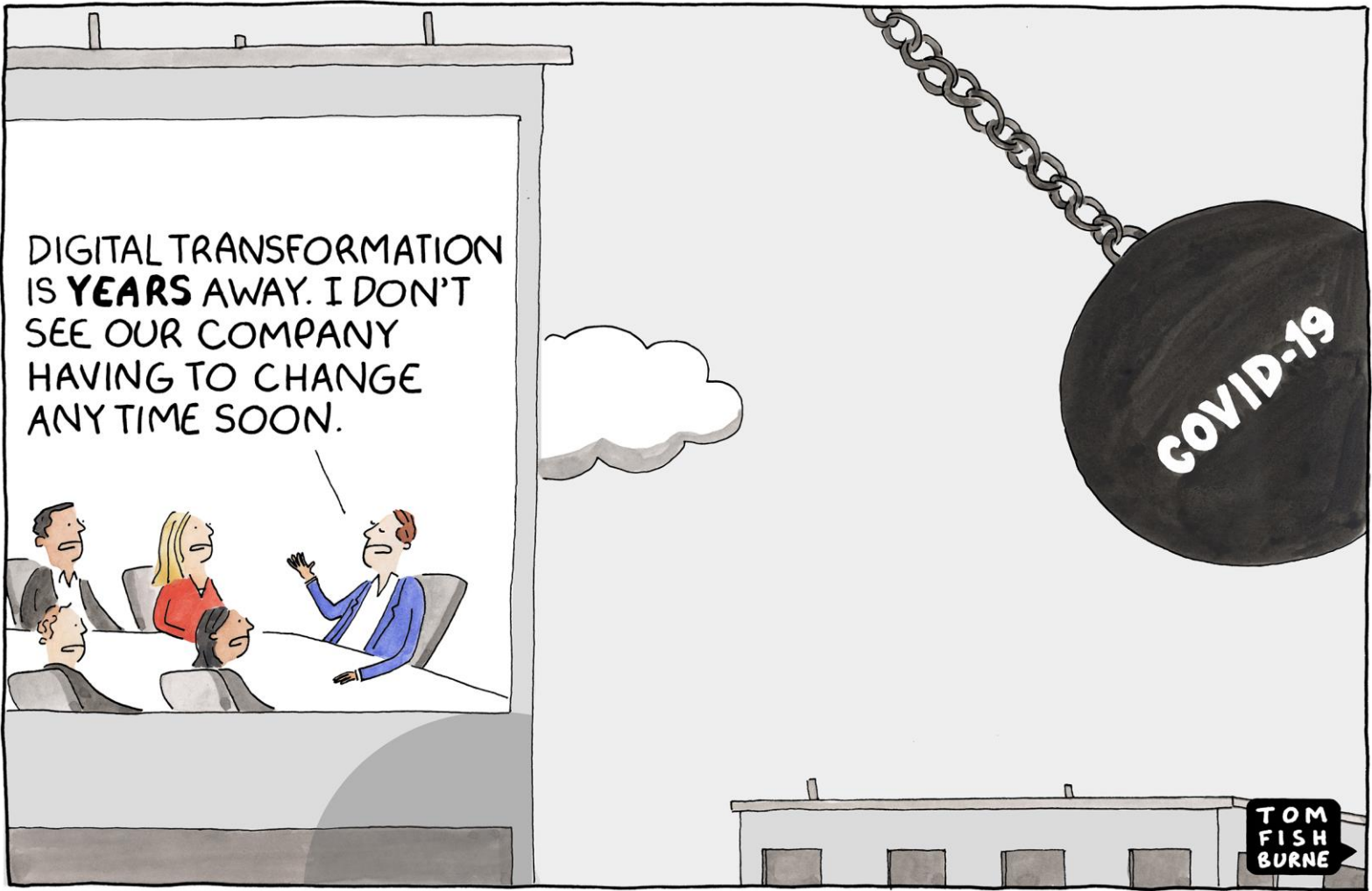




Carpe Diem: driving digital transformation to stay relevant during a pandemic ... & beyond





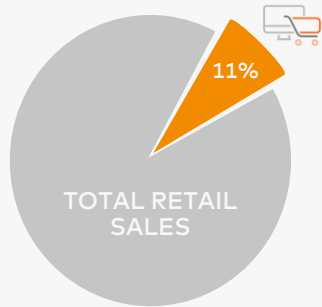
DIGITAL TRANSFORMATION IS **YEARS** AWAY. I DON'T SEE OUR COMPANY HAVING TO CHANGE ANY TIME SOON.



TOM
FISH
BURNE



The COVID-19 outbreak has accelerated the digitization of how we work, live and shop



According to Mastercard SpendingPulse™, U.S. e-commerce sales made up roughly 11% of total retail sales in 2019

...during April and May 2020 that doubled, with e-commerce making up 22% of all retail sales



93%

In the full month of May, 2020 U.S. e-commerce spending grew by 93% year over year resulting in \$53B incremental e-commerce spend

What changes are here to stay (definitely / probably)



Mastercard proprietary survey. Australia, Brazil, Colombia, China, France, Germany, India, Italy, Japan, Mexico, Spain, Russia, UAE, USA, UK.

N = 150/country/ May 11, 2020 – May 17, 2020



More money was spent online in the U.S. between April and May than the last 12 Cyber Mondays combined



Creating unforeseen **headwinds** ...

Economic disruption



- Global lockdowns and quarantines disrupting industries, business models and supply chains
- Pessimistic economic outlook affecting consumer discretionary spending

Customer expectations



- Consumer attitudes, behaviors and purchasing habits rapidly changing in unpredictable ways
- Consumers less loyal to brands and traditional rewards
- Value more critical than ever

Business activity



- Hygiene & health factors paramount
- Servicing models upended
- Need for flexibility at speed to stay relevant

Data & Privacy



- Increased concerns from customers and regulators on information and data usage



... but also presenting significant **tailwinds**

Shift to Digital



- Lockdown measures have accelerated channel shift to eCommerce
- Shift from cash to digital payments and mobile wallets
- Expansion of digital-wallet solutions beyond payments.

Customer



- Shifting consumer priorities and purchase habits - consumers shopping more consciously and buying local
- Entertainment-channel shift from physical to digital
- No touch is the new high touch

Data



- Shift to digital accelerates customer data gathering opportunities
- Huge opportunity to leverage data to drive financial innovation and business growth

Privacy



- Consumers have shown more willingness to share their personal information in exchange for relevant, bespoke services





That means re-thinking the consumer decision journey to remain relevant



How are consumers getting information?

- Shake-up of media mix: further shift to digital
- Decline in out-of-home-advertising
- Less face to face interaction



What are consumers purchasing and paying with ?

- Rebalancing of hierarchy of needs – focus on health and hygiene
- Digital payments replacing 'dirty cash'
- Upsurge in digital offers and rewards



Where are consumers purchasing?

- Channel mix re-evaluation – focus on eCommerce
- Rise in at-home alternatives to outdoor / travel activities (e.g. gym, cinema)
- Popularity of curbside pickup

Fostering loyalty in the new normal is more important than ever...



INSTALL TRUST

Offer digital-first experiences that help cardholders swiftly navigate the new reality

OFFER SAFETY & CONVENIENCE

Encourage safer digital payments, including contactless and card-not-present transactions

BUILD EMOTIONAL CONNECTIONS

Use advanced analytics to create relevant offers and experiences



Companies are rethinking offers and rewards to adapt to the changing landscape

- ❖ Retailers have introduced new relevant reward options eg charity donations
- ❖ Banks are allowing their cardholders to spend travel credits at supermarkets and restaurants
- ❖ Airline loyalty cardholders can earn and redeem miles and points at retail stores
- ❖ Businesses have switched from rewards and offers that include physical experiences to digitally enabled rewards
- ❖ Hotels are extending the status and rewards already earned by customers into 2021 and providing extra incentives to retain customers
- ❖ Retailers are streamlining the consumer online purchase journey and extending returns to connect with customers
- ❖ Chinese banks have quickly set up simple e-commerce platforms for their small-merchant client base



Questions ?

