# Klarna UK Consumer Survey: Retailers must develop emotional intelligence to win over new generation of online shoppers

Millennial generation three times more likely to feel excitement while adding items to their online basket, compared to older shoppers Negative emotions also play a role in decision-making - with millennials more than five times as likely as over 55s to feel guilt at the point of payment

Retailers must develop emotional intelligence (EQ) and alter their customer journey accordingly to nudge shoppers to a better online experience

A consumer research study recently put out by Klarna UK also shows that 16 – 34-year olds are more likely than older generations to be influenced by emotional factors when shopping online.

## The millennial emotional rollercoaster of the millennial customer journey

For the millennial generation - the largest group of online shoppers - the traditional linear customer journey is more akin to a rollercoaster, marked by highs and lows of emotion. According to Klarna UK's consumer research, millennials experience higher levels of anxiety, impulsiveness and impatience than their older counterparts. Klarna UK's consumer research shows two thirds (68 percent) of millennials reported feeling excitement when adding items to their online basket, compared to less than a quarter (24 percent) of people over 55.

The flip side of this excitement is lows caused by anxiety and guilt, with 52 percent of millennials saying that they worry that they can't afford the purchase during checkout, compared to only 16 percent of over 55s. One in five millennials have abandoned a purchase because of worry about regretting it later.

# Increasing merchant EQ

The extremes of emotion experienced by millennials must be navigated carefully so retailers can effectively guide this group through the purchase process.

Allowing shoppers to try before they buy is an easy way to build brand loyalty - findings from Klarna UK's consumer research shows that 20 percent of millennials would feel less guilty if they were offered deferred payment options, and one in five would be more likely to complete a purchase if they knew they could spread the cost over time. It's vital that merchants offer these choices at the checkout - so millennials can be reassured a transaction is achievable.

#### The buzz of the basket

The consumer research debunks the myth that items added to a basket show a clear intention to purchase. In fact a significant 89 percent of millennials use the basket as a tool to review costs, while more than three quarters often use their basket as a wish list, compared with only 29 percent of over 55s. Meanwhile, nearly three quarters (74 percent) admit to indulging in 'buzz browsing' - adding items to a basket with no clear intention to buy.

Crucially, 58 percent of millennials are more likely to complete a purchase if an online offer is going to expire, so tapping into this fear of missing out by offering time bound incentives and educating shoppers about pay after delivery or consumer finance options can encourage customers to complete their purchase. Simple website features such as showing stock levels and displaying expert advice from social influencers can all help retailers nudge this important group of consumers to checkout.

Luke Griffiths, UK General Manager, Klarna, said: "Our insight proves that the online customer journey is more complex than ever, with shoppers being driven by emotional factors. Retailers must develop EQ to deliver a positive online customer experience that smooths the highs and lows.

"Payment is still a sticking point for many consumers - with one in four feeling frustrated when the checkout doesn't remember their details and one in four millennials saying that they are more likely to complete a purchase if one-click payments are in place. Competition in the marketplace is fierce, winners will be retailers that build shopper affinity by offering a fast, easy checkout with flexible payment options."

And new analysis by the University of Reading, commissioned by KLARNA UK, offers advice for retailers on how to engage hearts as well as minds to reach today's online shopper, while offering academic insight into future commerce trends.

Dr. Julia Vogt, assistant professor in Psychology at the University of Reading, commented: "Applying behavioural psychology can help us understand what consumers love and hate about online shopping. Emotional factors can cause hesitation in the process which can derail a purchase right up until the final payment. By understanding the role of heart as well as the head, retailers can create effective customer engagement strategies to nudge consumers to conversion."

Visit www.klarna.com/uk/emotion to find more data and insight, including:

- Analysis and advisory report for merchants Emotional eCommerce from Klarna UK and Reading University
- Infographics on the generational and gender differences of online shoppers
- Infographic on millennial emotions at each stage of the online buying journey
- Animation summarising millennial shopping behaviour and advice for merchants

## **Notes to editors**

Emotional eCommerce, Research Report by the University of Reading in conjunction with Klarna UK

Klarna's consumer research: *Emotional eCommerce* was a Survey of 2,000 consumers across the UK conducted by Censuswide in June 2017.

#### **About Klarna**

Klarna is Europe's leading payments provider, that aims to make the payment process simple, smooth and safe for customers and merchants. The company, founded in 2005, was recently named as one of the top disrupter companies in the world by CNBC. Klarna works together with 70,000 merchants to offer payment solutions to more than 60 million users in Europe and North America. Klarna has 1,500 employees and is active in 18 countries.