



clearpay

The Next Gen Index

Millennials and Gen Z in the UK

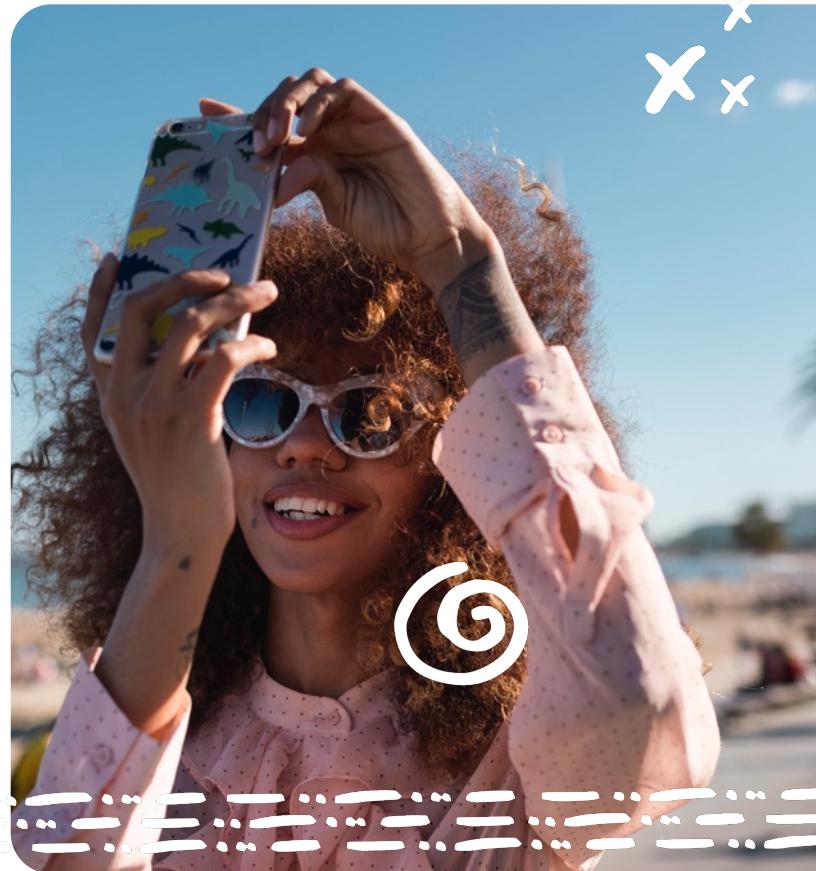


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Introducing the Next Gen Index.

How Consumers
Spend.

What Consumers
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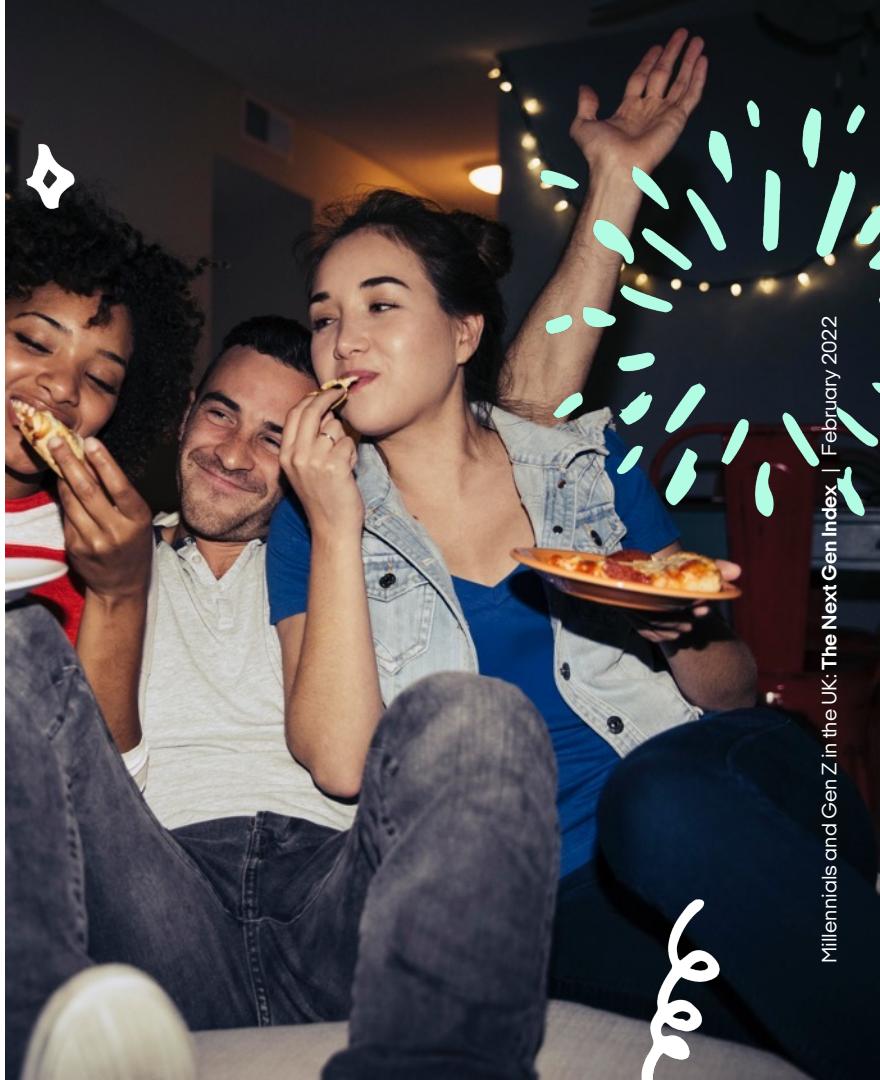
Introducing the Clearpay Next Gen Index.

The Next Gen Index is an economic series on consumer spending. The insights provided recognise the growing power of younger generations in the economy, and how their behaviours 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 Clearpay 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 **25% of the total retail spend** in the United Kingdom.

Their share of retail spend will grow to **39% by 2030**, as more of Gen Z [currently aged 10-25] enter the workforce.

All generations brought their holiday spend forward

All generations took advantage of Black Friday/ Cyber Monday sales, with sales dipping come December. **Older generations increased their spend by 7%**.

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 29% as consumers used BNPL to manage and budget their purchases.

Older generations are leading the growth of BNPL

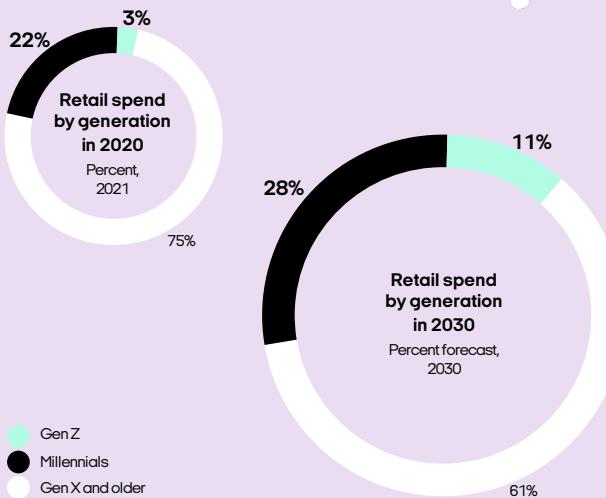
BNPL spending is trending up across **all generations**, however older generations are leading the charge.

BNPL spend by older generations is **up by 554%** since January 2020.



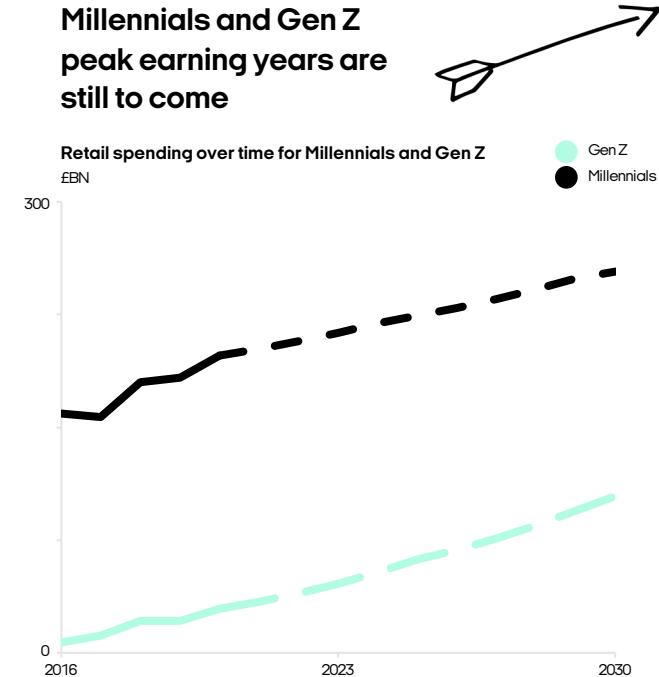


Millennials and Gen Z
share of spend will
increase to 39% by 2030



Source: Forecasts based on the Living Costs and Food Survey 2015-2019, analysis by Accenture
Note: Retail expenditure includes clothing and footwear, personal care, household goods and services, and medicines, prescriptions and healthcare products

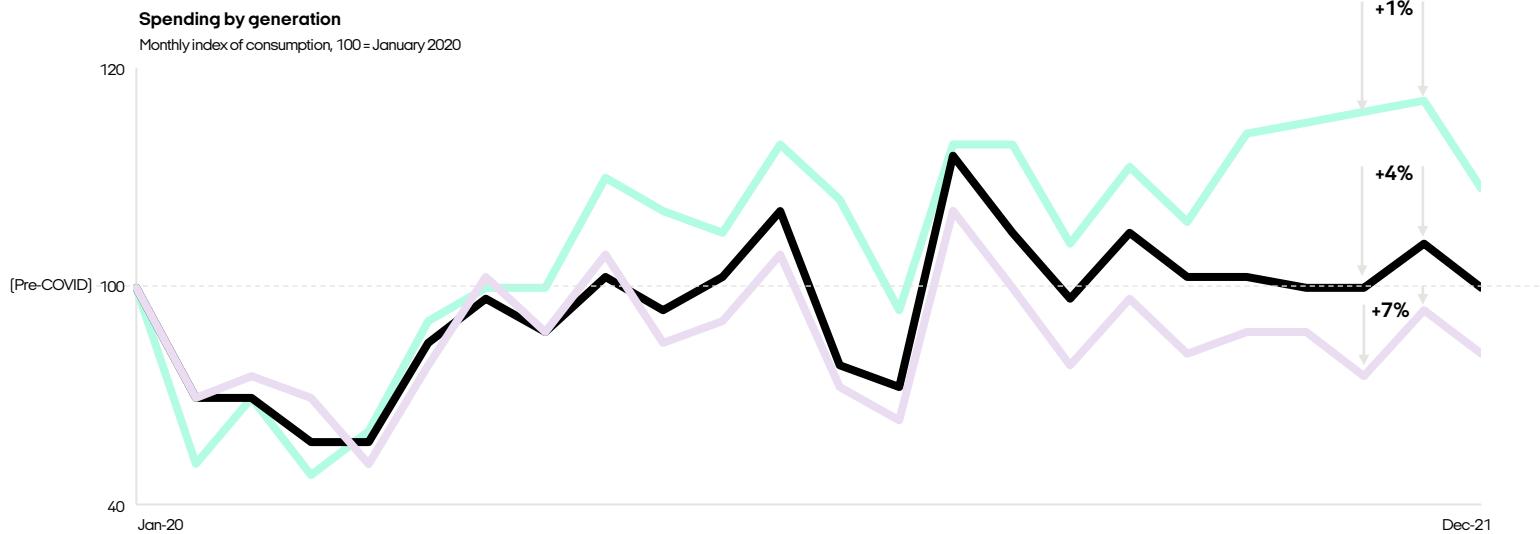
Millennials and Gen Z
peak earning years are
still to come





Gen Z
Millennials
Gen X and older

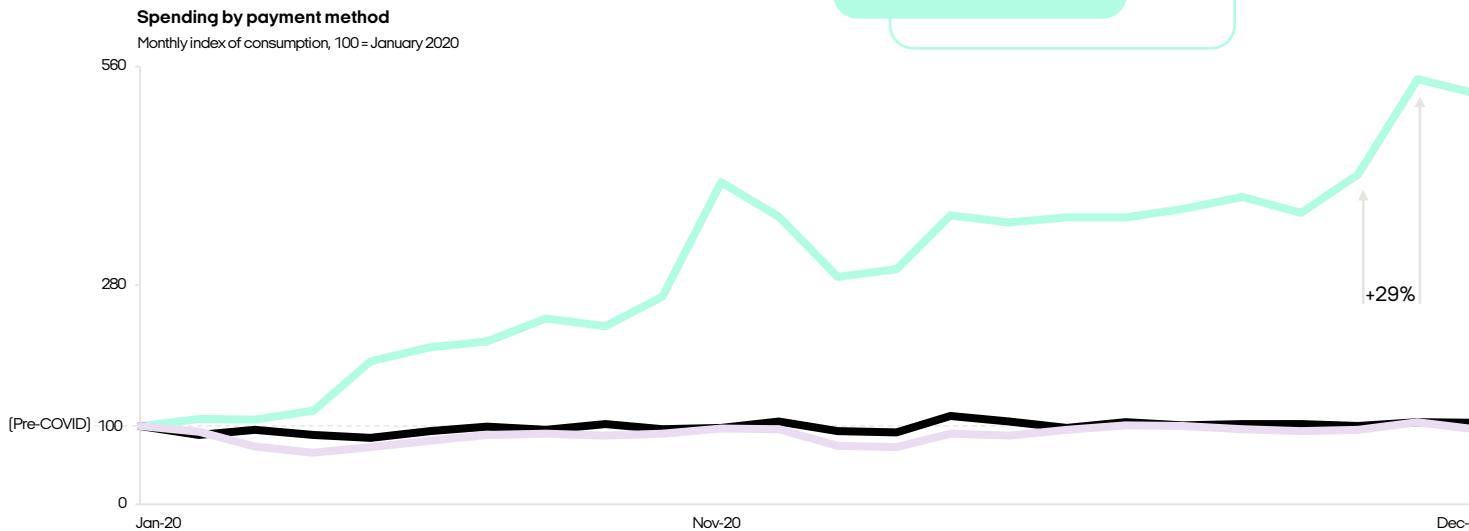
All generations took advantage of Black Friday/ Cyber Monday sales, with sales dipping come December



Source: Consumer transaction data, analysis by Accenture



Spending on BNPL increased by 29% between Oct-21 and Nov-21, as consumers used BNPL to manage and budget their purchases



BNPL spending
up 426%
since Jan-20

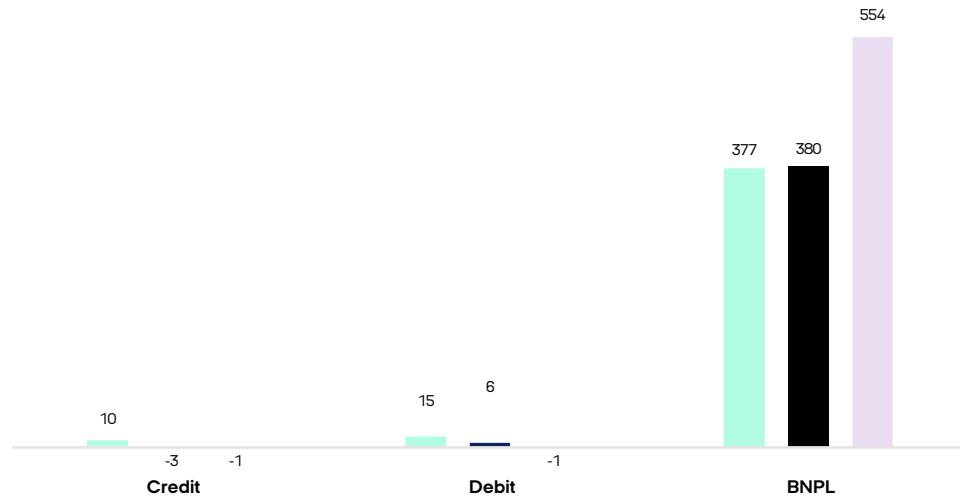
- Buy Now Pay Later
- Debit
- Credit



Spending on BNPL has increased across all generations, especially for older generations

Change in value of purchases by payment method and generation

Percent change from Jan-20 to Nov-21



- GenZ
- Millennials
- Gen X and older



Older generations spending
up 554%
since Jan-20



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Key takeaways on what consumers spend on

Millennials still dominate BNPL but older generations are the fastest growing spenders

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

Older generations account for 33% of spending on Clearpay, but it is the fastest growing cohort, with spending increasing by 850% since Jan-20.

Younger Britons are supporting small businesses through BNPL

70% of all spend on small businesses is from Gen Z and Millennials.

Spending for small businesses has increased by **more than 1500%** for Gen Z and Millennials since Jan-20.

Fashion still accounts for the majority of spend for Millennials and Gen Z

Though other categories such as Wellness, Beauty and Recreation are growing fast, Fashion still dominates Clearpay spending.

Fashion accounts for 71% of Gen Z spend and 62% of Millennial spend.

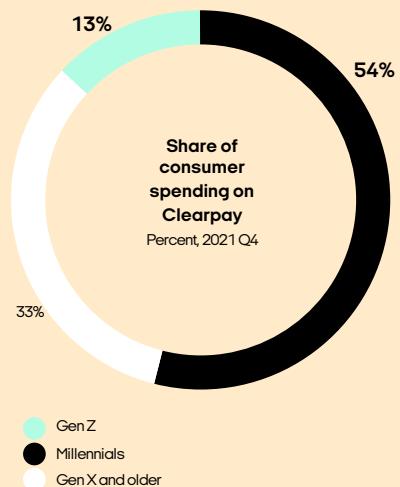
Household is the fastest growing category for younger generations

Gen Z and Millennials are increasing their spend on household goods and services.

Household purchases only make up **3% of Gen Z and 5% of Millennial spending** but this product category is **growing above 300% YoY** in 2021 Q4, as an increasing amount of time is being spent at home.



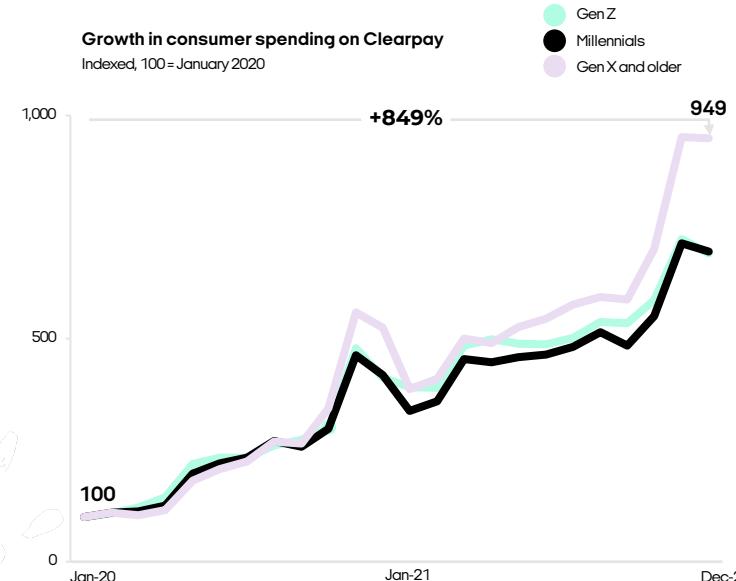
Millennials account for the majority of spending on Clearpay



Source: Afterpay data, analysis by Accenture

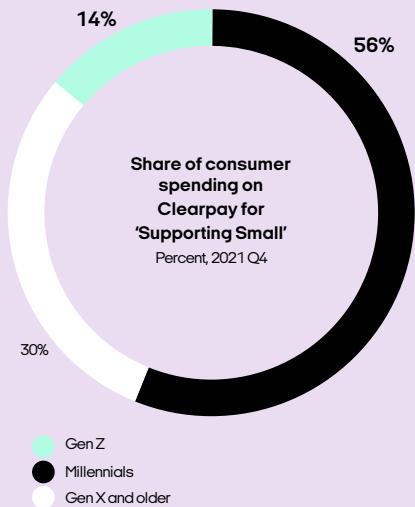
However, older generations are the fastest growing cohort, with spending up 850% since Jan-20

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





70% of all spend on small businesses is from Gen Z and Millennials

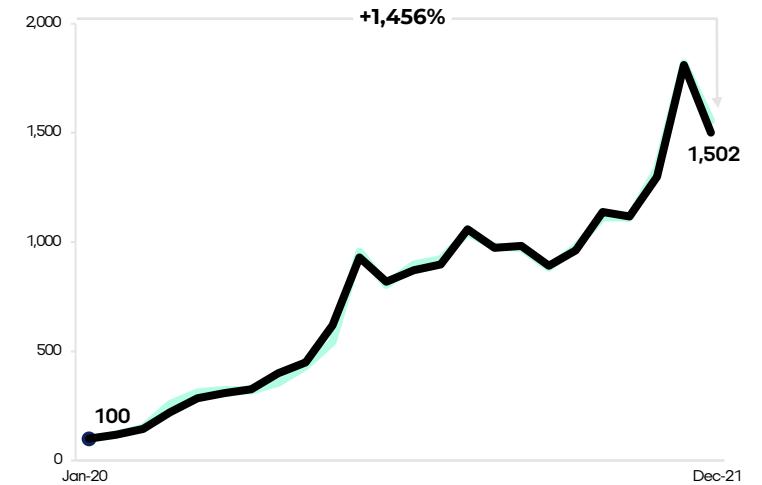


Source: Clearpay data, analysis by Accenture

Younger Britons have been spending more on small businesses

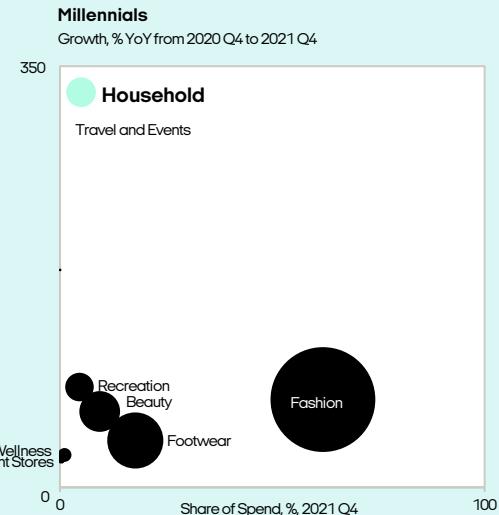
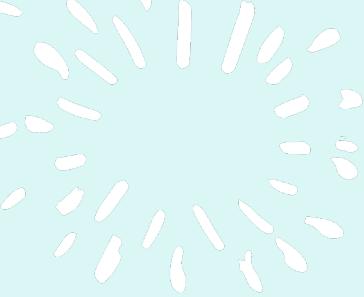
Growth in consumer spending on Clearpay for 'Supporting Small'

Indexed, 100 = January 2020





For Gen Z and Millennials,
the top growing category
is Household



Top purchases within
Household for both
generations are...



Source: Clearpay data, analysis by Accenture



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

A vibrant, candid photograph of a diverse group of young adults at a social gathering. They are laughing, smiling, and interacting joyfully. The scene is set indoors with warm, colorful lighting. Several white hand-drawn style sparkles are scattered across the image, adding a festive and celebratory feel.

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