

afterpay 

What's in-store:

Afterpay's Festive Forecast.

How Australians will be shopping and spending this post-pandemic festive period – and how merchants can make the most of the sales season.

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Foreword.

After another year of snap lockdowns and more disruption to business and livelihoods, there are positive signs of life returning to normal with states opening up, vaccination rates soaring and retailers looking to cash in on pent-up demand during the Christmas shopping rush.

Christmas is make or break time for many businesses – it's when most discretionary retailers make up to two-thirds of their profits for the year, and many will be looking to make up for some of the lost trade they've incurred in recent months.

The signs are positive for this all-important time of year – consumer sentiment is upbeat, and people are excited to be back out shopping, spending time with family and friends, and enjoying the warmer weather. We're forecasting Australians will spend nearly \$59 billion in the pre-Christmas sales period, which is in line with last year's spend, but well up on pre-pandemic conditions. The overall trend is looking positive, and that's great news for small businesses and retailers in the fashion and personal accessory categories that have been most significantly impacted by the recent round of lockdowns.

There's no doubt the pandemic has accelerated a number of retail trends and the shift to online is a significant one. More and more consumers are purchasing the things they need with a few taps of their fingers and embracing new methods of contactless shopping. Online sales have surged in recent months as a result of stay-at-home orders and limited physical shopping options, but that's set to stabilise as people head back to brick-and-mortar stores for their Christmas shopping purchases. It's hard to beat the in-store experience of touching and feeling or trying on the things you want to purchase.

Christmas is the most special time of year and, with the worst of the pandemic now behind us, we have even more reason to celebrate.

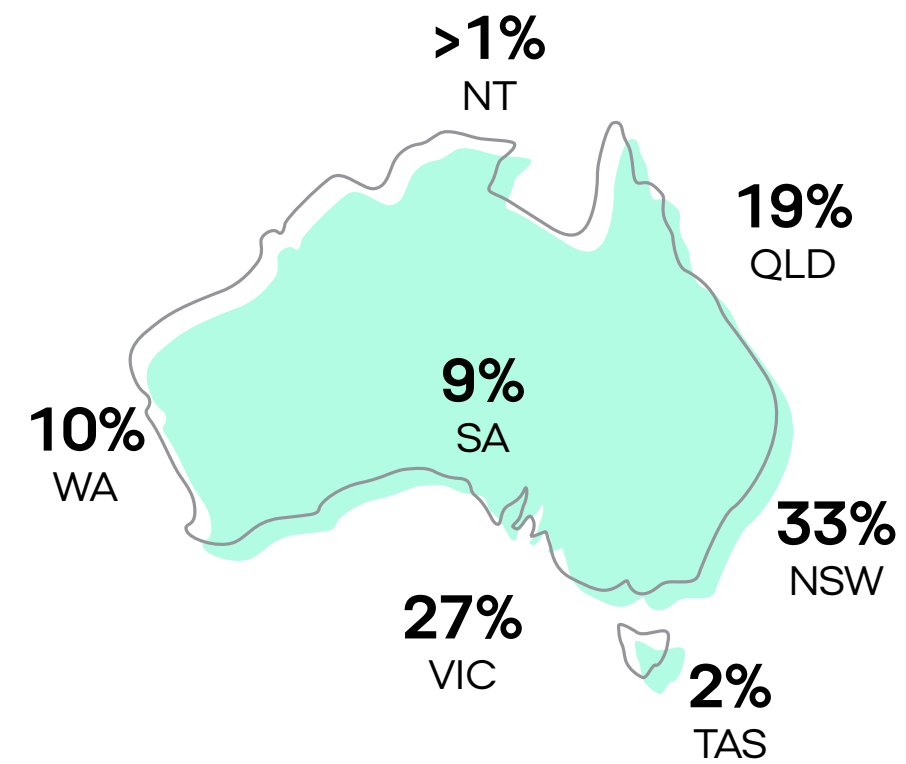
Paul Zahra

CEO, Australian Retailers Association

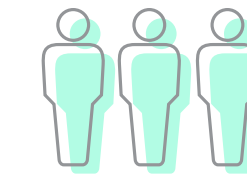
We surveyed 1,770 people.

The survey was in field between 30 August and 7 September 2021. Collecting a total sample size of 1,770 respondents. Data collected by The Interpreters & Afterpay.

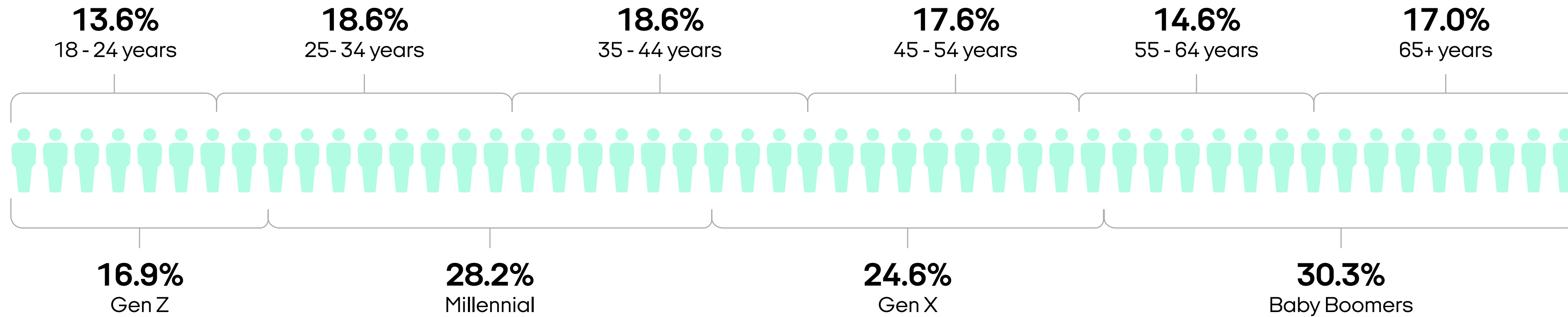
Location.



Gender.



49.2% identified as male
 50.7% identified as female
 <0.1% identified as other



Festive shopper snapshot.

We've translated raw retail intelligence into actionable insights so you can make the most of the sales season.



A merry post-COVID Christmas.

The ebbing of the pandemic and the approach of the holidays means most shoppers **[54%]** are ready to celebrate – but some are feeling stressed.

Gen Z and Millennials want to spend.

Young Australians are extra excited about the festive season – and they're ready to shop.

Shopping will start early.

Forget last-minute shopping. This year, the early customer gets the gift; most purchases will be made in November.

Aussies see sales differently.

While **54%** of Gen Z plan to shop the Cyber Weekend sales, only **4%** of Baby Boomers share their approach.

What Aussies are buying.

Sustainable and personalised presents rate high on shoppers' wish lists this season – and gift cards are a surprise winner.

And where they're spending.

Australians of all ages plan to shop in-store this season – especially close to Christmas. But e-commerce players can reach more customers by addressing delivery concerns.

A very merry – and unique – moment.

'Tis the season to celebrate [and spend].

Festive feels.

The combination of emerging from lockdown and celebrating the holiday season makes for a uniquely joyful moment. **More than half** of Australians **[54%]** are excited about Christmas, with **most of those [55%]** looking forward to spending time with friends and family.

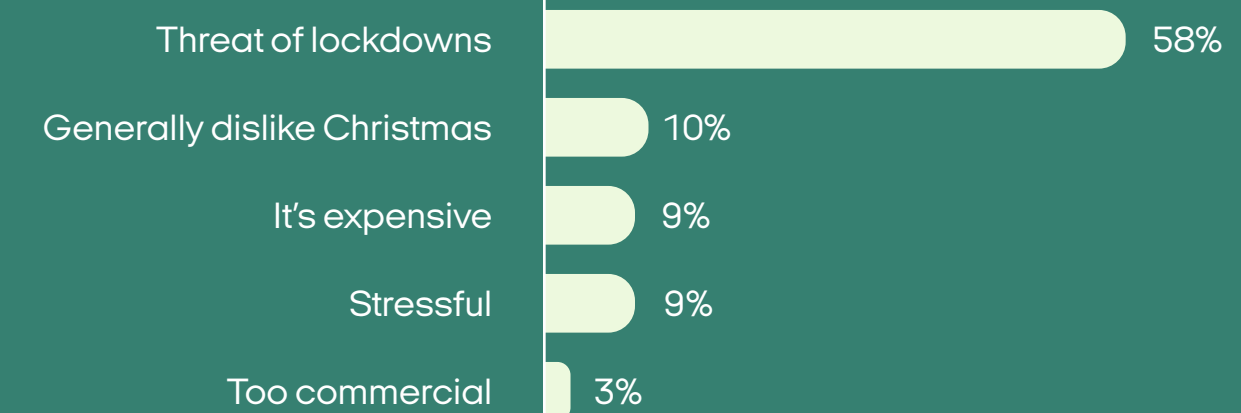
One in five are simply excited to put 2021 – and the pandemic – well behind them.

54% are excited about Christmas.

Reasons for excitement:



Reasons for lack of excitement:





Post-pandemic problems.

And those shoppers who aren't so excited about the holiday season? Their main concern is COVID-related; they worry about the lingering impact of the pandemic, including the potential for lockdowns to put a dampener on celebrations, not to mention shopping plans.

Gen Z ready to celebrate...

Gen Z is looking forward to the festive season the most, with more than **two-thirds [68%]** describing themselves as excited and only 6% describing themselves as not excited. Older generations aren't quite as enthused; just **38%** say they're looking forward to celebrating the festive season.

Gen Z this Christmas:



6%
Not excited

26%
Neutral

68%
Excited

And spend...

Not only are younger shoppers excited about the holiday season, but they're ready to spend, too. Around **one in three** Gen Z shoppers plan to spend more this holiday season compared to last year. In comparison, just **14%** of Baby Boomers plan to spend more this year.

Tip:

As the holiday season approaches, it's **Gen Z** who represents the largest incremental purchasing power.

Retailers should consider how their **social channels** and **window displays** engage younger shoppers.



Stress reigns.

Even without a global pandemic, the festive season can be a tricky time for many Australians. This year, **38%** of those surveyed agreed that gift-giving is stressful.

Tip:

Find ways to remove the stress of present buying. For example, **gift guides organised by price point** or occasion [gifts under \$50, Kris Kringle gifts].



Present pressures.

Gen Z and Millennial shoppers are significantly more stressed about gift giving than older generations, with **44%** planning to lean on in-store help and inspiration for gift ideas. This compares to just **one in three** Baby Boomers.

A festive spread.

More than half of Australians say they would like to spread out their Christmas spending over time – and this sentiment is strongest among Gen Z and Millennials, with **60%** of younger shoppers keen to avoid a large one-off spend.

Tip: With money and stress concerns around this time of year, **interest-free split payments can really make a difference.** One way to help is by offering a solution like Afterpay.

Merry Z-Mas.

How Gen Z and Millennial shoppers will spend this silly season.



Wallets at the ready.

Hello, holiday season! Gen Z and Millennial shoppers are looking forward to the festivities more than any other generation – and they are poised to spend, with **one in three** younger shoppers planning to spend more this year compared to last.

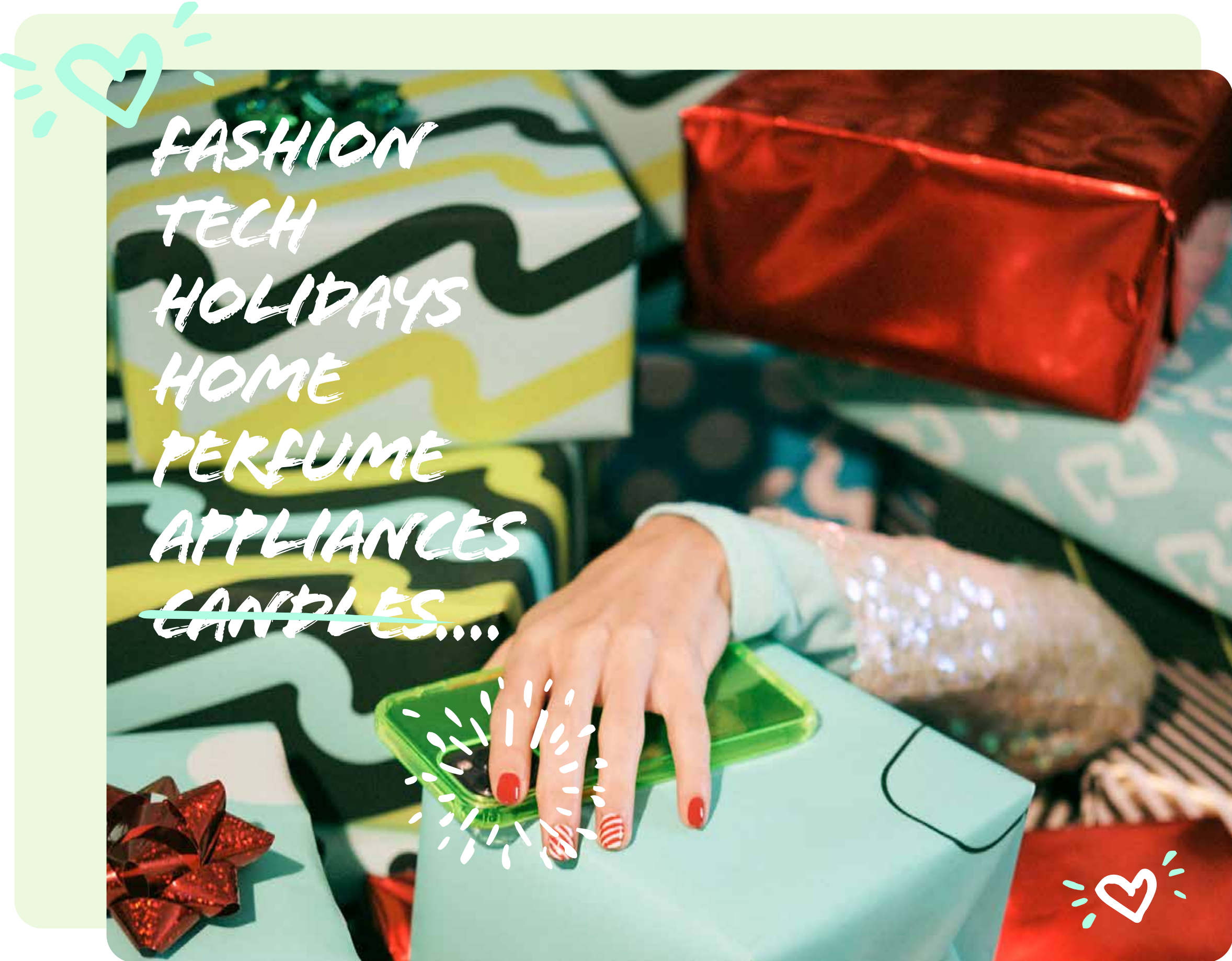
Sale sleigh-ers.

Nearly **four in five** Gen Z and Millennial shoppers say they're more likely to shop where there are sales, discounts and shopping events. By comparison, **only half** of Baby Boomers are factoring sales and discounts into their festive shopping plans.



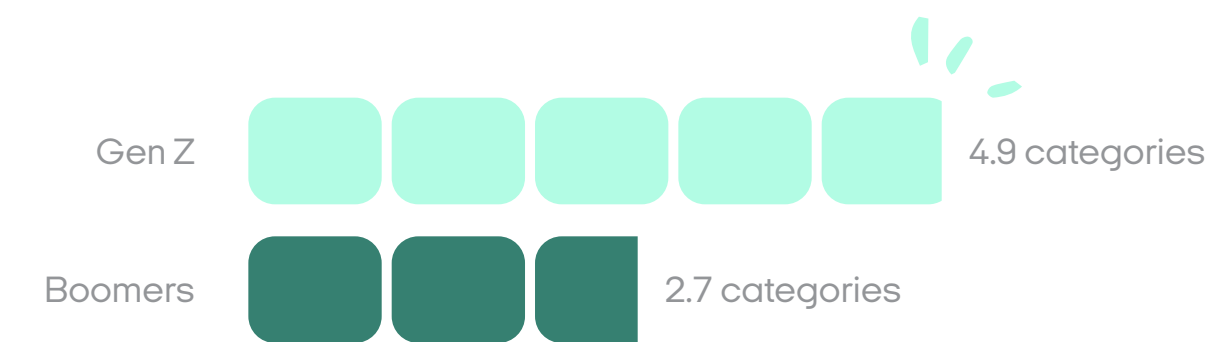
Tip:

Any marketing around sales or **discounting should be aimed at Gen Z and Millennials**, who are most drawn to sales events.



The more the merrier.

Gen Z will be buying gifts from an average of **4.9 categories**, compared to Baby Boomers, who will be selecting presents from just 2.7 categories on average. With so many presents and categories to keep track of, no wonder younger shoppers are more stressed about gift giving!



Gift it all you've got.

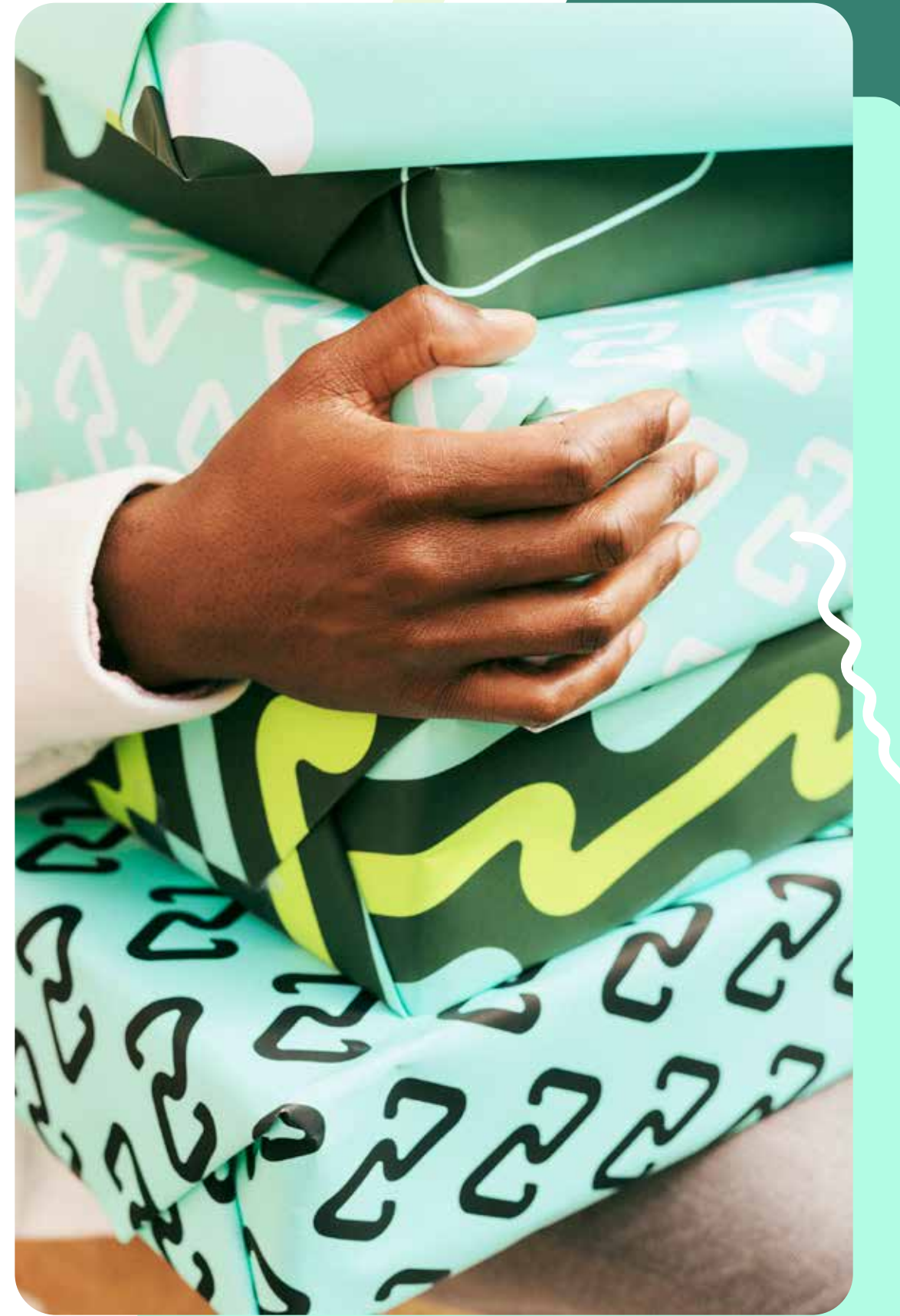
It's not just Gen Z who plan to shop across categories; Buy Now Pay Later users are also more likely to purchase a wider variety of gifts.

Christmas comes early.

Forget last-minute shopping.
This year, the early customer gets the gift.

Gift giving starts... now.

Well, almost. With shipping delays in the headlines, and the lingering possibility that COVID-induced lockdowns could interrupt shopping plans, many Australians are starting to purchase early. In fact, most purchases **[54%]** will be made in November and early December **[48%]**.



When are your customers shopping?

September or earlier	14%
October	28%
<u>November</u>	54%
Black Friday/Cyber Monday	31%
<u>Early December</u>	48%
Mid December	22%
Late December	12%

When in-store overtakes.

	In-store	Online
September or earlier	16%	18%
October	29%	33%
November	58%	61%
Black Friday/Cyber Monday	34%	39%
Early December	54%	52%
Mid December	26%	22%
Late December	13%	11%

Tip:

Start considering inventory and supply chains now. E-commerce brands should ensure fulfilment centres are prepared.

Go early or go in-store.

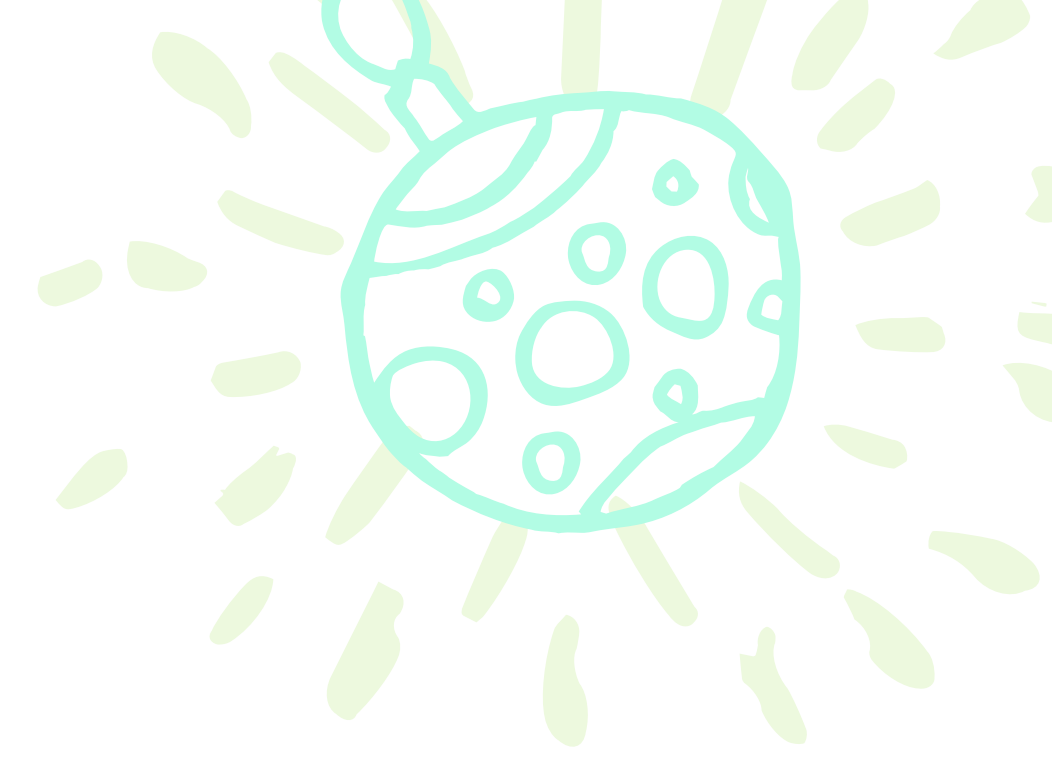
Slightly more Aussies will shop for gifts online in November, with **61%** opting for online shopping compared to **58%** heading in-store. But by mid-December, more and more shoppers will head in-store – potentially trying to avoid being thwarted by delivery delays in the lead-up to Christmas.

Tip: Shoppers can be **more easily influenced in-store**, so as Christmas gets closer, merchants should ensure their marketing is driving consumers through their shop doors.

No idea? No delays.

One in three shoppers aren't sure what they'll be buying this festive season – but they do know they'll be shopping as early as November.

Tip: Thorough staff training will be key to convincing indecisive customers to spend with you, not your competitor.

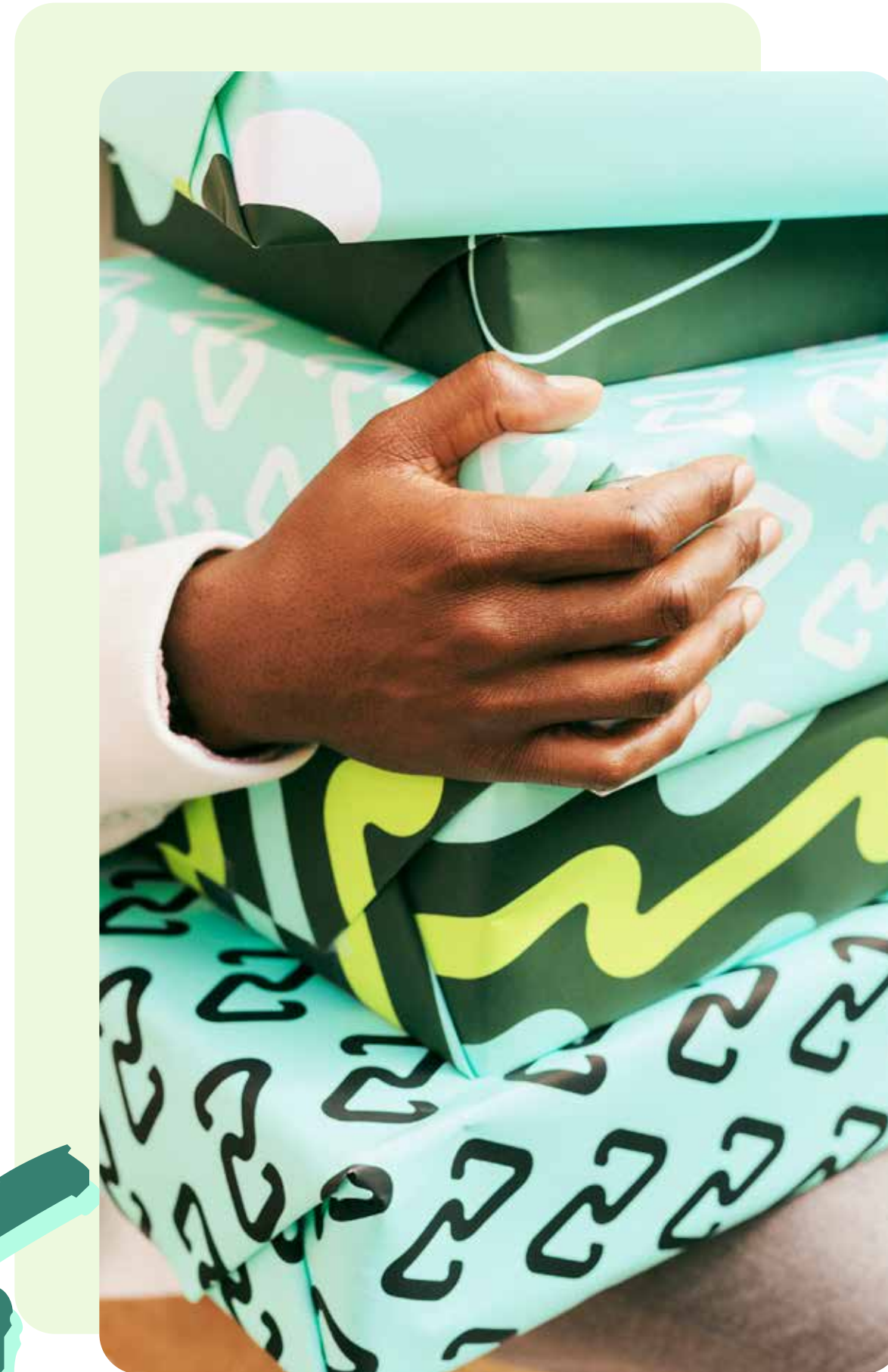


The discount divide.

How younger shoppers view the sales season compared to older generations.

Seeing sales differently.

Gen Z and Millennials view discounts and sales – including Black Friday and Cyber Monday – as part and parcel of their holiday shopping. However, older generations are less attracted to these sales events, with just **4%** of Baby Boomers planning to take advantage of Cyber Weekend discounts, compared to **53%** of Gen Z.



Tip:

Consider your audience before you invest in Cyber Weekend sales campaigns. If your **audience is older, driving them in-store** – or taking an educational approach to major discount events – may work best.

Cyber weekend winners.

Certain products tend to be more popular during Cyber Weekend sales – namely big-ticket items such as jewellery, electronics and handbags.

Tip:

Retailers in luxury sectors like jewellery, handbags or electronic appliances need to be prepared for an early influx of shoppers – many of whom may be younger.



Consider your channel.

While discovering that a product is on sale is the number one sales trigger for all generations, there are many places shoppers receive inspiration. For younger shoppers, social media, including Facebook, Instagram and music streaming services, are key influences.

Tip:

Think about your audience – and which **channels they're most likely to be on** [and influenced by] – before investing in marketing.

All they want for Christmas is...

From gift cards to sentimental presents and sustainable products, here's what Aussies are buying [and hoping for] in '21.

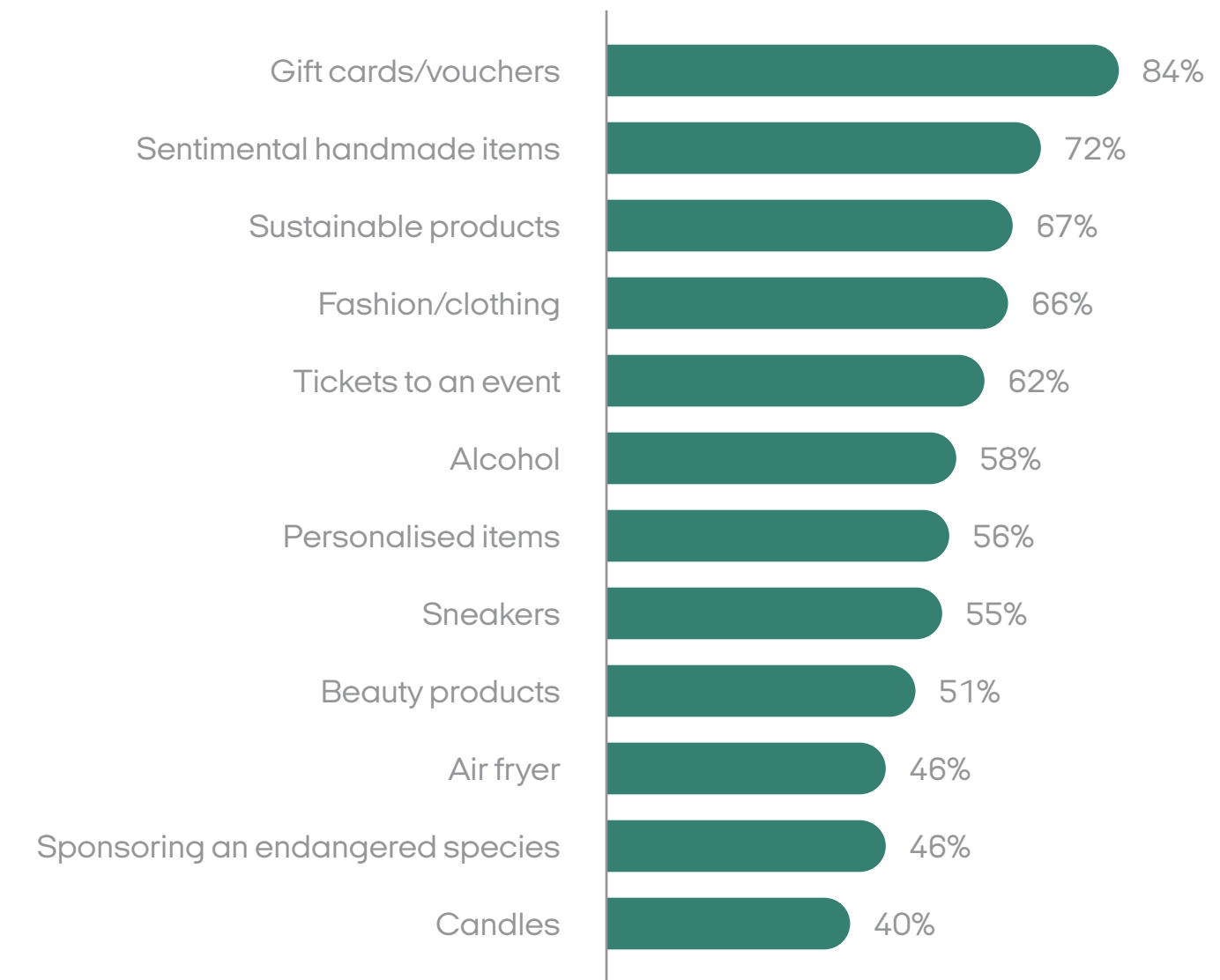
The rise of the gift card.

You can't go wrong with a gift voucher, with **84%** of Aussies reporting that they would love to receive a gift card or voucher this festive season. Gift cards are also popular among shoppers, with **47%** of respondents reporting that they plan to buy gift vouchers, ahead of clothing, toys or electronics.

Tip: Don't have a gift card offering? **Now is the time to consider one.** Your Point of Sale system may offer gift card capabilities. Otherwise, look at co-branded options like Prezee.



What Australians would love to receive.





Shopping with soul.

'Green gifting' continues to be high on Australians' wish lists, with **67%** of people reporting that they'd love to receive an ethical or environmentally friendly present.

Share the love.

Sentimentality trumps practicality this holiday season. When it comes to the rationale behind gift giving, most people simply want to "put a smile on someone's face" or "show love and care". Only **37%** said that they wanted to give the recipient something useful.

'Tis the reason.

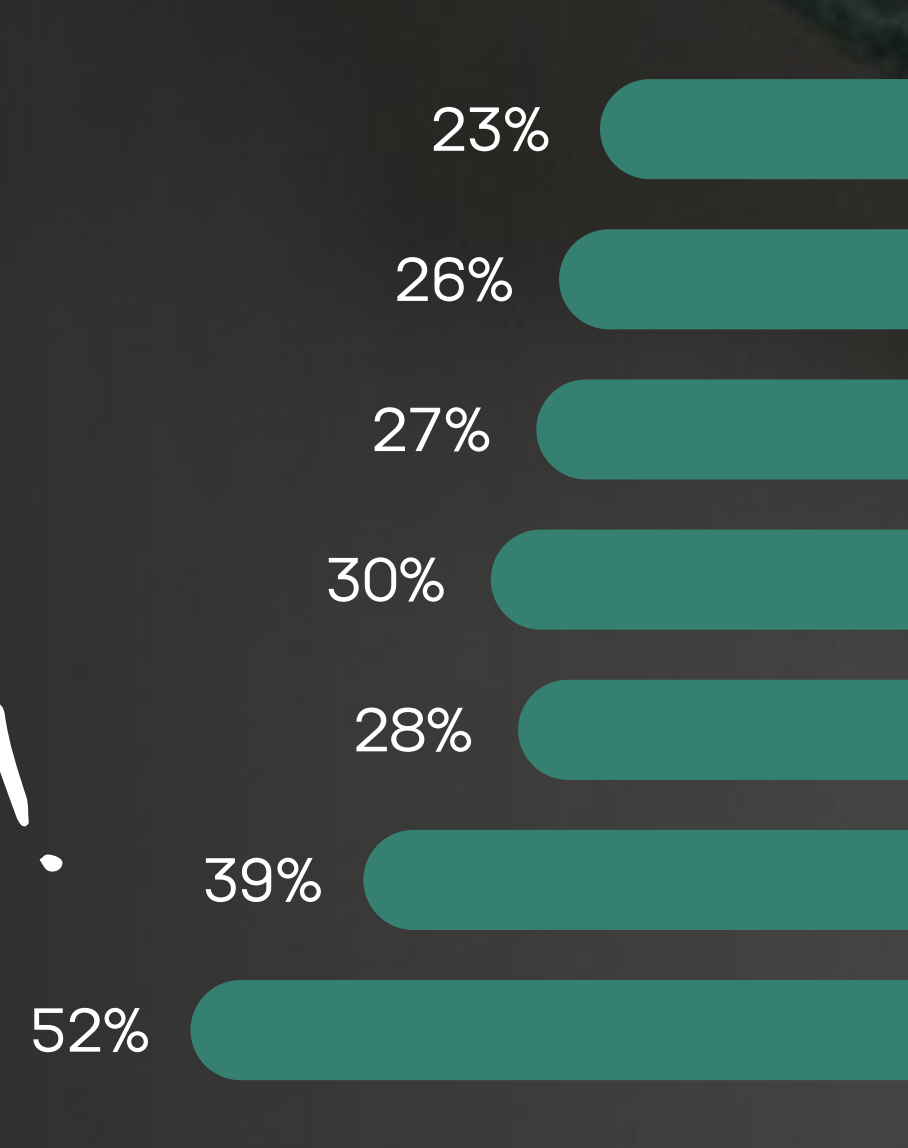
To put a smile on someone's face	46%
Show love and care	45%
To give something the recipient would find useful	37%
To feel pleasure by giving a gift	36%
To show gratitude and appreciation	27%
Because it's Christmas, it's expected	23%

Tip:

Offering personalisation – from monogramming to engraving – is a great way to add a meaningful touch. Beautiful gift-wrapping or free cards are other ideas.

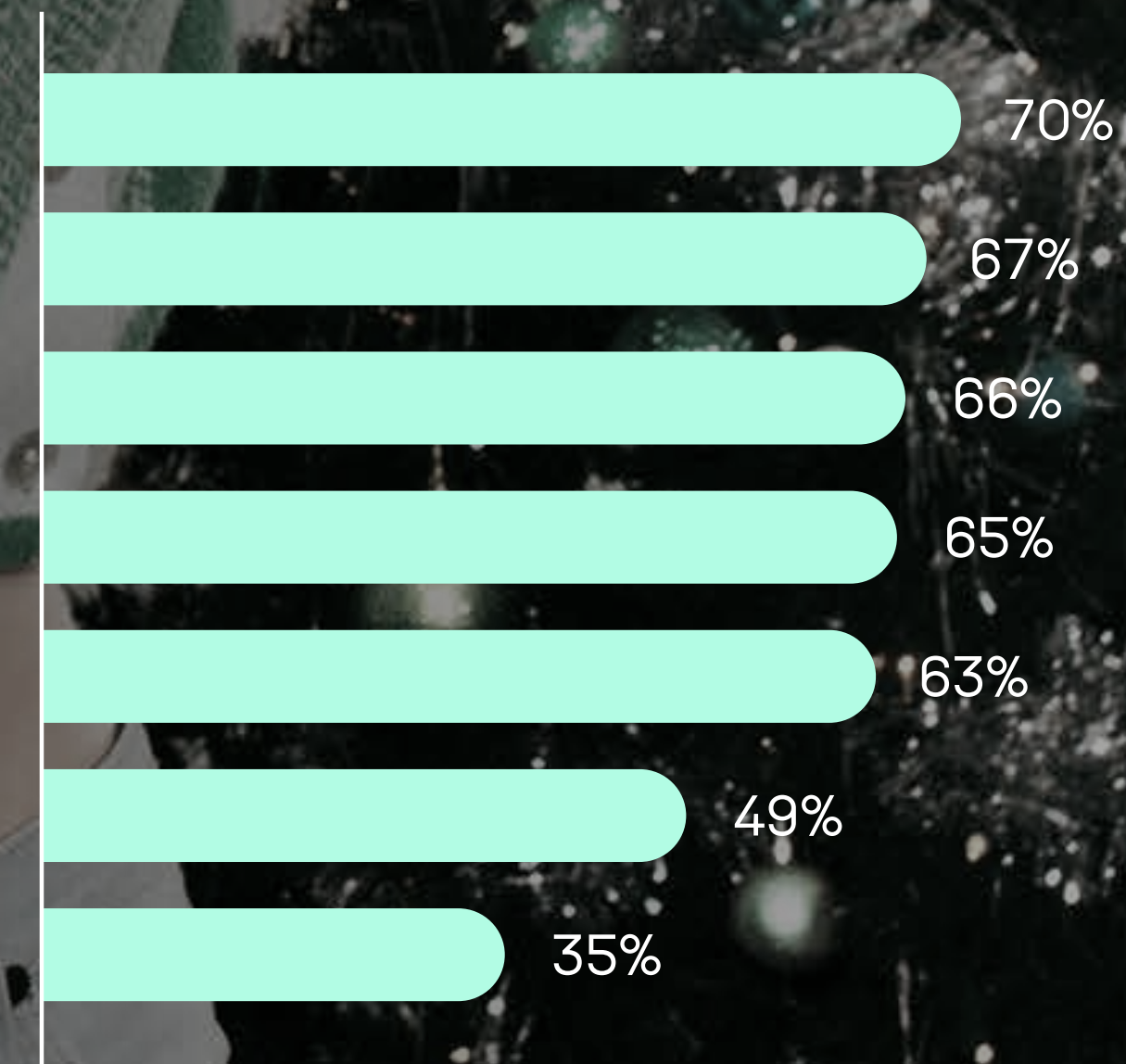


Hate.



- Jingle Bell Rock by Bobby Helms
- Santa Claus Is Coming To Town by The Jackson 5
- White Christmas by Bing Crosby
- All I Want For Christmas Is You by Mariah Carey
- Last Christmas by Wham!
- Santa Baby by Eartha Kitt
- How To Make Gravy by Paul Kelly

Love.



Decision dilemmas.

Nearly **one in five** Baby Boomers are unsure what to buy this year. That makes them the most indecisive age group – and presents an opportunity for retailers to market to them.

Tip: Clienteling and strong salesmanship will be critical in meeting the needs of indecisive older shoppers.

Go, go gadgets for growth.

Shoppers are willing to spend more on jewellery, watches, electronic devices and appliances, and there is a big gap between minimum and maximum budgets in these categories.

Tip: Ensure in-store staff are trained to build connections with customers and ask qualifying questions to ascertain budgets.





Tip: Consider social media content that speaks to the idea of self-gifting.

Self-gifting sleighs for Gen Z.

While Gen Zers plan to buy presents for their parents **(59%)** and siblings **(57%)**, next on their gift list is... themselves. A large number of Gen Zers **(57%)** plan to self-gift this holiday season, compared to **47%** of Millennials and **36%** of Gen X.

	Gen Z	Millennials
Myself	57%	47%
My partner	50%	55%
My child/ren	16%	41%
Siblings	57%	36%
My parents	59%	51%
My grandparents	15%	5%
Other family relatives	32%	29%
Friends	35%	27%
Neighbours, co-workers, teachers	10%	11%
Someone else	9%	9%
None of these	3%	2%

Deck the malls.

Where Australians will be shopping this holiday season.

Don't discount bricks for clicks.

Don't fall into the trap of thinking that younger shoppers only buy online. While it's true that Gen Z and Millennials are more likely to shop online [82% and 84% compared to 43% of Baby Boomers], they're also going in-store.

In fact, all age groups of all genders intend to head in-store to shop. Even customers in states that have been in lockdown are keen to shop in physical stores.

Dollars count for digital shoppers.

What drives shoppers online? In a word: price. **Six in 10** shoppers say they enjoy the ability to find better sales and discounts online.



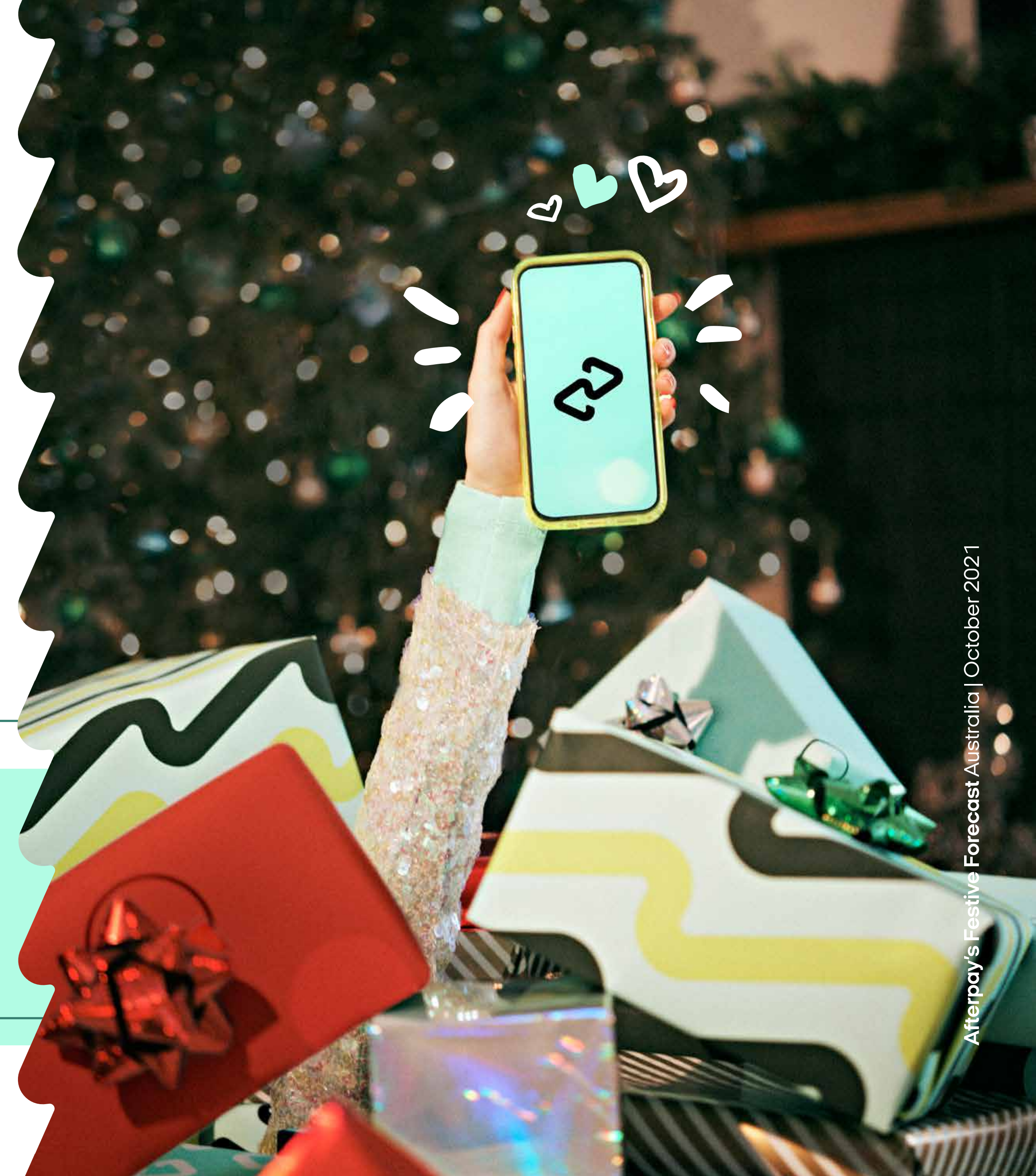
Delivery issues drive customers in-store.

When asked why they prefer shopping in-store, the **vast majority** of shoppers also expressed frustration with having to return orders or pay for delivery.

Tip: Customer frustration over delivery and returns means there is a clear opportunity for online retailers to address these issues and reap the rewards.

Tip:

Do shoppers have all the information they need to buy your product online? Invest in photography that shows your products in situ, and include as much information as possible about factors like size, fit and dimensions.



About us.

Co-founders Nick Molnar and Anthony Eisen launched Afterpay in Australia nearly six years ago as an interest-free, buy-now-pay-later alternative that's more in line with the needs and spending patterns of the Next Gen consumer.

Customers pay in four instalments, and in most cases, the first instalment is completed at the time of purchase. The remaining three instalments are due every two weeks after that, and customers get a reminder when their next payment is due.

As long as customers pay on time, they aren't charged a single fee. And because we've partnered with more than 100,000 retailers and brands globally, customers can use Afterpay at all the places they love.

We trust and empower customers.

There's a clear generational shift in payment preferences. In Australia, BNPL usage has surged by 174% with Gen Z and 110% with Millennials since Jan 2020. In contrast, credit card spending has remained static among these groups in the same period, only growing between 1-2%. Similarly, debit spending trails BNPL, climbing by just 23-25%. That's why at Afterpay, we're turning the credit industry on its head by putting our trust in the customers and giving them the freedom to buy what they want today and pay overtime.

Afterpay isn't a line of credit or a loan; we don't charge interest or do credit checks.

Rather, it's a budgeting tool that allows customers to spread out the cost of their purchase across a series of more digestible payments. It gives customers the flexibility to spend their own money while ensuring they're never spending more than the actual price of the item they're buying. Because customers are only charged a capped late fee if they miss a payment, they are incentivised to stay organised and accountable.

Money by Afterpay is changing the way customers think of money.

In November 2021, Money by Afterpay, Afterpay's money and lifestyle app will launch in Australia. Once it is publicly available, customers will use their Afterpay BNPL credentials to log into the Money app. Within minutes of opening an account, customers can make it their primary money management app. The Money app's home carousel will display their BNPL balance, upcoming orders and installments alongside their daily spending account and savings accounts, giving customers a single, seamless source of truth of their finances. Sign up to the waitlist now.

Afterpay is currently available in Australia, Canada, New Zealand, the United States and the United Kingdom, France, Italy and Spain, where it is known as Clearpay. Afterpay is on a mission to power an economy in which everyone wins.

Wishing you a happy sales season
and happy customers.

afterpay 

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