The growth of Buy Now, Pay Later market

An Australian outlook

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 will give a complete financial services 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

Who's using Buy Now, Pay Later services

More likely women
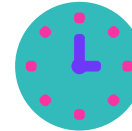
More likely aged 25-39 years old

Likely a young family

Attained high School education

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

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

Works in retail trade, health services, education, hospitality
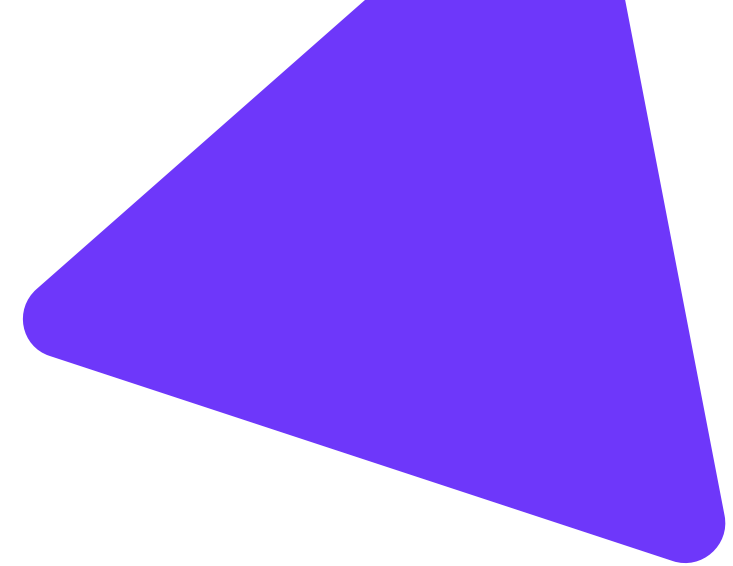
Average income $52,147 and not the main income earner

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

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

Nielsen

DBM Atlas.

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
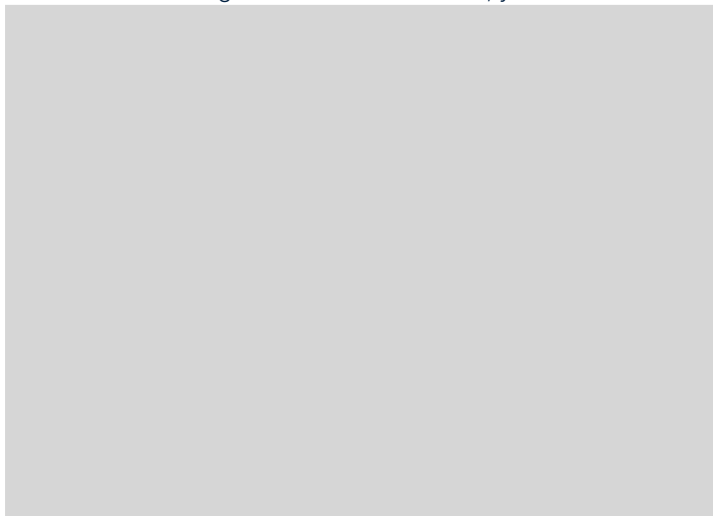
Millennials are 37% more likely to watch comedy programs than the other age groups.

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%				68%
Stan	16%				17%
Disney +	15%				17%
Amazon Prime	15%				18%
Foxtel Now	8%				9%
Apple TV+	7%				8%
Kayo Sports	7%				6%
YouTube Premium	6%				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

Get in touch

DBM

Tony Williams
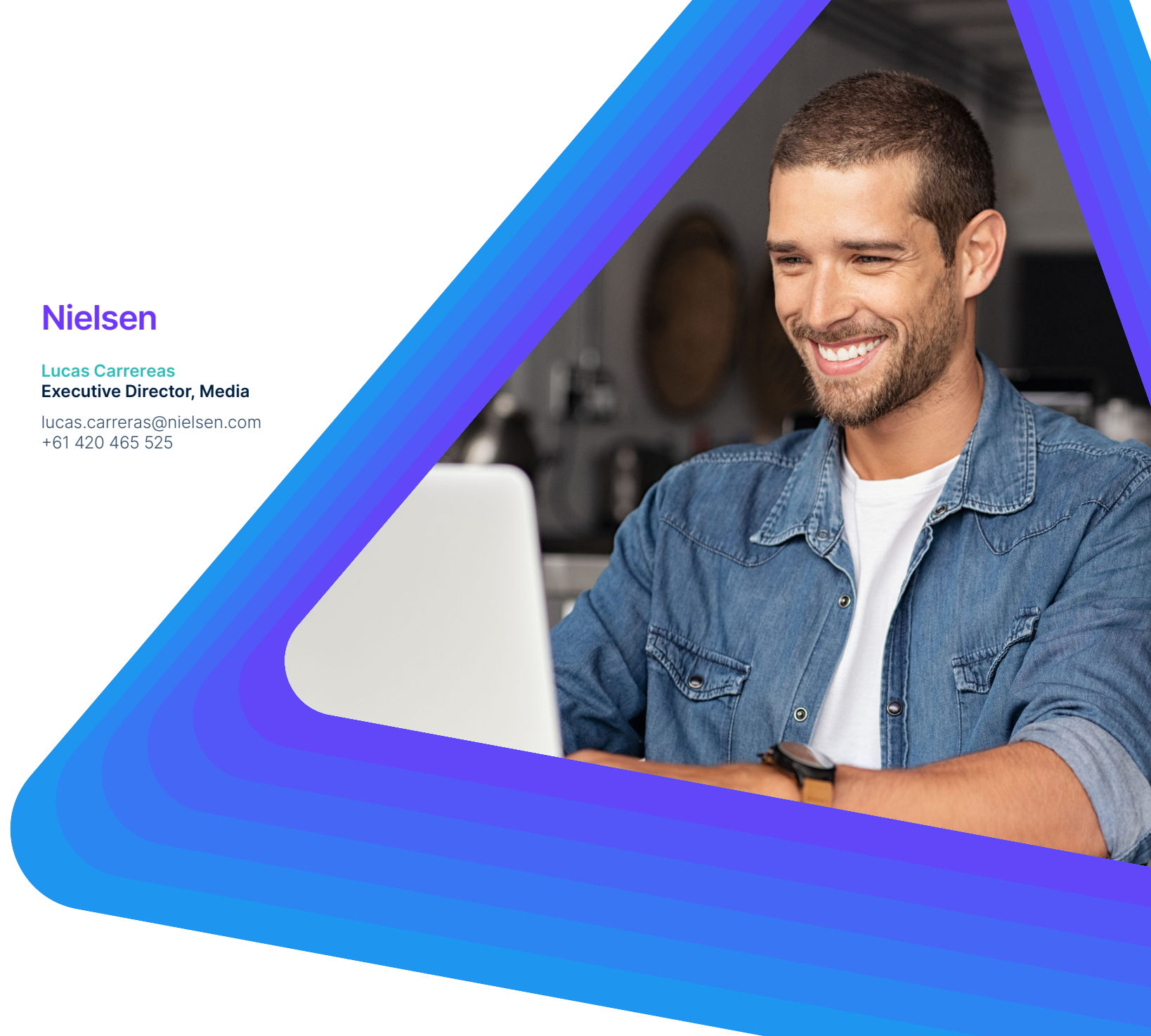**Executive Director**

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About DBM

Founded in 1992 by Dhruba 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**

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** or **www.nielsen.com/investors** and connect with us on social media.

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