

Commentary by

competiscan

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'Tis the Season for Alternative Payment Options

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With Amazon Prime Day serving as the unofficial kick off to the holiday season this year, the trend continues for 2020 as a year of adaptation amidst the disruption.

This too will be the case for the push to capture holiday spend and the tactics used by retailers and credit card issuers to encourage consumers to shop during this peak seasonal period.

The retail landscape has undoubtedly changed due to the pandemic's influence. Consumers' adoption of online and digital commerce experiences has accelerated. Couple this increased reliance on online shopping with the current economic conditions and so was born the ideal scenario for the latest payment model to be thrust into the spotlight. Buy Now, Pay Later (BNPL) or the option to select interest-free installment payments at checkout has risen exponentially in the past year.

Emerging installment plan providers such as **Klarna**, **Affirm**, and **Afterpay** have been around for some time, but in recent months more and more retailers are jumping on board in order to provide alternative payment options and a seamless transaction experience during checkout.

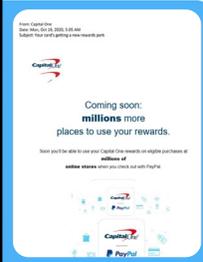
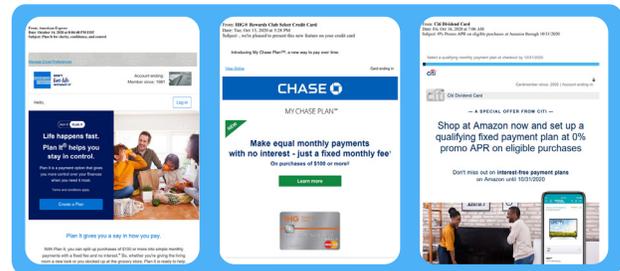
In September 2020, Competiscan observed a 125% year over year increase in mentions of Buy Now, Pay Later or similar installment plan payment options in retailer emails.

How will this impact credit card usage?

Holiday spend is a large contributor to the growth in outstanding balances for credit card issuers and this alternative option for consumers, especially the younger demographics, may pose a threat to their piece of the holiday pie.

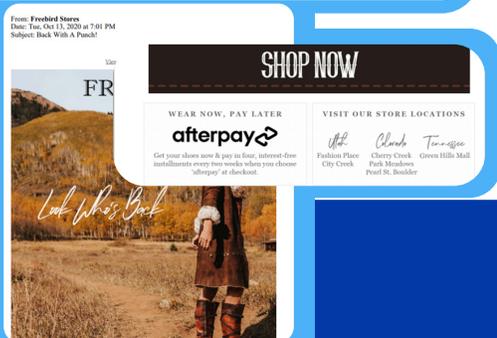
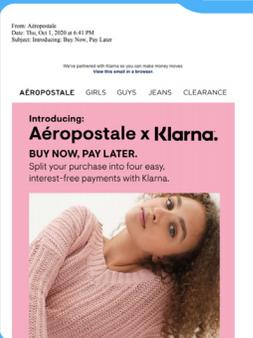
Credit card issuers are responding with their own alternatives and launching marketing campaigns that share a similar message of options through installment plans, and new payment features where reward points can be redeemed at checkout with online retailers.

American Express, **Chase**, and **Citibank** all offer their own installment payment options and have been observed picking up the pace on their marketing efforts to raise awareness.



Just this week, **Capital One** released a teaser campaign promoting a new rewards perk in which rewards points can be used on eligible purchases with millions of retailers when the cardholder checks out with PayPal.

Ultimately, this holiday season will likely have accelerated marketing efforts and consumers will be presented with more innovative ways to make purchases and manage their spending than they have seen before. Will their appetite to adopt and try new methods of payment continue? If there ever were a time to place your bets on it, 2020 may be the year.



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