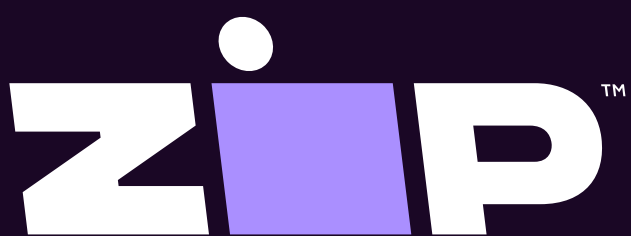


2025



Unlock growth with insights from Zip's loyal shoppers

The numbers in this white paper are based on sample survey data undertaken on Zip and non-Zip customers.



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QUICK SUMMARY

Insights to drive business growth

E-commerce and retail executives are facing increasing pressure to grow revenue and retain customers in an intensely competitive market. While many double down on traditional strategies, they often overlook a critical—and high-potential—growth lever: payments optionality.

The check-out screen today is often a colorful melange of logos of various payment brands. This is because **payment solutions are more than just a checkout feature—they represent a powerful opportunity to reach new audiences, recover lost sales, and build deeper customer loyalty.**

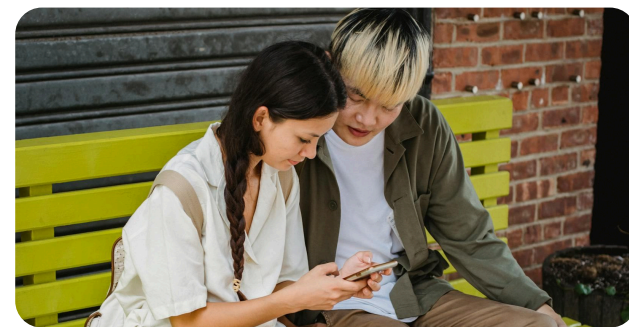
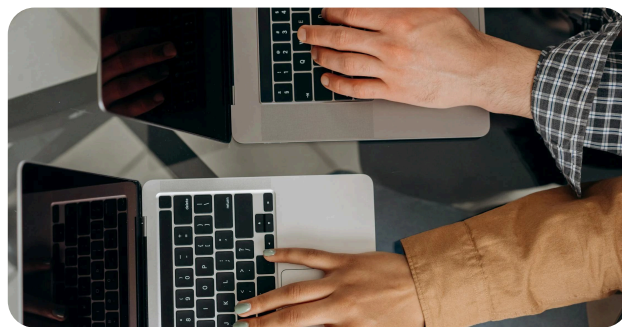
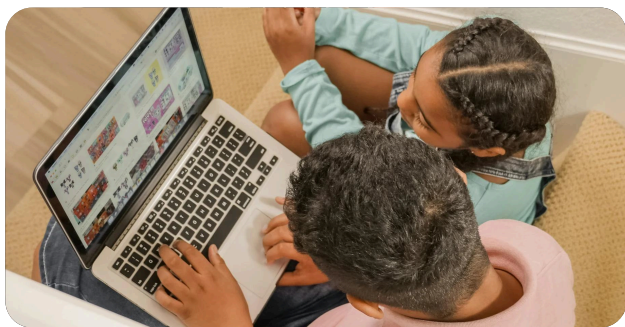
Only have 2 minutes? Here's what you need to know:

- **Expand your reach:** Connect with 4.2 million active Zip customers¹ in the United States, primarily female millennials who are often the primary shoppers for their households
- **Foster loyalty and retention:** In 2024, 96% of transactions were by repeat customers²
- **Boost conversions:** Zip's mobile-first, omnichannel strategies help reduce friction and recover abandoned sales
- **Deliver ease and confidence:** 86% of customers find Zip's flexible payments easy to use³, and 89% value the intuitive, streamlined application process³

Flexible payments are not just a transactional tool—they are a growth strategy for merchants who want to unlock untapped potential and outperform the competition.

1 Who are high-intent shoppers, and how can they drive growth?

Your next growth opportunity isn't in product—it's in people. **Over 100 million everyday Americans are financially underestimated³ by the traditional system. For them access to flexible credit is critical for cashflow and budget management.** With almost half a decade of experience building financial products and experiences for these audiences, Zip has an unparalleled understanding of the everyday needs and challenges of everyday Americans.



Hundreds of thousands of similar customers are visiting your retail environments daily. These audiences are high-intent shoppers with considerable purchasing power annually. Serving them a payment option that is designed specifically for them can help not only drive repeat engagement for you, and empower your customers.

We also know that these customers:

Represent a broad customer base:

- Zip's core customer is predominantly female with millennials dominating the mix, followed by Gen X, providing strong engagement across prime spending age groups

Have a nationwide presence:

- Customers span urban and suburban regions, skewed to larger states in the south and California and New York

Takeaway: Getting access to these high-intent and high-potential shoppers requires a partner with an empathetic understanding of their needs.

2 Empowering shoppers: why customers choose flexible payments







Understanding why shoppers consistently choose flexible payments can help businesses design experiences that foster loyalty and long-term engagement. Beyond convenience, these solutions resonate deeply with customers who seek flexibility, ease of use, and trust in their financial choices.

Key drivers of shopper satisfaction:

- **Ease and accessibility:** 86% of customers find Zip's flexible payments easy to use⁴, and 89% value the simple, intuitive application process⁴
- **Trust and high value:** 81% of users trust Zip as a payment provider⁴, and 81% also see significant value in the service⁴

Why customers love flexible payments:

According to Zip NPS surveys, customers consistently cite reasons that reflect their appreciation for genuine care and financial empowerment:

- | | |
|--|---|
|  Support during emergencies |  Financial flexibility that helps them manage expenses |
|  Feeling valued by the service |  Convenience and ease of use |
|  Access to versatile merchant options |  No negative impact on credit scores |

Takeaway: Shoppers value services that prioritize their needs, offering convenience, trust, and financial support. By aligning with flexible payment solutions, merchants can connect with customers on a deeper level, driving satisfaction and loyalty.

3 Where and how they spend

Installment payments is gaining mainstream adoption amongst Americans across all age groups and income levels. In 2024, 6% of ecommerce transactions were processed via installment payment services.⁵

Consumers are increasingly using installment payments for a diverse range of products, including essential purchases. In 2019, 80.1%⁶ of all BNPL shares of dollar originations were in the Apparel and Beauty category. By 2021, this number had dropped to 58.6%⁶ as the share of dollar originations in other categories grew - Education (1028%)⁶, Groceries (731%)⁶ and even Utilities (885%)⁶. (CFPB, 2022)

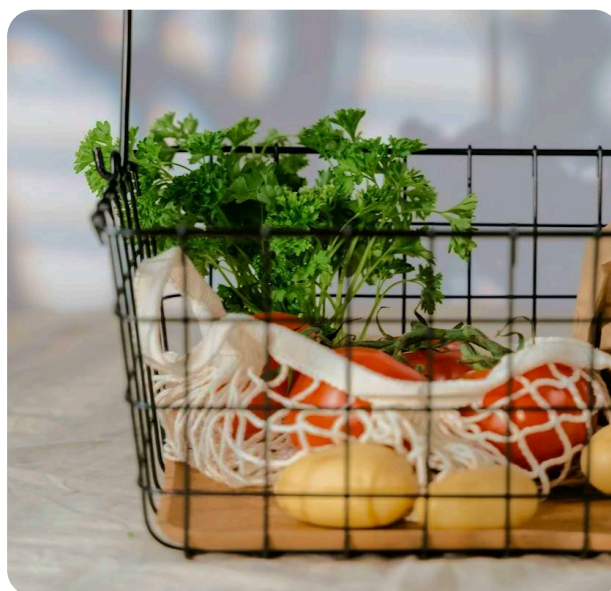
At Zip, we continue to see growth across all categories and specifically in high-demand sectors such as **everyday purchases, electronics and travel**. In addition, a large majority of transactions occur via mobile app,² highlighting the importance of mobile-first strategies.

Top growing categories



Education⁶

+1028%



Groceries⁶

+731%



Utilities⁶

+885%

Takeaway: Maximize sales by understanding where customers shop and what they buy.

Category

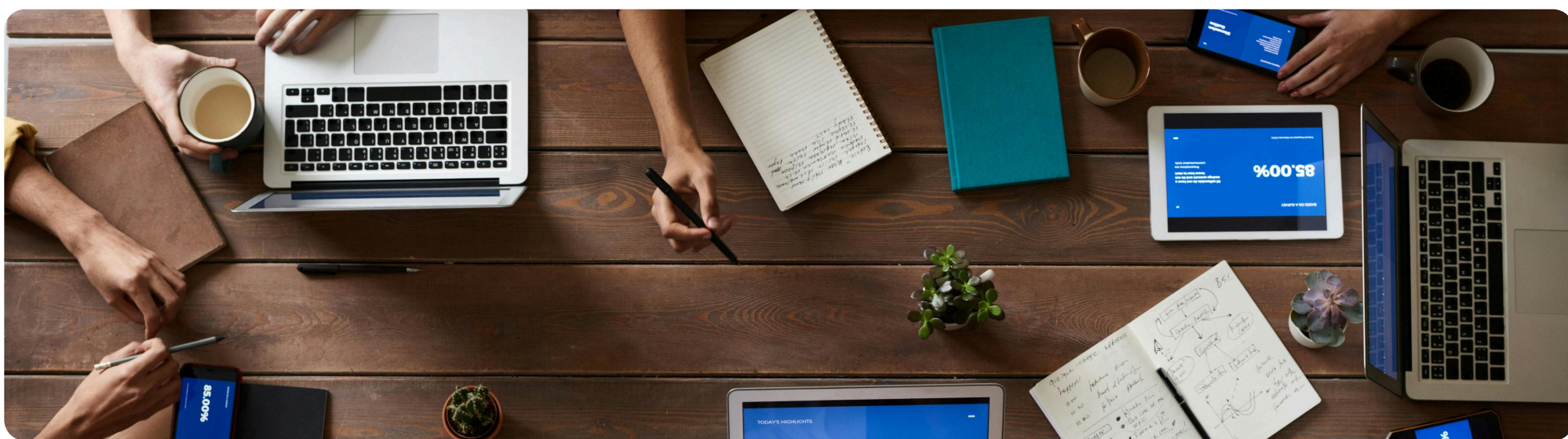
Examples of popular items

Electronics	Smart phones, tablets, laptops, gaming monitors, keyboards
Clothing & Accessories	Handbags, jewelry, hats, pants, shirts, swimwear
Baby & kids	Baby/kids toys, baby/kids clothes, car seats, strollers, cribs
Health & Wellness	Health supplements, protein powder, fitness equipment, energy bars, vitamins, workout gear
Beauty & personal care	Skincare, makeup, haircare, bath and body products
Pets	Pet essentials, pet toys, pet accessories, pet grooming, pet health products
Home & garden	Bedding, outdoor furniture, home decor, bath accessories, kitchen appliances, lighting
Home improvement	Tools & hardware, electrical, plumbing, flooring, paint
Subscriptions & memberships	Gym memberships, streaming subscriptions, magazine subscriptions, subscription boxes
Books & media	Audiobooks, e-books, physical books, comic books, records
Office supplies	Office furniture, office electronics, stationary, shipping supplies
Education	Textbooks, school supplies, educational software, tutoring services
Entertainment	Concerts, sports events, theater, movies, amusement parks, zoos
Travel	Plane tickets, hotel stays, travel accessories, luggage, rental cars
Automotive	Car maintenance, car parts, tires, oil, batteries, car repair

4 Winning strategies for merchants

With Zip, the relationship with retailers begins with integration at check-out. Zip brings a custom playbook with insights and learnings developed over half a decade of partnerships with thousands of retailers and merchants, spanning multiple industries. We can help unlock growth by implementing custom tactics that align with high-intent customer preferences in your category:

- **Promote financial flexibility:** Fixed fee installments appeal to customers balancing tight budgets or looking to manage larger purchases
- **Engage Millennials and Gen Z:** Focus on convenience, value, and tech-friendly experiences to attract these digitally native, high-spending generations
- **Leverage family-oriented offers:** With 54% of users living in family households⁷, merchants can attract these shoppers by offering discounts on essentials or bundling products
- **Bridge online and offline:** Provide seamless in-store and online experiences, ensuring omnichannel checkout options
- **Focus on mobile optimization:** With a large majority of transactions occurring via app², merchants that enhance mobile shopping experiences can increase both visibility and conversions



Takeaway: By adopting strategies tailored to customer preferences, merchants can maximize satisfaction, retention, and sales.

5 **Serve with confidence: financial profiles and risk mitigation**

With over half a decade of experience designing innovative financial solutions for millions of everyday Americans, **a best-in-class decisioning engine and Payment Experience (PX) strategy has been engineered through Zip**. The payment risk associated with shopper installments is assumed through Zip so our merchant partners receive full payment upfront. It's a model that unlocks new revenue while safeguarding margins, empowering merchants to serve confidently.

Low risk with high reward:

- CFPB cites the BNPL industry default rate at 2%.⁸ Zip's loss rate sits below this currently, with a low rate of 1.4%¹
- Our flexible payment options help customers align payments with their cash flow, fostering financial stability and reducing risk

Flexibility for varied incomes:

- Majority of our customers are employed full-time⁷; the remaining users include part-time workers, students, and self-employed individuals, highlighting the broad appeal of Zip's payment solutions
- More than half our consumer users receive bi-weekly income⁷, seamlessly aligning with Zip's payment flexibility to help customers manage cash flow effectively
- Payment schedules are designed to align with typical customer repayment patterns, helping support flexibility and responsible usage

Household structure:

- Our data reveals a variety of household structures among Zip customers, including 54% of users who live in family settings with young children⁷, highlighting how Zip supports families managing diverse financial needs

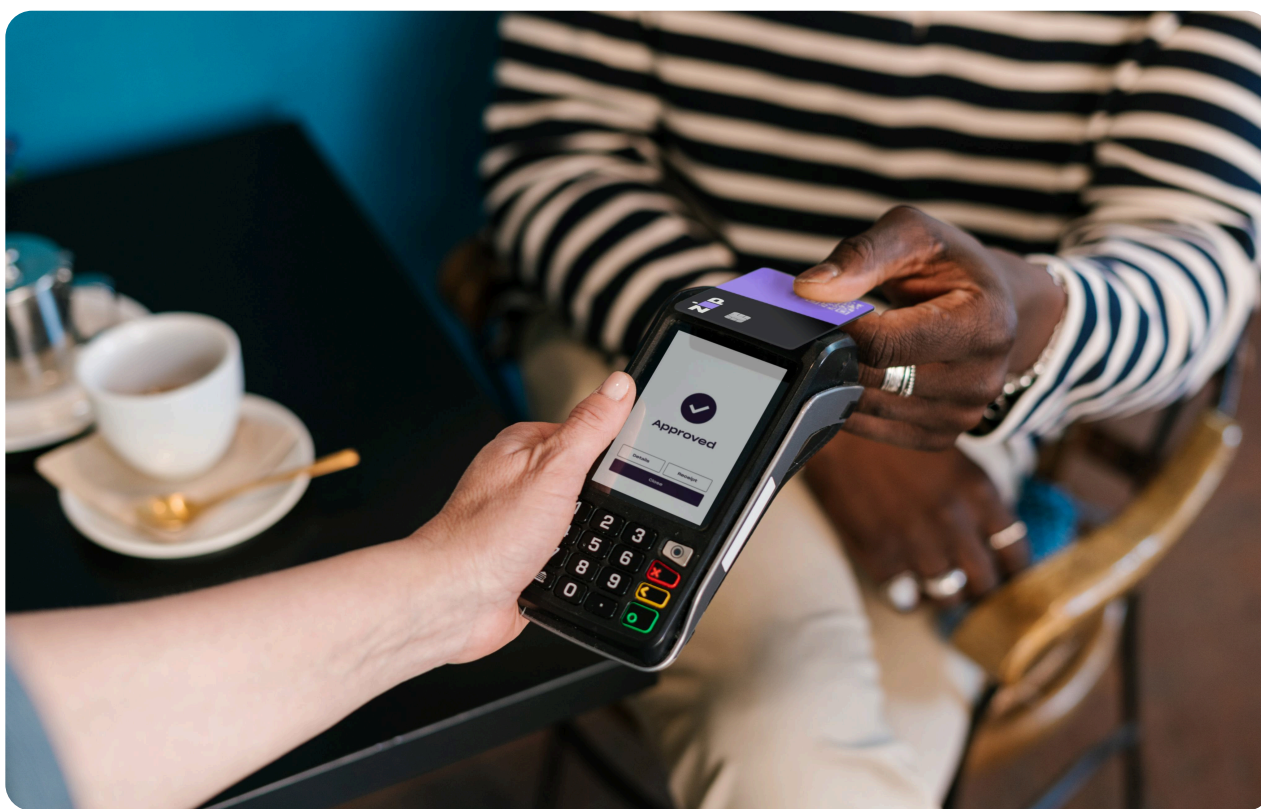
Takeaway: Businesses can confidently expand their customer base by serving new segments and unlocking new revenue streams.

6 Real stories, real loyalty

Building a loyal customer base is essential for businesses seeking sustainable growth. High-intent shoppers who use flexible payments demonstrate strong brand affinity, repeat purchasing behavior, and advocacy.



High repeat purchase rates: In 2024, 96% of transactions were by repeat customers², demonstrating consistent engagement



Preferred payment solution: Customers consistently choose flexible payment options that align with their budgeting needs, fostering ongoing trust and satisfaction

Shoppers using flexible payments often share how these solutions improve their lives. Here are just a few examples:

Zip helped me out when others denied me, was such a blessing! Would definitely recommend to others!

—Amanda, April 2025

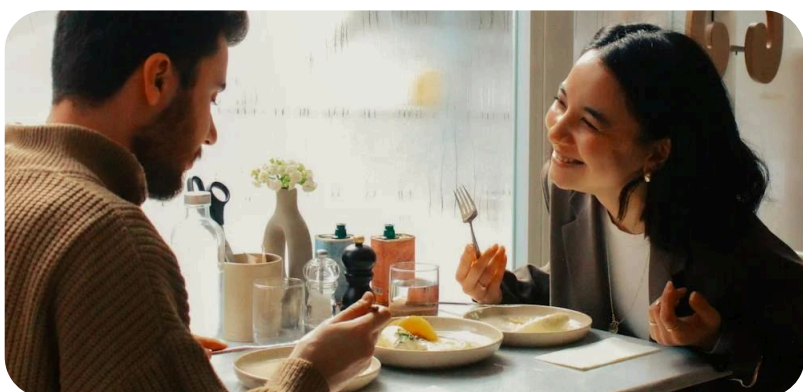
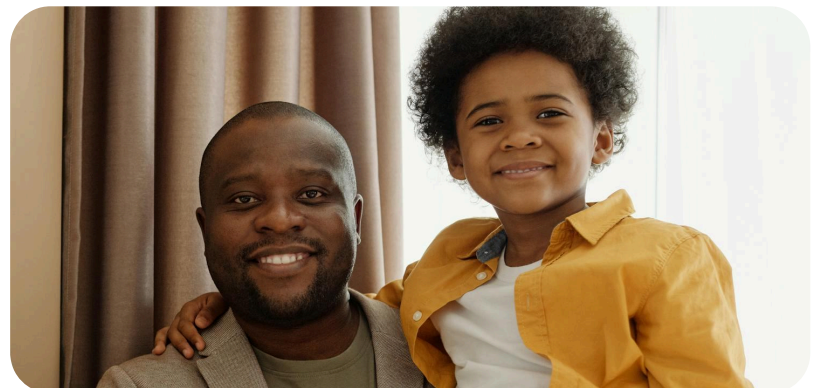


Easy to use and instructions were provided and easy to understand. Also a great feature to not have to pay all at once.

—Matthew, April 2025

Zip is a convenient way to make your big shopping have small impact on your wallet. Payments are deferred so the customer can buy now and pay later. A must use tool for shoppers on a budget.

—Christopher, December 2024



Best app for budget. Better than credit card.

—Koko, January 2025

Takeaway: Loyal customers aren't just repeat buyers—they're your brand advocates. By offering flexible payment solutions that foster trust and financial empowerment, merchants build lasting relationships, lower acquisition costs, and unlock long-term revenue.

Ready to drive business growth?

Flexible payment options are more than just a checkout solution—they are a proven strategy for growing revenue, expanding reach, and increasing customer loyalty.

Explore your potential: Book a demo to discover actionable insights tailored to your business, including how to:

- Recover revenue from failed transactions
- Increase average order values and basket sizes
- Tap into loyal audiences that value financial flexibility

[Book a demo](#)

Book a demo today and explore how flexible payment solutions can transform your business strategy.



Fine print:

This whitepaper was prepared by the Zip Research and Insights team in May'24 using comprehensive market analysis, independent transactional data, and extensive customer and merchant surveys. Our team is dedicated to providing valuable insights to help merchants optimize their business strategies and maximize the benefits of BNPL services.

Sources used:

1. Q3 FY25 Results Update released to the ASX
2. Zip transaction data for 12 months ending in Dec 2024
3. Based on a survey with n=2007 Americans nationally representative, numbers are reflective of unlocked customer segments of underserved Americans and are not reflective of Zip's customer base, Dec'23
4. Based on Zip's NPS survey with n=3265 customers Oct '22 to Sep '23
5. Based on Worldpay Global Payments Report 2025, released in Mar'25
6. Based on CFPB's Buy Now, Pay Later: Market trends and consumer impacts report released in Sep'22
7. Based on a survey with n=1539 Zip customers in 2024
8. Based on the CFPB report on Highlighting Consumer Use of Buy Now, Pay Later Products On average, between 2019-2022, BNPL borrowers defaulted on 2 percent of their BNPL loans.

The numbers in this white paper are based on sample survey data undertaken on Zip and non-Zip customers OR add footnotes for each research-based proof point.

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