



COVID-19 CEMEA Impact Tracker



**Please practice
social distancing**



Our objectives in producing this report

Visa believes that where you shop matters today more than ever and has launched a new initiative to support small businesses throughout the CEMEA region.

From purchasing habits to frequency of visits, COVID-19 has transformed how consumers interact with merchants. But will these changes be temporary, or has the global pandemic changed the face of commerce forever?

Those are the questions we are seeking to answer with our COVID-19 Impact Tracker, a survey of merchants and consumers from throughout the CEMEA region. The results of the first wave of our survey are published here, offering unique insights on economic activity across diverse markets, and showing how merchants are looking to technology, among other things, to ensure they are best placed to take advantage of an expected recovery.



1

Understanding **how consumers and merchants are adapting** as the COVID-19 situation is unfolding.

2

Understanding how the current crisis has impacted consumers' **purchase behavior and attitudes**, level of **spending and payment options**.

3

Understanding the impact of COVID-19 on **merchants' readiness to adapt** to the new consumer reality.

Areas we explored

This report details the results of the first wave of the Visa COVID-19 CEMEA Impact Tracker.



Consumer perspectives

1

Impact of COVID-19 on consumers' attitudes toward merchant categories, including local and international travel as well as attendance at events and festivals

2

Impact of COVID-19 on payments preferences (cash vs. digital) and on level of expenses across merchant categories

3

Impact on shopping habits and how they have changed in this 'new normal'

4

Expected recovery timing (recovery curve) post-COVID-19 by different merchant categories

Merchant viewpoint

1

Impact on merchants' businesses and on how it has changed commerce in this 'new normal'

2

Impact on payment methods preferences, especially among cash dependent merchants

3

Impact on e-commerce experience and on expected long term effects on online shopping post COVID-19

4

Expected recovery timing (recovery curve) post-COVID-19 by different merchant categories

Finding 1

Merchants are seeing anxiety levels skyrocket, with consumers staying away from all but essential retail



As expected, the impact from the novel coronavirus pandemic on merchant revenues and profits has been high in all regions, with KSA merchants being worst hit, and South African retailers being only slightly more resilient.

In KSA, 93% of those surveyed said that their revenues have experienced a high or medium impact.

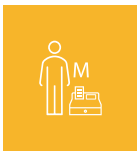
More than a quarter of merchants in South Africa, say they have seen either no or a low impact on their revenues.

Asked “Based on your experience with the business, what is your assessment of your customer’s purchase frequency during this COVID-19 crisis?”, merchants across all regions

reported a decrease, with UAE and Russia seeing the highest at 86% and 84% respectively, and South Africa the lowest, with two-thirds (66%) of merchants recording a decrease and 27% seeing an increase in customer visits.

Turning to consumers, the hardest hit sectors in all markets are cinemas and theatres, international tourism and business travel, with almost all surveyed consumers saying they’ve stopped these activities altogether.

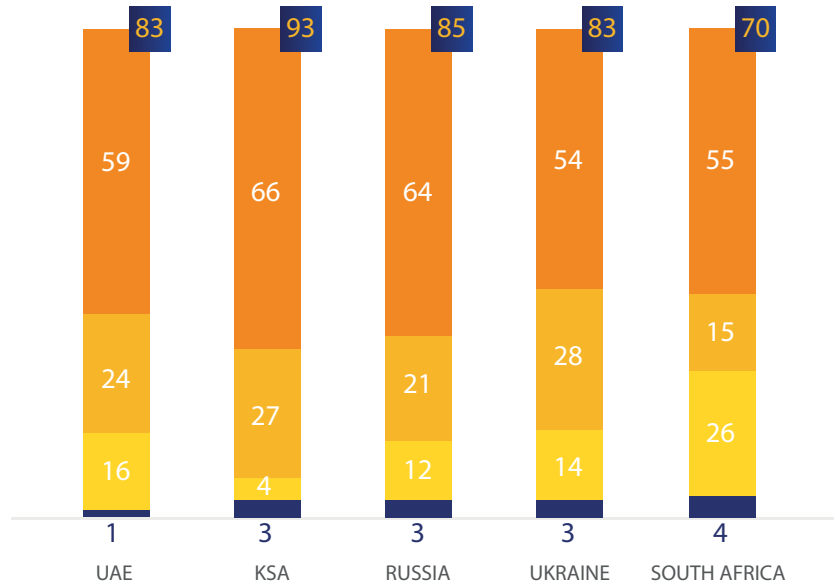
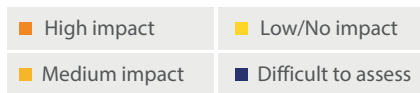
The hardest sectors, as may be expected, are essentials including grocery stores, supermarkets and pharmacies, although consumers say the frequency of visits is still markedly down.



Impact on merchant revenues and profits has been high in all regions, with KSA merchants worst hit, and South African retailers only slightly more resilient



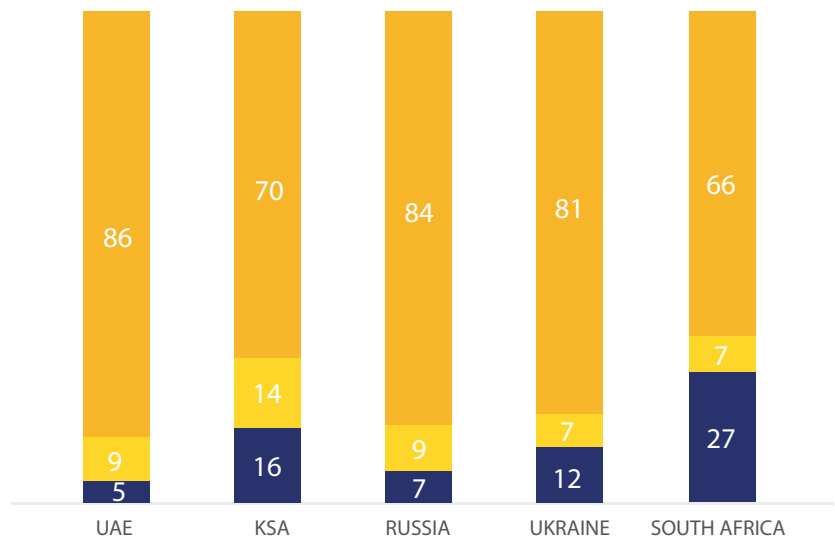
How would you gauge the impact of **COVID-19 crisis** on revenue / profit so far for your business / store?



% Sum of High + Medium impact

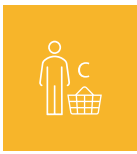


Based on your experience with the business, what is your assessment of your **customers' purchase frequency DURING this COVID-19 crisis?**



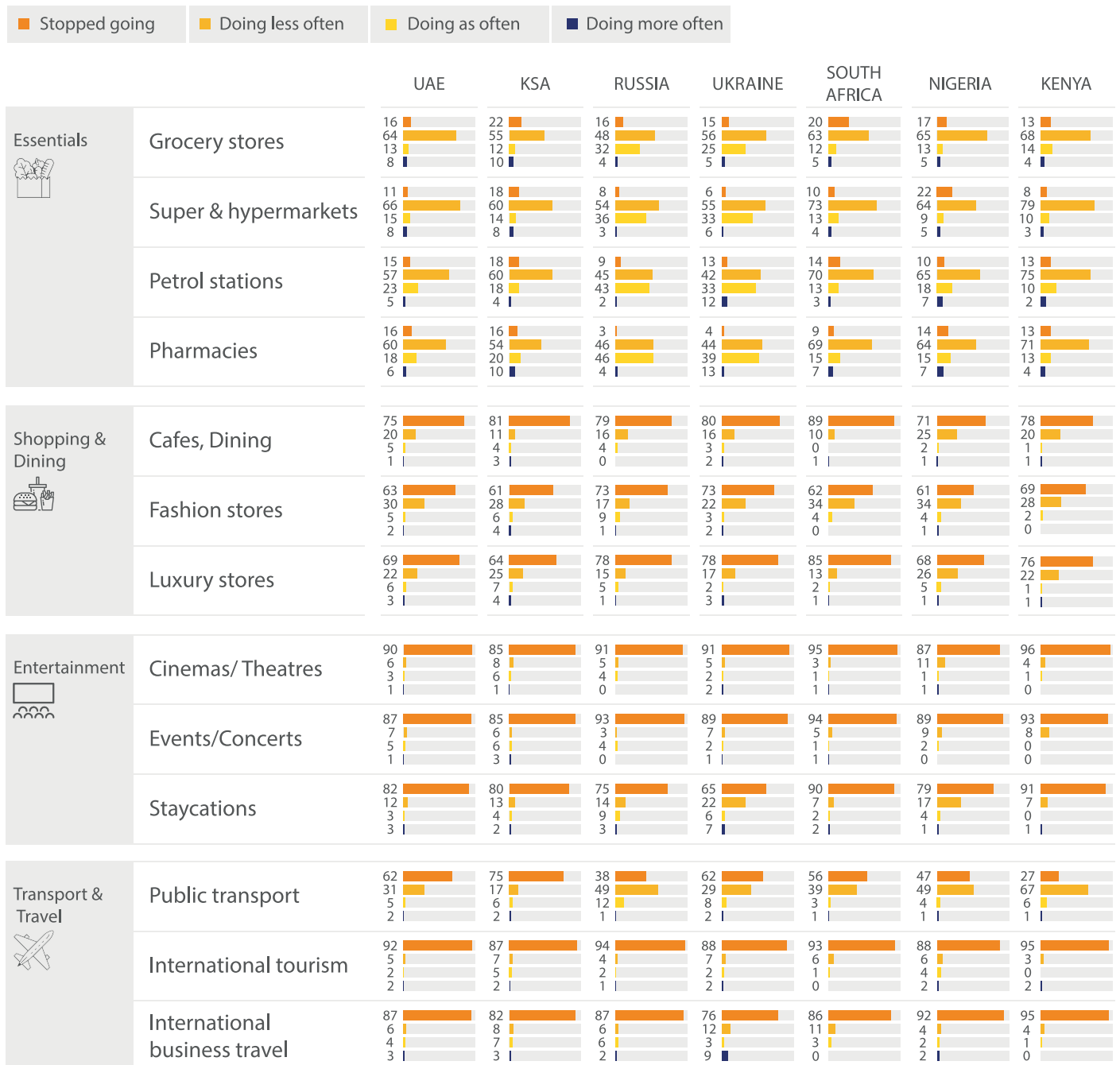
Base: Merchants (UAE n=155, KSA n=157, RU n=173, UA n=151, ZA n=150)

All figures are in %



Tourism, travel and entertainment categories hardest hit as consumers steer clear of all but essential purchases

Which statement best describes your current attitude about shopping from / visiting these places during the COVID-19 crisis?



Base: Consumers (UAE n=315, KSA n=315, RU n=323, UA n=311, ZA n=323, n=308, KN n=321)

All figures are in %



Merchants are experiencing a severe impact on all aspects of business operations, leading to a high degree of anxiety

Asked about how COVID-19 is affecting a range of business operations, merchants report a big impact across the board, although businesses in Ukraine are proving more resilient than most.

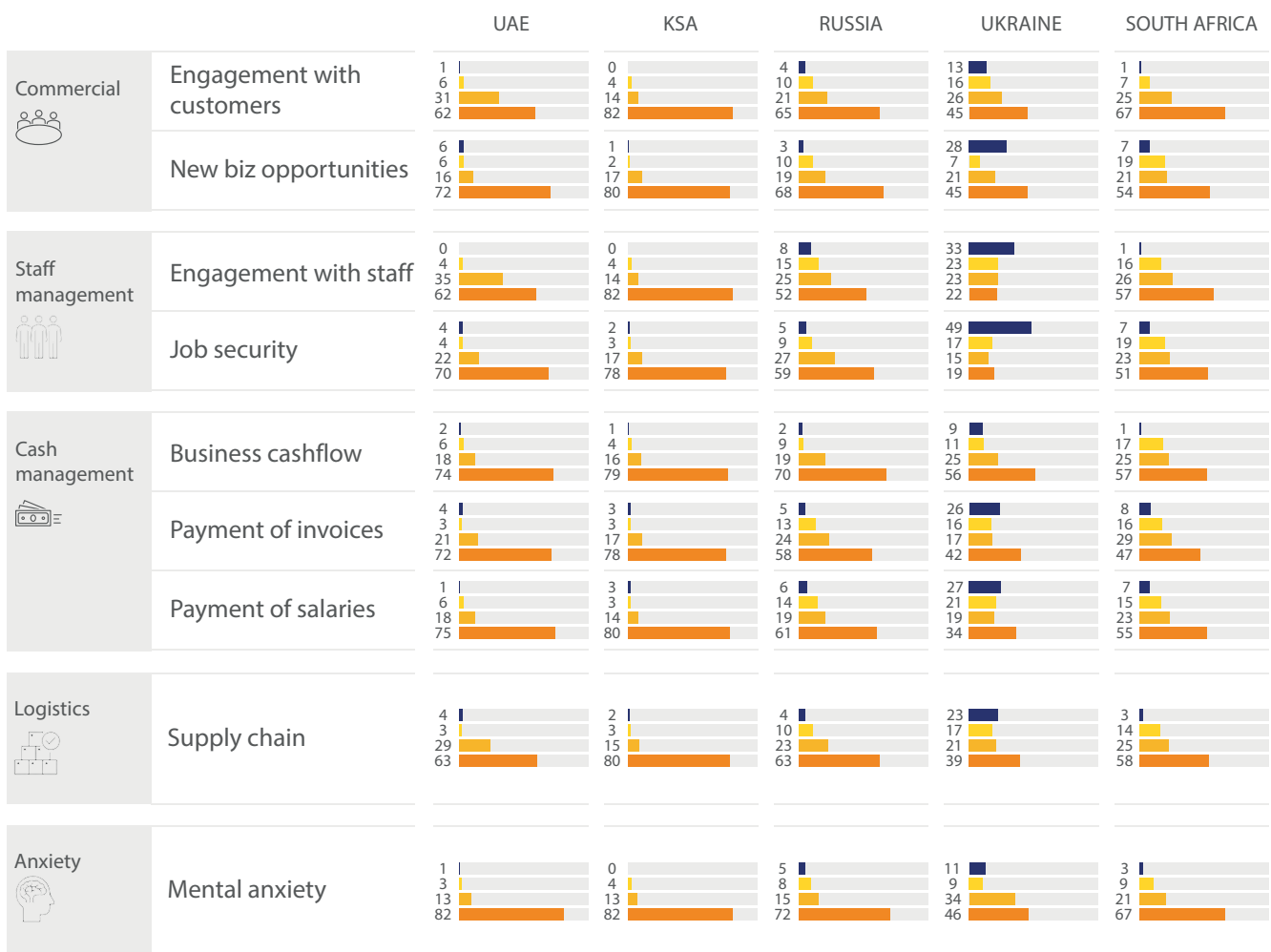
For example, asked about job security, while most of those surveyed reported a big impact, almost half (49%) of merchants in Ukraine saw no impact,

compared with those in Saudi Arabia, where 78% are highly concerned about job security.

Most merchants are also suffering a severe impact from mental anxiety, especially in the UAE and KSA (both 82%), although those surveyed in Ukraine, again, were less impacted, with only 46% experiencing a severe impact on anxiety levels.



How has the COVID-19 crisis impacted your business with respect to...?



Base: Merchants (UAE n=155, KSA n=157, RU n=173, UA n=1, ZA n=150)

All figures are in %





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Finding 2

A majority of consumers say they are spending less, while merchants think the drop is much bigger than shoppers believe



Looking at consumer spending, as expected, entertainment, tourism and travel options have fallen the most across the board. In African markets, and to a lesser extent in KSA, spending on some essentials has actually increased.

In Kenya, spending in grocery stores is up by 20%

and by 12% in supermarkets, with Nigeria seeing a similar rise of 21% in supermarkets and 19% in grocery stores.

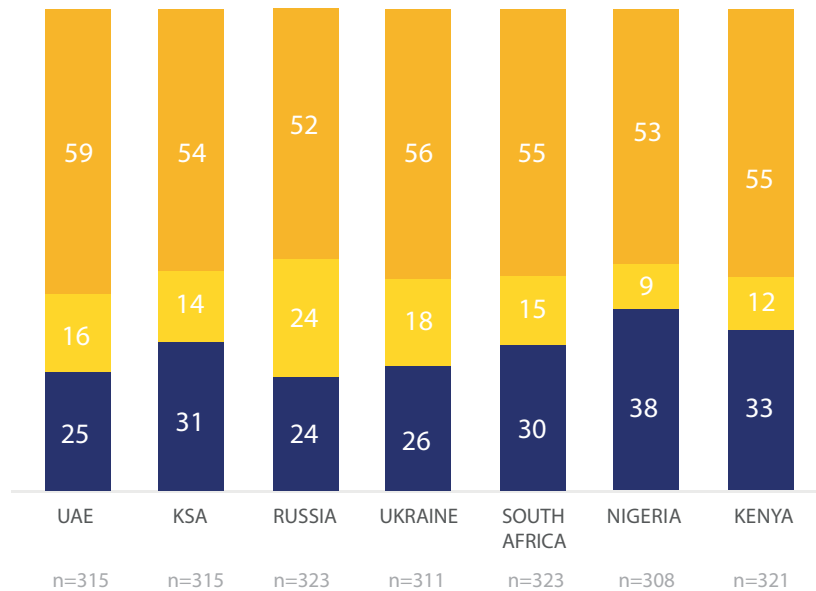
While a majority of consumers say they are spending less, merchants believe the real drop is much bigger than shoppers are admitting.



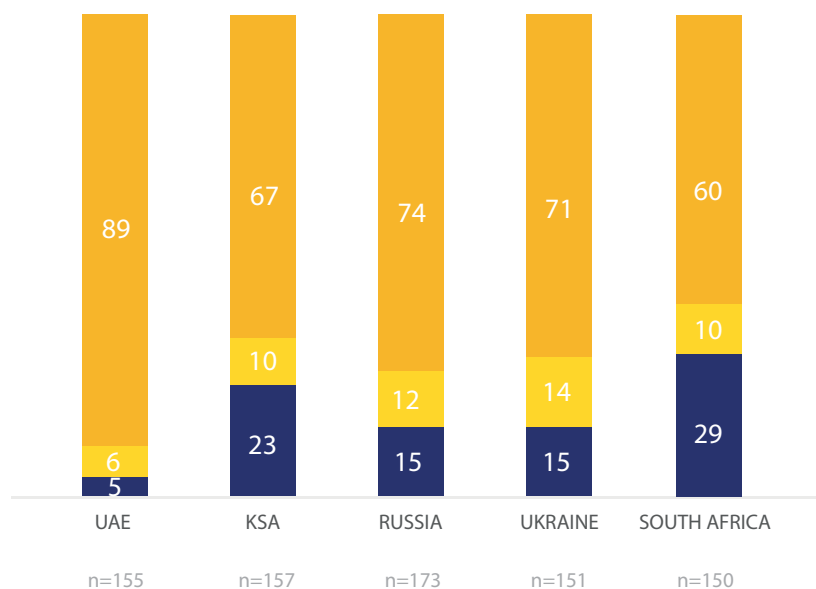
Consumers say their spending has fallen off, and merchants think the decline is worse than shoppers are saying



By how much would you say your **expenses** have been impacted by the **COVID-19 crisis**, as compared to pre-COVID times?



Based on the current observation of your business, would you say that the **“average customer spend”** DURING this COVID-19 crisis...



Consumers admit they are spending less across all markets, with the figures ranging from 52% in Russia to 59% in the UAE although merchants suggest customers are spending even less that

they admit to. This is most noticeable in the UAE, where 89% of merchants said they had observed a drop in average spend by consumers, though the figure tracked higher for merchants across all markets.



Trade is down across almost all categories, though spending on essential groceries and at pharmacies has reported a slight increase in some markets, most notably in Africa

By how much would you say your **expenses** have been impacted by the COVID-19 crisis, as compared to pre-COVID times? (showing Net Effect)

* Net Effect is calculated by subtracting the % of respondents stating Increased from the % of respondents stating Decreased/No Expenses



** after travel

Base: Consumers doing these activities during COVID-19 crisis

Caution – low (*) and very low (**) bases

Finding 3

Consumer attitudes to shopping and dining have been transformed by COVID-19



COVID-19 is impacting more than bottom lines. Our findings suggest that shoppers have radically transformed how they make purchases, which, if carried over post-pandemic, could have a major impact on how merchants do business in the future.

Asked about their habits across a range of fields, consumers are increasingly optimizing their trips – buying in bulk, making lists to avoid impulsive purchases, and buying no-perishable items to ensure fewer trips. This is most noticeable in Kenya (87% optimizing trips) and South Africa (86%) and least in Russia, where 65% net are optimizing shopping trips.

When it comes to hygiene – frequenting stores which implement sanitation measures; avoiding unwrapped products, deli counters and tasting products, again, Russian consumers are least concerned (60% net) while Saudi consumers are most concerned with hygiene (84%).

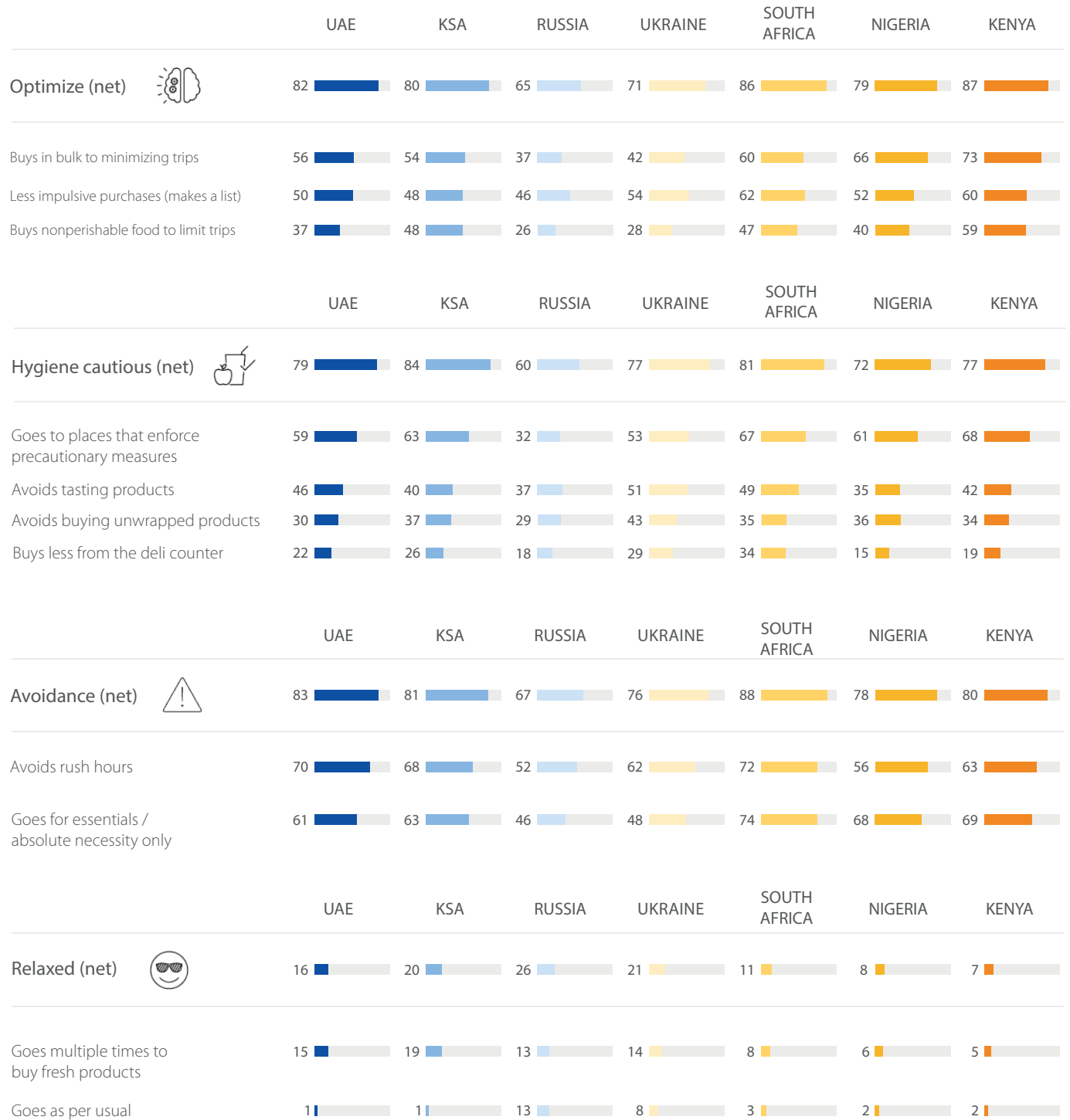
Shoppers in South Africa and UAE are most likely to avoid rush hours and to go out only when necessary, (88% and 83% respectively).

Asked if they are relaxed about shopping – going out to shop multiple times for fresh products, or shopping as usual – one in four Russians (26%) were relaxed about these activities, compared with only 7% of Kenyans.



More shoppers are buying in bulk, avoiding peak times and cutting all but the most necessary shopping trips

Which statements best describe your current attitude toward doing the following things, during the COVID-19 (Coronavirus) crisis?



Base: Consumers who visited grocery stores

All figures are in %



Consumers are also changing their eating habits. Almost two-thirds of Kenyans (63%) and Nigerians (61%) say they are preferring home cooked food during COVID-19, a figure matched, perhaps surprisingly, by UAE (61%), while only a third (35%) of consumers in Russia prefer home cooking.

When going out, Kenyan consumers are the most hygiene-conscious during COVID-19, with three-quarters (76%) concerned about precaution

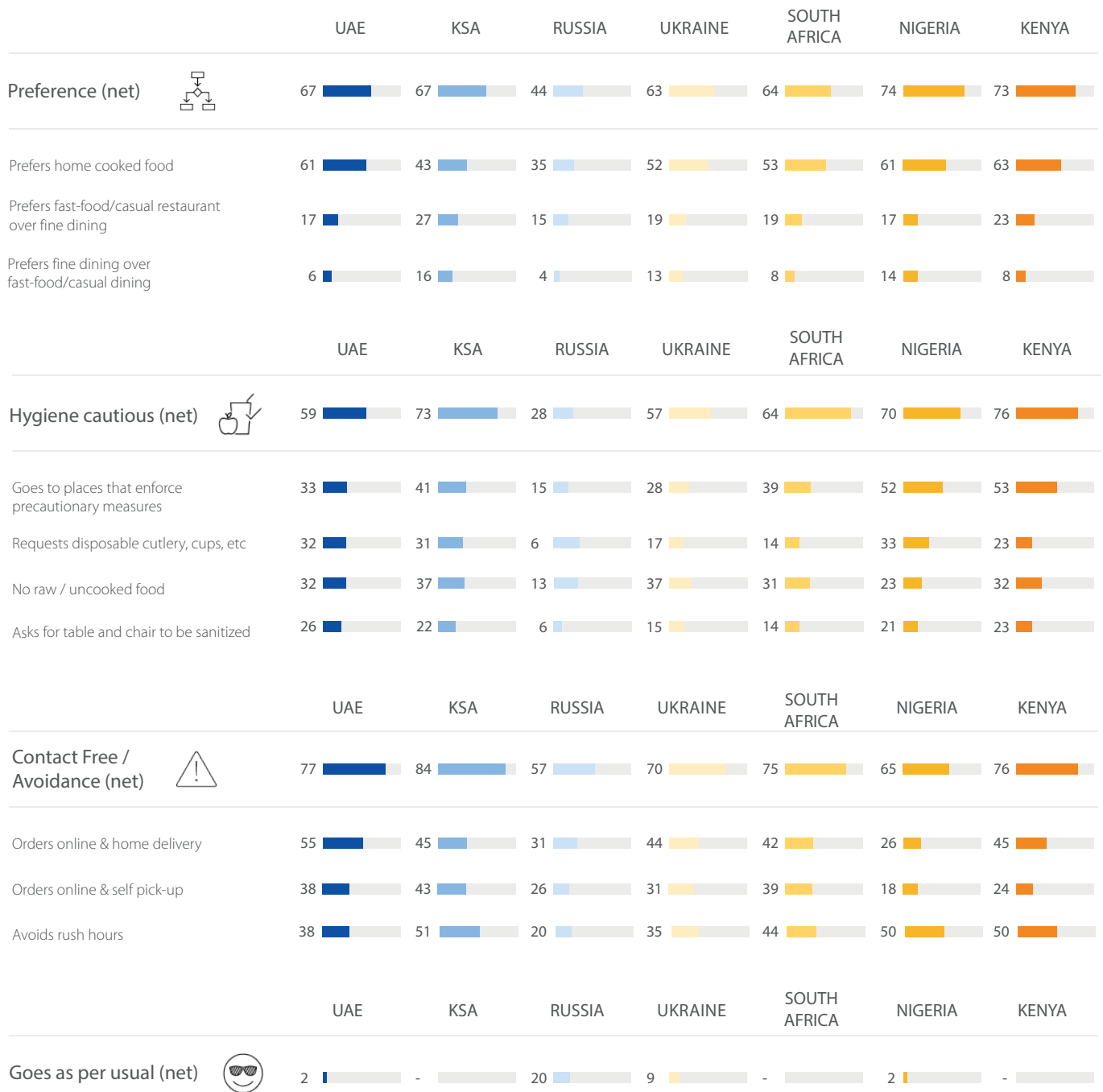
enforcement, sanitization, no raw food, disposable cutlery and sanitized tables and chairs.

Saudi consumers are most concerned about avoiding risk – a net 84% expressed preference for ordering online, contactless payment for food deliveries and avoiding rush hours if going out to eat. Russian consumers are least concerned, with net 57% expressing a preference for those options.



Attitudes to dining have also changed, with consumers opting to cook at home or order in rather than dine out

Which statements best describe your current attitude toward doing the following things, during the COVID-19 crisis?



Base: Consumers who visited cafes / restaurants stores

All figures are in %

Finding 4

Amid COVID-19, consumer preference for digital solutions is accelerating change in the retail landscape

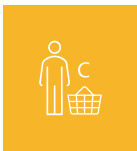


Consumers are being forced to adapt to restrictions and drastic changes being imposed on normal life by the COVID-19 outbreak, with many turning to online outlets to manage their shopping.

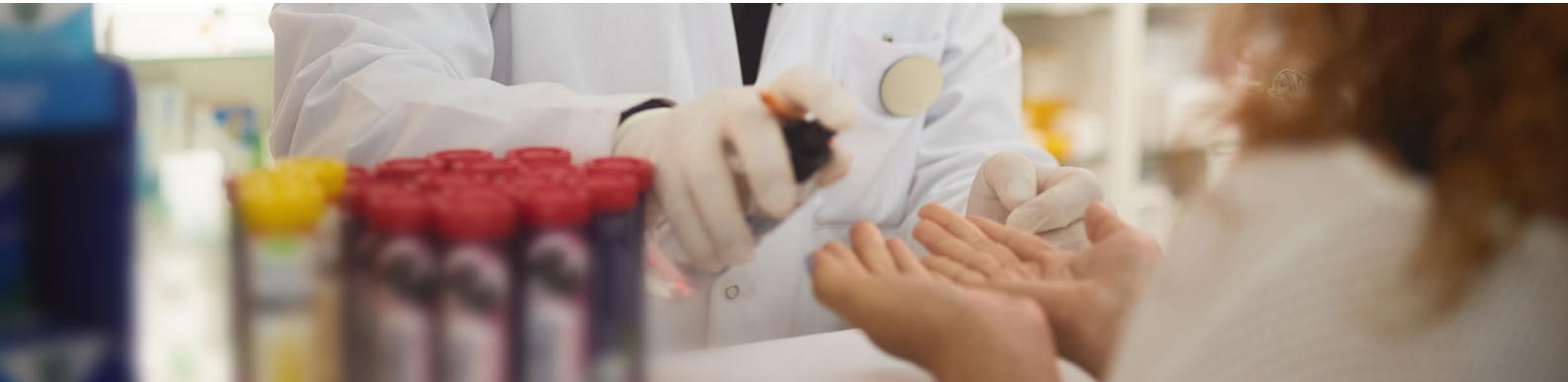
Notably, during COVID-19 many consumers in the Arab world and Africa are choosing online stores for their essentials such as groceries and pharmacy items for the first time. Two-thirds of UAE consumers (68%) and Saudi consumers (66%) and 71% of Kenyan consumers say that COVID-19 has

led to their first online grocery shopping, while 70% of those surveyed in UAE and 69% in Kenya are making their first online purchases from pharmacies.

Consumers in Russia appear to be most comfortable with online shopping, with almost two-thirds of those surveyed (62%) already shopping for groceries online and eight in ten (79%) shopping for pharmacy items online before the pandemic.



Consumers across all markets are turning to online shopping for the first time, especially for groceries and pharmacy products



Which of these products/services have you started shopping online due to the COVID-19 crisis, and which ones were you already buying online, even before this crisis?



Base: Consumers

All figures are in %

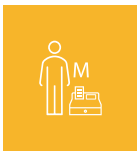


COVID-19 has acted as a catalyst for many merchants who had not yet seen value in having an online trading presence.

More than a third of merchants in KSA (38%), and just under a third (30%) of merchants in Russia reported that they had acquired an e-commerce platform as a direct result of COVID-19, while 93% of merchants in Ukraine and 91% of those in UAE

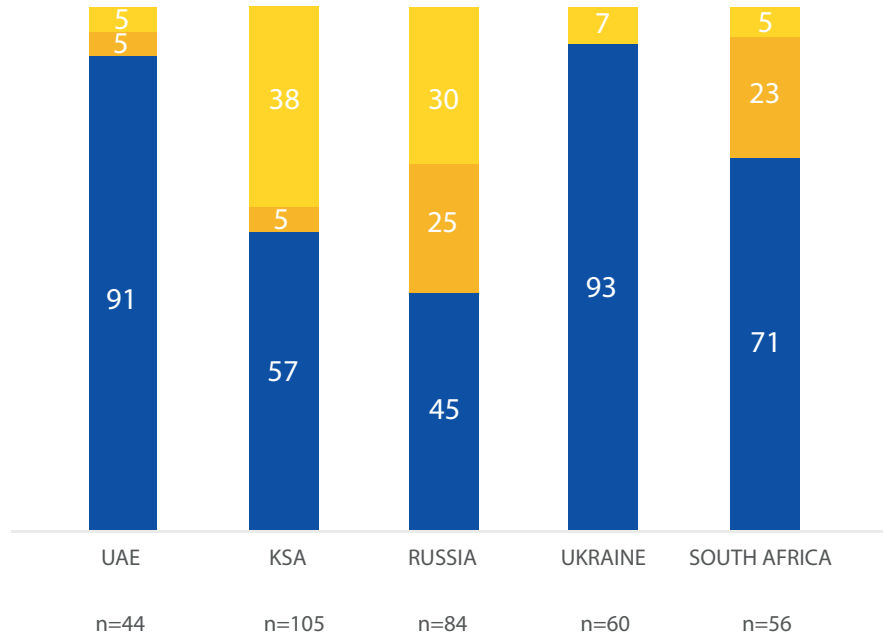
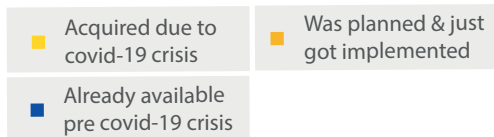
had established their platforms before the pandemic.

A majority of merchants in all markets are optimistic that consumer use of online services will grow after the pandemic ends, with this conviction particularly apparent in KSA, where 80% of merchants predict an increase in use after the COVID crisis.



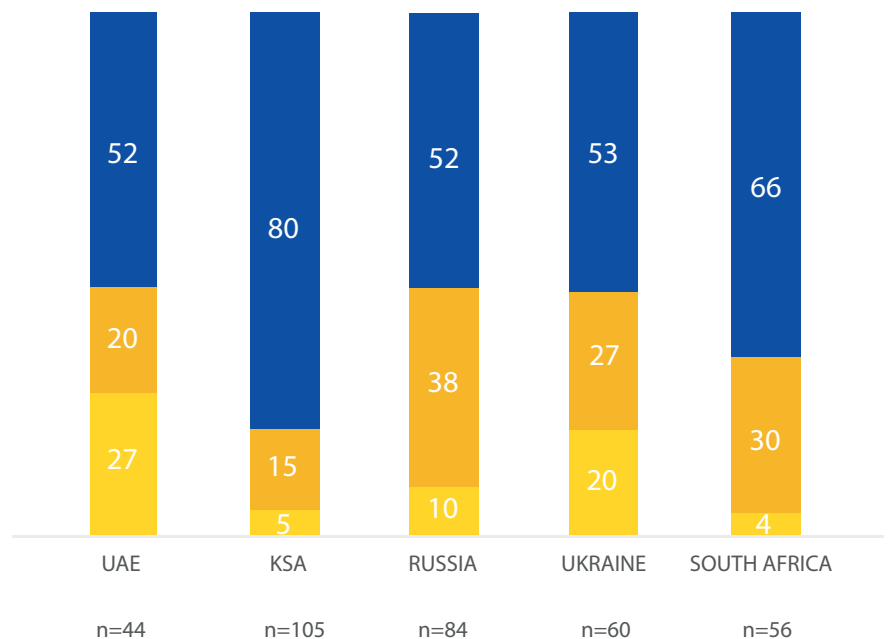
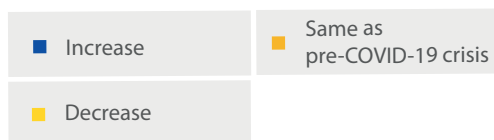
Merchants have become more digitally present, especially in Saudi Arabia and Russia, and are optimistic about further growth in this space after the crisis

Did you set-up this e-commerce platform in response to the current COVID-19 crisis?



What is your assessment about the e-commerce platform? Post the COVID-19 crisis, do you think your customer's use of this will

....



Base: Merchants who have an e-commerce platform

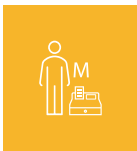
All figures are in %



Adopting e-commerce has proven to be successful with merchants in all markets, especially in KSA, where 98% of those surveyed said the overall impact of their e-commerce platform had been somewhat or very positive.

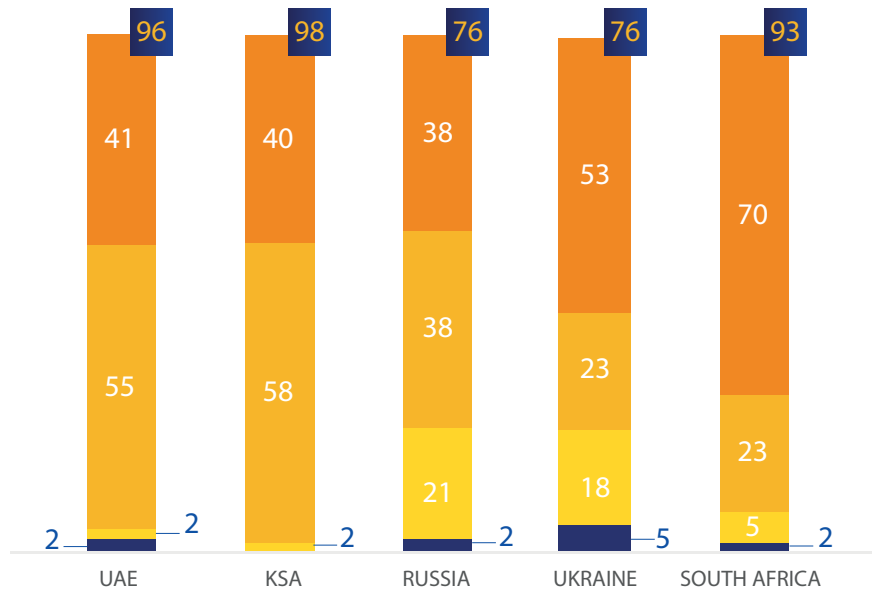
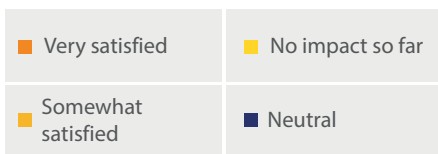
Those merchants predicting an increase in

e-commerce use by consumers post-COVID were asked to quantify that increase: while merchants in Ukraine predicted a relatively conservative 21% increase in e-commerce use when compared with pre-COVID use, merchants in South Africa are predicting an increase of 31%.



Merchants are overwhelmingly satisfied with the impact e-commerce platforms have had on their business, and predict that e-commerce will continue to grow strongly when the COVID-19 crisis is over

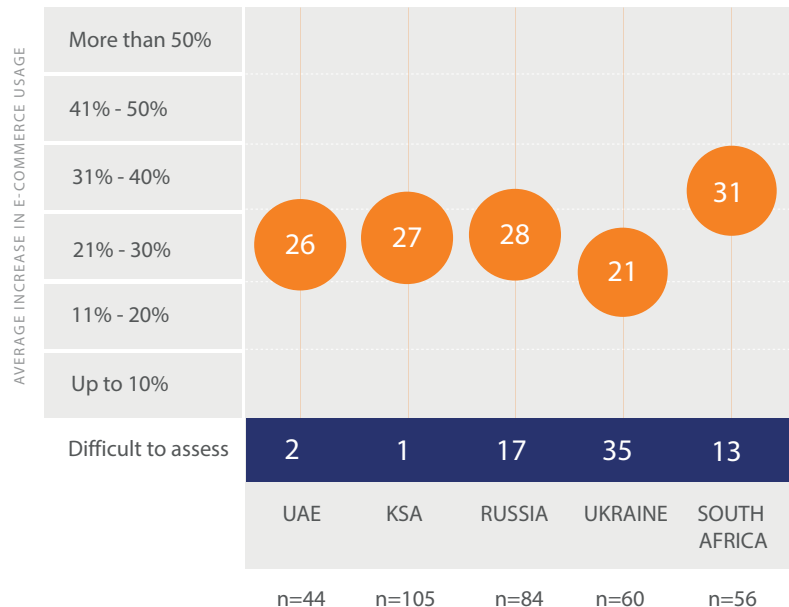
How would assess the overall impact your e-commerce platform has had on your business?



Base: Merchants who have an e-commerce platform (UAE n=44, KSA n=105, RU n=84, UA n=60, ZA n=56)

All figures are in %

Do you feel that your customers use of your ecommerce platform is going to increase as compared to pre-COVID/coronavirus times. What is your best assessment of the extent of increase in percentage terms?



Base: Merchants who have an e-commerce platform (UAE n=44, KSA n=105, RU n=84, UA n=60, ZA n=56)

All figures are in %



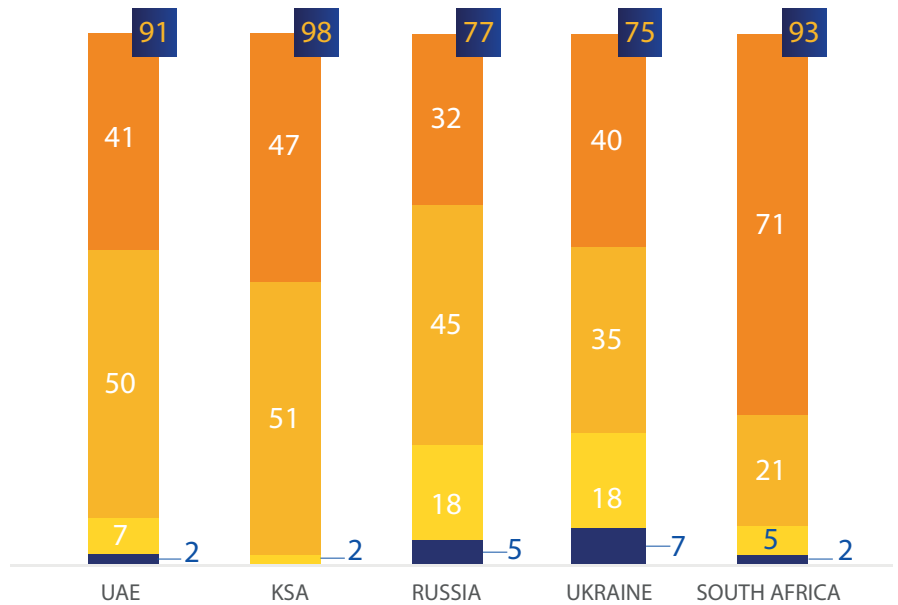
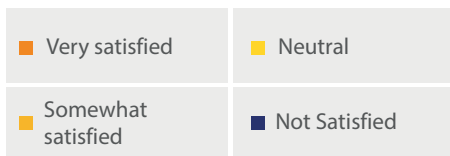
Asked to rate their overall experience in setting up e-commerce platforms, an overwhelming majority of merchants across all markets said they were either somewhat or very satisfied. Merchants in South Africa were particularly enthusiastic, with 71% being very satisfied and 21% somewhat satisfied and a mere 2% unsatisfied with their experience.

Merchants were also extremely satisfied with how they were receiving funds from their e-commerce platforms, especially in KSA, where 99% were very or somewhat satisfied with their experience, Merchants in Ukraine were considerably less impressed, however, with only 57% very or somewhat satisfied, and 40% expressing a neutral view on the issue.

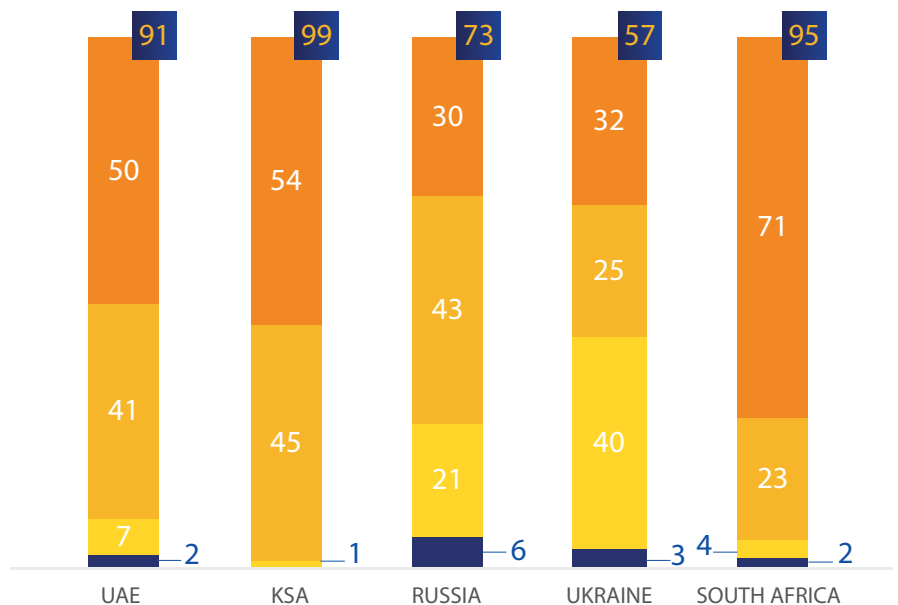
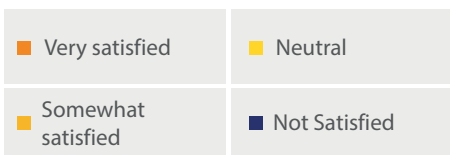


Merchants were overwhelmingly satisfied with their experience in setting up online platforms, and with the ease of receiving funds

How would rate your overall experience with setting up the e-commerce platform for your business?



How would rate your experience with receiving the funds in your account with regards to the e-commerce platform?



Base: Merchants who have an e-commerce platform (UAE n=44, KSA n=105, RU n=84, UA n=60, ZA n=56)

All figures are in %

Finding 5

Merchants with contactless payment systems are the big winners, with cash-only retailers suffering during the COVID-19 outbreak



Merchants in all markets see COVID-19 as a catalyst for change in how consumers pay for goods, with contactless emerging as a big winner. In Ukraine, merchants saw an uptick from 28% of customers preferring contactless pre-COVID, to almost 55% opting for contactless during the

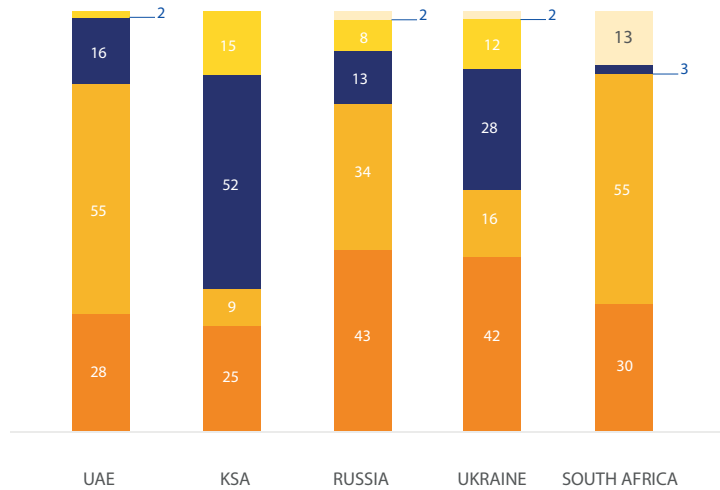
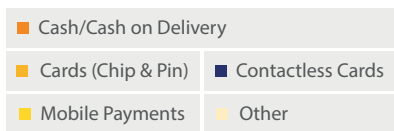
pandemic, though merchants predict a slight softening to 48% when the pandemic ends. The story is similar in KSA, where contactless was already strong pre-COVID (used by 52% of consumers, merchants said) but is expected to jump to 65% after the crisis ends.



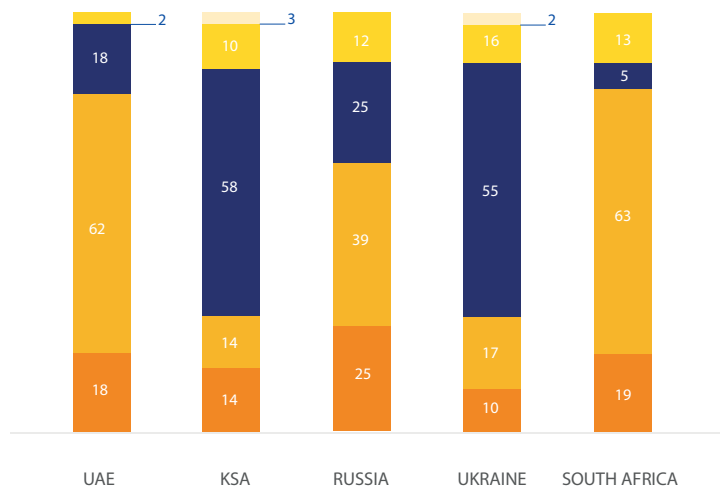
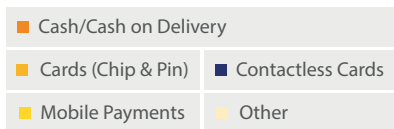
Merchants predict that digital payments will grow post-crisis, with contactless payment systems looking especially strong in Saudi Arabia and Ukraine

What is the most frequent payment method used by your customers, before, during and after the crisis?

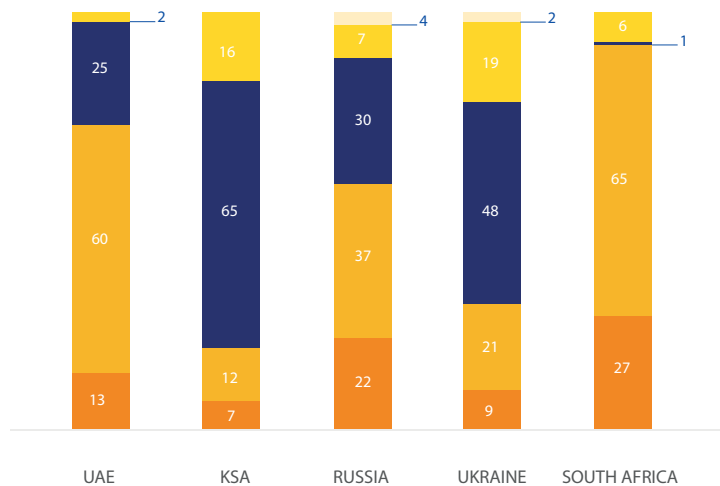
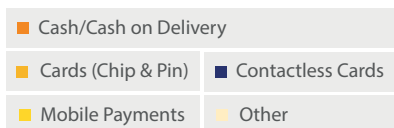
Before COVID-19



During COVID-19



After COVID-19





Digital is taking over for most consumers, with chip & pin, contactless cards and mobile payments being used for a wide range of transactions. In Kenya, mobile payments have transformed how people pay, with mobile payments accounting for the majority of transactions apart from big ticket travel purchases.

Mobile payments are yet to make big inroads in other surveyed African markets, South Africa and Nigeria, and barely register across most categories

in the Middle East and Eastern Europe markets.

Cash is just about holding on for grocery shopping in all markets, and especially Ukraine, where one in three (32%) consumers opt for cash for grocery shopping.

Public transport is the last real bastion for cash, though, with around half of consumers in South Africa (50%) and Ukraine (54%) and almost three-quarters (72%) of Nigerians using cash for public transport.



Consumers prefer digital payments for most merchant categories, however in Ukraine, South Africa and Nigeria, cash transactions are still popular for public transport

What is now your most preferred method per spend category, during the COVID-19 crisis?



Base: Consumers doing these activities during COVID-19

All figures are in %



While cash may be holding on in public transport in some markets, it is clearly still the biggest loser from COVID-19 in terms of payment preferences for consumers.

Looking at the net effect on a number of payment solutions, calculated by subtracting the percentage of respondents stating Increase from percentage of respondents stating Decrease for each payment method, we see preference for cash

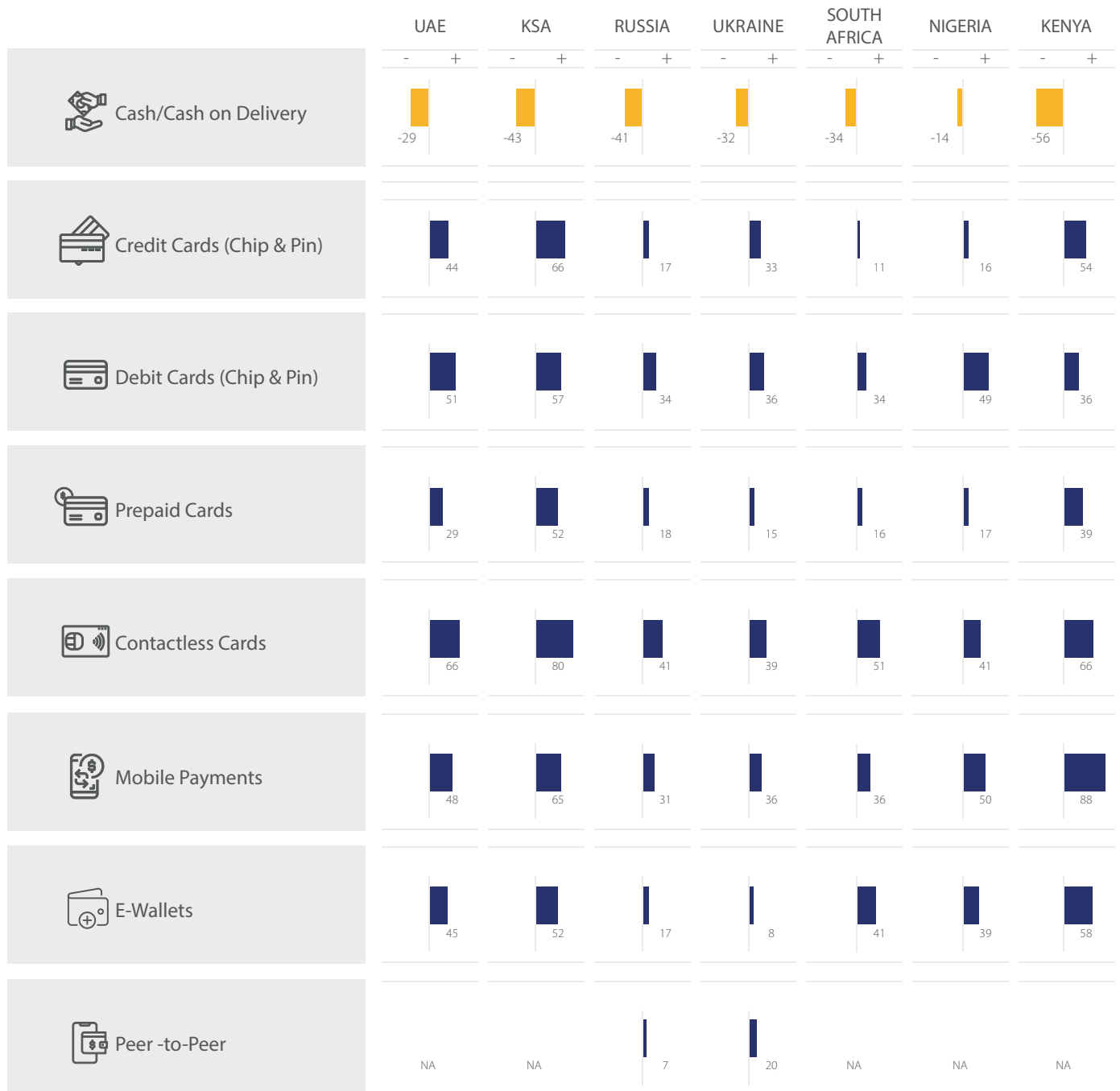
and cash-on-delivery has tumbled across all markets, ranging from a 14% decline in Nigeria to a massive 56% drop in Kenya.

Using Net Effect we can see more clearly how contactless and mobile are emerging as the winners, with contactless up from between 39% in Ukraine to 80% in KSA, and mobile up 31% in Russia and a massive 88% in Kenya.



Contactless and other digital payment options have emerged as stronger alternatives to cash during this crisis

What has been the impact of COVID-19 on the different payments methods that you generally use for your purchases? Net Effect*



* Net Effect is calculated by subtracting the % of respondents stating Increase from the % of respondents stating Decrease for each payment method

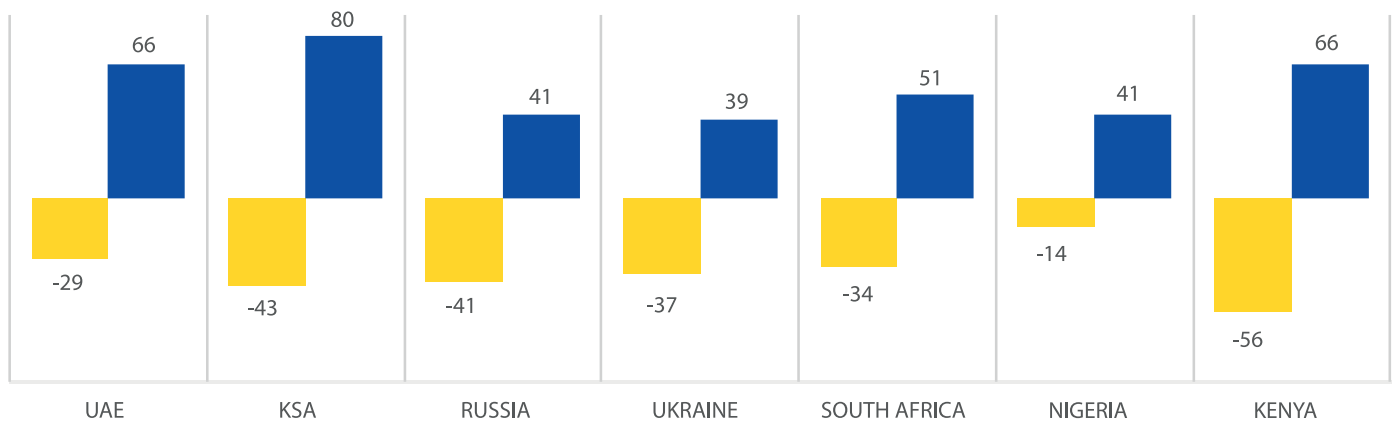
Base: Consumers using respective payments

All figures are in %



Contactless is the payment method that has seen the strongest growth across all markets

What has been the impact of COVID-19 on the different payment methods that you generally use for your purchases? Would you say that it has increased, remained the same or decreased. (showing Net effect)



* Net Effect is calculated by subtracting the % of respondents stating Increase from the % of respondents stating Decrease for each payment method

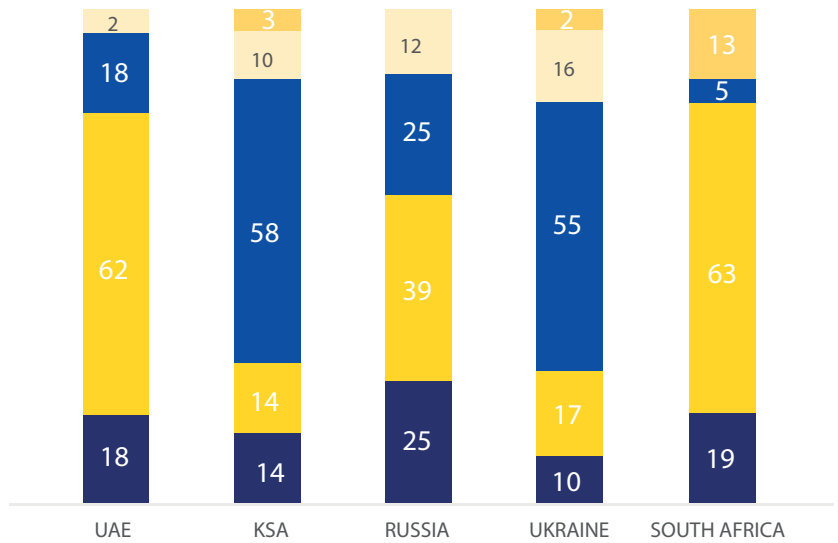
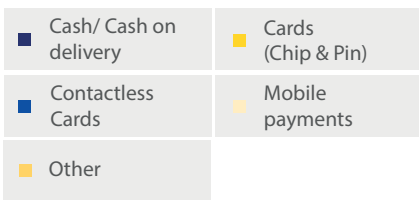
Base: Consumers using respective payment methods (Note: low base)

All figures are in %



Driven by consumer demand, contactless payments have increased during the crisis. Merchants expect contactless usage to grow by around 30% post COVID-19 crisis.

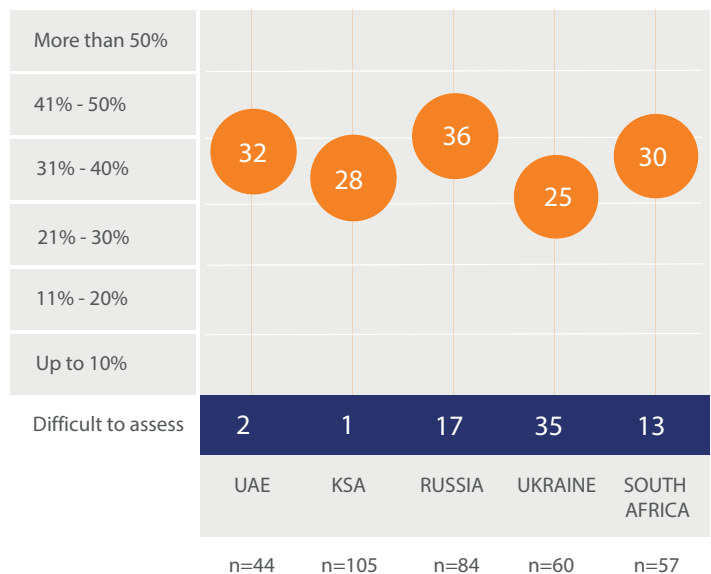
During the current COVID-19 times, what is the most frequent payment method used by your customers ?



Base: Merchants accepting digital payment options

All figures are in %

How much would you say Contactless payments have grown in percentage terms?



Base: Merchants who claim Contactless will increase in preference among consumers

All figures are in %

Asked to quantify by how much they expect to see contactless grow, post-COVID, merchants were enthusiastic about the technology, with those in UAE predicting a 32% increase in use, KSA predicting 28%; Russia 36%, Ukraine 25%, and South Africa 30%.

Looking at Net Effect, we can clearly see how contactless is gaining at the expense of cash. In KSA, for example, 43% of merchants said they had seen a decline in the use of cash, while 80% have witnessed a rise in contactless.

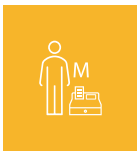


If there is a clear message from this survey, it's that cash-only merchants are likely to struggle in a post-COVID world. Asked whether their businesses had suffered because they were only accepting cash, between one third and one half of the cash-only merchants we surveyed said they had experienced a negative impact. This was particularly acute in KSA and the UAE, with 58% and 50% recording a drop respectively.

In KSA this has spurred 68% of cash-only business to acquire some sort of point-of-sale machine, though cash-only merchants in other markets are

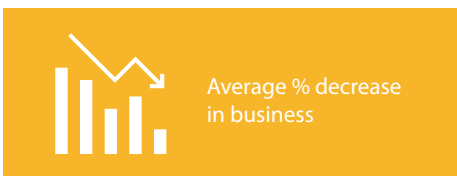
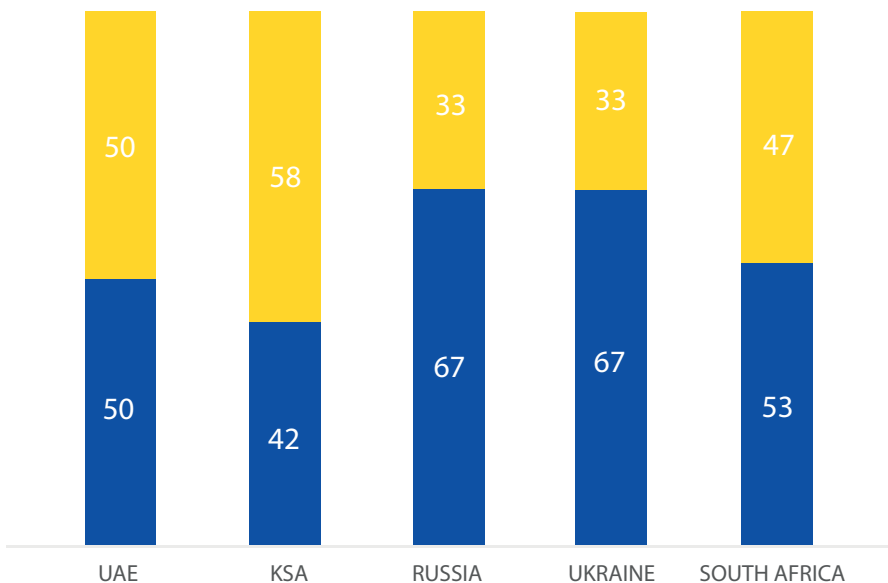
yet to make that leap, with only 10% of merchants in Ukraine and 6% of cash-only merchants in South Africa acquiring POS machines during COVID-19.

Businesses in all markets apart from Russia believe the ability to process card payments would increase revenues, with two-thirds (68%) of businesses in KSA and 58% of those in South Africa intending to invest in digital payment technologies in the near future. Russian merchants remain circumspect, with 75% saying digital systems wouldn't affect revenue at all, and just 11% intending to invest in digital technologies in near future.



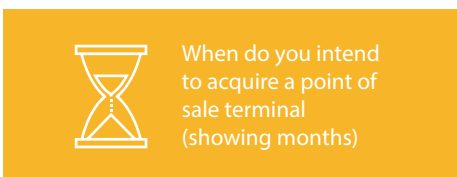
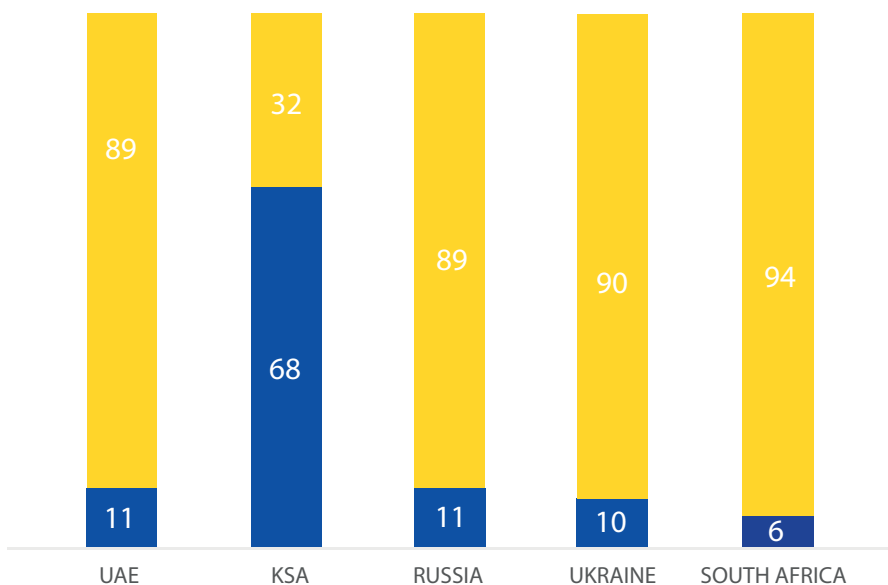
Cash-only merchants, especially those in KSA and UAE, have recorded a significant negative impact on business

As compared to the last month, would you say that your business has been impacted/losing business, because you are accepting 'cash only' as the payment method



| Country | Average % decrease in business |
|--------------|--------------------------------|
| UAE | 20 |
| KSA | 26 |
| RUSSIA | - |
| UKRAINE | 40 |
| SOUTH AFRICA | 45 |

While this COVID/Coronavirus crisis is going on, have you acquired POS machine to help meet digital/contactless payment needs?

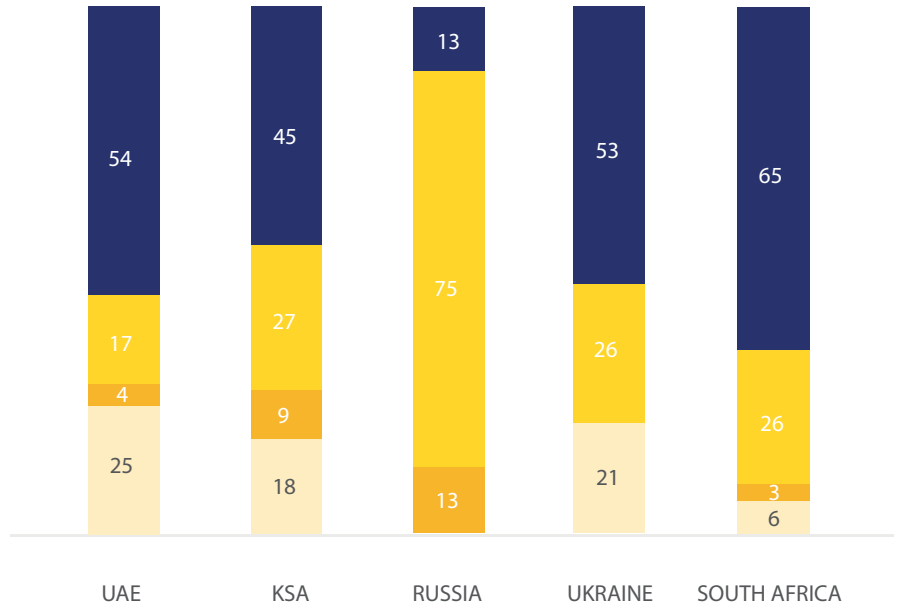
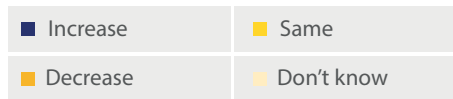


| Country | When do you intend to acquire a point of sale terminal (showing months) |
|--------------|---|
| UAE | 8.1 |
| KSA | 7.7 |
| RUSSIA | 9.3 |
| UKRAINE | 5.2 |
| SOUTH AFRICA | 10.7 |

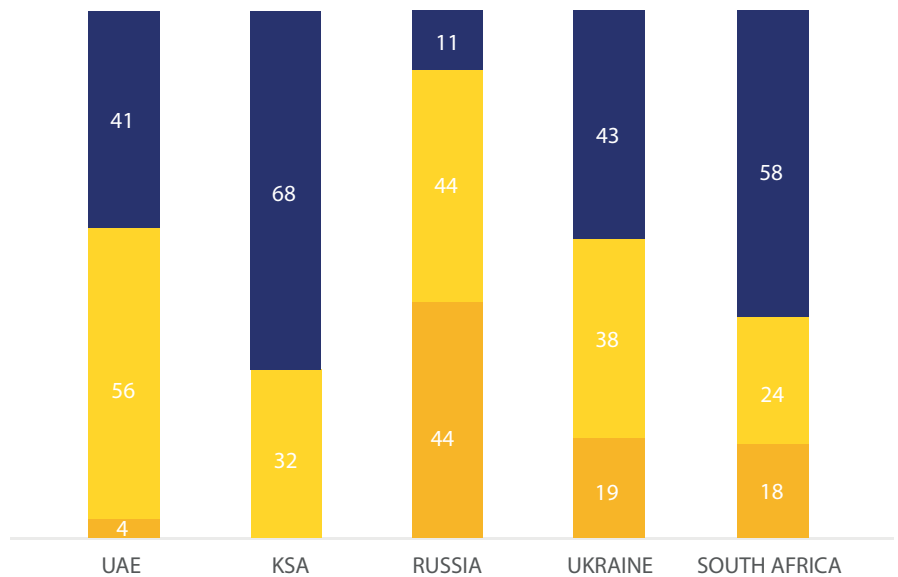


Cash-only merchants, especially those in KSA and UAE, have recorded a significant negative impact on business

Would you say that the revenue of your business/store would increase if payment by card was available?



Do you intend to invest in new digital payment technologies for your business/store in the near future?



Base: Merchants accepting cash only

All figures are in %

Finding 6

Looking towards the first green shoots of recovery, consumers are considerably more optimistic than merchants



On an optimistic note, most merchants surveyed thought that the crisis would largely be over within six months, with almost a third of Russian merchants (32%) and a quarter of Ukrainian merchants (25%) saying the pandemic will be over within one or two months. Merchants in South Africa were the most pessimistic, with 39% saying they thought the crisis would drag on for at least 12 more months.

Asked when their own businesses would recover after the crisis had concluded, again, most businesses hope to be back on their feet within six months, with 23% of Ukrainian, 19% of UAE and

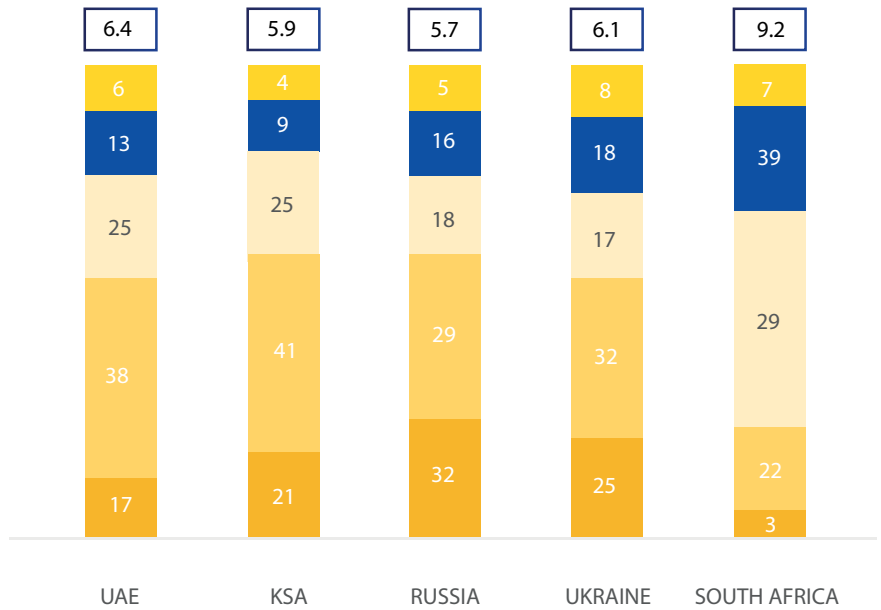
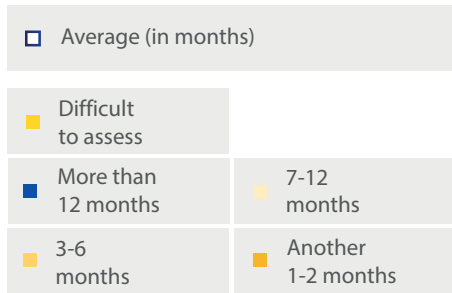
19% of South African merchants expecting a swift rebound within one or two months. Interestingly, despite the optimism of many, South Africa is also home to the most pessimistic merchants, with almost a third (31%) saying they don't expect to recover for 12 months or more after the COVID-19 crisis ends.

Not all categories will recover equally: fashion outlets, luxury stores, cinemas and entertainment and tourism and travel businesses are expected to take longer to recover, according to surveyed merchants.

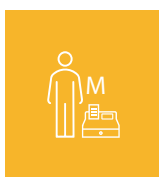
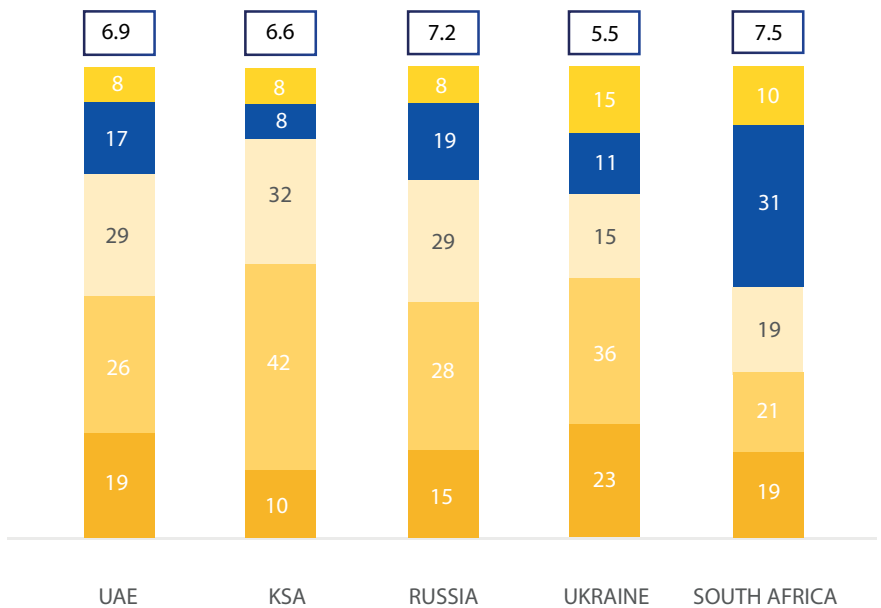
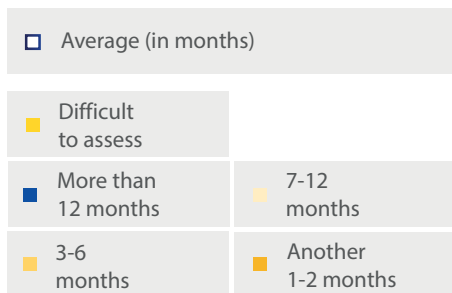


Most merchants expect the COVID-19 crisis to end within six months, and many believe their own businesses will recover relatively swiftly when the pandemic has abated

How long do you think the COVID-19 crisis will last?



How long will your business/store take to recover from the COVID-19 crisis?



Most impacted merchants

Fashion stores, Luxury stores, Entertainment, Travel, Tourism & Hospitality are the sectors expecting a longer impact and time for recovery (7 months+)

Base: Merchants

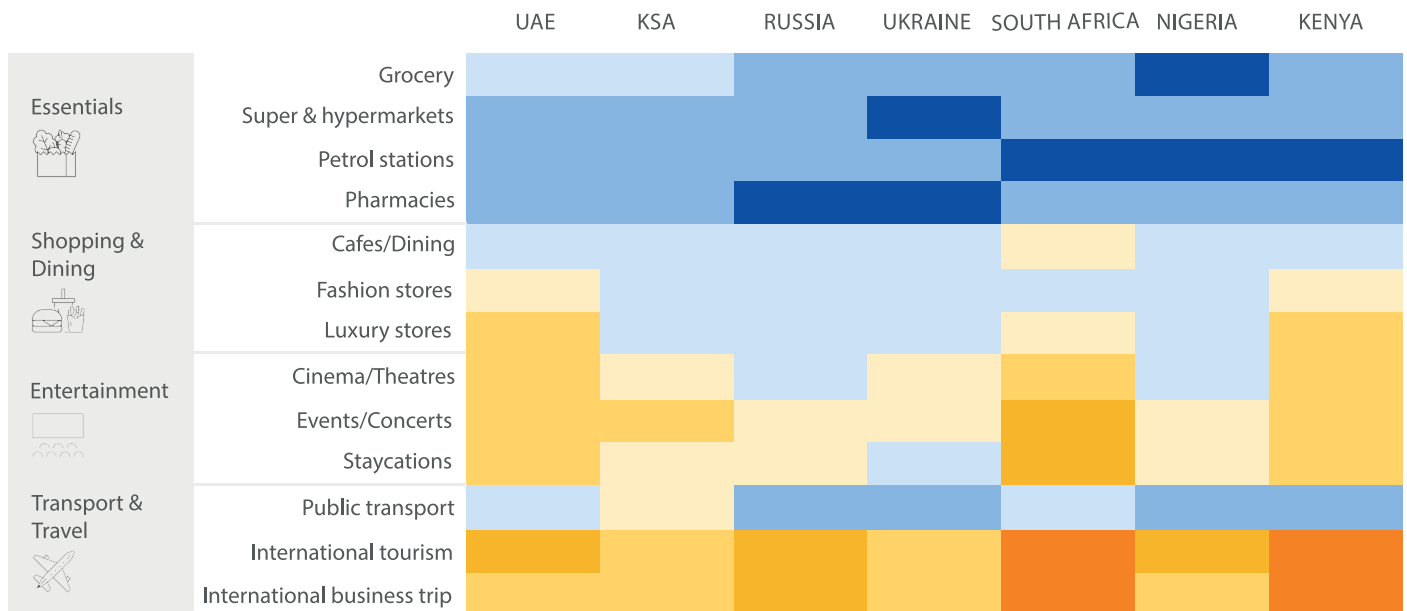
All figures are in %



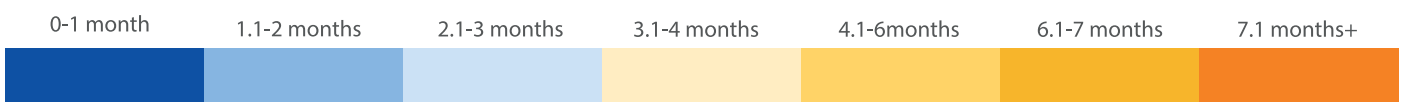
Consumers appear more optimistic to return to normal shopping trends, though they expect to steer clear of non-essential retail as well as entertainment and international travel for some time



How long do you think it would take you to start doing the following activities, once things are back to normal, i.e. once the COVID-19 crisis is over and it is safe for you to resume your life normally?



Base: Consumers



Consumers in all markets are keen to return to some semblance of normality, especially when it comes to essentials, with all saying it will take less than two months for them to resume activities at grocery stores, pharmacies, supermarkets and petrol stations.

Nigerian, Ukrainians and Russians expect to get back to normal in all sectors save international tourism and travel within four months of the crisis ending; while UAE and Kenyan consumers are more circumspect, especially regarding entertainment options.

Methodology



What we did and who we spoke to

Consumers

| Coverage | Sample | |
|--------------|--------|--|
| UAE | 315 | Methodology: Online survey |
| KSA | 315 | Length of interview: 15 min |
| Russia | 323 | Target group: Banked population |
| Ukraine | 311 | Quotas: Natural representation |
| South Africa | 323 | Fieldwork: 17 May – 22 May 2020 |
| Nigeria | 308 | |
| Kenya | 321 | |

Merchants

| Coverage | Sample | |
|--------------|--------|---|
| UAE | 155 | Methodology: Face-to-face CAPI, CATI (telephonic) and CAWI (online - in Russia only) |
| KSA | 157 | Length of interview: 15 min |
| Russia | 173 | Target group: decision makers for store/business |
| Ukraine | 151 | Fieldwork: 17 May – 26 May 2020 |
| South Africa | 150 | |

Store Observations: one per category – per market

Categories covered

- GROCERY
- SUPER/HYPER MARKETS
- FASHION
- PETROL/FUEL
- PHARMACY
- COFFEE SHOPS, DINING
- LUXURY STORE
- CINEMAS
- PUBLIC TRANSPORT
- STAYCATION
- TRAVEL
- INTERNATIONAL BUSINESS TRIPS
- EVENTS & CONCERTS

Thank you

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