



**Turn Shoppers into Buyers: Growing Your  
Business with Buy Now, Pay Later Options**

2022

# Optimize Checkout to Increase Conversions

Transforming shoppers into buyers is an ongoing challenge for online retailers. Small- and medium-sized business owners know all too well that high rates of cart abandonment lead to lost revenue, as well as lost opportunities to retain and grow a loyal customer base.

How do you transform more of your shoppers from browsers into buyers? The answer may be your checkout strategy.

As U.S. consumers look for new ways to manage and control their finances, demand is increasing for payment options beyond traditional credit and debit cards. In fact, Mercator research indicates that shoppers frequently abandon a site when their preferred payment method isn't offered.<sup>1</sup>

If your ecommerce business accepts only credit and debit card payments, you're missing out on a significant segment of consumers who prefer other payment alternatives. In response to this shift in consumer preferences, Buy Now, Pay Later (BNPL) options are growing exponentially and actively support the revenue and business goals of SMB merchants.

In this white paper, you'll learn:

- What's trending in conversion for SMBs
- Why add BNPL options to your existing payments strategy
- Three customer benefits of adding BNPL options to your ecommerce store
- Why BNPL options are good for business
- BNPL financing options to consider
- How to get started

## What's trending in conversion for small business merchants

Merchants are constantly evaluating their ecommerce websites to attract more visitors and drive purchases. Still, 80% of shoppers leave without adding an item to a cart. This means



**Shoppers frequently abandon a site when their preferred payment method isn't offered**





# 80%

of shoppers leave without adding an item to a cart

the remaining 20% who enter the conversion phase are critical to your profitability.<sup>2</sup> And only 30% of those who do fill up an online shopping cart actually follow through with the purchase.<sup>3</sup>

Meanwhile, younger generations who feel the weight of heavy debt load<sup>4</sup> are trending away from credit cards and prefer other models to make large purchases.<sup>5</sup>

Did you know that just a few percentage points in your conversion rate can make a huge difference to your bottom line? The average ecommerce conversion rates are around 2.5-3%. Imagine, then, the boost in revenue if your conversion rate increased by 20-30%! That's the estimated increase of adding BNPL, according to financial business leader RBC Capital Markets.<sup>6</sup>



# 2.5-3%

the average ecommerce conversion rate

Research supports this projection. Consumers are 76% more likely to make a purchase if a simple, seamless payment plan is offered,<sup>7</sup> and an overwhelming 85% of shoppers would prefer to use interest-free options over their credit card when purchasing.<sup>8</sup>



# 45m

people used BNPL in 2021 in the U.S. alone

With consumer payment preferences changing and business adopters poised to generate significant revenues gains, it's easy to see why interest in BNPL is gaining a lot of favorable attention. Spending on BNPL over the past two years is up 230%, and 45 million people used BNPL in 2021<sup>9</sup> in the U.S. alone.



If you've shopped on the websites of Target, Walmart, or Sephora recently, you may have noticed a BNPL option when you get to the checkout page. However, BNPL isn't just the purview of big-box behemoths. SMBs can leverage the same modern BNPL solutions to reduce cart abandonment and maximize revenue potential.

## **Why offer BNPL in addition to credit and debit card payments?**

When a customer is ready to buy a new coat or upgrade to the latest treadmill, they now have the option of financing the cost of their order over time. BNPL is a modern-day version of layaway, also known as a point-of-sale loan. Consumers can buy items online and split up the cost of a purchase over a few weeks or months with regular installments, rather than pay for the entire purchase up front.

BNPL apps make it easier for buyers to make purchases—particularly in cases when the price is over \$50. Similar to a credit card, BNPL options allow a shopper to buy something today, then pay for it over time in smaller, more digestible amounts. But here's the key difference: most BNPL plans don't charge interest as long as the scheduled payments are made. It's easy to see the appeal. While traditional credit cards require that consumers pay off their monthly bill in full and on time each month or be hit with high interest rates and late fees, some BNPL options give consumers loans with 0% interest and no penalties for late payments.

Typically, the payment partner handles the risk and responsibility of following up with the customer for payment and ecommerce store owners are paid upfront.

## **3 customer benefits of adding BNPL options to your ecommerce store**

Buy Now, Pay Later options reduce friction at checkout and provide customers with a way to pay that fits them best. Here are the top 3 reasons your customers want to see BNPL payment choices at checkout:



## 1. More ways to buy

Rather than paying one lump sum or putting it on a credit card, customers can opt to split up the cost of their purchases into installment payments due every two weeks or every month. This enables accessibility for those who need to spread out their payments.

## 2. Convenient and flexible processes

In many cases, BNPL options don't require credit checks or lengthy approval processes, and are vastly more convenient than alternative financing options. Plus, many shoppers want the ability to order products when they need them, which ensures timely delivery. For example, BNPL works well for early bird holiday shoppers who want to reserve gifts early before sell-out and ensure purchases arrive on time, but need more time to make a full payment.

## 3. More affordable than other finance options

BNPL tends to have zero fees and no interest as long as installments are paid on time. Some options forego credit checks, and still others don't charge late fees—all consumer-friendly benefits that make BNPL an appealing option for shoppers.

## Why BNPL options are good for business

From higher conversion rates to increased order value, there's no doubt that BNPL is a boon for businesses that choose to offer it. Here are the top five business benefits to consider:

### 1. Maximize revenue potential

BNPL gives your customers more spending power, increases the average order value, and can reduce cart abandonment. A study by Afterpay found that shoppers who use its BNPL app spent 40% more than those who do not.<sup>10</sup> And while you can chalk up some abandoned carts to “window shopping,” BNPL helps businesses overcome other common objections, such as price. Customers are more likely to move forward with a purchase sooner if they feel more comfortable with their ability to pay for it.



## 2. Stay competitive

BNPL is growing in popularity. Adding new methods to your payments strategy meets modern customer expectations and helps your business attract and retain customers. Not only is it the payment preference of many shoppers; it's also a customer expectation that is increasingly becoming a competitive differentiator. If a business you compete with offers this option and your business does not, you may miss out on a customer to your competitor.

## 3. Easy promotion

Worried about adding a complicated new payment process or checkout step to your site? BNPL solutions make it easy to integrate and promote with dynamic results-oriented messaging—no fancy tech skills required. Look for well-known payment processing solutions that your customers know and trust, and that offer multiple built-in BNPL options from which you can choose.

## 4. No payment delay

BNPL is completely hands-off for merchants. The BNPL provider takes care of the financing and payment follow-up, and the retailer gets paid up front without risk or responsibility.

## 5. Attract new markets and build customer loyalty

Millennials and Gen Z consumers are already saddled with debt. This makes them wary of taking on more debt, and also more likely to use BNPL more than other demographics. Plus, loyal customers who purchase repeatedly from the same retailer do so not only because the retailer successfully fulfills their needs, but also because they show customers that they are valued. Meeting on-the-fence customers in the middle makes them more likely to return, increasing their Customer Lifetime Value.

## Buy Now Pay Later options to consider

There are many new BNPL providers that have emerged in the past few years. Consumers are increasingly flocking to them to finance everything—from clothing and travel to workout equipment.



Loan amounts and terms vary from vendor to vendor. For example, PayPal's Pay in 4 option is available for purchases between \$30 and \$1,500, while Affirm allows for purchases up to \$17,400. Some loans are paid in four installments, while others may be spread out over 6 or 12 months.

You can get started by researching which BNPL solution might be best for your ecommerce business. However, the easiest option for business owners is to choose payment processing solutions with built-in Buy Now, Pay Later capabilities—such as PayPal's Pay in 4 and Pay Monthly options, or Stripe's partnerships with well-known solutions like Klarna, Afterpay, and Affirm. Any one of these easy-to-integrate, modern payment options provide the flexibility and convenience your site browsers need to become buyers.

## Final Thoughts: How to get started

Adding Buy Now, Pay Later options to your checkout and payment process is a valuable strategy to increase conversions and meet the needs of today's customer. There is a growing list of solutions to consider, and each has its advantages for your business and your customers.

Ready to add BNPL to your Volusion storefront? We offer several major payment processing solutions with BNPL capabilities built-in so that you can delight your customers with ease—using whatever method fits your business best. [Get started for free.](#)



## Resources

<sup>1</sup> “Are You Maximizing Your Revenue Potential?” *Mercantor Advisory Group*, Dec 2020, [https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator\\_Advisory\\_Group\\_Executive\\_Brief\\_for\\_PayPal-Dec2020.pdf](https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator_Advisory_Group_Executive_Brief_for_PayPal-Dec2020.pdf).

<sup>2</sup> “Are You Maximizing Your Revenue Potential?” *Mercantor Advisory Group*, Dec 2020, [https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator\\_Advisory\\_Group\\_Executive\\_Brief\\_for\\_PayPal-Dec2020.pdf](https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator_Advisory_Group_Executive_Brief_for_PayPal-Dec2020.pdf).

<sup>3</sup> “Are You Maximizing Your Revenue Potential?” *Mercantor Advisory Group*, Dec 2020, [https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator\\_Advisory\\_Group\\_Executive\\_Brief\\_for\\_PayPal-Dec2020.pdf](https://assets.ctfassets.net/7rifqg28wcbd/6lmrX4V3a5iX7Lq2gqlkGh/804f996fce989d728e5cc1860901136f/Mercator_Advisory_Group_Executive_Brief_for_PayPal-Dec2020.pdf).

<sup>4</sup> DeMatteo, Megan. “The average millennial has \$27,251 in non-mortgage consumer debt—here’s how they compare to other generations.” *CNBC*, 24 May 2022, <https://www.cnbc.com/select/how-much-debt-do-millennials-have/>.

<sup>5</sup> Umar, Ismail. “How the pandemic has accelerated the demise of credit cards, in 4 charts.” *Tearsheet*, 02 Sep 2021, <https://tearsheet.co/4-charts/how-the-pandemic-has-accelerated-the-demise-of-credit-cards-in-4-charts/>.

<sup>6</sup> Perlin, Dan. “2021 Outlook: Payments, Processing and IT Services.” *RBC Capital Markets*, 09 Apr 2021, <https://www.rbccm.com/en/insights/tech-and-innovation/episode/2021-outlook-massive-shift-in-e-commerce-spend>.

<sup>7</sup> “76% Of Consumers Are More Likely to Make a Purchase If a Simple and Seamless Payment Plan is Offered.” *Citizens Financial Group*, 08 Nov 2018, <https://investor.citizensbank.com/about-us/newsroom/latest-news/2018/2018-11-08-123003472.aspx>.

<sup>8</sup> “Trends in Consumer Payments and Preferences.” *Bread Pay*, [https://payments.breadfinancial.com/e\\_book/research-report-payment-preferences/](https://payments.breadfinancial.com/e_book/research-report-payment-preferences/).

<sup>9</sup> “The Economic Impact of Buy Now, Pay Later in the U.S.” *Afterpay*, Sep 2021, <https://afterpay-corporate.yourcreative.com.au/wp-content/uploads/2021/10/Economic-Impact-of-BNPL-in-the-US-vF.pdf>.

<sup>10</sup> “FY20 Results Presentation.” *Afterpay*, 27 Aug 2020, <https://afterpay-corporate.yourcreative.com.au/wp-content/uploads/2020/11/FY20-Results-Presentation-1-1.pdf>.







## About Volusion

Volusion is an all-in-one ecommerce solution that helps entrepreneurs build and manage successful online businesses. Since 1999, our dedicated team of developers, marketers, designers, and technical support experts have been passionate about helping merchants operate and grow their stores, whether startup or established. Two decades later, Volusion has earned dozens of accolades and powered over 150,000 successful online businesses.

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