



TreviPay + Aventon + Intense Cycles

Multi-Case Study for the Cycle Industry



Cycle manufacturers look to break through challenging market conditions

The cycle manufacturing market in the U.S. is worth over [\\$1 billion](#). It is dominated by a small number of well-capitalized manufacturers. These companies have sufficient available cash flow to manufacture their cycles and place them into retailers' shops without asking for immediate payment.

For retailers, this is a helpful arrangement as they welcome the chance to display and sell the bikes before having to pay the manufacturer. However, specialist cycle manufacturers face a real challenge to achieve an in-store presence and grow sales because they aren't able to manufacture a large number of bikes to ship to retailers for display before payment.

The Challenge - Capital is needed to compete

While smaller specialist brands have ambitious growth goals, they do not have the same deep pockets as the many of the larger manufacturers.

Once they have funded the build of their cycles, their priority is to quickly recoup their cash by asking retailers to pay upfront when placing an order. This clearly makes their brands more of a risk for retailers who are equally looking to maximize their own resources and cash flow.



In this case study, we feature the stories of two cycle manufacturers: Aventon and Intense Cycles

AVENTON

Aventon is a premium ebike manufacturer based in Southern California. Their products are thoughtfully curated to ensure that each of their ebikes provide durable, dependable, high-performing technology with high-quality components while ensuring that there is something for riders at every stage of their life. They looked to triple their sales in 12 months and needed a way to get their product to more cyclists.

INTENSE

Intense Cycles is a manufacturer of mountain bikes, based in California. At COVID's inception, the company saw the banks drastically restrict their business loans as a risk protection measure. Intense Cycles realized their retailers were struggling to access funds to purchase new bikes at precisely the moment when customer demand was at its highest.

Common Needs & Shared Goals

Seasonality that causes peaks and troughs in sales is also a factor that Intense Cycles was looking to mitigate given its impact on the company's cash flow.

Implementing a solution quickly was essential to respond to the lack of bank funding that was preventing their retailers from placing orders as well as managing the seasonal nature of their own business and its cash flow.

The Trade Credit Proposition

Both brands realized they would need to offer trade credit to make their products an attractive proposition to cycle stores. Neither had sufficient cash flow to underwrite the required credit to bring on more stores.

In addition, they knew they didn't have the resources to take on all the back-office processes necessary to run a trade credit program in-house.

\$32,000
Average Credit Increase

These two cycle companies have successfully deployed the TreviPay solution with their retailers being granted an average credit line of \$32,000 each and transaction growth of 8% in just their first year.

The Solution - Capital Enables Competition

TreviPay enabled each of these brands to compete with well-capitalized competitors by placing their cycles in store for 60 days before payment is required.

With TreviPay, the entire A/R process was outsourced from invoicing, dispute processing, through to collections. Crucially, TreviPay takes on the entire credit risk and becomes an extension of the manufacturers A/R teams making the process run smoothly.



Meeting Specific Needs

Aventon evaluated other financial service providers who took a factoring approach where a percentage of the reimbursement is held back for a period of time.

Other service providers would, for example, pay Aventon 50% of the order value two days after the order is placed, minus a fee. The remainder of the invoice would be paid when the funds were collected from the buyer.

TreviPay reimburses 100% of the invoice in two days of an order being placed, less its fee. Clearly, a better solution for Aventon.

By using the TreviPay business credit, both cycle brands would also avoid the fees associated with using credit cards.

Adapting to Seasonality

TreviPay had to address the seasonal nature of the cycle manufacturing industry.

The peaks and troughs in sales during the year mean that its cash flow is constricted when sales are slower.

Rapid settlement is less important during quieter sales periods when less stock is manufactured. TreviPay enables Intense Cycles to switch between a longer settlement period when sales are slower and faster settlement when cash is needed to fund the manufacturing process.

Purchasing on Credit is Easy for Retailers

Through the manufacturers, retailers can now apply for a line of credit which is underwritten by TreviPay. Instead of having a separate order entry and invoicing process, retailers can place orders with their chosen manufacturer within their specified credit limit with no prepayment required.

As well as being simpler and more convenient for retailers, this also removes the scope for data entry errors. The retailers have been granted an average credit line of \$32,000.

The TreviPay solution can also be fully branded, so the manufacturers can deliver a seamless customer experience from credit application and invoicing to collection.

As quickly as two days after orders are placed, the manufacturers can get paid by TreviPay, funding the manufacturing of the stock.

Sixty days after the order is placed, the retailer is required to settle their invoice with payment being received by TreviPay.

If an invoice is not settled within the 60-day terms, TreviPay takes responsibility for managing the collection process as they are the underwriter of the debt.

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Benefits for cycle manufacturers:

- Higher order volumes – purchasing no longer reliant on credit card limits or available cash flow
- Fully branded for complete control of the customer experience
- Zero underwriting risk
- Flexibility to receive funds in two or 14 days to align with seasonal sales
- No need to underwrite credit or chase late payments
- Always get paid on time
- A strong motivator of loyalty and repeat purchases

Benefits for retailers:

- Simple one-click purchasing with no room for manual errors
- Pay on invoice rather than using a credit card or valuable cashflow
- Have stock available to display and sell in-store for 60 days before payment is due
- High credit limits for major retailers



About TreviPay

At TreviPay, we believe loyalty begins at the payment. Thousands of sellers use our global B2B payments and invoicing network to provide choice and convenience to buyers, open new markets and automate accounts receivables. With integrations to top eCommerce and ERP solutions and flexible trade credit options, TreviPay brings 40 years of experience serving leaders in manufacturing, retail and transportation.

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