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
- **Gen X and older**: Before 1981, Aged 41+

Note: Generation age grouping based on definitions by the Pew Research Center.
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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 Gen Z & Millennials is now above pre-Covid levels

The COVID-19 crisis took a heavy toll on consumer spending but spending by Gen Z & Millennials has recovered fast. Their level of spending is now 10% above pre-COVID levels.

BNPL and Debit are on the rise

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 230%, compared to a 43% increase for debit and an increase of only 8% 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 Gen Z is up by 330% since January 2020.

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


Note: Retail expenditure includes clothing and footwear, personal care, household goods and services and medicines, prescriptions and healthcare products
Spending by Gen Z and Millennials has recovered faster than older generations – up 14% and 12% from pre-pandemic levels

Source: Consumer transaction data, analysis by AlphaBeta as part of Accenture

Spending by generation

Monthly index of consumption, 100 = January 2020
Spending on BNPL has increased rapidly – up 230% since Jan-20

Spending by payment type

Monthly index of consumption, 100 = January 2020

Source: Consumer transaction data, Company quarterly release reports, analysis by AlphaBeta as part of Accenture
Spending on BNPL has increased across all generations, especially for Gen Z and older generations – up 330% since Jan-20

Change in value of purchases by payment method and generation

% change from Jan-20 to Jun-21

Source: Consumer transaction data, Company quarterly release reports, analysis by AlphaBeta as part of Accenture

Gen Z
Millennials
Gen X and older

Source: Consumer transaction data, Company quarterly release reports, analysis by AlphaBeta as part of Accenture
Introducing the Next Gen Index

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 14% of spending on Afterpay, but it is the fastest growing cohort, with spending increasing by 400% since Jan-20.

Fashion stills make up the majority of spend for young Americans

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

Fashion accounts for 80% of Gen Z spend and 70% of Millennial spend.

Home & Recreation is the fastest growing category for younger generations

Gen Z and Millennials are increasing their spend on Home & Recreation.

Home & Recreation purchases only make up 4% of Gen Z and 7% of Millennial spending but this product category is growing above 150% YoY in Jul-21.

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 260% for Gen Z and 180% Millennials since Jan-20.

Source: Afterpay data, October 2020, analysis by AlphaBeta as part of Accenture
Millennials account for the majority of spending on Afterpay.

However, Gen Z are the fast growing cohort, with spending up 400% since Jan-20.

**Share of consumer spending on Afterpay**

- Gen Z: 55%
- Millennials: 31%
- Gen X and older: 14%

**Growth in consumer spending on Afterpay**

Indexed, 100 = January 2020

Source: Afterpay data, analysis by AlphaBeta as part of Accenture
Home & Recreation is the fastest growing category amongst all generations – growing above 150% YoY

Source: Afterpay data, analysis by AlphaBeta as part of Accenture
Almost two-thirds of all spend on small businesses is from Gen Z and Millennials

Share of consumer spending on Afterpay for ‘Supporting Small’

Percent, July 2021

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

Source: Afterpay data, analysis by AlphaBeta as part of Accenture
Gen Z & Millennials spending will be different and is being shaped by new forces.

- **Value**: 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.

- **Omni-channel experience**: 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.

- **Brand & image**: First generation fully immersed in social media. Millennials and Gen Z are the first generation to be fully immersed in social media.
Thank You!