SME pain points: barriers to growth
What is stopping US SMEs from growing? Well, this. Look familiar?

THE CHALLENGE

Is your website future proof?

Here’s what makes modern shoppers’ hearts go

FRICION:
Long loading times ● Website not optimized for device device-specific viewing ● Hidden pricing ● Too many Pop-ups and cross-selling ● Complicated checkout process

Millennials: War, death, and debt
What are we most afraid of? Here’s what keeps shoppers aged 18–34 up at night.

<table>
<thead>
<tr>
<th>Percentage</th>
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<tbody>
<tr>
<td>17%</td>
<td>Most afraid of war</td>
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<td>20%</td>
<td>Most afraid of death</td>
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<tr>
<td>33%</td>
<td>Most afraid of credit card debt</td>
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67% of millennials don’t have a credit card.
A large part of this is driven by a need for more control in their lives, to manage their finances on their own terms.

So, it’s super-important for businesses to offer payment methods that allow flexibility that suits their lifestyles.

Source: American Psychological Associations annual Stress in America survey.

KLARNA SOLUTIONS

It’s all about emotion and brand connection
Attracting new customers through a strong brand connection has never been more crucial. Klarna’s look and style is quirky, brave and fun and resonates with the Instagram generation.

Yeah, that’s our positive net sentiment in social media. An awesome 85%! Sweet, huh?
With the Klarna brand on your site, you can tap into our community and attract more loyal consumers!
There’s nothing new about splitting payments into installments, but it’s pretty new to eCommerce. We allow consumers to pay for purchases in four installments, interest free, on a schedule that aligns with their paychecks.

Flexible payments FTW

There are recent examples:

Gravity, a weighted blankets brand, registered a 100% increase in conversions since integrating our solution during the holiday season.

Fashion retailer Storets saw a 40% increase in their social media traffic on the back of such campaigns.

INSIGHTS

3 generations, 3 buying patterns

A rough definition of generations can look like this:

Gen X
Born 1960–1979

Gen X shoppers THINK IT’S NICE to have a smooth shopping experience

Millennials
Born 1980–1995

Millenial shoppers LOVE a smooth shopping experience

Gen Z
Born 1996–2010

Gen Z shoppers DEMAND a smooth shopping experience

Q: Why are Millennials and Gen Z shoppers so important to attract?
A: Spending power.

Gen Z direct spending power $100 billion
... and GROWING

93% What’s more, Gen Z are influencers. They’re THE influencers.

In a recent study, 93 percent of parents say their Gen Z offspring influence household spending.

That’s huge.

CHECKLIST

How to grow your business smoothly

✔ Future-proof your site by giving younger shoppers a smooth experience.
✔ Team up with tech-savvy partners that understand social media sentiments.
✔ Don’t bore your audience – bring back the fun in shopping.
✔ Minimize checkout hassle and offer as flexible payment options as possible.
**THE CHALLENGE**

**Margins and conversions**

Conversions are one of the key metrics that businesses in e-commerce seek to optimize. This has been the case ever since the first store went online.

At Klarna, we’ve carried out countless studies on customer behavior and attitudes to understand why people behave the way they do, and how to make it easier for them to complete purchases. Conversion has always been key for retailers and, in fact, for customers, too.

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**Cart abandonment rate (CAR)**

Or in emo language: All the folks that were going to buy stuff from you, but didn’t 😞

Here’s why people drop out from checkouts.

- Extra costs were too high
- The site wanted me to create an account during checkout
- The checkout process was too long and complicated
- Total cost was not transparent
- I didn’t trust the site with my credit card information

And hey, the cart abandonment rate today is high. *Really high.*

69.57% of items put in an online shopping cart fail to result in a purchase

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**KLARNA SOLUTIONS**

**How to cut your CAR: a common solution vs Klarna**

**COMMON SOLUTION**

Many retailers have seen a drop in customers completing purchases. Those who have seen a drop in conversions and sales respond in several ways. For example, by cutting prices. That’s pretty effective. Fewer people will drop out. But it’s bad for margins. Very bad.

- 53% of retailers try to increase retention and conversion by lowering prices.

**KLARNA’S SOLUTION**

How does Klarna help retailers reduce CAR without cutting prices? To really change the game, you have to optimize your shopping and checkout experience. THAT’S what Klarna does.

- Encourage customers to stay on your site – without killing margins.
- Flexible payment options
- Payment transparency

**That’s smooth.**
Flexible payments FTW

There’s nothing new about splitting payments into installments, but it’s pretty new to eCommerce. We allow consumers to pay for purchases in four installments, interest free, on a schedule that aligns with their paychecks.

Here are two recent examples

**GYMSHARK**
Gymshark, a fitness apparel and accessories brand, registered a
33% increase
in AOV having implemented Klarna.

**PV**
Fashion retailer Paul Valentine experienced a
20% increase
in sales having implemented Klarna.

INSIGHTS

Flexible payments: What’s the fuss about?

By introducing payment flexibility, three very important things happen to your business. Here are some key stats from the US market:

44% increase in conversion

68% increase in AOV (Average Order Value)

20% increase in purchase frequency

It’s all about, you know, smooothness.

**Modem shoppers**

**FRICTION:**
Long loading times ● Website not optimized for device-specific viewing ● Hidden pricing ● Too many pop-ups and cross-selling

**SMOOTH:**
Mobile-friendly shopping experience ● Clear product descriptions and transparent pricing ● Customer-friendly payment methods ● Fast and free shipping ● Making a purchase without the need to create an account

More insights into flexible payments

Klarna recently partnered with Researchscape International to survey more than 2,000 consumers in an online study about instant financing.

The results were astounding.

47 PERCENT of consumers would like a pay later option while shopping online.

40 PERCENT would spend more money on a purchase if they had the option to spread the cost.

73 PERCENT would be likely to select an online merchant that offers buy now and Pay later over one that didn’t!

CHECKLIST

How to protect your margins:

✔ Make sure your site offers a safe, fast and intuitive experience all the way.
✔ Fight a high CAR the smart way – not by dying in the global price war.
✔ Appreciate the fact that customers generally DO want to convert.
✔ Flexible payment options and price transparency are mission-critical.
**Loyalty.**

**THE CHALLENGE**

**Loyalty is fragile**

Keeping customers coming back to your site is crucial for business. That’s a no-brainer. But it’s not that easy. Actually, 55% of shoppers say that just one bad experience will prevent them from returning to a brand. Just one!

**This is why people drop out**

People hate unsmoooth, complicated, non-personalized checkouts. Actually, there’s a gazillion studies covering this. Here’s why people are dropping out from checkouts. (Multiple reasons possible.)

- Extra costs were too high: 53%
- The site wanted me to create an account during checkout: 31%
- The checkout process was too long and complicated: 23%
- Total cost was non-transparent: 20%
- I didn’t trust the site with my credit card information: 17%

And hey, the cart abandonment rate today is high. Really high.

69.57% of items put in an online shopping cart do NOT lead to a purchase.

**No fun!**

These are the two biggest complaints from today’s shoppers:

- 29% think shopping used to be more fun, whereas
- 49% think brands don’t care about them as individuals, and just want to sell more stuff.

Source: Baymard Institute 2019
Building loyalty through a strong brand connection has never been more crucial. Klarna's look and style is quirky, brave and fun and resonates with the Instagram generation. With the Klarna brand on your site, you can tap into our community and attract more loyal consumers!

**Flexible payments FTW**

When a retailer adds flexible payment options to their site, this is what happens:

+20% increase in purchase frequency

Or, in a word, “loyalty”

**US consumers ❤ Klarna**

Building loyalty through a strong brand connection has never been more crucial. Klarna's look and style is quirky, brave and fun and resonates with the Instagram generation. With the Klarna brand on your site, you can tap into our community and attract more loyal consumers!

**INSIGHTS**

**Young shoppers’ ❤ brand connection**

Millennials + Gen Z

- 76% prioritize value for money
- 22% prioritize brand image

Gen X

- 87% prioritize value for money
- 13% prioritize brand image

**It’s all about convenience and emotion**

A good shopping experience + a strong brand connection = an emotional bond. This is what drives loyalty today.

At Klarna, we call things as we see them. If they like you and think you’re smooth, they’ll come back. If they don’t: they’ll head off never to be seen again.

**Hi, globalization!**

A GOOD EXPERIENCE
75% of shoppers say checkout speed is one of the most important factors when shopping online. In fact, they’ll abandon your site in favor of one that makes buying easier.

**CHECKLIST**

How to attract more loyal customers:

- Remove all unnecessary friction – especially around your checkout.
- Focus on creating a fun and engaging shopping experience.
- Turn customers into fans by building an emotional connection with your brand.
- Offer flexible payment options that suit modern shoppers.