

Afterpay sets sights on US expansion with app-based BNPL solution

Article

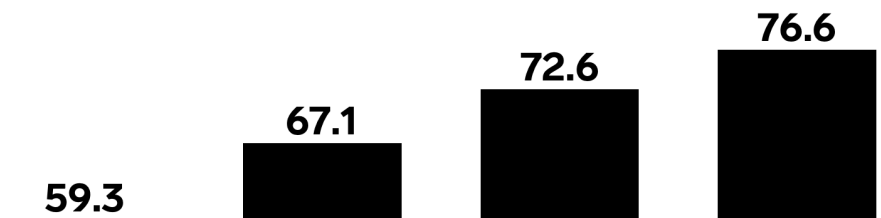
The news: Starting this fall, buy now, pay later (BNPL) provider **Afterpay** will let US customers make purchases at 13 popular retailers—including **Target, Nike, and Sephora**—that the firm isn't partnered with, [per](#) PYMNTS. Customers will be able to use Afterpay's app to shop at these retailers. This comes shortly after Afterpay [announced](#) plans to open its North American headquarters in San Francisco.

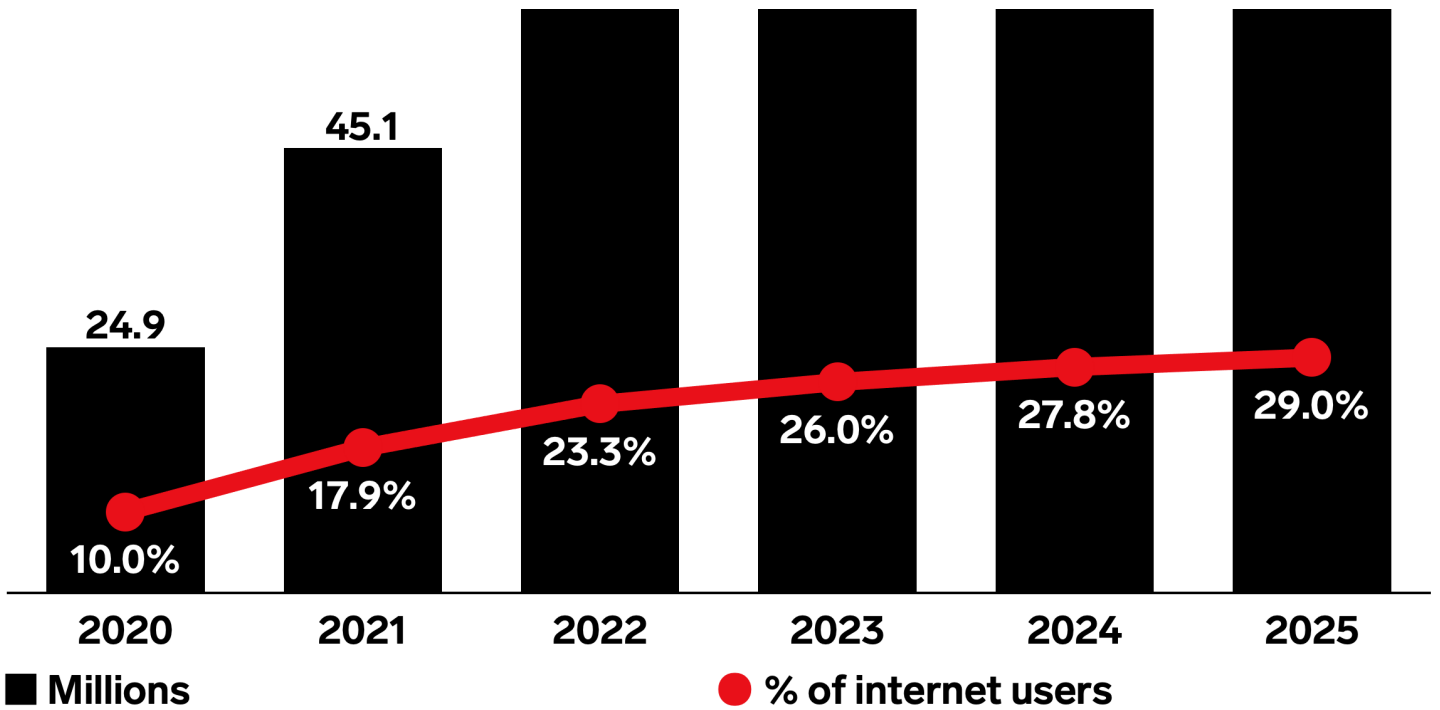
The opportunity: The app solution can help Afterpay capture more volume and open a pathway to increasing revenues.

- **Afterpay can further capitalize on a popular BNPL market.** The number of US BNPL users is projected to rise **81.1%** year over year (YoY) to hit **45.1 million** in 2021, per Insider Intelligence forecasts—making it a prime market for Afterpay to expand into. And with BNPL appetite continuing to climb, the new app solution will likely boost Afterpay’s sales volume, which surged **167%** in North America in its fiscal Q3 2021 (ended March 31, 2021) and its North American user base, which hit 9.3 million in the same period.
- **It can also increase engagement:** Offering its BNPL product at a wider selection of merchants might encourage more consumers to use Afterpay, especially those that may want to shop at specific retailers that Afterpay doesn’t currently work with. This should help it grab more US market share and keep up with competitors like **Klarna**, which already offer a similar solution.
- **The solution comes in time for holiday shopping.** A fall launch would let Afterpay maximize its presence during the holiday shopping season, when customers may be more willing to use a BNPL product to help pay for expensive gifts. This could result in a lucrative payoff for Afterpay: Holiday ecommerce sales are expected to hit **\$206.88 billion** this year, according to eMarketer forecasts from Insider Intelligence. Afterpay could also pull more customers into its platform that may end up staying with it after the holiday season.

Why this matters: Afterpay’s upcoming launch should help it grab more market share in the competitive BNPL space. This comes as providers like Klarna rapidly expand their global footprints and issuers like JPMorgan Chase and Citizens Bank offer new flexible payment solutions to capture consumers who are increasingly opting for BNPL products over credit cards.

Buy Now, Pay Later Service Users *US, 2020–2025*





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. Buy now, pay later (BNPL) services are defined as interest-free solutions provided by third-party payment platforms that allow consumers to purchase and finance a product or service, and pay in scheduled installments; also known as digital installments, installment lending, and point-of-sale financing. Users are typically allowed to pay off balances in weekly, bi-weekly, or monthly installments. Failing to adhere to a predetermined payment plan will usually lead to late fees and interest charges. Consumers access these solutions at the point-of-sale (online or in-person), usually via a merchant's website or app, via the third-party provider's app or via proximity mobile payment apps like Google Pay and Apple Pay. Examples include Affirm, Afterpay, Klarna, Sezzle, and PayPal's BNPL service. Excludes services that provide a revolving line of credit, and retailer- and bank-branded financing options.

Source: eMarketer, May 2021

Methodology: Estimates are based on the analysis of survey and traffic data from research firms, historical consumer adoption and buying trends, payment adoption trends, reported company data, interviews, demographic and socioeconomic factors, and macro-economic conditions.

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