

Why Klarna is making an omnichannel push ahead of the holidays

Article

Buy now, pay later (BNPL) provider Klarna is moving further into retail with a **new suite of tools** to bridge the online and offline shopping experience, including:

- An AI-powered shopping lens that allows shoppers to take a picture of items in their surroundings and instantly find out where to buy them in the Klarna app

- An in-store scanning feature that uses an item's barcode to provide more detailed product information like customer reviews, alternate colors or variations, and if it can be found for a cheaper price online
- A shoppable video stream with AI-powered recommendations that lets users shop from everything, including unboxing videos, tutorials, or reviews

What this means for retailers: BNPL will play a major role in how consumers shop this holiday season as they seek out budget-friendly ways to pay both in-store and online.

- **1 in 5 US consumers plan to use BNPL** to purchase holiday gifts this year, per Adobe.
- BNPL will account for \$17 billion of online spending in November and December, a 16.9% spike YoY.

Klarna's tools offer brands another way to boost discoverability and break through the holiday noise while also catering to their flexible payment needs.

What this means for Klarna: By leaning into tactics like AI-powered recommendations and shoppable video, Klarna hopes to secure a bigger share of holiday sales, which we estimate will hit \$1.317 trillion in the US this year, per our June forecast.

But Klarna isn't the only BNPL provider vying for a piece of the holiday pie.

- Affirm's partnership with Amazon will likely give it a holiday sales lift if **July's Prime Day** is any indicator. During the event, BNPL transactions accounted for 6.4% of all orders, creating \$461 million in revenues, most of which probably went to Affirm.
- **Afterpay has recently teamed up with Ikea** to offer BNPL services in-store and online for all US shoppers, which may help drive revenues for both the BNPL provider and Ikea.

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