

How Sezzle's latest BNPL product can fuel profitability push

Article

By the numbers: Sezzle's underlying merchant sales (UMS) declined 17.9% year over year (YoY), totaling \$369.8 million in Q1 2023, per its earnings release. UMS dropped 19% YoY in Q4.

- Sezzle attributed the decrease to renegotiating with and offboarding unprofitable merchants, credit-risk improvements, and competition.
- **Total income for the quarter rose 25.5% YoY to reach \$34.7 million**, a quarterly high despite the UMS decline.
- The increased income stemmed from Sezzle Premium adoption and other revenue initiatives in the past fiscal year, according to the BNPL provider.
- Sezzle also said it would [complete its Nasdaq listing](#) by the end of Q2.

Why this matters: Sezzle achieved profitability for the third quarter in a row.

- **Its net income was \$1.7 million for the quarter**, a major comeback from a \$28 million net loss in the same period a year ago.
- Sezzle has made profitability its key focus to position itself for long-term growth. It [cut 20% of its North American employees](#) in March, claiming the layoffs could bring \$10 million in cost savings.
- Profits have long eluded BNPL providers, but Sezzle found success by cutting costs and refocusing on revenue-driving initiatives.
- Many other BNPL providers [are on a similar path](#) to reconfigure their businesses as tighter competition and evolving ecommerce trends hurt growth across the board.

What's next? Sezzle **launched a Pay-in-2 product** to build back sales growth, [per](#) a press release.

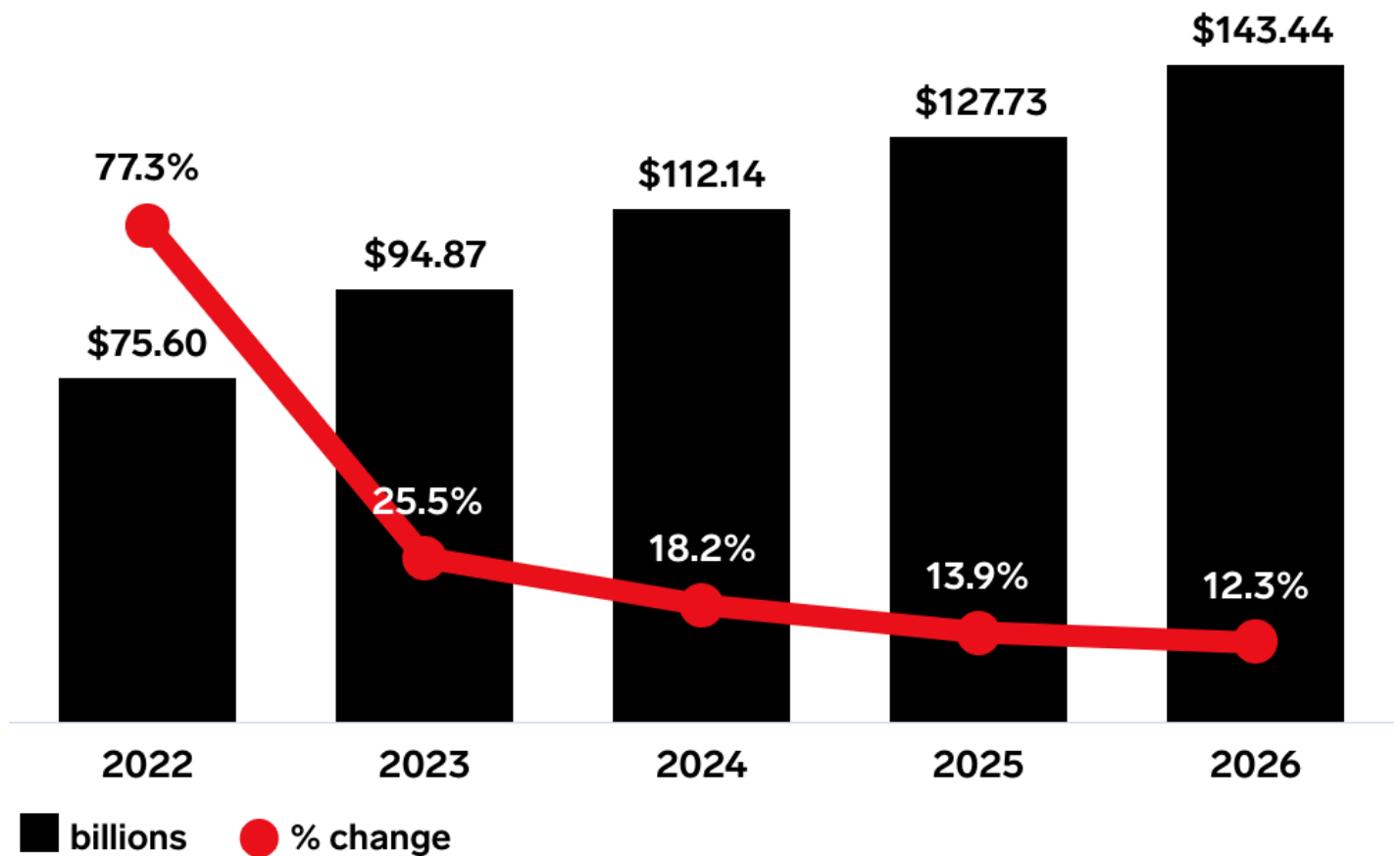
- The product lets shoppers pay half the bill at checkout and the remaining half two weeks later.
- This may help Sezzle expand into new categories where splitting purchases into two payments is more practical than splitting into four payments over six weeks or even longer plans—like groceries or monthly subscriptions.

Pay-in-2 can lead to more frequent use, growing payments volume and building loyalty among consumers. This should help Sezzle grow income and maintain its profitability path.

Digging deeper: Read our [US BNPL Feature Demand Report 2022](#) to see the features that consumers value most.

Buy Now, Pay Later Payment Value

US, 2022-2026



Note: includes products or services ordered using the internet, paid with a BNPL (buy now, pay later) service platform; excludes payments (such as bill pay, taxes, or money transfers), gambling and other vice goods sales

Source: eMarketer, June 2022

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