



# The evolution of online shopping.

Klarna.

# 5 tips for staying ahead in a changing landscape.

An increasingly competitive US retail market and the evolution of global ecommerce requires retailers to adapt.

Millennial and Gen Z shoppers are representing an increasingly large share of total consumer spend, and with them comes changing customer behavior and demands which retailers must keep up with.

In [a recent report](#) from Klarna, 69% of retailers said they are having to work harder to retain customers and 39% see that loyalty is no longer a simple matter of rewards or discounts. Agility is becoming a valuable attribute for retailers, enabling them to quickly implement new strategies to reach shoppers.

By analyzing shopping behaviors from our 7 million customers and 3,700 retailer partners across all segments in the US, Klarna is uniquely positioned to track changes in customer behavior and discover what needs to be done to stay ahead in this rapidly changing online shopping landscape.

We have gathered 5 tips for retailers which, if carried out correctly, will let you thrive under the pressures of change and deliver the most engaging and loyalty-driving shopping experience to an expanding customer base.



## 1. Alternative payment options

By offering credit cards as the only payment option in your store you are limiting yourself unnecessarily. Customers are demanding alternative payment options, and [1 out of 4 millennials](#) don't even own a credit card.

Being able to control and budget your spending is always important; even more so in uncertain times. A great way to give your customers the purchase power and control they desire is by thinking beyond just credit cards and offering multiple ways to pay. Examples of alternative payment methods are financing and installments, where you let your customers spread the cost over time in a way that suits their personal situation, budget and preference (without the need for a credit card).

Klarna offers 'Klarna installments', a payment option that lets customers split the cost into 4 fortnightly installments. Not only does this make the upfront

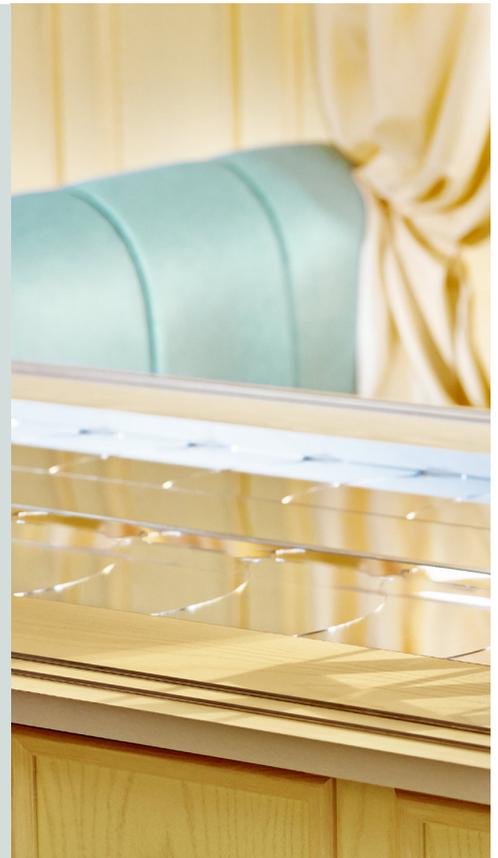
cost more manageable but it boosts the customer's purchasing power and enables you to sell more without discounting your products. As the cost is spread out, budgeting is made easier for the shopper and they are able to buy the things they love without sacrificing cash flow, cutting into their savings or waiting for that next paycheck. Customers that use Klarna's payment options on average purchase 45% more compared to the average online shopper and have 22% more items in their basket when checking out.

Heard of the try-before-you-buy shopping trend? It's taking fashion retailers by storm and delivering the traditional dressing room experience to the comfort of shoppers' homes. Klarna calls it 'Pay in 30 days,' and by offering it you let your shoppers receive their products, decide whether to keep them, and then pay through interest-free invoices 30 days later.

- In the US, [75% of millennial shoppers](#) say they want more diverse payment options
- According to [Statista](#), 75% of US shoppers state that speed of checkout is one of the most important factors when shopping online
- According to [Business Insider](#), 23% of US millennials don't own a credit card

### Klarna Installments – Results in the US:

- 45% higher AOV on Klarna purchases
- 44% of users would have abandoned their purchase if 4 installments wasn't available
- 14% average increase in checkout conversion



Sources:

[The Future of Money, 2018](#)

[Statista, 2019](#)

[Business Insider, 2020](#)

## 2. Find new ways to drive traffic

The retail marketing landscape has never been more competitive as it is today, and people are consuming more media than ever before through a plethora of ever-changing channels. This is making it really tough to cut through the noise and make a lasting impact.

This is why Klarna has adapted to the landscape like no other payment provider. Not only do they feature their partners on their shop directory, but Klarna also promotes their retailers in social media and in their popular shopping app, amongst other channels.

The bottom line is this: Through a wide range of highly effective marketing channels Klarna can drive traffic to their retailers' and get their messages into the ears and eyes of millions.

## 3. Breaking into pop culture and sharing values

For a long time, advertising products was a pretty straightforward job. All you had to do was present them in a compelling way, perhaps together with testimonies from some happy customers or advice from an "expert", and run an ad via newspaper, tv or radio. Then the Internet came along and complicated things; heaps of new channels allowing people to not just consume information but actually spread it and be a part of the conversation.

Today, it's easier than ever to ignore the messages we don't like. People can tailor their media consumption to fit their specific interests and needs, shutting out everything they feel is annoying or irrelevant to them. This is particularly true for advertising, which few of us have asked for in the first place.

Instead, people are looking for brands that resonate with their values and beliefs. Many studies have pointed to the fact that Millennials and Gen Z consumers prefer to buy from companies with a clear purpose. The brands consumers choose to associate with become part of forming their identity and making them feel like they belong in a cultural context.

Klarna believes that being part of the conversation is business critical, both for Klarna and their partners.

Source:

[GlobalWebIndex, 2016](#)

## Klarna's channels

- 4.6M monthly visitors to Klarna Stores site
- Shopping app generates 6M monthly clicks to retailers' sites
- 11.5M shoppers want to receive email marketing from Klarna (15-30% open rate)
- On average Klarna gets featured in 120 publications per month



This is why Klarna doesn't look or sound like a run-of-the-mill payment company with their blue logos and suits. They talk to their audience in a way that connects with them and do big, pink creative campaigns with international celebrities and drag queens.

#### 4. Get personalization right

Consumers don't want to be 'sold a product'. They want personalized shopping experiences that match up your wares to their unique lifestyle. Your goal as a retailer should be to give your visitors the best experience possible, starting as soon as they land on the page. If done right, you'll set up your web store to sell more without coming across as pushy or salesy.

Welcoming a visitor by name is powerful. Shoppers crave personalization when shopping online, just as they would when entering a physical store, and are likely to return having had an experience individually tailored towards them. You can bring that personal touch to the online product page by adding dynamic messaging next to your products to greet the customer by name and recommend their favorite payment method. Klarna calls this '[on-site messaging](#)', and

retailers are seeing incredible results with it. Indochino saw a near 300% increase in orders on Klarna purchases immediately upon implementation.

Another place where personalization matters, maybe more than anywhere else, is on the payment page. By giving your customers a prefilled checkout which greets them by name and has their go-to payment option already filled out, you make the payment process less cumbersome and save them a lot of time, which will positively affect your sales. It's the online equivalent of the barista at your favorite café saying "Welcome back David, the usual?"

**Indochino saw a 3X increase in Klarna orders upon implementing dynamic on-site messaging.**

**27%**

of failed transactions occur because [shoppers find the checkout](#) process too complicated

**Klarna in numbers:**

**85M**

global shoppers

**+200K**

global retailers

**45%**

more purchased compared to the average online shopper

**22%**

increase in items per basket (UPT)

Source:  
[Baymard Institute, 2019](#)



## 5. Create a unified shopping experience

A brand with a clear purpose cannot portray one image online and another in their physical retail. Omnichannel retailing is about having an integrated and unified approach that lets your customers get inspired, browse, shop and finally purchase through different channels – including brick-and-mortar stores, social media, websites and mobile devices.

[A study of over 46,000 consumers](#) showed that only 7% shopped exclusively online and 20% exclusively in-store; in other words, these were the people who did not go through multiple channels before purchasing. The remaining 73% are the consumers we call ‘omnichannel shoppers’.

Whether you’re an online merchant that is opening pop-up stores to give your brand a physical presence, or an established brick-and-mortar brand that also sells online; the two can (and should) have the same look and feel and provide a similar experience for your customers.

Source:

[Klarna: 6 hottest payment trends, 2019](#)

[Klarna: The what, why and how of omnichannel retailing, 2019](#)

The buying experience should also be unified. By offering the same payment options in-store as you do online you allow your customers to use their go-to payment option everywhere. Klarna offers shoppers convenience and payment flexibility in all channels where you as a retailer have a presence. Whether they shop in your store, online or in your app, through one integration you’ll be able to offer a seamless checkout experience and the same value-driving payment options.

According to a study published in Harvard Business Review, **75%** of all fashion purchases are made in physical stores. However, the same study concluded that consumers spend **25%** more when shopping online.

**73%** of shoppers are what we call ‘omnichannel shoppers’.



**Let's get in touch**

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**Klarna.**