



CHOICES AT CHECKOUT: 2021 EDITION

# Creating a Better B2B Purchasing Experience Across All Channels



# Choices at Checkout: 2021 Edition

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At the beginning of 2020, no one could have predicted the rapid acceleration of digital transformation in B2B payments. To keep business functioning when the global pandemic hit a few months into the year, companies had to manage to a new standard demonstrating digital expertise.

Only a few years ago, in 2018, we delivered our first Choices at Checkout whitepaper. In it, we shared how we anticipate the B2B transaction market would grow in short order. While the seismic shift of the pandemic was not even a consideration, we could see a digital transformation tipping point on the horizon.

We understood the importance of delivering an omnichannel experience and pointed out how prevalent but precarious it is for businesses to rely on credit cards.

**With B2B eCommerce transactions expected to reach \$1.8 trillion by 2023, we anticipate digital transformation to advance 20 to 25 times quicker than we considered.**

The rapid evolution of B2B eCommerce is where we're focusing our innovation and providing ways for buyers and sellers to connect to make transactions easy and frictionless.

We look forward to continuing to update Choices at Checkout and incorporate the latest improvements and opportunities that enable the growth of B2B payments across the globe.



**Sincerely,**

**Brandon Spear**  
CEO, TreviPay

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## INTRODUCTION

# Payments are a Pivotal Enabler of Trust and Transparency in B2B Transactions

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Business responses to the global pandemic combined with the rapid adoption of B2B marketplaces and the emergence of new payment technologies and processes have ushered in a new era of B2B eCommerce.

**Global B2B marketplace sales are expected to generate \$3.6 trillion in 2024, up from approximately \$680 billion in 2018.<sup>1</sup>**

The speed and magnitude of these changes are staggering, so much so that they can obscure deeper shifts occurring in B2B purchasing that are fundamentally transforming how buyers, sellers and marketplace providers interact.

A “new normal” for B2B payments and other crucial “choices at checkout” represent a crucial feature of this transformation.

Low prices and purchasing ease remain absolutely necessary enablers of a thriving B2B eCommerce capability, but they are no longer sufficient now that trust and transparency qualify as equally compelling determinants of competitive advantage.



**Deep shifts are occurring in B2B purchasing, transforming payment interaction opportunities.**



<sup>1</sup>Brohan, Mark. COVID-19 drives more business to B2B marketplaces, DigitalCommerce360, Aug. 31, 2020: <https://www.digitalcommerce360.com/2020/08/31/covid-19-drives-more-business-to-b2b-marketplaces/>.

## **Gone are the days when B2C eCommerce practices could be cut and pasted into B2B operations.**

In today's rapidly expanding B2B ecosystems, buyers, sellers and marketplace providers are coming together in innovative ways to reduce longstanding sources of purchasing friction – which increases conversions for sellers, intensifies loyalty among buyers and drives mutual value.

Sellers need to trust that they will have access to growing numbers of highly qualified buyers and that their payment terms will be met with optimal cost efficiency. Buyers need to trust that sellers will deliver high-quality offerings conveniently as possible and with optimal transparency – which helps ensure that

purchasing controls and other procurement requirements are addressed.

The rapidly growing number of B2B marketplace providers have a strong interest in sustaining the trust of buyer and sellers while exceeding each of their expectations. And all participants have a mutual interest in reducing all forms of fraud, including business identity theft (in which bad actors pose as businesses and apply for credit lines), that have increased by 40% in the past year.<sup>2</sup>

The extent to which B2B eCommerce transactions satisfy expectations concerning cost, convenience, trust and transparency boils down to the availability of choices at checkout and how well those choices – related to payments and other processes – are designed, supported and executed.

## **B2B Ecosystems: Benefits for All**



**Increases Conversions  
for Sellers**



**Intensifies Loyalty  
Among Buyers**



**Drives Mutual  
Value**

## SECTION 1

# 5 Considerations for Post-Pandemic B2B eCommerce Playbooks

Before examining payments-related choices at checkout, buyers, sellers and marketplace operators should recognise five post-pandemic B2B eCommerce realities that present valuable opportunities:



**1. B2B eCommerce has permanently changed**

**2. A strong foundation supports B2B marketplace's soaring growth**

**3. Trust and transparency are on equal footing with pricing and convenience**

**4. Buyers opt for vendors with trade credit**

**5. Choices at Checkout Apply to the Entire Community**

# 1 B2B eCommerce has permanently changed

The social distancing measures enacted to slow COVID-19's transmission hastened two pre-existing, and interrelated, business trends: the adoption of digital operations and remote working models.

Bankers surveyed by The Economist at the end of last year reported seeing the proportion of digital transactions soar to levels they did not expect to reach for another two to five years based on pre-pandemic adoption curves.

This "tech-celeration," according to The Economist, includes a collection of emerging technology behaviour that will outlast the pandemic.<sup>3</sup> "There's no going back," asserts a McKinsey survey report. "The great acceleration in the use of technology, digitisation and new forms of working is going to be sustained."<sup>4</sup>

# 2 A strong foundation supports the soaring growth of B2B marketplaces

The adoption of B2B marketplaces has generated eye-popping statistics in the past 24 months: these platforms were projected to generate \$3.6 trillion in sales by 2024 prior to COVID-19, and more than 40 percent of purchasing professionals subsequently reported spending "more" or "significantly more" on B2B marketplace during the pandemic.<sup>5</sup> Yet, it is important to keep in mind that this growth has been a long time coming.

The foundation for today's B2B marketplaces dates back to models that were originally tested during the dot.com era. Since then, buyers, sellers and providers have amassed more than two decades' worth of hard-earned lessons and insights on what works, what doesn't, what participants prefer – and what type of relationships, technology integrations and processes need to be orchestrated among all stakeholders.



**There's no going back.**  
The great acceleration in the use of technology, digitisation and new forms of working is going to be sustained.

- McKinsey Survey Report

## \$3.6 Trillion

B2B marketplaces projected to generate \$3.6 trillion in sales by 2024

<sup>3</sup> Standage, Tom. After the tech-celeration. The World in 2021, The Economist, November 2020: <https://www.economist.com/the-world-in-2021>.

<sup>4</sup> How COVID-19 has pushed companies over the technology tipping point—and transformed business forever, McKinsey & Company, Oct. 5, 2020: <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>.

<sup>5</sup> Hummer, Merrit. B2B marketplaces will be the next billion-dollar e-commerce startups," TechCrunch, Nov. 4, 2020: <https://techcrunch.com/2020/11/04/b2b-marketplaces-will-be-the-next-billion-dollar-e-commerce-startups/>.

### 3 Trust and transparency are on equal footing with pricing and convenience

Buyers must trust that the offerings they purchase online meet their quality standards, deliver the value they expect and will be delivered on time. Buyers also expect to be able to access their purchasing data to satisfy accounting requirements and to support procurement and sourcing improvement initiatives.

More than one in five companies (22%) cite a lack of real-time access to payments data as a source of payments friction.<sup>6</sup> Sellers intent on offering trade credit that repeat and high-value buyers expect must verify their creditworthiness – without impeding customer onboarding efficiency or detracting from the customer experience.

### 4 Buyers opt for vendors with trade credit

The desire for convenience extends to supporting technology provided by firms that specialise in enabling different components of B2B commerce. These offerings should be integrated with the seller or marketplace provider's eCommerce platform as efficiently and cost-effectively as possible.

The increasing use of terms like “headless commerce” and “no-code/low-code” illustrate two crucial B2B eCommerce points:

1. No single payments strategy will work for all customers so an eCommerce platform and the applications that integrate with it must enable buyers to choose their optimal sales channel in any given situation
2. Back-end technology integration should be performed in a swift and convenient manner (to sellers and marketplace providers) that appears seamless (to buyers on the front end) while satisfying all of a seller's back-end purchasing and accounting requirements.



**More than one in five companies (22%)** cite a lack of real-time access to payments data as a source of payments friction.



<sup>6</sup>B2B Payments 2021: Assessing The Gaps And Digital Opportunities, Pymnts, Jan. 5, 2021: <https://www.pymnts.com/news/b2b-payments/2021/assessing-the-gaps-and-digital-opportunities/>



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## Choices at checkout apply to the entire community

Delivering a true omnichannel experience requires sellers and marketplace providers to put in place processes and supporting technology that seamlessly connects front-end touch points with back-office systems. Equipping buyers with payment choices at checkout requires a coordinated effort among all B2B eCommerce stakeholders.



**Equipping buyers with payment choices at checkout requires a coordinated effort among all B2B eCommerce stakeholders.**



## SECTION 2

# The Choices We Make

Different payments options pose unique benefits and risks. Buyers, sellers and marketplace operators should remain cognizant of the pros and cons of each of the following options:

 Buying with a Credit Card

 Paying from an Invoice

 Buying on trade credit



## Buying with a Credit Card

Credit cards represent a highly effective payment method under certain conditions, primarily those involving one-off buys and smaller-volume purchases (e.g., those with a minimal number of SKUs).

For recurring purchases, other payment options (e.g., trade credit) provide a wider range of benefits. Sellers that only accept credit card purchases may lose wallet share and/or customers to competitors that offer more favourable payment terms to customers.

Credit cards lack purchasing controls, which can prevent buyers from obtaining the pricing and discounts they have negotiated. Credit cards also limit the ability of accounts receivable (A/R) teams to accurately allocate individual purchases to different business units. Credit card transaction fees and unclear billing statements also pose challenges that may or may not be offset by benefits such as rewards and rebates.

Given the ease and convenience of credit card payments on first-time and/or smaller purchases, as well as their potential as a gateway to a higher-value relationship, they remain an important payment choice.



Sellers that only accept credit card purchases **may lose wallet share and/or customers to competitors** that offer more favourable payment terms to customers.

## Paying from an Invoice

A number of B2B buyers still prefer to pay from an invoice; some require a purchase order for all transactions to fulfill procurement requirements.

When B2B eCommerce platforms cannot address those needs, buyers must rely on email, phone calls and in-person visits (when possible) to complete purchases. Invoices are paid by paper cheques or electronically via automated clearing house (ACH) or electronic fund transfer (EFT).

Paper cheques require time and effort to complete and also produce more paperwork than other payment methods.

Bank of America has estimated that the processing of a single business cheque costs from \$4 to \$20 when calculating the cost of the cheques, mailing costs and time spent on collection and reconciliation.<sup>7</sup> Manual payment processes also hinder purchasing teams' ability to manage spend and the treasury team's ability to maintain a clear picture of the organisation's cash position.



**Bank of America estimates that the processing of a single business check costs from \$4 to \$20.**

## Buying with trade credit

Extending credit to customers offers significant upside to all B2B eCommerce participants while introducing risks that sellers can mitigate.

Trade credit establishes sellers as trustworthy organisations while signalling their financial stability. Allowing buyers to purchase on trade credit also increases average order volume by enabling them to buy now, pay later (BNPL).

Extending credit also liberates sellers from high credit card transaction fees. Of course, sellers also assume the risk of buyers failing to pay on time. Issuing credit requires higher levels of working capital, which can limit a company's ability to invest in growth opportunities.

Payment delays increase day sales outstanding (DSO) and can reduce the working capital ratio that corporate finance executives carefully monitor to avoid more severe cashflow and liquidity problems. Suboptimal credit underwriting practices frequently trigger higher DSO.

<sup>7</sup> <https://www.businesswire.com/news/home/20160825005389/en/Bank-America-Viewpost-Free-Small-Businesses-Crippling>.

## SECTION 3

# Benefits For All



The benefits of digital payments extend broadly throughout organisations. B2B buyers identify straight-through processing to A/P and general ledger systems, cost savings and improved cash forecasting, respectively as the primary advantaged of sending digital payments. B2B sellers identify speed of settlement, straight-through processing to A/P and general ledger systems, cost savings and improved cash forecasting, respectively as the top benefits they derive from digital payments.

Offering choices at checkout – in the form of trade credit, consolidate invoicing, purchase controls and data insights on spending and purchasing patterns – via digital payments technologies clearly enhanced both the buyer and seller experience.

That said, more progress is needed: only one-third of organisations currently use digital options as the primary method of B2B payments.<sup>8</sup> Fortunately, there exists a highly collaborative community of innovative providers that are eager to help buyers, sellers and marketplace providers continue to increase the value, convenience, trust and transparency that define the new era of B2B eCommerce.



Only **one-third of organizations** currently use digital options as the primary method of B2B payments.

## SECTION 4

# Why B2B Payments Should be a Part of Your Digital Transformation Strategy

Over the past year, due to the seismic shifts caused by the global COVID-19 pandemic, B2B eCommerce leaders and innovators have made significant advances in transforming the choices they offer buyers at checkout.

The reliance on eCommerce platforms throughout the pandemic was more significant than we could have predicted a year ago. As such, accepting and managing payments has changed, fundamentally advancing the buyer-seller interactions of 2021 and the future. So what does this mean for B2B organisations? The new digital behaviour of buyers online impacts an organisation's ability to remain market competitive, both now and in the long term. With this in mind, B2Bs should include their approach to payments in digital transformation strategy to drive success and future growth.

**At Balance Internet, we predict that B2B payments and choices at the checkout will continue to contribute to the overall customer-buyer experience and significantly impact digital transformation strategy for B2B organisations of all sizes and industries.**

We also predict that the customer-buyer experience will continue to be influenced by the changing face of B2B buyers, largely due to the fact that our clients continue to see a shift in the individuals with all buying power.

The millennial buyer, for example, follows a different set of rules from their predecessors. Millennial buyers and executive-level decision-makers are disrupting and raising the expectations of a winning digital experience. What potential does this hold for B2B organisations?



## James Horne

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James is a digital commerce innovator and thought leader with a deep passion for driving business success from digital commerce ecosystems. With over 20 years of experience as a strategic advisor for leading Australian brands, corporations, educational institutions and the Australian government, these experiences have given James a comprehensive understanding of the challenges and opportunities businesses face in the digital landscape.

After earning his Honours Degree in Engineering, James continued his education and received an MBA from Melbourne and Copenhagen Business Schools. He has become the "go-to guy" for eCommerce and digital transformation in the Magento Commerce partner network.

As the CEO, James works across Government, Education, B2C, B2B and corporate sectors, providing leadership as a highly regarded digital commerce innovator.

Knowing your customer is even more critical to driving growth and success than we previously thought. If B2Bs can delve deeper into understanding their customer, they can facilitate the kind of purchasing experiences that influence brand loyalty.

**Making the evolving B2B buyer, the focus of everything you do should be front and centre. We should never stop seeking to understand B2B buyers and their motivations.**

When it comes to the nitty-gritty of your digital transformation strategy, don't allow your organisation to get bogged down. A winning digital transformation strategy will provide an organisation with a clear roadmap, defining the business's actions and priorities. Remember, the strategy is about how things will get

done, so the organisation must include 'how' they plan to adapt their payment strategy to include more diverse options via digital payment technologies.

It's important to remember that having a dominant market position right now doesn't guarantee success in the future. As with most things in the digital landscape, transformation is swift, and you can't afford to slow down, as growth happens in the uncomfortable space between seeing immediate results and implementing change.

When I work with leading organisations and teams, I always reiterate that we never stop learning about the customer, just as we should never stop innovating the platform that best suits them, which includes innovative and diverse choices at the checkout.



## About TreviPay

TreviPay is a global B2B payments company, facilitating \$6 billion in transactions per year in 18 currencies for customers in more than 27 countries. We specialise in payment and credit management for B2B companies across the globe, setting the stage for the future of omnichannel B2B payments by offering trade credit, handling invoicing and managing collections.

**For more information, visit [trevipay.com](https://trevipay.com).**