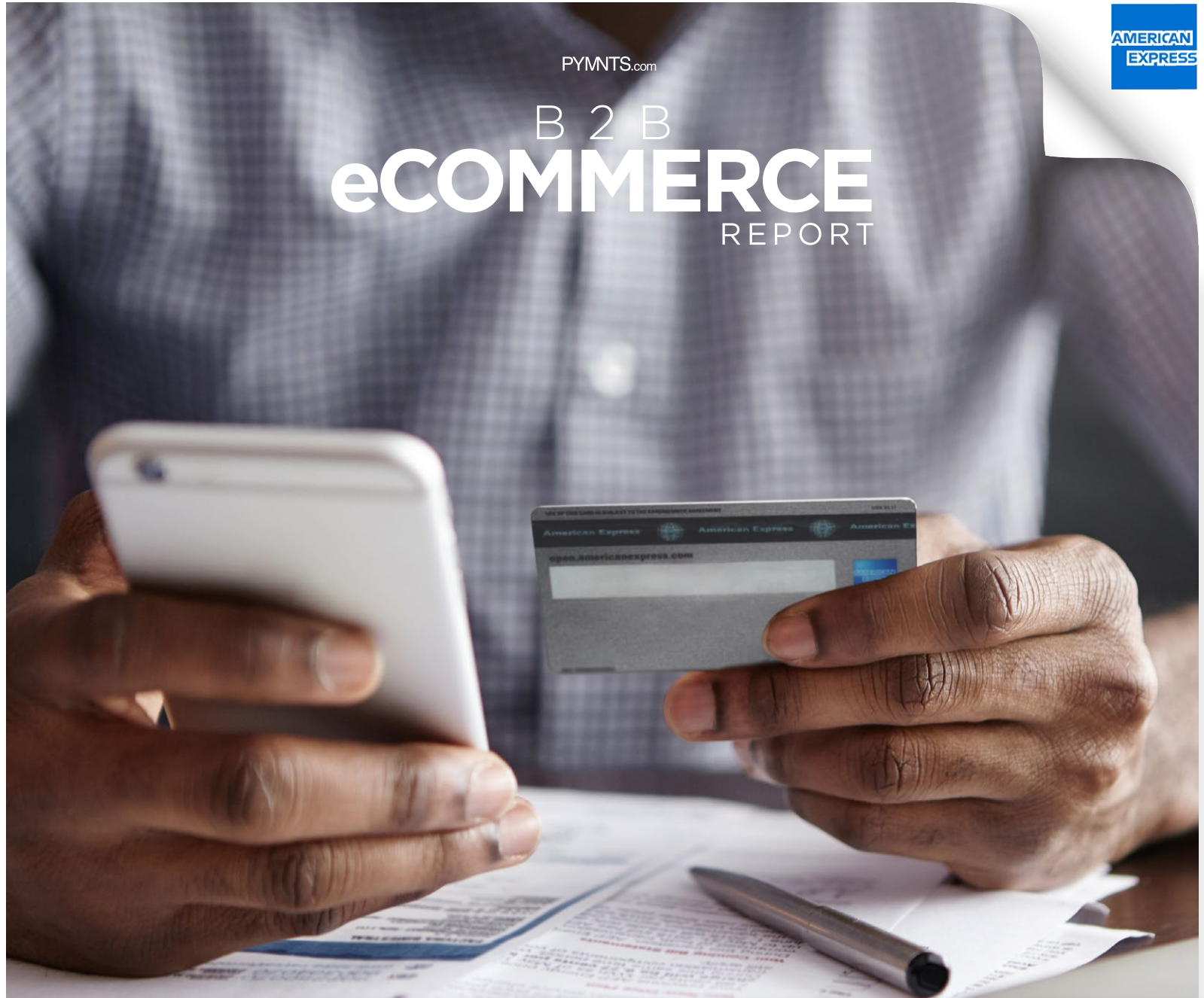


B 2 B eCOMMERCE REPORT



FEBRUARY 2020

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A look at the latest trends from around the space, such as platform providers' efforts to create fraud-free online shopping environments and how sellers can use eCommerce to get paid faster

Feature Story

An interview with Lilian Shen, director of marketing at B2B furniture and decor rental company CORT Events, on how B2B event suppliers can use mobile channels and robust digital tools to better transact with planners

News & Trends

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An in-depth examination of how B2B sellers can securely transition to eCommerce and prevent online fraud without inserting frictions into customers' experiences

About

Information on [PYMNTS.com](https://pymnts.com) and American Express

Acknowledgment

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**WHAT'S
INSIDE**

Business-to-business (B2B) sellers and buyers often face friction-filled transaction experiences that add steps to corporate buyers' orders and elongate payment waits for B2B sellers. Orders are traditionally [placed](#) via phone, fax or paper catalogue, and once item delivery is [arranged](#), buyers wait for invoices before issuing payments to sellers. This is a far more cumbersome process than that of business-to-consumer (B2C) retail, where shoppers quickly select items and immediately pay retailers.

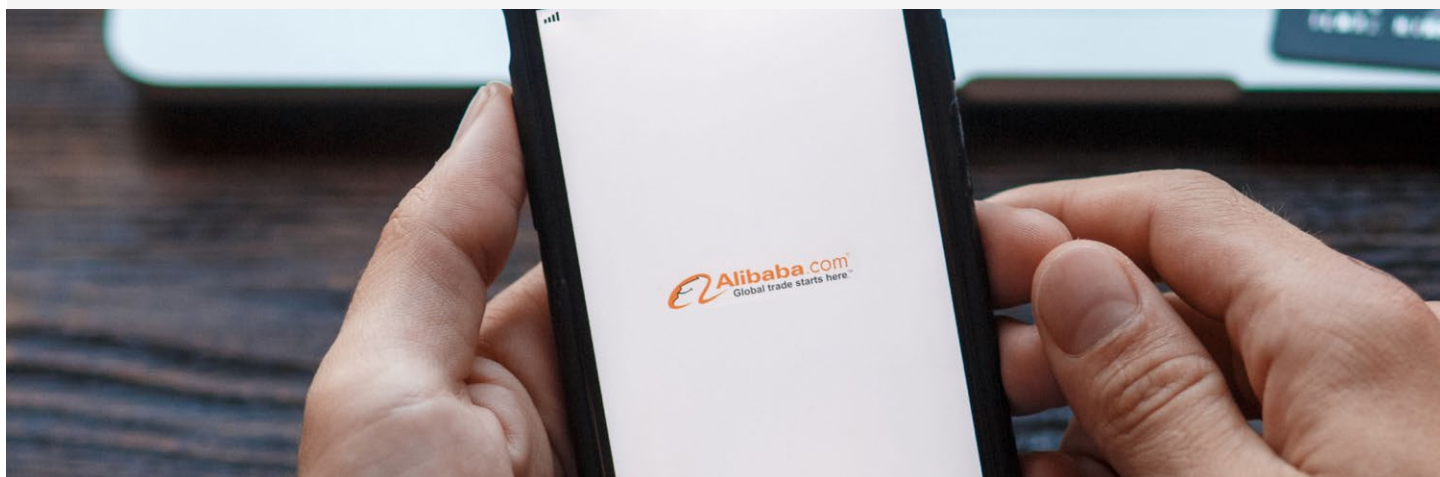
The sluggish B2B process forces sellers to undergo long delays before seeing compensation, and the timeline might extend further if clients make payments with slow-moving paper checks. Original equipment manufacturers (OEMs) report [waiting](#) 57 days on average, for example. These pains spur sellers to push B2B trade into the eCommerce space, where corporate buyers often pay more rapidly via credit cards. These buyers can benefit, too, as digital platforms put wellsprings of information at their fingertips and make it easier for them to discover and order products.

Transitioning into online sales requires overcoming some hurdles, though. Vendors must develop their own eCommerce systems in house, partner with third-party providers or join digital B2B marketplaces, and each approach requires careful decision-making. Vendors must ensure processes are convenient and secure before convincing buyers to spend online, after all.

The B2B eCommerce Report dives into these topics and examines online sales' potential to serve buyers and sellers as well as the need for tight digital security.

AROUND THE B2B eCOMMERCE WORLD

Chinese eCommerce platform Alibaba is wrestling with how to foster buyer and seller trust in online B2B environments as it works to better support North American vendors through expansion efforts. Kivanc Onan, head of B2B payments, financing and protection for Alibaba North America, recently [told](#) PYMNTS the features he believes are necessary to ensure that buyers feel confident that orders will arrive and assure sellers that their compensation



will come quickly. These include delivery guarantees, dispute resolutions and lending services that give small to mid-sized business (SMB) buyers the funds they need to pay sellers upfront.

Some vendors find they need more personalized online sales systems than marketplaces can offer and are instead turning to eCommerce system providers. Construction and industrial equipment and supplies distributor Winsupply recently decided it [needed](#) an eCommerce solution so its hundreds of independently managed distribution locations could tailor front-end online experiences to shoppers' unique needs. The firm's solution also needed to give these different front-end systems central data access to check inventory and processing orders, leading Winsupply to a new online sales platform approach.

Suppliers may even discover that the most important element of their eCommerce sites is not accepting sales but encouraging them. Aviation parts seller Jet Parts Engineering (JPE) recently [reported](#) that less than half of its purchasing orders come via its eCommerce offering but that the platform critically provides detailed product and purchasing information that convinces customers to order. JPE receives the majority of its orders via electronic data interchange.

For more on these stories and other headlines from around the B2B eCommerce space, read the Tracker's News and Trends section (p. 12).

DIGITAL TOOLS MAKE B2B FURNITURE RENTAL FAST AND FLEXIBLE

Businesses hold events for everything from national trade shows to small executive meetings, and corporate event planners ensure everything goes as expected. These planners need to rent furniture, drapery and other supplies to bring events together and wow guests, and that typically means turning to B2B suppliers. The latter can improve their chances of being selected by providing robust eCommerce experiences, according to Lilian Shen, director of marketing at B2B furniture and decor rental company [CORT Events](#). For this month's Feature Story (p. 8), Shen discussed how convenient mobile experiences and compelling visualization tools help event planners quickly realize ideas and adjust orders on the go.

DEEP DIVE: KEEPING ONLINE B2B SHOPPING SAFE AND SIMPLE

B2B sellers are increasingly aware that they must offer eCommerce sales channels to meet younger corporate buyers' demands as these professionals are used to making easy online purchases. Launching into online sales exposes businesses to new risks, however. Online vendors need to verify new buyers, which might seem daunting to those that traditionally connect with clients in person at trade shows or take orders over the phone. This month's Deep Dive (p. 19) digs into the challenges involved in providing convenient, safe online shopping experiences.

FIVE FAST FACTS

57

Average number of days OEMs waited to receive business customers' payments in 2019



50%

Portion of companies that considered limited funds their top eCommerce inhibitor in 2019



67%

Share of North American B2B companies that expect eCommerce to alter B2B trade



90%

Portion of U.S. SMBs that report engaging in B2B selling or purchasing online



38%

Share of businesses that have "fully implemented" global B2B eCommerce strategies



Executive INSIGHT

What typical B2B payment frictions do merchants tend to face in the eCommerce space?

"Many B2B merchants are behind in ... allowing flexibility in online payments, causing major friction between buyers and sellers. While the vast majority of B2B merchants accept credit card payments for smaller orders, in most cases, they are still relying heavily on traditional purchase orders and paper checks for large purchases. While it's true that, in some cases, this is because of the customer's payment preference, it is also true that ... it's because the B2B company has not built out or bought the technology to facilitate larger payments, [such as] payment portals. In some instances, [the reliance on purchase orders and paper checks] is because the merchant has restricted card acceptance due to fees. Oftentimes it is a combination of both. Buyers often aren't able to pay with their methods of choice, and this is especially concerning for small businesses [that] rely heavily on credit cards for the increased lines of credit and float. They are often unable to purchase as much as they need from suppliers when there isn't open card acceptance or a defined card policy. The B2B buyer is rapidly evolving and becoming more sophisticated, and, in turn, expectations are shifting [toward purchasing] with their payments of choice. Price isn't the only factor in their purchase decisions – convenience, customer service, and payment methods all influence this decision. For B2B companies to achieve long-term growth, investing in the technology that allows them to be more flexible with payment methods is imperative."

ANJALI SHAH

director of client management for online merchants at [American Express](#)



FEATURE
STORY



How Streamlined B2B eCommerce Payments Boost Sales For Event Vendors

Businesses hold many events, covering everything from trade shows and board meetings to client dinners and fundraisers. Ensuring proceedings come together requires scheduling, coordinating participants' transportation, securing speakers, finding and furnishing venues and more. Corporations would often rather hand that planning and management work off to professionals.

This demand is evidenced by the \$5 billion the United States' B2B and B2C events and party planning space [generated](#) in 2019. These firms do not operate in a vacuum, and plenty of companies are eager to supply the needed drapes, tables, seating and other furnishings. Such rental companies cannot hope that compelling arrays of goods will be enough to secure business — they must also ensure their offerings are easy to access, learn about and pay for, and that means having strong B2B eCommerce presences.

PYMNTS recently caught up with Lilian Shen, director of marketing at B2B furniture rental

firm [CORT Events](#), to learn more about how flexible, digital B2B sales channels and visual supports are key to sealing the deal with event planners. Her clients need to quickly receive pricing quotes and discover new items or risk falling behind schedule.

"Moving our business to the online space allows us to maximize our ability to serve our customers, reduces their downtime and allows us to provide them real-time updates to their needs," she said.

ENCOURAGING PURCHASING FAST AND ON THE FLY

CORT Events supports planners designing everything from 20-person executive meetings in remote locations to national conferences in major cities. Its offerings thus need to be accessible for event planners nationwide. Planning professionals are often moving between prospective venues or visiting different clients and must be able to rapidly browse and order items from the road.

Mobile services are needed for clients to easily do business with furniture rental companies, Shen explained. That includes supporting mobile checkout as well as using digital channels to provide design trends and product release updates or to quickly respond to client requests.

"A planner can be on a site visit and realize, 'I need an account for this piece of the venue space,' and can go online and adjust the order and get that change immediately," she said.

Prospective customers' speed demands have made self-serve eCommerce a valuable sales channel, she added. Event planners can easily check out online and pay with credit cards, rather than waiting to receive invoices and use paper checks. The company works with a major credit processor that handles payment data and its encryption.

"[Customers] typically pay with card transactions online through our systems. It's the quickest way for them," Shen said.

Going digital at checkout can also make documentation easier.

"[The credit card payment] is directly connected with the quotes we provide, so everything is right there," she said. "It's a single click. We try to keep everything compact and straightforward for the customer to digest."

Event planners are not homogenous, however, and serving a wide variety of clients requires meeting many different needs, including offering invoices to those who want them and

personalizing sales methods. Some clients prefer to peruse items online but then finalize by calling in their orders or submitting requests for representatives to contact them, for example, while others are eager to handle the whole process online without such interactions.

MAKING IT VISUAL

B2B suppliers can also use eCommerce to leverage digital tools and help make the selection process easier for clients. Decision-making around furniture and decor is often influenced by visuals, with event planners wanting to project how everything might look on-site. CORT Events provides a spatial planning tool through which clients can create 2D and 3D virtual mock-ups of their meeting spaces and arrange models of furniture and other items. Converting this offering into sales requires a quick, smooth transition between the tool and checkout, Shen explained, so the company connected its visualization services to its shopping cart so customers can quickly rent what they model.

Reducing the steps between customers viewing items and checking out is a guiding principle for CORT Events — and it is currently playing a starring role in the firm's eCommerce refresh efforts. The firm aims to develop "shoppable dynamic catalogs" that event planners can peruse to view photos or videos of items and events and then click on anything that catches their fancy to be immediately directed to the purchasing page.

"We really focus on developing media and that enhanced shopability, where a consumer can go through our inspiration gallery and see all the images of events past, of renderings that we've done, of 'This type of event may do well with these pairings' [suggestions and] the new trends, [such as] 'Green is very prominent in 2020,'" Shen said. "It's very visual. We want them to go there to enhance their knowledge in the design space while being also able to transition from, 'That looks great,' [to] 'I want to rent exactly what that picture looks like. Put it in the cart. Give me everything and let's go.'"

Encouraging prospective clients to quickly move from idea generation to payment could be especially effective in an industry in which 62 percent of event planning professionals have said [finding](#) fresh ideas is a top priority.

"Because of the ever-shifting industry trends, [customers] want somewhere they can go where they can get inspired and make [purchases] happen, too," Shen said.

Planners work hard to get their events off the ground, making quick decisions and responding to any hurdles that pop up. These pressures make it all the more important that event supply companies seeking to serve these planners provide flexibility as well. Mobile tools and platforms equipped with digital supports that seamlessly turn ideas into rentals can be critical for B2B furniture and decor providers. The right eCommerce offerings thus might be just what it takes to reach modern event planners and help them make corporate events a success.

Under The Hood

What went into deciding whether to develop CORT Events' B2B eCommerce platform in house or go with a third-party provider for the back- or front-end system?

"It depended on the scope and how revolutionary we wanted to go. Throughout the years, we consistently [studied] customer trends [including] behavior on our website [to help us determine how] we think the general customer wants to shop. At the same time, as we do minor upgrades, every now and then we have to take a step back and say, 'Are we missing the bigger picture? Do we need to totally restyle and refresh?' At that point, [revamping our platform] may be a larger undertaking where we have to pull in other resources.

Our CORT Events team is still heavily involved, whether or not we do elect a third-party partner to help develop our website. We're able to have more of a personal touch with our customers, and we know how they shop based on storytelling and familiarity with the industry, so we can make sure the entire scope is covered.

[Third-party partners may be] consultants or on the actual development side. When it comes to our space planning tool, we partner ... for that. Whether it's communicating between our eCommerce function and [our partner's] space-planning platform or just enhancing the tool itself, we partner with [it] directly to see what the capabilities are and what we can implement."

LILIAN SHEN

director of marketing at [CORT Events](#)



NEWS & TRENDS

Headless commerce and microservices

ZNODE INTEGRATES PUNCHOUT2GO B2B eCOMMERCE SERVICES

B2B eCommerce is increasingly important for distribution and manufacturing firms, yet difficult to keep simple. Platform provider Znode is working to better support such clients' online sales needs, recently [integrating](#) features from B2B eCommerce platform solutions provider PunchOut2Go. Znode uses a headless commerce model in which its front- and back-end systems [operate](#) independently, allowing it to quickly add new services. The partnership sees it leveraging PunchOut2Go's order automation solutions and catalog to help clients manage their eCommerce presences, according to a press release, enabling integration with eProcurement spend management systems like JAGGAER and SAP Ariba to better meet corporate buyer customers' purchasing needs.

ELASTIC PATH LAUNCHES MICROSERVICES PLATFORM WITH MOLTIN ACQUISITION

Headless commerce is also a key strategy for solutions provider Elastic Path, which serves B2B, B2C and other eCommerce types. The company has noted that business clients still need technical know-how to properly use flexible platforms, however — an understanding leading it to acquire commerce technology provider Moltin in January. The move helped Elastic Path develop and [launch](#) a new headless commerce platform that provides

scalability, can future-proof extensibility and offers a library of “pre-built and ready-to-use commerce experiences,” among other features. Elastic Path believes the model enables platforms to easily be adapted to meet different sellers' needs, such as enabling one merchant to implement voice assistant- or chatbot-based purchasing while another could remove or decline such elements.

Wholesaler eCommerce channels

CALIFORNIA COWBOY TAPS ENVOY B2B FOR ONLINE WHOLESALER CHANNEL SUPPORT

Retailers appear to agree that online sales systems are important, but many would rather turn to third parties than develop such platforms themselves. Apparel startup California Cowboy recently [tapped](#) Envoy B2B for an eCommerce solution supporting wholesale orders. The firm also wanted an offering that would enable its trade show representatives to digitally accept orders, sign up merchant customers and view product inventory and pricing via iPhone and iPad apps.

Businesses selling to retailers often include eCommerce among their sales channel portfolios, and a late 2019 report [found](#) that approximately two-thirds of U.S. distributors and wholesalers offer at least one online purchasing method. These online presences — although important — do not appear to capture the bulk of sales volumes, however,



representing just 10.1 percent to 25 percent of total sales for 78 percent of surveyed companies. Some distributors and wholesalers — especially those providing equipment for plumbing, ventilation and other industrial areas — are used to traditional methods and continue to depend on sales representatives taking their orders, for example.

MODMART BLENDS eCOMMERCE, ON-THE-GROUND METHODS TO REACH BUSINESS BUYERS

Gift and decor goods wholesaler ModMart has been working toward a similar balance for its online and in-person sales channels. It [launched](#) its wholesaler website in November 2019, and company CEO and founder Bill Quinn recently emphasized the development's benefits, noting that it gives retailer customers the around-the-clock convenience of purchasing from suppliers online. These buyers can also use the platform to make installment payments on invoices or pay via credit cards or

automated clearing house (ACH), he explained, and integrating eCommerce with an enterprise resource planning (ERP) system helps ModMart handle larger order volumes and manage customer and product inventory records.

Digital growth is not enough, however, and ModMart is now supplementing its eCommerce presence with on-the-ground sales representatives, Quinn said, planning to expand from nine sales representative agencies to as many as 50 in the U.S. — each staffing 10 to 40 representatives. He believes these individuals can provide personal touches to encourage greater purchasing.

Facilitating manufacturing's B2B eCommerce

JPE GROWS REACH THROUGH eCOMMERCE, ACQUISITION

Aviation parts designer and retailer JPE is taking steps to expand its own online presence.

The company [redeployed](#) its custom-built eCommerce site in 2017 after updating its features and better integrating with its ERP system. Its online platform provides access to details that can inform customers' purchasing decisions, such as technical details about products, inventory stock levels and order tracking, encouraging sales.

Most of JPE's orders still occur through other channels, however, through electronic data interchange and other aviation-focused online marketplaces. The retailer's recent acquisition of aviation parts vendor Aero Parts Mart means it will now be able to add more than 250 new products to its channels, improving its customers' access to the aircraft parts and maintenance elements they need.

EPISERVER GAINS NEW B2B eCOMMERCE TECHNOLOGY THROUGH INSITE ACQUISITION

Content management system (CMS) and eCommerce solutions provider Episerver recently made an acquisition of its own, [purchasing](#) B2B eCommerce technology company Insite Software Solutions to better cater to the manufacturer and distributor sectors. Episerver focuses on customer-facing features like product descriptions, while Insite supports back-end capabilities, such as those powering online shopping carts and price quotes. The deal gives Episerver more robust B2B eCommerce capabilities, according to a press release, while Insite gains access to

Episerver's larger budget and customer base to expand its business. The companies plan to integrate their technologies, tailoring experiences to help manufacturers and distributors reach buyers online.

MSTS REDESIGNS ONLINE CHECKOUT TO ACCELERATE B2B PAYMENTS

OEMs are finding that selling to businesses through eCommerce platforms requires sellers to redesign their approaches — and that failing to do so could magnify frictions affecting traditional B2B sales. OEMs can reach more customers through B2B eCommerce platforms, but they will not be able to fulfill the orders if corporate buyers are as slow to pay online as they tend to be with mailed paper invoices.

OEMs wait an average of 57 days to receive compensation, leaving too many funds tied up in outstanding accounts receivable (AR), Brandon Spear, president of B2B payment and credit solutions provider MSTs, noted in a recent [discussion](#) with PYMNTS' Karen Webster. Business sellers can ease the burdens on their cash flows by integrating third-party financing solutions into their checkout experiences, he explained. The tools can help sellers get paid within two days of sending an invoice, and solutions for issuing and monitoring digital invoices can help reduce the likelihood of invoice management difficulties slowing buyers' payment processes.

Helping SMBs trust online shopping

ALIBABA ON PAYMENT SOLUTIONS TO ENCOURAGE SMB B2B eCOMMERCE TRUST

B2B eCommerce platforms must keep buyers and suppliers feeling safe when transacting online, and that has become a major focus for expansion-seeking eCommerce platform Alibaba. Kivanc Onan, head of B2B payments, financing and protection for Alibaba North America, [spoke](#) with PYMNTS' Karen Webster on the subject, noting that although Alibaba supports buyers and sellers worldwide, the seller side of the platform was designed with Chinese vendors in mind. The company's 2020 expansion plans involve recruiting more North American vendors, however, so the firm is looking to implement capabilities that support such sellers' preferences. This includes adjustments to the site's interface and language as well as support for SMB transactions, encouraging smaller North American players' to participate and engage with the platform.

Alibaba offers services like delivery guarantees, dispute resolution and quality control, Onan continued, to maintain users' feelings of safety. It must also provide payment solutions that ensure neither participant feels stiffed. Meeting those needs has meant partnering with an SMB online lending platform to ensure small suppliers get compensated rapidly, which is particularly important in the

U.S., where slow payments are a serious pain. A survey of 1,000 SMBs reported \$3.1 trillion in collective outstanding AR, yet Onan said it is important to ease budget pains for smaller buyers, too. Such entities are more likely than their larger counterparts to be asked to make down payments on purchases, for example, and the payments can be a burden because many still have to wait a month or more after payment for purchases to reach them.

SOLV TAPS MONETAGO TO COMBAT FACTORING FRAUD

Some companies are looking toward international expansion, but others simply want to improve their offerings' security. Indian B2B eCommerce platform SOLV is [working](#) to safeguard its SMB clients from factoring fraud. Factors are companies that purchase vendors' outstanding invoices, a service that helps sellers maintain smoother cash flows rather than waiting weeks or months for their corporate buyer clients to pay. Factors pay sellers up to 90 percent of the invoices' value right away — giving vendors working capital — and then collect money when the invoices come due. They then pay sellers the rest of the invoices' values, minus a portion they retain.

Dishonest sellers can find many ways to abuse this system, however. Bad actors may try to sell the same invoice to multiple factors, as factoring companies do not usually communicate with each other about invoices and are unlikely to identify deceptions until invoices

come due. A criminally minded supplier may try to also submit the same invoice to a factor multiple times, tweaking original documents to make them resemble separate invoices. That type of trickery enables sellers to collect several payments on the same AR item.

SOLV sought to provide its suppliers with invoice financing while safeguarding against such fraud. It partnered and integrated with invoice financing company MonetaGo, which [leverages](#) blockchain technologies to plug communication gaps and make it easier to catch fraud. The company's solution automatically detects copied invoices, preventing firms from being tricked by faked invoices.

Transitioning to online

WINSUPPLY'S eCOMMERCE PLATFORM RELAUNCH DRIVES UP ONLINE SALES

Construction and industrial equipment distributor Winsupply recently [reflected](#) on its

mid-2018 B2B eCommerce relaunch. The company gives each of its roughly 600 distribution locations a high level of independence, allowing local business owners at each to dictate pricing and retail approaches while providing them with eCommerce and other business services. This distributed business model required Winsupply to relaunch its eCommerce platform to implement a new system, affording location owners their own tailored websites. The sites now pull on a centralized back-end system that supports functions to provide details about — and handle orders from — Winsupply's inventory.

Approximately 113 of Winsupply's 600 distribution centers currently link into its new eCommerce platform, a number that Steve Edwards, its vice president of marketing, said is increasing. The new system relies on an eCommerce solution from Oracle for some of its order processing and a product information



management system from Informatica to power its search engine. Edwards credits both with a 25 percent online sales increase between 2018 and 2019, and he said eCommerce represents 0.4 percent of the company's annual revenue as of 2020.

FASTENAL GROWS eCOMMERCE BY 32 PERCENT

eCommerce is also crucial for B2B industrial products distributor Fastenal, which asserted in its Q4 2019 report that its digital sales [increased](#) by 32 percent between 2018 and 2019 and that its eCommerce sales grew 35 percent year over year in Q4 2019. Those sales came through its website, via electronic data interchange and through its internet-connected vending machines, and CEO Daniel Florness noted on an earnings call that eCommerce is increasingly important for the company. Fastenal had traditionally expanded its operations by opening new branches in locations that could bring its inventory and support services closer to customers. It had 2,687 branches in 2013 but [dropped](#) to 2,114 in 2019, suggesting on-the-ground operations' diminishing significance.

FAIRE ON HELPING SMBs ENTER B2B

The path to eCommerce growth can be complicated, especially for small manufacturers that provide mom-and-pop retailers with apparel, gift items and other goods. It can be difficult

for them to get discovered by interested SMB retailers, Marcelo Cortes, co-founder and chief technology officer of B2B eCommerce marketplace Faire, noted in a recent PYMNTS [interview](#). That is not for lack of want on the retailers' side, either, as these merchants are often eager to find manufacturers that can supply them with unique items. Consumers often turn to SMBs to discover quirky and unexpected goods they would not have thought to search for on big-name eCommerce sites, but retailers do not always know how or where to find these coveted items online, having traditionally relied on trade shows or in-person encounters with sales representatives.

B2B eCommerce marketplaces can be key to [helping](#) these entities connect. Faire discovered that making its online B2B marketplace successful required strong search filtering tools. The company enables merchants to search categories like best sellers, locally made, product types and popularity, all among certain demographics. Cortes also said that "goods not sold on Amazon" has proven to a popular search category among retailer buyers, helping smaller shops find unique goods that draw local consumers. On-the-ground B2C sales stand to get a powerful boost from tailored B2B eCommerce experiences.

The background is a solid blue color with several large, semi-transparent geometric shapes overlaid. These shapes include circles, squares, and rectangles in various shades of blue, creating a layered, abstract effect. The shapes are positioned in a way that they overlap each other, with some appearing more prominent than others.

DEEP DIVE

Safeguarding B2B eCommerce And The Corporate Customer Experience

B2C trends are bleeding into the B2B space and forcing corporate sellers to become digitally savvy — and fast. Corporate buyers are also consumers, meaning they are accustomed to eCommerce's ease and now expect the same conveniences at work. The trend is unlikely to abate as younger generations gain greater influence in corporate buying. Forty-four percent of 200 millennials [surveyed](#) last year stated that they were wholly responsible for making purchasing decisions at the B2B companies at which they worked, and an additional 33 percent played some role in this process. The survey also found that 55 percent of millennial B2B buyers cited good digital purchasing experiences as very important influences when deciding which vendors to use, even if they were equivalent in terms of cost, quality and other factors.

Vendors looking to appeal to these corporate buyers' shopping preferences and expectations must therefore ready online sales channels like merchant websites and B2B marketplaces. There is plenty of opportunity as B2B eCommerce is [expected](#) to reach \$1.1 trillion by 2020, but new sales channels also invite emerging fraud forms. The stakes are especially high in the B2B space, where large-volume transactions worth thousands of dollars are the norm.

Businesses unable to safeguard their online shopping channels risk losing money to criminals and souring legitimate client relationships. More than \$1 trillion is expected to be spent on cybersecurity solutions worldwide between 2017 and 2021 as companies address the need for protections and make major investments in digital fraud-fighting techniques. They must do so judiciously or risk wasting those investments, however.

This month's Deep Dive examines the key fraud forms threatening B2B eCommerce as well as the strategies being implemented to overcome them.

THE SIZABLE ONLINE FRAUD THREAT

Vendors do not always find the transition to online selling to be easy. Sellers may be used to [connecting](#) with corporate buyers on the phone, at trade shows or through other face-to-face opportunities where personal interactions can help reassure them that clients are who they claim to be. eCommerce forces vendors to trust strangers they may never meet. B2B merchants must quickly determine remote potential buyers are who they say, a process typically achieved through data collection and identity verification solutions.

The internet provides bad actors with plenty of opportunities, meaning companies' verification methods must be robust. Fraudsters can appear legitimate by [impersonating](#) real businesses, for example, searching online for publicly available details like corporate executives' addresses and phone numbers and then supplying this information — with some digits or letters changed — on order applications.

Vendors are unlikely to notice these subtle changes, and altering details ensures the executives are not contacted to ruin the scam. Criminals might use faked credentials to sign up for monthly purchasing plans, gain services for 30 days and then vanish once the first bill arrives. Business identity theft is used to launch everything from purchasing plan scams to tax and credit card application fraud, and it [caused](#) an estimated \$137 million in damages in 2017.

DETECTING FRAUDSTERS

Sellers seeking to fend off such scams need to differentiate fake accounts from legitimate ones. B2B vendors may safeguard their shopping experiences by requiring customers to [undergo](#) robust know your customer (KYC)

checks. That could mean asking would-be clients to submit their government-issued IDs for review and comparison against selfie photos to confirm that the individuals making the purchases are indeed those depicted on the IDs.

Vendors must be attuned certain red flags that indicate a need for more in-depth verification. Some fraudsters [masquerade](#) as companies that have been inactive for a while but have strong credit reports, meaning firms that suddenly become active after long dormancies may merit more review. These and other business ID thefts are sizable issues: One study [found](#) a 46 percent increase in reports of such attacks between 2017 and 2018. eTailers should regard any mismatches between data supplied by would-be buyers and that available online as prompts to request additional credentials, like utility bills or other physical documentation.

FALSE POSITIVES AND DATA SECURITY

Online merchants must also be careful to ensure their fraud-fighting systems work without mistakenly sweeping up honest customers. Unfocused anti-fraud solutions as well as customer errors — such as [mistyped](#) data — can



trigger false positives. Sellers must fine-tune their tools to keep criminals at bay without also creating frictions and delays that dissuade honest corporate shoppers. A 2019 PYMNTS [survey](#) found that 60.8 percent of online B2C and B2B platforms' payment executives cite too many false positives as one of their greatest challenges to winning customers — 30.4 percent said this was their most onerous problem.

Vendors can reduce such frictions with fraud-fighting methods that are more invisible to buyers, like taking advantage of digital purchasing to gather extra information about transaction participants. Sellers can examine purchasers' device IP addresses to determine whether those used match the buying companies' geographic locations.

Merchants can also turn to their card networks for support when deflecting card-not-present (CNP) fraud, preventing interruption to customer experiences. Some card networks leverage their machine learning (ML) capabilities to better understand merchants' and their repeat customers' typical behavioral profiles, thus enabling easier and more rapid detection of abnormal activities. These services may require vendors to provide them with detailed transaction information, such as shipping and IP addresses as well as contact information. Card networks may also make tools for validating buyers' names and addresses available, helping alert vendors of suspicious entries early, before goods have been sent out.

No anti-fraud strategy is a cure-all, however, and even security measures bring risks.

Businesses collecting ample data can be more confident in their authentication methods and less likely to accidentally flag legitimate customers as fraudsters, but these rich supplies of data are also tempting targets for hackers. Cybercriminals are eager to make off with valuable customer credentials they can use to perpetrate scams, and more than 7.9 billion business and consumer customer records were [stolen](#) in breaches between January 2019 and December 2019. Sellers must therefore put robust cybersecurity protections in place to foil such cyberattacks.

B2B commerce is expanding to web browsers and corporate buyers' phones, meaning vendors must act to remain relevant. Providing secure online transactions is no easy task — certainly not one to be taken lightly — as fraudulent transactions can cause companies to lose critical dollars and buyer-supplier trust.

Taking eCommerce into its next stage requires B2B sellers to have robust data strategies that better thwart attempted fraud, keep that data safe from hackers and prevent security measures from imposing painful customer experience frictions. B2B eCommerce exposes participants to influxes of new fraud risks, but companies cannot afford to sit on the sidelines and watch market trends advance without them. Balancing robust security and seamless B2B purchasing experiences will allow ambitious vendors to get ahead.

ABOUT

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