

Impact of Buy Now Pay Later and Online Discounts on Consumer Buying Behavior in E-Commerce of Fashion Brands

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ABSTRACT

The growth of e-commerce has played a major role in shaping consumer behaviour. This paper focuses on the impact of Buy Now Pay Later and discounts in consumer behaviour. Buy Now Pay Later refers to a facility that allows consumers to make purchases without having to pay at once and increases the affordability level. On the other hand, discounts offered online provide a greater sense of value to the consumer and generate urgency to buy.

The overall effect of the combination of the two is that it causes consumers to engage in impulsive purchases and spend more. Based on previous knowledge and theoretical information, the effects of these two on modern consumer behaviour will be discussed. The paper not only offers insight into how to create an effective marketing campaign but also emphasizes the importance of proper consumer spending behaviour.

Key words: BNPL, Online discounts, Consumer Buying Behaviour and Impulse Buying Behaviour.

INTRODUCTION

The fast development of digital technology and the popularity of the internet have played a significant role in the transformation of the retail industry into e-commerce. There are many categories of products sold online; however, fashion products have become among the most popular because of their variety and regular discounts. E-commerce retailers always use some new ways of attracting buyers, and one of them is using buy now pay later and online discounts. This trend is visible across major fashion e-commerce platforms — brands such as H&M, ASOS, and Zara have integrated BNPL providers like Klarna and Afterpay into checkout, while platforms like Myntra and Shopee run recurring flash-sale and pay-later campaigns to drive fashion purchases.

Buy now pay later is a payment system when customers can get products immediately and pay for them later or in Instalments without paying any additional money for that. This payment method gives an opportunity to make shopping more affordable. At the same time, online discounts give consumers a feeling of saving and urge them to make their purchase immediately. The addition of BNPL and discount techniques has also helped in increasing consumer involvement especially in the case of fashion e-commerce wherein the trends change very quickly and there is a tendency of impulsive buying. In addition to affecting the intention of purchasing, BNPL and discount techniques also affect spending behaviour and the decision-making process. Digital-savvy young consumers are more likely to be affected by such techniques because of their comfort with online sites.

LITERATURE REVIEW

- **Pebrianggara and Yani (2026)** observed that perceived ease of use, promotion, and trust have a strong influence on fashion purchases made via Shopee PayLater and that promotion was the most important factor — implying that promotion is a key aspect when it comes to transforming BNPL-enabled fashion search into a purchase.
- **Bilovodska and Poretskova (2023)** concluded that specific and classifiable barriers stand in the way of consumers' fashion purchases through online stores, and that all barriers play different roles in the process of making a

purchase decision – implying that tools such as BNPL and discounts could help by eliminating these barriers.

- **Grębowiec and Pietrzak (2023)** found that consumers consider access around the clock, time-saving, and greater variety of products as the most attractive features of fashion e-commerce, with young tech-savvy customers being the primary user group – implying that the same group drives fashion e-commerce and uses BNPL tools and discounts.
- **Bakar, Fauziyah, and Rahmat (2025)** found that payment method alone did not significantly affect impulsive buying overall, but pay-later use for fashion items produced the strongest impulsive buying and the highest post-purchase regret — suggesting that BNPL's effect on impulsivity is not universal but is particularly pronounced in the fashion category.
- **Kumar, Salo, and Bezawada (2024)** found that BNPL adoption increased customers' online order size by 6.42%, an effect further shaped by promotion sensitivity — suggesting that BNPL and discounts do not act independently but interact to amplify spending.
- **Dewanto and Dahesihsari (2025)** found that most young pay-later users display high impulsive buying tendencies driven more by emotion than rational thought — suggesting that BNPL's appeal to fashion consumers operates largely through affective, in-the-moment decision-making rather than deliberate planning.

OBJECTIVES

The main objective of this paper is to examine how Buy Now Pay Later (BNPL) services and online discount strategies influence consumer buying behaviour in the context of fashion e-commerce. The specific objectives of the study are as follows:

- 1) To understand the concept and growing adoption of BNPL services in e-commerce platforms.
- 2) To identify the role of online discounts in shaping consumer purchase decisions.
- 3) To explore the combined effect of BNPL and discount strategies on consumer buying behaviour in fashion products.
- 4) To propose a conceptual framework explaining how BNPL and online discounts may influence impulse buying and spending behaviour in fashion e-commerce.

CONCEPTUAL RELATIONSHIP

This model implies that:

BNPL → improves affordability → more spending

Online Discounts → improve value perception → faster decision making

BNPL + Online Discounts → lead to impulse buying → more purchases made

Such variables impact the consumer buying behaviour in fashion online.



Figure 1: findings from Pebrianggara & Yani (2026), Kumar, Salo & Bezawada (2024), and Bakar, Fauziyah & Rahmat (2025)

Types of BNPL Schemes

Pay-in-installments (Pay-in-4): The purchase amount is split into a fixed number of equal installments (commonly four), usually interest-free if paid on schedule. e.g., Klarna, used by H&M and ASOS, splits payments into four interest-free installments.

Deferred single payment: The consumer receives the product immediately but pays the full amount at a later fixed date (e.g., 30 days later). e.g., Afterpay, used by Urban Outfitters and boohoo, lets shoppers pay the full amount 30 days later.

Long-term installment financing: Larger purchases are split into monthly payments over several months, sometimes with interest depending on the provider. e.g., Zip and LazyPay (used by Myntra and Ajio) offer multi-month financing for higher-value fashion purchases.

Types of Online Discounts

Flat/percentage discounts: A fixed amount or percentage off the listed price (e.g., 20% off). e.g., Zara and H&M seasonal sale campaigns offering up to 50% off.

Flash sales: Time-limited discounts designed to create urgency, shown to significantly affect impulsive shopping intentions (Business Perspectives study on Shopee flash sales, 2025). e.g., Myntra's End of Reason Sale (EORS) and Shein's daily flash drops create urgency-driven buying.

Coupon codes: Discount codes applied manually at checkout, often shared through marketing campaigns or influencers.

Cashback offers: A portion of the purchase amount is returned to the consumer's wallet or account after purchase, rather than reduced at checkout. e.g., Amazon Fashion offering cashback via Amazon Pay on select brands.

Bundle/combo discounts: Reduced pricing when multiple items are purchased together, encouraging larger basket sizes.

Loyalty-based discounts: Offered exclusively to repeat customers or platform members, reinforcing retention alongside promotion. e.g., ASOS Premier and Myntra Insider offer members-only pricing and early access to sales.

LEADING FASHION E-COMMERCE PLATFORMS & BRANDS

The ecosystem of fashion e-commerce that BNPL and discount-based strategies are carried out in consists of different entities, from multi-brand marketplaces to stores and resale platforms, and fashion brands themselves. An insight into the various players will give helpful context for understanding where BNPL and discount-driven consumer behaviour happens.

Top Multi-Brand Fashion Marketplaces

Myntra: One of the premier destinations for fashion-led shopping in India, offering trendy clothing, footwear, and accessories.

Ajio: Characterized by an enormous selection of modern western wear, ethnic wear, and indie designs.

Nykaa Fashion: Offers a selective choice of luxury, every day, and sustainable fashion brands.

Dedicated E-Commerce Platforms for Brands

Shopify: Dominates the market and is being used by both independent and established fashion brands to create customized online shops.

WooCommerce & BigCommerce: Alternatives to Shopify, used by fashion boutiques and clothing brands with content-based approach.

Resale & Social Selling Platforms

Poshmark: A social marketplace often utilized by individuals and fashion boutiques to sell mid-tier clothing and accessories.

The RealReal: A specialized platform that deals exclusively with authentic luxury and designer fashion brands.

LEADING FASHION BRANDS

In addition to platforms that carry them, there are a number of fashion brands that dominate global online apparel spending and actively offer BNPL and discounts:

Zara (Inditex): Noted for its ability to turn runway trends into affordable in-season pieces in just weeks via highly integrated design-to-shelf production.

H&M: A pioneer of fast fashion and frequent new collections at youth prices via both physical and online stores.

Nike: A global sportswear brand, leader in footwear and apparel business with emphasis on athleisure and performance-driven approach.

Adidas: A global sportswear brand, combining performance technologies and streetwear & lifestyle collaborations.

Uniqlo (Fast Retailing): A Japanese leader in apparel business built on functional, minimalist basics and innovative technical fabrics at affordable prices.

Shein: A ultra-fast, digital-only brand with real-time trend testing and small-batch manufacturing for rapid scaling of new online styles.

Louis Vuitton (LVMH): A leader in luxury fashion business with a wide range of high-end leather goods, ready-to-wear and accessories.

BNPL & DISCOUNTING PROCESS IN E-COMMERCE FASHION SECTOR (CONSUMER DECISION JOURNEY)

Nowadays, each stage of the consumer decision journey in fashion e-commerce is influenced heavily by the presence of BNPL services and discounts. As an example, at the stage of awareness, various banners showing discounts, countdowns for flash sales, and "Pay in 4" logos catch one's attention prior to any evaluation of the product. The next stage of consideration involves comparing the discounted price with the original price, whereas BNPL service lowers the psychological barrier associated with the price. Accessibility 24/7 and higher variety of products already attracts consumers to fashion e-commerce, and BNPL/discounts make price even more attractive for consumers.

At the decision trigger stage, Promotion as the strongest factor influencing the choice of a fashion item among Pay Later users; promotion turned out to be stronger than trust and convenience in the process. Thus, sometimes the discount itself acts as the final factor influencing the purchase decision. It removes the price barrier that hinders online fashion purchase completion. At the post-purchase stage, pay-later payment of fashion items led to the highest level of impulsive behaviour and "pain of payment."

CHALLENGES AND RISKS

Debt build-up: Association between pay-later use by young adults and an increase in non-performing loan rates indicating how convenience can turn into debt burden.

Impulse and unplanned purchase: Affect is more important in decision-making process than rationality when making payments with pay-later.

Discount wear-out: Repeated exposure to promotion might decrease the perceived value of future discounts.

Return and refund challenges: Purchases through BNPL could be challenging in the context of returns as the obligation to repay remains even if the item is returned.

Decreased brand value perception: Regular discounts decrease the value perception of the fashion brand.

FACTORS INFLUENCING CONSUMER BUYING BEHAVIOR THROUGH BNPL AND ONLINE DISCOUNTS

The consumer buying behavior in fashion through e-commerce in light of BNPL and online discounts will be determined by several different factors including:

(a) Economic Factors

These are the factors that determine whether the buyer can afford to make the purchase. Affordability is achieved through BNPL which spreads the payment for a purchase over time or through direct discounts on the price. Adoption of BNPL has been seen to increase the order size by over 6% since people tend to spend more after being assured that there is reduced upfront cost.

(b) Psychological Factors

Psychological factors in BNPL and discounts include the creation of a sense of urgency and reduced financial risks of purchase. Affective responses are more powerful than rational thinking in the case of pay-later users such that impulsive decisions are made.

(c) Convenience Factors

These refer to the convenience created when one uses discount codes to reduce prices or uses BNPL in the check-out process to pay for purchases. Convenience was one of the factors responsible for increased adoption of e-commerce, particularly round-the-clock access and convenient procedures.

(d) Trust and Risk Factors

Trust in the platform and pay-later companies is one of the most important factors when it comes to adopting BNPL. Trust was one of the factors identified in fashion purchase decisions that pay-later has the greatest risk of post-purchase regret called the pain of payment.

(e) Promotional Factors

Promotion was the single factor that stood out in driving fashion purchase decisions through BNPL.

(f) Demographic Factors

The adoption of both BNPL and discounting in the purchasing of goods was done mainly by younger generation (usually between 18-25 years).

IMPACT OF BNPL ON FASHION E-COMMERCE

Increase in Conversion Rate: Drop-off rates reduce by 20-30% when installment plans are offered during checkout.

Customer Base: Gen Z and millennials residing in Tier 2 and Tier 3 markets contribute to over 40% of BNPL transactions for apparels, which has replaced the use of regular credit cards.

Buyer Returns: Whereas BNPL has been able to convert browsers into customers, the fashion industry in India faces a high return rate of 25%-40%.

RECOMMENDATIONS FOR E-COMMERCE FASHION RETAILERS

the following recommendations are made for fashion online stores using BNPL and discount-based promotions:

Communicate terms of BNPL: The increased prevalence of pay-later purchases among young consumers with an increase in non-performing loans, it is essential to make repayment schedules and penalties clear for consumers at the moment of purchase, and not hidden in terms and conditions.

Striking a balance between promotion intensity and value of the brand: Promotion was found to be the most influential factor when purchasing fashion, yet retailers need to consider that too much discounting can lead to discount fatigue and affect the long-term positioning of the brand negatively.

Offer simplified return and exchange process: As fashion products tend to provoke more impulsive purchases

driven by BNPL, retailers need to make sure that a returning product does not interfere with BNPL payments from customers to avoid dissatisfaction.

Build a trustworthy environment: Trust was confirmed to be an important factor affecting purchasing decision, along with secure checkout, rating of the seller and quality customer service for any BNPL or discount.

Encourage financially literacy campaigns: Taking into account the affective nature of impulsive pay-later purchasing among emerging adults, the platforms can introduce some features like spending limit prompts or budgeting nudges to encourage more rational approach to BNPL usage.

Offer BNPL and discounts in segments depending on consumer behavior: Loyalty, category experience and promotion sensitivity mediate the impact of BNPL on order size.

CONCLUSION

The purpose of this paper was to identify the impact that BNPL services and discounts have on the purchase behaviour of customers in fashion e-commerce separately and in conjunction. Based on the reviewed literature, it is clear that both approaches help consumers to buy more, but the combined effects on impulsive buying and buyer's remorse require further analysis.

Real-world examples from brands such as Myntra, H&M, and ASOS – Which actively integrate BNPL provides like Klarna, Afterpay, and Lazypay alongside recurring flash sales – confirm that this combined strategy is already widely adopted across the fashion e-commerce Industry, reinforcing the relevance of the conceptual framework proposed in this paper.

Promotions and flexible payment methods reduce both psychological and financial obstacles to make a purchase; however, such convenience comes with significant threats, such as credit debts and reduced satisfaction levels. Thus, fashion e-commerce companies should find an optimal way to combine their BNPL and discounts promotion strategy with increased financial literacy among consumers.

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