

# Afterpay brings BNPL to on-demand delivery with DoorDash

## Article

**The news:** On-demand delivery provider **DoorDash** added buy now, pay later (BNPL) firm **Afterpay** as a payment option for its Australian customers, per a press release. Customers can pay for DoorDash orders and DashPass subscriptions in four interest-free installments.

**What it means:** Afterpay and DoorDash can help each other mitigate competitive pressures.

## Afterpay can extend its business into a new consumer market to stand out from competitors.

- Afterpay and other BNPL firms are moving into industries outside of direct retail in search of new growth opportunities, as [banks](#) and [startups](#) ratchet up the competition. Last month, Afterpay and US-based **Sezzle** both forged [healthcare-related deals](#).
- On-demand delivery remains largely untapped by BNPL, and Afterpay may be looking to gain an early mover advantage and reach a new base of customers. And because DoorDash only launched in Australia a few years ago, the brand's partner network still has room to grow.
- That gives Afterpay more opportunities to boost sales in a major market: It reported **AUD 9.4 billion (\$7.01 billion) in underlying sales in Asia Pacific** in its fiscal 2021 (ended June 30, 2021). Afterpay may look to expand the partnership to other markets if it goes well in Australia.

## DoorDash can use Afterpay to attract a broader audience and compete with local providers.

- Australia has one of the highest BNPL penetrations in the world: **45% of digital buyers in Australia have used BNPL**, per a 2021 PayPal report. And last year, 11% of ecommerce payments in Australia were made with BNPL, per FIS. DoorDash can capitalize on consumer interest in BNPL to grow its brand in Australia, where it competes with providers like **Deliveroo** and **Just Eat**.
- DoorDash's partnership with Afterpay is another example of providers using payments integrations to offer customers more convenience: Uber Eats [added](#) a bill-splitting tool to its app on Wednesday, and DoorDash recently [agreed](#) to acquire restaurant tech firm **Bbot** to give restaurant customers more digital ordering and payment solutions.

**The problem:** Bringing BNPL products to on-demand delivery may reinforce [financial concerns](#) related to BNPL, including overuse and overspending. In the US, **the average DoorDash order is \$37.28**, [per](#) Business of Apps. Using BNPL for low-dollar-value purchases like these might encourage negative purchasing behavior, especially in [younger consumers](#).

# Digital Shoppers in Australia Who Have Used Buy Now, Pay Later (BNPL), May 2021

*% of respondents*

Used BNPL



Would consider using BNPL



Wouldn't consider using a BNPL service



Not sure



Not aware of BNPL



*Note: ages 18+*

*Source: Paypal Australia, "eCommerce Trends Report 2021," Aug 20, 2021*

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