

Klarna acquires social shopping startup HERO to expand merchant solutions

Article

The news: Sweden-based buy now, pay later (BNPL) firm **Klarna** [acquired](#) **HERO**, a retail tech startup that connects online shoppers with in-store retail associates via text messages,

videos, and online chat rooms. HERO lets in-store employees answer questions, offer advice, and review products to help online shoppers make purchase decisions. The acquisition is valued at about **\$160 million**, people familiar with the deal [told](#) The Wall Street Journal, and Klarna will make the tech available for all of its retail partners.

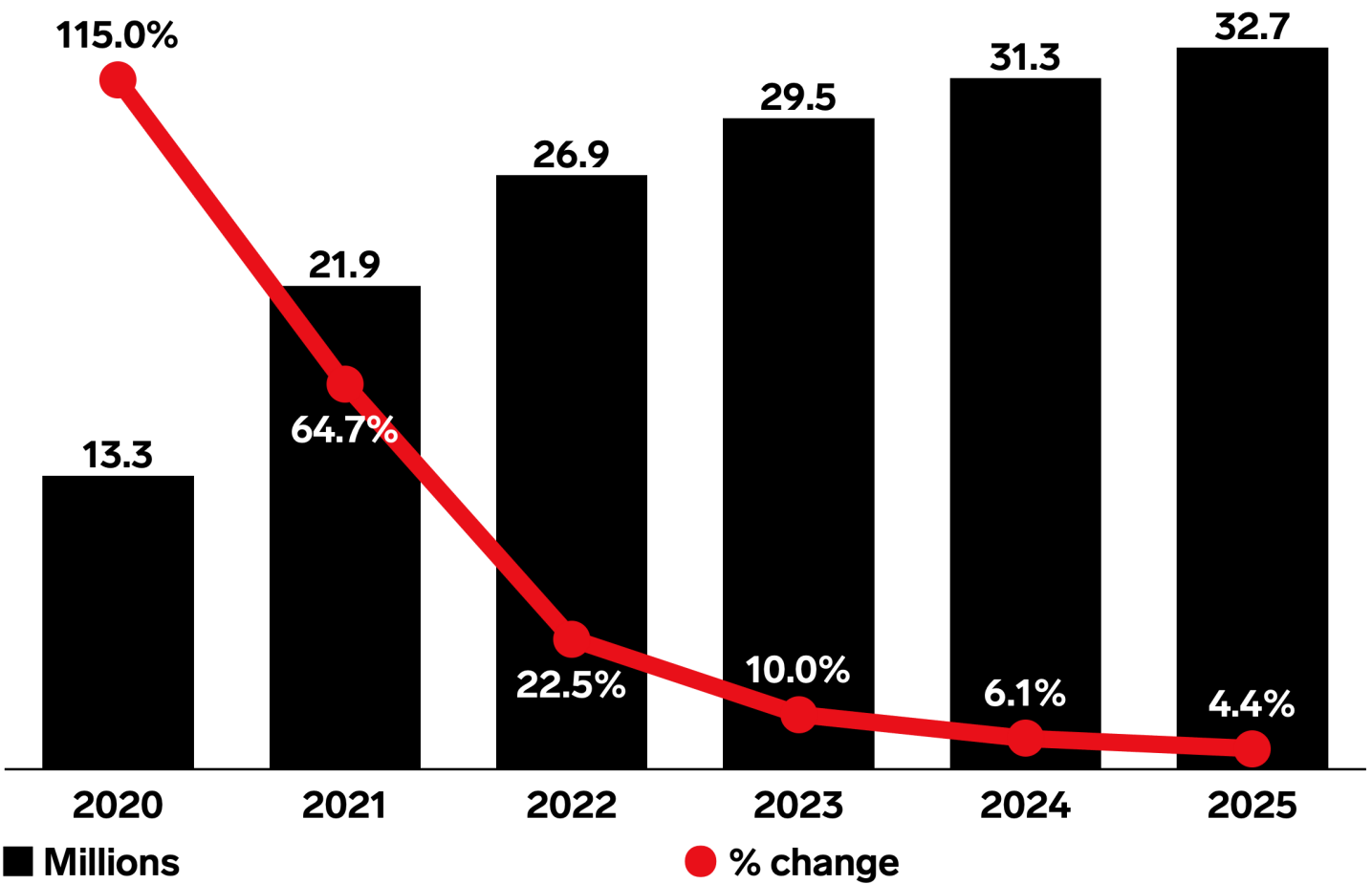
Why this matters: HERO could help retailers strengthen online customer relationships—making Klarna a more attractive BNPL partner for merchants.

- **Providing a good customer experience is more important than ever**, but many customers say firms aren't meeting their expectations: **59%** of consumers in North America feel that the companies they do business with need to improve their customer experiences, [per](#) Broadridge. Solutions like HERO help by giving online customers valuable brand and product insights and the same level of support they'd get in-store—closing the gap between brick-and-mortar and ecommerce. Having this type of support can be the difference between a completed or lost sale: Nearly **40%** of US shoppers say that knowledgeable support representatives for a brand are the **most important** element for a good customer experience, [according to](#) Bizrate Insights.
- **Giving merchants this support helps fortify Klarna's partnerships.** Merchants using HERO can avoid spending extra on customer experience personnel; they can use their in-store staff to support online customers—letting them maximize existing resources and helping improve their bottom lines with increased online sales. This is good news for Klarna's **250,000** merchant partners—and it may make them less inclined to partner with other BNPL providers that don't offer the same customer experience benefits. Maintaining these relationships is critical for Klarna because the company [generates](#) much of its revenues from the fees it charges retailers.

The bigger picture: Klarna has made a number of acquisitions in the last year to enhance customers' experiences and its overall platform—like [snagging](#) AI-based retail tech firm **Toplooks** in March and [acquiring](#) post-purchase customer experience company **Woilà** last year. Bringing in HERO furthers that push and makes Klarna a stronger competitor in the [BNPL space](#). It could also open up more revenue-generating opportunities if charged merchants for these types of services down the line.

Klarna Users

US 2021–2025



Note: Internet users who have accessed their Klarna 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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