The Next Gen Index

Millennials and Gen Z in the US

February 2022
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 Generations:

Gen Z: 1997–2012
Aged 10–25

Aged 26–41

Gen X and older: Before 1981
Aged 41+

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

These results have been produced by Accenture for presentation by Afterpay US, Inc. and Afterpay US Services, LLC ("Afterpay"). Every effort has been made to provide the most current, correct and clearly expressed information possible on this site. Nonetheless, inadvertent errors can occur. The information contained on this site is general and is not intended to serve as professional advice. No warranty is given by Accenture, Afterpay or any other contributors to this site in relation to the accuracy or reliability of any information. Users should not act or fail to act on the basis of information contained herein. Users should not rely on the information for any business, commercial or other purpose, and are strongly encouraged to seek professional advice concerning the information provided on this site before making any decision. All contributors to this site disclaim all and any liability to any person or organization in respect of anything, or in consequence of anything, done or omitted to be done by any person, organization or other user in reliance, whether in whole or in part, upon any information contained herein.

No part of the text or graphics on this site may be reproduced or transmitted in any form or by any means, electronic or mechanical, including by photocopying, facsimile transmission, recording, re-keying or using any information, storage and retrieval system except with the prior written consent of Afterpay. Notwithstanding the above, any use of results, text, graphics or other information from this website for journalistic, reporting, media or communications purposes or otherwise for use in any publication (whether online or in print) is permitted, provided that the source of such information used is accurately cited by the author. Certain links on the site lead to resources located on servers maintained by third parties. As such, no representations are made by Accenture, Afterpay or any other contributors to this site as to the accuracy, currency or any other aspect of the information contained on such servers or the timely, accurate or complete transmittal of such information.
Introducing the Next Gen Index.

How Consumers Spend.

What Consumers Spend On.
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

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

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

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

- Debit
  - Gen Z: 29
  - Millennials: 46
  - Gen X and older: 23

- Credit
  - Gen Z: 56
  - Millennials: 76
  - Gen X and older: 48

- BNPL
  - Gen Z: 925%
  - Millennials: 611%
  - Gen X and older: 656%

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

Introducing the Next Gen Index.

How Consumers Spend.

What Consumers Spend On.
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.**

Source: Afterpay data, analysis by Accenture
Millennials account for the majority of spending on Afterpay

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

Source: Afterpay data, analysis by Accenture
For Gen Z and Millennials, the top growing categories are Recreation and Department stores.

Source: Afterpay data, analysis by Accenture
Almost two-thirds of all spend on small businesses are from Gen Z and Millennials.

Source: Afterpay data, analysis by Accenture
Gen Z & Millennials spending will be different and is being shaped by new forces.

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.

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 smartphones.

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

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.