



# CONSUMERS SHIFT BUY NOW, PAY LATER E-COMMERCE SPENDING AWAY FROM APPAREL AND FOOTWEAR AND TOWARD HEALTH AND BEAUTY AND LEISURE CATEGORIES

*As Coronavirus Outbreak Continues, New Data from Klarna Also Reveal Gen Zers, Millennials and Gen Xers Are Turning to Marketplaces When Shopping Online*

**New York, NY** (April 9, 2020) – Klarna, a leading global payments and shopping provider, today released new data that indicate consumers in the US are shifting their e-commerce spending away from apparel, footwear and accessories and toward health and beauty and leisure items as the COVID-19 outbreak continues. The company analyzed all transactions made through the Klarna app, which allows consumers to shop from any online store, to identify what product categories Gen Zers, millennials and Gen Xers are shopping for most often using Klarna's flexible payment options.

The data also revealed that Klarna's buy now, pay later options are more popular than ever, especially for purchases made on marketplace sites. The company had 1.1 million monthly active app users in the US in March and more monthly active app users in the first quarter of 2020 than in the fourth quarter of 2019, when Black Friday and the holidays typically prompt a huge surge in shopping. In addition, the number of Klarna app daily active users hit a year-to-date high on Thursday, April 2.

"The interesting thing our data uncovered this week is that consumers are focusing less on clothing, shoes and accessories and more on health and beauty and leisure categories," said Klarna CEO Sebastian Siemiatkowski. "For retailers and brands, this week's data may indicate that shoppers are choosing to buy items such as skincare and things like jigsaw puzzles and craft materials, now that they have already purchased the comfortable clothes they need to get through this work-from-home period. Our data also show that consumers are more interested than ever in using payment options that give them more flexibility and control over their finances during these uncertain times."

To identify how consumer behavior is changing in the US due to the COVID-19 outbreak, Klarna looked at purchases made through the Klarna app, which enables consumers to shop from any online store. Klarna broke out purchases into seven major categories and then analyzed how Klarna app users in three age groups have shifted their share of wallet among those categories over time.

The company analyzed purchases by Gen Zers (ages 18–23), millennials (ages 24–39) and Gen Xers (ages 40–55) over the weeks of March 29–April 4, March 22–28 and March 15–21 as well as a base period of February 1–March 7, 2020. Over the next several weeks, the company will continue to analyze transaction data to identify how the coronavirus outbreak is affecting e-commerce and consumer shopping behavior.

## KEY FINDINGS

In the week ended April 4, 2020, Gen Z, millennial and Gen X consumers who use the Klarna app decreased their share of e-commerce spending on apparel, footwear and accessories and shifted some of that spending toward health and beauty and leisure and hobby items.

- Week over week in the week ended April 4, the **apparel, footwear and accessories** category's share of all purchases made through the Klarna app decreased by 11% among Gen Zers, by 9% among millennials and by 10% among Gen Xers.
- The **health and beauty** category's share of wallet is showing an upward trend among Klarna app users in all three age groups. In the week ended April 4, Gen Zers increased their share of spending on the category by 20% week over week, while millennials and Gen Xers both increased their share of spending on the category slightly.
- Klarna users increased their share of spending on **leisure, sport and hobby** items week over week. Purchase share in this category was up 6% among Gen Zers, up 5% among millennials and up 10% among Gen Xers, likely indicating that consumers are looking to puzzles, crafts and other hobbies to entertain them while they are stuck at home.
- The **home and garden** category's share of all Klarna app-enabled purchases grew slightly among Gen Xers and millennials week over week and was roughly flat among Gen Zers.
- Klarna-enabled purchases on **marketplaces** (which include sites such as Amazon.com, Walmart.com, Target.com and eBay.com) rose among all three age groups in the week ended April 4. Among Klarna users, Gen Zers' share of spending on marketplaces was up 5% week over week, while millennials' share was up 4% and Gen Xers' share was up slightly.
- Gen Z Klarna users slightly increased their share of spending on **electronics** week over week in the week ended April 4, while millennials' and Gen Xers' share of spending on the category was roughly flat versus the prior week.

## Methodology

Klarna analyzed purchase volumes for items bought through the Klarna app, which allows consumers to shop any online store, for the weeks of March 29–April 4, March 22–28, March 15–21 and for the five-week period covering February 1–March 7, 2020. The data were distributed as share of total, and did not account for any increases or decreases of volume within any of the age groups analyzed—Gen Zers ages 18 and older (born 1997–2002), millennial (born 1981–1996) and Gen X (born 1965–1980). The data indicate only the distribution of purchase volumes among the following categories for each age group:

- Apparel, footwear and accessories: adult and kids clothing and shoes, underwear, jewelry and watches, sunglasses, bags, and wallets
- Leisure, sport and hobby: sports and outdoor gear, concept stores, hobby articles, prints and photos, costumes, and party supplies

- Home and garden: furniture, tools and home improvement, pet supplies, kitchenware, plants and flowers, and cleaning and sanitary products
- Health and beauty: personal care and haircare, cosmetics, dietary supplements, fragrances, and prescription optics
- Marketplace: items purchased from the likes of Amazon.com, Walmart.com, Target.com and eBay.com
- Electronics: diversified electronics, electronic equipment and related accessories, household electronics (including white goods and appliances), office machines and related accessories (excluding computers), and car electronics
- Intangible items: travel services and event tickets

## **About Klarna**

We make shopping smooth. With Klarna, consumers can buy now and pay later, so they can get what they need today. Klarna's offering to consumers and retailers includes payments, social shopping and personal finances. Over 200,000 merchants, including H&M, IKEA, Expedia Group, Samsung, ASOS, Peloton, Abercrombie & Fitch, Nike and AliExpress, have enabled Klarna's innovative shopping experience online and in-store. Klarna is the most highly valued fintech in Europe, with a valuation of \$5.5 billion, and one of the largest private fintechs globally. Klarna was founded in 2005, has over 3,000 employees and is active in 17 countries. Klarna's North American offices are in Columbus, Ohio; Los Angeles; and New York. Klarna Credit is issued by WebBank, member FDIC. For more information, visit [klarna.com](https://klarna.com).

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