

# GENERATION PAY 2021 REPORT

How the world pays: today and tomorrow



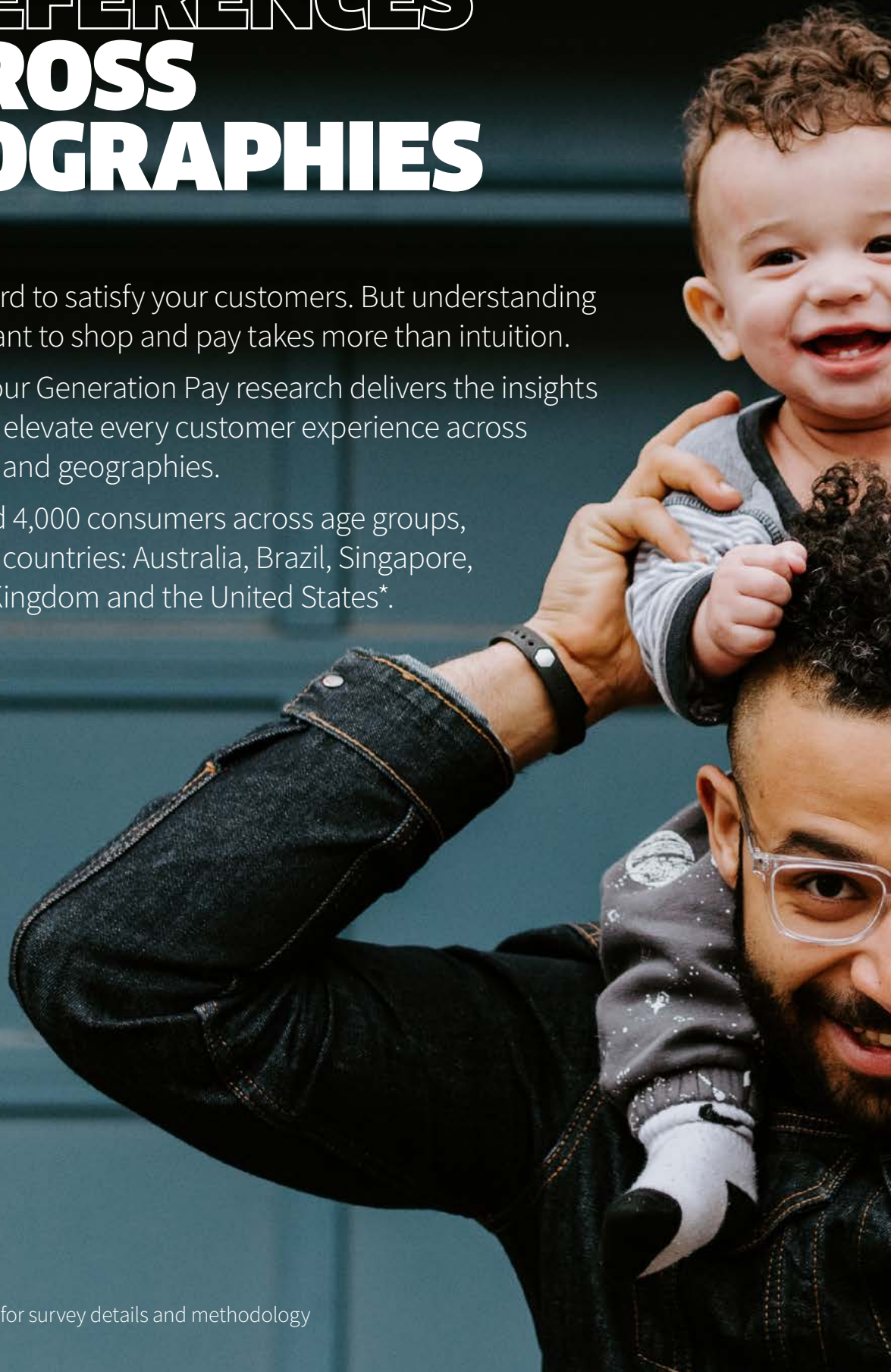
# DISCOVER GENERATIONAL PREFERENCES ACROSS GEOGRAPHIES

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You work hard to satisfy your customers. But understanding how they want to shop and pay takes more than intuition.

That's why our Generation Pay research delivers the insights you need to elevate every customer experience across generations and geographies.

We surveyed 4,000 consumers across age groups, in these five countries: Australia, Brazil, Singapore, the United Kingdom and the United States\*.





## Generation Pay 2021 research trends

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### Trend 1: How the pandemic impacted commerce 4

- Grocery and digital spending boomed during the pandemic
- New spending habits are here to stay

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- Customers seek rewards for grocery spending
- Automatic points that don't expire are preferred

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- BNPL appeals at all price points
  - Payment options wanted for holiday shopping
  - Trust is key for shopping on social media
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# GROCERY AND DIGITAL SPENDING BOOMED DURING THE PANDEMIC

More than half of respondents spent less on travel and dining out over the last 12 months, making these sectors the two most negatively impacted by the pandemic.

At the same time, grocery spending increased for more than 50% of those surveyed. Digital content, streaming and subscription services was the only other sector where consumers increased overall spending over the last year. Presumably, this boost was driven by consumers' need for at-home entertainment options, as the pandemic temporarily closed many brick-and-mortar entertainment venues.

## Strict vs. stable spending

In terms of spending patterns, the oldest consumer segment appeared to be the most impacted by the pandemic. For example, 60% of Boomers+ spent less on eating out compared to just 32% of Gen Z respondents.

Millennials and Gen X in particular demonstrated more stable spending patterns over the past year. This may suggest that their habits, financial and professional lives were more resilient to the pressures of the pandemic.

## MILLENNIALS

in the U.K. were the biggest DIY enthusiasts, with 44% spending more on home improvement and decor. Only 18% of their counterparts in Singapore did the same.



**41% OF CONSUMERS**

say they spent the same as usual on electronics and apparel over the last 12 months. These were the most stable sectors.

## Future outlook

As restrictions surrounding travel and dining out appear to be easing, one-third of respondents estimate they'll spend more in both areas over the next 12 months. They also intend to increase spending on health and well-being.

Surprisingly, consumers don't anticipate their grocery spending to fall to pre-pandemic levels. In fact, 80% estimate they will spend the same or more in the next 12 months, suggesting that consumers have picked up a taste for home cooking (or more expensive groceries).

## New spending habits are here to stay

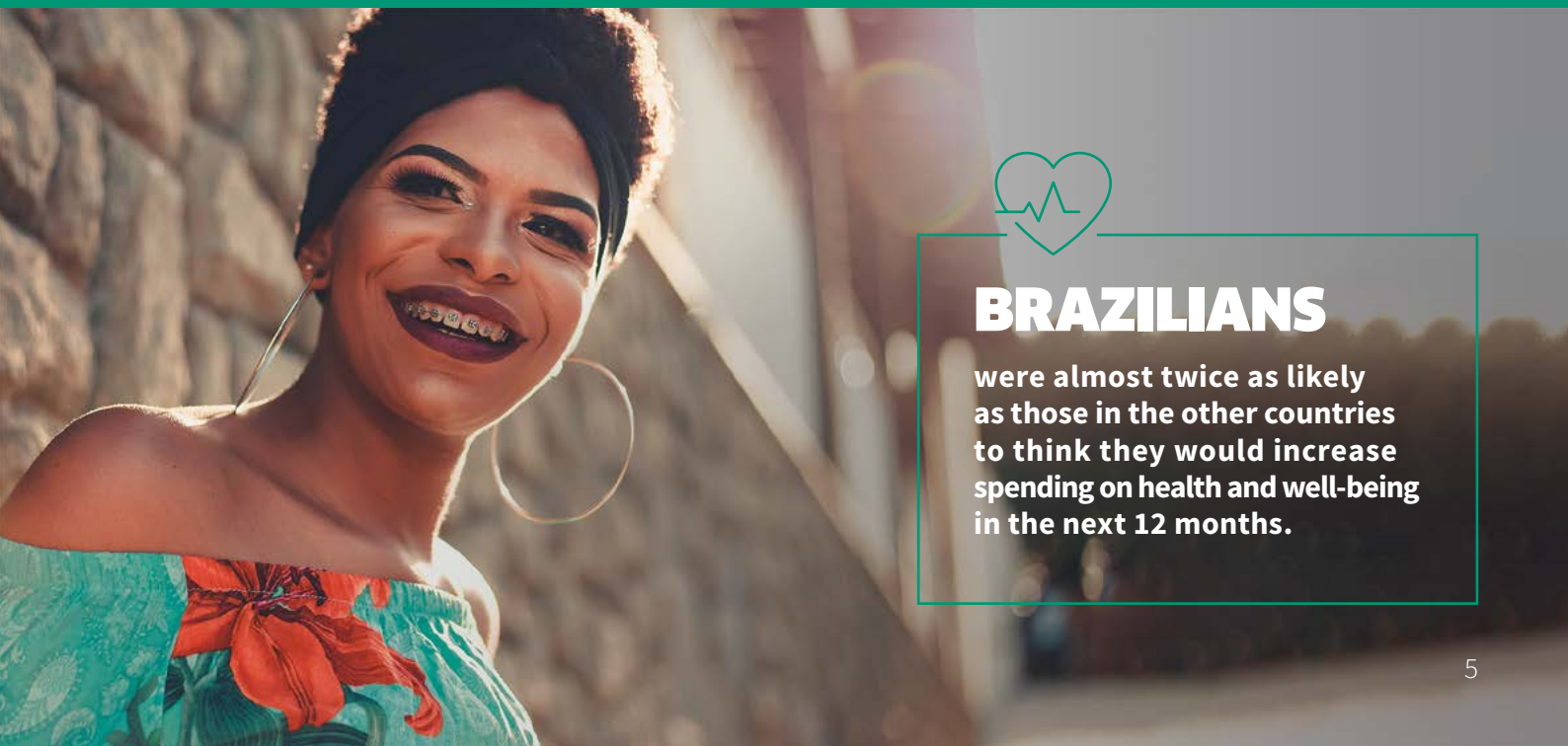
Aside from the categories noted above, respondents broadly expected their spending patterns to remain the same. This may suggest that many pandemic payment behaviors will be more enduring than expected.

Compared to other generations, Gen Z were slightly more fluid in their intentions to increase or reduce spend in certain areas. For example, Gen Z were three times more likely to expect their spending on health and well-being to increase than Boomers+. Equally, they were the most likely generation to believe their spending on digital content would fall, with 20% of respondents saying so.



**JUST 18%**

**of Singaporeans anticipate spending more on travel in the coming year – making them the most cautious nation surveyed.**



## BRAZILIANS

**were almost twice as likely as those in the other countries to think they would increase spending on health and well-being in the next 12 months.**



# CUSTOMERS SEEK REWARDS FOR GROCERY SPENDING

In order to gauge attitudes towards loyalty programs, we asked consumers to consider the areas where they found them to be most important. In light of the pandemic, we also asked which loyalty program features they found most appealing.

While overall payment patterns across countries were relatively similar, attitudes towards loyalty programs revealed noticeable differences. Consumers in Brazil and Singapore consistently rated loyalty programs as more important in almost every sector, compared to consumers in the U.K., U.S. or Australia.

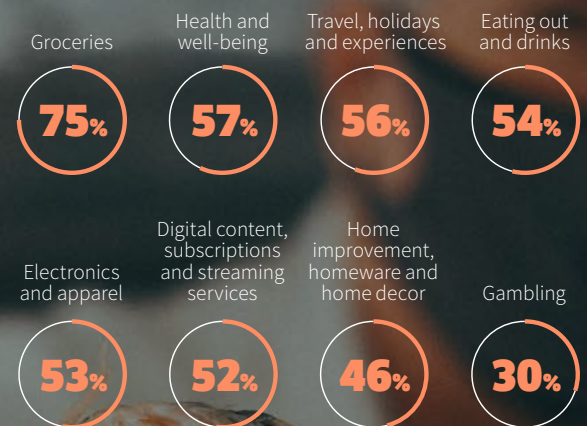
For example, 76% of consumers in Brazil rated loyalty programs in the health and well-being sector as 'Important' or 'Very Important', compared to only 48% in the U.S. Only 1% of Gen Z in Brazil rated them as 'Not Important At All'.

## Loyalty: Take it or leave it

Of all generations, Millennials consistently viewed loyalty programs the most favorably. Overall, generational differences were more pronounced in the U.S., U.K. and Australia, compared to Brazil or Singapore. For example, 80% of both Millennials and Boomers+ in Singapore rated loyalty programs for groceries as 'Important' or 'Very Important'. In the U.K., 80% of Millennials said the same, but only 64% of Boomers+ agreed.

Generational preferences for loyalty programs were quite varied within nations too. In the U.S., Gen Z and Boomers+ were similarly receptive to loyalty programs. When it comes to eating out, for example, 44% of Gen Z and 47% of Boomers+ felt they were 'Important' or 'Very Important'. In the U.K., 50% of Gen Z agreed with their U.S. counterparts – but only 31% of Boomers+ did.

**Q: How important is it to you to have a loyalty program for the following categories?**



Note: %s represent rating of 'Very Important' or 'Important'



## GROCERIES

were rated as the most important area for loyalty programs. 75% of consumers across all countries rated it favorably.



**38% OF GEN X IN THE U.S.**

ranked loyalty programs as important for the gambling sector – more than any other generation in any other country.

## Automatic points that don't expire are preferred

When it comes to the details of loyalty programs, respondents shared a universal preference for non-expiring points and rewards that are earned automatically. These were the strongest preferences in every country surveyed.

Consumers in Brazil and Singapore were more demanding in terms of loyalty program features, especially when it came to flexibility. Half of the respondents in Brazil and Singapore want to be able to redeem points across multiple retailers, but only 28% of those in the U.S. and the U.K. felt the same.

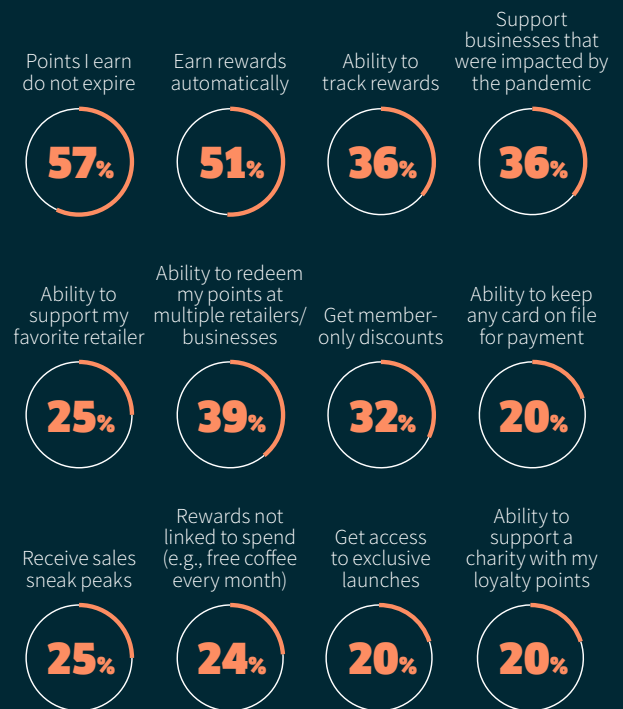
## Making customers loyalty loyalists

Despite placing the least importance on using loyalty programs, Boomers+ are the most demanding age group when it comes to loyalty program features. They value ease-of-use features – like non-expiring points and automatic rewards – in particular.

Gen Z and Millennials have no strong preferences on features; there was no loyalty feature that more than 50% of respondents ranked as either 'Important' or 'Very Important'.

Consumers in Brazil were almost twice as interested in loyalty features related to exclusivity, such as receiving sales sneak previews and access to exclusive launches, than consumers elsewhere.

### Q: Thinking about the impact of the COVID-19 pandemic, which of the following loyalty program features are important to you now?



**ONLY 19%**

rated supporting their favorite retailer as 'Important' or 'Very Important' when it came to using loyalty programs in Singapore.

# CONTACTLESS CONVENIENCE WINS CUSTOMERS OVER

How has the pandemic affected payment behaviors? And what do consumers expect moving forward? We asked them to consider how their payments habits changed, and how they planned to spend in the future.


Though likely fueled by the COVID-19 pandemic, consumers are using contactless payments more frequently and their usage level is expected to rise. Compared to other nations, the U.S. lagged in terms of positive feedback about contactless payments.

Fears over the security of contactless payments were relatively low, although they were markedly higher in Brazil than other countries. Despite the high support for contactless and low levels of concern, less than half (46%) of respondents were interested in an overall increase in the contactless limit (though limits do vary in each nation).

## Security remains a key concern

Across generations, more than 60% of respondents found contactless payments to be easier and more convenient when making purchases. Millennials are the most open to new payment methods (64% vs. 44% of Boomers+). Gen X are the most security conscious; 57% want retailers to demonstrate secure payment practices when using contactless or mobile wallets.

# 38%



## OF AMERICANS

**have not been issued a contactless-enabled card by their banking provider, nearly double that of the U.K.**



# 82% OF BRAZILIANS

**are interested in newer payment technologies – like a voice command to a smart device – vs. 44% of Australians.**



# 1/3 OF CONSUMERS

**say they will only shop in stores that accept card or contactless payments.**





## Paying with reward points expected to grow

We asked consumers to consider which alternative forms of payment experience they had used over the past 12 months, such as paying by QR code or with reward points, and which they felt they would use over the coming year.

The pandemic pushed many consumers into more indirect payment experiences. This was reflected by over half of respondents having used home delivery during the last year, with Click & Collect/curbside pickup being the second most popular at 39%.

In terms of behaviors moving forward, slightly fewer expected to use home deliveries. However, a larger proportion expected to pay with reward points. During the last year, 37% of respondents paid with points, but 44% expect to do so moving forward – the biggest expected increase of any payment type.

Overall, consumers had an increasing level of confidence and optimism regarding their use of alternative payment experiences.

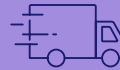
## Mixing up payment methods

Millennials used the broadest range of alternate payment experiences over the last year, and were the group most likely to continue using them in the next 12 months. The Boomers+ age group used the least alternate payment experiences in general, but were the most optimistic about using reward points to pay in the coming year.

Both Gen X and Boomers+ were far more skeptical about paying via subscription or by voice than Gen Z and Millennials. In the U.S., less than 1% of Boomers+ respondents had used a voice payment, compared to the 15% of Gen Z who had.

### Payment experiences used in the last 12 months

Home delivery  
(food, Amazon,  
grocery, etc.)



Pay with  
reward  
points



Click & Collect  
/curbside  
pickup



Save my  
payment  
details on file



Pay at the  
table



QR code  
payments



Subscription  
services



Voice  
payments



## QR PAYMENTS

have a big geographic disparity,  
with only 8% usage in the last 12  
months in the U.S., compared  
to 44% in Singapore.



## 42% OF U.S. RESPONDENTS

expect to use payments on file in  
the next 12 months – more than any  
of the other surveyed countries.

# BIOMETRICS AND CHECKOUT-FREE TECH COME OUT ON TOP

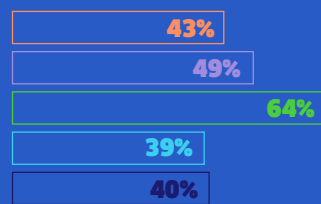
How will consumers choose to pay in the future? Do they know the possibilities? Which interest them most?

We surveyed consumers on a range of upcoming advanced payment technologies to gauge how familiar they were with each one, and how interested they were in using them.

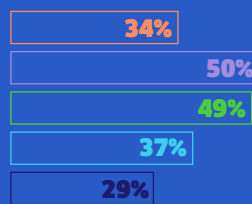
## Q: How interested are you in using the following technologies?

KEY Australia Brazil Singapore U.K. U.S.

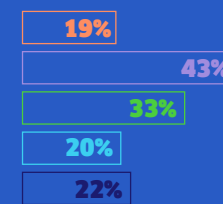
### Just walk out/checkout-free technology



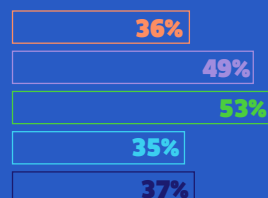
### Biometric authentication



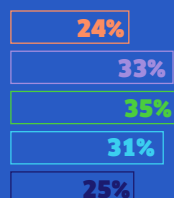
### Pay with cryptocurrency



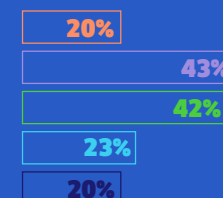
### Drone delivery



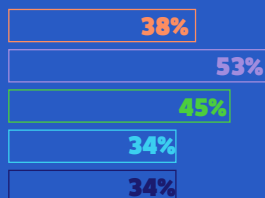
### Store payment details online



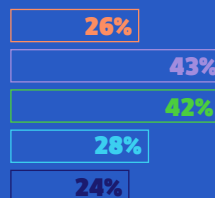
### VR and AR integration



### In-car integration



### Command to a smart device



In general, current usage for advanced payment technologies is still minimal. However, many consumers expressed an openness towards several kinds, especially in Brazil and Singapore and among younger generations.

In Singapore, 64% of Gen Z are interested in having a delivery by drone, the highest of any age group surveyed. Checkout-free technology was the most popular future technology overall: across all countries, 10% already use it and 47% are interested in using it.





# TREND FOUR

## Positive about future payments

Millennials were the most optimistic about future payment technology, but only fractionally more so than Gen Z. This pattern was strongest for certain technologies, especially cryptocurrency, in-car payment integration and payment via smart devices, where interest was two to four times higher among younger generations.

Checkout-free technology and biometric authentication were the most broadly appealing across all generations. 35% of Boomers+ were interested in both, compared to only 11% and 18% for paying with cryptocurrency or on a smart device, respectively.



### VR AND AR

Virtual reality and augmented reality implementation were the least understood payment technologies, with 18% of respondents not knowing what they were.



### ONLY 5%

of respondents across all countries currently use drone deliveries – but 42% have an interest.

## Payments with a tech twist

Respondents across all age groups in Brazil and Singapore were more open to biometric and cryptocurrency options than consumers in the U.K, U.S. or Australia.

### Biometric authentication

Biometric payments were assessed relatively favorably out of all options – only 32% of respondents weren't interested. Out of the surveyed regions, Singapore was the most open to biometric payments: 49% are interested and 22% already use them. However, they were also the nation with the highest levels of concern over safety. For respondents in all countries, identity fraud and data security were the most pressing concerns surrounding biometric payments.

### Interest in crypto is still low

Of the key battlegrounds for future payments, digital currencies may represent the one most on people's lips – whether that's in the form of decentralized cryptocurrencies or Central Bank Digital Currencies (CBDCs). Despite the level of press, however, only 5% of our respondents said they used it as a payment method. With 52% saying they weren't interested, it was among the least popular options.

### CBDCs VS. CRYPTOCURRENCY

Central Bank Digital Currencies (CBDCs) are a form of fiat digital currency centralized and regulated by a country's government. CBDCs are backed by monetary reserves, such as gold or foreign currency. This contrasts with cryptocurrencies, which are decentralized, anonymous and unregulated.







## Biometric beats crypto

In terms of generational divides, Millennials were the most open-minded towards using cryptocurrency and biometric payments, with Gen Z a close second. Openness tapered off significantly for the Boomers+ cohort. The ability to use biometric authentication to pay saw the most consistent level of interest across generations of any payment type, ranging from 35% for Boomers+ (their highest recorded level of interest for any option) to 44% of Millennials.

When it came to cryptocurrency, Millennials were four times more likely to mark themselves as interested than the Boomers+ age group (40% vs. 11%). Male respondents were more likely both to view it favorably (31% vs. 24%) and know what it was (88% vs. 82%).



### SECURITY AND STABILITY

were the most commonly cited reasons for respondents who would prefer to use CBDCs over crypto.



### AUSTRALIANS

were the biggest digital currency skeptics. 43% wouldn't use either kind, compared to 12% of Brazilians.



# BUY NOW, PAY LATER APPEALS AT ALL PRICE POINTS

Another payment technology gaining in prominence is buy now, pay later (BNPL). 37% of respondents said they would be likely to pay using BNPL for purchases under \$250 or over \$1,000, and 40% stated they'd use it for purchases between \$250 and \$1,000.

The greatest fear consumers expressed over BNPL was the possibility of overspending, with 55% citing it as a concern. High fees associated with missed payments and debt risk were also common worries. Of the countries surveyed, interest in BNPL was highest in Brazil.

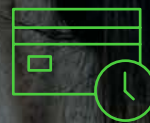
## All but Boomers+ get behind BNPL

Support was strongest among Millennials, especially for purchases between \$250 and \$1,000, but dropped off significantly for the Boomers+ age group. Support for BNPL among Gen X was similar to that of Gen Z, moderately behind that of Millennials but ahead of Boomers+.



**LESS THAN 5%**

across all countries would be 'Very Likely' to return an item when using BNPL.



**1 IN 4  
RESPONDENTS**

across the regions felt that BNPL installments were hard to track.



## Payment options wanted for holiday shopping

We posed a series of retail questions on seasonal shopping habits and asked respondents whether they felt they applied to them. Findings revealed that when consumers plan for their holiday shopping, they prefer to shop at retailers that offer the best deals, followed by those with enough stock and a good return policy.

Offering multiple payment methods was important to 67% of consumers in surveyed countries. It was especially prized in Brazil, where it was viewed as important by 84% of respondents.

More than half of consumers prefer to shop online, especially women. This was relatively consistent across surveyed nations, but particularly high in Brazil at 70%. The divide between last-minute shoppers and those who bought in advance was almost exactly 50/50, although consumers in Singapore were the most likely to delay holiday shopping.

## 'Tis the season of spending

Overall, older generations preferred traditional retail mainstays, including shopping in-store, good stock and good return policies, compared to younger generations. Retail options that revolved around newer payment technologies like BNPL, online shopping or social media trended more strongly with Millennials and Gen Z.

All generations felt similarly positive about whether holiday shopping decisions were influenced by shops offering multiple payment options (67% average) or whether they already had a loyalty membership with them (59% average). In the case of the latter, the generation gap was only 4% between the highest and lowest level of support (62% for Gen X and 58% for Gen Z).



### U.K. SHOPPERS

are the least likely to value shops with the best deals, across surveyed nations.



### ONLY 5%

of respondents said they tend to return items after holiday shopping.

# FIVE TRENDS

## Trust is key for shopping on social media

We asked consumers in-depth about their social media spending habits, including frequency, future expectations and preferred outlets. 37% of respondents said that they made a purchase over social media in the last 12 months, although only 15% thought they had made more than two.

21% hadn't purchased on social media, but would be open to the possibility of doing so. And 37% of respondents hadn't and had no interest in ever purchasing via social media, generating an equal split between those who do and those who never want to.

The biggest barriers to social media shopping were not trusting the retailer or feeling uncomfortable with sharing payment details. Only 18% of respondents felt that ads were not well-targeted and 68% had seen items they would consider purchasing. Just 7% felt that social media checkouts were too complex.

## Platform preferences with big differences

The Boomers+ age group lagged significantly behind others in terms of shopping on social media, while Millennials were the most likely to do so. Surprisingly, Gen Z had the largest number of respondents who hadn't yet, but were open to the possibility.

There was a significant difference in social platform use by generations. Older generations who did make purchases favored Facebook®, while Gen Z were the biggest purchasers through TikTok®, Snapchat® and Instagram®. 62% of Gen Z respondents who had bought something through social media did so through Instagram, compared to just 17% of Boomers+. The gap was even starker for TikTok – 28% of Gen Z vs. just 6% of Boomers+.





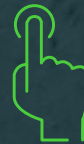
# TREND FIVE

## FIVE TREND



### FACEBOOK MARKETPLACE

was the most popular place to shop on social media across all age groups at 69%, followed by Instagram Shop at 46% and YouTube® at 25%.



## 45%

of those who made purchases via social media bought their money on electronics and apparel, more than any other category.



# 10 INSIGHTS TO REMEMBER

---



**1/3**

**OF CONSUMERS**

expect to spend more on travel, dining out and health and well-being over the next 12 months, now that COVID-19 restrictions have eased in some regions.



**80%**

**OF CONSUMERS**

expect to spend more on groceries in the next 12 months – and 75% say that a grocery store loyalty program is important to them.



**MILLENNIALS HAVE THE STRONGEST PREFERENCE FOR LOYALTY PROGRAMS**

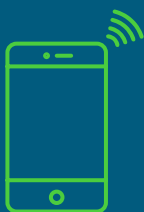
Respondents shared a universal preference for points or rewards that don't expire and are earned automatically.



**44%**

**OF CONSUMERS**

expect to pay with reward points in the next 12 months – the biggest increase compared to any other payment type. They expect to use fewer home deliveries.



**OVER**

**60% OF RESPONDENTS**

across all ages found contactless payments to be easier and more convenient when making purchases.





**CHECKOUT-FREE TECHNOLOGY** is the most popular across all countries; 10% already use it and 47% are interested in using it.



**PAYING WITH BIOMETRIC AUTHENTICATION** Millennials are more interested in the ability to pay using biometric authentication than any other generation.



**BNPL** is appealing to around 40% of consumers, at every price point. The possibility of overspending is the biggest BNPL concern.



**OVER 68% OF RESPONDENTS** had seen items they would consider purchasing on social media. Not trusting the retailer or feeling uncomfortable with sharing payment details are the biggest barriers to actually buying.



**OVER 1/2 OF RESPONDENTS** prefer to shop online. Whether a retailer offers multiple payment methods is important to 67% of consumers.





# METHODOLOGY

Between July and August 2021, we commissioned global market research firm Savanta to survey more than 4,000 consumers ages 18 and up, across five countries, to gain insight into generational attitudes towards payments and the evolving payments landscape.

Those surveyed were divided into the following age groups:

## GEN Z

18-24 years old

## MILLENNIALS

25-40 years old

## GEN X

41-56 years old

## BOOMERS+

57+ years old

We asked respondents to think about their payment behaviors during the COVID-19 outbreak, and how they believe they will change moving forward.

The questions were designed to explore the long-term implications of the pandemic on payments, banking and personal finance, the emergence of new technologies, and how different generations perceive and use them.





## The sample

We surveyed a total of 4,023 consumers:

**THE U.S.**

810

**THE U.K.**

803

**SINGAPORE**

805

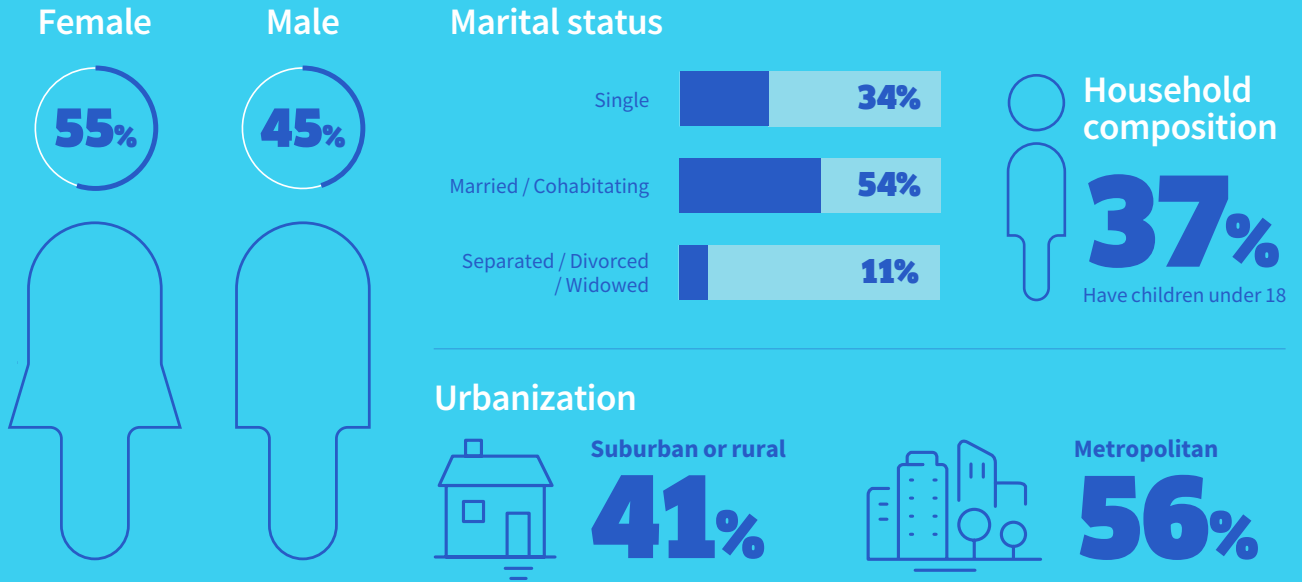
**BRAZIL**

805

**AUSTRALIA**

800

# GLOBAL DEMOGRAPHICS



# REGIONAL DEMOGRAPHICS



## Marital status



## Household composition



## Female



## Male



## Urbanization







## Brazil Demographics

### Marital status

Single

**33%**

Married /  
Cohabiting

**54%**

Separated / Divorced  
/ Widowed

**12%**

Female

**49%**

Male

**51%**

Urbanization



**19%**

Suburban or rural

### Household composition

**43%**

Have children  
under 18



**79%**

Metropolitan



## Singapore Demographics

### Marital status

Single

**41%**

Married /  
Cohabiting

**54%**

Separated / Divorced  
/ Widowed

**4%**

Female

**49%**

Male

**50%**

Urbanization



**30%**

Suburban or rural

### Household composition

**37%**

Have children  
under 18



**64%**

Metropolitan



## U.K. Demographics

### Marital status

Single

**34%**

Married /  
Cohabiting

**57%**

Separated / Divorced  
/ Widowed

**8%**

Female

**57%**

Male

**42%**

Urbanization



**61%**

Suburban or rural

### Household composition

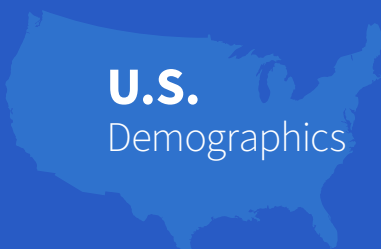
**38%**

Have children  
under 18



**36%**

Metropolitan



## U.S. Demographics

### Marital status

Single

**36%**

Married /  
Cohabiting

**46%**

Separated / Divorced  
/ Widowed

**16%**

Female

**56%**

Male

**43%**

Urbanization



**62%**

Suburban or rural

### Household composition

**28%**

Have children  
under 18



**35%**

Metropolitan



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from FIS



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