Interest-free promotions outshine discounts and sales this holiday season

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New Affirm research reveals winning strategies for retailers

SAN FRANCISCO--(BUSINESS WIRE)--Nov. 1, 2023-- Today, Affirm (NASDAQ: AFRM), the payment network that empowers consumers and helps merchants drive growth, released new data revealing shoppers' priorities this holiday season.

While consumers face continued economic uncertainty, the survey of 2,000 gen pop Americans revealed they are still planning to spend: 3 in 4 (75%) intend to spend the same or more than last year and the majority (64%) have yet to finish their holiday shopping. But, they are being strategic when it comes to their finances: most (59%) respondents shared that staying in or under their budget is number one when it comes to managing their financial stress this holiday season.

While discounts have long been a centerpiece of this time of year, consumers are seeking alternative ways to stay within their budgets this year. About 2 in 3 (64%) said interest-free promotions that allow them to pay over time with zero late or hidden fees are most helpful for retailers to offer this holiday season – even more so than discounts and sales (54%). More than half (54%) are looking for retailers to offer a buy now, pay later option at checkout.

"With holiday shopping season starting earlier and earlier each year, there is a growing pressure for retailers to offer discounts bigger, sooner and longer in order to stay competitive. However, constant discounting ultimately dilutes a retailer's brand and hurts their bottom line," said Wayne Pommen, Chief Revenue Officer at Affirm. "Retailers can avoid this by offering a 0% APR promotion with Affirm. We've seen it achieve the same results as a 20% discount – for a fraction of the cost. In fact, our merchants have experienced sales uplifts of over 20% by offering 0% APR and up to a 50% boost in sales volume when they offer longer payment terms in addition to a 0% APR promotion."

Additional insights for retailers looking to capture spend from consumers include:

- Gift cards (70%) will be nearly just as popular as physical gifts (72%) when it comes to what consumers will be spending on this year.
- Over 60% (66%) of people will spend money on clothes and accessories this holiday season, while nearly 60% (57%) will spend money on technology
- While 65% of people will spend on travel through the holiday season, Americans also preparing to host with nearly 70% (67%) spending on entertaining costs and 40% spending on decor
- Over 90% (92%) of people will travel next year and the majority (75%) will book their travel within 3 months of their trip

Affirm is integrated at checkout across more than 250,000 retailers including Amazon, Casper, DICK'S Sporting Goods, Newegg, SeatGeek, Target, Royal Caribbean, Priceline, Walmart, TheRealReal, American Airlines, Net-a-Porter and Temu. Offering Affirm at checkout can help merchants increase sales, average order values, and conversion, while reaching new customers, responsibly.

About the Research

Results are based on a survey of 2,000 respondents conducted by OnePoll on behalf of Affirm between October 17 and October 19, 2023.

About Affirm

Affirm's mission is to deliver honest financial products that improve lives. By building a new kind of payment network — one based on trust, transparency and putting people first — we empower millions of consumers to spend and save responsibly, and give thousands of businesses the tools to fuel growth. Unlike most credit cards and other pay-over-time options, we show consumers exactly what they will pay up front, never increase that amount, and never charge any late or hidden fees. Follow Affirm on social media: LinkedIn | Instagram | Facebook | Twitter.

Payment options through Affirm are subject to eligibility, and are provided by these lending partners: affirm.com/lenders. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to California Finance Lender license 60DBO-111681.

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