

◀▶ Nielsen



2022 Retail Barometer

Sponsored by **ZIP**



Introduction

It's been two years since Australia imposed some of the world's strictest COVID-19 restrictions. Thankfully, the rise in vaccines has resulted in many consumers largely resuming many of their traditional routines – in-store shopping, visiting entertainment venues, attending live sports, and travelling.

The opening of metro, regional and interstate borders, the reinstatement of airline travel and relaxed restrictions on indoor and outdoor gatherings, means Aussies are finally in a position to work and socialise in a way that almost resembles pre-pandemic times.

In this second annual report using the latest research from Nielsen, DBM Atlas and Zip, we uncover how consumers plan on spending as Australia moves toward an endemic approach to COVID-19.

Over the next three months, Easter and Mother's Day are two key events where consumers plan on spending big. The Easter break will be a time to get-together with friends and family – many travelling far distances to do so. There are plans to spend on food, alcohol, retail therapy on luxury items and fashion, and travel and accommodation. For Mother's Day, we see that consumers are making up for lost time with very generous, but thoughtful, gifting ideas, and beyond the traditional categories of beauty and fashion.

Our research also explores the idea of essential versus discretionary spending. Consumers are feeling comfortable and confident enough to splurge on leisure items after two years of mostly purchasing essential items. The categories showing the largest growth opportunities for retailers to tap into are: entertainment and events; fashion; gaming; and travel and accommodation.

Finally, we review the opportunities that Buy Now, Pay Later platforms offer merchants. Buy Now, Pay Later reached extraordinary new heights during the pandemic and the growth of these platforms have continued post-COVID. Consumers have embraced the feeling of instant gratification associated with buying something they love instantly; in fact, usage of these platforms has doubled in the last year alone.

Buy Now, Pay Later customers are early adopters of brands, are active on social media, are receptive to advertising, and love online shopping. They represent a high value, high volume opportunity for retailers. When integrated as part of a strong omnichannel strategy, Buy Now, Pay Later services have the potential to further drive consideration of your brands.



Nielsen research & CMV/DBM Atlas methodology

Retail barometer custom survey

Zipco commissioned the Retail Barometer survey and was conducted via online survey from 3-11 March, 2022, among 18-64 year olds who own a smartphone. Data has been weighted to be nationally representative of the Australian population. The objective of the survey was to understand general shopping behaviours and trends and deep dives into consumer motivations behind the key retail categories of gaming and console, fashion, ticketing events, and travel and accommodation.

Syndicated research

All syndicated data in this report is taken from the Nielsen's Consumer & Media View (CMV) or the joint DBM Atlas and Media Profiler dataset; October 2020 to September 2021 and is rebased to report results on Australians 18+ only.

Nielsen's Consumer & Media View (CMV)

— a large syndicated dataset of 30,000 respondents that allows decision makers to better understand distinct demographic and psychographic characteristics, behaviours and intentions of Australian consumers nationally.

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

Nielsen has partnered with DBM Consultants to incorporate DBM Atlas – Australia's largest research program dedicated to financial services – within Nielsen's Consumer & Media (CMV).

The new solution called DBM Atlas + Media Profiler will give a complete financial services picture alongside attitudes, lifestyle and media behaviours.



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

Key consumer trends - next three to six months

Aussies have big plans for family, food and travel this Easter

7 in 10 will celebrate Easter this year



\$118



Average planned spend of \$118 on groceries and alcohol

2 in 5 plan on travelling during the Easter break



2 in 3 on the hunt for deals over the long weekend

Thoughtful and generous gifting planned for Mother's Day

3 in 4 will spend Mother's Day with loved ones



18-34 year olds most likely to be celebrating Mother's Day

7 in 10 to spend an average of \$138 on gifting



1 in 2 plan on gifting something that will create a special memory, but price is still a key consideration



With more Aussies shopping online, a strong omnichannel strategy is key to boosting business growth

1 in 3 buy products both in-store and online



9 in 10 shoppers in ALL age groups shop online



Leading categories in the omnichannel space are fashion, electronics and gaming

2 in 3 shoppers will compare prices online before purchasing



Spend on essentials dominated COVID, but Aussies are now ready to spend on leisure



Online marketplaces becoming increasingly popular

Entertainment/events, fashion, gaming, and travel/accommodation are the biggest opportunities



1 in 5 plan on buying a gaming-related item



Pre-COVID fashion back in style including business attire and luxury items

2 in 5 plan on attending a ticketed event in the next 3 months



3 in 4 plan on travelling within Australia in the next 3 months

Buy Now, Pay Later opportunities

Buy Now, Pay Later usage has doubled among Australian consumers in the past year



Increased ad spend for Buy Now, Pay Later platforms has reached a wider community of consumers

7 in 10 customers are aged 18-44



Customers represent a high value, high volume opportunity for merchants

Customers are early brand adopters and influencers and are receptive to advertising



"Zip is well placed to deliver on customer and merchant expectations with a product range that supports small to large purchases and marketing programs that deliver customer engagement and loyalty."

Debbie Wine, Chief Marketing Officer, ZIP

Short-term retail trends

The opening of metro, regional and interstate borders, the reinstatement of airline travel and relaxed restrictions on indoor and outdoor gatherings is set to positively influence plans and spending for the remainder of the year.

For many families, celebrating Easter and Mother's Day in 2022, will be the first time in two years where a get-together resembles what it used to in pre-pandemic times.

Aussies have big plans for family, food and travel this Easter

Around seven-in-ten Australians will be celebrating Easter this year. More than half will be using the extended weekend to visit friends and family. For most, Easter Sunday will consist of cooking a family lunch and/or dinner, staying at home and watching TV/streaming services.

With family and food a central feature of the day, it's no surprise that almost two-in-three (63%) consumers are likely to purchase groceries and liquor, with an average planned spend of \$118. The next most popular categories for spending include food delivery, entertainment/events and travel, egift cards and fashion.

Holidays are a big drawcard for the Easter break this year. More than two-in-five (42%) Australians plan to spend more on travel and accommodation than last purchase, with the highest average planned spend of any category (\$458).

Easter is also a key period for retail spending. Around two-thirds (63%) of Easter shoppers plan on looking out for great deals and specials over the long weekend. This presents an opportunity for the Buy Now, Pay Later space. Over half (54%) of all consumers intending on shopping over Easter are Buy Now, Pay Later customers.



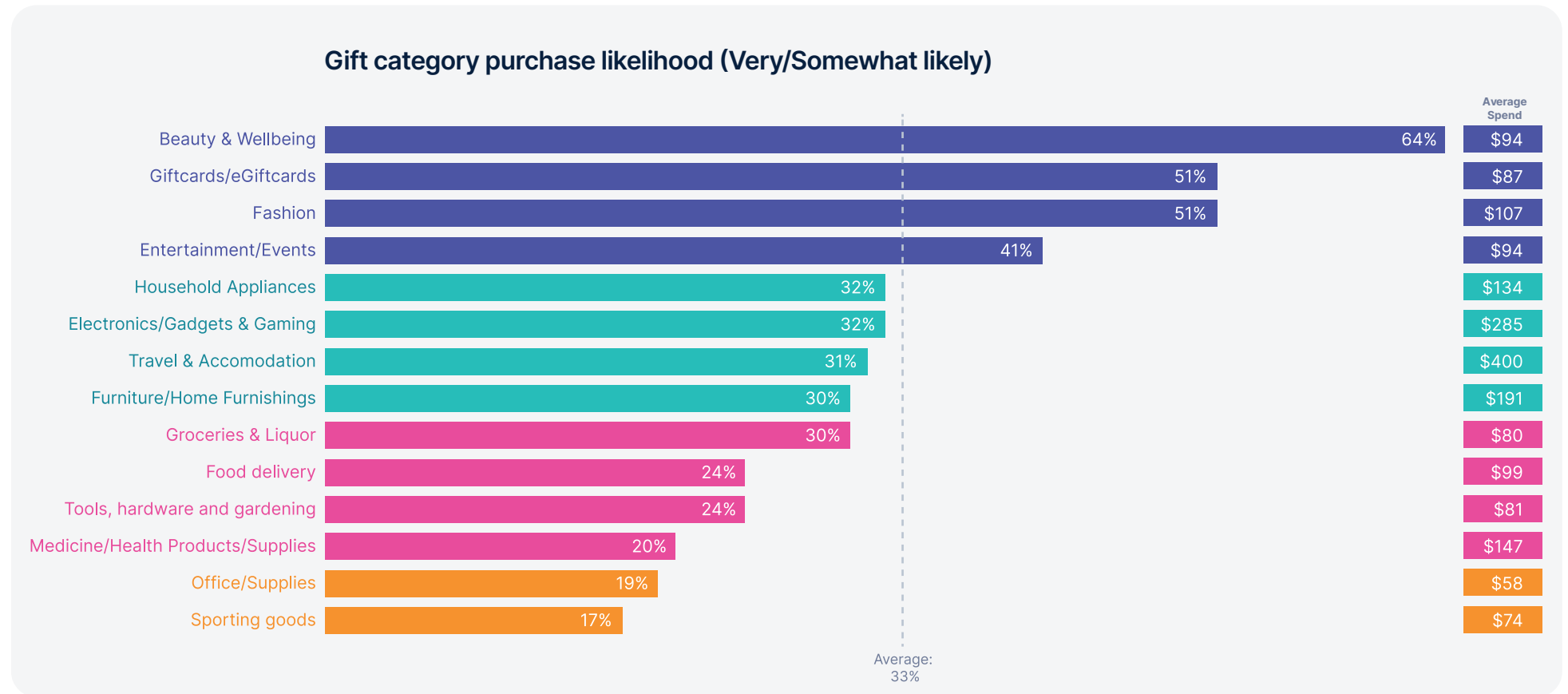
Thoughtful and generous gifting planned for Mother's Day

Three-in-four (75%) Australians plan to spend their Mother's Day celebrating or spending time with a loved one this year. Younger Australians aged 18-34 are more likely to be celebrating both Mother's Day and Easter this year.

Alongside spending quality time with loved ones, Australian consumers are also very generous when it comes to purchasing a Mother's Day gift – seven-in-ten plan on spending around \$138 on gifts for this special occasion.

Beyond the traditional beauty and gift card presents, it appears that many consumers are considering purchasing Mother's Day gifts in higher value categories such as travel and accommodation, electronic gadgets and games consoles, entertainment and events, and fashion. Interestingly, more than one-in-three (34%) mothers aged 18-39 years old play video game consoles.

On average, they plan to spend around \$100 each across the top four gift categories. This is even higher for some categories, such as travel, where people are looking to spend an average of \$400.



Source: ZipCo Retail Barometer March 2022 | Base: Mother's Day Gift Intenders (n=1,050)

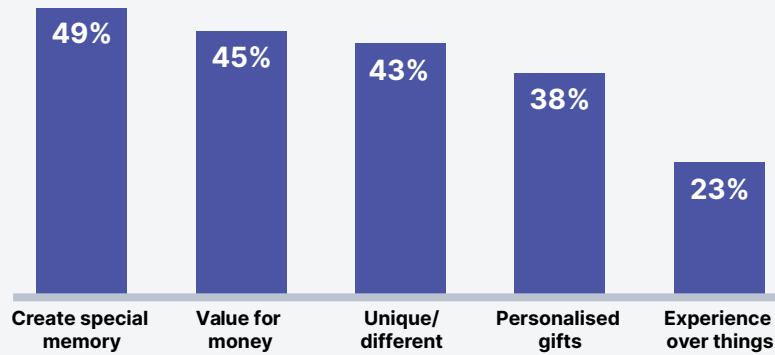
Perhaps making up for lost time during the pandemic, Australians are planning to spend more on gifts for Mother's Day compared to last year, especially in the gaming, food delivery, travel and accommodation, and entertainment and events categories.

Gifters are not necessarily influenced by price – many want to select something that is thoughtful and special. Just under half (49%) of Mother’s Day gifters want to give something that will create a special memory, and 38% are seeking a gift that is personalised rather than just off the shelf. Gifters are looking to many sources of inspiration to help them choose, including browsing in physical stores (54%), brand websites/apps (46%), and recommendations (42%).

While creating strong memories is key, value for money remains a strong sentiment amongst Mother’s Day gifters. Buy Now, Pay Later consumers are a strong market for this occasion – in fact, half of all Mother’s Day purchases will be made by those consumers who have used Buy Now, Pay Later services in the past 12 months, and all shopping categories, except for eCards/gift cards, show positive opportunities for growth.

Around 27% of people are planning to spend more across all categories for Mother’s Day gifts, with beauty and wellbeing, gift cards, and fashion and entertainment, the most popular categories.

Gift selection criteria

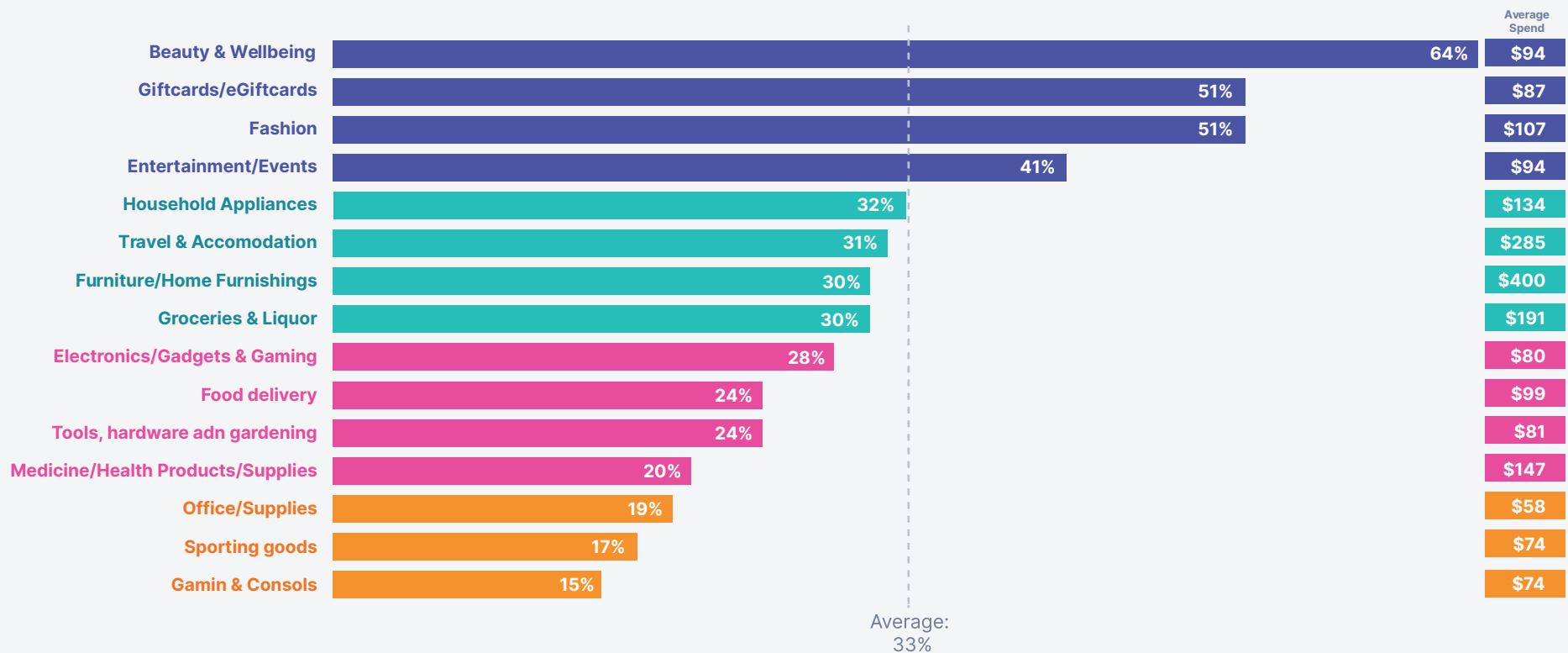


27%
planning to spend more across all categories



Gifters are happy to shop around for deals. Around two-thirds (65%) plan on looking for deals when purchasing Mother's Day gifts this year, and this goes up to 71% for Zip customers. Mother's Day gifters are also taking advantage of delayed payment options, with one-in-four showing a preference for shopping at retailers where Buy Now, Pay Later services are offered.

Gift category purchase likelihood (Very/Somewhat likely)



Source: ZipCo Retail Barometer March 2022 | Base: Mother's Day Gift Intenders (n=1,050)

Retail barometer

As we learn to live with COVID, Australians are changing their retail behaviour. The rise in vaccines has spurred many consumers to feel confident enough to resume their pre-pandemic lives, while others are comfortable sticking to their new normal of working remotely, staying home more often, and relying on online shopping and home delivery services.

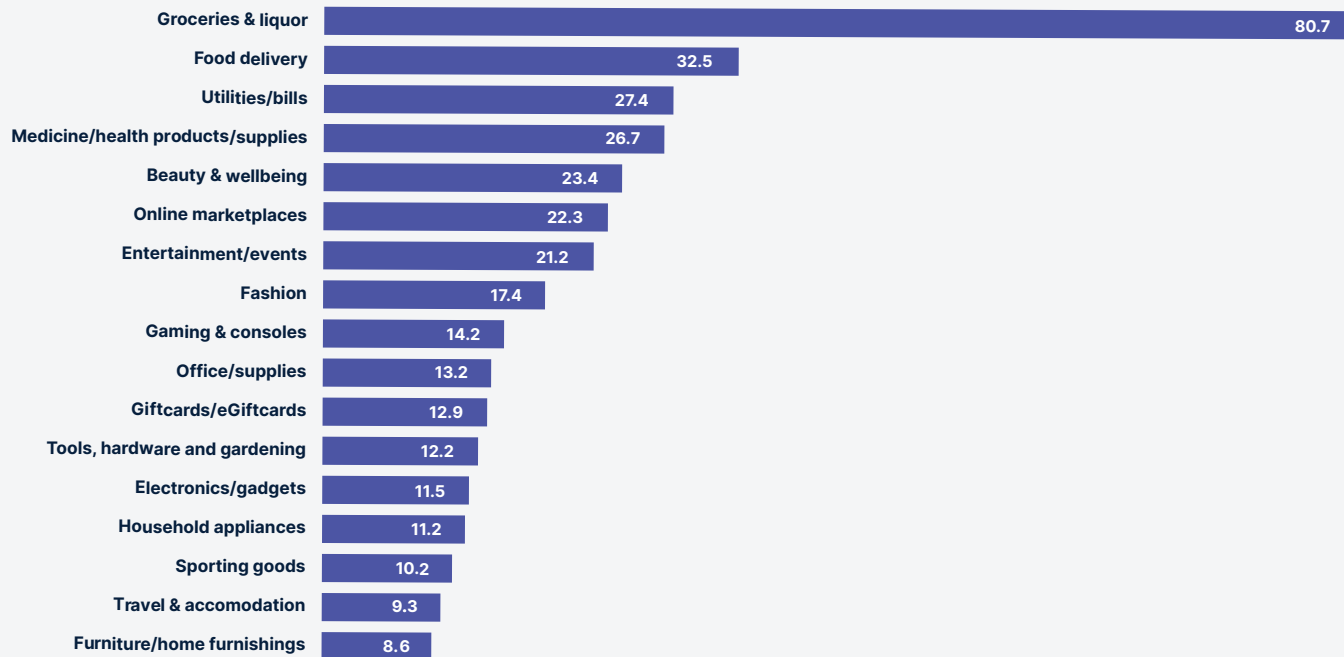
With more people spending more time in the home than ever before, it's no surprise that categories deemed to be essential, i.e. groceries and/or liquor, food delivery, bills, and healthcare, have dominated Australians' frequency of spending over the

past year. However, as we start to move toward an endemic approach to COVID-19, there are opportunities to tap into consumers' willingness to channel more of their spending into discretionary categories and luxuries including travel, events, fashion and technology.

Essentials dominate frequency of spend

When it comes to regularity of purchase, as expected groceries and/or liquor top the list with a spending frequency of 80.7 times per year. Three-in-four Australians purchase grocery and/or liquor once a week or more. Interestingly, online marketplaces ranked just beneath key essential categories; with many of these sites now a one-stop-shop for all items, they are fast becoming a place of regular spending for consumers.

Key category spend frequency per year



Source: ZipCo Retail Barometer March 2022 | Base: Total Sample (n=1,532)

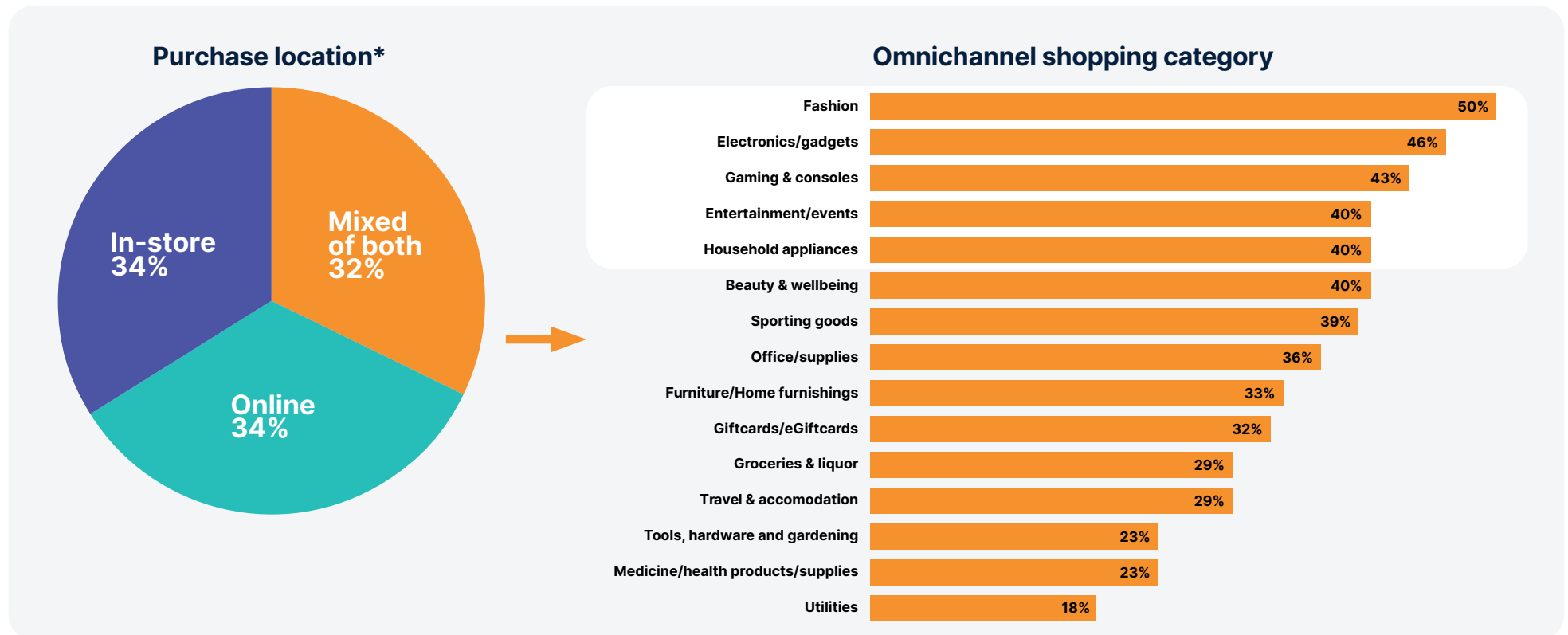
Boost your business growth with a strong omnichannel strategy

A robust omnichannel strategy connects all of a company's touchpoints, from physical stores, e-commerce sites, social, website, email and mobile into one seamless customer experience. A successful omnichannel strategy is key to building awareness and driving consideration of offers in-market.

One-third of Australians buy products both in-store and online. The categories that are leading the omnichannel shopping space are fashion, electronics, and gaming – all of which show solid growth. Categories that skew more toward one channel include travel and accommodation where online purchasing is more popular (56%).

Furniture and home furnishing (56%), groceries and/or liquor (64%), hardware and gardening (68%), and medicine/health products (70%) lean more toward in-store only purchasing.

It's also important to note that shopping online isn't limited to just younger shoppers. While the youngest demographic (18-24 years old) were the most likely to shop online (96%), more than nine-in-ten shoppers of all age groups purchase goods and services on e-commerce sites.

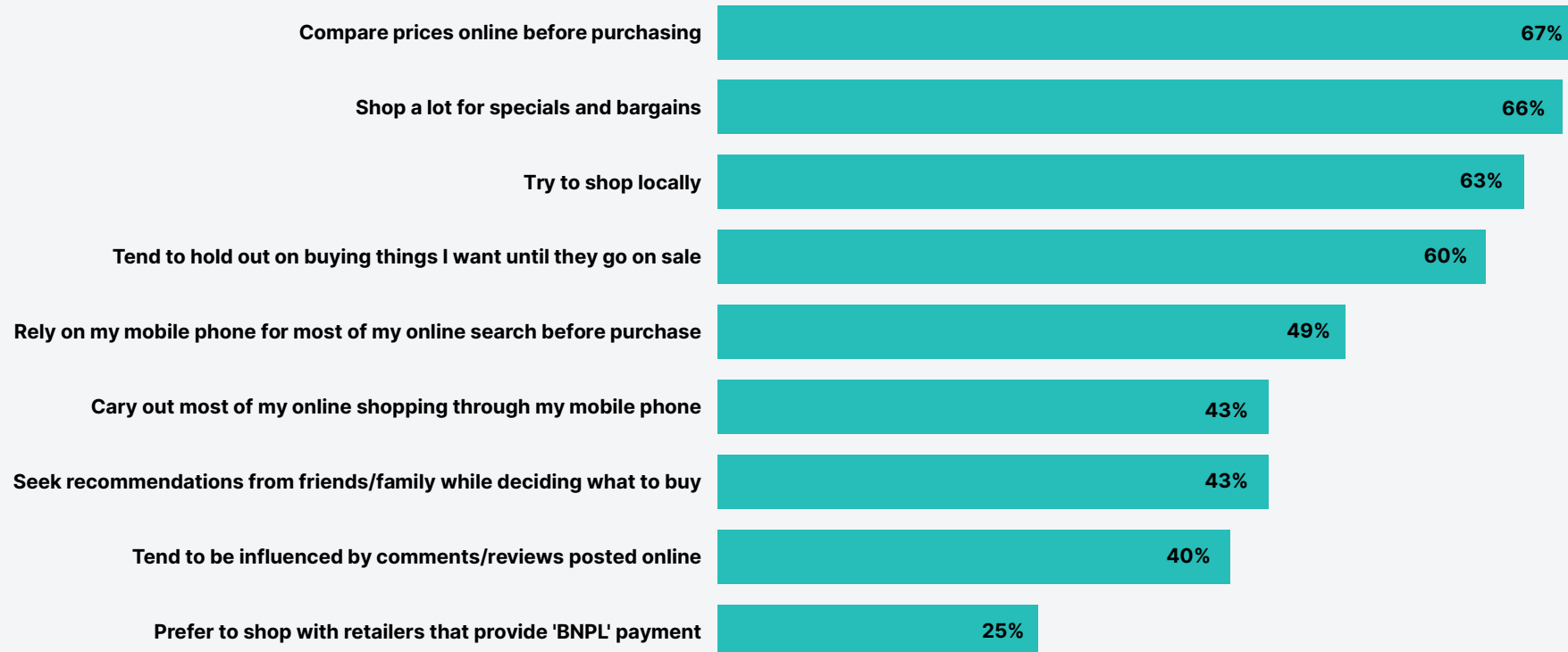


Source: ZipCo Retail Barometer March 2022 | Base: Total Sample (n=1,532), Omnichannel s Shopper (n=1,289) | * Based on % responses across responses for all categories asked

Two-in-three shoppers are hunting for deals

Australia is a nation of bargain hunters. Two-in-three Australian shoppers will compare prices online before purchasing (67%), they will actively shop around for bargains (66%). 60% will hold out on buying things until they go on sale.

Shopping behaviour (Top 2 Box - Strongly/Somewhat agree)

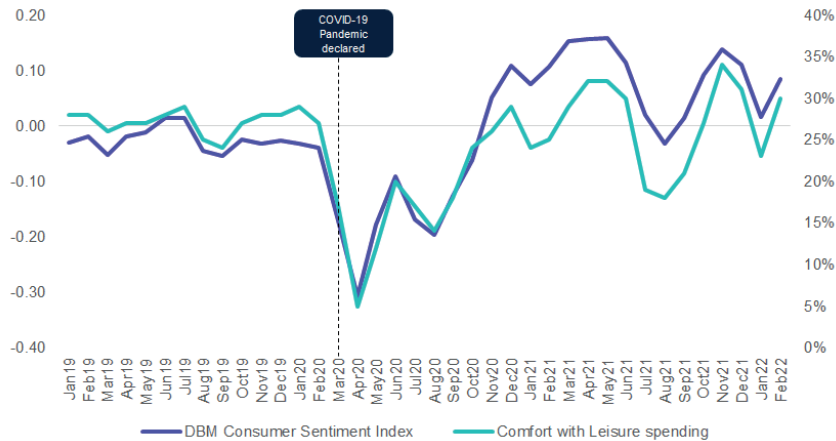


Aussies ready to spend on leisure

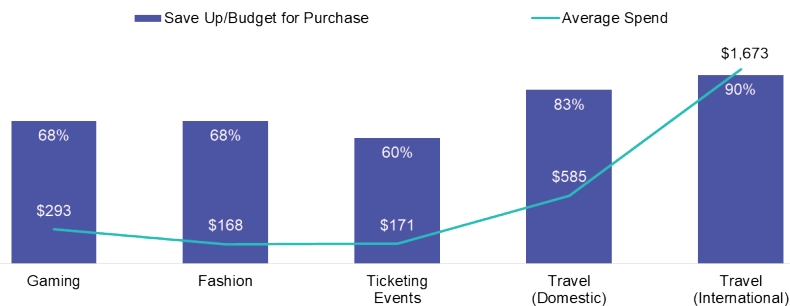
As Australians recover from the effects of the pandemic, their spending outlook has changed. DBM Atlas data shows that post the pandemic, consumers appear to be more comfortable spending on leisure items.

DBM Consumer Sentiment Index

Q: Do you think now is a good time or bad time to spend on leisure, such as holidays or other entertainment? [% good / very good time]



In the short-term, there is an opportunity for merchants to gain share of wallet in top-performing leisure categories as the majority of Australian shoppers say they are saving up and budgeting to spend more in these areas – especially travel.



How do Australians plan to spend their discretionary income?

Strong opportunities for growth among key leisure categories

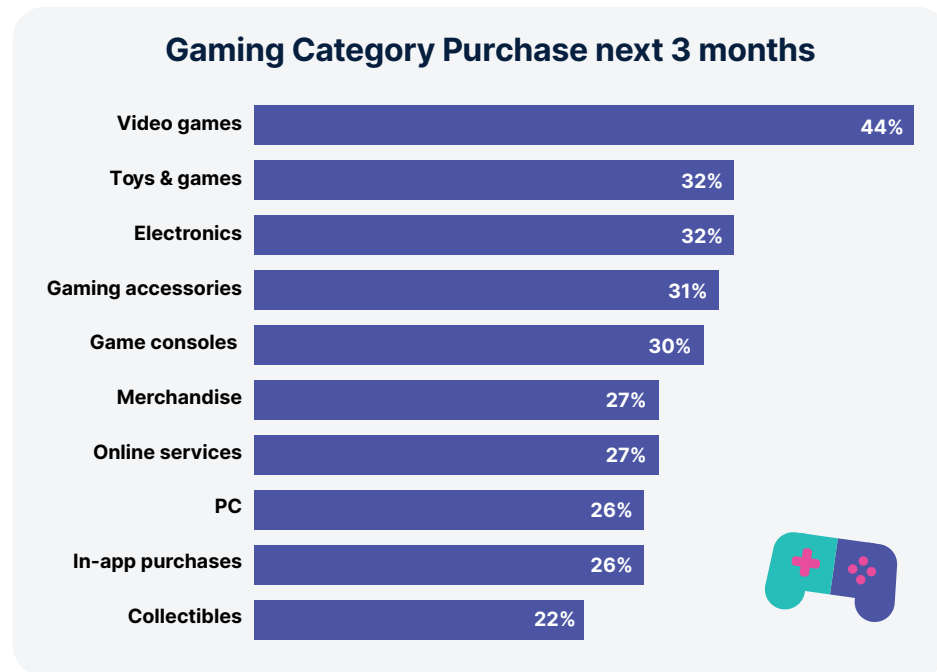
As COVID restrictions subside and consumer activity increases, Australians appear more willing to treat themselves and channel their spending into many discretionary industries.

The categories showing the largest growth opportunities for retailers to tap into are: entertainment and events; fashion; gaming; and travel and accommodation.

More than half of all Australians plan on purchasing tickets for events, as well as spending on fashion items; one-third of consumers intend to travel in the next three months; while one-in-five intend on making a gaming/console related purchase in the next three months.

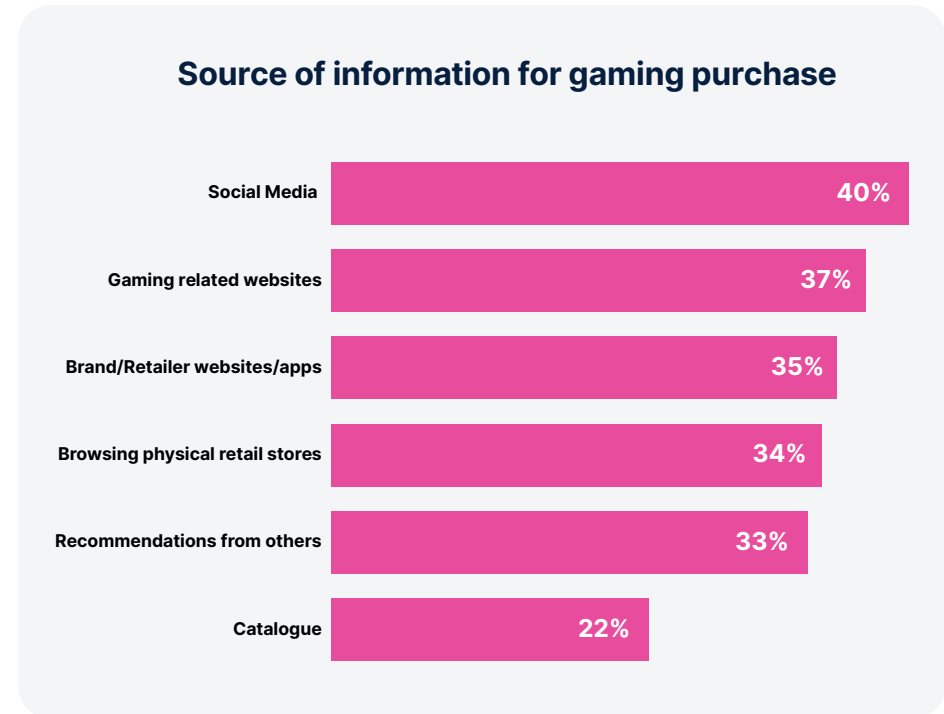
Increased interest in gaming

The level of interest in gaming among Australian consumers is on the rise. The key segments within the category are video games, toys and games, electronics, and gaming accessories. One-in-five Australian consumers plan on purchasing a gaming-related item, and among this group, 44% intend to purchase a video game in the next three months. This is followed by almost one-in-three Australians looking to buy toys and games, electronics, and gaming accessories.



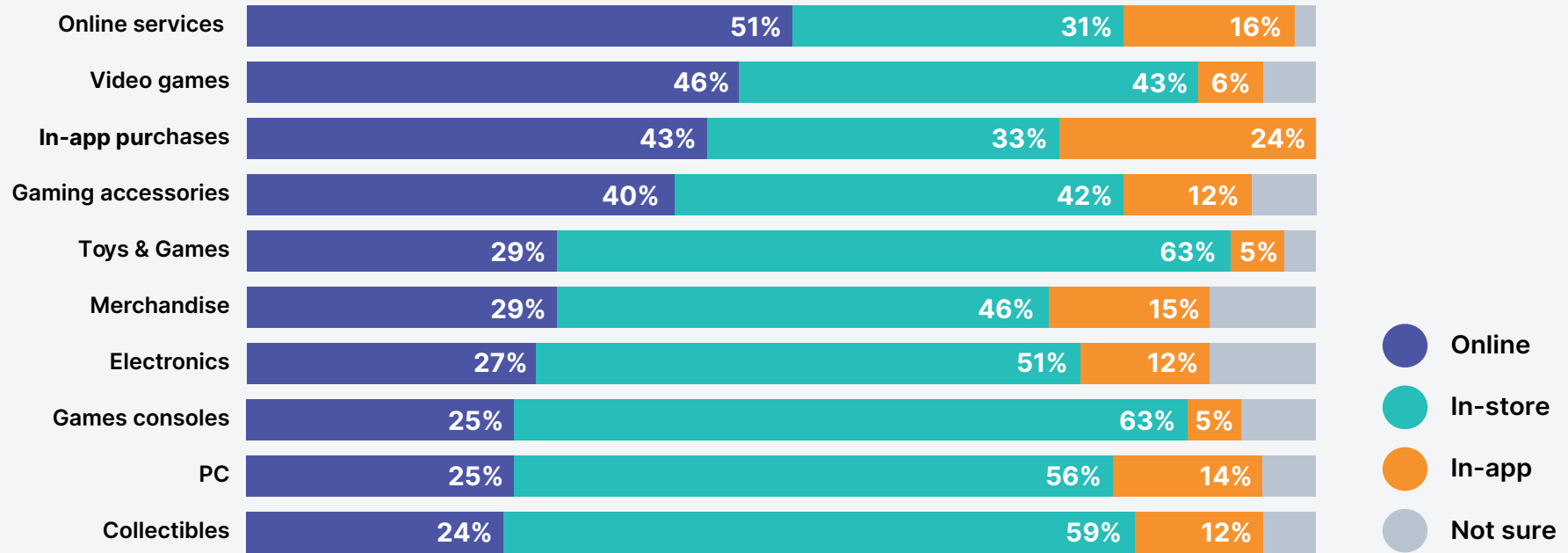
The majority of gaming intenders (three-in-four) are looking to buy for their own use; however, almost half say they are purchasing for children, and almost half plan to purchase for their partner.

Social media, gaming-related websites, and brand/retailer websites are the key sources of information that gaming intenders use to influence their purchasing decisions. Word-of-mouth plays a large part, with 40% turning to social media for more information.



Almost three-in-four (73%) gaming intenders prefer to buy their items in store. Gamers can be known as "satisfied traditionalists", having grown up purchasing in store, and enjoying the culture that it brings with like-minded people. This is particularly apparent for collectibles, PC, games consoles and electronics, with more than half of shoppers looking to buy these items in-store, compared to fewer than three-in-ten who prefer to purchase online. However, when it comes to online services, video games, and in-app purchases, close to half of consumers will buy them online.

Gaming Product Category Purchase Location



Most gaming purchase intenders are also players themselves. The most popular form of gaming is console, followed by PC, mobile app, and online browser. With various subscription services available, gamers are spoiled for choice. The leaders in the pack are PlayStation Now and Xbox Game pass, with one-in-three gaming intenders having each.

With some gaming purchases being bigger ticket items, intenders are open to Buy Now, Pay Later services. Around 7% of gaming purchases will be made using Buy Now, Pay Later platforms, with these consumers saying that payments made in this way helps them budget and manage cash flow, and allows them to purchase something they would otherwise not be able to afford.

Buy Now, Pay Later customers are more likely to be gaming purchasers and consumers of gaming content – they are 34% more likely than the average Australian to have purchased up to four video games in the last month, and 29% more likely to follow video game related content.

Buy Now, Pay Later customers are also more likely to purchase higher-ticket gaming products such as PCs. Zip customers specifically plan to spend more in the gaming product category than others. They are also more likely to have stronger consideration for online computer/electronics stores compared to the average Australian.

Pre-covid fashion back in style

Fashion and clothing is a category of regular spend for many Australians. But with lockdowns, changing consumer behaviour and lifestyle, and a move toward sustainability, the way people purchase fashion has shifted.

Two-in-five Aussies intend to purchase fashion items in the next three months. The key categories of intended spend include women's wear (89%), men's wear (68%), and kids wear (55%).

Casual wear dominates, with Australians having the highest purchase intention for this across women's, men's and children's fashion purchases. This is followed by footwear and sleepwear. Department store websites are particularly popular for fashion purchases, particularly for children's wear.

The average spend for most categories is over \$100, with adult purchases higher in value than for children. Not surprisingly, the highest spend intention is around women's luxury items (\$1048), followed by women's luxury jewellery and watches (\$313) and men's footwear, shoes and boots (\$278).

While Australians are looking to spend similar amounts to last year on their casualwear, other categories are seeing a rise. With lockdowns ending, and more people headed into the office, there has been a rise in intention to spend on business/formal wear. Just under half are intending to spend more than last year on business/formal wear (for both men or women fashion). Additionally with people out and about more, bags and luxury items have also seen a lift. More than two-in-five (42%) men's bag purchase intenders plan to spend more on men's bags this year.

While 28% of Buy Now, Pay Later fashion buyers say that fashion trends influence their purchase decisions, this goes up significantly for Zip customers to 37%. This group of shoppers are image-centric and are inspired by the latest fashion trends. They take pride in their appearance and love beauty and make-up.

More than a quarter (28%) of Australians agree fashion trends influence their purchases and many Australians still turn to influencers (46%) and celebrities (43%) for inspiration.



Adopting sustainable living practices are becoming increasingly important among Australian consumers and this is impacting fashion choices. More than half of Australian consumers (56%) say they prefer to shop and buy from sustainable brands.

One-in-ten Australians would use Buy Now, Pay Later services to buy fashion, and these shoppers are more likely to be influenced by trends around them.

Their attraction to luxury is apparent through their retail shopping attitudes, and the amount they spend on a variety of fashion categories.

They are also early adopters of the latest fashion trends - 15% say they are almost always the first to try new trends, which is 17% more likely than the entire Australian population aged 18+.

More than two in three (68%) fashion shoppers who use Buy Now, Pay Later services are saving for their fashion item purchases and this is even higher amongst Zip customers (75%).

With all budgeting considered, Buy Now, Pay Later customers are more likely to spend within the higher range band of \$300-\$499 across all fashion categories in a typical month versus the average shopper aged 18+.

Fashion Type	Less than \$49	\$50-\$99	\$100-\$299	\$300-\$499	\$500+
Women's Fashion	ix 103	ix 125	ix 118	ix 138	ix 115
Men's Fashion	ix 90	ix 113	ix 113	ix 132	ix 137
Teens' Clothing	ix 117	ix 113	ix 123	ix 136	ix 131
Kid's Clothing	ix 117	ix 129	ix 126	ix 146	ix 106

Source: DBM Atlas & Media Profiler dataset; October 2020 to September 2021; National 18+ n=90,515

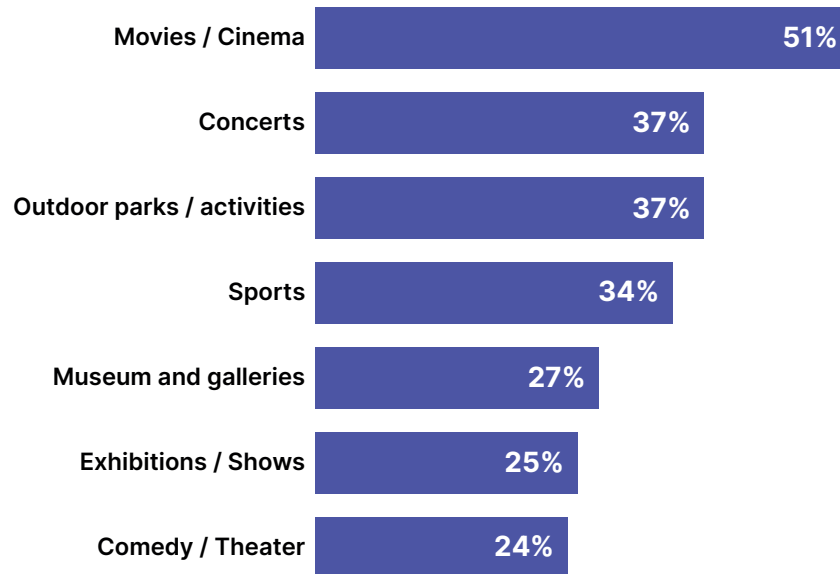
ix = index. Index is a comparison to the average Australian 18+. It is read in comparison to this base, which is always 100. For example, an index of 120 is 20% more likely than the average Australian 18+, while an index of 80 is 20% less likely than the average Australian 18+

Excited to attend events again

The lifting of restrictions means Australians are able to enjoy organised events again. Two-in-five Aussies intend to attend a ticketed event in the next three months.

The most popular subcategories are movies/cinema, concerts and outdoor parks/activities. With the exception of movies, the most popular outlet for ticket sales across all these subcategories is Ticketek.

Type of Ticketing Events



While cinema is the most popular ticketed entertainment category, it also has the lowest average spend at \$72. Concerts have the highest average spend (\$306), followed by sports (\$145), and outdoor parks and activities (\$130).

Buy Now, Pay Later customers are fans of events and consider themselves cultural enthusiasts. They are lovers of non-traditional sports and have watched multiple sporting matches and events in the last 12 months. They also consider performance events a favourite pastime. More Buy Now, Pay Later customers have attended concerts, dance performances and music gigs at pubs in the last six months, than the average Australian aged 18+.

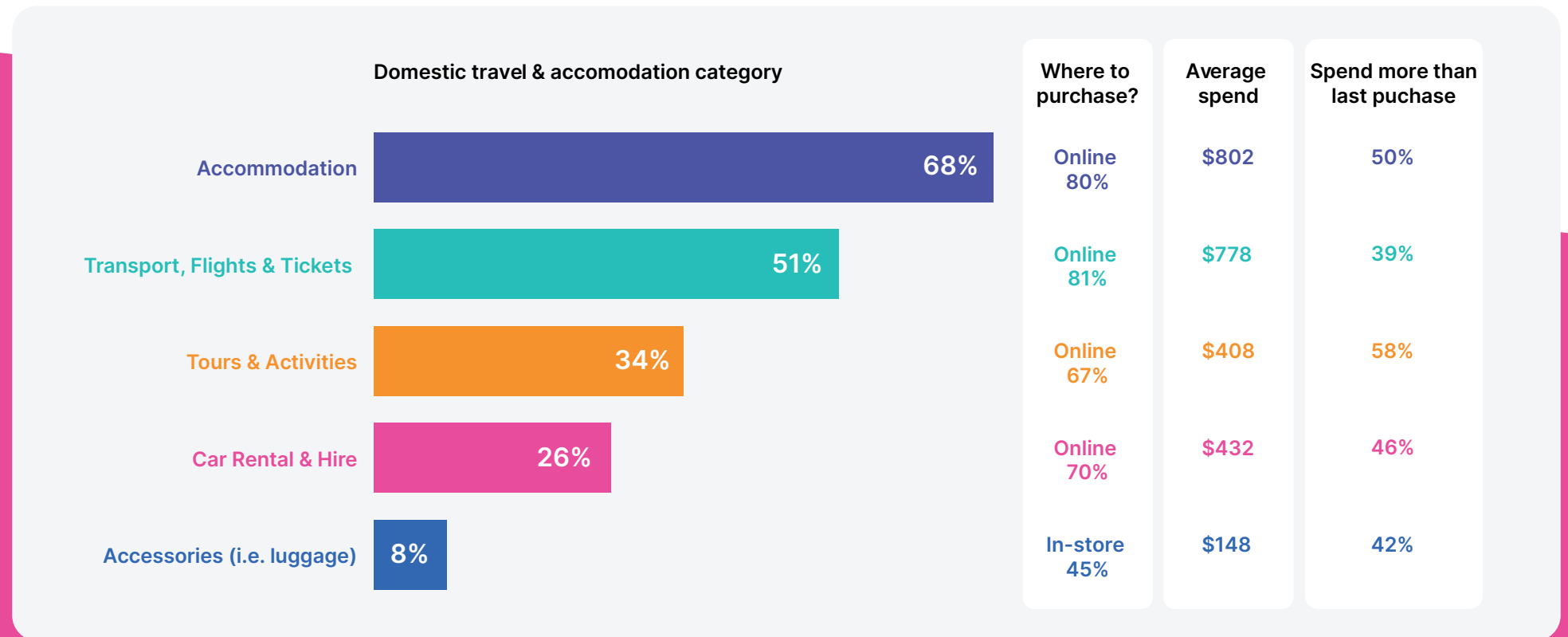


Buy now, pay later customers are more likely to purchase tickets to events such as sports, outdoor parks/activities and concerts. And compared to the rest of the population, Buy Now, Pay Later customers' average spend is higher on concerts (\$409), sports (\$136) and outdoor parks/activities (\$172). It's important to note, however, that while Buy Now, Pay Later customers' intended spend is higher, only 2% are planning on using Buy Now, Pay Later services to pay for events, instead they opt to save – 40% say they are saving money and/or budgeting for their event tickets.

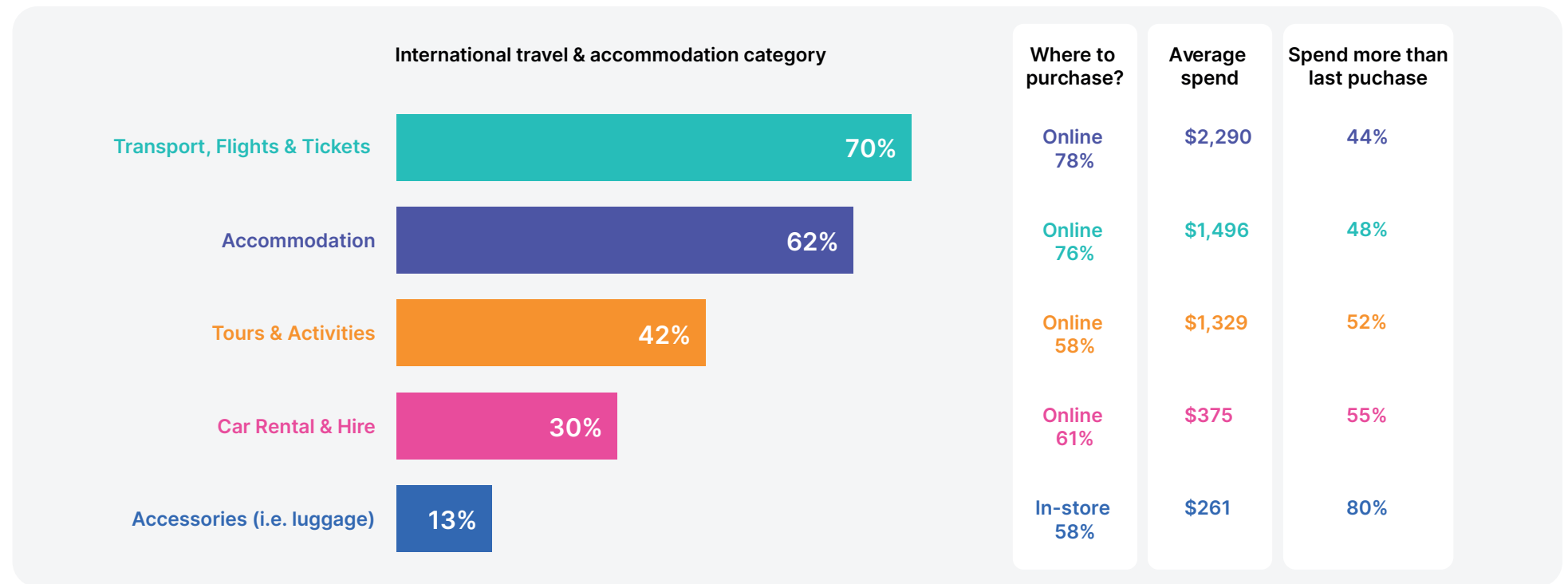
Travel is back

As Australia adjusts to a post-pandemic world and domestic and local borders start to open up, travel intention is back on the cards with over 1 in 3 Australians planning to spend on travel and accommodation services in the next six months. Australians planning to spend on travel and accommodation services in the next three months. Around three-quarters (72%) of travel intenders are looking to head somewhere within Australia, while 28% are looking to travel internationally.

Domestic travel intenders intend to spend the most on accommodation, followed by transport, flights and tickets. The average spend for accommodation is \$802, while transport, flights and tickets total an average of \$778. For most Australians, there has been quite a time lapse from their last travel experience and many travel intenders are willing to splurge on their purchases. Half of this group plan to spend more on accommodation than their previous purchase, and 58% plan to spend more on tours and activities than their previous purchase.



In contrast, for international travel, the combined expense of transport, flights and tickets, are the biggest area of expense for consumers, followed by accomodation, then tours and activities. The average spend for transport, flights and ticket is \$2,290, followed by accomodation at \$1,496. Similar to domestic travel intenders, more than half are looking to spend more than their previous purchase, particularly on subcategories such as tours and activities, car rental, and luggage.



Most consumers are making their travel purchases, both domestic and international, online. The exception to this is for travel accessories (such as luggage) where the preference remains bricks & mortar stores. A notable difference in the category is the importance placed on travel insurance, highlighting that many consumers are still quite wary and cautious when making travel plans. More than two-in-five (42%) domestic travellers say travel insurance is extremely or very important, and this increases significantly for international travellers (72%).

Buy Now, Pay Later customers are avid travellers that are more likely to travel in the next 12 months both internationally and domestically, compared to the average Australian aged 18. They are also making up for lost time – they are 39% more likely than the average adult population to have travelled domestically five or more times in the past six months.

With all this travelling, it makes sense that Buy Now, Pay Later travellers are more likely to be members of frequent flyer reward programs. Similar to their fashion choices, Buy Now, Pay Later customers prefer more opulent airfares and they love shopping in domestic airports.

Buy Now, Pay Later opportunities for merchants

The global pandemic has significantly accelerated the already impressive growth and consumer adoption of Buy Now, Pay Later platforms to extraordinary new heights. Post-COVID, positive opportunities for these platforms have continued.

It's clear that consumers have embraced the ability to manage their budgets and purchase the things they want and need in the shopping moment. Since completely disrupting the market six years ago, the Buy Now, Pay Later sector has doubled its growth in the past year alone. DBM Atlas research revealed that in February 2022, nearly a quarter (23%) of Australian adults had made a purchase using a Buy Now, Pay Later platform in the previous four weeks – up from 12% in February 2021.

In fact, 15% of all Australians aged 18+ who purchased online in the past six months, have used Buy Now, Pay Later services in the last four weeks.

Buy Now, Pay Later usage has nearly doubled in the last year, led by Gen Y and Gen Z Australians

As noted in previous research conducted in 2021, Buy Now, Pay Later is a particularly attractive proposition for shoppers aged under 45. The idea that these consumers, 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.

Nielsen research shows that seven-in-ten Australians who have used Buy Now, Pay Later payment methods are under 45 years old.

For shoppers aged under 25, i.e. Generation Z, Buy Now, Pay Later services are viewed as a convenient way to purchase essentials, while also accommodating discretionary spend on items they may have otherwise avoided purchasing. Over one-in-three (35%) Gen Z's said they used Buy Now, Pay Later in the previous four weeks – an increase from 21% the same time last year.

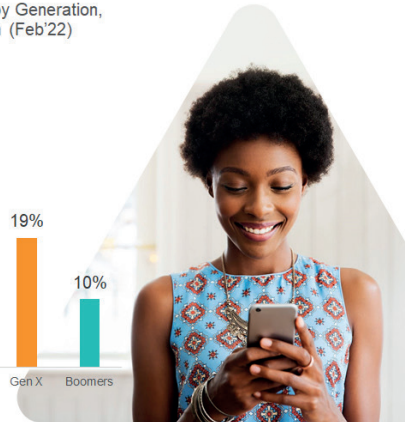
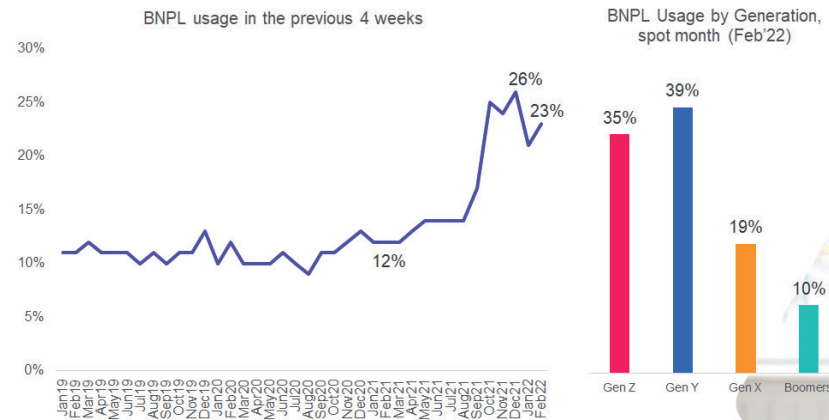
"Not having a consumers preferred way to pay is the missed conversion opportunity that merchants should address. Consumers are more than ever looking for payment methods which suit their needs.

Adding Zip at checkout, merchants can address both short and long duration BNPL options for consumers, increasing conversion and capturing previously lost transactions.

Zip's conversion first approach to checkout extends through past the payment method to our checkout products, after activating Log in with and Tokenisation functionality our partners have seen 5%+ conversion uplift"

Cynthia Scott, Managing Director, Zip

BNPL usage has nearly doubled in the last year, led by millennials

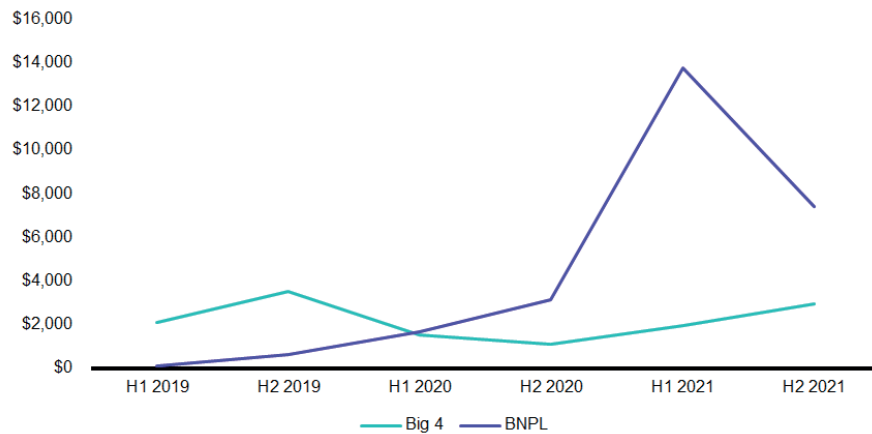


Source: DBM Consumer Atlas | Base: spot month results (Feb'22) n=5,127; Gen Z n=566; Gen Y=1,348; Gen X n=1,244; Boomers n=1,449

Buy Now, Pay Later ad spend significantly increased in 2021 in comparison to the 'Big 4'

In line with the growth in customers, Buy Now, Pay Later services substantially increased their advertising investments in 2021, providing a much bigger opportunity to reach a wider community of consumers. Buy Now, Pay Later purchasers are more likely to have watched Free Internet TV (YouTube, Twitch, TED, etc), viewed an Online Magazine, or viewed "catch-up" (SBS on Demand, 10Play, 7Plus, 9 Now, etc.)

Total estimated media spend 2019, 2020, 2021

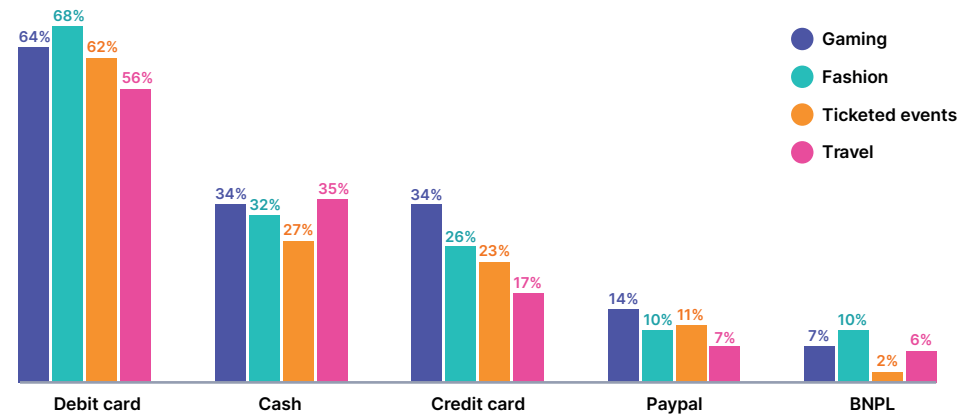


Source: Nielsen Ad Intel 2019, 2020, 2021 (Jan-Dec)
Big 4 definition=ANZ, CBA, NAB and Westpac credit card campaigns only

Research shows 31% of Australians have used Buy Now, Pay Later services to pay for goods and services (17% have used Zip, 28% have used Afterpay). While 30% say they would consider using or intend to continue using Buy Now, Pay Later services in the future, two-in-three Aussies have a preference for cash or direct debit cards.

When looking across the four key payment method categories, debit cards are the preferred option for future payments in the next three months. This highlights the opportunity to communicate the benefits and any perceived risks of Buy Now, Pay Later services to make consumers consider an alternative to saved cash.

Payment Method



Source: ZipCo Retail Barometer March 2022
Base: Gaming (n=271), Fashion (n=648), Ticketed Events (n=621), Travel (n=331)

When it comes to top-of-mind awareness of Buy Now, Pay Later brands in market, 77% have heard of Afterpay, 59% have heard of Zip followed by LatitudePay and Klarna (37% and 36%, respectively).

Of those who do not use Buy Now, Pay Later services at all, 12% would consider using Buy Now, Pay Later in the next 3 months with 4% using Afterpay, 2% using Zip (the rest is spread out with other Buy Now, Pay Later providers).

Buy Now, Pay Later customers are a high value, high volume opportunity segment for merchants

Buy Now, Pay Later customers are 18% more likely to have purchased five or more products or services online in the past month compared to the average Australian 18+. Just over 1 in 4 BPNL customers believe now is a very good time for leisure spending.

Buy now, pay later used in the past 4 weeks, (All People 18+, Afterpay, Zip Pay, Zip)

Buy now, pay later users are 18% more likely to have purchased 5+ products or services online in the past month vs. the average Australian



Source: DBM Atlas & Media Profiler dataset; October 2020 to September 2021; National 18+ n=90,515 | Buy Now Pay Later Users 18+ n=11,420 / ZipMoney 18+ n=4,609, Afterpay users 18+ n=8,309

Younger shoppers are driving the bulk of Buy Now, Pay Later usage

Customers of Buy Now, Pay Later solutions are skewed female with two-in-three aged 18-39 years old (1.5 times more likely to be aged 18-24). Although 50% live in the eastern states of NSW and Vic, they are more likely to live in Brisbane and QLD versus the average Australian consumer. Their median personal income is closely

inline with the Australian norm and while they're 22% more likely to work in trades, sales and admin type roles, they are also less likely to be the main income earner in the household.

They're also more likely to be renters living in townhouses or apartments, 72% live in metro Australia and 28% live in non-metro (rural or regional); and one-in-five speak a language at home other than English (12% more likely). One-in-four Buy Now, Pay Later customers are mothers.

A deeper look at BNPL buyers

Buy Now, Pay Later used in past 4 weeks, (All People, 18+ (Afterpay, Zip Pay, Zip

Users of Buy Now, Pay Later solutions are skewed female with 2 in 3 aged 18-39 (1.5 times more likely to be aged 18-24). Although 50% live in the eastern states of NSW and Vic, they are more likely to live in Brisbane and QLD vs. the average Australian. Their median personal income is closely in line with the Australian norm and while they're 22% more likely to work in trades, sales and admin type roles, they are also less likely to be the main income earner in the HH. likely)

They come from larger HHs of 4+, made up mostly of young families (families with one child under 12) or adults flatting together. They're more likely to be renters living in townhouses or apartments - 72% live in metro Australia and 28% live in non-metro (rural or regional). 1 in 5 speak a language at home other than English (12% more likely)



More likely to be female
(58% of segment)



42% aged 25-39
(1.5 times more likely to be aged 18-24)



40% work in Trades/
Clerk/Sales type roles -
22% more likely



Significantly more likely
to come from larger
households of 4+



More likely to live in
Brisbane and QLD



Median personal income of
\$44.5K, slightly above Aus.
median of \$42.8K



More likely to speak a
language at home other
than English



19% more likely to
be upper secondary
educated only



A mix of young families or
adults who live together
(housemates)



39% are renters
(20% more likely)

Source: DBM Atlas & Media Profiler dataset; October 2020 to September 2021; National 18+ n= 90,515 | Buy Now Pay Later Users 18+ n= 11,420 / ZipPay or ZipMoney 18+ n= 4,609, Afterpay users 18+ n = 8,309

How do they describe themselves?

Buy Now, Pay Later used in past 4 weeks, (All People 18+, Afterpay, Zip Pay, Zip

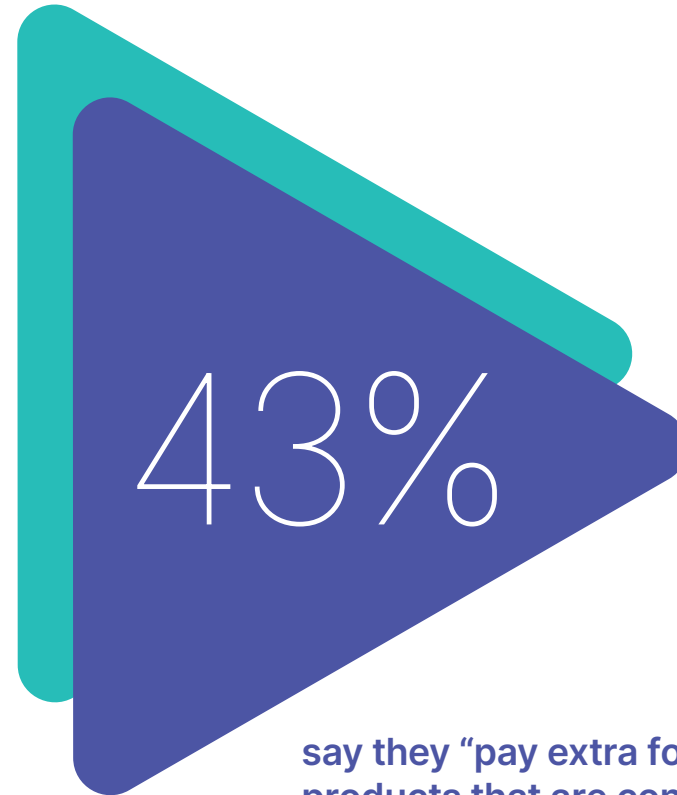
Users of Buy Now, Pay Later solutions are self-described trendsetters who love to get out and about and stand out from the crowd. They're more likely to purchase products and brands endorsed by celebrities and social media is a very important part of their daily life. Having fun and enjoying life takes precedent over dealing with life's responsibilities, which can feel like a bit of a burden.



- Standing out from the crowd
- Celebrity endorsements
- Big nights out
- Social media
- Leading the pack



- Life's responsibilities
- Staying in & missing out
- Not enough time in the day
- Worry about what the future holds



say they “pay extra for products that are consistent with an image they want to convey” – 15% more likely

Buy Now, Pay Later customers are early brand adopters and influencers

Customers of Buy Now, Pay Later solutions are self-described trendsetters who love to get out and about and stand out from the crowd. They're more likely to purchase products and brands endorsed by celebrities and social media is a very important part of their daily life.

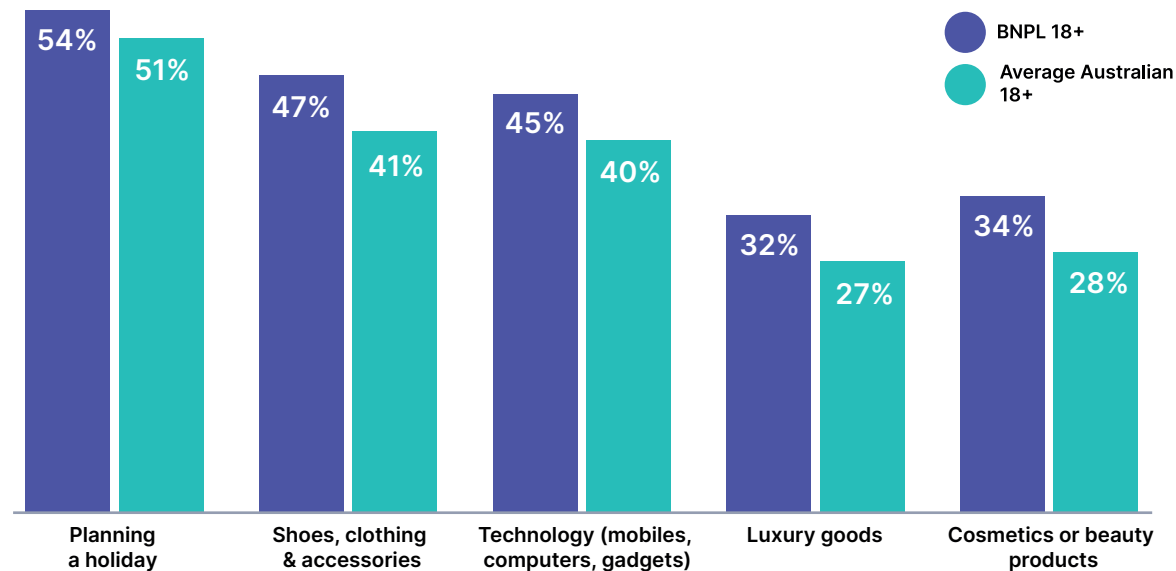
Buy Now, Pay Later customers are an easy audience to reach and advertising works well to regularly prompt them into online searches. Out-of-home advertisements such as large billboards and flat screen digital advertising work best to drive awareness, improve brand status, and encourage purchasing.

They are active social media posters who will drive conversation for your brand and they are also receptive to tailored online/mobile advertising messages.

Across multiple categories, Buy Now, Pay Later customers frequently give advice and recommendations to their family and friends, particularly for fashion and technology purchases. They are also significantly more likely to actively seek out information about new products, services, events and live music on social media compared to the average Australian.

Buy Now, Pay Later used in the past 4 weeks, AP 18+ (Afterpay, Zip Pay, Zip Money)

Give advice on or make recommendations to friends/family



Source: DBM Atlas & Media Profiler dataset; October 2020 to September 2021; National 18+ n=90,515 | Buy Now Pay Later Users 18+ n=11,420 / ZipPay or ZipMoney 18+ n=4,609, Afterpay users 18+ n=8,309

Conclusion



Buy Now, Pay Later customers are early adopters of brands, are active on social media, are receptive to advertising, and love online shopping. They represent a high value, high volume opportunity for retailers. When integrated as part of a strong omnichannel strategy, Buy Now, Pay Later services have the potential to further drive consideration of your brands.

Get in touch

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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



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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.

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