



DIGITAL PAYMENT POWER PLAY:

Shifting with Your Customers

Contents

3	Introduction
4	The Future is Now
6	Button Up for Big Spenders
7	Workflow Redux for Digital Lives
9	Youth Movement's Digital Demands
12	No Fees, Please
13	8 Steps to Choose Your Perfect Payment Processor
14	Here, There and Everywhere
15	Key Takeaways

Introduction

If you only accept cash and checks from your customers, you're leaving a lot of money at the proverbial checkout. In fact, today's consumers say they're likely to pick another business—which includes your competitors—if you haven't modernized your payment processes.

Bottom line: You're losing sales if it's difficult for your customers to pay you.

Nearly three-in-four consumers (73%) say that when comparing two businesses, the type of payment options available will influence their final decision. This is just one of the findings that Thryv and Payments Dive discovered after surveying 2,050 consumers to determine the truth in how payment strategies have changed, what customers seek from vendors, and how they'll respond if a business doesn't offer their preferred payment method.

Throughout this survey, you'll gain an understanding of:

- What customers will do at the point of payment
- What styles of payment they prefer
- What they'll do if a company doesn't offer such a payment option
- How businesses can adapt to the changing market and consumer environment

While shifting to digital payments may have once been just an option, it's clear that it's now a necessity. But it's not too late to adapt. And with the right platform in hand, it can create an opportunity for growth.



73%

of consumers say that when comparing two businesses, the type of payment options available will **influence their final decision.**

Source: Thryv, Payments Dive 2022 Consumer Payments Survey

The Future is Now

The pandemic provided customers with entirely new ways to interact with and pay businesses. Even though your customers' buying habits have returned to near pre-pandemic levels, they don't want to return to paying for items with cash or check. Why? Because they've grown accustomed to the ease, convenience and safety that comes with digital payments.

"More than 50% of my business this year has been cashless," says Andy Corman, owner of AC Trash Hauling, a junk removal company in the Indianapolis, Ind., area. "I can send a bill online and I can get paid before I leave the driveway."

Over the past two years, touchless payments have become ubiquitous—and customers will continue to use such tools. Customer acceptance and use of contactless payments, which includes digital wallets, touchless terminals and tap-to-pay platforms, has grown, with 59% of consumers saying that they used such tools more often during the pandemic.

Touchless has also become a method that many customers accept and expect, with 71% planning to use touchless payments moving forward.



59.4%
of consumers use more **contactless payments*** since Covid-19.

*including digital wallets, touchless / contactless terminals / point-of-sale and tap-to-pay platform

Source: Thryv, Payments Dive 2022 Consumer Payments Survey



71% 
of consumers intend to **continue using cashless or contactless payments*** in the future.

*including digital wallets, touchless / contactless terminals / point-of-sale and tap-to-pay platform

Source: Thryv, Payments Dive 2022 Consumer Payments Survey

"More than 50% of my business this year has been cashless. I can send a bill online and I can get paid before I leave the driveway."

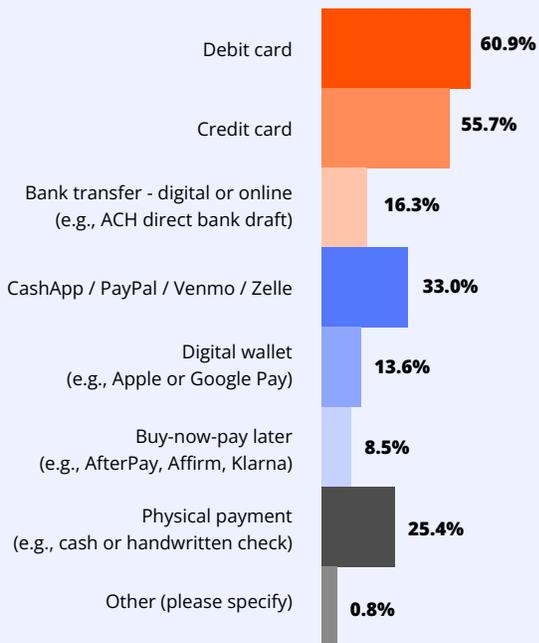
ANDY CORMAN, owner of AC Trash Hauling



If you paid for any of the following service(s):

-  Remodel or update my home
-  Hire legal services
-  Join a gym or hire a personal trainer
-  Have medical spa work done
-  Weekly childcare
-  Regular home services

Which of the following payments did you use for the service(s)?



Source: Thryv, Payments Dive 2022 Consumer Payments Survey

Use of contactless payments has also risen as debit cards and credit cards have adapted to the mobile age. Debit cards, credit cards and payment applications (like Venmo and PayPal) are the top three preferred payment options. All three methods work well for touchless payments.

Customers have this expectation of digital payment options, whether they plan to buy a small item or service, or when budgeting for a larger purchase. In fact, when it comes to larger purchases, these digital offerings provide consumers with greater security, encouraging their continued use, giving you an opportunity to entice a bigger buyer.

More than one in four (28%) surveyed expect to update their home in the next six months. Nearly one-in-three (32%) expect to take a lengthy vacation, while 14% will join a gym or hire a personal trainer. Spending on luxuries and home care is rising, as is the amount that people plan to spend.

About one-third (32%) say they expect to spend between \$1,000 and \$5,000 on home services—the most of any price range surveyed. And half say that they will spend somewhere between \$500 and \$5,000 on spa services.

Button Up for Big Spenders

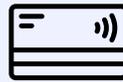
The payment trends hold particularly true for larger purchases (more than \$1,000). This occurs for many reasons, chief among them is the consumer safety controls that debit and credit cards provide.

Federal laws oversee debit and credit cards, giving customers protection against poor service or a shoddy product. They can also better protect against fraud when purchasing online with the cards, adding another layer of control. When paying for a larger item or service, these protections become that much more valuable.

Using a platform that provides digital payments also offers you the ability to give the customer a professional invoice, statement of work and receipt, along with processing the payment. This showcases the professionalism of the business, while putting the customer's mind at ease.

"As a consumer, if I'm giving a business a massive amount of money, I'm going to feel better if I have a polished, well-documented statement of work," says Ryan Cantor, Thryv's Chief Product Officer.

It also means you can give customers access to the payment methods they prefer—welcomed news when the invoice in question may be a significant chunk of the customer's budget.



64.2%
of customers
prefer digital payments
including bank drafts or
credit cards when paying
for larger services*.

*such as home repairs or
health / medical / wellness treatment
Source: Thryv, Payments Dive 2022 Consumer Payments Survey



77.3%
of customers
believe using a
credit card on an
online portal is
just as safe or
**safer than paying
in person.**

Source: Thryv, Payments Dive 2022 Consumer Payments Survey



"As a consumer, if I'm giving a business a massive amount of money, I'm going to feel better if I have a polished, well-documented statement of work."

RYAN CANTOR, Thryv's Chief Product Officer

"I don't have to run around collecting checks. I can send an invoice and receive payments electronically. It saves me time and energy and fuel in my truck."

BRAD BASSHAM, Owner of Good Guys Repair



Workflow Redux for Digital Lives

Your customers' payment options have shifted for reasons other than the protections that exist with certain payment tools. Their entire life has gone digital, from the way they schedule appointments, track their spending and keep calendar dates.

About two-thirds (67%) of those surveyed agreed or strongly agreed that they prefer to keep schedules, invoice reminders and communications with a business on one platform.

About the same percentage said they prefer to receive receipts in a format other than paper, such as email or text.

The easier the payment tool and system make this process on customers' lives, the more likely they'll enjoy the service or product, as well as the purchasing process. The less a company does this, the more likely that customers will turn to another business that does offer seamless payment, scheduling and tracking tools. About one-fourth (23%) of customers said this impacts their purchasing decision "to a great extent." It also reduces the workflow process for the company itself.

"I don't have to run around collecting checks," says Brad Bassham, owner of Good Guys Repair, a window and glass repair group based in Keller, Texas. "I can send an invoice and receive payments electronically. It saves me time and energy and fuel in my truck."



67%

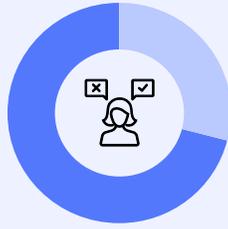
of those surveyed said they prefer to receive receipts in a format other than paper, **such as email or text.**



Source: Thryv, Payments Dive 2022 Consumer Payments Survey

72.8%

of customers say if they had to choose between two providers for hire, **available payment options would influence their final decision.**



Source: Thryv, Payments Dive 2022 Consumer Payments Survey

63.4%

of customers say **difficulty in making an appointment** influences their decision when evaluating a service-related purchase*.



*e.g., home services, housekeeping, beauty, pet services, travel, medical practice, etc.

Source: Thryv, Payments Dive 2022 Consumer Payments Survey

The **easier** the payment tool and system make this process on customers' lives, **the more likely they'll enjoy the service or product.**



Youth Movement's Digital Demands

For younger customers, these payment trends hold even stronger.

“Digital payments are all the younger generations have ever known,” Cantor says. “They don’t carry cash, instead opt for a phone or a debit card, and that’s how they want to pay. If you’re not affording that to them, they are going to move on.”

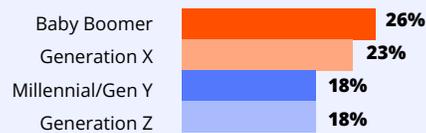
More than half of Millennials and 58% of Gen Z expect to spend between \$500 and \$5,000 on health and wellness items. About one-third of both groups plan to spend \$1,000 to \$5,000 on home-related costs over the next six months.

The younger generations are spending at greater rates than older customers, and their purchasing power has grown significantly as they have aged and advanced on the job. This has given them more sway with businesses that need their services to survive into the future. Look at the growth of online-only banks: These now have 30 million customers in the U.S. alone. Many of these customers driving this growth are younger consumers who don’t rely on cash.

How much are you planning on spending in the next six months on **home-related costs?**



Less than \$500



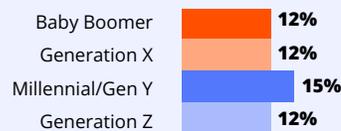
Between \$500 and 1,000



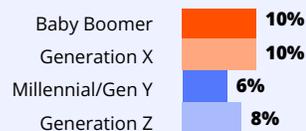
Between \$1,000 and \$5,000



Between \$5,000 and \$10,000



Greater than \$10,000



Source: Thryv, Payments Dive 2022 Consumer Payments Survey

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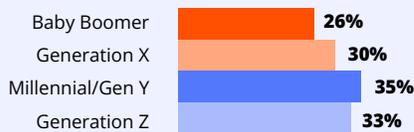
How much are you planning on spending in the next six months on **health or wellness-related costs?**



Less than \$500



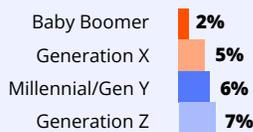
Between \$500 and 1,000



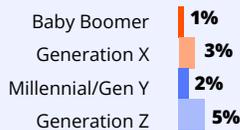
Between \$1,000 and \$5,000



Between \$5,000 and \$10,000

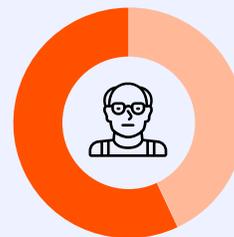


Greater than \$10,000

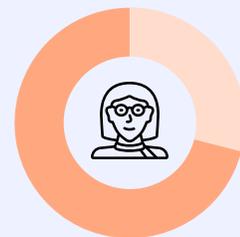


Source: Thryv, Payments Dive 2022 Consumer Payments Survey

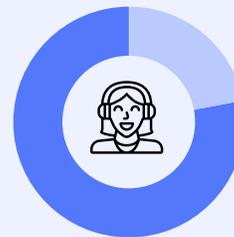
These two groups also have much higher expectations for contactless payments. During the pandemic, the use of contactless payment rose for nearly three out of four consumers in both age groups. Meanwhile, 78% of Millennials and 80% of Gen Z expect to continue using contactless payments, outpacing the older age groups. This trend holds true for larger purchases as well.



57%
of Baby Boomers



71%
of Generation X



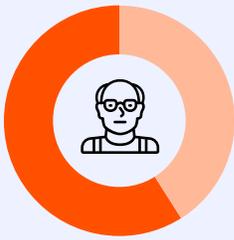
78%
of Millennials



80%
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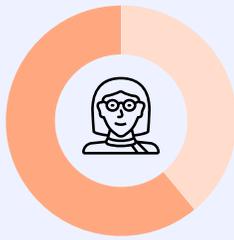
intend to **continue using cashless or contactless** payments in the future.

Source: Thryv, Payments Dive 2022 Consumer Payments Survey



59%

of Baby Boomers



61%

of Generation X



68%

of Millennials



71%

of Generation Z

prefer cashless payments (e.g. online bank drafts or credit cards) when paying for larger services*.

*such as home repairs or health / medical / wellness treatment

Source: Thryv, Payments Dive 2022 Consumer Payments Survey

But as a business owner, you also don't want to abandon those buyers who prefer cash or check. Instead, it's important to have a platform that can manage both new and traditional payment methods, solving for whichever payment tactic your customer prefers while also having the capability to track such transactions. This allows you to cater to every customer, no matter their preference (or age!).

"You should have one central source of truth for your customers," Cantor says. "Otherwise, it's going to be hard to not only track your money, but also to know who owes you, when it's coming in and where it's going. You want to pick a platform that can evolve for your business."



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No Fees, Please

One byproduct of digital payments is increased credit card transaction fees for the business. In most states, it's illegal for the business to pass down the cost of the credit card transaction to the customer. Even where it's allowed, the customer doesn't want to pay the fee. How do you solve for this issue? By offering the customer multiple payment options.



57.3%
of customers are **not willing to pay** additional convenience fees to pay with a credit card.

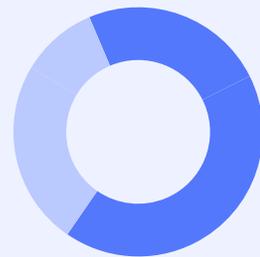


Source: Thryv, Payments Dive 2022 Consumer Payments Survey

You could charge those customers who want to use a credit card a flat fee, for example, called a convenience fee. This is legal if it's a flat fee, no matter the size of the purchase. Or you can give the customer the option to process payment through an Automated Clearing House (ACH) transfer, which pulls the funds directly from the customer's bank for free or for a very small fee.

This strategy gives the customer a choice—one that will also ease the fee onus on you. The ACH option saves costs for both the customer and the business. This becomes even more important with larger purchases, where a single credit card fee could reach hundreds of dollars.

To achieve this requires a platform that can process the ACH payment and other options, such as credit card, debit card and online tools like Venmo. When presented with this possibility, customers prefer the ACH method to other options.



66.2%
of consumers are likely to use an **electronic, bank-to-bank (ACH) transfer** to pay a service provider versus a credit card, if available.

Source: Thryv, Payments Dive 2022 Consumer Payments Survey

Did you know? Charging a surcharge percentage for credit card transactions has complicated rules and is prohibited by many state laws and credit card companies. Instead, offer the option to charge a flat convenience fee to help offset transaction fees while legally protecting your business.

8 Steps to Choose Your Perfect Payment Processor

1. Examine the size of your business

Not all payment processors are a good fit for every business, especially small businesses. Check the terms and see if it's something your business can work with.

2. Note the average dollar amount of purchases

What type of transactions do you process most? Don't just consider one payment method, take into consideration opportunities with multiple payment options based on your average transaction amount. This gives you and the customer flexibility, while ensuring you are not racking up high fees per transactions/service.

3. Tally up the fees

This goes beyond the overall transaction rate. Look at the monthly account fees, early termination fees, as well as chargeback and retrieval fees. Don't let the number of fees scare you, but instead measure how they could impact your bottom line. Also, consider the likelihood that the fees will ever come into play.

4. Evaluate payment processing types

Think beyond swiping. Maybe you want to scan credit cards on your mobile device with an app, type (or tap) credit card numbers manually, use a payment terminal or accept credit cards via an online portal. The best payment processing vendors give small business owners a couple of options.

5. Double-check device compatibility

While there are some payment processors that work fine on all devices, others get buggy on specific operating systems. Make sure to check reviews to see how the different processors function on various devices and operating systems.

6. Consider the processing time

You need money to run your business, so consider the amount of time it will take to get the money from your customers' bank account and into yours. How important is the speed of this process, and are you willing to pay more in credit card processing fees to expedite, or save through options like ACH?

7. Verify the customer service availability

If you don't do business solely between 9 a.m. and 5 p.m., neither should the payment processor you choose, just in case there's an issue accepting payments. Look for a company with helpful customer service that's available 24/7.

8. Research the merchant's reputation

Ask yourself these four questions when researching the payment processors on your list:

1. Have they experienced any major data breaches in the past?
2. How are their online reviews? Do other business owners like processing card transactions with them?
3. Do they have a positive rating with the Better Business Bureau?
4. Are they known to provide extra features like fraud security?

Here, There and **Everywhere**

Having a payment system that can handle digital communications would allow your company to both provide services that the customer wants but also offer additional tools that can further the relationship and better build your business.

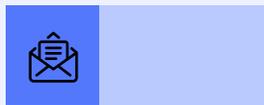
For instance, customers most favored communication through email. But the open rates for email communications lag other forms by a wide margin, with 24% of respondents saying that they have more than 20 unopened email conversations. Meanwhile, 58% of respondents said that they have zero unopened text messages.

While email may be preferred, customers are more likely to open a text message. For your business, you'll need to tailor communications to your customer, but also determine what's needed for sales or to achieve results.

Having a payment system in place that can provide the email communication, along with other forms of contact, including text message or voicemail, will allow you to gain from the data you have on hand while still providing your customer with the information they require. It creates connection when and where your customers need it.



58.1%
Text message



34.4%
Email



55.5%
Voicemail

Those surveyed who have **0 unopened notifications** per communication style on their smartphones.

Source: Thryv, Payments Dive 2022 Consumer Payments Survey



Key Takeaways

Your customers' payment tendencies have changed, reducing the reliability of cash-based payment platforms and increasing the importance of digital ones. It's important to move with your customers; if you don't, they'll find a different business for the service or product they need.

Having the right online payment system can help you adapt.

Here's how:

- Cheaper and easier for your customers to hire you
- Customers get the experience they want
- Connect and provide customers with better service
- No additional fees

Are you accepting digital and touchless payments now, while delivering the experience your customers prefer and expect today? This will keep them coming back, now and in the future, no matter how digital payments evolve, while giving you the flexibility to continue managing traditional payment methods.



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Thryv Holdings, Inc. (NASDAQ:THRY), provider of Thryv software, supports more than 45,000 local business across the U.S. and in Australia and Canada. Thryv created a fully integrated, end-to-end customer experience platform so small businesses can reach more customers, stay organized, get paid faster and generate more reviews. **With Thryv's platform, small businesses can manage their customers anytime, anywhere and on any device.**

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