



## Learn How 'Buy Now, Pay Later' is Transforming Online Shopping

### Description

BNPL or buy now pay later is a term used by eCommerce stores for online shopping.



The buyers purchase the product without paying the total amount and receive it within days to pay the full amount later. There are various options and flexibilities in the BNPL process, both for the retailers and the customers. Most of the offline stores throughout the world are also shifting to the BNPL process.

Millennials are responsible for this new trend in the eCommerce industry. They are the most enthusiasts and most suffering generation. They want to have maximum from their lives and are focused on great experiences every time. The rise in inflation, maximum debts, and low-wage jobs have made them thrifty. They don't like continuously occurring interest on the credit card with difficult to understand terms and conditions.

So hop along and learn how 'buy now, pay later' transforms the online shopping experience for retailers and customers.

## How Does BNPL work?

It is point-of-sale financing at the checkout where the customer can get benefits from this method. The buy now pays latter option means that you can have the product at your doorstep within the usual delivery time of the retailer, but you don't have to pay the total amount at the checkout time.

A company pays the whole amount of the product to the retailer at the time of purchase, and the customer gets the time to pay the amount in installment in the upcoming months. Usually, there is no interest in the purchase of most of the products.

## Popular Buy Now Pay Later Companies

- Affirm
- Afterpay
- Klarna
- PayPal Credit
- Zip
- Sezzle

## BNPL payment options

When you buy a product through BNPL, Affirm provides you with three different payment options as per your ease.

- Pay Later in full; you will get 30 days to pay
- Pay Later Installments; you will get 3 or 4 equal interest-free installments
- 36 monthly payments (interest charges can apply)

Buy now pay later has become an international standard for most online retailers. But now, more sellers are shifting towards this robust method at the physical selling points. In addition, customers can have virtual or physical cards to make their purchases easier and hassle-free even in the physical store to benefit from the buy now pay later method.

## Processes Responsible for Transforming the Shopping Experience

Buy now pay later comes with the same user experience, flexibility, and options that Millennials like the most. In addition, the flowing points will help you understand why more people are shifting towards this new purchasing method.

## Robust Customer Experience

The shopping experience is the key for the retailers to get hold of these demanding customers. The Millenials are more focused on the experience they get from purchasing anything online. They tend to

expect more from the buyers in terms of flexibility and uncomplicated delivery. This generation tends to browse more and settle only to those sites that offer excellent customer experience in purchasing even the smaller items.

Retailers use loyalty programs, reward schemes, and bundle discounts on an attractive platform to hold their customers. But when the buy now pays later shines at the checkout menu, the experience becomes more beautiful for the customers. They get a good feeling, and the chances of re-purchase increase manifold.

## **Interest-Free Installments**

GEN-X used credit cards to buy most things, but the higher interest rates and income disparity have complicated things for the Millennials. The Millennials are suffering from financial turmoil and higher educational debts. A study has found that younger people are not getting credit cards because of higher interest rates and fewer days of installment.

The interest-free installment option in buy now pay later saves the Millennials from the fear of extra charges and high-interest rates. For example, when a person tries to buy a \$60 product, it will be easy to pay \$20 every month without any hassle. The interest-free installments are changing the whole shopping scenario and are increasing sales even in hard times.

## **Simple Return Policy**

Another thing that is changing the whole structure of the eCommerce market is easy to return product policy of the online stores. When you want to buy a garment, you want to touch the fabric and look at how well you can carry it. The buy now pays later option allows them to buy the product of their choice and pay the amount later in days to come.

But the groundbreaking phenomenon here is the return policy that makes it excellent for the buyer who wants a product for perfect fit and style. So, for example, if you want to buy a dress, you can order many dresses of your choice as you know you will pay the amount later. But when they reach your doorstep, you can return all the dresses you don't like without wasting time returning the single one and waiting for the funds to receive and ordering the other one.

## **Flexibility at the Checkout**

The reason behind the abandoned carts online is only the cost. The carts are usually filled with the customers' products, but the higher price makes them abandon these baskets. The BNPL option allows the customers to get as many products as they want and pay an equal amount of installments without any burden.

The easy-to-pay methods increase the customer experience and provide a higher retention rate to the retailers. The customers get what they want without paying a higher amount of interest. The interest-free installments are the satisfactory experience that melts the heart of Millennials to make them purchase again from the same site and the retailer.

## Over to you

If you are a customer, you already know that the buy now pays later option adds beauty to the shopping experience with ease and flexibility in the payment method. If they want to enhance their sales, the retailer must adopt this system and offer flexibility to the customers for an enhanced experience. BNPL increases the lifetime value of the customer and provides long-term benefits to the retailer. Also, it becomes easy for the buyer to buy anything in affordable monthly installments without interest and extra charges.

### Category

1. Finance

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