

Apple Pay Later gaining market share quickly – Who should be concerned

PAYMENTS CARDS & MOBILE

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The entire buy now pay later (BNPL) industry was put on notice when Apple announced the launch of [Apple Pay Later](#) in March.

Apple Pay Later gaining market share quickly

While it has only been a few short months since its release, a recent survey of 8,000 consumers shows how quickly Apple is making its presence in the market known.

According to J.D. Power survey respondents, Apple Pay Later has been used by more consumers than established brands such as Sezzle and Zip since its launch.

Nearly one-fifth (19%) of BNPL customers used Apple Pay Later in its first three months. PayPal was still the most-used BNPL brand over the same period (39%), with Afterpay (33%) as the next-most used brand.

The average Apple Pay Later user tended to be more financially healthy than most other BNPL customers, potentially giving it a more sustainable user base than its competitors.

That said, Apple did attract a higher percentage of overextended users vs. other brands in its early days, which may have resulted from existing BNPL users' willingness to try a new payment option from what they consider a trusted brand.

Leveraging the Apple Name

It should come as no surprise that Apple was able to gobble customers up from BNPL competitors almost immediately.

Even after a tough 2022, the Apple brand is valued at \$297.5 billion, making it the second most valuable brand in the world.

Customers report relatively high satisfaction with new Apple products when compared to solutions from companies with decades of experience in the same industry.

With its BNPL solution, Apple continues strengthening its financial services catalogue. But the company's power doesn't just come from its brand name. It also has a global network and vast resources to help it enter new markets seamlessly.

Scaling Quickly

Apple has some sizable advantages over its BNPL competitors, who had to attract users and build merchant acceptance one at a time. Apple was able to instantly tap its army of Apple Pay users and existing global acceptance footprint to create instant scale.

The company immediately made Apple Pay Later available to millions of potential customers when it launched in March.

That's because Apple Pay Later can be used wherever Apple Pay is accepted, including over 85% of US retailers, making it easy for consumers to access the service.

From a technological standpoint, Apple Pay Later can be directly managed within Apple Wallet, available to any customer with a compatible iPhone, iPad, Apple Watch, or Mac.

The company will also integrate the BNPL solution into its app store, which saw more than 650 million average weekly visitors in 2022.

A New Crop of Customers

The research also suggests that Apple may be attracting first-time customers who otherwise may never have considered BNPL as their preferred payment method.

The survey responses indicated that early adopters of Apple Pay Later were more sceptical of BNPL. They were more likely to agree with the sentiment that “BNPL lenders are predatory.”

They also responded with a lower-than-average agreement with the statements “BNPL options are helpful to consumers” and “BNPL is an option I wish I always had when buying things.”

This suggests many Apple Pay Later users may not have used BNPL through another provider before.

Apple may be leveraging its strong brand image and easy-to-use solution to attract BNPL users who would never have otherwise considered it a viable payment option.

Taking a Bite Out of the Competition

Of its competitors, [PayPal](#) and [Zip](#) users were likelier than users of other BNPL brands to try Apple Pay Later. 17% of survey respondents who paid with PayPal most often and 17% who paid with Zip most often during the period said they tried Apple Pay Later as well.

Apple’s ability to attract shoppers who skew healthier and more sceptical of BNPL options may be most problematic for PayPal, which has traditionally attracted similar users.

Meanwhile, Zip has a higher proportion of young customers who may be more likely to move to Apple Pay Later because of their affinity for Apple-branded products.

Ultimately, no other BNPL company currently compares with Apple’s brand recognition, technological cachet, and network effects.

Even PayPal, a traditional payments juggernaut with a large base of active BNPL users and a brand valued at \$75 billion, has its work cut out to withstand Apple’s entry into this space.

Time will tell if Apple’s growth in BNPL is fuelled more by new users or migration of existing users from other brands but, either way, the tech-giant-turned-fintech is off to a conspicuous start.