



# BNPL Boom: How Spending Habits Are Changing



RETAIL DIVE

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**B**uy now, pay later (BNPL) is growing rapidly as it connects consumers and retailers to new finance options. For shoppers, it elevates purchasing power and enables responsible decision-making. For merchants, it generates more sales and attracts new customers to improve loyalty and acquisition.

In early 2024, [Sezzle](#) and Retail Dive's studioID surveyed merchants and consumers to explore the BNPL phenomenon:

- How and why BNPL is used
- How its availability (or lack thereof) impacts purchase decisions
- Its influence on retail sales and other financial metrics
- The business benefits of offering BNPL to consumers

While the survey data indicates snowballing use, many consumers and retailers also express frustration with their current BNPL platforms. In other words, there's room for improvement. For example, shoppers don't appreciate hidden fees or the inability to use BNPL for in-store purchases. Meanwhile, retailers wish their BNPL platforms offered more opportunities for personalization, better support and increased marketing value.

The information revealed in this report confirms that the right BNPL platform can be a powerful tool in a merchant's arsenal by empowering shoppers to manage their finances while purchasing what they want from the brands they prefer.

Retail leaders can use the exclusive data and expert observations here to evaluate their own BNPL journeys and benchmark strategies against their peers, and make sure they're keeping up with consumer expectations.



# Get to Know Today's BNPL Shoppers

BNPL user demographics are changing. These consumers may no longer be who retailers envisioned in the past.

“In retail, BNPL used to be considered a four-letter word,” says Nancy Eichler, who joined Sezzle as Senior Vice President of Marketing after spending more than a decade in retail sales leadership. “People used to feel uncomfortable about others even knowing they used BNPL. But the industry has seen a complete turnaround from consumers and merchants.”

Historically, for example, BNPL was linked with distressed purchases and consumer strain, but now it's simply a different way to pay.

**“Since Sezzle has launched its subscription products, we’ve seen average ticket price come down. People are using it more for everyday purchases: groceries, restaurants, and gas.”**

Lee Brading, Senior Vice President of Corporate Development and Operational Excellence at Sezzle

The majority of BNPL shoppers responding to the survey haven't been denied access to credit (credit cards, payment plans or loans) in the past three years, and they report that they don't struggle to make BNPL payments. In fact, a large majority (87%) said that they have been able to make their BNPL payments on time.

They use the service frequently, too:

- Approximately three-quarters of consumers have used BNPL to purchase **within the last six months**.
- Nearly half of surveyed shoppers use this payment method **at least once per month**.
- On average, 50% finance **between \$100 and \$499** on a single purchase.

"Since Sezzle has launched its subscription products, we've seen average the ticket price come down," explains Lee Brading, Senior Vice President of Corporate Development and Operational Excellence at Sezzle. "People are using it more for everyday purchases."

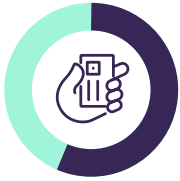
**"People used to feel uncomfortable about others even knowing they used BNPL. But the industry has seen a complete turnaround from consumers and merchants."**

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## BNPL Use in 2023 and Beyond

Use is on the rise compared to previous years, with 56% of surveyed shoppers using BNPL more in 2023 than in 2022. This could be due to convenience, increasing merchant acceptance and consumers' focus on instant gratification.



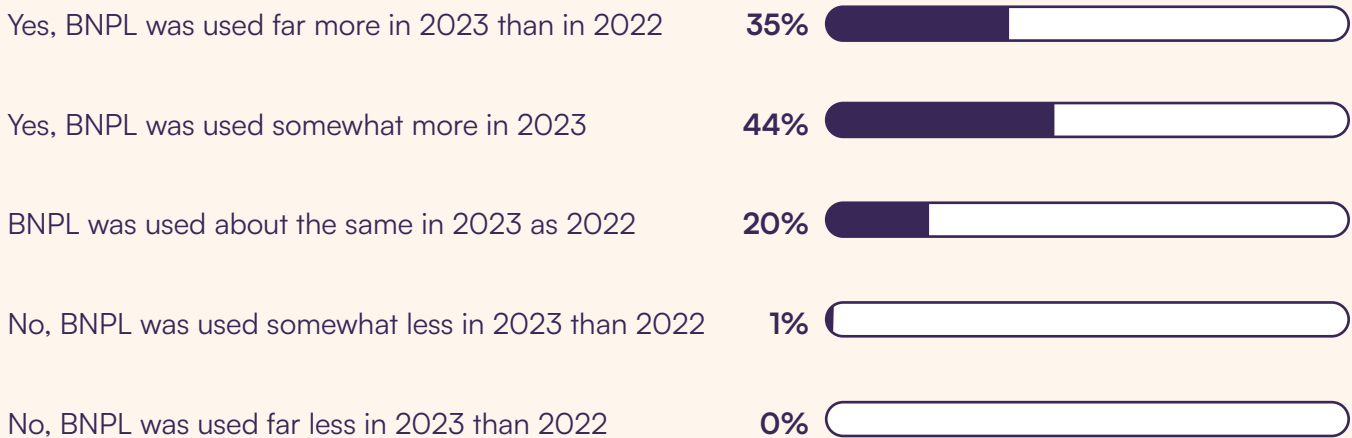
**56% of shoppers surveyed used BNPL more often in 2023 than they did in 2022.**

“Consumers see BNPL as a way to get what they want or need without 100% of that amount being taken out of their checking accounts right away,” explains Eichler. “They can budget in ways that work better for them.”

The retailers we surveyed confirm this increase in use, with roughly eight in 10 saying the payment method was used “far more” (35%) or “somewhat more” (44%) in 2023 than in 2022.

The future looks even stronger for BNPL. According to [Juniper Research](#), global BNPL transaction value is predicted to more than double from 2024 to 2028—from \$334 billion to \$687 billion. Market research company [eMarketer](#) projects that 93 million shoppers will buy \$81 billion in goods and services with BNPL in 2024. (In 2023, approximately 82 million buyers purchased about \$72 billion in goods and services.)

### Q: Within your company, was BNPL used by consumers MORE in 2023 than in 2022?



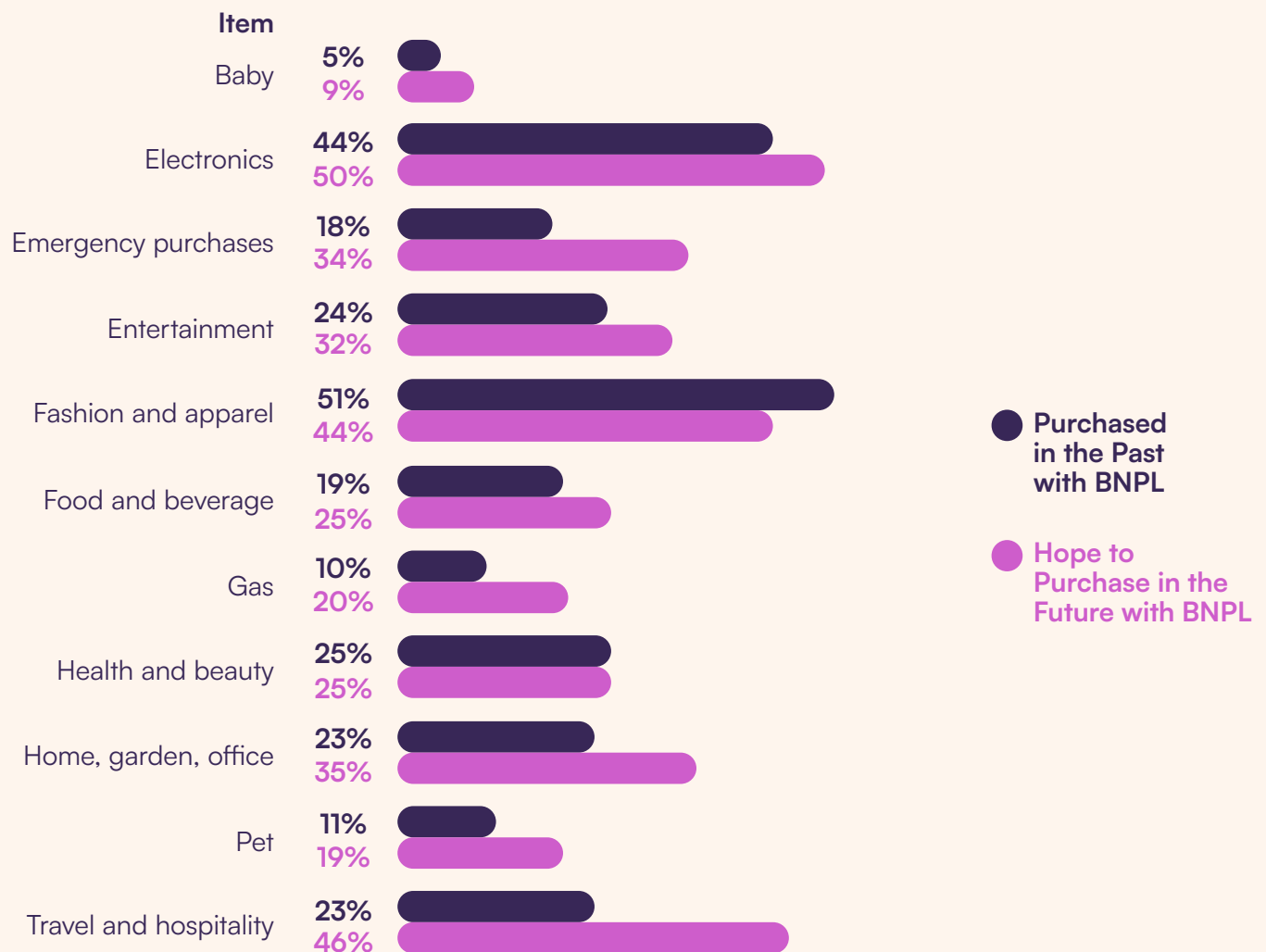
# What Consumers Are Financing

Surveyed consumers use BNPL to make a wide variety of purchases. Most often, their shopping falls into one of four categories:

- 1. Fashion and apparel
- 2. Health and beauty
- 3. Electronics
- 4. Entertainment

They plan to continue making purchases in these four categories, with additional growth expected in the future within most product categories.

## Q: For what kind of purchases have you used BNPL? What types of purchases would you like to make in the future with BNPL?



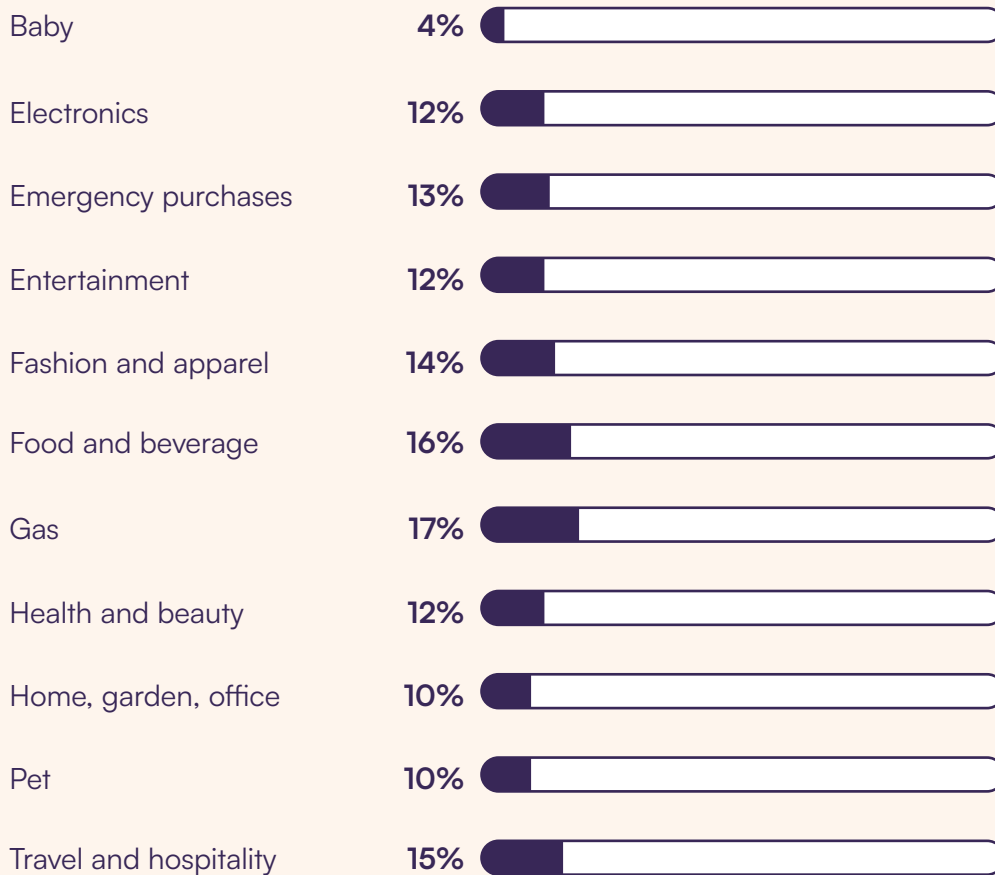
Many shoppers would use BNPL more often if it were offered in their preferred stores or for their preferred brands. In the past, the absence of BNPL has stopped 58% of surveyed consumers from making purchases for items like:

- Emergency purchases
- Fashion and apparel
- Food and beverages
- Gas
- Travel and hospitality

**“There are currently four big credit card companies, and BNPL is set to become just as prolific as those. Consumers expect to be able to use it as easily as they can use their debit or credit card.”**

Lee Brading, Senior Vice President of Corporate Development and Operational Excellence at Sezzle

### Q: Have you wanted to use BNPL but found that it wasn't offered as a payment option for the following types of purchases?



## Responsible Purchasing: The Biggest BNPL Driver

BNPL is no longer the payment option shoppers rely on when credit cards are maxed out. Instead, it has a new role to play. For example, half of surveyed consumers use BNPL for **easier budgeting and better cash flow**, thanks to flexible and predictable repayment schedules.

Another 32% use it to avoid paying interest. Many BNPL plans have zero or minimal interest rates for those who make on-time payments, saving responsible consumers from incurring costly debt.



**50% of surveyed consumers stated that they use BNPL for easier budgeting and better cash flow.**

### Q: Consumers, what are the biggest reasons you use BNPL?

50%

For budgeting and cash-flow purposes

32%

To avoid paying interest

28%

To reduce credit card usage

27%

To avoid debt

26%

Easy approval process

25%

To build up my credit

8%

Because my credit cards are maxed out





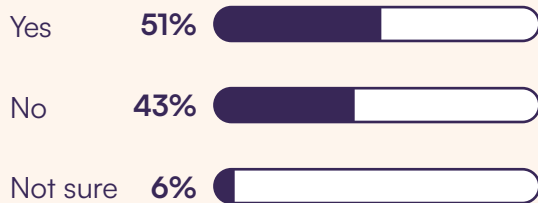
## The Permeation of BNPL

There's evidence everywhere that BNPL is becoming more widespread, with 88% of retail merchants making it available to use both in-store and online. Nearly all merchants say they offer customers more than one BNPL option. Instead of attempting to gain exclusivity with a single provider, retailers are instead looking for low-cost options that offer high amounts of value.

“Today, retailers need to be agnostic when it comes to payment forms,” explains Eichler. “It’s all about accessibility. If you’re not providing accessibility to your products by allowing consumers to shop using the form of payment and the BNPL platform they choose, then that’s a disservice—not only to the consumer but also to you as a retailer. They don’t get to buy products in the ways that work best for them; meanwhile, you miss out on sales.”

Another sign of BNPL's proliferation is this fact: Availability influences where consumers shop. Fifty-one percent of surveyed consumers say if BNPL isn't an option, they may visit a retailer that does offer the payment options they're looking for.

**Q: Consumers, does the availability of BNPL influence where you shop?**



“When merchants don’t offer BNPL, then they make their products inaccessible and lose access to this group of consumers,” Eichler says. “By making your products and services available to a larger group, you’re naturally going to see a greater incremental lift.”

**“If you’re not providing accessibility to your products by allowing consumers to shop using the form of payment and the BNPL platform they choose, then that’s a disservice—not only to the consumer but also to you as a retailer. They don’t get to buy products in the ways that work best for them; meanwhile, you miss out on sales.”**

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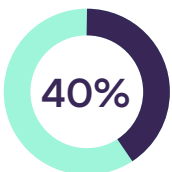
## The Changing Risk Profile of BNPL

As BNPL becomes more pervasive, there has been a shift in how retailers view the uncertainty associated with these payments. Although retailers have traditionally viewed BNPL as a risky payment option (due to fear of chargebacks, fraud and financial loss), the tide is turning.

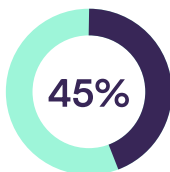
Thanks to improvements in fraud detection, safeguards offered by BNPL providers, spikes in consumer demand and financial benefits, retailers find BNPL to be no more risky than other payment methods. For instance, 40% of surveyed retailers believe BNPL is “somewhat less risky” or “far less risky” when compared to credit cards and other forms of payment.

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**Surveyed retailers believe BNPL is less risky than other forms of payment:**



**for the retailer**



**for the consumer**

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Retailers perceive even less risk for consumers when comparing BNPL to other payment methods. More than four in 10 retailers (45%) view it as “somewhat less risky” or “far less risky” for consumers to use BNPL as compared to credit cards.





# Retail Leaders Are Focused on Three Areas of Improvement

Retail leaders have many challenges to confront. To determine what's most important to them, we asked them to identify where they're struggling the most. Their three biggest business challenges also happen to be their top business priorities for 2024.

## 1. Increasing customer loyalty

Shoppers are looking for choices that will help them get the products and services they need while making financially responsible decisions. Sometimes, rewards and loyalty programs aren't enough. Customers want to use payment forms that are convenient for them, whether that's BNPL, a credit card, a debit card or something else.

With so many brands and choices available, retailers find it increasingly difficult to overcome customer indifference and keep shoppers coming back. For 45% of survey respondents, this is a major business challenge today—for 57%, it's also a top priority to address in 2024. Offering preferred BNPL platforms can help them boost customer loyalty.

## 2. Keeping up with their competitors

With the rise of digital platforms, competition and the pressure to innovate are also growing for retail leaders.

Forty-three percent are struggling to keep up with competitors amid changing consumer expectations and economic burdens. For 33%, this is also a top priority in 2024: to stay on top of market trends, provide excellent service and enhance customer experiences.

### 3. Increasing customer acquisition

Customer acquisition is more complex and resource-intensive than it has been in the past. Continually attracting new customers is key to expanding market share, tapping into new revenue streams and generating profits, but it can be difficult in today's saturated market.

For 41% of merchants, attracting and converting consumers into paying customers is a priority. This year, 52% also plan to make improvements in this area. As more consumers turn to BNPL, offering platforms that align with their preferences is one way to entice new shoppers.



**Q: Retailers, how much do you agree or disagree with the following statement: “Offering buy now, pay later to our customers has resulted in incremental sales”?**



Strongly agree



Agree



Somewhat agree



Neither agree nor disagree



Disagree somewhat



Disagree / Strongly disagree



# BNPL Helps Merchants Overcome Business Challenges

We asked merchants about BNPL's benefits—and these three advantages ranked the highest. These benefits can help retail leaders get over their loyalty, acquisition and competition hurdles.

## 1. Higher customer retention rates

Implementing BNPL as a convenient, flexible payment option can foster loyalty among customers who prefer the flexibility and convenience of paying for items over time. More than five in 10 retailers (56%) say they've experienced higher customer retention as a result of offering BNPL, making it a viable way to increase acquisition and loyalty.

When BNPL platforms offer personalized experiences and added marketing value, this can push customer retention rates even higher.

## 2. Higher customer acquisition rates

For nearly half of merchants (49%), BNPL has attracted new customers. Shoppers who shied away from purchases in the past may be more apt to buy when they can count on flexible payment options, such as pay in 4, pay in 2, or monthly payments. BNPL can also expand market reach by attracting consumers who prefer not to use credit or debit cards.

“Retailers are clawing at the opportunity to differentiate themselves,” Eichler says. “Being able to offer flexible payment options speaks to the value that retailers can offer with the right BNPL platform. As retail leaders, you must find ways to gain better access to consumers and help them make purchases in whatever ways they choose.”

## 3. Higher average order value

By breaking down the cost of a product or service into smaller, more manageable payments over time, BNPL makes purchases more practical, which can increase average order value. It allows shoppers to purchase more by taking advantage of payment flexibility. Forty-five percent of surveyed retailers report an increase in average order value after rolling out BNPL.

### Q: Retailers, what business benefits have you experienced due to offering BNPL?

56% 

Higher customer retention rates

51% 

Generated incremental sales

49% 

Higher customer acquisition rates

45% 

Higher average order value

39% 

Improved omnichannel experiences

37% 

Improved transaction approval at checkout

29% 

Fewer fraudulent checks

24% 

Lower credit card acceptance fees

23% 

Lower cart abandonment

# Shining a Light on Today's BNPL Tools

In most cases, consumers opt to use free BNPL tools. And when it comes to loyalty, they don't seem to be devoted to specific platforms. In fact, a large majority of surveyed respondents (74%) are willing to use more than one BNPL platform.



**74% of surveyed consumers are willing to use more than one BNPL platform.**

## Consumers Want Specific Features

When shoppers are deciding which BNPL platform(s) to use, two features stand out.

- 1. Ease of use:** Consumers want a straightforward, simplified approach to checkout—without lengthy payment processes or steps that slow them down. For 64% of respondents, this is one of the most important BNPL features.
- 2. 0% interest:** For 63% of consumers, 0% financing is top of mind. They want to split purchases into smaller payments without paying interest so they can better manage cash, avoid debt and stretch their dollars.

Four in 10 respondents want **flexible financing options**, such as pay in 4, pay in 2, or monthly payments. Finally, one in five seeks out platforms that help them **build credit** through products like Sezzle's Sezzle Up.

### Q: Consumers, what features are the most important to you in a BNPL option?

64%

Easy to use

63%

0% interest

40%

Flexible financing options to choose from

20%

Helps build credit with credit reporting

15%

Fast verification process

11%

The ability to use it online and in-store

10%

Flexible spending limit

10%

Keeps personal information secure

9%

Easy return/refunds

6%

Rewards

5%

Discounts/deals at brands I like

4%

Notification of upcoming payment deadlines



## Are Today's Tools Working?

Nearly two-thirds of shoppers face struggles with current BNPL platforms. Their main frustrations include:

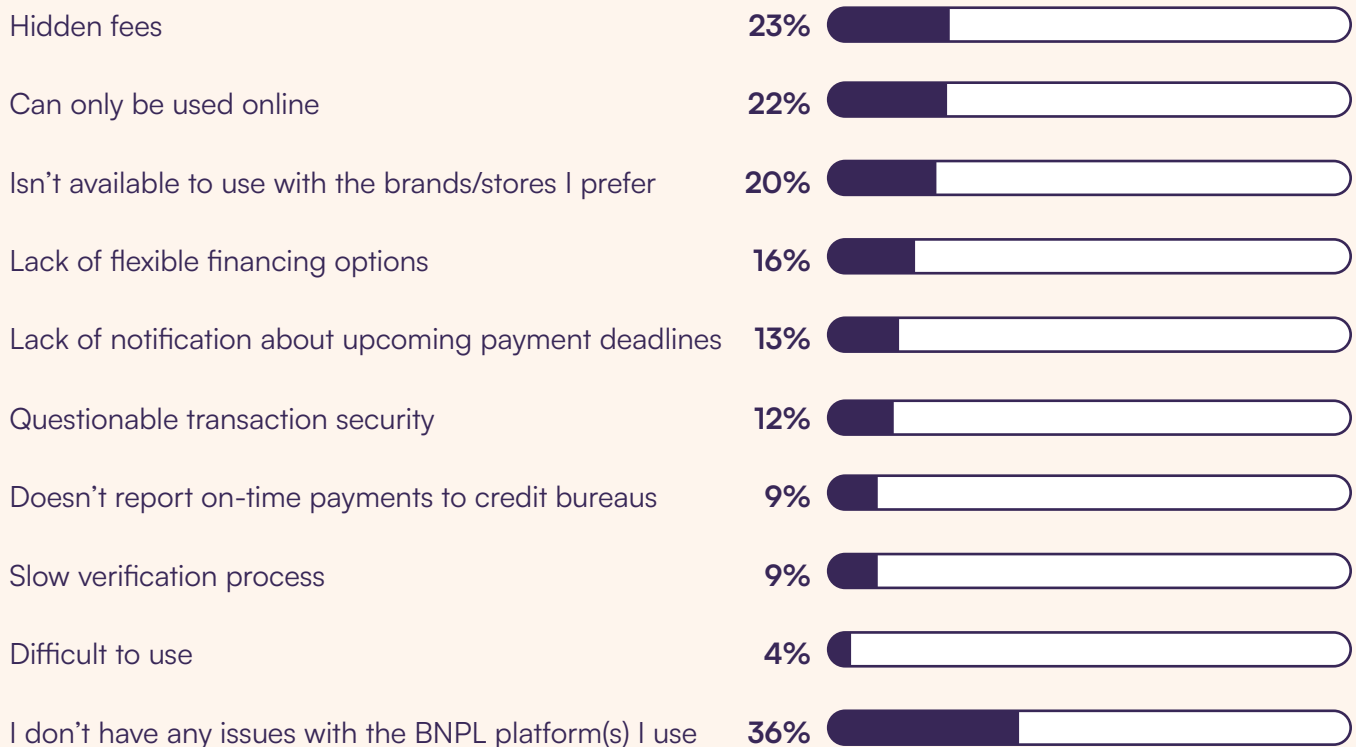
- Hidden fees (23%)
- Not being able to use it in-store (22%)
- Lack of availability with preferred brands or stores (20%)

“Some BNPL platforms are better positioned to help consumers overcome these hurdles,” explains Eichler. “For example, Sezzle can allow

access to hundreds of retailers that a consumer might not otherwise have access to. Offerings like [Sezzle Anywhere](#) can enable the consumer to make BNPL purchases anywhere Visa, Apple Pay or Google Pay are accepted. Think about an unexpected car repair. Consumers can go to the local mechanic they love and still use BNPL. Or they can plan an outing at their favorite locally owned restaurant and pay using BNPL.”

Retailers aren't faring much better: 76% report issues with their BNPL providers. A gap seems to exist when it comes to what these platforms lack.

### Q: Consumers, what do you dislike most about the BNPL platform(s) you currently use?



## 1. Personalization capabilities

Personalization can take on many forms, from tailored rewards to customized incentives. Retailers want services to optimize personalization and enhance the customer experience, but 45% say their current provider doesn't offer what they're looking for.

## 2. Provider support

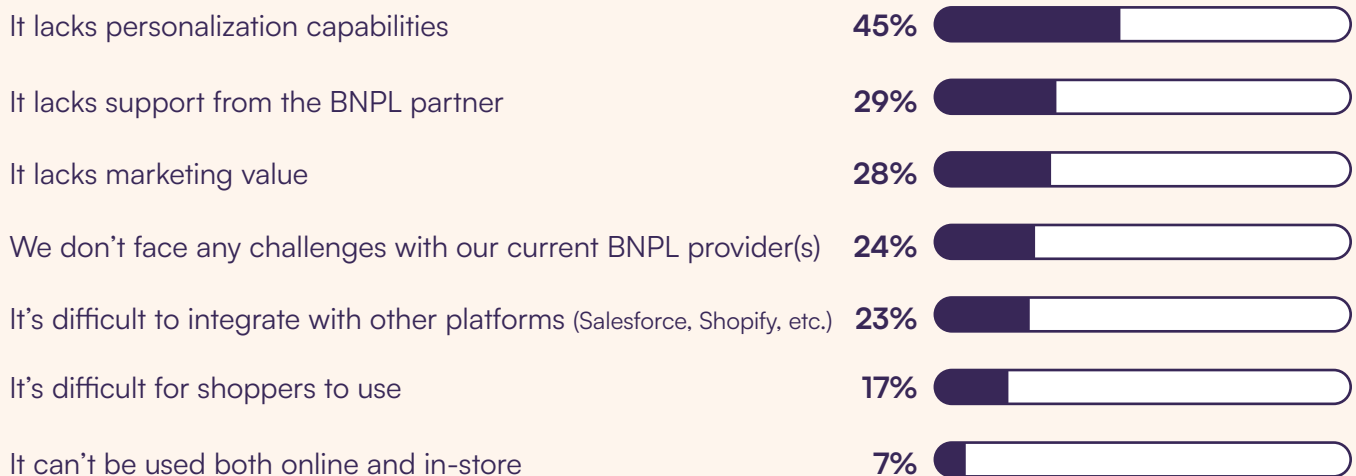
"Working with a company you have confidence in is critical," says Eichler. "Do they have the right interests in mind? How fast is their turnaround time in answering your questions? Ease of integration is also a consideration. You can have the greatest tool in the world, but if your provider doesn't respond to you when you need something, and if they don't take your issues seriously, then it becomes a problem." For 29% of surveyed retail leaders, provider support seems to be lacking.

## 3. Marketing value

"Working with the right provider can connect you to programs ranging from free to paid opportunities to market through things like custom emails, social media and push notifications—even live selling programs," Eichler says.

Retailers should have access to whatever materials they need to promote BNPL online and in-store. More than one-quarter (28%) are missing out on marketing support. Look for vendors that own their consumer-facing marketing channels and have an engaged customer base.

### Q: Retailers, what challenges do you face with your current BNPL provider(s)?



# Choosing the Right BNPL Partner

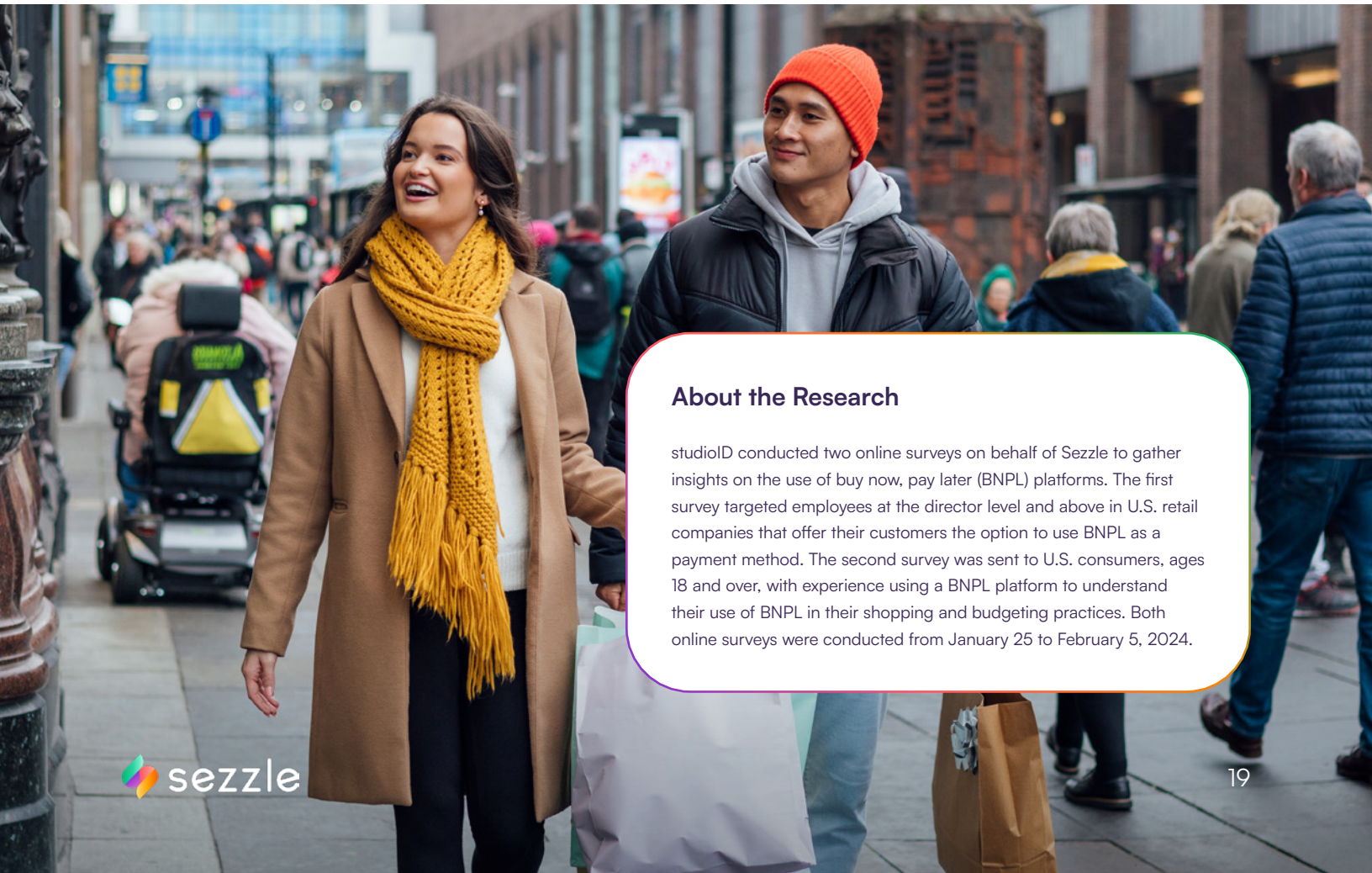
In your quest to improve customer loyalty and acquisition in 2024, consider your company’s BNPL partners. They can make or break these and other metrics.

“I’ve worked in a number of different retail companies,” says Eichler. “Working with a vendor that can bring different consumers to the table will help you meet many of your goals and objectives, from reducing costs to generating sales.”

BNPL can be a powerful way to give shoppers another purchase option so they can manage their finances in a way that works for them, while still making the purchases they need and want.

Visit [Sezzle for Merchants](#) to learn more about BNPL.

Learn More



## About the Research

studiID conducted two online surveys on behalf of Sezzle to gather insights on the use of buy now, pay later (BNPL) platforms. The first survey targeted employees at the director level and above in U.S. retail companies that offer their customers the option to use BNPL as a payment method. The second survey was sent to U.S. consumers, ages 18 and over, with experience using a BNPL platform to understand their use of BNPL in their shopping and budgeting practices. Both online surveys were conducted from January 25 to February 5, 2024.



Sezzle is a fintech company on a mission to financially empower the next generation. Sezzle's payment platform increases consumers' purchasing power by offering interest-free installment plans at online and in-store locations. Sezzle's transparent, inclusive, and seamless payment option allows consumers to take control over their spending, be more responsible, and gain access to financial freedom.

For more information visit [sezzle.com](https://sezzle.com).

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