

Buy Now, Pay Later

In recent times, "Buy now, pay later" (BNPL) firms such as the Swedish brand Klarna have emerged, offering customers the opportunity to pay for products in instalments post-purchase – initially without any requirement for them to undergo a credit check to ascertain affordability. However, after facing criticism that such services may normalise or encourage people to take on unserviceable debt, various governmental bodies across Europe have placed new rules upon BNPL firms. In the UK, buying items

using Klarna does now require the running of a hard financial credit check, and so excessive reliance on the service or missed payments will now be recorded on permanent credit files.

Klarna.
smooth shopping

- 1 to emerge tu ɪ'mɜːdʒ wɪ'ʌniəts sɪə
- 2 instalment ɪn'stɔːlmənt tu: rətə
- 3 requirement rɪ'kwaɪəmənt wɪmənənt
- 4 to ascertain sɪθ tu ˌæsə'teɪn 'sæmɪŋ wɪmɒŋ
- 5 to encourage sɪθ tu ɪn'kʌrɪdʒ 'sæmɪdəl
- 6 unserviceable ʌn'sɜːvɪsəbəl nɪzədnɪ do
- 7 reliance ɒn sɪθ rɪ'laɪəns ɒn 'sæmɪŋ
- 8 poleganie na czymś, zdawanie się na coś

INFOBOX

towards items we believe could be rare or in short supply, then the power of this effect is amplified further still.

Decoy³⁴ Pricing³⁵

Decoy pricing forces customer choice by crafting a range of options designed to direct buyers towards the one the company actually wishes to sell. This involves offering "decoys" which feature either a significantly inferior product with a slightly lowered price; a mildly superior one at a vastly higher price; or a combination of the two.

This is a popular method of selling Software as a Service (SaaS) subscriptions, where software is centrally hosted and made available online. In this context, three subscription options are typically offered: an elite option at a noticeably higher price but with maximum

In this method, the psychological bias consumers have towards overvaluing the first piece of information they receive gives sellers the upper hand²⁶. In price anchoring, sellers will deliberately³⁰ show two prospective values, one higher (the anchor³¹) and one lower.

The anchor value establishes the worth of the product in the minds of the consumer, and the discounted value is immediately seized upon³² as a not-to-be-missed opportunity to snatch a bargain³³. When you combine this with our natural attraction

Price Anchoring

Let's look at some key pricing strategies sellers of all types rely on²⁷.

main compelling²⁶.

endless competition from a wider spectrum of rival businesses, online companies need to work much harder in order to regain compelling²⁶.

Freemium Pricing

Freemium pricing can be thought of as a twist on the idea of decoy pricing. Here,

functionality; a budget option featuring severely restricted functionality but also with a much higher than expected price; and a mid-range option which strikes the best balance by offering essential functionality but at a price much, much closer to the budget option.

The decoy pricing model relies heavily on a cognitive⁴⁰ bias called the compromise effect. Here, consumers seek out the median option and reject⁴¹ "extreme" options. Nobody would want to pay too much for limited gain, but conversely a budget option is always perceived as inferior regardless of⁴² whether or not it actually is. By making these extremes obvious to consumers, decoy pricing establishes a clear purchasing priority for the customer.

- 25 in order to ɪn 'ɔːdə(r) tə ɒbi, zɛbi
- 26 compelling kəm'pɛlɪŋ tu: przysknuwający
- 27 to rely on sɪθ tə rɪ'laɪ ɒn 'sæmɪŋ pɒləgaɪ na
- 28 bias 'biəs tu: nastawienie
- 29 to give sb the upper hand tə gɪv 'sæmbədɪ ðə 'ʌpə(r) hænd dɔwɔk komus przewagę
- 30 deliberately dɪ'lɪbəreɪli celowo
- 31 anchor 'æŋkə(r) kotwica, tu: oparcie, ostoja, podstawa
- 32 to seize upon sɪθ tə siːz ɪpɒn 'sæmɪŋ
- 33 to snatch a bargain tə snæʃ ə 'bɑːgən zɪpək okazję
- 34 decoy dɪ'kɔɪ przynęta, wabik
- 35 pricing 'praɪsɪŋ kształtowanie ceny
- 36 to involve sɪθ tu ɪn'vɒlv 'sæmɪŋ zɪkɔdɔk, obajmować coś
- 37 either... or... 'aɪðə(r)/'iːðə(r)...ɔː(r) albo... albo...
- 38 inferior ɪn'fɪəriə(r) niższy, gorszy
- 39 noticeably 'nəʊtɪsəbəlɪ wyrażnie, odczuwalnie, zauważalnie
- 40 cognitive 'kɒɡnətɪv poznawczy
- 41 to seek sɪθ ɔʊt tə sɪk 'sæmɪŋ ɔʊt odszukiwać
- 42 to reject sɪθ tə rɪ'dʒekt 'sæmɪŋ odrzucić coś regardless of sɪθ rɪ'ɡɜːdləs əv 'sæmɪŋ bez względu na coś