

◀▶ Nielsen

DBM Atlas.

# The Growth Of Buy Now, Pay Later Market

Sponsored by **ZIP**



# Introduction

No one was prepared for what the world has experienced over the past year. In Australia, the pandemic is far from over and there will likely be a hangover effect for years to come. The widespread disruption of COVID-19 has had a profound impact on families, businesses and economies; and the ongoing challenges and unpredictability has meant that many consumers have found themselves in a different financial situation than before the onset of the pandemic.

The last 12 months have also resulted in a seismic shift in the spending behaviour of Australian consumers - what they are buying, how they are buying, and the way they are choosing to manage their finances.

More than one million Australians have cancelled their credit cards in the past year in favour of new digital payment services offering interest-free payment instalments.

Buy now, pay later services have rapidly increased since entering the Australian market in 2015; however, growth has further accelerated during the pandemic as more and more consumers have revelled in the flexibility and convenience of an interest-free payment plan option - an attractive and progressive alternative to a credit card.

Younger consumers, in particular, have embraced buy now, pay later services and will continue to drive growth in the future. Nielsen research shows that almost two-thirds of Australians who have used buy now, pay later payment methods are aged 18-44.

Retailers have also benefited from buy now, pay later services. It has opened the door to a new generation of consumers, increased shopper basket size, improved sales potential for both online and in-store across a wider buyer base, and it has incentivised customers to spend more than they initially intended.

With connectivity and online engagement well above norms during much of 2020, we expect that the shift in spending patterns will stay in place even as consumers begin to resume some (or all) of their pre-pandemic activities in the future.

**This report uncovers the current financial behaviours of Australians, and identifies who the main users of buy now, pay later solutions are and what the market is doing to promote these services.**



# Nielsen research & DBM Atlas methodology

This report uses data sourced from Nielsen Consumer and Media View (CMV) - a large syndicated dataset that allows decision makers to better understand unique demographic and psychographic characteristics, behaviours and intentions; and DBM Atlas - Australia's largest research program dedicated to financial services that provides in-depth financial behaviour metrics across a variety of financial products.

All data in this report is taken from the joint DBM Atlas and Media Profiler dataset; April 2020 to June 2021.



## DBM Atlas + Media Profiler, powered by Nielsen Consumer & Media View (CMV)

Nielsen and DBM have partnered to deliver a new solution called DBM Atlas + Media Profiler. This solution will provide a complete picture alongside attitudes, lifestyle and media behaviours.

These insights enable our clients to make more strategic and tactical marketing, communication and planning decisions when it comes to retail banking, credit cards, insurance and wealth management.

93,000  
Respondents

14+  
National

### DBM Atlas

RDD fixed line / mobile and online panel; Online completion continuous, daily

### CMV

100% online;  
In field 48 weeks of the year

### Results

weighted using ABS to accurately reflect the Australian population (000s)

# Key findings



- 01 Impressive growth and adoption of buy now, pay later platforms
- 02 Australians are ditching credit cards in favour of BNPL
- 03 BNPL consumers value quality over price and spend more on key categories
- 04 Regional shoppers' BNPL usage now higher than metro
- 05 Younger shoppers still drive strongest usage
- 06 Male BNPL usage on the rise, but Gen Z females take the crown
- 07 Fees, level of usage and security are key credit card concerns
- 08 BNPL users are mobile phone devotees and heavy content streamers
- 09 Five-fold increase in advertising spend for BNPL providers

# How the lockdown unlocked growth for buy now, pay later services

Since completely disrupting the market six years ago, the buy now, pay later sector has grown rapidly in Australia. Consumers have embraced the feeling of instant gratification associated with buying something they love, afforded to them by a service that offers a seamless and convenient payment method i.e., fuss-free credit without the fuss of a credit card.

On the flipside, thousands of retailers, including the giants – Amazon, eBay, Kmart and Big W, have reaped the benefits of immediate sales from a customer base who may not have previously come to the party.

But it was the global pandemic in 2020 that accelerated the already impressive growth and adoption of buy now, pay later platforms to dizzying new heights. More and more cautious consumers ditched their credit cards and the high-interest fees attached to them, in favour of more flexible payment options.



**One-in-four Australians over 45 made a purchase using a buy now, pay later platform**

At the onset of the pandemic (March 2020), the Reserve Bank of Australia reported that buy now, pay later transactional values had risen by 55% in 2019/20. And in its national survey of **62,000 people** annually, Australian research consultancy, DBM Atlas, revealed that in June 2021, around one-in-seven (14%) Australian adults had made a purchase using a buy now, pay later platform in the previous four weeks – up from 11% in June 2020.

Credit cards and cash, on the other hand, dramatically decreased during the year of the coronavirus.

According to the Australian Financial Review, Australians reduced their collective credit card bill by more than \$7 billion in 2020. And data from the Reserve Bank of Australia reported that the total value of personal credit card debt accruing interest was \$20.08 billion in September 2020, down from \$27.39 billion in (pre-COVID) January.

The snap closure of retail and hospitality venues during various lockdowns across the country, coupled with many trading venues refusing to accept cash as payment, led to a significant decline in the value of ATM cash withdrawals, down 30% year-on-year in May 2020, as reported by the Reserve Bank of Australia.

# An overview of the BNPL user demographics

## Demographics for those who used **buy now, pay later**

(Afterpay, Zip Pay, Zip Money)  
in the past 30 days (Jan-Dec DBM database)

Users of buy now, pay later solutions are more likely to work part-time (average salary \$52,147) in a lower white-collar profession like retail trade, health, hospitality. They are more likely to be younger females with children in the home. 42% of buy now, pay later consumers are parents, 14% are mothers. Those newly arrived in Australia are more likely to use buy now, pay later than Australian-born consumers. Those who have lived in Australia for less than 10 years are 23% more likely to use buy now, pay later than the average, Australian.



More likely women



More likely aged 25-39 years old



Likely a young family



42% are parents with children in the home (65% of which are mothers)



Attained high School education



Likely a student (31% of buy now, pay later consumers)



Most likely to be working part-time (under 34 hours)



People that have lived in Australia for 1-3 years more likely to use than others



Works in retail trade, health services, education, hospitality



Average income \$52,147 and not the main income earner



# Impressive results attract new players to the market



Since 2015, AfterPay and Zip have dominated Australia's booming buy now, pay later market; however, the sector's striking performance has attracted recent heightened competition, particularly from the major banks (e.g., CommBank's StepPay). Apple Pay and PayPal are also set to take the stage.

According to the DBM Atlas survey, among the more established providers, Zip has seen a 25% Annual increase in its monthly usage to 5% of the Australian adult population in June 2021.

Leading provider, Afterpay, which resides among the top 15 listed stocks by share market value, recorded a more modest increase, with 10% of adult Australians using the service in the four weeks to June 2021.

Following the top two, smaller market players including Bundll, Klarna and Humm, are used by around 1% of Australians every month.

Overall, there are a couple dozen buy now, pay later platforms in Australia today. Most of the market is controlled by just eight providers, all of which have signed up to a Code of Conduct governing responsible lending.

# 25%

**ZIP has seen a 25% annual increase in its monthly usage to 5% of the Australian adult population**

# Loved by everyone, not just city-dwelling uni students

## Regional shoppers' buy now, pay later usage now higher than metro

Shopper adoption for buy now, pay later services has increased considerably over the 12 months to June 2021, with the largest uplifts recorded in Western Australia (up 44% to 13%) and New South Wales (up 25% to 15%). South Australia posted the smallest uptake with just 10% of shoppers using buy now, pay later services during this period.

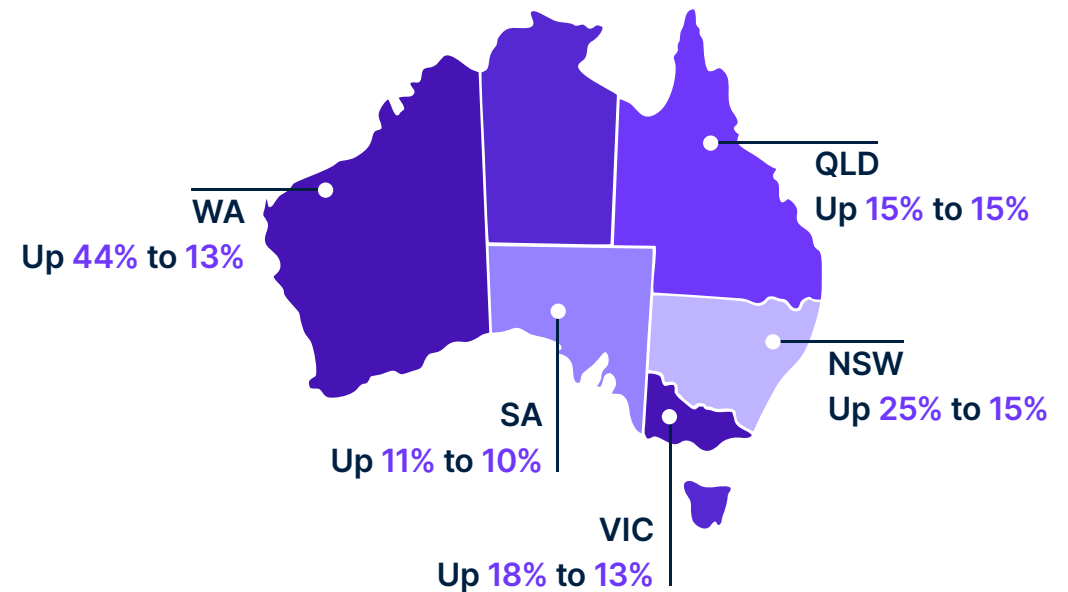
Interestingly, the analysis also revealed that regional Australia was a major contributor to the sector's positive performance. In June 2020, regional and metro buy now, pay later usage was almost on par (11% and 12%, respectively). Fast forward 12 months, and we see that the number of shoppers in regional areas has unexpectedly surpassed that of their city slicker cousins.

Sixteen percent of regional Australians used buy now, pay later services in the previous month, compared to just 12% of metro dwellers. The relatively sudden and significant jump in the number of regional users was most likely pandemic-induced – shoppers were pushed to be more reliant on e-commerce as access to metro shopping centres were cut off, as well as a general unwillingness to travel to COVID 'hotspots'.



regional Australians who have used buy now, pay later services

## Growth and usage position of buy now, pay later services by state



\*above usage is with respect to the last 4 weeks (June 2021)



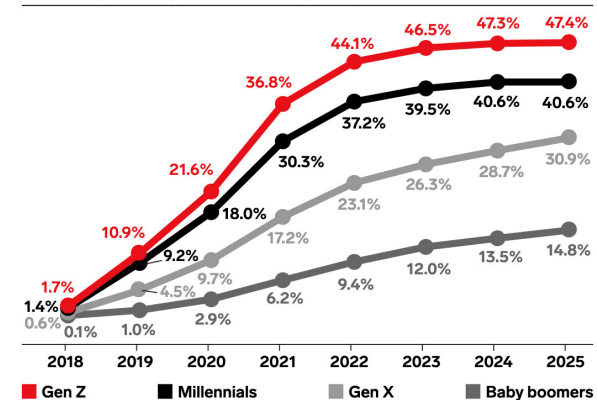
# Younger shoppers still drive strongest usage

It's no surprise that buy now, pay later is such an attractive proposition for shoppers aged under 40. The idea that these consumers, many of whom have their disposable income spread thin every month, can purchase what they want instantly without saving or waiting, on an interest-free payment plan that doesn't involve the bureaucracy of a credit card, is a compelling offer.

It is particularly popular among shoppers aged under 25 (Generation Z) who view buy now, pay later services as a convenient way to purchase essentials, while also accommodating discretionary spend on items they may have otherwise avoided purchasing. One-in-four Gen Z's said they used buy now, pay later in the previous four weeks – an increase of 56% compared to the same time last year.

What is clearly highlighted in the analysis is the diminishing rate of buy now, pay later usage as shoppers get older. After Gen Z, just 19% of Millennial consumers (those aged 25-40) used the service, followed by 14% of Gen X Australians (those aged 41-56) – although this is up from 11% last year. Adoption then descends dramatically to just 4% of Baby Boomers (those aged 57-75).

**US Buy Now, Pay Later (BNPL) User Penetration, by Generation, 2018-2025**  
% of digital buyers in each group



*Note: internet users who have accessed a BNPL account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services; Gen Z are individuals born between 1997 and 2012; millennials are individuals born between 1981 and 1996; Gen X are individuals born between 1965 and 1980; baby boomers are individuals born between 1946 and 1964*  
Source: eMarketer, May 2021

267143

eMarketer | InsiderIntelligence.com

While Boomers' buy now, pay later usage is totally eclipsed by their younger counterparts, adoption may increase in future in the same way as mobile and online banking. Projections from other markets like the U.S. show that although the current user penetration for older age groups is low, this group of consumers has the opportunity to drive significant future growth, while the rate of adoption for younger generations will likely plateau.



# Male buy now, pay later usage on the rise, but Gen Z females take the crown

There is a clear gender divide for buy now, pay later usage. Females are 25% more likely to use the service than males. Male usage, however, is on the rise. While female usage remained relatively stable over the past couple of years, monthly usage among male adults increased 33% (to 12% of all males) in the year to June 2021, indicating a wider acceptance of the payment system.

Breaking down gender by age group reveals that Gen Z females continue to drive the overall usage of buy now, pay later services. Three-in-ten (30%) Gen Z females used it sometime in the previous month, representing an 88% increase year-on-year – almost three times the growth of male Gen Z's.

The considerable rise in Gen Z buy now, pay later usage could be driven by these shoppers being less likely to own or use credit cards – opening the door for other forms of deferred payment methods.

Female Millennial usage remained completely flat over the past 12 months to June 21 (22%), while usage among their male counterparts increased (16% in June 2021, up three percentage points from prior year). Finally, female Gen X usage declined by one percentage point over the past 12 months (to 16% in Jun 2021), while male Gen X usage increased by 44% (to 13%).

**Females are 25% more likely to use the service than males**



# Credit card usage in decline and unpopular among younger shoppers

In the past 12 months to June 2021, credit card ownership has fallen across the key age brackets; however, almost half (47%) of Millennials and 61% of Gen X's continue to own at least one. Boomers have the highest level of credit card ownership (62%), with nearly three-quarters of those (72%) using it for at least one transaction in the last week.

While Gen Z are the fastest growing and most prolific users of buy now, pay later services, the reverse is true for credit cards. At 19%, Gen Z has the lowest level of credit card ownership – a decline of 17% from the same time last year. Furthermore, almost two-thirds (64%) of this group said they had no intention of ever getting a credit card - well above the average response across all Australian adults (40%).



# 19%

Gen Z are the fastest growing and most prolific users of buy now, pay later services

**Gen Z has the lowest level of credit card ownership**

# Credit cards decline due to concerns about level of usage, fees and security

According to the DBM Atlas survey, there are several reasons why so many Australian consumers have chosen to cancel their credit cards in the past year.

Around one-third of credit card cancellers (31%) felt that the fees were too expensive or uncompetitive; followed by 18% who were put off by high-interest rates; and a further (18%) who said they did not use their card or are giving up the category altogether.

Interestingly, there has been rising consumer concern about credit card security - around one-in-six (15%) credit card cancellers cited 'credit card fraud' as a reason for closing their account. The number of consumers that cancelled their credit card due to security concerns rose by 60% in the past 12 months.

Credit card fraud is also top-of-mind when consumers' are recommending their own credit card. More than a quarter said 'security and fraud protection features' were important, the second highest reason behind 'ease of use' (28%).

According to the Australian Payments Network, credit card fraud in 2019-2020 financial year cost \$447.2 million. Buy now, pay later platforms have also recently been targeted by criminal activity; however, according to Reuters research, the number of complaints about buy now, pay later fraud is four times lower than for credit cards.

# 31%

**Around one-third of credit card cancellers felt that the fees were too expensive or uncompetitive**





# Opportunity to strengthen loyalty programs

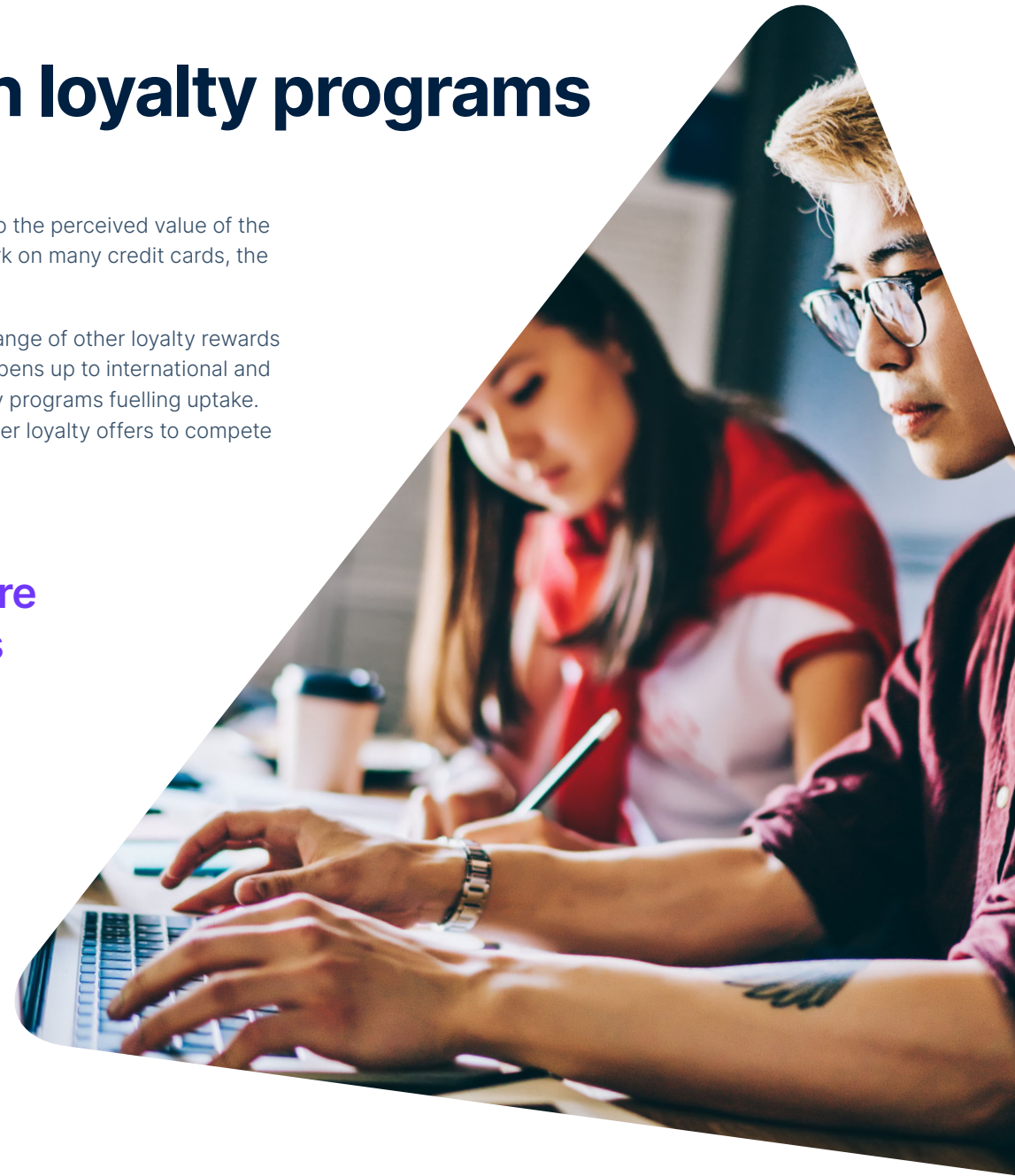
After fees, the second highest reason for consumers cancelling credit cards related to the perceived value of the loyalty reward program offered (18%). While frequent flyer points are the standard perk on many credit cards, the pandemic has limited how much they can be used.

Buy now, pay later providers have offered not only frequent flyer rewards but also a range of other loyalty rewards to strengthen relationships with customers. Undoubtedly, as the country eventually opens up to international and domestic travel, there will be a surge in airline travel with banked rewards from loyalty programs fuelling uptake. Buy now, pay later providers will need to up the ante with coupons, discounts and other loyalty offers to compete with their card rivals.

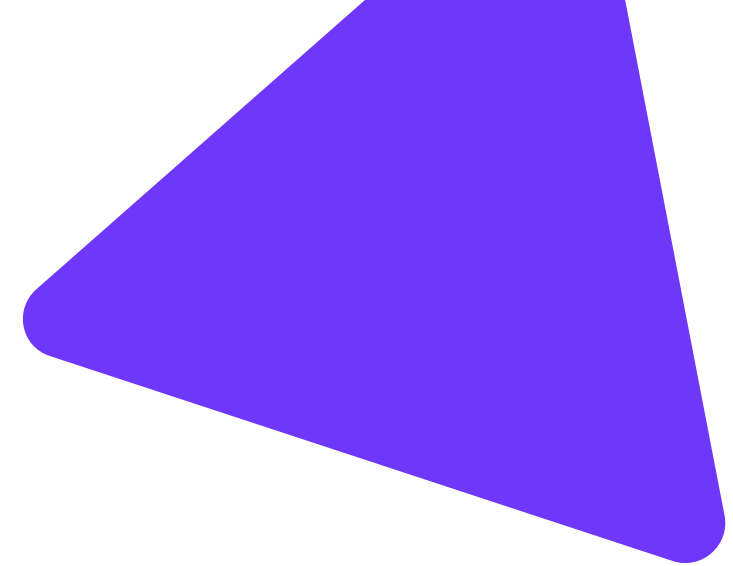
## Buy now, pay later users are more engaged with banking channels than the average Australian

Buy now, pay later users are more engaged with banking channels than the average Australian. They are 30% more likely than average to have used mobile banking apps in the past month; however, they are also more likely to have used traditional channels including branches and call centres. This is a highly engaged group with only 1% claiming they did not use any bank channel in the past four weeks to June 2021.

Buy now, pay later users are more likely than average to nominate digital bank, ING, as their main financial institution, along with Citibank and a clutch of member-owned institutions.



# Digital media key to connecting with buy now, pay later users



## Spending while streaming

In a typical week, Gen Z and Millennial buy now, pay later users don't spend a lot of time watching traditional free-to-air TV or tuning in to the radio. Instead, you'll find them engaging with digitally-connected media, spending more than 20 hour per week using mobile internet.

These younger consumers are also heavy users of paid streaming TV, with 14% of Millennials watching paid on-demand content for more than 20 hours per week, followed by Gen Z (12%).

When it comes to type of TV content, recently released movies are the favourite across the total buy now, pay later user group (24%), and Gen X are 13% more likely to tune in than the other age groups.

Around one-in-five (21%) buy now, pay later users also like to watch comedy; while 18% prefer drama content. Millennials are 37% more likely to watch comedy programs than the other age groups.

## Top subscription tv services of all buy now, pay later users, by generational group

TOP PAID STREAMING TV (PAST MONTH CONSUMPTION)	AVERAGE AUSTRALIANS	TOTAL BUY NOW, PAY LATER USERS	GEN Z (P18-24)	MILLENNIALS (P25-39)	GEN X (P40-45)
Netflix	48%	59%	61%	66%	68%
Stan	16%	21%	28%	25%	17%
Disney +	15%	21%	28%	27%	17%
Amazon Prime	15%	18%	21%	21%	18%
Foxtel Now	8%	9%	12%	10%	9%
Apple TV+	7%	8%	14%	8%	8%
Kayo Sports	7%	8%	9%	10%	6%
YouTube Premium	6%	8%	12%	9%	6%

Q: Paid Subscription Video On-Demand Services Watched Past Month

Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990, Buy Now Pay Later GenZ n= 1,632, Buy Now Pay Later Millennials n= 3,664, Buy Now Pay Later Gen X n=2,382



## Married to their mobiles

Buy now, pay later users are ardent mobile phone devotees. Almost two-thirds (63%) of this group access their digital media content on their mobile phone - significantly higher than laptops (37%) and Smart TV/internet-enabled TV (23%). Interestingly, Gen Z users are 2.4 times as likely to watch media and internet content via a game console (21%).

Analysing the kind of internet content consumed reveals that over seven-in-ten buy now, pay later users like to watch video content, while around two-thirds (63%) use the internet for social networking.

Banking-related activity such as checking balance or fund transfer is among the top internet activities. On-demand music streaming and gaming contents are particularly popular among Gen Z, with 53% and 38% engaging in these internet activities, respectively. Millennials are 20% more likely to search for recipes online and enjoy lifestyle online content or programs. Gen X are 18% more likely to access the internet for news and current affairs (41%).

### Top social media sites visitation of all buy now, pay later users, by generational group

TOP SOCIAL MEDIA SITES (PAST MONTH CONSUMPTION)	AVERAGE AUSTRALIANS	TOTAL BUY NOW, PAY LATER USERS	GEN Z (P18-24)	MILLENNIALS (P25-39)	GEN X (P40-45)
Facebook	64%	72%	71%	74%	75%
Instagram	38%	49%	68%	56%	41%
Snapchat	18%	27%	54%	30%	14%
Pinterest	18%	22%	28%	25%	19%
Twitter	16%	19%	24%	18%	21%
LinkedIn	17%	18%	15%	20%	20%
Reddit	11%	14%	29%	14%	8%

#### Q: Social Media Sites Visitation Past Month

Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990, Buy Now Pay Later Gen Z n= 1,632, Buy Now Pay Later Millennials n= 3,664, Buy Now Pay Later Gen X n=2,382

Facebook is the main social media networking site for the total buy now, pay later audience. Gen Z consumers are prolific social media users and are more active on several platforms compared to the other cohorts - more than half are likely to use Snapchat and almost a third are likely to use Reddit. Millennials and Gen X, on the other hand, are more likely to use LinkedIn.

## News sources differ by age group

Each generational audience prefers different news sites. BuzzFeed is the most popular news channel for the younger audience with Gen Z almost three times more likely to read or watch BuzzFeed. BuzzFeed is also popular among Millennials. Australian broadcast news outlets like Nine and Seven are more likely to be Millennials' top news sources, while Gen X audiences prefer news.com.au.

# Category innovators and quick decision makers

Looking at consumer adoption levels across key product categories reveals that compared to the total Australian population, buy now, pay later consumers are quick to adopt new trends and are willing to take risks. They are less likely to be reliant upon word-of-mouth recommendations and generally have a high level of interest in new products than the average Australian consumer - especially for clothing/fashion, mobile phones and tablets.

Many buy now, pay later users are identified as Innovators or Early Adopters and take less time and resources to factor in making decisions.

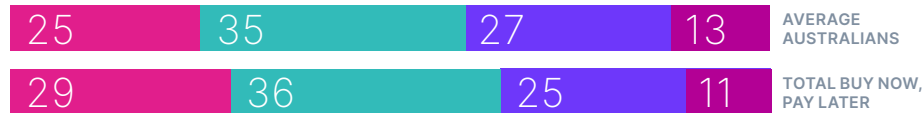
Marketers can engage buy now, pay later trendsetters to influence other types of buyers such as Majority and Laggard to increase appeal among a wider base of consumers.

## Consumer adoption level in each category of all buy now, pay later users compared with general population

### CLOTHING/FASHION



### FOOD



### MOBILE PHONE



### TABLET



■ INNOVATOR   
 ■ EARLY ADOPTER   
 ■ MAJORITY   
 ■ LAGGARD

Q: In each product category, how would you best describe how you behave about new brands and products?  
 Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990

Buy now, pay later consumers are more likely to adopt new fashion trends.

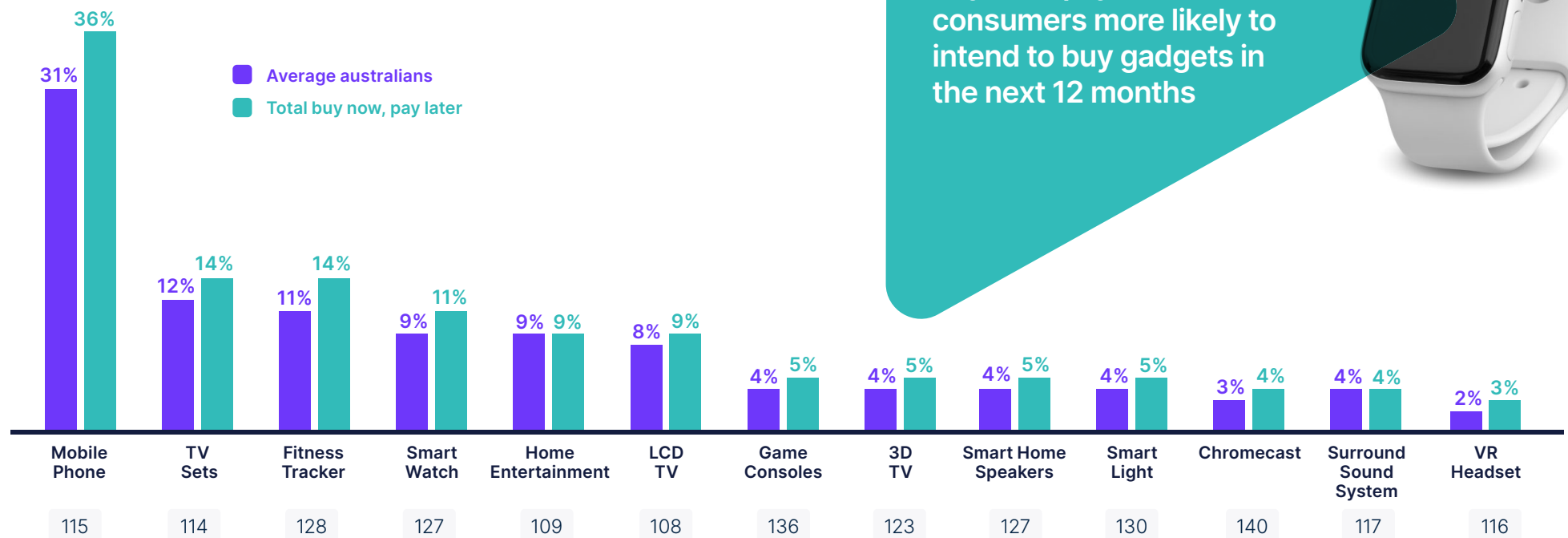


They are 21% more likely to be an innovator (always the first to try) compared to average Australian consumers aged over 18.

# Quality comes first

Compared to the average Australian, buy now, pay later users place more value on quality than price when it comes to purchasing products including food, groceries, health and wellbeing, leisure and entertainment, and fashion and clothing. This is particularly pronounced for Gen Z consumers.

## Likelihood to buy technology gadgets in the next 12 months and index score of all buy now, pay later users compared with general population



Technology and gadgets: Buy now, pay later consumers more likely to intend to buy gadgets in the next 12 months

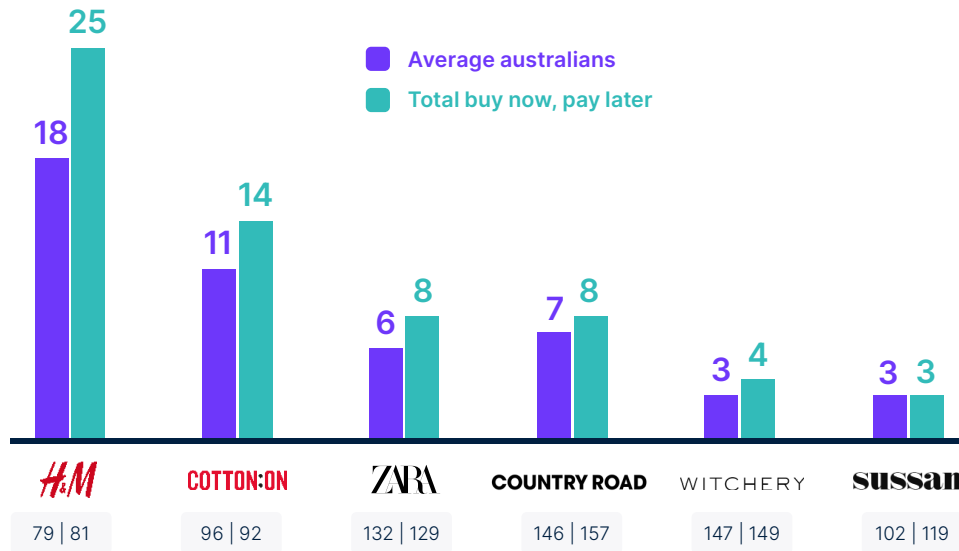


Q: Likelihood to buy technology gadgets in the next 12 months | Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990

Buy now, pay later consumers exhibit a higher intention to buy technology, entertainment and gadgets over the next 12 months. The higher indexes represent the greater likelihood or intention to buy in that product compared to the total population aged 18 or over.

Over one-third of buy now, pay later consumers (36%) intend to purchase a new mobile phone; while TV sets and fitness tracker devices, such as Steptracker, rank second and third as the top gadgets. Buy now, pay later consumers are also more likely to buy Chromecast (40%) and home gaming consoles (36%) such as Playstation or Xbox in the next 12 months than average Australian consumers.

**Past 6 months fashion store visitation and average spend of all buy now, pay later users compared with general population**



**Q: Last Purchase from Fashion Stores in the Past 6 Months**  
 [Cotton On, H&M, Zara, Country Road, Witchery and Sussan] | Last Visit Spend [Average per person in \$AUD]  
 Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030,  
 Buy Now Pay Later Users n= 8,990

Buy now, pay later consumers are more likely to have shopped at fashion stores in the past six months compared to the average Australian population. Brands like Cotton On and H&M are particularly popular among this group. Buy now, pay later shoppers are also bigger spenders than the average Australian.

**Retail Fashion:  
 Buy now, pay later  
 consumers spend  
 more than the  
 average Australian  
 shopper**



## Online store consideration: buy now, pay later consumers more likely to consider online shopping for home entertainment and furniture

STORE CONSIDERATION: HOME ENTERTAINMENT	AVERAGE AUSTRALIANS	BUY NOW, PAY LATER %	BUY NOW, PAY LATER INDEX
JB Hi-Fi	19%	22%	113
The Good Guys	14%	16%	115
Harvey Norman	14%	16%	111
Kogan	11%	12%	105
eBay	11%	11%	104
Amazon	8%	9%	129
Appliances Online	8%	9%	120
Kmart	8%	9%	105
Big W	7%	8%	104
Myer	6%	7%	115
Target	6%	6%	111
Bing Lee	5%	6%	122

### Q: Online Store Consideration in Home Entertainment Category

Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990

Buy now, pay later consumers are far more likely to consider shopping online for home entertainment products than the average Australian consumer. The top three retail stores are JB Hi-Fi, The Good Guys and Harvey Norman.

STORE CONSIDERATION: FURNITURE	AVERAGE AUSTRALIANS	BUY NOW, PAY LATER %	BUY NOW, PAY LATER INDEX
IKEA	13%	17%	128
Harvey Norman	10%	11%	119
Fantastic Furniture	9%	12%	135
Amart Furniture	9%	10%	120
eBay	8%	9%	113
Amazon	7%	9%	127
Freedom	7%	9%	133
Myer	6%	7%	127
Forty Winks	4%	5%	119
David Jones	4%	5%	123
Captain Snooze	4%	5%	134
Oz Design	3%	4%	131

### Q: Online Store Consideration in Furniture Category

Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990

Buy now, pay later consumers are far more likely to consider shopping online for furniture products than the average Australian consumer. The top three furniture stores are IKEA, Harvey Norman, Fantastic Furniture.

### Shopping at least twice per week

Buy now, pay later **32%** **vs** Average Australians **28%**

### Average spend per week

Buy now, pay later **\$141** **vs** Average Gen X **\$157** **vs** Average Australians **\$140**

### Look out for new brands at supermarkets

Millennial buy now, pay later **47%** **vs** Average Australians **41%**

### Pay extra for well known brands

Gen Z buy now, pay later **44%** **vs** Average Australians **39%**

Q: Average Spend in Grocery per week | Grocery Shopping Frequency [no. of trips]

Attitude: "I pay extra for well-known brands" [Agree/Strongly Agree], Attitude: "I look out for new brands at the supermarket" [Agree/Strongly Agree]

Source: DBM Atlas & Media Profiler dataset; April 2020 to March 2021; National 18+ n= 89,030, Buy Now Pay Later Users n= 8,990, Buy Now Pay Later GenZ n= 1,632, Buy Now Pay Later Millennials n= 3,664, Buy Now Pay Later Gen X n=2,382

Buy now, pay later consumers are premium grocery shoppers with a large weekly budget. They are likely to shop at least twice a week and are more willing to spend extra on branded products.

More than two-thirds of Gen X (69%) and Millennial (67%) buy now, pay later consumers are a main grocery buyer, compared to just 59% for the total Australian population. These consumers are naturally the influencer or decision maker when it comes to purchasing groceries for their household.

Gen X buy now, pay later users have the highest average weekly budget for grocery shopping - around \$157 per week, \$17 more than average Australian consumers. Just under half (47%) of buy now, pay later Millennial shoppers actively look out for new brands in supermarkets; while 44% of Gen Z users tend to pay extra for well-known brands.

**Grocery shopping: buy now, pay later Millennial and Gen X consumers are the main grocery shopper and decision maker**





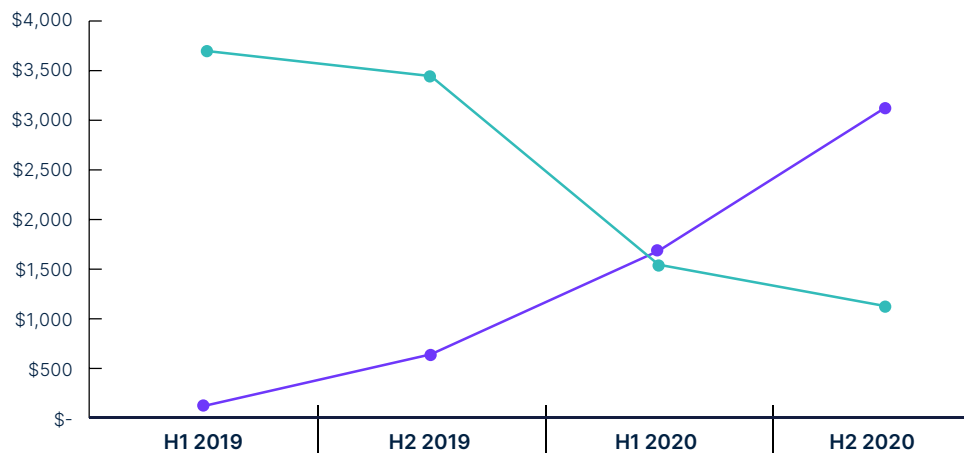
# Buy now, pay later makes some noise

The total buy now, pay later category increased its total estimated media spend five-fold from 2019 to 2020, driven predominantly by expanded investment in digital media in addition to out-of-home, metro TV and radio.

In January 2021, Nielsen Ad Intel expanded its coverage of digital activity to include additional general display sites as well as video content. It also added social platforms, Facebook and Twitter.

In the first half of 2021, the buy now, pay later category allocated 70% of its total advertising spend to general display, video and social media platforms.

## Total estimated media spend 2019 and 2020

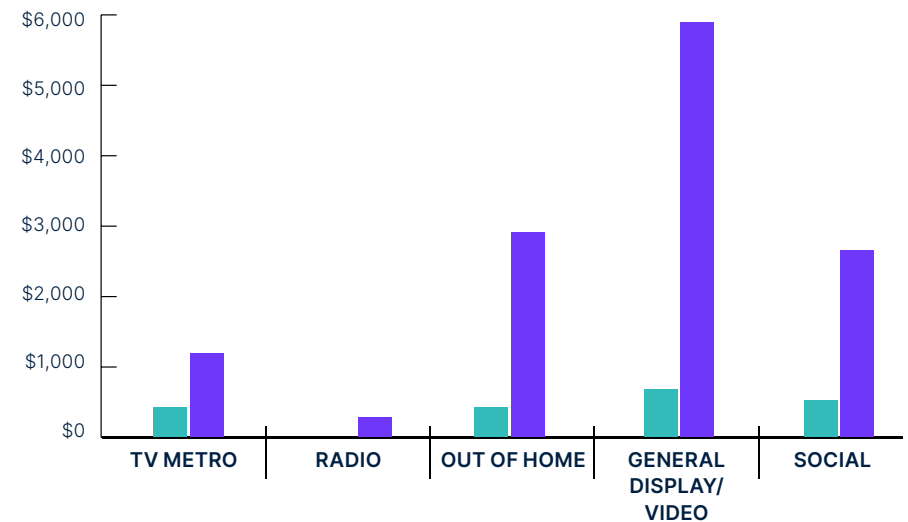


■ big 4 ■ buy now, pay later

Source: Nielsen Ad Intel 2019, 2020 (Jan-Dec)

(Big 4 definition = ANZ, CBA, NAB and Westpac credit card campaigns only)  
(BUY NOW, PAY LATER definition = Afterpay, ZIP and Klarna)

## First half 2021 estimated spend by media



■ big 4 ■ buy now, pay later

Source: Nielsen Ad Intel H1 2021

# Is your ad investment strategy reaching your most influential consumers?

In the wake of unprecedented global disruption, Australian consumers have dramatically changed the way they engage with the media over the past year. With more content at their fingertips and more time to consume it, today's audiences are everywhere, moving seamlessly between all screens. This fragmentation has made reaching consumers with the right ad at the right time even more challenging.

Consumers have embraced a more digital-first mentality and brands must review their digital investment strategy to ensure their advertising budget is spent where they can best connect with their consumers.

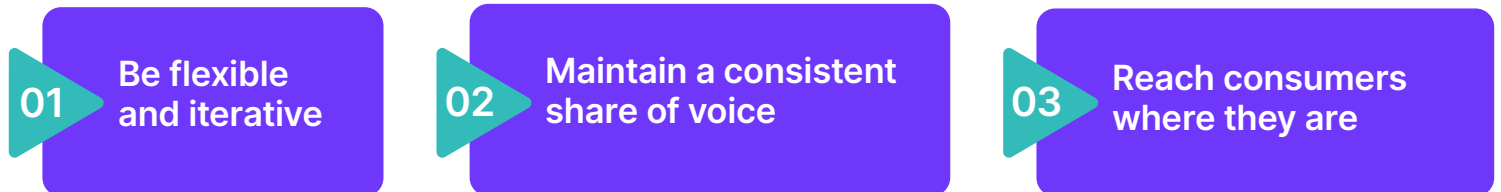
The role of precision marketing is particularly true for banks and financial institutions. There is a need to improve the way these brands interact with current and future customers by understanding who they want to talk to, via which channel, when, and with what message.

Buy now, pay later providers are heavily promoting their products to the market and dominating the share of voice within the credit card and digital payment space in Australia. They are also aggressively pursuing customer acquisition with considerable investment in above-the-line spend.

More importantly, buy now, pay later providers have recognised that Gen Z and Millennial consumers are their most lucrative and influential customer group. With many of these consumers spending more than 20 hours per week engaging with mobile content, buy now, pay later providers have invested in digital media channels that will reach this group, more so than the Big 4.

Understanding rapidly changing media trends, embracing uncertainty and remaining agile are keystones to a successful advertising and messaging strategy in 2021.

## Three guiding principles to stay on course:



# Get in touch

## DBM

**Tony Williams**  
Executive Director

twilliams@dbmcons.com.au  
+61 417 471 516

## Nielsen

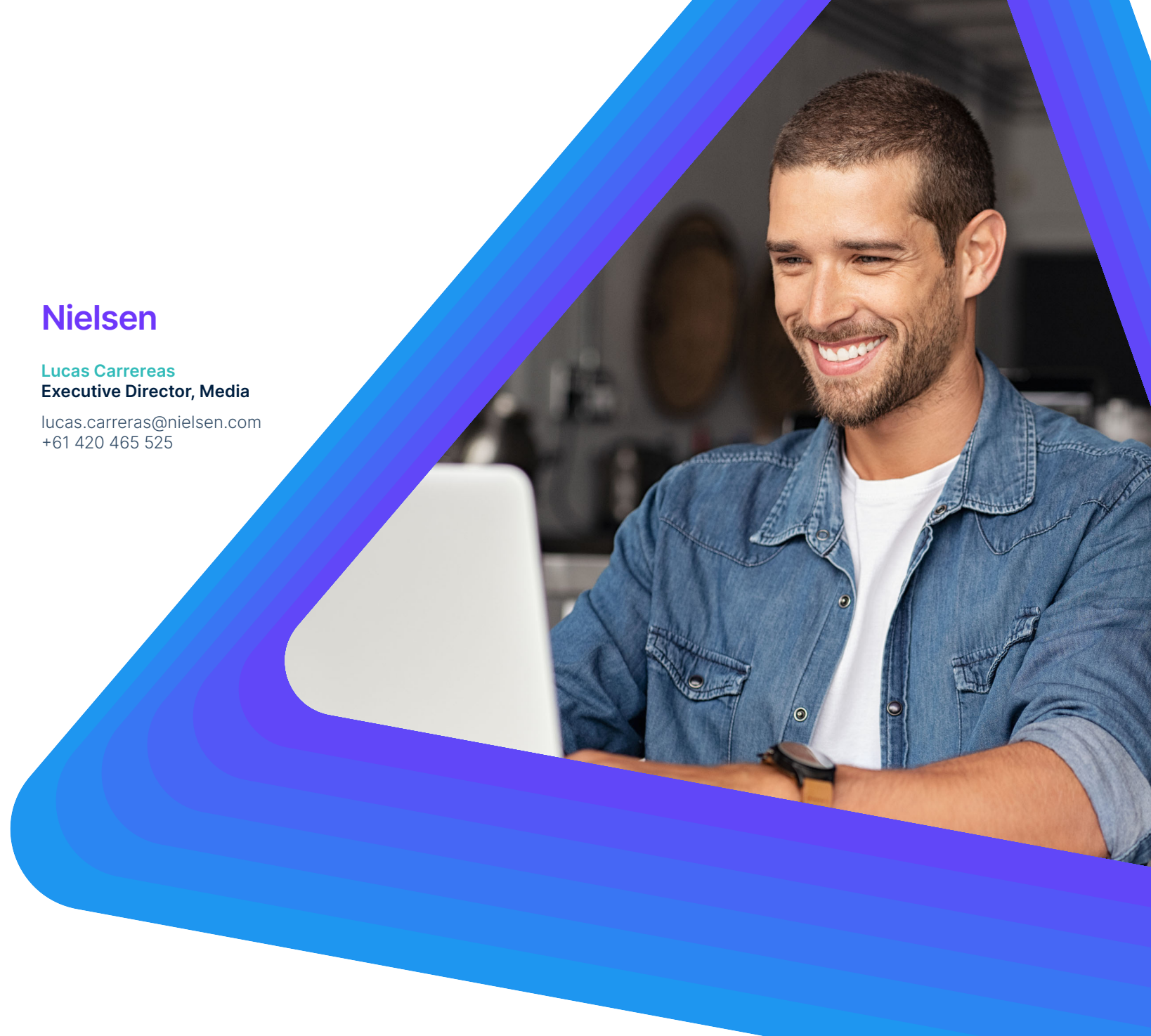
**Lucas Carrereas**  
Executive Director, Media

lucas.carreras@nielsen.com  
+61 420 465 525

## Press enquiries

**Sara Guainazzi**  
Associate Director, Marketing &  
Communications, Pacific

sara.guainazzi@nielsen.com  
+61 478 409 112





## About DBM

Founded in 1992 by Dhruva Gupta, one of Australia's leading market researchers, we're a specialist research and insights consultancy with over 25 years' experience advising the biggest brands in the country.

Our research and data-empowered consulting philosophy is relied upon to benchmark the performance of Australia's most successful organisations.

We boast a rich record of experience and expertise in B2C and B2B markets across many industries with a strong focus in financial services. This is delivered via the power of DBM Atlas and DBM Audiences - Australia's most comprehensive financial services customer datasets.

The advisory power of our services is brought to life via our dedicated team of financial sector, CX, consumer and business insight, data science and analytics consultants.

DBM Consultants is an Illuminera Boutique. Founded in 2007, Illuminera is a global, insight-driven marketing consulting firm which has since evolved into a premier data-empowered marketing consulting and solutions group with global presence.

Learn more at [www.dbmconsultants.com.au](http://www.dbmconsultants.com.au)



## About Nielsen

Nielsen shapes the world's media and content as a global leader in audience measurement, data and analytics. Through our understanding of people and their behaviors across all channels and platforms, we empower our clients with independent and actionable intelligence so they can connect and engage with their audiences - now and into the future.

An S&P 500 company, Nielsen (NYSE: NLSN) operates around the world in more than 55 countries. Learn more at [www.nielsen.com](http://www.nielsen.com) or [www.nielsen.com/investors](http://www.nielsen.com/investors) and connect with us on social media.

Learn more at [www.nielsen.com](http://www.nielsen.com)

