Press Releases

Online Shoppers Indicate Strong Preference for 'Try Before You Buy' Payment Choice

Survey Finds 'Pay Later' Ranks First Among Online Consumers for Preferred Payment Method

NEW YORK, June 11, 2018 /PRNewswire/ -- Despite the growing popularity of online shopping, many consumers still have reservations about making purchases online because they don't have the chance to see or try on those items first. According to a new national study, online retailers could address this consumer concern and grow their business significantly by offering a "Try Before You Buy" option to shoppers.

In fact, nearly three quarters (74 percent) of consumers said that having the ability to try on or try out goods before paying would remove a major drawback to online shopping. A "Try Before You Buy" option, which gives consumers a set amount of time to receive and evaluate goods before being billed, would rank as the number one preferred payment option for buying apparel from an online retailer (37 percent). This significantly eclipsed other available options, including credit cards (20 percent), debit cards (16 percent), PayPal or store credit cards (11 percent each), three evenly split payments every 30 days or four evenly split payments every 14 days (2 percent each).

The online survey was fielded between May 3 and 7, 2018 by Researchscape International on behalf of Klarna North America (www.klarna.com). The survey of 2,005 consumers, ages 18 and older, was designed to better understand the behaviors and attitudes of consumers towards alternative financing options. Consumers selected for the study mirrored characteristics of the overall U.S. population.

Among the survey's major findings, consumer enthusiasm for an online "Try Before You Buy" payment concept was very strong:

- 71 percent of those surveyed indicated they would use this payment method if it was offered
- 71 percent of respondents stated they would be moderately, very or completely likely to choose a retailer offering a "Try Before You Buy" option over one who did not offer this option
- 69 percent of consumers surveyed said they would be moderately, very or completely likely to buy more items from online merchants offering this payment option.

"These results show that the 'Try Before You Buy' concept would bolster consumer confidence in purchasing goods online and enable retailers to experience significantly improved average order values," said Elizabeth Bramlage, head of U.S. marketing, Klarna. "As we've learned previously from our studies of instant financing options, merchants that go the extra mile to remove friction in online shopping, will find they are rewarded with more business and converted sales."

How might a "Try Before You Buy" payment option change consumer purchasing behavior? The survey revealed that 69 percent of consumers felt that it would be appealing to be able to order an assortment of products to try/wear before paying for them. This was particularly evident when respondents were asked about apparel items—with 85 percent indicating they would order one to five or more items to try on at home if they did not have to pay for them in advance.

"Online shoppers do not have the ability to try on or try out items before paying for them as they do when they buy at a physical store," said Bramlage. "Fashion fit and look can be difficult to judge from product descriptions, digital photos and videos alone. By offering a 'pay later' option, consumers are finally able to bring the fitting room into their own homes and have the peace of mind that they will only ever be responsible to pay for the items they love.

"The end result of a 'Try Before You Buy' payment option is a win for both consumers and merchants. For merchants, benefits include a greater likelihood that additional items will be purchased and kept. Consumers don't have to tie up their credit line to try additional apparel pieces and aren't left with the hassle of reconciling their card statements at the end of the month to ensure they received credit for items returned."

About Klarna
Klarna is one of Europe's leading payments providers and fully licensed bank, which wants to revolutionize the payment experience for shoppers and merchants alike. Founded in Stockholm, Sweden, in 2005, we offer a simple, safe andsmoooth checkout experience. Klarna now works with 89,000 merchants. Klarna has 2,000 employees and is active in 14 countries. Klarna is backed by investors such as Sequoia Capital, Bestseller Group, Atomico, VISA and Permira.

The company's North America offices are in Columbus, Ohio and New York. U.S. financing through Klarna is issued by WebBank, member FDIC.

SOURCE Klarna

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