

# Klarna Deep Dive

Understand, hack and master today's global e-commerce game.

# Growth.

## THE CHALLENGE

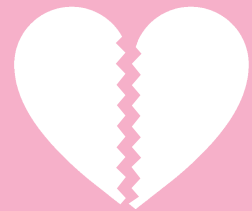
### SME pain points: barriers to growth

What is stopping US SMEs from growing? Well, this. Look familiar?



### Is your website future proof?

Here's what makes modern shoppers' hearts go

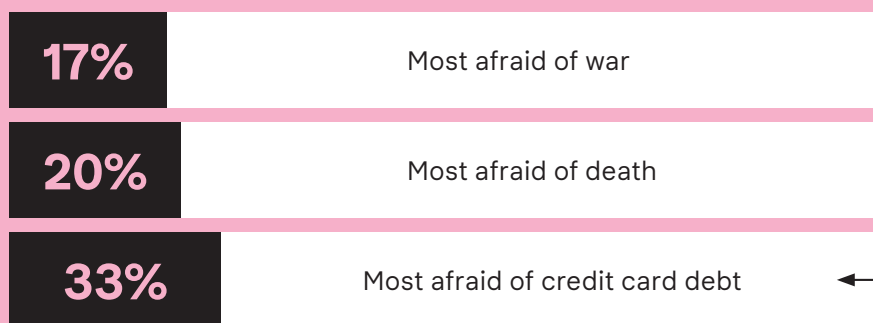


#### FRICION:

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.



**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.



# 85%

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!

## KLARNA SOLUTIONS

### Flexible payments FTW

There's nothing new about splitting payments into installments, but its 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:

**GRAVITY™**

Gravity, a weighted blankets brand, registered a

**200% increase**

in conversions since integrating our solution during the holiday season.

On Klarna's Instagram, we often promote new merchants and fashion stores.

**storets**

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:

 <b>Gen X</b> Born 1960–1979 Gen X shoppers <b>THINK IT'S NICE</b> to have a smooth shopping experience	 <b>Millennials</b> Born 1980–1995 Millennial shoppers <b>LOVE</b> a smooth shopping experience	 <b>Gen Z</b> Born 1996–2010 Gen Z shoppers <b>DEMAND</b> a smooth shopping experience
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#### Modern shoppers



#### SMOOOTH:

- Mobile-friendly shopping experience
- Clear product descriptions and transparent pricing
- Customer-friendly payment methods
- Fast and free shipping
- No need to create an account

### Q: Why are Millennials and Gen Z shoppers so important to attract?

**A: Spending power.**

Gen Z direct spending power

**\$100**  
billion

... and **GROWING**

What's more, Gen Z are influencers. They're **THE influencers.**

**93%**

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

**That's huge.**

Gen Z indirect spending power

**\$600**  
billion

## 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.

Understand, hack and master today's global e-commerce game.

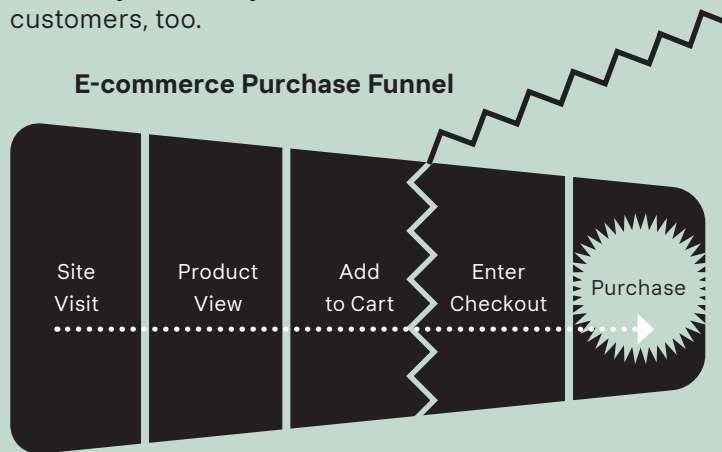
# Margins.

## 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.

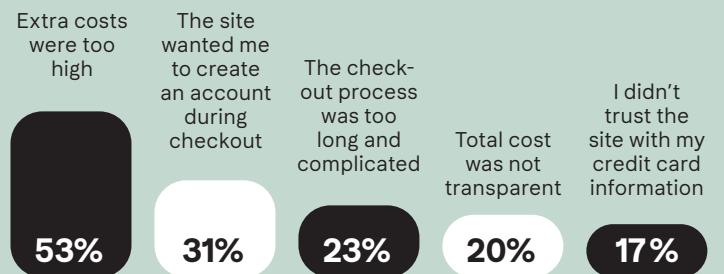
At Klarna, we've carried out countless studies on customer behavior and attitudes to understand why people behave the way they do, and how to make it easier for them to complete purchases. Conversion has always been key for retailers and, in fact, for customers, too.



### 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.



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



## 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.



**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. **That's smooth.**

## KLARNA SOLUTIONS

### 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, a fitness apparel and accessories brand, registered a

**33% increase**

in AOV having implemented Klarna.



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:

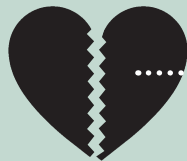
**44%**  
A INCREASE IN CONVERSION

**68%**  
A INCREASE IN AOV  
(Average Order Value)

**20%**  
A INCREASE IN PURCHASE  
FREQUENCY

### It's all about, you know, smoothness.

#### Modern shoppers



**FRICITION:**  
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.

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# 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!



### No fun!

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

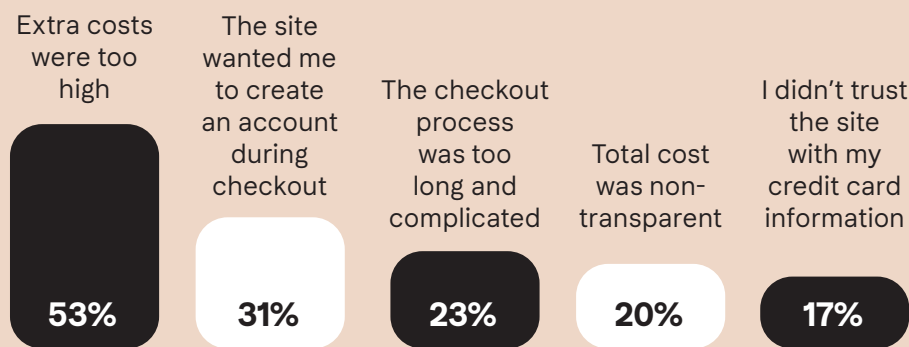
**29%**

think shopping used to be more fun, whereas



### This is why people drop out

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



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. **OMG!**



**49%**

think brands don't care about them as individuals, and just want to sell more stuff.



## KLARNA SOLUTIONS

### 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" .....

### ROE = Return of Experience

Increasingly, retailers switching investment to areas customers want to be more a part of.

**This is what your competitors are investing in as we speak:**

- SOCIAL SHOPPING (39%)
- FLEXIBLE PAYMENT OPTIONS (34%)
- BRAND CONTENT (34%)
- A GOOD MOBILE EXPERIENCE (33%)

### 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!

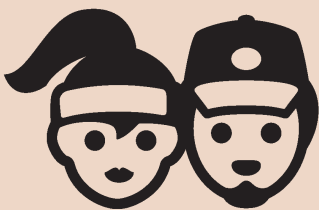
**85%**

Yeah **that's** our positive net sentiment in social media.

## 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

**Gen X:** Born 1960-1979.  
**Millennials:** Born 1980-1995.  
**Gen Z:** Born 1996-2010.

### 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.