

Klarna brings Pay Now and rewards program to new markets to bolster customer loyalty

Article

The news: Sweden-based buy now, pay later (BNPL) firm **Klarna** launched its rewards program in nine countries, including the UK and Canada, per a press release. Klarna also

brought its Pay Now feature to the same countries, plus Australia.

More on this: Klarna's rewards program, which it launched in Australia and the US in 2020, lets customers earn points when they make on-time payments. Points can be redeemed at brands in the Klarna app. The BNPL provider also introduced "Missions"—small tasks that users can complete to earn points and discover different features in the app.

Pay Now has already been available in the US and the UK and lets customers make payments in full. It's part of Klarna's wider plan to create a consistent, simplified checkout flow for customers—Klarna also added a review screen that gives customers an overview of their order, installment plan, and chosen payment method.

Klarna's opportunity: The provider can use the rollouts to tighten customer relationships.

- **Expanding Pay Now could help Klarna mitigate financial concerns related to BNPL.** Letting customers pay their balances immediately might help decrease the chances of missed payments—an [issue](#) regulators have been investigating. Pay Now can help increase flexibility by letting customers pay when it's convenient for them.
- **Making its rewards program more widely available can increase Klarna's customer engagement.** The program can encourage spending and it may also decrease the likelihood of missed or late payments by rewarding customers for on-time payments. The program also helps Klarna stay top of mind for customers: **Klarna was the 10th-most-downloaded shopping app in the US last year**, [per](#) Apptopia, and the provider's rewards program likely helped it achieve this.

The bigger picture: Klarna's not alone in beefing up app features to help bolster customer and merchant loyalty.

- Australia-based Zip is also using its app to boost loyalty and spending. It recently launched a feature that lets merchants showcase their latest deals in the home screen of the Zip app. This could make customers who want to take advantage of promotions more likely to spend on the app.
- As competition grows more intense, BNPL incumbents like Klarna and Zip are facing tighter profitability pressures. This might be what's driving them to branch out: Last month, Klarna [launched](#) physical cards in the UK, and a year ago, it [introduced](#) bank accounts in Germany.

Related content: Check out our [Q&A](#) with Sezzle's co-founder and president to learn more about tactics that BNPL providers are using to boost customer engagement.

Top 10 US Mobile Shopping Apps, Ranked by Downloads, 2021

millions and % change

1. Amazon	40.0 (-2%)
2. Shein	32.0 (68%)
3. Shop	30.0 (11%)
4. Walmart	27.0 (-21%)
5. OfferUp	17.0 (-23%)
6. Nike	16.8 (11%)
7. Fetch Rewards	15.9 (25%)
8. eBay	15.8 (-21%)
9. Wish	14.0 (-53%)
10. Klarna	13.7 (63%)

Source: Apptopia, "Worldwide and US Download Leaders 2021," Dec 27, 2021

272631

eMarketer | InsiderIntelligence.com