



afterpay

# The Next Gen Index

Millennials and Gen Z in the US

# Contents.

**Introducing the  
Next Gen Index.**

How Consumers  
Spend.

What Consumers  
Spend On.





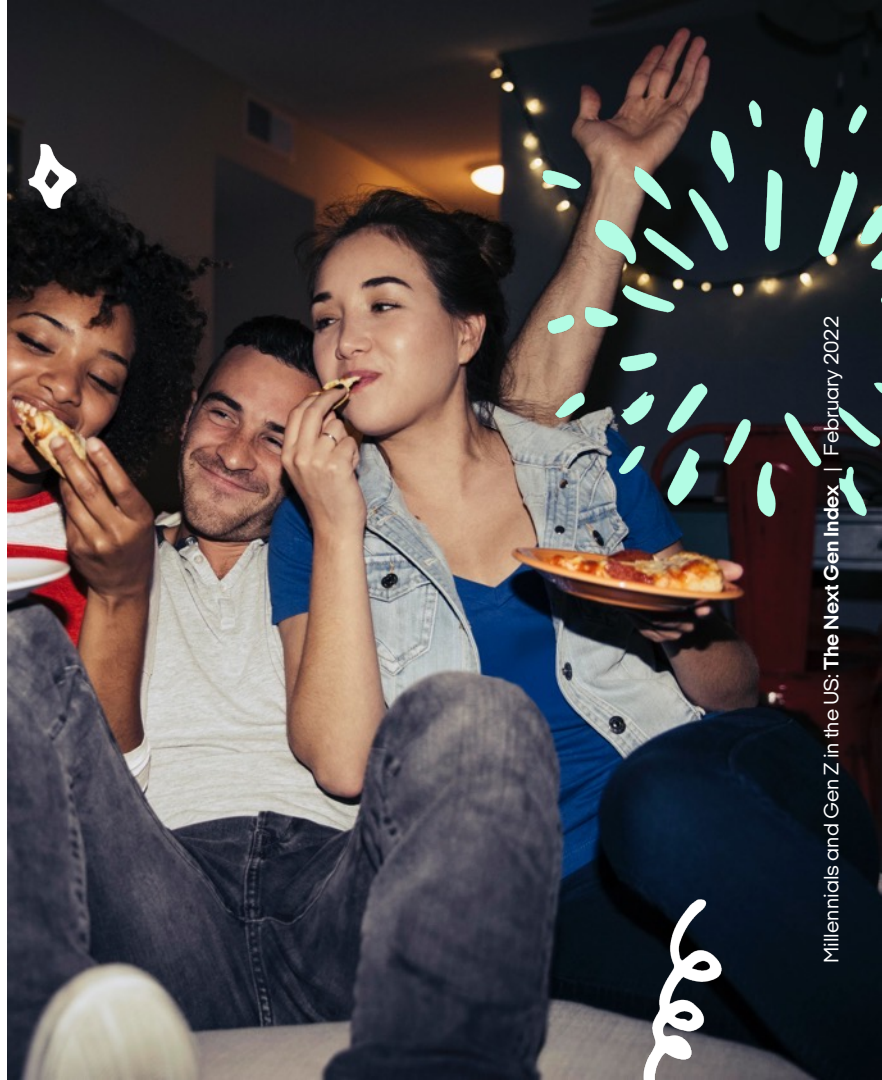
# Introducing the Afterpay Next Gen Index.

The Next Gen Index is an economic series on consumer spending. The insights provided recognize the growing power of younger generations in the economy, and how their behaviors and preferences are shaping the future of commerce. The series also shines a light on the role of Buy Now Pay Later (BNPL) in the changing landscape.

The Index consists of two components:

1. **How Consumers Spend:** Explore overall consumer spending by each generation and the types of payment methods people use (internal and external data analysis).
2. **What Consumers Spend On:** Deep-dive into the spending trends of Afterpay customers, which compares trends for each generation across multiple categories (internal data analysis).

The Index is an evolving tool that will develop over time as it is updated regularly with the latest consumer data.





# Meet the 3 Gens.

Gen Z

1997–  
2012



Aged 10–25

Millennial

1981–  
1996



Aged 26–41

Gen X  
and older

Before  
1981



Aged 41+

Note: Generation age grouping based on definitions by the Pew Research Center



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# Key takeaways on how consumers spend



## Gen Z and Millennials are becoming a powerful force in the economy

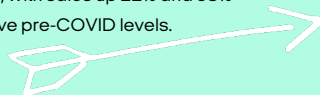
Gen Z and Millennials currently account for **32% of the total retail spend** in the United States.

Their share of retail spend will grow to **48% by 2030**, as more of Gen Z [currently aged 10-25] enter the workforce.

## All generations brought their holiday spend forward

Older generations took advantage of Black Friday/Cyber Monday to bring forward their purchases. **Their spending was up 15% between Oct-21 and Nov-21.**

Spending by Gen Z & Millennials has remained robust the entire year, with sales up 22% and 38% above pre-COVID levels.



## Consumers used BNPL to take advantage of Black Friday/Cyber Monday sale promotions

While BNPL spending currently accounts for a small portion of total spend, that number is growing fast.

Between Oct-21 and Nov-21, **BNPL sales grew by 52% as consumers used BNPL to manage and budget their purchases.**

## Younger generations are leading the growth of BNPL

BNPL spending is trending up across **all generations**, however, younger generations are leading the charge.

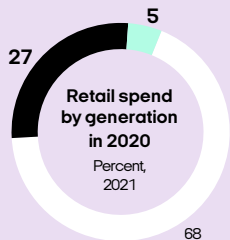
BNPL spend Gen Z is **up by 900%** since January 2020.





Millennial and Gen Z share  
of spend will increase to  
48% by 2030

48%



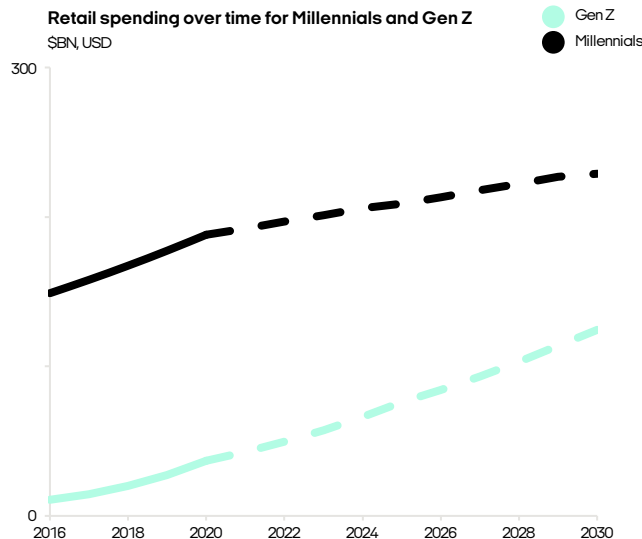
● Gen Z  
● Millennials  
● Gen X and older

Source: Forecasts based on the University of Michigan Panel Study of Income Dynamic 2005-2017, Bureau of Labor Statistics CE Generation Tables, Census Bureau Population projections for United States - Table 3, analysis by Accenture. Note: Retail expenditure includes clothing and footwear, personal care, household goods and services and medicines, prescriptions and healthcare products.

Millennials and Gen Z  
peak earning years are  
still to come



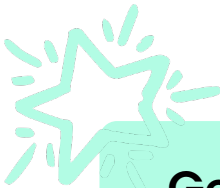
Retail spending over time for Millennials and Gen Z  
\$Bn, USD





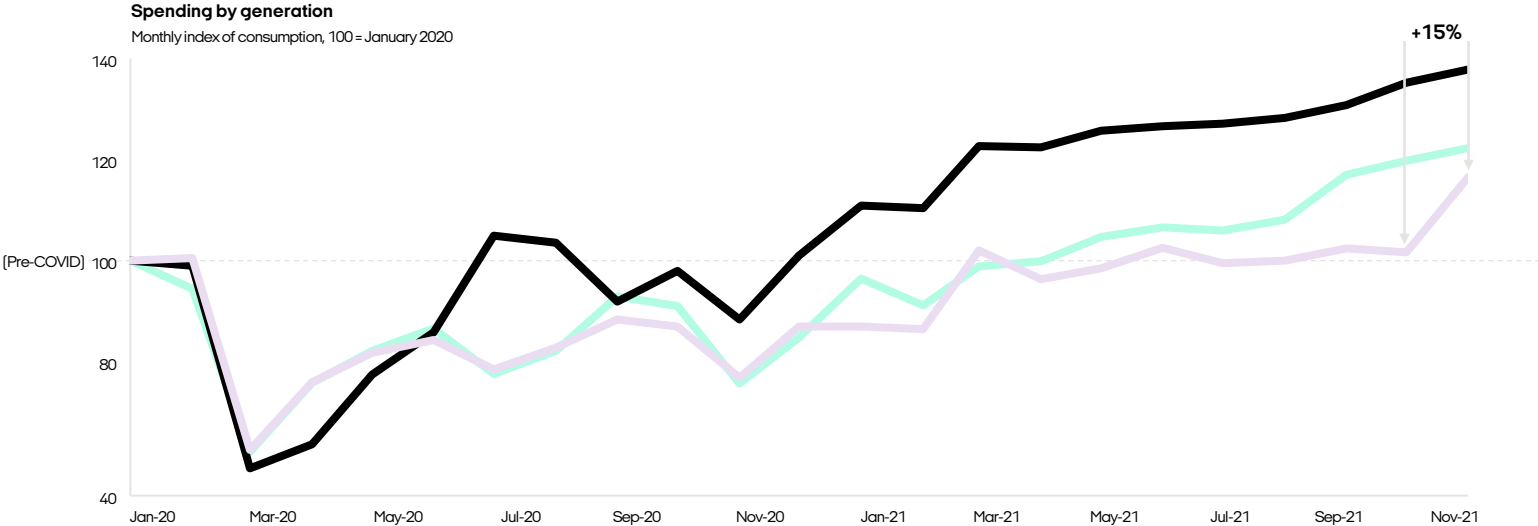


All generations took advantage of Black Friday/  
Cyber Monday sales, however older generations,  
in particular, increased spend by 15%



**Gen X up 15%**  
During sale promotions

- Gen Z
- Millennials
- Gen X and older



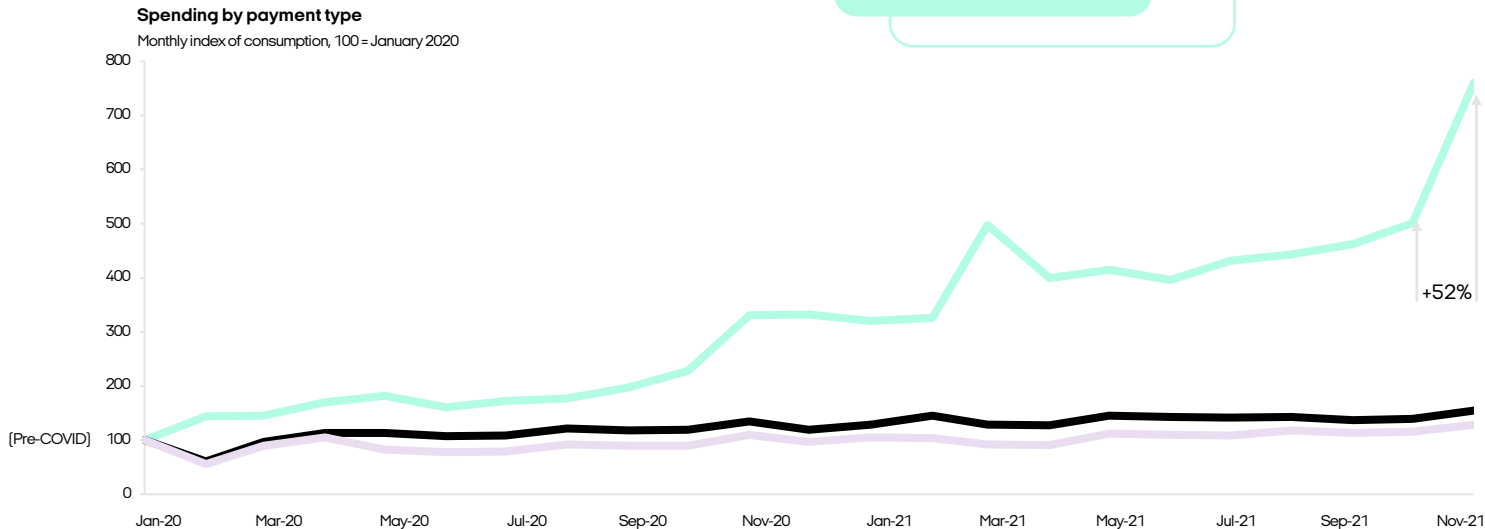
Source: Consumer transaction data, analysis by Accenture



Spending on BNPL increased by 52% between Oct-21 and Nov-21, as consumers used BNPL to manage and budget their purchases

BNPL spending  
**up 660%**  
since Jan-20

- Buy Now Pay Later
- Debit
- Credit



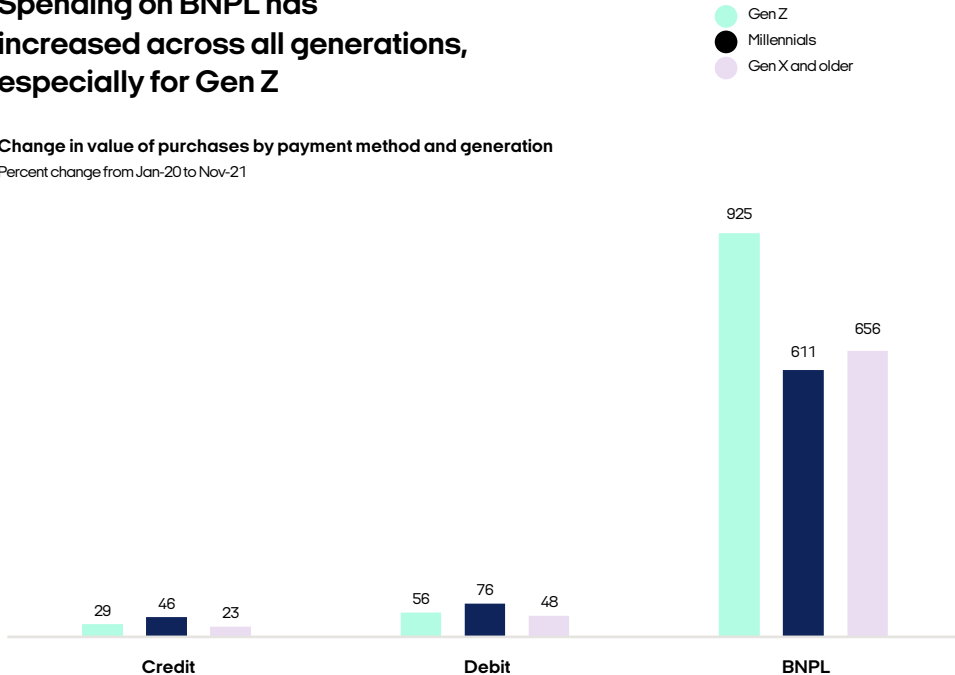
Source: Consumer transaction data, Company quarterly release reports, analysis by Accenture



## Spending on BNPL has increased across all generations, especially for Gen Z

Change in value of purchases by payment method and generation

Percent change from Jan-20 to Nov-21



Gen Z BNPL spending

**up 925%**

since Jan-20

Source: Consumer transaction data, Company quarterly release reports, analysis by Accenture



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# Key takeaways on what consumers spend on

## Millennials still dominate BNPL but Gen Z are the fastest growing

Millennials were the first adopters of Afterpay in the US, and while they still account for the majority of purchases, other generations are catching up.

**Gen Z account for 15%** of spending on Afterpay, but it is the **fastest growing cohort**, with spending increasing by over 600% since Jan-20.

## Fashion still makes up the majority of spend for young Americans

Though other categories such as Household and Footwear are growing fast, Fashion still dominates Afterpay spending.

**Fashion accounts for 73% of Gen Z spend and 63% of Millennial spend.**

## Department Stores and Recreation are the fastest growing categories for Gen Z & Millennials

Gen Z and Millennials are increasing their spend on Department Stores and Recreation.

Purchases across these two categories only make **2-to-3% of Gen Z Millennial spending** but this product category is **growing above 90% YoY in 2021 Q4.**

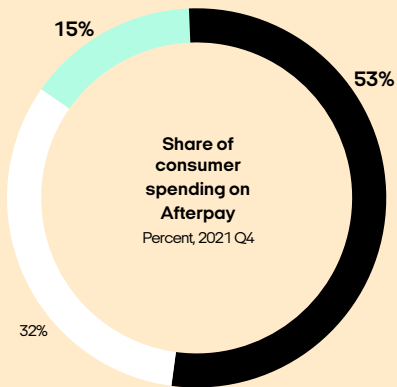
## Younger Americans are supporting small businesses through BNPL

Almost two-thirds of all spend on small businesses are from Gen Z and Millennials.

**Spending for small businesses has increased by 300% for Gen Z and 200% Millennials since Jan-20.**



Millennials account for the majority of spending on Afterpay

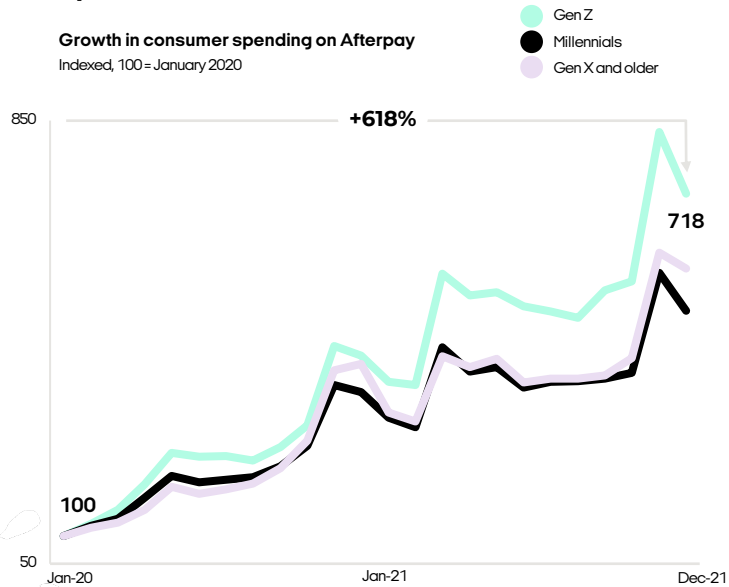


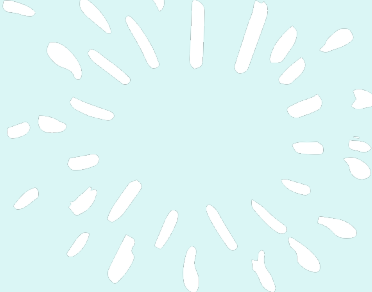
Gen Z  
Millennials  
Gen X and older

Source: Afterpay data, analysis by Accenture

However, Gen Z are the fastest growing cohort, with spending up 618% since Jan-20

Growth in consumer spending on Afterpay  
Indexed, 100 = January 2020





For Gen Z and Millennials,  
the top growing categories are  
Recreation and Department stores

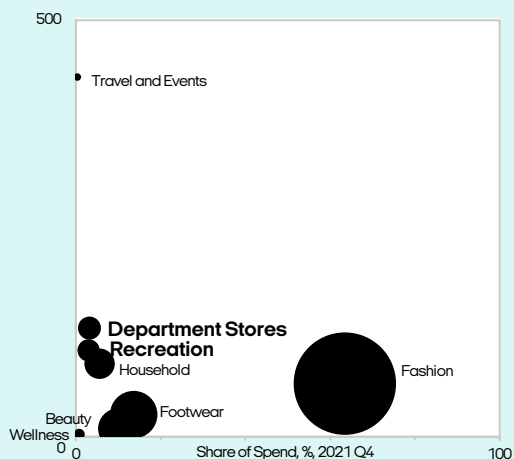
#### Gen Z

Growth, % YoY from 2020 Q4 to 2021 Q4



#### Millennials

Growth, % YoY from 2020 Q4 to 2021 Q4



Source: Afterpay data, analysis by Accenture

Top purchases  
within Recreation  
and Department  
stores for both  
generations are



Shoes

Bed sheets

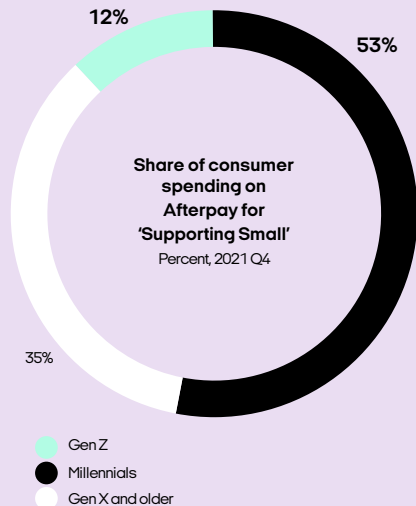


Softshell jacket





Almost two-thirds of all spend on small businesses are from Gen Z and Millennials

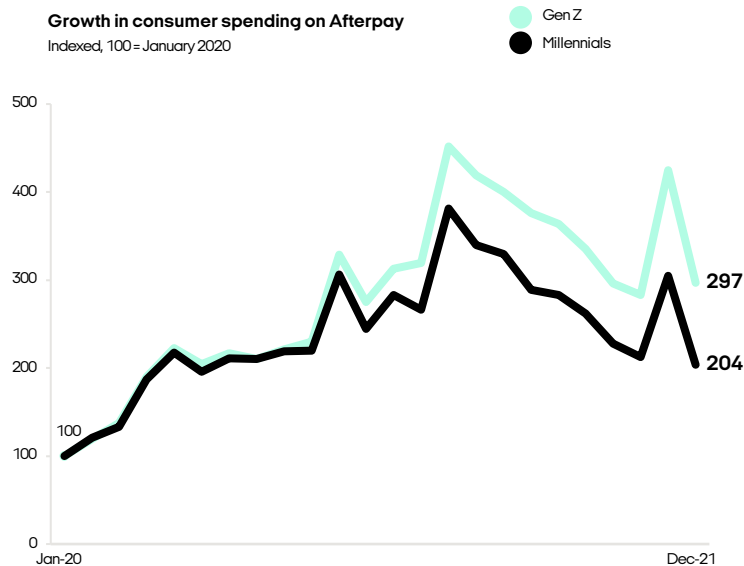


Source: Afterpay data, analysis by Accenture



Younger Americans have been spending more on small businesses

Growth in consumer spending on Afterpay  
Indexed, 100 = January 2020







# Gen Z & Millennials spending will be different and is being shaped by new forces

## First generation to be mobile & digitally native

Millennials were the first generation to grow up with internet connectivity and Gen Z is the first generation to grow up with smart phones

Omni-channel experience

## First generation fully immersed in social media

Millennials and Gen Z are the first generation to be fully immersed in social media

Brand & image



## Scarred by the experience of recessions in their early lives

The median Gen Z was in primary school for the GFC, and is leaving high school during COVID... economic crises are a feature of their psyche

Value



afterpay

