



Millennials and Gen Z  
in the US:  
Next Gen Index

Contents

# Introducing the Next Gen Index

How Consumers Spend

What Consumers Spend On

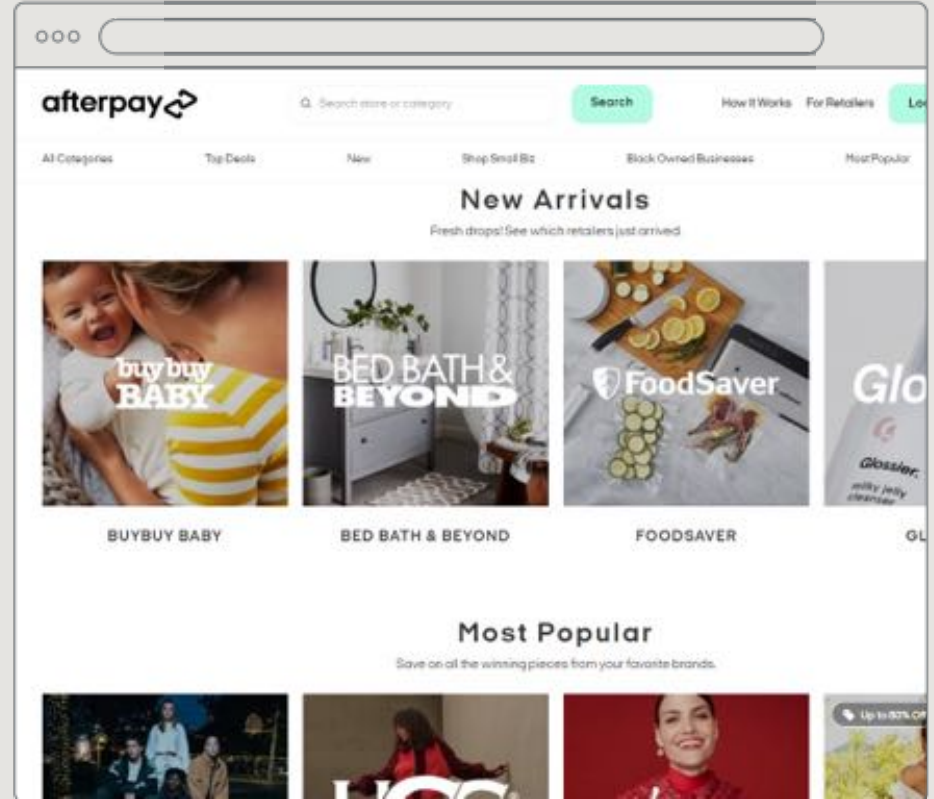
# Introducing the Afterpay Next Gen Index

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 in this dynamic dashboard, 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 9-24

**Millennials**

1981-1996

Aged 25-40

**Gen X and older**

Before 1981

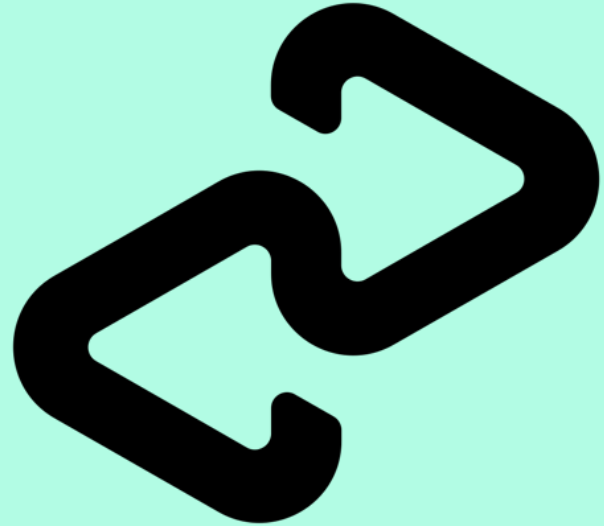
Aged 41+

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

## Disclaimer

These results have been produced by AlphaBeta Advisors Pty Ltd (ABN 91 603 412 013) ("AlphaBeta") 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 AlphaBeta, 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 AlphaBeta, 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.





Contents

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 9-24) enter the workforce.

Spending by Millennials has recovered faster

The COVID-19 crisis took a heavy toll on consumers but spending by Millennials has recovered fast. Their level of spending is **only 9% below pre-COVID spending levels**.

Older generations have been more conservative with their spending. Their level of spending is **11% below pre-COVID levels**.

BNPL and Debit are on the rise, while Credit is decreasing

While BNPL spending currently accounts for a small portion of total spend, that number is growing fast. Since January 2020, BNPL spend has **grown by 180%**, compared to a **19% increase for debit** and a **decrease of 5% for credit cards**.

Younger generations are leading the growth of BNPL

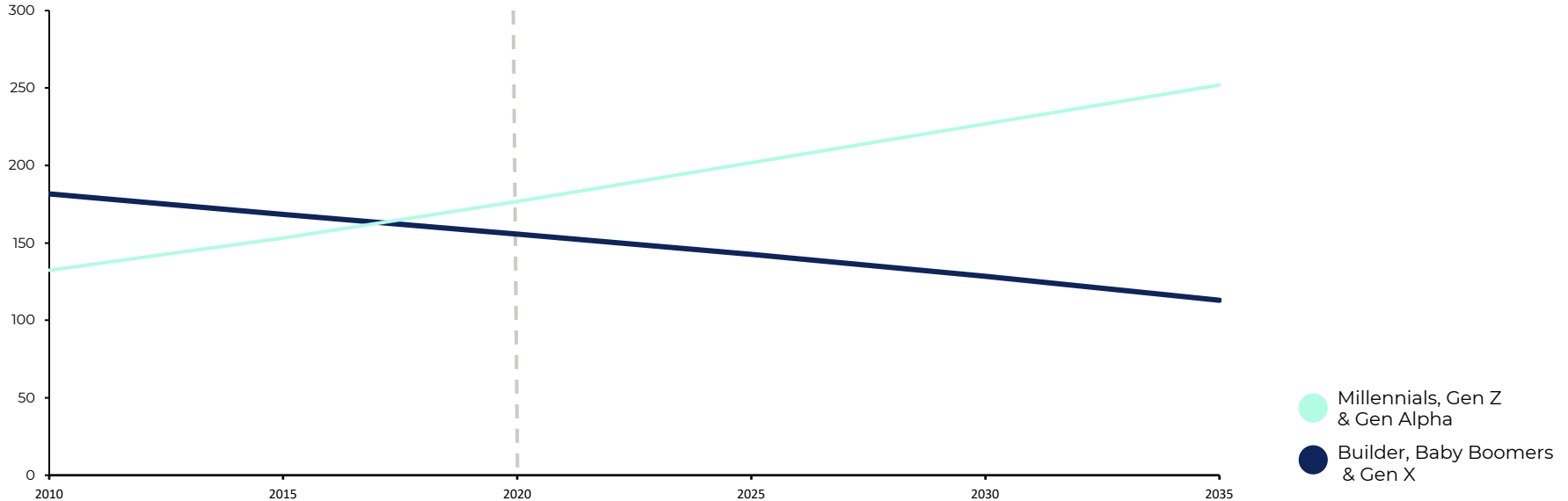
BNPL spending is trending up across **all generations**, however younger generations are leading the charge.

BNPL spend for Millennials and Gen Z is **up by 170% and 200%** since January 2020.

# Millennials and younger generations already outnumber older generations

## Total population in the US

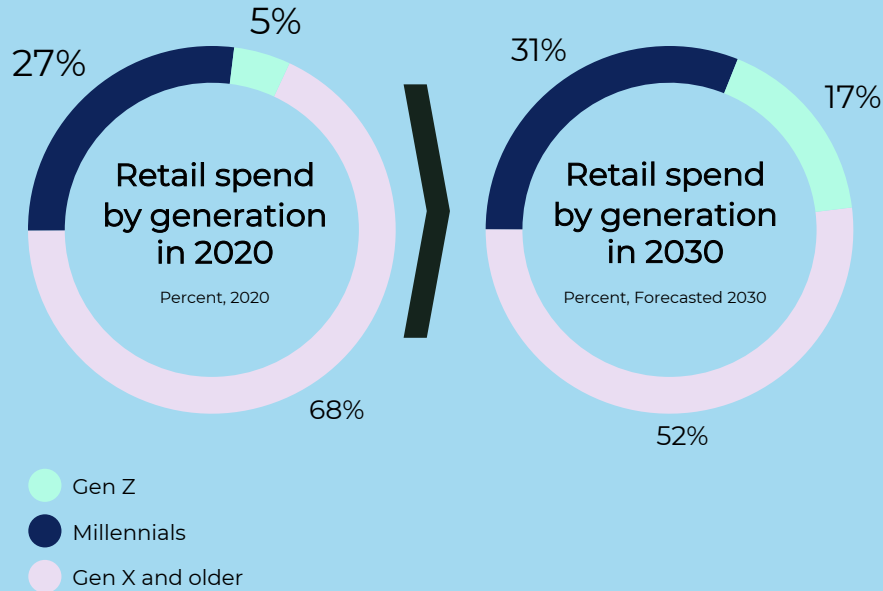
MILLIONS



Source: Census Bureau Population projections for United States - Table 3

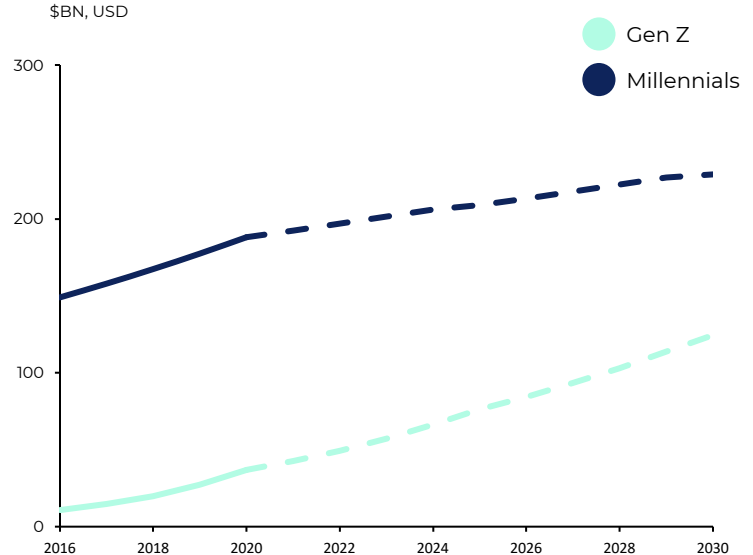


Millennial and Gen Z share of spend will increase to 48% by 2030



Millennials and Gen Z peak earning years are still to come

Retail spending over time for Millennials and Gen Z

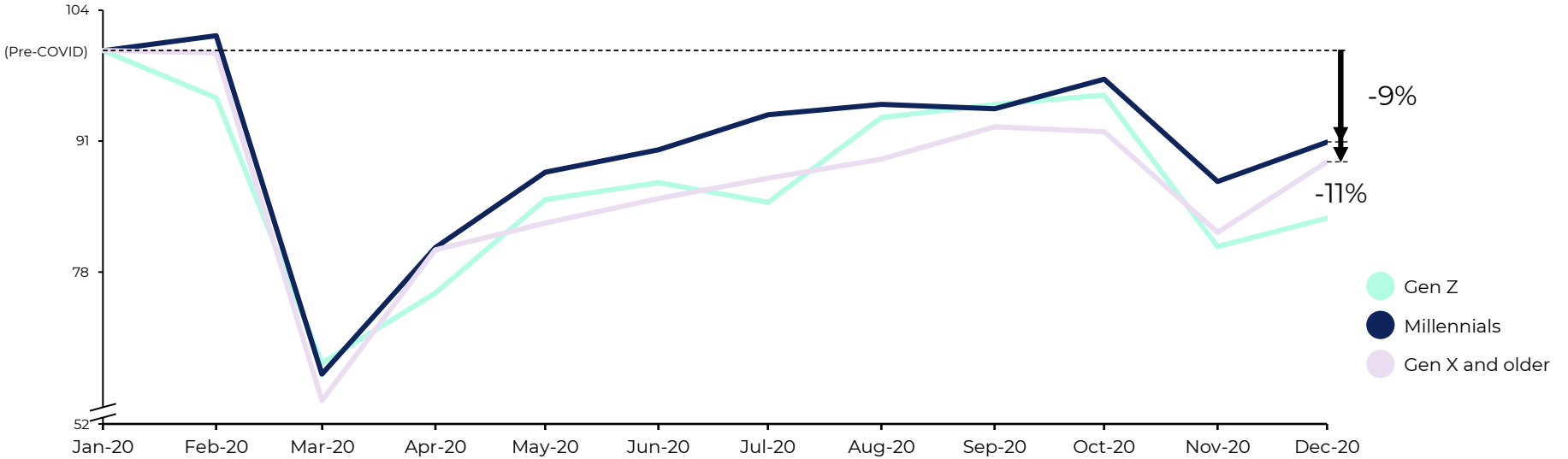


Source: Forecasts based on the University of Michigan Panel Study of Income Dynamic 2005-2017, Bureau of Labor Statistics CE Generation Tables, Census Bureau Population projections for United States - Table 3, analysis by AlphaBeta as part of Accenture  
 Note: Retail expenditure includes clothing and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

# Spending by Millennials has recovered faster than older generations but is still 9% below pre-COVID levels

## Spending by generation

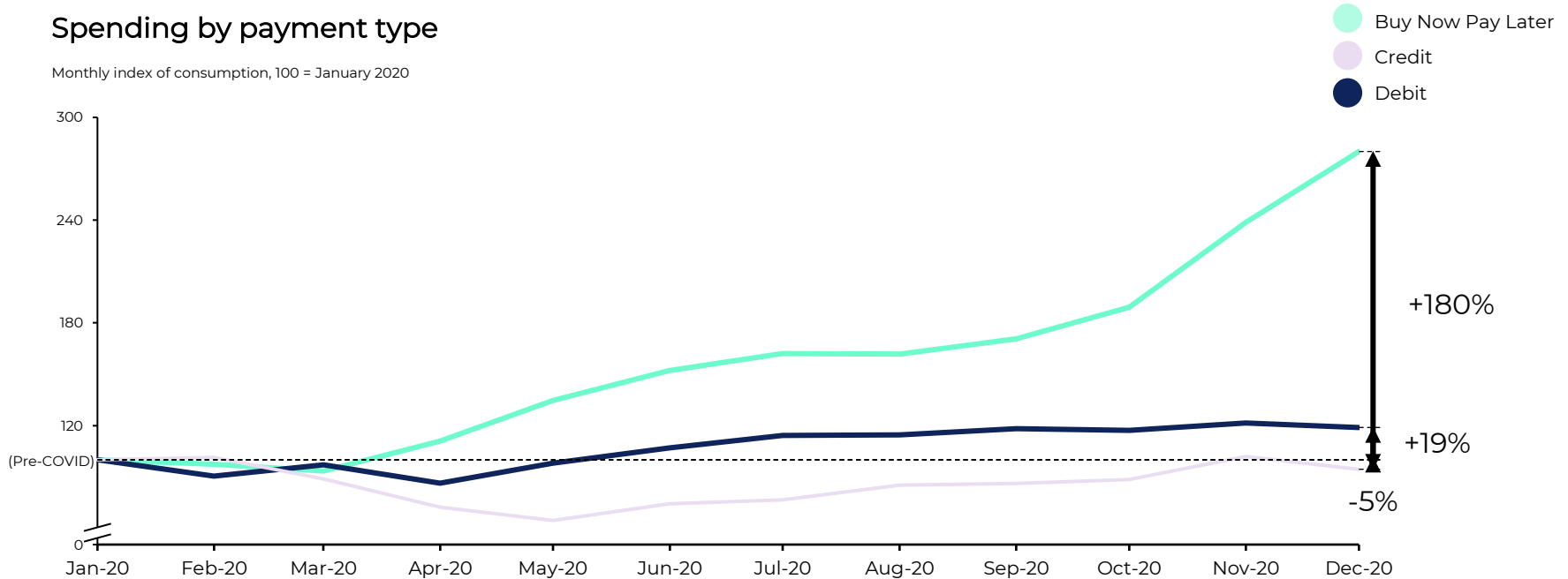
Monthly index of consumption, 100 = January 2020



Spending on BNPL has increased rapidly – up 180% for the year, while credit card purchases have declined

### Spending by payment type

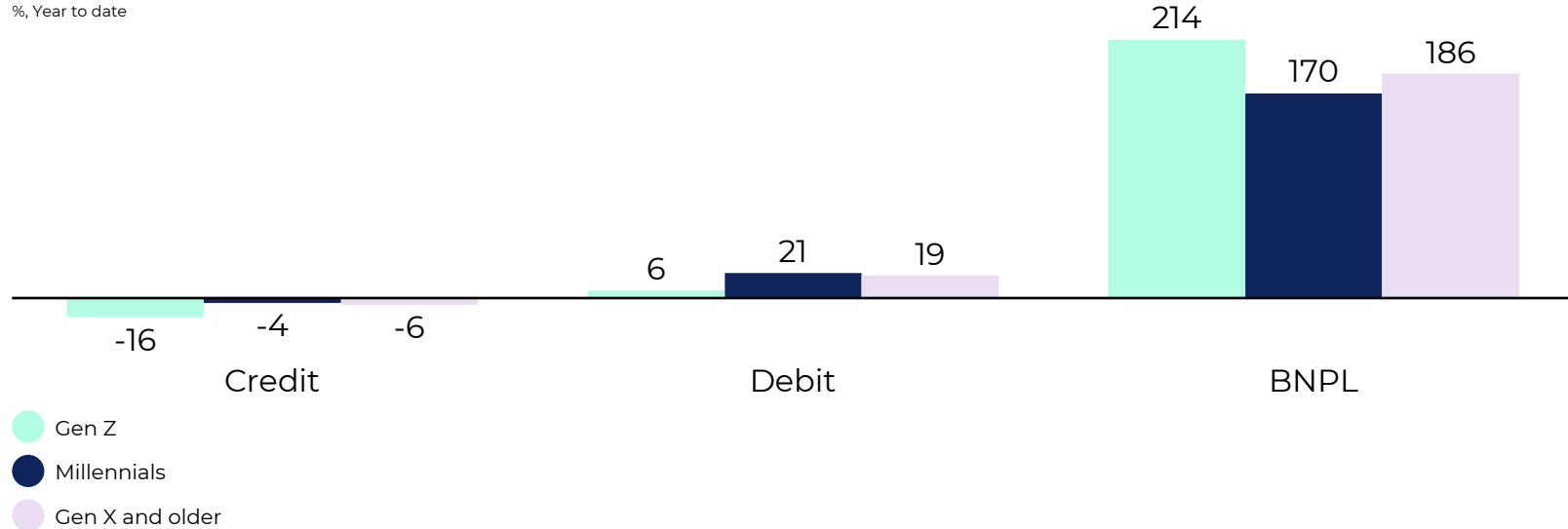
Monthly index of consumption, 100 = January 2020



Spending on BNPL has increased across all generations, especially for Gen Z – spending is up 214% for the year

Change in value of purchases by payment method and generation

%, Year to date



Source: Consumer transaction data, Company quarterly release reports, analysis by AlphaBeta as part of Accenture  
 Note: Data year-to-date as of December 2020

A woman with dark curly hair, wearing a light blue sweater and black pants, is standing in a clothing store. She is looking at a smartphone in her right hand while her left hand is near a rack of clothes. The background shows rows of clothing racks with various items, including jackets and sweaters. The lighting is bright, suggesting a window or large indoor lights.

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 12%** of spending on Afterpay, but it is the **fastest growing cohort** – spending increased by **326%** in 2020.

Fashion still make up the majority of spend for young Americans

Though other categories – such as Wellness – are growing fast, Fashion still dominates consumer spending.

Fashion accounts for **67% of Gen Z** spend and **57% of Millennial** spending.

Footwear is the next largest category

Footwear purchases make up **17% of Gen Z and 20% of Millennial spending.**

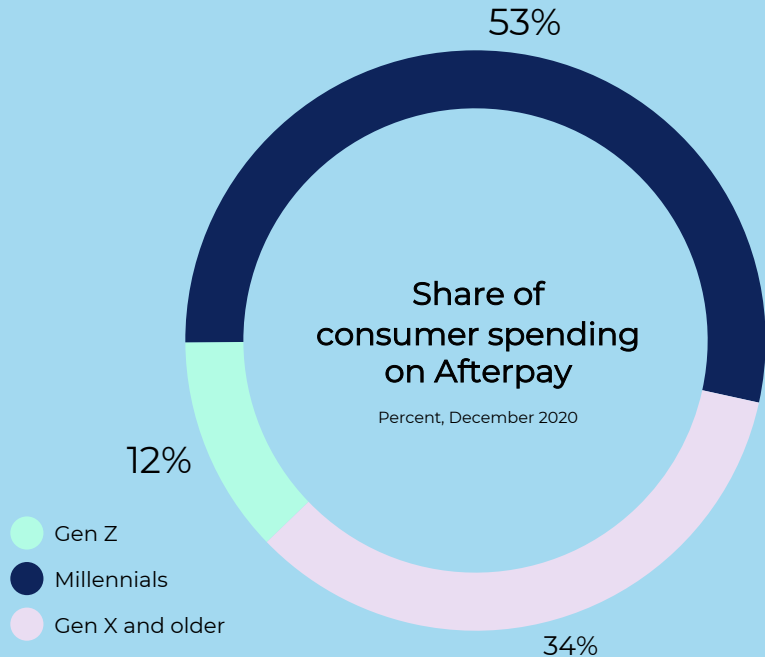
Within the category, top trending purchases among younger generations are heels, sneakers and sandals.

Younger Americans are supporting small businesses through BNPL

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

Spending for small businesses has increased by more than **140% for Gen Z and Millennials** in 2020.

Millennials account for the majority of spending on Afterpay

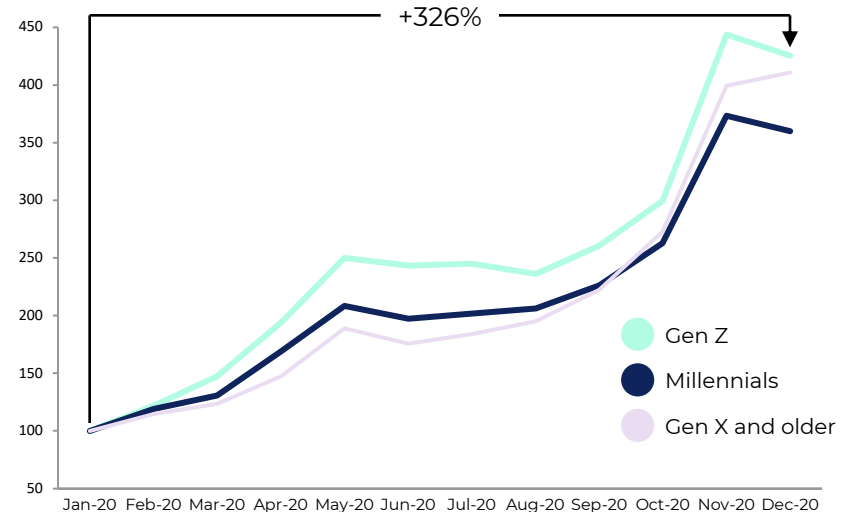


Source: Afterpay data, analysis by AlphaBeta as part of Accenture

However, Gen Z is the fastest growing cohort, with 326% growth from January 2020

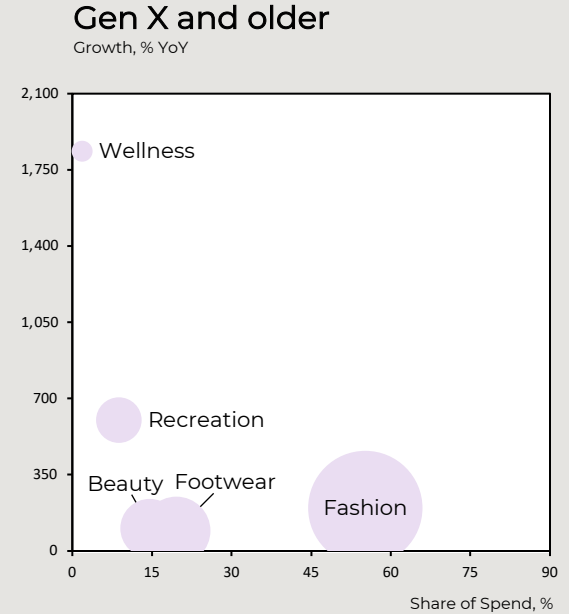
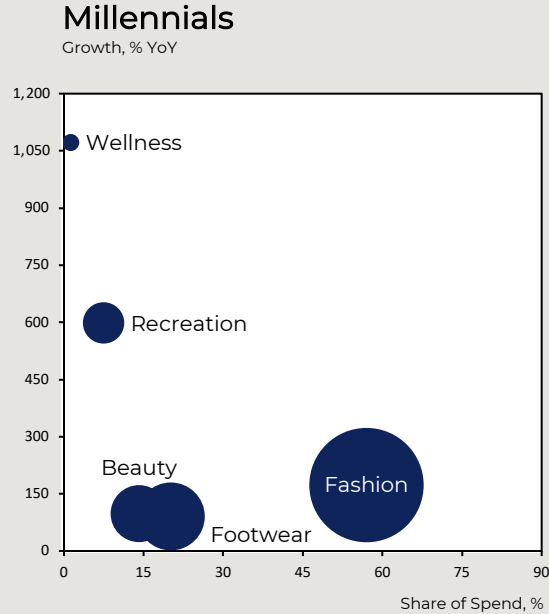
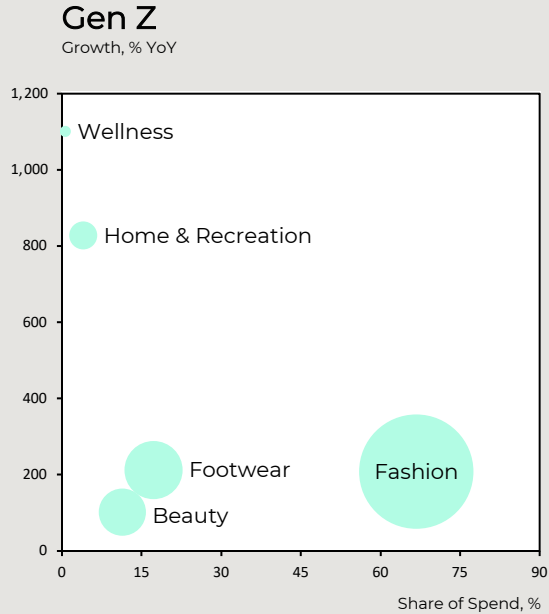
Growth in consumer spending on Afterpay

Indexed, 100 = January 2020





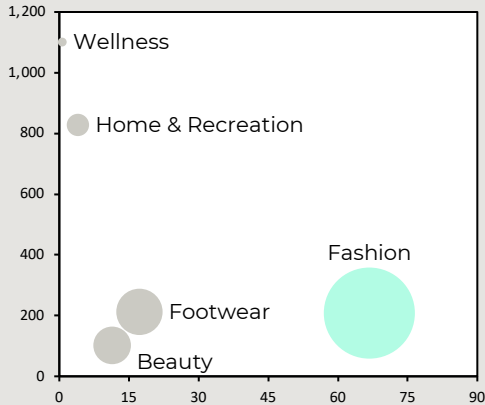
# Spending trends by generation



For Gen Z and Millennials, the majority of consumer spend is on Fashion

### Gen Z

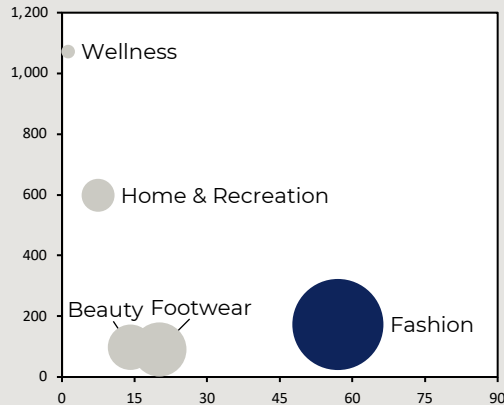
Growth, % YoY



Share of Spend, %

### Millennials

Growth, % YoY



Share of Spend, %

Top brand profiles within Fashion for Millennials and Gen Z are...



Online Pure-players



Budget-friendly Women's Fashion

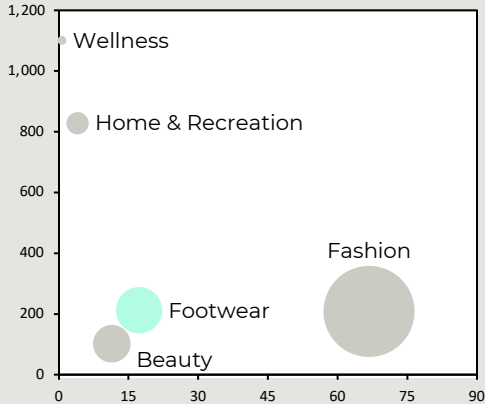


Sportswear

# The second largest category of spend for Millennials and Gen Z is Footwear

## Gen Z

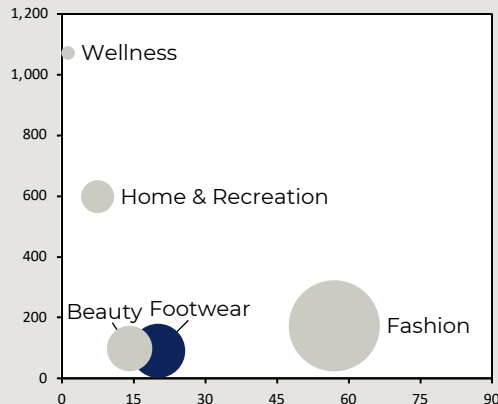
Growth, % YoY



Share of Spend, %

## Millennials

Growth, % YoY



Share of Spend, %

Top purchases within Beauty for Millennials and Gen Z are...



Heels

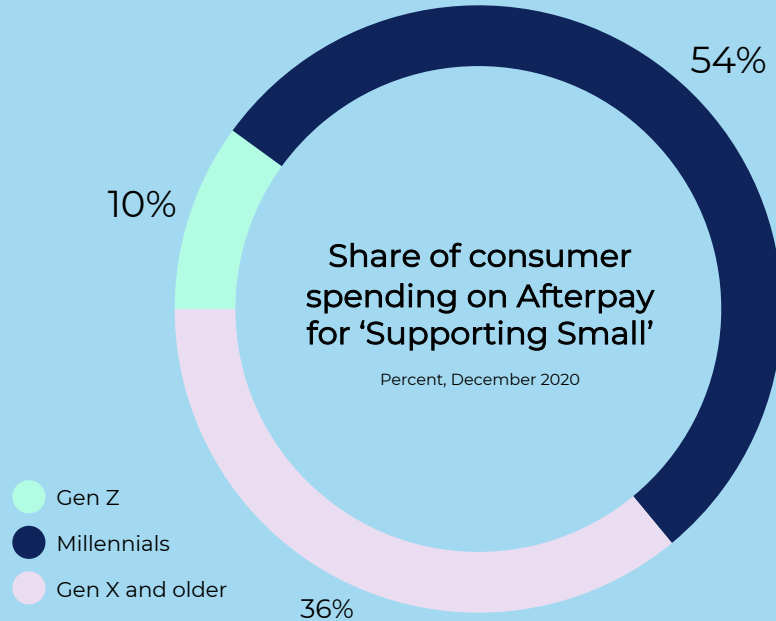


Sneakers



Sandals

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

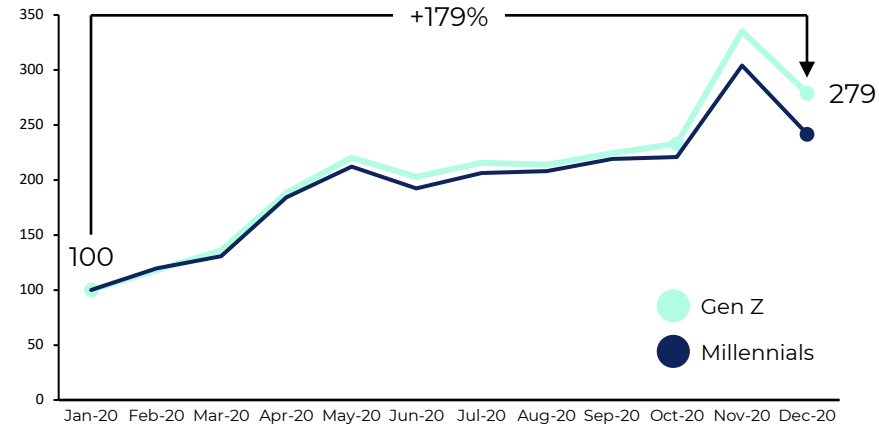


Source: Afterpay data, analysis by AlphaBeta as part of Accenture

Younger Americans have been spending more on small businesses

Consumer spending on Afterpay for 'Supporting Small'

Indexed, 100 = January 2020



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



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



First generations 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 generations fully immersed in **social media**

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

Brand & image

A close-up photograph of a young woman with dark, wavy hair and bangs, smiling warmly at the camera. She is holding a white, rectangular card in front of her mouth. The card has the text 'Thank You!' in a large, black, sans-serif font, followed by 'afterpay' in a smaller, lowercase, sans-serif font, and a small black logo consisting of two curved arrows forming a square. The background is a solid, light teal color. The woman is wearing a white top with a colorful floral pattern.

Thank  
You!  
afterpay 