

# Block's strong Cyber Weekend bodes well for holiday trends

## Article

**The news:** Block sellers completed **more than 61 million transactions** between Black Friday and Cyber Monday, per a press release. **Afterpay** helped drive spending: Online and in-person transactions using buy now, pay later (BNPL) **grew 120% relative to pre-holiday levels**.

**Key context:** Expectations for the holiday season have been muted, in part thanks to the longer shopping period and flat November sales year over year, per Adobe.

- Economic uncertainty and inflation compounded those concerns—**83% of shoppers were concerned about rising costs**, and **72% were worried about the affordability of gifts**.
- But despite slower annual growth, Cyber Weekend got off to a strong start: **Mastercard reported a 12% increase in Black Friday spending overall** (and a **14% gain online**), and Cyber Monday sales were **strong** as well. High consumer demand and robust merchant deals helped drive gains.

**Trendspotting:** Block's results underscore two spending trends this holiday season.

**Shopping small.** Block's seller mix skews small: In Q3 2022, **60% of Square sellers** had **less than** \$500,000 in annualized volume—though Afterpay likely brought some larger sellers into the mix. Strong performance across channels bodes well for SMBs who were concerned about the holiday season and corroborates Bankrate **data** showing **59% of holiday shoppers** planned to purchase on Small Business Saturday.

**BNPL.** **One in 5 consumers planned to use BNPL this holiday season**, and another 20% were considering it, **per** an ETA/Strawhecker Group survey. Afterpay's robust annual growth shows interest likely translated into action. As BNPL providers look for gains in a challenging environment, the holiday season could couple with **growing** consumer interest for a notable boost.

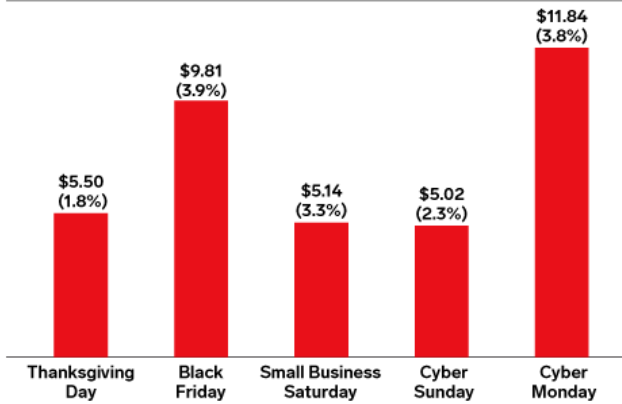
- Block reported strong growth in nontraditional categories for BNPL, including food and beverage (**+251%**), travel and experiences (**+57%**), and auto (**+32%**).
- Shoppers are interested in financing a wider variety of purchases, which could support BNPL providers' recent efforts to diversify into segments like **food** and **travel**.

**The bigger picture:** Impressive SMB and BNPL performance reflects well on Block's growth **strategy**, which prioritizes small and mid-market sellers and Afterpay as the brand tries to grow and **unify** its ecosystems.

More broadly, strong holiday performance could **jump-start** the results of payments players ranging from banks and card networks to merchant services providers. And trends like consumer interest in **shopping** at SMBs and BNPL growth could also help direct investment for the year to come as providers fine-tune their growth strategies to navigate a period of uncertainty.

**US Cyber Five Retail Ecommerce Holiday Season  
Sales, by Shopping Day, 2022**

billions and % change vs. prior year



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales  
Source: eMarketer, Sep 2022

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