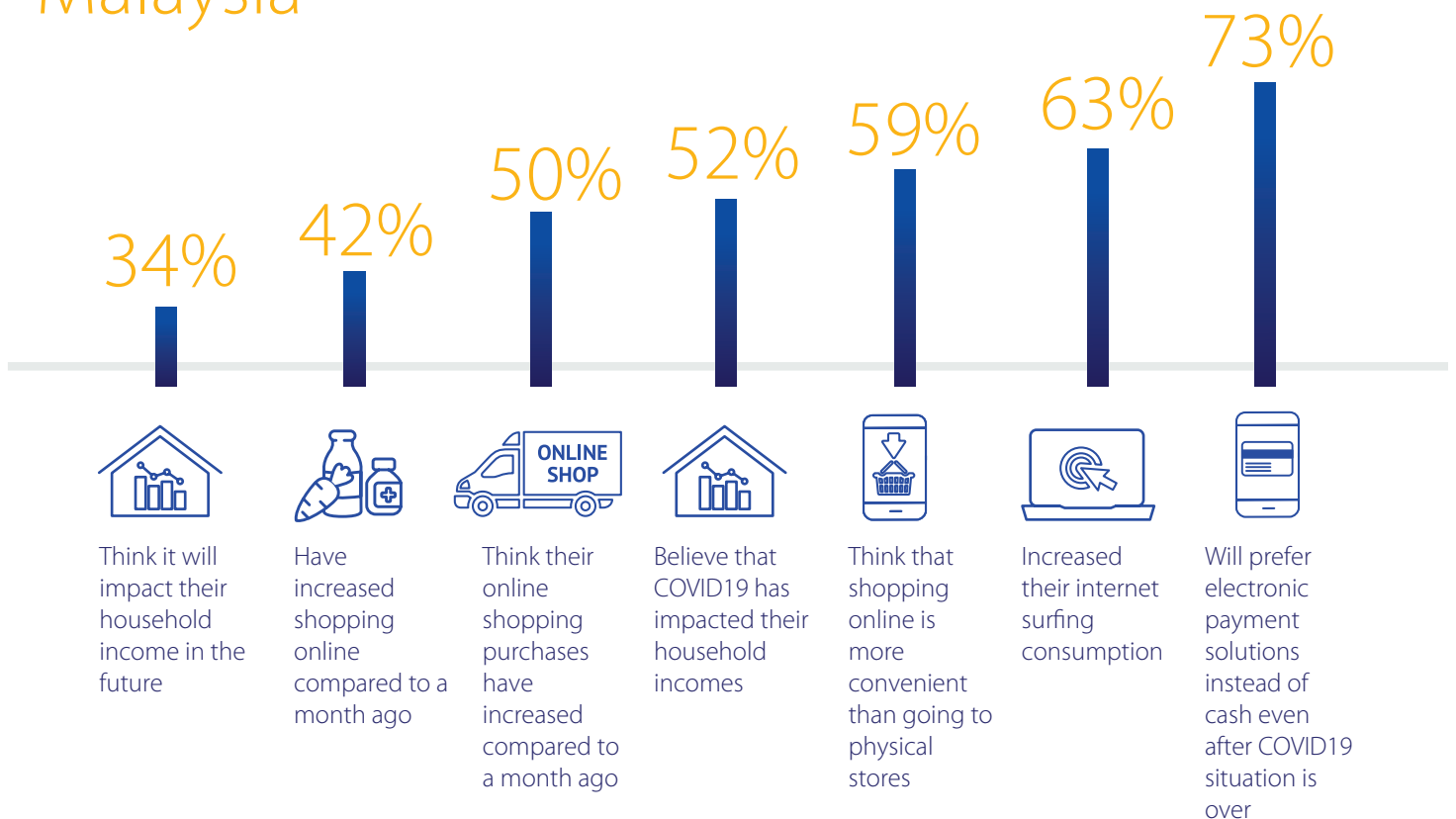
1. COVID-19: What do consumers expect from brands? by Kantar, February 2020, [https://consulting.kantar.com/wp-content/uploads/2020/03/COVID-19-Asia-Infographic\\_FINAL.pdf](https://consulting.kantar.com/wp-content/uploads/2020/03/COVID-19-Asia-Infographic_FINAL.pdf), Asia Pacific

# Top concerns from consumers about the COVID-19 situation



Here are some insights from consumers according to Visa COVID-19 sensor:

## Malaysia



### About this sensor

Kantar COVID-19 Barometer, fieldwork 10-13 April 2020. The study collated consumer data across 40 markets globally and 11 markets in Asia-Pacific, including Malaysia, combined with AI-based web monitoring of what people are saying and searching on the internet.



## COVID-19 is impacting shopping and payment behaviour<sup>2</sup>

According to the **Adobe Digital Economy Index**, COVID-19 has had a measurable impact on digital shopping behaviour for a number of specific products and categories from January 1 to March 11, 2020:



Virus protection category products like hand sanitisers, gloves, masks, and anti-bacterial sprays surged **807%**



Non-perishable, canned goods and other shelf-stable food sales increased by **87%**



Over-the-counter drug purchases increased by **217%** for cold, flu, and pain relievers



Fitness equipment increased by **55%** during the first two weeks of March



Toilet paper online sales spiked by **231%**

SOURCE:

2. Adobe Digital Economy Index, March 2020, [https://www.adobe.com/content/dam/www/us/en/experience-cloud/digital-insights/pdfs/adobe\\_analytics-digital-economy-index-2020.pdf](https://www.adobe.com/content/dam/www/us/en/experience-cloud/digital-insights/pdfs/adobe_analytics-digital-economy-index-2020.pdf), United States



## Fastest growing categories during outbreak<sup>3</sup>



Personal hygiene (face masks, hand sanitisers, thermometers etc.)



Home cleaning



Online entertainment



Personal protective equipment



Health and nutrition



Medicine



Insurance



Food and beverage

## Change in eCommerce distribution<sup>4</sup>



With stores closed, more consumers will shop online for the first time in new categories, particularly personal healthcare essentials, groceries and food delivery services. According to Kantar, as consumer comfort with online shopping increases and technology is more intuitive and ubiquitous, the **2020** eCommerce categories start to shift in importance.

The purchases of essential items (face masks, hand sanitisers, thermometers etc.) over the eCommerce channel will significantly increase by more than **80%**. Personal protective equipment and medicine will increase this year by more than **60%**, compared to overall out-of-home dining, entertainment and travel, which will shrink. The biggest increases are being seen in home delivery services such as Ninja Van (**+300%** monthly average for pharmacy and health category), RedMart (**+300%** weekly average), as well as GrabFood and Deliveroo (**+20%** average).



## Shift to digital payments<sup>5</sup>

The global spread of COVID-19 might be moving the world toward a turning point in how it handles payments. Consumers who have traditionally preferred cash payments will start to use a digital equivalent. In **2019**, cash payments for eCommerce totalled around **US\$17 B**, or **15%** of total purchase volume. In **2020**, this will fall by **10%** or more.

With eCommerce purchases expected to grow further because of the outbreak, consumers are being forced to adopt a digital payment method. On the other hand, in brick-and-mortar payments, consumers are rapidly adopting contactless payments as a way to protect themselves from contagion. These changing habits will likely have staying power in the medium and long-term.

## Fastest recovery after outbreak<sup>3</sup>



Out-of-home dining



Food and beverage



Out-of-home entertainment



Personal protective equipment



Personal hygiene (face masks, hand sanitisers, thermometers etc.)



Insurance



Apparel

### SOURCE:

3. Kantar Wechat Survey, February 2020, <https://us.kantar.com/business/brands/2020/survey-measures-coronavirus-outbreak%E2%80%99s-impact-on-china%E2%80%99s-consumption/>, China  
 4. Publicis Media APAC COVID-19, February 2020, Asia Pacific  
 5. Americas Market Intelligence, March 2020, Latin America

## New payment mix happening<sup>5</sup>

According to Americas Market Intelligence, due to the increased usage of delivery apps and online purchases of digital & physical goods and services, debit and credit card purchasing will rise and cash vouchers or cash payments for eCommerce will decline in the long-term.



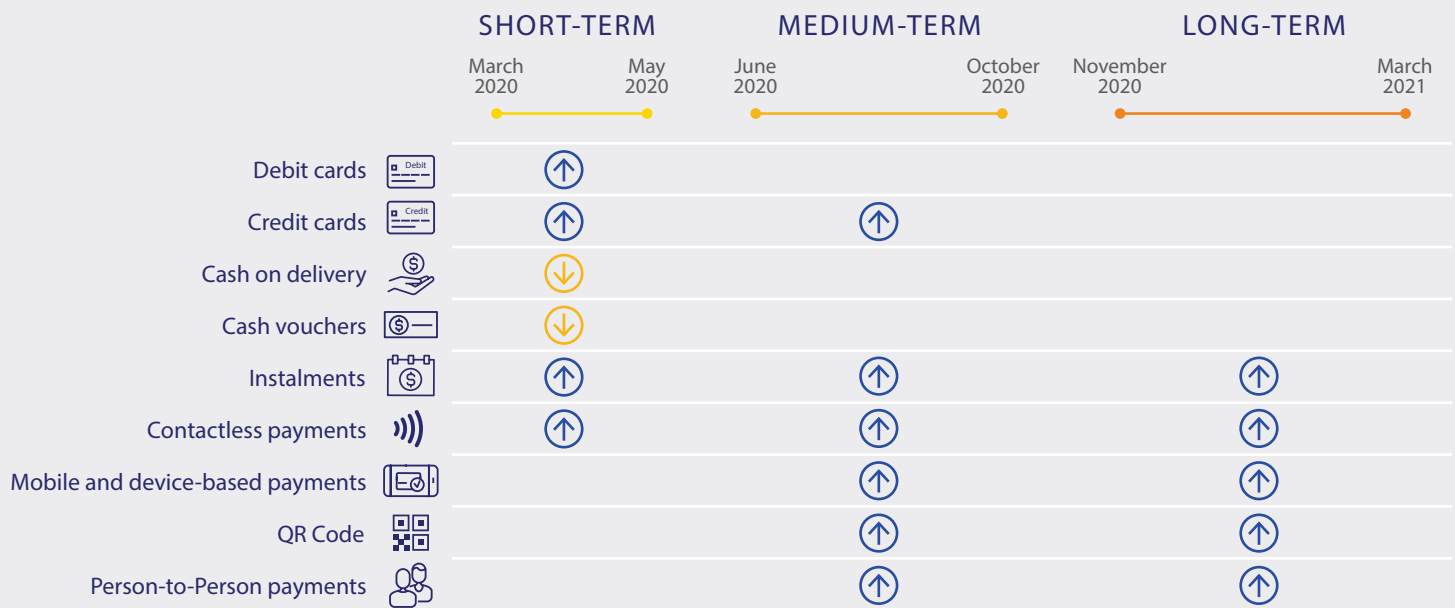
In the **short-term** (next three months), usage of all payment methods will decline as consumption contracts. However, within eCommerce, consumers will tend to replace cash payments such as vouchers and cash on delivery with card payments. Most of this spend will migrate to an electronic payment method, especially debit. **Debit cards** will enjoy a bump, since they are the payment method most often used for the purchase of everyday essentials like groceries.



In the **medium-term** (three to six months), as consumption resumes, consumers will trend more toward credit card payments, as households will be experiencing economic pressures due to overall slowed consumption and GDP growth. Access to **credit and instalments** will be a key driver of credit card spend in the medium and long term.



Additionally, in the **long-term** (by the end of **2020** and into **2021**) the payments industry should expect that consumers will have adopted behaviours like using a **contactless card, mobile phone payment or QR code payment** for brick-and-mortar purchases. This is for health and safety reasons: maintaining control of your payment credential at all times reduces the risk of contagion; consumers are likely to adopt these behaviours in the short and medium term and carry them into the long term, once retail foot traffic is back to normal.



SOURCE:  
5. Americas Market Intelligence, March 2020, Latin America





## Staying connected with customers

The fact that customers may be self-quarantined, doesn't mean you can't stay connected and continue providing them excellent service. Technology is helping connect sellers and customer through mobile and web platforms. It is important to be sensitive in the way messages are delivered. Consumers are valuing even more brands that are genuinely trying to help, but also punishing the ones that come across as opportunistic and trying to take advantage of the situation, only for its own bottom line. As you communicate, make sure you start small and track consumer sentiment before expanding the messages.



### Coordinate email and in store communications without spamming clients

Assuring your customers you are doing everything to enable them to navigate this critical situation has never been more important. If you are altering your hours closing your store for a deep-clean or offering a new credit relief product, you should let them know



### Focus on serving your customers through digital channels

You may already offer phone and email support to your customers. This is the time to increase your customer service capabilities offering live chat applications, instant messaging platforms or video conferencing options so they can get that "face-to-face" feel without being there in-person



### Increase your social media presence

These days, customers are already spending lots of time on social media. This is the right moment to communicate new offer deals, new payment methods to make them feel you care for them and their safety



### Provide website updates and information

Communicate the measures you are taking to protect customers and employees, make available delivery time and fees information and maintain two-way communication responding as quickly as possible through phone calls, emails or live chats

# Pandemic response and business continuity



## Tips for issuers

- 1 **Create a plan to prioritise and protect valuable customers**
- 2 **Reinforce consumer confidence through transparency and context sensitivity**, letting your customers know what you're doing to support them
- 3 **Educate about digital banking capabilities promoting** customer services using digital channels
- 4 **Promote safe and convenient digital payments** for consumers and businesses
- 5 **Offer through omni channels short-term loans, credit relief and instalments**
- 6 **Promote digital account onboarding** (e.g. instant issuance)
- 7 **Monitor your daily transaction volume** and focus on improving the authorisation rates, especially for debit cards and ecommerce
- 8 **Provide customers real-time alerts** after each purchase
- 9 **Use market insights and adjust the marketing plans to promote safest behaviours:** buying online, contactless and real-time payments
- 10 Your **Crisis Management Plan** must define your essential card centre staff, remote working capabilities and guide/document any exception approval process. For example: **How many cards are about to expire and require an emergency card replacement?**



## Tips for fintechs

- 1 **Stay in touch with partners** to deploy fast moving digital solutions to help issuers, acquirers and merchants
- 2 **Partner with the broader ecosystem such as issuers and local governments** to support impacted consumers and SMEs
- 3 **Offer solutions that can speed up the unbanked people** to get digital payment
- 4 **Focus on long tail merchants** to help them accept online payments
- 5 **Help customers embrace new types of online services as their behaviour shifts**, such as contactless payments, digital / branchless banking, banking upgrades, digital lending, and even crypto
- 6 **Revisit assumptions around your business** including operating cash runway and future fundraising prospects to operate in a leaner manner and weather the storm
- 7 **Be aware of government and regulators requirements**, appropriate risk management must be effective and if you are unsure contact your Visa representative for further guidance

# Pandemic response and business continuity



## Tips for acquirers

- 1 **Create a plan to prioritise and protect valuable merchants**
- 2 **Advise merchants on what they can do to have business continuity**, especially small merchants on how to sell online. Encourage merchants to promote safer shopping behaviours such as online and contactless payments
- 3 **Provide point-of-purchase communications to merchants** like cleaning instructions directly to the merchant's in-store payment terminal and helping keep employees and customers safe
- 4 **Monitor your daily transaction volume** and focus on improving the authorisation rates, especially for debit cards and ecommerce
- 5 **Be aware of possible fraud threats** and offer merchants fraud management solutions
- 6 **Provide chargeback management support** and be ready to tackle long term impacts to merchants; take into consideration current situations such as delays in supply chains/delivery of goods, increase in claims, returns, refunds and payment disputes as well as other operational costs



## Tips for merchants

- 1 **Stay in touch with customers** providing them business operations information
- 2 **Be more present in social media** offering creative and meaningful content to engage clients
- 3 **Provide point-of-purchase communications** like in-store cleaning procedures and helping keep employees and customers safe
- 4 **Implement an omnichannel experience** like buying online pick up in store or delivery in a short period of time
- 5 **Promote safest behaviours**: buying online and digital payments
- 6 **Offering delivery services & new ways to pay**: contactless, instalments, credit solutions
- 7 **Be aware of possible fraud threats** and focus on implementing fraud management solutions with updated fraud scoring and rules-based systems
- 8 **Get chargeback management support** to be prepared to attend them

# Visa is here to help you

Contact your Visa account executive to learn how we can help you understand the consumer behaviour shift, identify opportunities to maximise your portfolios with our Consulting services (analytics, managed services, credit lifecycle, digital roadmaps, etc.) and enhance your communication with clients with our Marketing services and toolkits.



## About Visa

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device, for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

# “The new normal”

Pandemic response  
and business continuity tips

**VISA** everywhere  
you want to be