

Klarna reports major gains—and losses—for 2021 as it refines its growth strategy

Article

By the numbers: Sweden-based buy now, pay later (BNPL) firm **Klarna** reported a **42% year-over-year (YoY) increase** in gross merchandise volume (GMV) for 2021. GMV growth

decelerated slightly from [2020's](#) 46% YoY increase.

- Klarna's **active consumer base hit 147 million** in 2021, up from 87 million the year before.
- The BNPL firm's losses swelled approximately 304% YoY in 2021 versus 50% YoY in 2020, according to Insider Intelligence calculations.

How we got here: Klarna expanded rapidly last year, which helped bolster its user base and GMV—but it racked up losses along the way.

- **Klarna entered five new markets in 2021, including [France](#).** It also grew its footprint in major markets like the UK, [opening](#) a new office in London and building out its Manchester location. Expansion helped Klarna reach new customers but likely contributed to its losses.
- **It also went on an acquisition spree.** Buying up companies—retail tech firm [Hero](#), discount shopping platform [Stocard](#), and influencer marketing startup [APPRL](#)—let Klarna improve its merchant offerings and boost customer engagement.

The bigger picture: BNPL providers are taking divergent strategies to grow and compete.

- **Acquisitions.** On Sunday, Australia-based BNPL firm **Zip** agreed to [acquire](#) US-based **Sezzle** in a deal worth AUD 491 (\$368.5 million)—advancing Zip's global [acquisition spree](#). And earlier this year, payments titan **Block** (formerly Square) [bought](#) Australia-based BNPL giant **Afterpay**. Consolidation can help incumbents minimize competition, strengthen their capabilities, and expand their global footprint.
- **Partnerships.** In 2020, many BNPL firms focused on forging partnerships with major retail brands to increase their visibility and attract users. In 2021, there was greater emphasis on building partnerships with major payment providers: Last year, Sezzle [teamed up](#) with **Discover**, both [Zip](#) and [Afterpay](#) struck deals with **Adyen**, and **Affirm** [tied up](#) with **Verifone**. These partnerships help providers distribute their solutions to a wider base of merchants and customers.
- **Super apps.** BNPL players like [Klarna](#), [Affirm](#), and **PayPal** (which offers interest-free installments) have launched super apps to become consumers' one-stop shops for shopping and payments. This might help increase app engagement and user spending.

Related content: *Check out our recent report coverage to learn more about emerging BNPL trends.*

- [Spotlight: US Buy Now, Pay Later Regulation](#)
- [Insider Intelligence's Payments Trends to Watch in 2022](#)
- [Q&A: Sezzle co-founder & president talks BNPL competition, regulation, and diversification](#)

US Buy Now, Pay Later (BNPL) Service Users, by Platform, 2021

% of BNPL users



Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services; BNPL users are not mutually exclusive; there is overlap between groups

Source: Insider Intelligence, May 2021

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