



## Buy now, pay later can drive holiday shopping

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Black Friday and Cyber Monday: They are among the busiest shopping days of the year, and along with the rest of the holiday season, can make or break the year for many merchants. Given the highly competitive environment, the question for merchants is always how to capture the sale – and often, the answer is to offer significant discounts.

That may not be the best option, though, to get the customer to the end of the checkout process. Providing more flexible payment options, including a 0% APR interest offer, could not only capture more business but also preserve margins and perception of the brand.

This holiday season finds consumers both willing to spend more – but also placing a premium on staying within their budgets. Even with the uncertain economy, [Affirm research](#) found that 75% of Americans will spend as much or more this year than last.

At the same time, nearly six in ten say that staying within their holiday budgets is a top priority – and almost all shoppers say they will wait for better sales and lower prices before clicking “buy” this season. That outlook might tempt merchants to factor sizable discounts into their holiday offerings. Indeed, with holiday shopping starting earlier every year, the pressure on retailers to offer larger discounts for longer periods is significant.

Yet Affirm’s research shows that the majority of consumers actually prefer a different approach to managing their holiday cash flow than scouring the web for the best discounts.

[More than half of consumers](#) say they want to see a pay-over-time option at checkout. And [nearly two-thirds](#) said they’d prefer to see merchants offer interest-free BNPL promotions – especially promotions that can assure them that they won’t face the possibility of late fees, hidden charges or compound interest. That makes an BNPL option from Affirm a better choice for those consumers than making the same purchase with another payment method.

Not only do consumers prefer the 0% APR option, it also can deliver volumes on par with major discounts while preserving margins. Affirm’s Chief Revenue Officer, Wayne Pommen, notes that offering that to consumers has achieved the same results for merchants as they would have expected with a 20% discount. Add longer payment terms in addition to a 0% APR promotion, and retailers can look for as much as a 50% boost in sales volume, without having to resort to discounting.

In addition to costing more than offering a BNPL option, discounting can have a longer-term downside impact on a brand. Big discounts, or discounting over a long holiday season, can send a message to customers that the brand or its products have been over-valued. So, Pommen notes, constant discounting ultimately dilutes a retailer’s brand and hurts their bottom line.

As retailers gear up for the “official” start of the holiday buying season, having a BNPL option at checkout could well be the ticket to beating the competition – and preserving margins and brand value.