

afterpay ↻

The Cost of Culture Report.

How Australian Millennials and Gen-Z are balancing costs to keep up with culture and the cost of living.



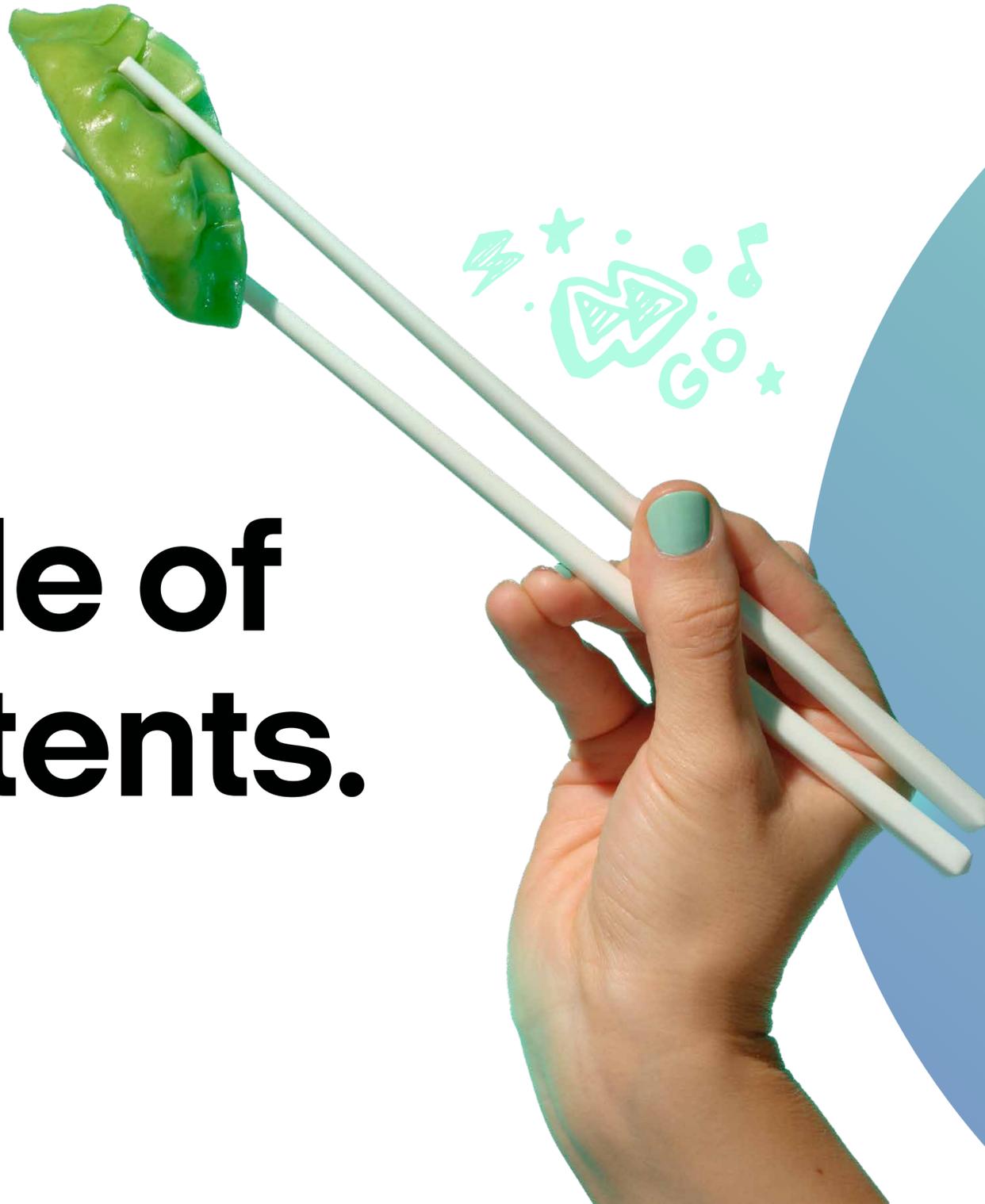


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What is the cost of culture?

When lockdowns lifted, social priorities shifted. Now, a year on from Afterpay's Lockdown Liberation Study, society is still adapting to changing lifestyle and economic conditions.

From rising interest rates, to changing expectations on first dates - Gen Z and Millennials [collectively known as Zillennials] are adapting to the new norms. Re-balancing their spending priorities, lifestyles and mindsets to keep up with the ever shifting role that culture - which this report defines as a pursuit of new trends, innovation, experiences and wellbeing - has on our lives, and our back pockets.

“ ...society is still adapting to changing lifestyle and economic conditions. ”

As a brand at the core of culture and the nexus of next-Gen shopping behaviours, Afterpay has partnered with McCrindle Research to get the latest on what Gen Z and Millennial Aussies are thinking, buying, investing and planning as they come to terms with the cost of culture.



Four key findings.

1

Striving to save:

While cultural influence is more present than ever, Zillennials are sticking to their budgets - with **76% saying they don't let culture sway them from their own financial goals.**

2

Savvy and resilient:

Almost three quarters **[70%] of next gen Aussies use thrifty saving techniques** to ensure they can balance their spending priorities between the rising cost of living and keeping up with culture.

3

Hobbies over homes:

Four in five **[85%] of Zillennials get more enjoyment out of investing in their hobbies** than dining out with friends **[81%]** and buying the latest 'must-have' item **[70%]**. And whilst owning a home was once the Aussie dream, almost 1 in 6 **[14%] young people say they won't ever own property** as they don't think they'll be able to afford it - or it doesn't interest them.

4

Worried but optimistic:

Despite Zillennials worrying about being able to afford bills and essentials **[35%]**, they are hopeful about their financial situation with more than half **[52%] believing they'll be in a better financial situation in 12 months' time.**





#Trending.

Technology has given Zillennials unprecedented access to global news, data, information and education.

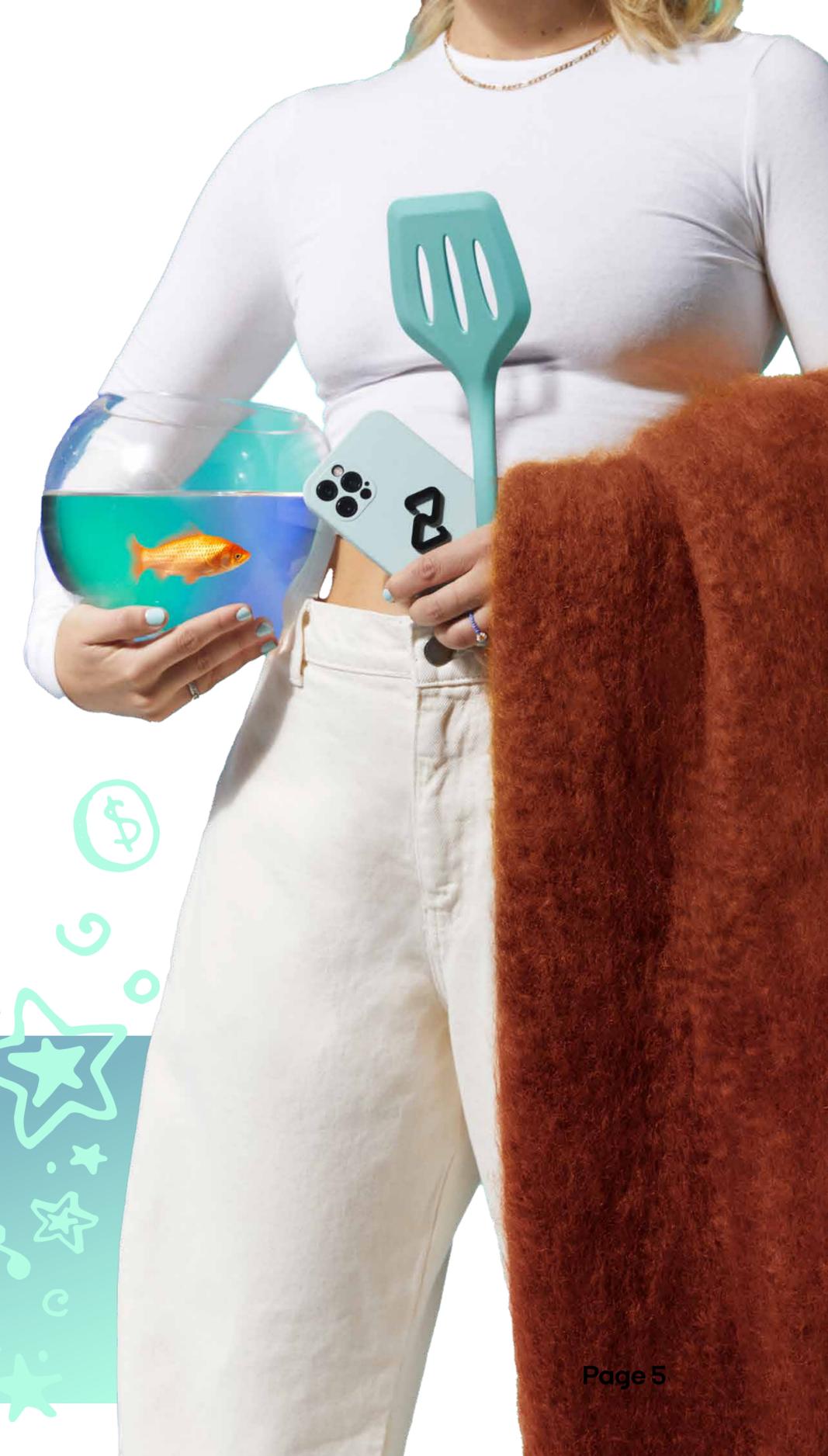
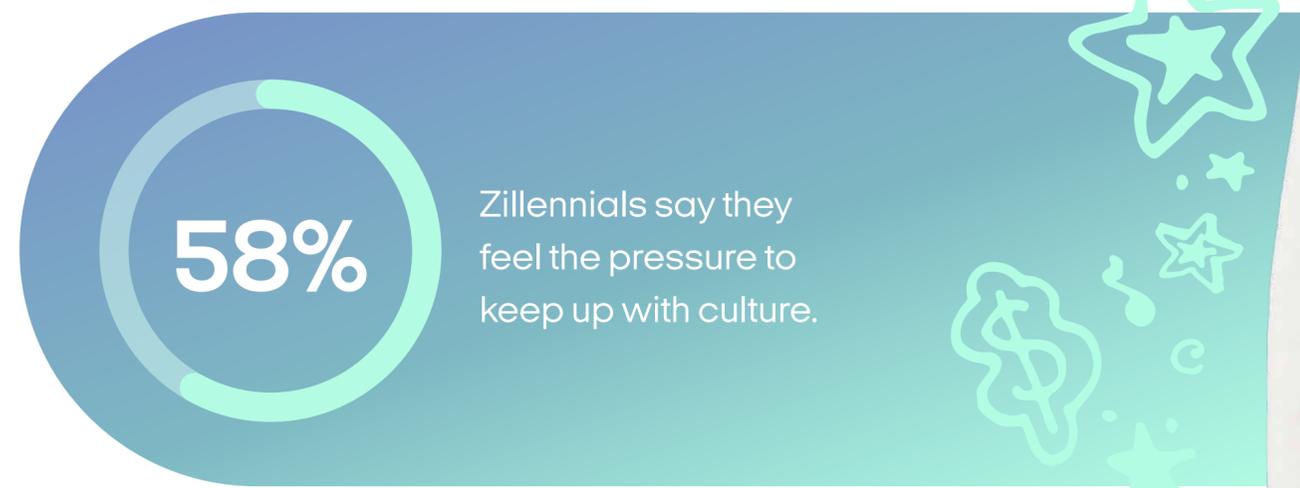
They are exposed to a unique global perspective on culture, experiencing the world from millions of viewpoints on social media every day. In a world of instant news, globalised trends, international travel and online shopping, the youngest generations are participating in a global culture like none before them.

Cultural pressures are so pervasive that almost three in five **[58%] of Zillennials say they feel the pressure to keep up with culture.**

However, feeling the pressure and caving to it are two different things, and three quarters **[76%] of Zillennials are drawing a line in the sand by saying they don't let culture sway them from their own financial goals.**

Perhaps this is because today, financial literacy is part of the cultural zeitgeist. More than two thirds **[70%] of Zillennials have sought out information on financial wellbeing** in the last 12 months. The rise of the financially savvy, next-gen shopper continues.

We tap into culture when we listen to music, watch TV, shop online and interact with our community. And unsurprisingly, it's the younger generation of Zillennials that have the highest participation in cultural events - with the majority **[82%] having participated in a cultural event in the past 12 months** [compared to **44%** of their older counterparts].



Gen S - savvy and saving.

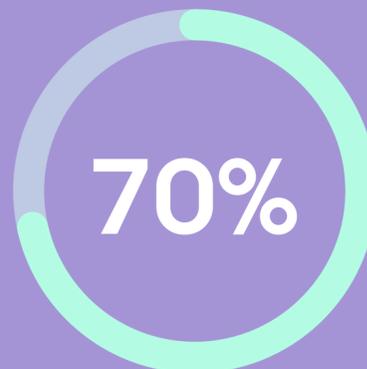
Contrary to popular belief, Zillennials are more financially resilient than they're given credit for.

They've experienced the impacts of the GFC in 2008 and have lived through Australia's first recession in 30 years. They've seen the gig economy raise questions about job security, and are living with the pressure of rising inflation and interest rates. So perhaps avo toast isn't to blame after all...

Zillennials have had no choice but to become financially savvy and flex their budgeting skills. In fact, over three quarters **[75%]** reveal they get more enjoyment from saving money than spending it on the latest trends, and almost three quarters **[70%]** of next gen Aussies use thrifty saving techniques to ensure they can balance their spending priorities between the rising cost of living and keeping up with culture.



Get more enjoyment from saving money than spending it.



Use thrifty saving techniques.





The A-Zillennial.

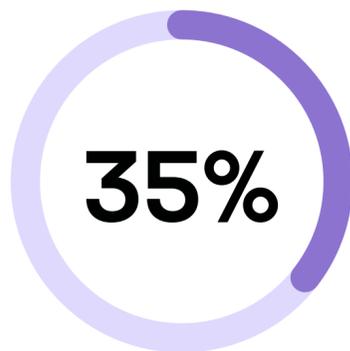
The Next Generation's Top Tips for Saving Cash:

Whilst four in five [81%] Aussies enjoy dining out with friends, the most popular way for Zillennials to save cash is by ordering cheaper options on the menu - with more than a third [37%] of young Aussies doing this so they don't get FOMO altogether.

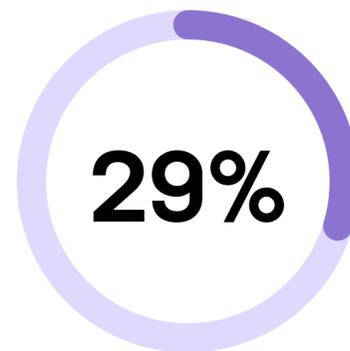
Over a third [35%] also avoid spending on fads and trends, avoid using credit cards [35%], buy items second hand or on sale [34%], and others use buy now pay later services such as Afterpay to budget [29%], and avoid buying cafe coffees [29%].

Ever had to decide which subscription service to cull? Well, next gen Aussies are savvy about their accounts, with almost three quarters [73%] sharing their subscription logins with their friends and family [let's admit it, we've all snuck onto an ex's guest account].

Marketplaces are where it's at for thrifty Aussies, with three quarters [76%] of Zillennials revealing they use marketplace to shop, and a quarter [27%] always scrolling on marketplaces first when items cost more than \$200.



Avoid spending on fads and trends.



Use buy now pay later services such as Afterpay to budget.



Not too deflated.

The rising cost of living has impacted the mindset of the next generation.

Although a quarter [26%] prioritise savings first and then budget with what they have left over, almost 2 in 5 [39%] are worried they don't get paid enough to cover expenses if inflation continues.

With inflation rising, 1 in 4 [24%] Zillennials have started a second job, as more than a quarter [27%] revealed that they live month to month on their paycheck to afford essentials.

Despite Zillennials worrying about being able to afford bills and essentials [35%], they are hopeful about their financial situation with more than half [52%] believing they'll be in a better financial situation in 12 months' time.



Started a second job.



Live month to month.



Perception of value.

Since the rise of blockchain, crypto and NFTs, the perception of money and value has shifted for Zillennials.

The Aussie dream of owning a home is changing for millennials, with almost **1 in 6 [14%] young people saying they won't ever own property** as they don't think they'll be able to afford it or it doesn't interest them.

Aware of the finances required to own a property, the next gen are looking at other ways to invest. **1 in 5 [21%] have invested in cryptocurrency**, which is more than sneaker collections [20%], stocks [18%], property [11%], and handbags [8%]. In fact, **half [50%] have revealed that they enjoy purchasing digital art and items in the metaverse** and almost a third [32%] already are or believe they will interact with the metaverse within the next 12 months.

When it comes to what else they enjoy spending money on, four in five [85%] get enjoyment out of investing in their hobbies over buying the latest 'must-have' item and dining out with friends.

1 in 6



Say they won't ever own property.

50%

Enjoy purchasing digital art and items in the metaverse.

Non-linear life.

Heading into the office 9am-5pm, five days a week?

Ok Boomer, Zillennials are smashing perceptions of how work gets done.

Almost a third **[32%]** of Zillennials wish they had more work/life balance, so if they're not 'quiet quitting' **[19%]**, they want to find a job that allows them to work from anywhere in the world **[27%]**. Okurrr!

With a quarter **[25%]** not feeling fulfilled in their jobs, many are abandoning the idea of a traditional, linear career path with an increasing amount **[22%]** choosing to up-skill via courses or tertiary education to future proof themselves.

However, with the rising cost of living, finances are still top of mind, with **17% of young Aussies leaving their job in the last 12 months** for one that pays better.

When it comes to passion projects, men are twice as likely as women to have started a project in lockdown that they are looking to make into a business.



Being well.

As we have pressed play on our lives again, the next generation of Aussies are prioritising their mental health more than any other generation.

Despite more than **2 in 5 (45%)** Zillennials stating in the 2021 Afterpay Lockdown Liberation Study they believed **prioritising mental health was the most important** lesson they took out of lockdowns, over half **(52%)** believe their **mental health has declined** since lockdown lifted.

However, the majority **(89%)** of Aussie Zillennials agree that **investing in their mental health long term is important**, and almost **two thirds (64%)** said they are **spending more on their mental health this year than last**. Goals.

In addition, three quarters **(75%)** find enjoyment in investing in **health and wellbeing** including gyms, spas and salons, while **1 in 5 (21%)** spend their money on **sports and outdoors**.



The balancing act.

Although Aussies are dining out, enjoying drinks at pubs, travelling and dancing at festivals, Zillennials can't abandon all their cares on the dance floor with the stress of petrol, rent, interest rates and the cost of living rising.

While older generations are quick to categorise 'the avocado toast' generation, the majority of Zillennials get more enjoyment from saving money than spending it.

After surviving the GFC and the pandemic in their young lifetimes, they have honed their thrifty saving techniques to help balance their spending priorities - whether it's through enjoying eating out but ordering the cheapest item on the menu or shopping on a marketplace before going elsewhere.

Despite this, the rising cost of living is still a concern, with many living month to month on their pay cheques or having to take second jobs to cover their basic expenses.

So what does this generation value? Unlike the older generations, Zillennials know the chances of owning a home are lower than ever, and instead are focusing on alternative investments like cryptocurrency. Hobbies and health are more important than ever, and a work/life balance is a must - whether through a job that allows you to work from anywhere in the world, or one that fairly compensates them for their 9-5.

As the Afterpay Cost of Culture Study reveals, Zillennials really are one of the most culturally and financially savvy generations to date.

“ Zillennials really are one of the most culturally and financially savvy generations to date. ”





About us.

Co-founders Nick Molnar and Anthony Eisen launched Afterpay in Australia back in 2014 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 144,000 retailers and brands globally (as of March 2022) customers can use Afterpay at all the places they love.



A hand holding a glowing lightbulb with a teal cord against a dark blue background. The lightbulb is illuminated from within, casting a warm glow. To the right of the lightbulb, there are white, hand-drawn radiating lines. The background is decorated with various white icons: stars, musical notes, and swirls. In the center, there is a teal rounded rectangle containing the 'afterpay' logo.

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The Afterpay Cost of Culture Study was commissioned by Afterpay and conducted by McCrindle.
The survey was in field between 2nd September and 9th September 2022 with a nationally representative sample
of 1,001 Australians between the ages of 18-42, plus an additional 573 Australians aged 43-99.