



Millennials and Gen Z
in the UK:
Next Gen Index

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How Consumers Spend

What Consumers Spend On

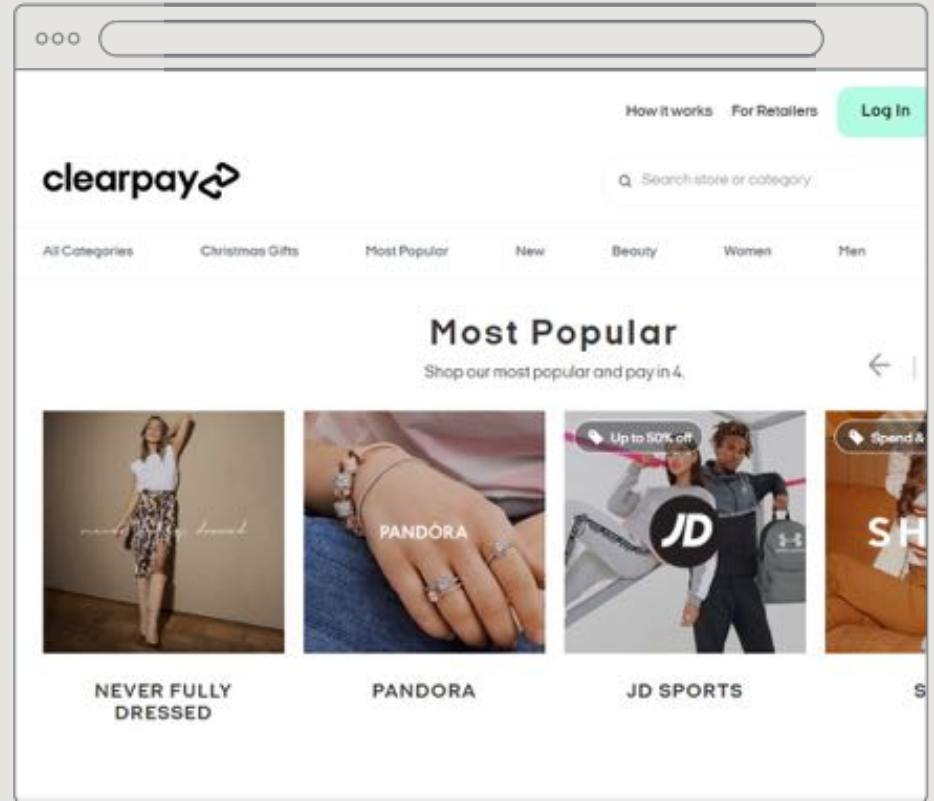
Introducing the Clearpay Next Gen Index

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 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

GenX and older

Before 1981

Aged 41+

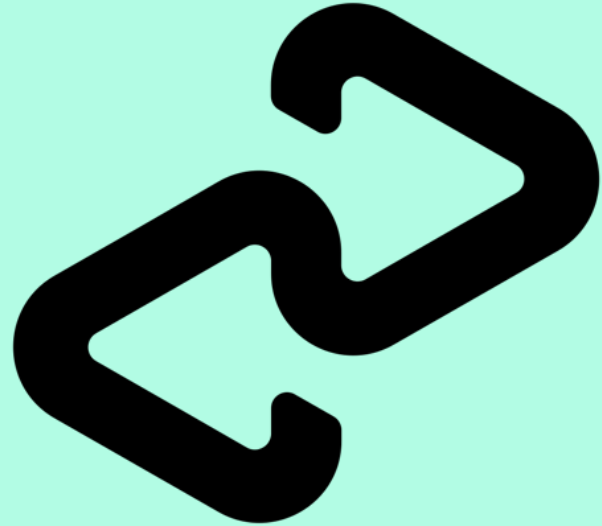
Note: Generation age grouping based on definitions by the Pew Research Center

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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 account for **25% of the total retail spend** in the United Kingdom.

Their share of spend will **grow to 39% by 2030**, as more of Gen Z (currently aged 9-24) enter the workforce.

Spending by Millennials has recovered faster

Spending by **Millennials is now 1% above** pre-COVID levels.

Older generations have been relatively more conservative with their spending. Their level of spending is still **4% below pre-COVID levels**

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

While BNPL spending currently accounts for a small share of total spend, that number is growing fast.

Since January 2020, BNPL spend has **grown by 260%**, compared to **0% for debit** and a **decrease of 1%** for credit cards.

Older generations are leading the growth of BNPL

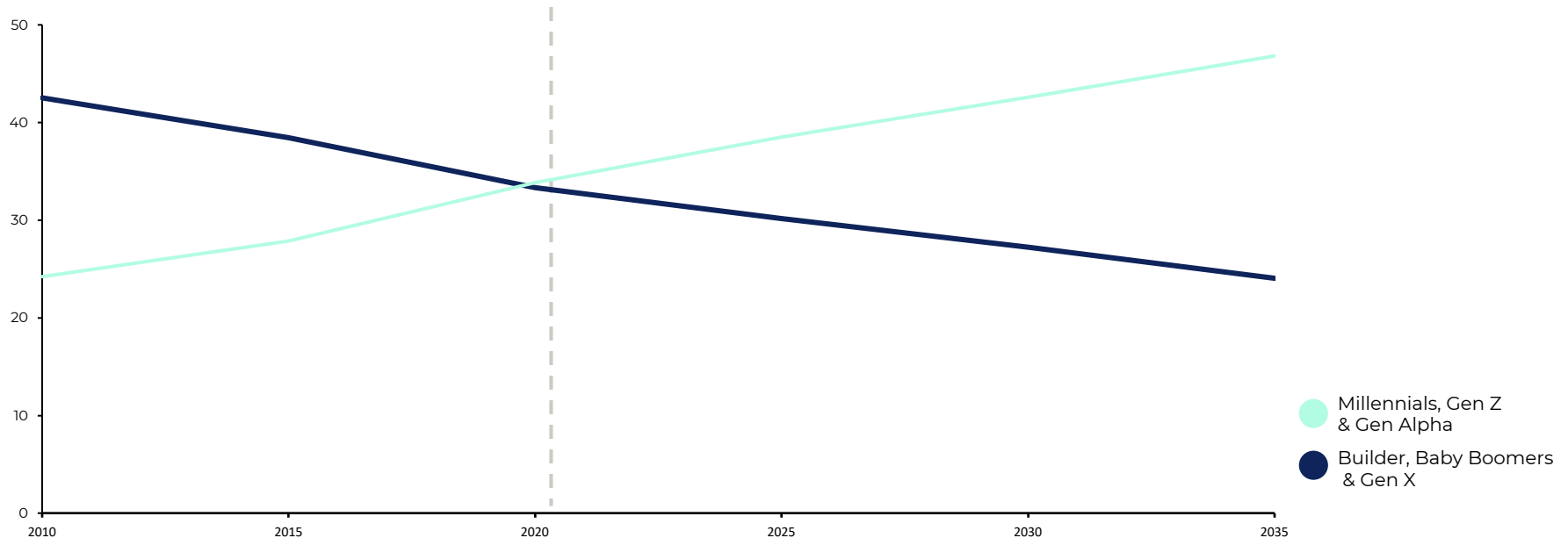
BNPL spending is trending up across **all generations**, however older generations are leading the charge.

BNPL spend by older generations is **up by 300%** since January 2020.

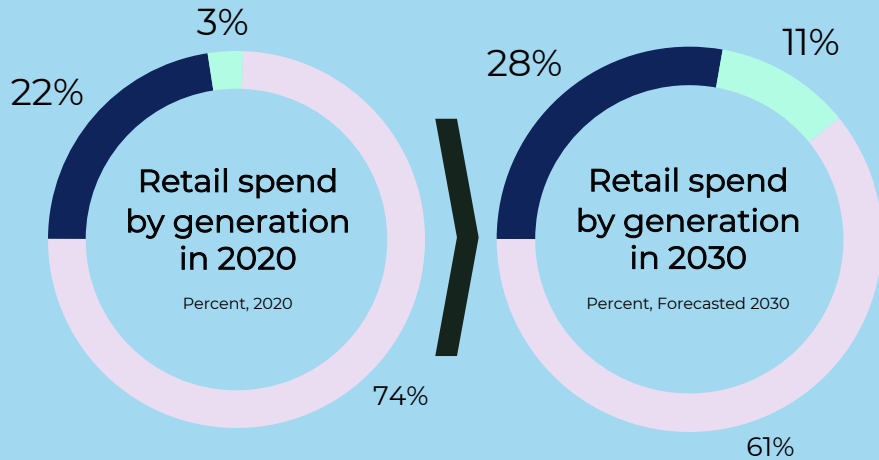
As of 2020, Millennials and younger generations outnumber older generations

Total population in the UK

MILLIONS



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

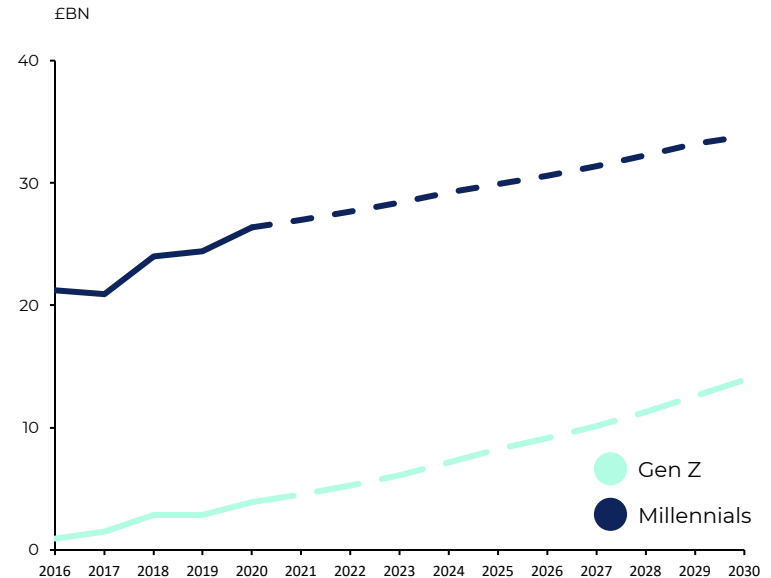


- Gen Z
- Millennials
- Gen X and older

Source: Forecasts based on the Living Costs and Food Survey 2015-2019, 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

Millennials and Gen Z peak earning years are still to come

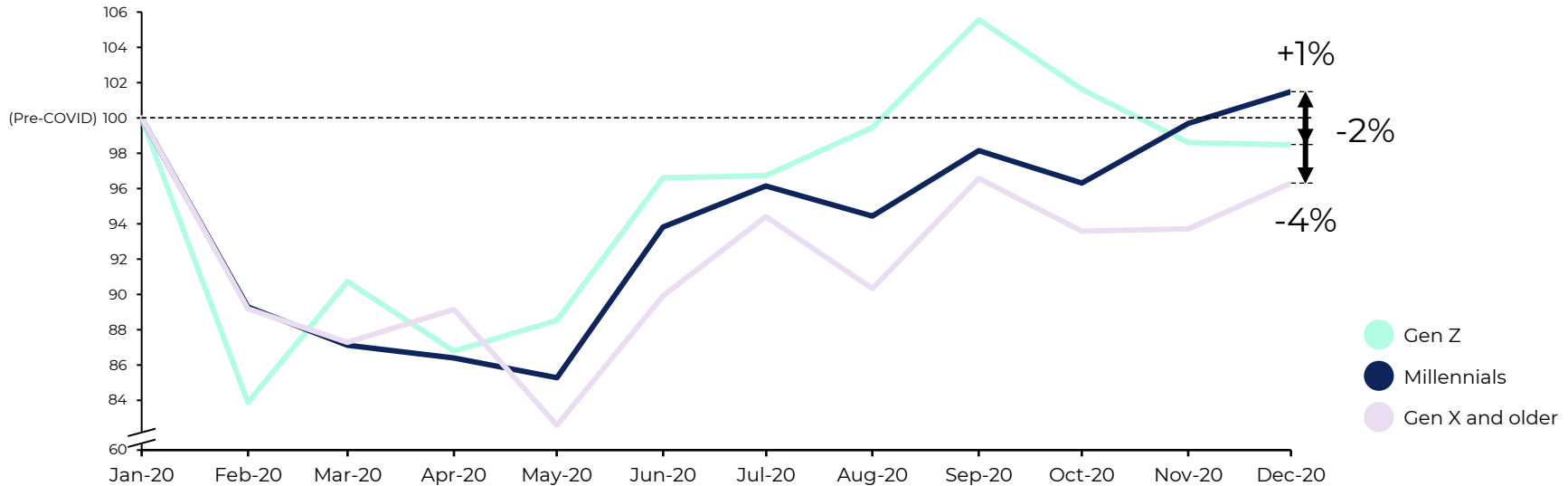
Retail spending over time for Millennials and Gen Z



Spending by Millennials and Gen Z has recovered faster than older generations, and is now at or near pre-COVID levels

Spending by generation

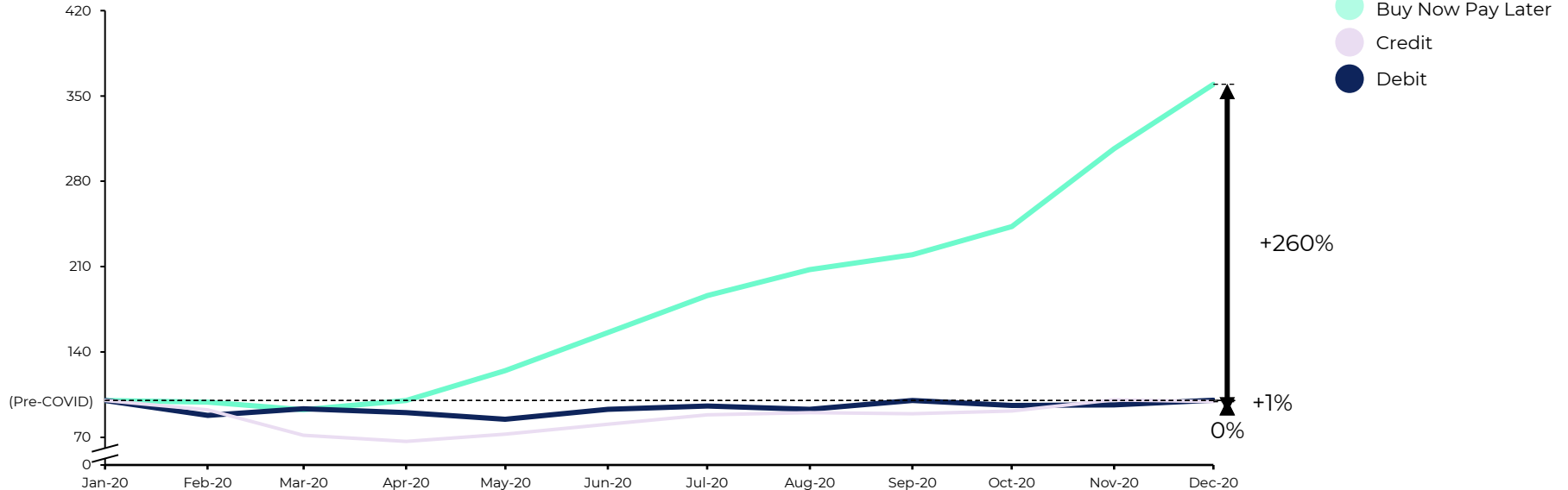
Monthly index of consumption, 100 = January 2020



Spending on BNPL has increased rapidly – up 260% for the year, while credit card purchases have stagnated

Spending by payment method

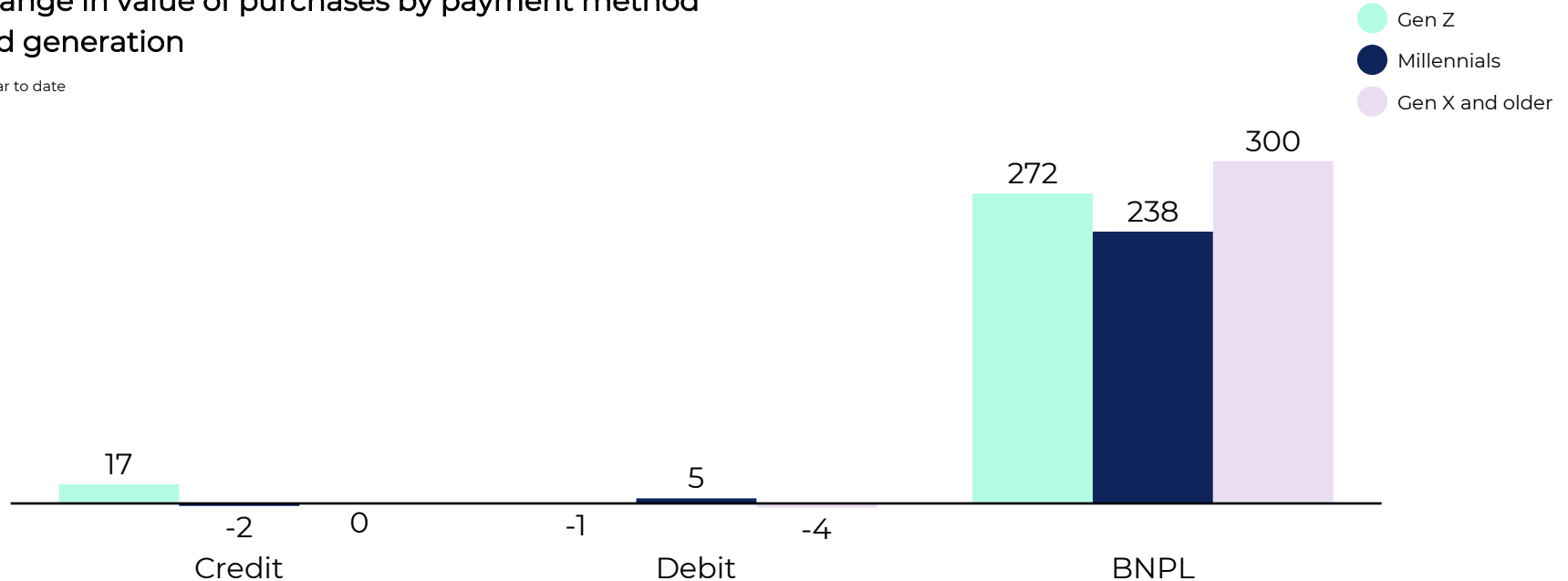
Monthly index of consumption, 100 = January 2020



Spending on Clearpay has increased across all generations, especially for Gen Z and older generations – up 272% and 300% for the year

Change in value of purchases by payment method and generation

%, Year to date



A woman with dark curly hair, wearing a light blue sweater and a black bag, is looking at her smartphone in a clothing store. She is standing in front of a rack of clothes. The background is slightly blurred, showing more clothing racks and a window.

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Key takeaways on what consumers spend on

Millennials still dominate BNPL but older generations are the fastest growing

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 **31% of spending** on Clearpay. This is the fastest growing cohort – spending increased by 425% in 2020.

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 dominate consumer spend.

Fashion accounts for **68% of Gen Z** spend and **61% of Millennial** spend.

Wellness is the fastest growing category for younger generations

Gen Z and Millennials are increasing their spend on Wellness.

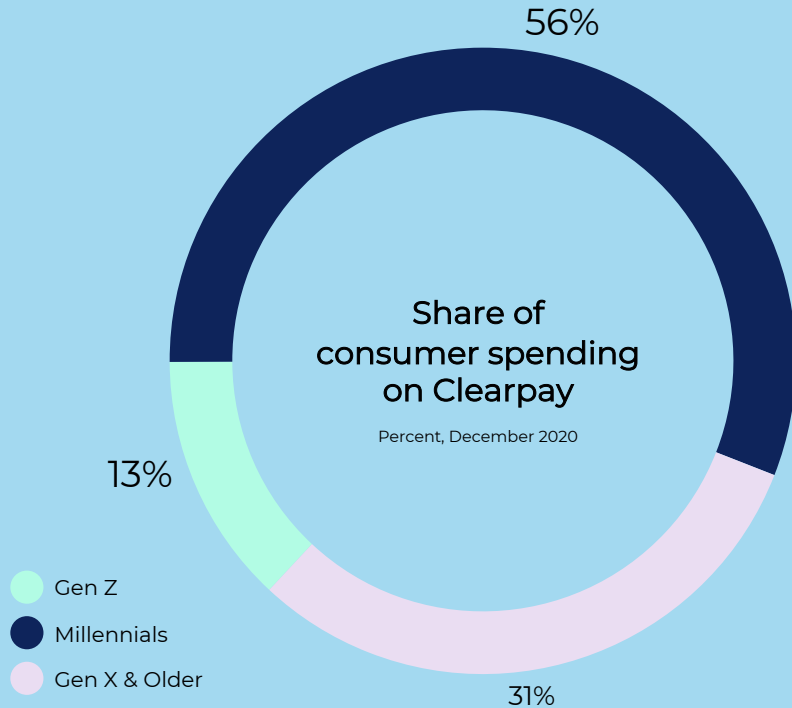
Wellness purchases only make up **2% of Gen Z** and **1% of Millennial spending** but this product category is growing fast.

Younger Britons 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 **700% for Gen Z and Millennials** in 2020.

Millennials account for the majority of spending on Clearpay

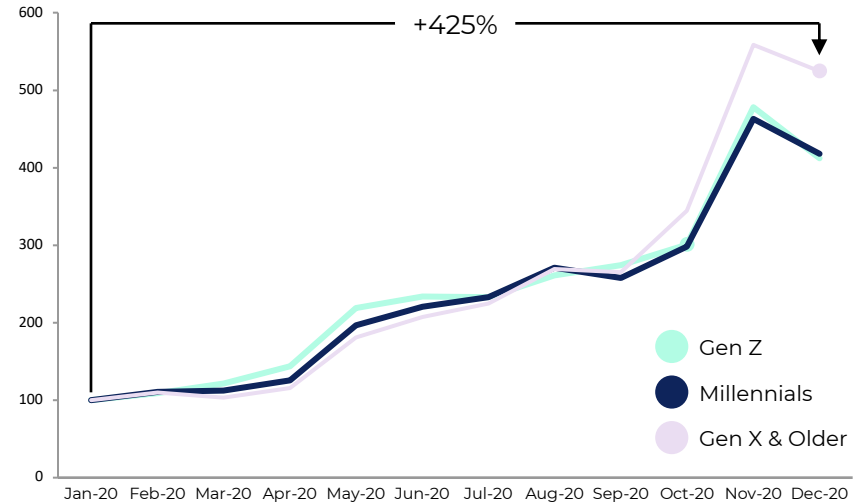


Source: Clearpay data, analysis by AlphaBeta as part of Accenture

However, older generations are fast growing cohort, with spending up 425% for 2020

Spending by payment type

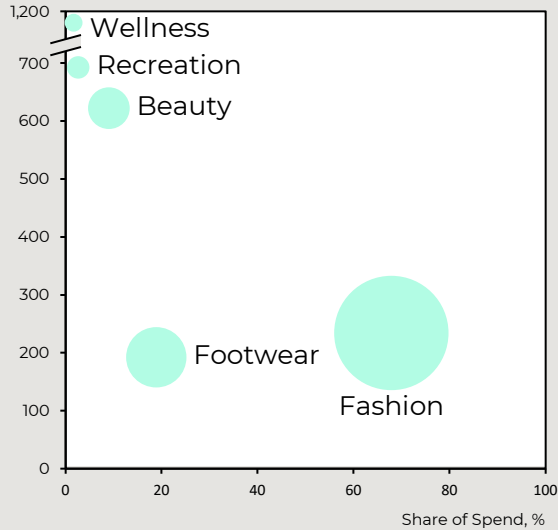
Indexed, 100 = January 2020



Spending trends by generation

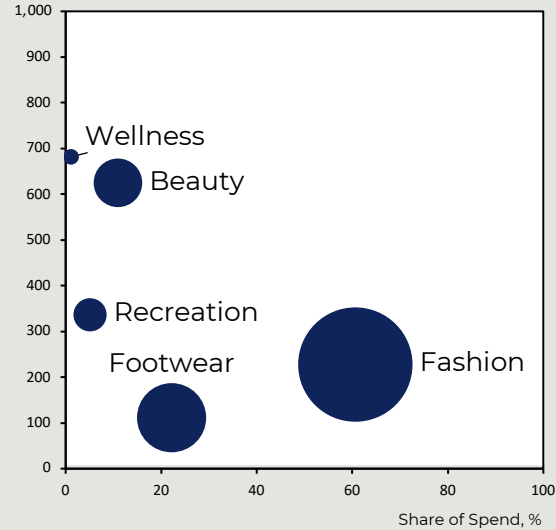
Gen Z

Growth, % YoY



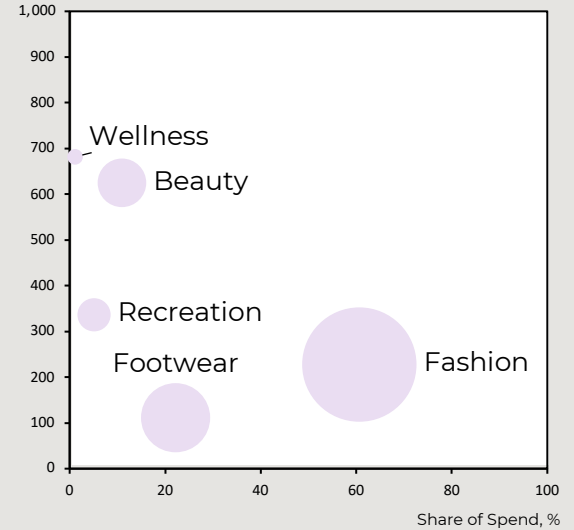
Millennials

Growth, % YoY



Gen X and older

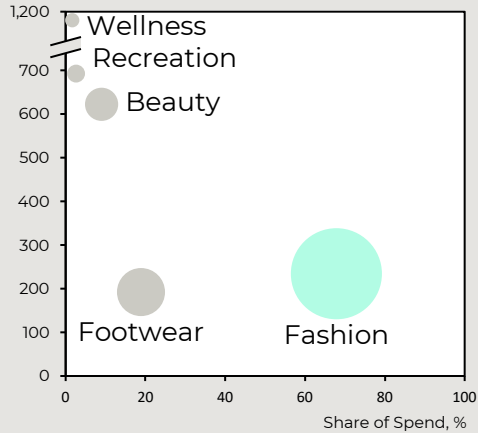
Growth, % YoY



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

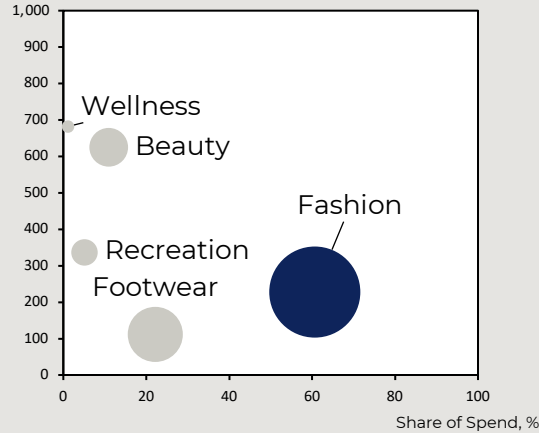
Gen Z

Growth, % YoY



Millennials

Growth, % YoY



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



Online Pure-players



Budget-friendly Women's Fashion

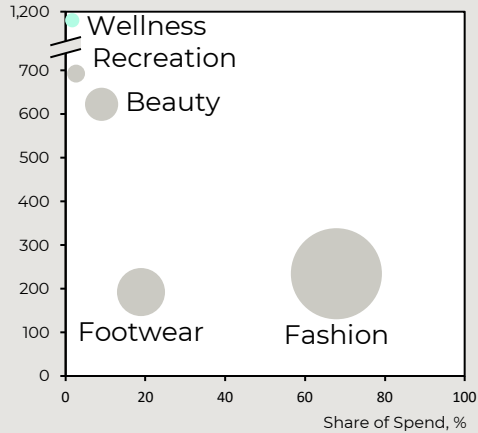


Sportswear

The fastest growing category of spend for Millennials and Gen Z is Wellness

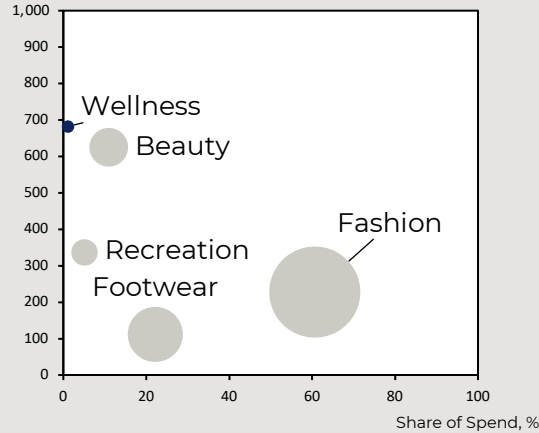
Gen Z

Growth, % YoY

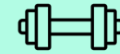


Millennials

Growth, % YoY



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



Fitness and gym gear

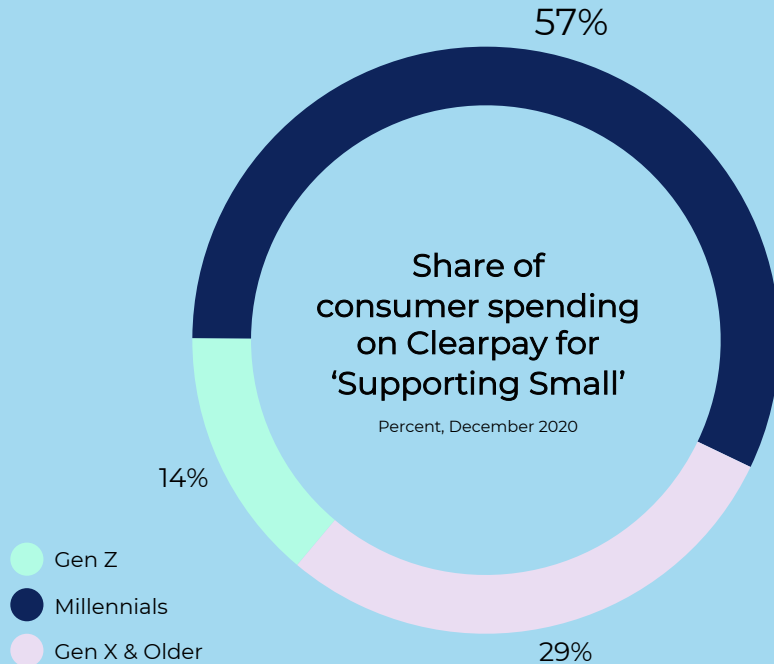


Protein supplements



Vitamins and dieting supplements

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

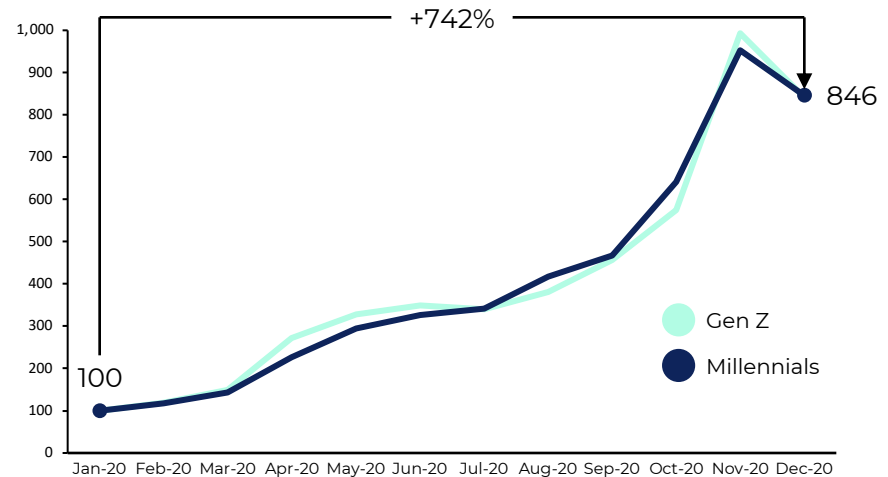


Source: Clearpay data, analysis by AlphaBeta as part of Accenture

Younger Britons have been spending more on small businesses

Growth in consumer spending on Clearpay for 'Supporting Small'

%, Year-on-year



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 woman with dark hair and bangs, smiling warmly. She is holding a white rectangular card in front of her face, which partially obscures her mouth. The card has the text 'Thank You!' in a large, black, sans-serif font, followed by 'clearpay' in a smaller, bold, black, sans-serif font. To the right of 'clearpay' is a small black icon consisting of two curved arrows forming a square. The woman is wearing a white top with a colorful floral pattern. The background is a solid, light teal color.

Thank
You!
clearpay ↻