Pymnts

Pymnts is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

Connected-Tech Consumers
Lead The Way

October 2022
On Oct. 20, 2014, Apple launched Apple Pay, an ambitious vision to revolutionize payments mobility and security. The product’s promise was to replace cards at the point of sale with digital wallets conveniently located in everyone’s pocket via their iPhones. This sounded like science fiction at the time, with Apple Pay able to run only on the then-new iPhone 6 and very few merchants accepting any form of contactless payments.

Much has changed since. PYMNTS estimates that over three-quarters of major U.S. retailers accept Apple Pay and nearly half of all U.S. consumers have iPhones in their pockets, yet Apple Pay remains a bit player at the cash register, accounting for just 2.4% of overall in-store purchases in the U.S. Apple’s wallet may dominate its less successful competitors, such as Google Pay and Walmart Pay, but mobile wallets as a whole have so far fallen far short of Cupertino’s grandiose 2014 vision.
PYMNTS’ latest research looks deeper into mobile wallets’ slow progress by dividing consumers into three distinct technology personas — basic-tech, mainstream-tech and connected-tech — according to their device usage. Connected-tech consumers are relative power users of mobile wallets and greatly favor Apple’s wallet above others. However, even these technology evangelists mostly reach for cards or cash rather than their phones to pay when shopping in person.

PYMNTS has studied Apple Pay adoption and use since its 2014 launch. This year, we conducted two surveys with 4,329 total respondents who both own a smartphone and had made at least one in-store transaction during the preceding 24 hours. We asked them how they paid and other questions regarding their payment preferences. We also conducted research on brick-and-mortar businesses that accept mobile wallet payments, allowing us to combine insights from both consumer and merchant sides of the transaction.

This is what we learned.
Apple Pay retains its commanding lead over other mobile wallets used in-store to pay in the United States. However, its share of all in-store transactions remains tiny.

Apple Pay continues to dominate the mobile wallet space at the physical point of sale. As of Q3 2022, Apple Pay captured nearly 44% of in-store mobile wallet transactions — a slight retreat from 46% in 2021, although the overall number of transactions is rising each year. Google Pay surged past its pre-pandemic high but still accounted for only 15% of mobile wallet checkouts. PayPal, which briefly surpassed Apple Pay in-store in 2020, plunged for a second year straight, dropping to 11%. Walmart Pay rebounded from its recent low, but usage remains well under 2019 levels, and Samsung Pay is less relevant than ever.
Apple Pay’s commanding lead over its direct competitors belies the broader picture — only a tiny share of consumers have embraced this or any wallet for checking out in the store. As of Q3 2022, Apple’s wallet captures just 2.4% of in-store checkouts. Even among shoppers who have compatible iPhones and make purchases at physical merchants that accept Apple Pay, more than nine in 10 decide to pay some other way.

Despite eight years of market presence and the dominant position of the iPhone, Apple Pay commands just a modest share of in-store, point-of-sale transactions. Total in-store sales in the U.S. stand at around $6.6 trillion, and $5 trillion of this commerce takes place at businesses that accept Apple Pay — yet we estimate that just $135 billion passes through Apple’s wallet.¹

**WHO USES APPLE PAY?**

**EVEN CONNECTED-TECH TRENDSETTERS USE APPLE PAY FOR JUST 3.5% OF THEIR IN-STORE PAYMENTS**

**THESE HIGHLY CONNECTED CONSUMERS TEND TO BE HIGH-INCOME AND FALL IN THE MILLENNIAL OR GENERATION X AGE GROUPS.**

Pymnts’ latest research shows that 61% of connected-tech consumers fall into the highest income bracket, earning more than $100,000 per year, while just 29% earn between $50,000 and $100,000 and 10% make less than $50,000. Forty-seven percent of these technology enthusiasts are millennials, 36% are bridge millennials — the cross-section of older millennials and younger members of Generation X — and 29% are members of Gen X. Relatively few hail from the Gen Z (14%) or baby boomers and seniors (10%) demographics.

**3 TYPES OF TECHNOLOGY USERS**

We identified three types of technology users based on their connected device ownership:

- **BASIC-TECH: 41% of consumers**  
  Own 2.4 connected devices on average, generally including a smartphone and PC.

- **MAINSTREAM-TECH: 50% of consumers**  
  Own 6.2 connected devices on average, generally including a smartphone, PC, tablet, smart TV and game console.

- **CONNECTED-TECH: 9.3% of consumers**  
  Own 10.9 connected devices on average, including what mainstream-tech consumers own as well as several smart home and/or activity tracking devices.
As with the connected-tech contingent, mainstream-tech consumers tend to fall into the higher income groups, though the trend is less pronounced. Forty-two percent said they earned $100,000 or more, 34% are in the middle income bracket and 24% have low incomes. Mainstream-tech consumers are very evenly represented across most age groups, comprising 31% of millennials, 30% of baby boomers and 28% of Gen X. Gen Z trails the other age groups again, accounting for just 12% of mainstream-tech consumers.

Basic-tech users fall disproportionately into the categories of low-income earners and baby boomers. Forty-nine percent of these consumers earn less than $50,000 per year. Forty-five percent of basic-tech consumers are baby boomers and seniors, and just 10% hail from Gen Z.
Connected-tech consumers average larger in-store receipts than mainstream- and basic-tech consumers, meaning that the most connected customers are also the most lucrative. Differences are most significant for consumers using cards and cash. For example, connected-tech consumers averaged $154.72 for credit card checkouts, while mainstream- and basic-tech users spent $92.12 and $74.08, respectively. Debit card checkouts follow similar patterns.

Mobile wallets exhibit the same general trend, but the gaps between average expenditures for each persona are much less pronounced. Connected-tech consumers, on average, spend $109.94 when checking out with a mobile wallet, followed by $95.36 and $85.32 for mainstream- and basic-tech users — 13% and 22% less than their connected-tech counterparts, respectively. Across our sample, the average consumer spent $97.74 on average for each mobile wallet checkout, only slightly less than they did by credit card, at $98.87, and more than they did by debit card or cash, at $74.96 and $63.97, respectively.
WHO USES APPLE PAY?

MOBILE WALLET USE IN-STORE ACROSS ALL THREE TECHNOLOGY ADOPTION PERSONAS HAS REBOUNDED FROM THE MID-PANDEMIC TRENCH BUT REMAINS LOW. CONNECTED-TECH CONSUMERS USE MOBILE WALLETS FOR 11% OF IN-STORE TRANSACTIONS AND STILL PREFER OTHER FORMS OF PAYMENT.

PYMNTS’ research shows that overall mobile wallet usage has rebounded to pre-pandemic levels after reaching a low point in 2021. Use among connected-tech consumers has bounced back to 10.9% of in-person transactions, significantly up from the 7.4% low point observed in 2021 but still shy of the 11.4% peak seen in 2019. Meanwhile, mainstream-tech consumers reached for their phones at physical checkouts 5.5% of the time, a notable gain over pre-pandemic levels that could forecast a sharper growth trajectory. Basic-tech users still opt for mobile wallet payments for just 2.8% of in-person checkouts, in line with the rate seen in 2019.
Connected-tech consumers most use mobile wallets for in-store checkout by a wide margin. Seventy-one percent of consumers in this group paid by mobile wallets at least once in the previous 30 days, compared to 47% of mainstream-tech and 31% of basic-tech consumers.
WHO USES APPLE PAY?

APPLE PAY IS THE PREFERRED MOBILE WALLET ACROSS ALL THREE TECHNOLOGY ADOPTION PERSONAS. CONNECTED-TECH CONSUMERS ALSO HEAVILY USE WALMART PAY.

Among consumers in all three technology persona groups, Apple Pay dominates the competition. Connected-tech consumers use Apple’s wallet for 3.5% of their in-person checkouts, exceeding the 2.7% of mainstream-tech consumers and 1.3% of basic-tech users that do the same. Google Pay captures less than half these usage shares for each group, respectively, with PayPal further behind. One surprise is the relatively high popularity of Walmart Pay among connected-tech consumers, who used it for 2.8% of their most recent in-person transactions.
**THE MEGA-RETAILER BARRIER**

America's two biggest retailers are major obstacles to wider in-store mobile wallet usage. Amazon.com currently does not accept payment via Apple Pay or other mobile wallets, even for purchases made through Amazon's shopping app on an iPhone. Recent PYMNTS research finds that 30% of consumers shop at Amazon at least weekly, 64% of consumers are Amazon Prime members and Amazon's share of eCommerce is now 50%.

Walmart accepts only Walmart Pay in-store, and is another huge roadblock. PYMNTS’ data shows that 33% of U.S. consumers shopped at Walmart at least weekly, and 19% are Walmart+ members. Our research also reveals that in-store Walmart shoppers with an Android or Apple smartphone capable of running Walmart Pay make 3.2% of their transactions with Walmart Pay, suggesting significant potential for the more widely adopted Apple Pay and Google Pay.

If either — or both — of these retailers begin to accept Apple Pay or mobile wallets generally, most U.S. consumers would start seeing mobile wallets as a payment option at their most frequently visited online and physical stores, encouraging usage in a potentially meaningful way.

**CONCLUSION**

On its eighth birthday, Apple Pay can celebrate a certain amount of success. It has emerged as the clear leader for in-store transactions among mobile wallets in the U.S. and has significantly expanded its acceptance among merchants given their implementation of contactless terminals. Yet Apple’s wallet has failed to garner mainstream adoption as a leading way to pay in the U.S., even when nearly half the consumers in America have compatible iPhones in their pockets. Even among connected-tech consumers, Apple Pay and other mobile wallets play third fiddle to cards and cash. Still, our research shows that connected-tech consumers currently use mobile wallets in-store at more than twice the rate of the average shopper, offering grounds for optimism that mobile wallets — and Apple Pay — gradually claw their way toward somewhat greater relevance.
PYMNTS has studied Apple Pay adoption and use since its 2014 launch. This year, we conducted two surveys — one from June 16 to June 22, following the launch of Apple Pay Later, and another from Aug. 16 to Aug. 24 — with 4,329 total respondents who both own a smartphone and had made at least one in-store transaction during the preceding 24 hours. We asked them how they paid and other questions regarding their payment preferences. The sample was balanced to match the U.S. adult population in a set of key demographic variables. We also conducted research on brick-and-mortar businesses that accept mobile wallet payments, allowing us to combine insights from both consumer and merchant sides of the transaction.