

**Klarna.**



# **Go Alternative.**

Explore new online payment  
options with Klarna

# Think payments are boring? Not anymore. The digital world has turned payment and checkout options into one of the hottest ways for retailers to differentiate and customize their proposition by country, demographic, or goods being purchased.

With over 300 different payment flavors for retailers to choose from, making the right choice goes a long way to making online sales points more palatable to consumers. Not only that, but the right mix of flexibility, speed, and security can dramatically impact conversion success and a retailer's expansion, both domestically and internationally.



## New age, new choice

Digital-native shoppers are redefining retail expectations. Many shopping journeys now start and end online or on a mobile device. Traditional payment methods such as credit and debit cards are proving too cumbersome for spontaneous online purchasers.

Millennials and Gen Z buyers want low-touch and seamless transactions, and a frictionless and smooth experience. Anything that is too slow, or unnecessarily complex, can adversely impact sales conversion and lead to higher levels of cart abandonment.

As well as being more focused on convenience, consumers are also getting smarter about their payment options. They expect these to be secure and, importantly, low or no-cost. Hidden fees and surcharges are a sure-fire way to turn the online buyer off. Instead, they are seeking interest-free, pay later alternatives to high APR credit cards to help them spread their spend and manage cashflow between pay days.



## Different strokes for different folks

In fact, when choice, flexibility, and speed are offered, customers choosing traditional payment methods less frequently. In the U.S., 75% of millennials say they want more diverse payment options that are more suited to their needs and lifestyles, and are now twice as likely as baby boomers to use alternative mobile payments.<sup>[i]</sup>

On the other side of the Atlantic, more than one in five online shoppers in France are more likely to visit an online store that supports alternative payment methods. Additionally, three-quarters of UK buyers prefer ecommerce websites that offer a range of payment options.<sup>[ii]</sup>

At the same time, shoppers are wary of the safety of their payment details on the Internet. A double-digit share of online buyers in Spain value security over both the speed and comfort of the payment process. And more than 50% of shoppers in Sweden try to avoid entering card details on ecommerce sites.<sup>[iii]</sup>

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## Local and global appeal

Adapting to cultural norms and accepting different currencies is crucial if merchants want to expand their business cross-borders. Alternative brands can empower consumers to explore global webstores while still paying in their local currency using their preferred payment method. They also allow new options such as peer-to-peer payments, so users can buy, sell, rent and explore new services (think Airbnb), while also ensuring that the person they're buying from will receive the payment securely, in their local currency, without a hitch.



## Popular payment formats

So what are the most popular types of alternative payments and how are these being used? Here's a quick guide to the latest global and home-grown formats:



### E-wallets

(e.g. PayPal, Amazon Pay, Alipay)

On the surface, these are like payment cards that work out of an app. You load funds into a virtual wallet, and then use those funds to pay for goods online. A popular choice for convenience and ease, they're one of the fastest growing payment methods.

### Mobile Wallets

(e.g. Android Pay, Apple Pay, Google Pay, Samsung Pay)

Expected to reach over USD 250 billion by 2024<sup>[iv]</sup>, m-wallet applications are being propelled by attractive discounts and cashback offers by mobile wallet providers.

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### Online Bank Transfers

(e.g. iDEAL, eNets, Sofort)

Increasingly popular, these allow customers to buy on the Internet using direct instant online transfers from their bank account with immediate authorization.

### Offline Bank Transfers

(e.g. Dineromail, SafetyPay)

Customers can purchase online from merchants worldwide and pay directly through their local bank account in their own local currency. Payment is made offline using a reference and authorization is delayed to allow funds to clear.



# Options like Klarna provide interest-free payment for 14 or 30 days

## Automatic Installments

Collect customer debit or credit card information at checkout, and charge a quarter of the total payment price every two weeks. This hands-off payment options requires no extra effort from the shopper, and includes no added interest or fees. By spreading the payment over time, customers can ease the cost barrier to get what they want, when they want.

## Pay After Delivery

(e.g. Klarna Pay later)

Customers can pay for their goods after delivery without sharing credit card or bank details with the retailer. Options like Klarna provide interest-free payment for 14 or 30 days, and the ability to pay with one-click. All at no risk to the merchant, who is always paid upfront, in full.



## Flexible Instant Financing

Users can choose to spread their purchase over a set period of planned payments directly in the checkout. These flexible options are increasingly easy for merchants to integrate into their webstore, using intuitive plug-ins for the most popular ecommerce platforms such as Magento and Shopify.

## Cryptocurrency

(e.g. Bitcoin)

With a 571% rise in usage in past five years, 13% of online buyers now claim to have used a digital ledger-based cryptocurrency.[v] Instantaneous and border-less, they can be used anywhere and aren't regulated by government influences and rules - yet.

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## Social Media Payments

(e.g. Venmo, Snap Cash, Twitter Buy)

Social media networks have expanded their reach to include payment solutions. For on-site purchases and peer-to-peer money transfer services that let users exchange cash from one account holder to another instantly.

## Want shoppers to go big? Try flexible payments and instant financing.

The trick to engaging millennials is putting them in control of how they want to pay. If they don't want to take on credit card debt to credit card debt to fund bigger purchases, it's up to merchants to figure out new, responsible ways to let them stretch their existing cash flow.

A recent Klarna survey shows that 47% of consumers would like an instant financing option while shopping online, while 40% would spend more money on a purchase if they had the option of instant financing. In fact, 75% would be likely to select an online merchant that offered instant financing over one that didn't<sup>[vi]</sup>.

Invoice based Pay later options are great for helping shoppers to manage their money between pay days or to boost their confidence by allowing them to try items at home before they buy. Similarly, interest-free installments that split costs into management payments can give them short term financial flexibility.

It's also worth considering offering instant financing - flexible, easy-to-use, revolving lines of credit that puts consumers in charge of their payment experience. This option empowers shoppers to pay on their terms by spreading purchases over time with low APR offers.

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## It pays to be different.

Five reasons why retailers are going alternative:

### #1 Growth accelerator

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Significant numbers of online shoppers want to have a choice of payment options beyond credit and debit cards. The more choice retailers offer, the more likely it is that customers will find an option which suits them and complete a purchase. *Klarna can generate an 68% uplift in AOV.*

### #2 Improved conversion

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Designed for the digital world, alternative payments can help eliminate time consuming data entry, creating a faster and smoother experience with higher conversion rates than when using card-based payments.

*Klarna retailers typically see a 44% increase in sales conversions.*

### #3 Mobile-friendly

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Many merchants find mobile conversion a challenge. It's easily fixed by cutting out unnecessary data entry and enabling one-click purchase on mobile stores and apps.

*Retailers can welcome 60 million Klarna users as if they are their own.*

### #4 Low-risk

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When using unfamiliar retailers, consumers are reluctant to share credit/debit card details online. With a well-known alternative payment method, users feel safer because their details are kept within an environment they already trust.

*Klarna lets users manage their payments within its secure mobile app.*

### #5 Global power

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As websites do more and more cross border business, they can appeal to international markets, ensure easy checkout integration, and deliver a consistent experience via a global payment platform.

*Klarna makes international refunds and customer support easier for rapidly expanding merchants.*



<sup>[i]</sup> The Innovation Group at J. Walter Thompson Intelligence  
[“The Future of Money” Report](#)

<sup>[ii]</sup> Worldpay Europe Online Payment Methods 2019

<sup>[iii]</sup> Worldpay Europe Online Payment Methods 2019

<sup>[iv]</sup> 2019 Global Market Insights, Inc. report

<sup>[v]</sup> Kaspersky Lab Global IT Security Risks Survey 2018

<sup>[vi]</sup> Klarna survey by Researchscape International

**Klarna.**  
Smooth payments.