

The State of Retail

Concerns around inflation remain top of mind, with consumers reeling from its lingering impacts and overall spending less on retail goods.

Despite these headwinds, the retail industry continued to moderately grow in the first quarter of 2023 based on U.S. Square and Afterpay data.

Next-generation consumers want to shop from brands that meet them wherever they are. This is giving rise to popular shopping channels like

mobile commerce and in the past year

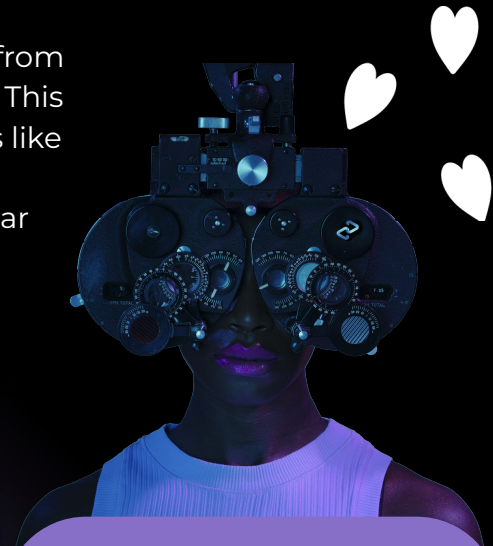


2 in 3

Afterpay online transactions from millennials and Gen Zers **were made on mobile devices.**

Additionally, the **volume of Afterpay transactions** since 2020 has increased

196%



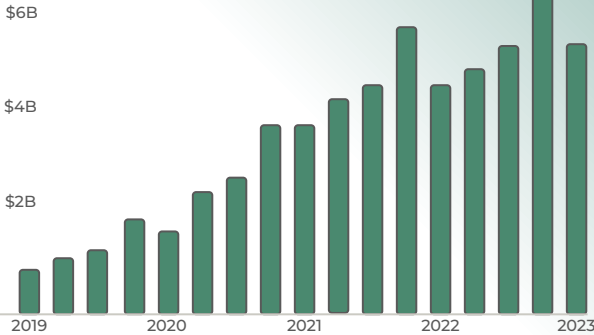
TIP

Ensure consistency across all digital shopping channels: eCommerce, social commerce, and app. To meet the younger consumers' needs for value and convenience, consider automating customer support services and amping up loyalty programs with personalized promos and discounts.

Buy Now Pay Later is going mainstream, with sales increasing year-on-year and **growth up across all age groups.**



Afterpay sales for products marked at sustainable, ethical, natural and clean

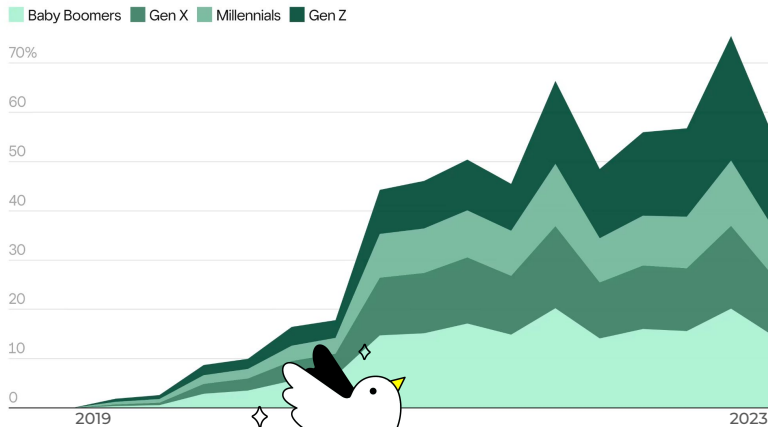


As of March 2023, the number of Afterpay orders made by Gen Xers and boomers increased by an average

14%

Sales have increased for **sustainable products** as younger Americans are driving **conscious consumerism.**

Afterpay sales for products marked at sustainable, ethical, natural and clean



69%

of share of spend on sustainable products comes from Gen Z and millennial shoppers



TIP

Establish partnerships with sustainable brands first by collaborating on give-back programs and marketing campaigns and stocking their products in storefronts. These tactics can alleviate the pressures on your existing supply chain while balancing customer desires.

QUIET LUXURY

One factor contributing to the growth of the luxury market is the **quiet luxury trend**, which has taken off as a result of a return to the office and a desire for sophisticated staple items.

Square data shows a yearly uptick in sales for workwear products:

+19%

Dress Shirts

+40%

Oversized Blazers

+44%

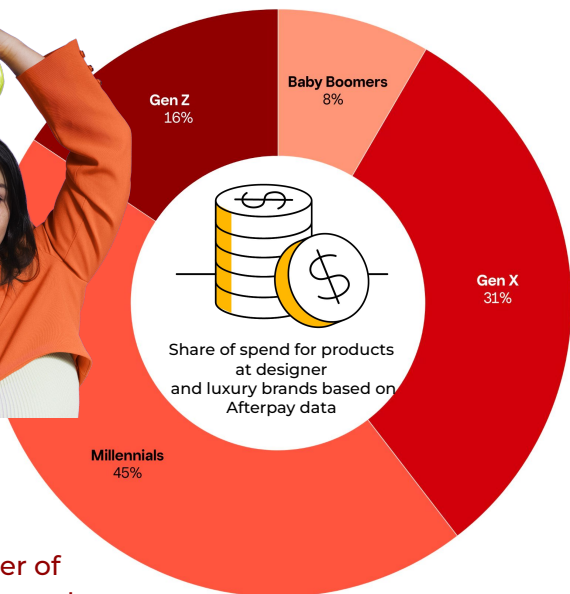
Dress Sneakers



By capitalizing on this trend and focusing on timeless staple items that never go out of style, retail businesses can maintain their profitability as consumers look to pad their wallets (and closets) over the long run.

While millennials & Gen X remain key for **luxury brands growth**

Gen Z is a fast growing segment



The number of merchants on the Afterpay shopping app increased

2x

between 2021 through Q1 2023, as high-end businesses look to accommodate young shoppers

Gen Z share of spend on luxury items increased to

16%

compared to just 13% in 2019.