#Report

The B2B Ecommerce Buyer Report

An exploration of payment trends and preferences

A report by:

MRM Commerce

balance

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Introduction

B2C ecommerce has had the spotlight on itself for quite some time now. Over the years it's evolved in sophisticated iterations to make it a better digital channel for consumers.

Because disruption never happens all at once. And now at a pace and journey of its own, B2B trade is entering into its digital stage of commerce.

There will be similarities to the consumer world – that's inevitable.

The age of selling online in a completely "new" way doesn't really exist anymore.

The basic principles are the same: enable, simplify, and innovate online purchasing.

That's why it's no surprise to see data that supports the fact that the digital experience—whether it's for a buyer or a consumer—truly matters.

But there is still one key element missing from the B2B industry's transition online: payments.

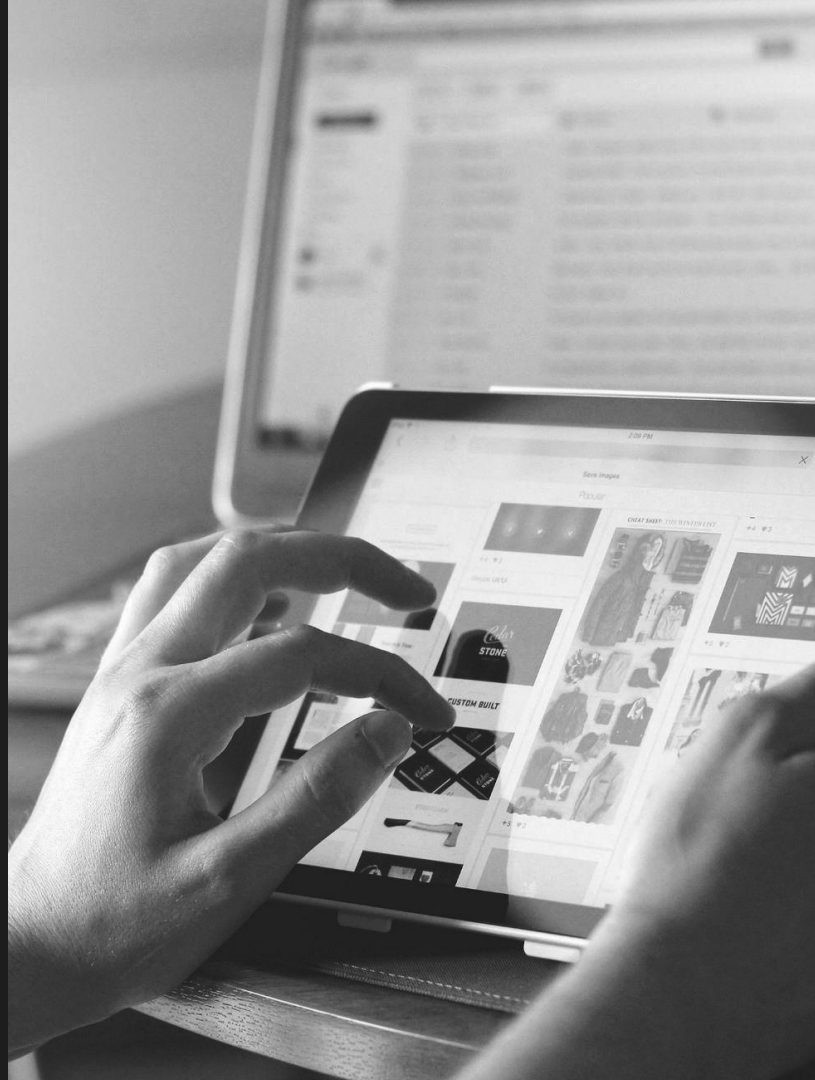
If more than 80% of buyers hold ecommerce to a high standard,
why shouldn't payments be as well?

If business buyers can go home and pay on Amazon in one-click, why wouldn’t that expectation translate over to the business world?

To answer these questions and more, this report will present our findings from a Censuswide-commissioned survey on 451 B2B buyers, including purchase managers, procurement managers, and C-level executives.

The goal of this survey was to understand the opinions of professional buyers, their attitude, and preferences of purchasing in order to help merchants gain maximum traction in their digital transformation journeys.

We present our findings alongside MRM commerce, to identify how ecommerce expectations are translating over to payments, and why the prioritization of a sophisticated online experience is not a B2C-reserved play.



Research **methodology**

The research was conducted by Censuswide, with 451 purchase managers, procurement managers, purchasing clerks, agents, purchasers and C-level executives.

This particular report covers B2B buyers in the US between 8.07.2022 – 16.07.2022. Respondents were screened for their part in the final decision-making process for buying products for their company.

Key **findings**

The future of B2B will be about so much more than simply fulfilling a service.

That's why we see more and more data that supports the space that digital experience deserves in B2B. And when it comes time to check out, the expectations are high.

Some of the key findings we'll discuss are summarized in the following table:

/ Loyalty matters in B2B	More than 50% of large enterprise buyers said they would notify colleagues/peers not to use a brand following a poor B2B checkout experience.
/ Outdated payment processes are creating friction	Over 50% of buyers stated that slow or lengthy approval for payment terms would be the top reason to change to another supplier, followed by no digital invoicing options.
/ Poor payments experience can lead to cart abandonment	More than 73% of buyers admitted there is a likelihood that they would abandon the purchase if they encounter friction during checkout.
/ The digital experience is top of mind	Over 83% of buyers stated that a smooth payment and checkout experience was a top priority when choosing a supplier e-commerce site to purchase from.
/ B2B buyers want options	Not having the preferred payment methods at checkout is the number 1 reason large enterprise buyers would switch to another supplier site.

Insight #1

Loyalty matters in B2B

Pre-digitalization, long-standing sales relationships were enough to be the grounds for growth.

But ecommerce is changing B2B purchasing. That hard-earned relationship can take a hit if the online experience is not a pleasant one.

In many ways ecommerce can be the great equalizer, helping more businesses reach more customers.

But it can also be a key differentiator, creating a new point where competitors can either get ahead or fall behind. Which explains why more and more companies are looking for ways to stand out.

B2B functions and features around inventory and merchandising are now rising to the top of digital priorities.

But instead of embedding B2B functionality into the checkout, most simply mimic B2C with PayPal-like payment options.

While B2B payments should be as fast and simple as in B2C shopping – it doesn't mean that the payment methods that work in B2C should be retrofitted to B2B.

B2B payment methods like ACH and check need to be easily integrated into the payment experience along with options for in-cart financing and net terms.

Today, this kind of functionality at checkout is lacking and buyers are feeling the pain of that.

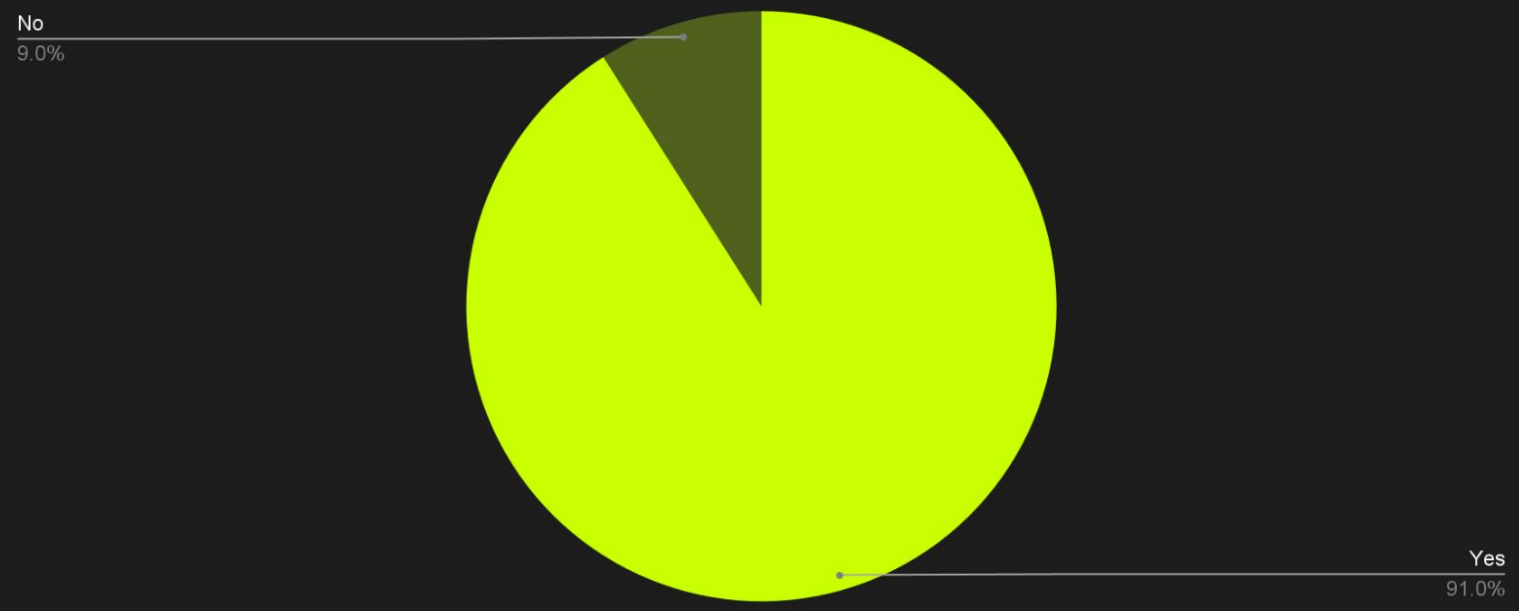
- ✔ ACH
- ✔ Financing
- ✔ Check
- ✔ Net terms

According to the survey data, **91% of buyers had payment requirements** that would make them switch ecommerce suppliers if unmet.

Respondents stated that the top three payment features that would negatively influence their decision as:

- ✔ **No in-cart financing**
- ✔ **Slow approval for terms**
- ✔ **No payment options**

Would lack of digital invoicing, payment methods, or in-cart financing make you switch B2B ecommerce brands?

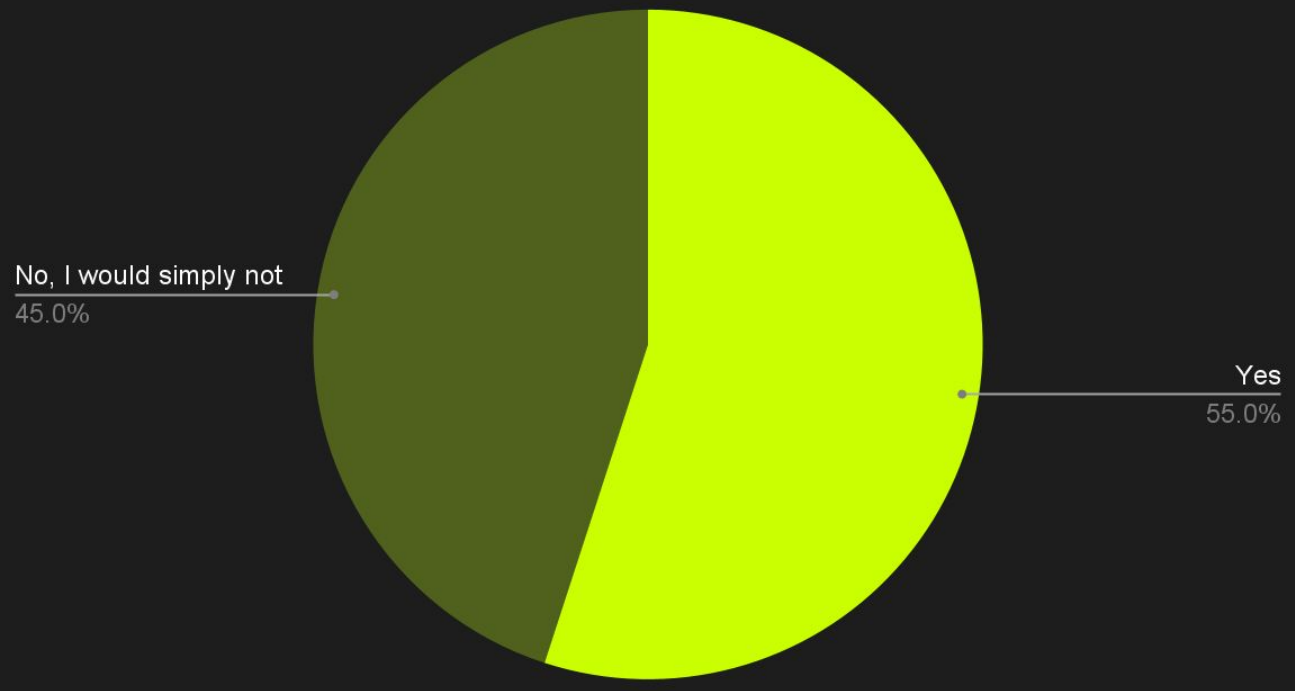


Not addressing these challenges puts merchants in a tricky place.

More than 50% of enterprise buyers said they would notify colleagues / peers not to use a brand following a poor B2B checkout experience.

The remaining 44%, stated that they would simply not return to that supplier.

Would you notify colleagues after a bad checkout experience?



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Dan Saltzman
VP Client Services

Expert Opinion

If we think about who the B2B buyer of the future is, we're basically looking at a near complete takeover in the next 5-10 years. There will be fewer and fewer Gen X buyers and more Millennials.

This idea that ‘buyers can only get the parts they need from me’, or ‘as long as we win on price we’ll be ok’, is fundamentally wrong. No business can keep the status quo indefinitely.

Granted, that doesn’t mean that a pipe fitting parts provider now needs to have a Super Bowl commercial.

But they still need to build and promote their brand to their audience. Merchants will need to think about how they can add value through a digital experience to their client even though they already have online purchasing for B2B.

Dan Saltzman
VP Client Services

More often than not, over the last two years when their clients hit that button, they get an email or a message back saying, “Hey, you know what, thanks for your loyalty, your order will only arrive in six months due to supply chain issues” or any other form of that.

So now more than ever, it will be about what else can merchants do from a loyalty perspective and from a value perspective to make that experience better. And that's right out of the B2C playbook.

Whether they have a competitor in that space today or not, that mental shift is going to help them win.

It's going to allow them to access a greater share of wallet.

If they do bring a new product online or if that customer all of a sudden has new needs or moves to another organization–that loyalty sticks.

“So all of the tried and true things that B2C brands have done as categories explode and new players come online, will matter in B2B and will be the differentiating mindset.”

Dan Saltzman
VP Client Services

Insight #2

Outdated payment processes **are creating friction**

The business purchasing challenge stands at the center of it all.

How trade is transacted, is changing. The world is more dependent on digital than ever. And the opportunity of digitizing the economy is massive.

But major limitations in how buyers can purchase online, legacy payment infrastructure, cash flow constraints, and complex AR processes, stand in the way of true transformation.

The paper-driven processes traditional to business payments are simply no longer fit for digital adoption.

Take net terms, a lifeline in B2B buying, and a way to delay payment. Businesses have paid with terms since the beginning of commerce. But for the vendor, the behind-the-scenes process involves a lot of heavy lifting.

Underwriting is a complex process. It often takes a great deal of both resources and capital in order to offer buyers credit.

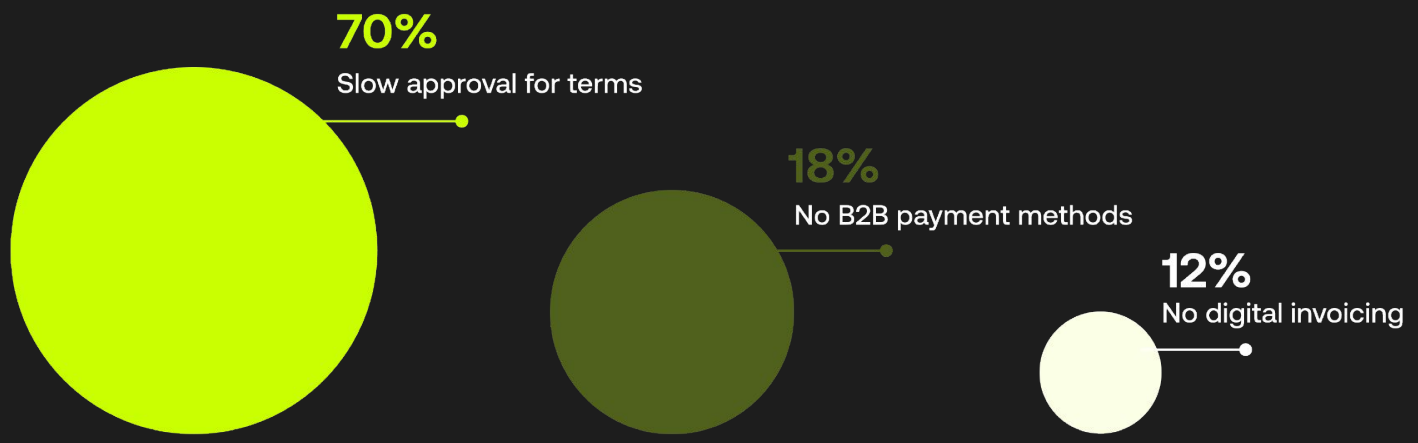
So the same benefit of ease and speed that buyers can get with ecommerce—can be a major challenge when it comes to offering net terms online.

Now, embedded finance has introduced a new kind of playing field. Businesses can now offer financing capabilities directly from the checkout.

And this is what buyers want.

The stronger preference is among buyers in industrial sectors like steel and lumber, where slow or lengthy net terms approvals was the number one reason buyers would switch to another ecommerce site.

In the steel and lumber industry, slow approval for net terms would be the number one reason buyers would be convinced to choose on ecommerce site over another.



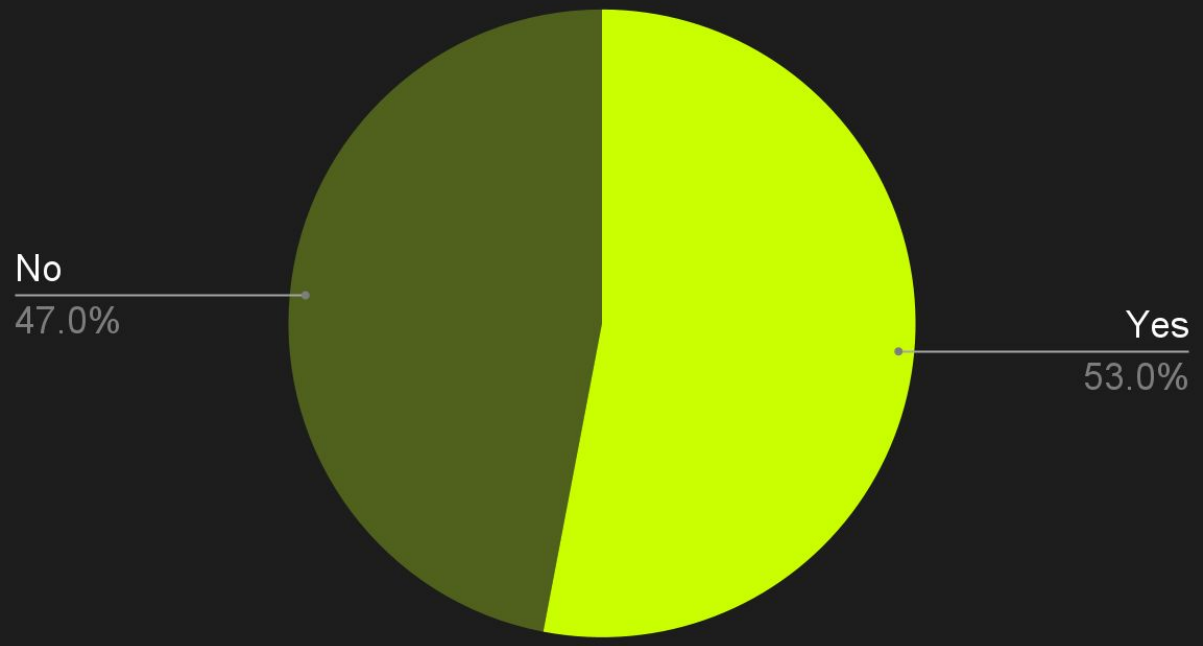
The preference of this buyer group for a seamless net terms offering was more than 3X higher than other reasons.

BNPL for B2B?

Across all buyers, 53% stated that slow or cumbersome net terms approval would be the top reason to change to another supplier.

This preference is a clear sign that the buy-now-pay-later-esque trend of B2C is making its way to the B2B checkout. Buyers have their business payment preferences and want to keep the way they've been transacting—simply the expectation is now to translate that into a digital format.

Would slow net terms approval make you switch ecommerce brands?



Another top priority for buyers was digital invoicing, with 36% of buyers stating this as an important feature that would keep them buying with an ecommerce brand.

Buyers want to be able to track, batch together and pay all outstanding invoices simultaneously.

And there is just as much **benefit to the merchant.**

If buyers have the right digital tools, it not only saves them time and money, but better invoicing makes sure that merchants get paid on time, every time. Within reason, **70% of B2B companies** are taking steps to automate their AR processes in order to better manage cash flow and accelerate operations.

But the same focus and prioritization for the buyer is still widely misplaced.

So why aren't more ecommerce payment experiences built in a way to to lift conversions and order values? Well it involves change.

MRM Commerce

Dan Saltzman
VP Client Services

Expert Opinion

B2C brands have been able to move more quickly to digital commerce and establish themselves, some for decades at this point. And the major advantage they've had is because structurally from an organizational perspective, they're set up to do that.

If you're a big, strong global B2C brand, Nike, for example, everything that you do from a corporate structure perspective gets reevaluated, changed, shut down, spun, in service of the consumer.

Whether that's directly selling the next pair of shoes or whether that's supporting sport globally, things are easily scrapped if they don't serve the customer as the end goal.

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Dan Saltzman
VP Client Services

B2B is fundamentally different. It’s heavily calcified from a structural perspective, organizationally siloed. You've got a lot of people that don't want to see things change. Change is scary. Change is hard.

But the opportunity is also orders of magnitude greater for B2B as compared to B2C. Great opportunity. Great, great challenge. So, yes change will take time, but the ‘why’ behind that is because organizational structure is really where this needs to start.

As to what it will take to get it going? Technology, disruption.

One organization, be it a startup, be it a legacy player, allowing technology to disrupt the core of the business.

Insight #3

Poor payments experience can lead to **cart abandonment**

There's a belief in B2B that buyers are prone to buy anyway.

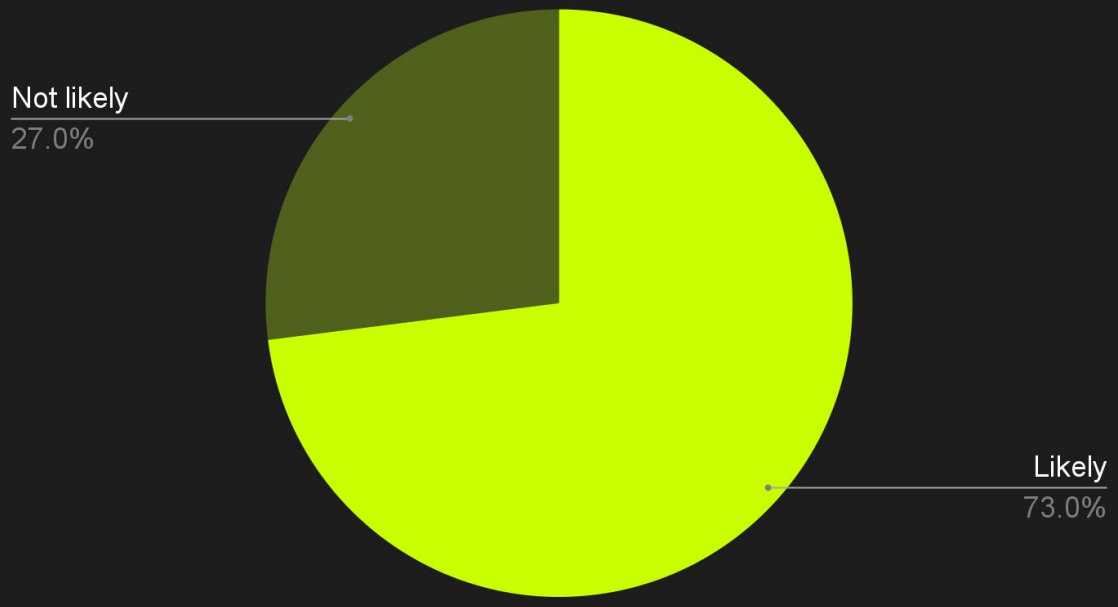
That the conversion rate is always going to be there.

And perhaps that was the case in the first years of B2B ecommerce.

But today, as more enterprises invest in their digital transformation, the stakes are higher.

According to our data, 73% of buyers admitted they would likely abandon the purchase if they encountered friction during checkout.

How likely would you be to abandon your cart after friction at checkout?



So while merchants can argue that there are only so many suppliers of X goods, the increasing amount of ecommerce options are upping the digital experience stakes.

Buying decisions take time. To waste that time due to a slow or cumbersome buying experience, is going to strain the customer relationship.

At the end of the day, if one company shows they care more by investing in a better online experience, customers take notice.

That's why frictionless online payments and all of the technology that has to happen to create that, is about more than just improving what businesses have today.

For any kind of innovation, merchants need to ask themselves how to go beyond basic functionality and more towards experience.

Businesses can choose to stick with payment via purchase order because that might work well enough for their existing buyers.

But what happens when a new segment of customers wants to pay online with net terms?

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Dan Saltzman
VP Client Services

Expert Opinion

The checkout is a very tangible thing that people can wrap their heads around. Everyone has had some interaction with either building one or at least using one.

So it's a really interesting conversation.

Most merchants aren't aware that there's more they can do than accept credit cards. If merchants offered more payment methods, what would that do to their business? What if instead of having 50 people managing invoices and credit, they could focus on higher value activities?

What could a consolidated complicated payment stack do to resource management and costs?

A really visionary CDO, CIO, CMO, needs to be able to stand up on a platform at an organization and say,

"All right, let's go turn the lights on the best possible purchasing experience for our customers and see what happens."

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Dan Saltzman
VP Client Services

I'm waiting for the first B2B commerce experience that wins a Cannes Lion award. I would love to see that happen, especially around payments, because there's huge opportunity there.

Payments are a big part of the decalcification process that has to happen within an organization.

I think any agency that has a decent growth leader has already been talking about this for a while.

You have renowned B2C agencies from both a marketing and a commerce perspective that may very well choose to stay in their own lane. But the holding companies are all going to go after everything, that's all we do.

The B2B specificity will continue to grow and gain steam.

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Dan Saltzman
VP Client Services

Because ultimately, we've seen a lot of stories lately coming out of the wild ride of the pandemic about how hard it is to really do D2C. Margins can be there, but it's tough.

So I think the full professional services market and the B2B industry itself has not yet realized the size of the untapped opportunity.

Insight #4

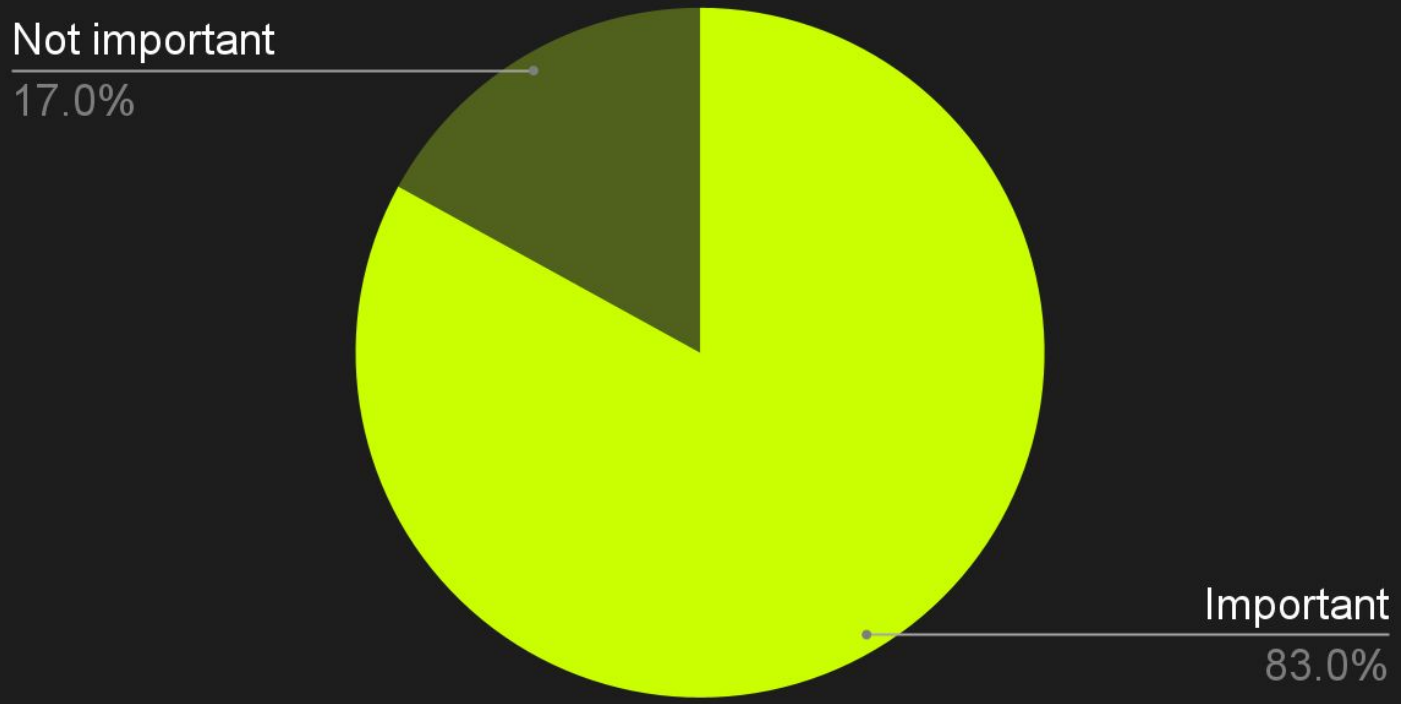
The digital experience is top of mind

A lot of merchants can say that the digital experience is the stuff reserved for B2C. But the data shows a different picture. According to Avionos, **94% of B2B buyers** agree their company prefers to work with suppliers that continuously evolve their digital capabilities and experiment with offerings.

And the payment stage isn't left out of that.

83% of survey respondents stated that a smooth payment and checkout experience was a top priority when choosing a supplier ecommerce site to purchase from.

How important to you is the B2B checkout when choosing an ecommerce site to purchase from?



But what is the kind of checkout experience that merchants should build?

It can be helpful to start thinking about something like ACH.

ACH is not an ecommerce consumer payment method, but it can still be delivered in a consumer-like way.

Typically, ACH can complicate the payment process. It can be difficult for suppliers to immediately see what charges they're related to, so merchants might avoid offering this payment method.

But automatic reconciliation tools can streamline ACH payments so that merchants can have the same processing ease as with credit cards.

The benefit is that buyers can pay the way that's most convenient to them, while eliminating the hassle for the merchant of applying the funds to the correct invoice. In this way, it becomes a lot easier to transition offline business payments to an embedded checkout experience.

BNPL is another great example.

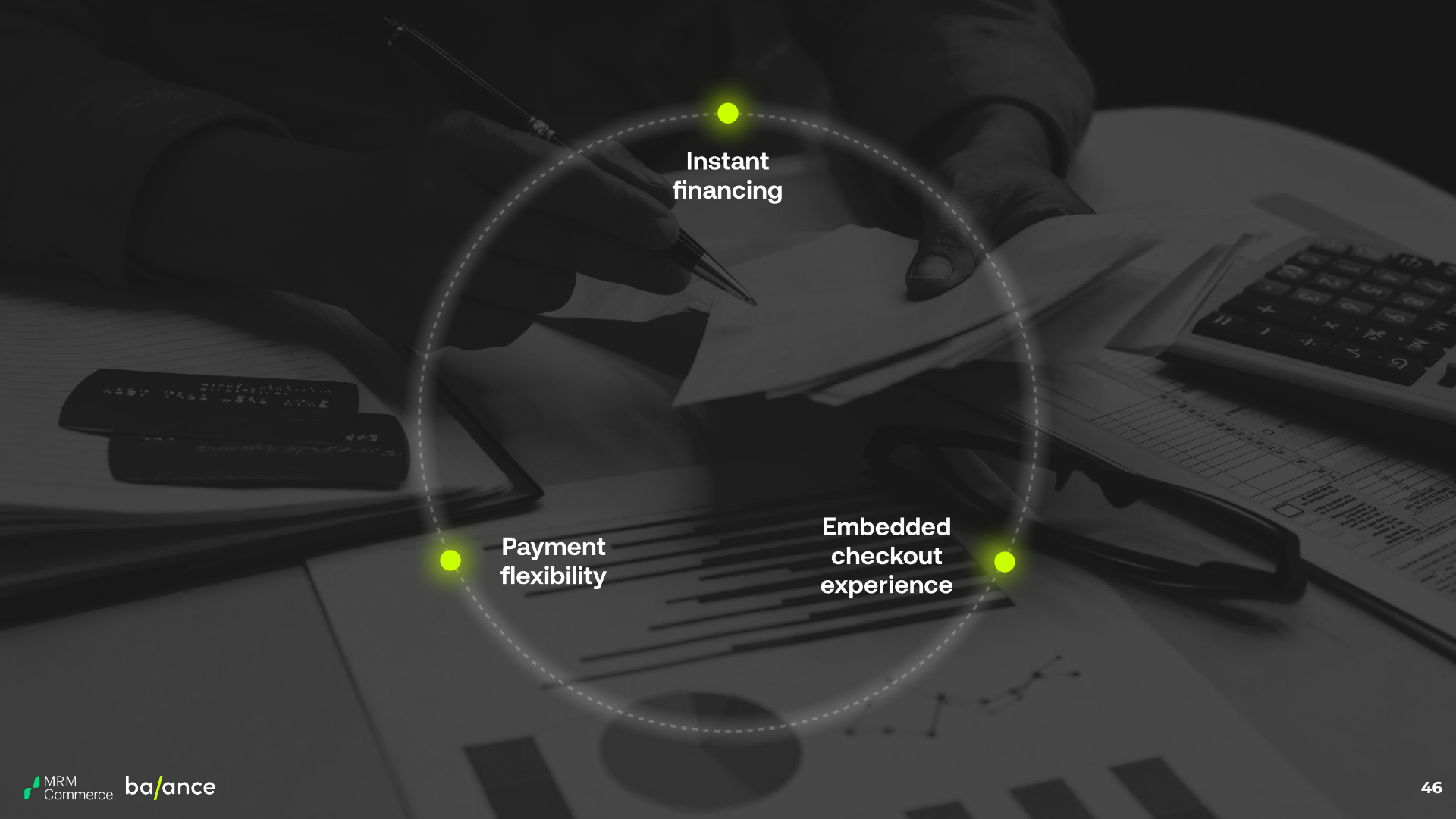
For buyers to buy now and pay later, they have to submit lengthy applications and wait to be approved for payment terms.

And if the vendor decides to provide credit for the buyer, the risk and cost is on them. Unlike depending on internal underwriting teams to assess buyers and extend credit, embedded net term solutions can speed up credit approvals and help onboard more new customers.

Plus, there's a shift in liability in the case of non-payment.

On the buyer side, they get to pay on a schedule that meets their needs, and seamlessly do so at checkout.

If merchants take advantage of the "win-win" opportunity of B2B ecommerce payments, the cost savings, customer lifetime value, and growth opportunities are ripe for the picking.


Instant financing
Payment flexibility
Embedded checkout experience

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Dan Saltzman
VP Client Services

Expert Opinion

You have this three-pronged challenge inside of big enterprise B2B: building while the plane is flying.

Especially in categories like healthcare or financial services, the key roles in these spaces are mostly staffed by industry subject matter experts rather than ecommerce experience, next gen-tech experts.

And then you've got just massive organizational structure on a scale. That’s only a lot of hearts and minds to change, but, systems upon systems upon systems. It just so happens that some of the bigger B2B businesses are less digitally influenced.

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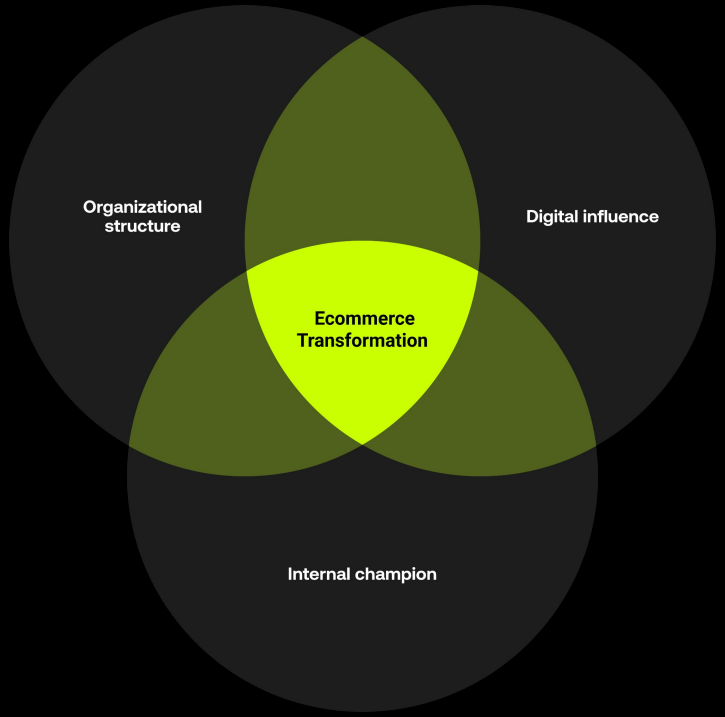
I worked with a major building products company in my last role, and they still did most of their transactions from builder to the company on invoices and then somehow inputted that into a computer system.

So the conversation is not even about can you sell online? It’s that a lot of businesses are not even digitally ready to turn something on, if ecommerce was ready to go tomorrow. It's just going to take one player in every space.

Then everyone else is going to be like, how did we do without this before?



Insight #5

B2B buyers want options

The most important way to think about payments is that there is no one-size-fits-all.

Depending on the industry, the business model, what buyers need varies greatly. And with increasing digital expectations, that need is only going to grow.

We saw this in the B2C world with BNPL.

For consumers, companies like Klarna and Affirm made BNPL go viral.

These fintech companies normalized paying online with installments, introducing a whole new way for consumers to buy.

But it was a trend that took time, really taking off during the pandemic (as the launchpad for almost all digital trends).

Now, the B2C digital payment options that have popped up over the last decade are some of the most popular ways to make online payments.

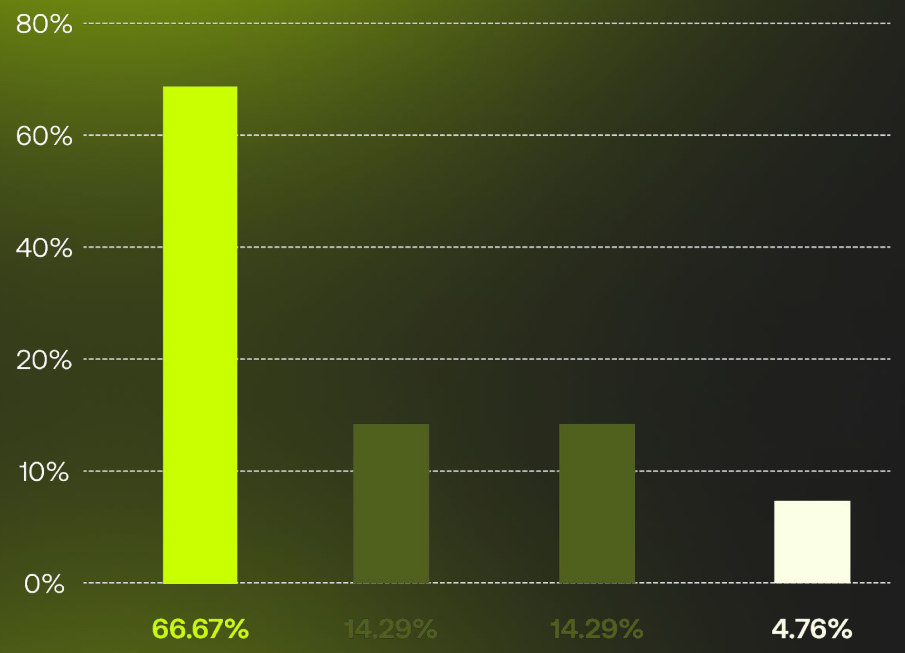
The same can be expected in B2B. For now, payments are still an immature segment. And yet, buyers aren't cutting businesses any slack. Especially large enterprise buyers.

Not having the **preferred payment methods** at checkout is **the number 1** reason large enterprise buyers would switch to another supplier site.

And it's no wonder why one most B2B checkouts are limited to one or two payment options.

Enterprise buyers would most likely switch brands if they didn’t have a choice in payment methods

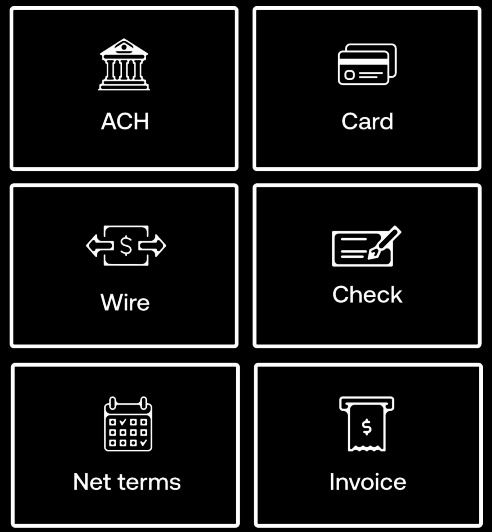
- No B2B payment methods
- No digital invoicing
- No net terms options
- No in-cart financing



B2B is behind B2C, like in all things ecommerce, but as more B2B payment providers come to the space, businesses have an opportunity to get ahead.

With only **7% of the $120 trillion** B2B payment volume conducted digitally today, growth starts by removing the friction notoriously associated with B2B and creating a smooth and fast purchasing experience for business buyers.

How would you like to pay?



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Dan Saltzman
VP Client Services

Expert Opinion

There's this idea that B2B needs to be this futuristic, super hyper-business oriented, dashboard-driven, buying experience. And that couldn't be more wrong. It just needs to service that end-customer in a meaningful way.

Several years back, I did a redesign and rebuild for MWI animal health and their portal for veterinarians.

We were able to win huge amounts of customers over from competitors, by launching a portal that showed simple things, like how much money have we saved you over the course of a year?

How can you optimize these 10 things that you may not know you order? Every two to three months, we would expose some of that kind of data.

“In that sense, you can’t apply a standard Shopify B2C template to B2B and expect it to work.”

Dan Saltzman
VP Client Services

MRM Commerce

Dan Saltzman
VP Client Services

Businesses can benefit a lot just with more data and visibility. And from there, better prepare themselves for adapting and staying relevant.

The classic example is Kodak. Kodak was in a place where it was known for photography but while they were a behemoth in the space, their entire revenue stream by and large was based on selling film.

When Androids and iPhones came to the scene, their business was in a tough place. Obviously that's a very extreme example. But the more businesses think about technology disruption and what's possible, the more it becomes hard not to see the urgency.

Key takeaways

- The purchase journey for the consumer has been largely obsessed over by tech.
- On the business side, companies are at different stages of maturity when it comes to developing and investing in the path to purchase.
- But the opportunity is impossible to ignore.
- The data is there. The agency and platform investment is there. The technology providers are there.
- Now, all it takes is a commitment to discovering new growth, to enabling new experiences, and having the vision to bring business transactions to the digital age.

How we can help

Balance is an all-in-one B2B payments platform.

We offer a modern checkout experience with preferred B2B payment methods and digitized 30/60/90-day net terms.

Looking for ways to stand out from the crowd? Connect with one of our experts.

About MRM Commerce

MRM Commerce, part of McCann Worldgroup, is an award-winning global commerce consulting practice reaching across all markets and industries to offer innovative products and services. With a dedicated team of “T-shaped” experts, they provide a full suite of strategy, technology, design, media and content capabilities.

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