Expanding Into B2B: 5 Tips for Success

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What you need to know about today's largest retail opportunity

Retail has had a front-row seat to change in the past couple of years, embracing eCommerce and buy online, pick up in-store, ushering in a new era of touchless checkout technology, and disrupting the sales channel with direct-to-consumer brands. Now, many retailers are investing in B2B sales strategies, thanks to the explosive growth in B2B eCommerce. And like all things digital commerce-related these days, there are many technology solutions to consider. In this article, we'll share the top five tips to help retailers understand how to successfully grow their B2B sales.

The B2B opportunity can be big—very big

The B2B eCommerce market is predicted to create revenue of $18 trillion by the end of 2026, with a CAGR of 19% between 2021 and 2026. For brands that sell items that businesses use—from candy and coffee to furniture and electronics—the opportunity to compete for business buyers can be huge. In fact, McKinsey & Company reports that the number of channels B2B customers regularly use in the buying process doubled from five in 2016 to 10 in 2021. And these buyers are more willing than ever to place big orders online: 77% were willing to spend $50,000 or more, and 35% were willing to spend $500,000 or more in a single transaction.

Most retailers already have business customers making purchases. The key to launching a dedicated B2B sales channel? Use these existing buyers as a built-in starting point for identifying look-alike prospects and building out a loyalty program.

Businesses buy from a wide array of retailers

Big Box

From binder clips to bulk food items, business buyers often shop at Big Box stores using credit cards. But higher-value purchases like ordering new ergonomic desk chairs can add up quickly, especially when ordered in bulk.

Electronics

Connected offices and employees require a never-ending list of electronics, from computers and mobile devices to cables, displays, and accessories. These items may be purchased in large quantities or in smaller, more frequent shopping trips.

Grocery

When an organization needs to feed a crowd—think events and conferences, religious institutions, sports teams and schools—the ability to accept B2B purchases can make a huge difference, or even make one brand a preferred retailer.

TIP ONE:
Don’t count on credit cards for all B2B purchases

For businesses, credit cards aren’t a practical payment option for larger purchases. It’s not financially sensible, for example, to buy a new fleet of delivery vehicles on a credit card. B2B buying potential and loyalty are limited when buyers only have credit cards as a payment option.

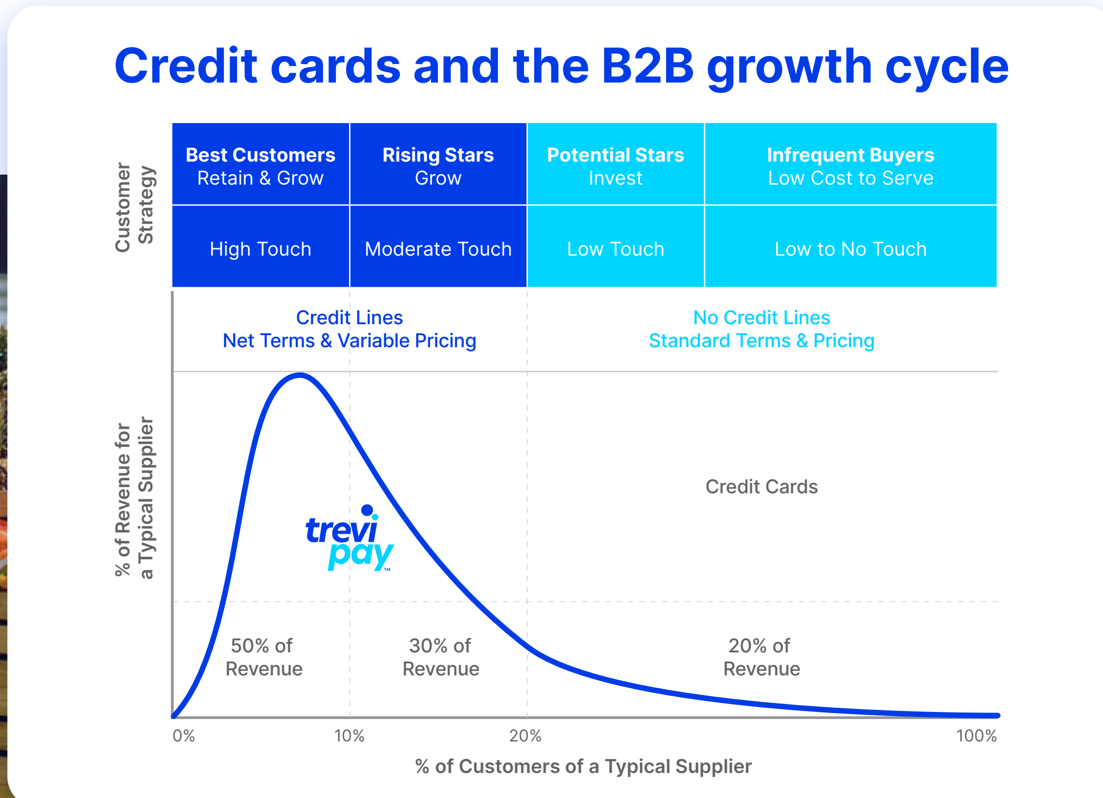
Plus, credit cards don’t offer timely spending tracking and controls. It’s common for corporate credit cardholders to share their card with a cardless coworker—or even a whole cardless department. And with monthly billing cycles that feature cryptic statements, finance teams can spend countless hours chasing down receipts and expense reports long after the money was spent; instead, free up this vital team so they can focus on higher-value activities that can advance business goals.

Nine out of 10 corporate purchasers research the payment options before buying from a new vendor, especially if they’re hoping to receive volume pricing. When given the choice, half of them prefer to pay with methods other than credit cards, which means they’re looking for net terms (also known as trade credit) that includes detailed invoicing with PO numbers, billing codes and the ability to integrate into internal accounting systems.

Not surprisingly, larger retailers are leading the B2B technology race. One international grocer opted to capitalize on B2B sales with sleek invoice and payment technology that offers net term financing. By offering seamless omnichannel purchasing power—in-store, online and in-app—this retailer made it significantly easier for their business customers to do business. Fortunately, these types of digital tools and apps are accessible to retailers of all sizes, so merchants across a wide array of categories can grab their share of this B2B opportunity.

The graph below shows the typical growth cycle of B2B sales, including the inflection point where credit cards can't meet buyers' needs—note that 80% of sales revenue opportunities are across that line.

This graph, which is based on data provided by TreviPay, was used by one large electronics retailer to help prepare for more B2B sales opportunities. They knew they had a share of Potential Stars they wanted to cultivate into Rising Stars. After reviewing B2B embedded payment providers, they decided to join TreviPay's Private Network. Using APIs, the retailer was able to integrate an omnichannel invoicing and payments technology into their legacy systems and offer business buyers a seamless experience. Within the first year, they saw a 16% increase in B2B billing volume.



TIP TWO:
Empower B2B buyers to buy more, more often

According to Forrester's latest *Tech Tide Report*, B2B payment augmentation is increasingly critical to companies' ability to win, serve, and retain business customers. To add business-preferred net terms to their payment options, retailers should join an established B2B payments and invoicing network that has the resources to offer automated account approvals; by doing so, retailers get real-time order-to-cash automation to serve customers faster, minimize errors and manage receivables—all while extending more favorable commercial terms that can accelerate sales.

For merchants who want to pursue B2B sales, there is one important caveat. Although it may be tempting to turn to a bank for payment solutions, it's not the right choice. Why? Simply put, most bank transactions are limited to revolving accounts or pay-in-full financing and don't include infrastructure to do line-item reconciliation.

If B2C retailers can't support the processes and payment methods preferred by B2B buyers, they're very likely to miss the opportunity to serve this audience. In fact, 82% of business buyers would choose a vendor that offers 30-, 60- or 90-day terms at checkout.

TIP THREE:
The complexity of B2B payments must be invisible

Fast, invisible risk decisioning (i.e., extending trade credit) secures more buyers by offering the right payment terms and the right credit lines in moments. The alternative is using a manual process, which can take days and is a sure-fire way to lose sales to competitors. Instead, retailers can use these automated credit offerings to create a loyal B2B buyer network; stickiness naturally increases when these customers have an excellent first-purchase experience.

It's also essential to get invoicing terms and data right because they need to integrate with the buyer's Procure-to-Pay platforms. Consider key buyer preferences, such as opting to receive invoices daily, weekly or monthly and other required details, including PO numbers, that can streamline transactions and reduce disputes and other costs.

In Gartner's 2021 publication, *Survey Analysis: Digital Commerce Revenue Skyrockets With B2B Surpassing B2C*, the authors sum up the current state of eCommerce expectations, "This means B2B buyers expect the digital commerce platform to understand them and anticipate their needs like a sales representative might do. They expect better tools for researching and comparing products. They want to engage with organizations digitally without having to resort to a call or email to get a quick response and a good deal."

For example, a large grocery chain had identified over 100,000 existing B2B buyers and wanted to get a larger share of the burgeoning B2B market. As this big brand assessed the requirements for a successful expansion, they identified the need for a fully branded, omnichannel—online, in-store and via phone—B2B payments solution that worked seamlessly across their entire brand family. Through an honest corporate self-assessment, they identified these B2B buyer pain points that needed to be solved:

- **Onboarding:** With an existing manual credit approval process that took up to 14 days to approve a new B2B buyer, their goal was to reduce the time to less than one day for million-dollar accounts—and even faster for lower-value credit lines.
- **B2B Customer Controls:** Unlike B2C buyers, B2B customers need hierarchical account controls that allow them to manage their account access, authorized users, spending limits and more.
- **B2B Product Range:** B2B buyers typically need larger package sizes and expect to be offered special contract pricing for their purchases, requiring dedicated SKUs and built-in volume discounts.
- **Fast Deliveries:** Related to having a designated B2B product range, it's important to have a reliable delivery partner for speedy fulfillment.

Investing the time to do this level of discovery can help ensure the best possible B2B customer experience—and the payoff can be huge: according to a study by PYMNTS and American Express, 67% of B2B buyers report having switched to purchasing from vendors that offer a "more consumer-like" experience, a number that rises to 74% for millennials.

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– Gartner's 2021 publication, *Survey Analysis: Digital Commerce Revenue Skyrockets With B2B Surpassing B2C*

TIP FOUR:
B2B payments must also be omnichannel

Reducing the manual processes associated with decisioning, onboarding, invoicing, reconciliation, disputes and collections are all critical for B2B retailers that want to grow a loyal relationship with today's buyer. So is offering the same level of omnichannel purchasing experience that B2C customers have come to expect.

B2B buyers might research online, drop by a brick-and-mortar a few days later to see an item in person, then walk out and make the purchase on an app over lunch. That's why a truly mobile B2B payment experience has recently become a must-have.

In 2021, a Canadian retailer implemented a new B2B payments strategy. It included both physical cards and a mobile payment and invoicing app. Without any need for POS hardware upgrades, this payment app allows business buyers to complete a purchase in an instant, leading to a frictionless checkout online or in-store. Purchase details and terms are sent directly to the buyers' AP department, offering real-time monitoring through the app's admin portal.

TIP FIVE:
Absolutely, positively outsource B2B fraud mitigation

As global online sales increase, fraud is likely to increase. There is a growing risk of business identity theft, shell companies, stolen employee identities, account takeovers, and other forms of digital fraud. These days, sophisticated detection and prevention processes are absolutely mandatory for merchants of all sizes.

The good news is that today's top payment and invoicing networks can help mitigate fraud. These partners offer machine-learning processes and can demonstrate a proven track record for risk decisioning. Expect absorption of fraud risk, too, to further alleviate the challenges of expanding online sales.

The cost of outsourcing vs. the cost of lost sales

Not all retailers have made changes to make it easier for B2B buyers to do business with them, though. At the end of the day, retailers are leaving sales on the table for the B2B buyers that find the buying process inconvenient or, even worse, not possible: a B2B buyer that must operate under their company's payment requirements will seek out a retailer that can offer them the right options that fit under that umbrella.

Luckily, the best payments and invoicing companies can plug in quickly to take the risk and headache out of expanding digital B2B commerce sales. Plus, these partners can handle all-things-payments from risk decisioning to collections—a huge lift that covers all the most important B2B buying needs. They have invested in the technology, built the networks and understand how to package instant decisioning, so a B2B payment feels as easy as a B2C payment.

All in, outsourcing to a B2B invoicing and payments network is typically more cost-efficient—both in terms of people hours and related expenses—than manual processes or DIY solutions. Factor in lost sales while in-house IT teams are coding as fast as they can, and the price of doing it yourself can add up quickly.

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Making a business case for a B2B investment

Retailers can often identify their own pivot points when B2B sales opportunities are popping up more frequently. Frustration may surface from the sales floor or customer service team when they can't close large orders. Well-intentioned managers may create workarounds—for example, keeping a manual record of an "account" outside of the POS system—but those workarounds ultimately make it hard to balance the books.

Payments can be used to create or tap into trusted B2B buyer-seller networks that enhance efficiencies, reduce costs and expand recurring opportunities. Joining such a network can optimize trade and loyalty—leading to quicker conversions, repeat sales and growth in AOV. Here are the top three considerations that can be used for the projections to make a business case.

1. **Payment and invoicing terms within a B2B network can empower retailers to build a more profitable and loyal network of B2B buyers who make repeat purchases.**
2. **Connecting retailers and business buyers in trade-empowered networks drastically reduces the costs of doing business.**
3. **Meeting invoice requirements, offering net terms and implementing agreed-upon spending controls means trade flows freely without costly manual workarounds that the accounting team has to manage.**

What are the costs of not doing B2B business?

When done right, it isn't just adding B2B payments, it's forging a strong connection between B2B buyers and a brand in a network where trade is empowered and both friction and the costs of doing business are drastically reduced.

If retailers can't support the processes and methods of payment preferred by B2B buyers, they run the risk of losing the opportunity to serve this audience. And that's a risky loss: with trillions of dollars in B2B eCommerce purchases happening every year, the lost sales can add up quickly.

Make the most of this opportunity to create a more profitable and loyal trading relationship with business buyers. Learn more about how TreviPay can give retailers the B2B payments and invoicing network they need—and the frictionless B2C-like checkout experience they want.

TreviPay is the global B2B payments and invoicing network built to optimize trade between buyers and sellers. With more than four decades of experience building networks, TreviPay is the preferred B2B payment method of corporate buyers and sellers globally, processing $6 billion in transaction volume across 32 countries, 19 currencies and 90,000 active buyers. TreviPay gives clients the power to offer trade credit, and is trusted by major brands – with 80,000 selling locations – to deliver invoices with net terms and guaranteed payment across all sales and distribution channels. TreviPay has created the only fully managed payment and invoicing network to support B2B commerce of the future.

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