

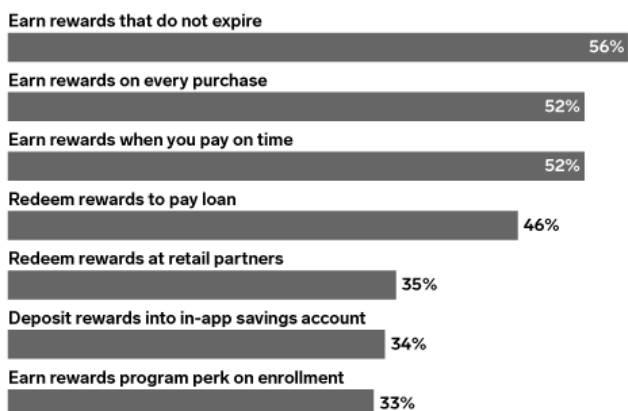
How retailers can use buy now, pay later rewards to attract Gen X consumers

Article

BNPL providers must develop consumer rewards programs to effectively compete within consumer payments. Loyalty programs are expected, with the average consumer active in seven of them. Even a modest rewards program could entice rewards-hungry credit card users, who are **expected** to generate \$3.089 trillion in credit card transaction value in 2022—nearly 41 times the projected **BNPL payment value**.

Most Valuable Buy Now, Pay Later (BNPL) Rewards Features According to US BNPL Users, July 2022

% of respondents who called each feature "extremely valuable"



Note: respondents were asked to rate each feature on a scale of 1-5 where 1="not valuable" and 5="extremely valuable"

Source: Insider Intelligence, "US Buy Now, Pay Later Feature Demand Report 2022," Sep 2022

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InsiderIntelligence.com

Rewards that never expire can lock in customers. Providers can limit the feature to accounts in good standing and promote keeping points indefinitely if customers remain active.

Allowing customers to earn rewards on every purchase provides a simple, uniform rewards value proposition. Retail promotions that do carry exceptions should state them clearly and simply.

Earning rewards for paying on time incentivizes financial wellness while spurring engagement and retention. BNPL providers could tie the reward to making all payments in one "Pay in 4" loan cycle, keeping customers engaged and in good standing. They could also tie it to paying off a certain number of loans over time.

Using rewards to pay down a loan makes the loan payment more manageable. This feature delivers on convenience and utility—as shown by credit card issuers' comparable feature of applying rewards to a credit card purchase—and it could win financial wellness points among regulators.

Segment Analysis

BNPL providers and retailers can court Gen Xers and high-income users by allowing them to redeem rewards at retail partners. Forty-three percent of Gen Xers and 42% of customers from households earning \$150,000 or more per year called redeeming BNPL rewards at their

provider’s retail partners “extremely valuable.” These consumers may be more brand loyal—and more apt to expect to apply rewards where they shop—than the average BNPL user. This creates an opportunity for BNPL providers looking to tighten relationships with customers—and the retail partners that want their business.

[Get the full report.](#)

Report by David Morris Oct 11, 2022

US Buy Now, Pay Later Feature Demand Report 2022

