Missing out by misunderstanding customer needs

Findings from the 2020 Global Buyer Values Study for Chemicals
The Accenture 2020 Global Buyer Values Study for Chemicals assessed and compared the perspectives of chemical companies (sellers), their customers (buyers), retailers and end consumers. The study identified areas where seller and buyer perspectives are aligned and where they differ, and where sellers have an opportunity to do a better job of meeting buyers’ needs. This is the third in a series of reports that explore the study’s findings, along with potential actions that chemical companies can take to drive growth and competitiveness through customer centricity.
The chemical industry’s diverse customer base insulates it from volatility in one customer industry or another, helping to stabilize revenues and increase resilience during downturns and times of crisis.

But when it comes to customer centricity, that broad customer base can have a significant downside. For many chemical companies, there is a tendency to look for increased efficiencies by offering fairly similar products and services to customers across industries. And that can mean that they are sometimes failing to meet the specific needs of specific industries and customers.

Indeed, Accenture’s Global Buyer Values Study shows that chemical companies do not always have a clear understanding of what their customer industries value and want from them. They often over- or underestimate the importance of certain product and/or service attributes, compared to what buyers actually think is important. These gaps point to unmet needs—and to opportunities for chemical companies to adjust their offerings to provide the things that matter most to their customers.

In the research, the preferences and needs of customers often differed from established beliefs about what they value. For example, buyers were less likely to think that value-added services, quality technical support and creative product presentation are important than sellers thought they would. And they were more likely to think that product and packaging customization, consistent on-time delivery and having a single point of order are important compared to what sellers expected. (Figure 1)
Figure 1: Select perception gaps between sellers and buyers (cross-industry average)

- Sellers overestimate the importance of attribute:
  - Value-added services
  - Creative product presentation
  - Quality technical support
  - Single point of order
  - Consistent on-time delivery
  - Product & packaging customization

- Sellers underestimate the importance of attribute:
  - Lower importance to buyers (Index 100%)
  - Higher importance to buyers

Source: Accenture 2020 Global Buyer Values Study
The research also found that these unmet needs vary widely by industry. For example, product and packaging customization showed the largest gap between buyer and seller perceptions in the study on average. And yet, only two industries cited it as a top underestimated need. These included transportation and machinery manufacturing, both of which have complex supply chains, just-in-time production processes and numerous input materials.

In spite of those similarities, however, those two industries had different responses for the next-most important unmet needs. In transportation, the need for carbon-neutral products came next, which fits with that industry’s focus on compliance and managing growing pressure from both environmental legislation and the general public. Meanwhile, buyers from the machinery manufacturing sector had a completely different answer, ranking better customer interaction with digital interfaces as their second-highest priority. Digital interfaces as their second-highest priority. (Figure 2)

On average, product and packaging customization showed the largest gap between buyer and seller perceptions

Part 3: Missing out by misunderstanding customer needs
A similar picture emerges when considering the areas where chemical companies overestimate the importance of various attributes to their customers. For example, value-added services showed the largest gap in such perceptions on average. However, it was cited as a top-three overestimated attribute by only two industries—construction and plastic/rubber products. Altogether, the unmet buyer values across customer industries offer a fairly fragmented picture, underscoring the importance of industry-specific customer centricity.
Moving from insight to action

Chemical companies need to improve their ability to understand and meet customers’ needs—particularly those that are currently going unmet. For those that do, the opportunity is great. As revealed in Part 1 of this research series, customers are ready to buy more and pay more if their needs are met. As chemical companies look for ways to tap into this opportunity, technology will play a vital role—a fact that many recognize. Two-thirds (66 percent) of sellers said that using new technologies more extensively to get customer centricity right could help them boost profits by more than 10 percent. And approximately one third (35 percent) thought it could help them increase profits by more than 20 percent. (Figure 3)

Figure 3: Estimated additional profit for sellers from leveraging new technologies for customer centricity

Most sellers said that using new technologies more extensively to get customer centricity right could boost profits

Source: Accenture 2020 Global Buyer Values Study
To use technology to better meet customer needs, chemical companies should:

**Get their (data) house in order:** The research found that chemical companies lack consistently good data, with 74 percent of sellers reporting that they face data-related challenges (i.e., too much, too little, unusable or poor-quality data) that impact their ability to be customer centric. Thus, they need to establish a robust infrastructure for gathering, analyzing and using customer data—for example, using the cloud to integrate structured and unstructured data; automating master data and data cleansing processes; and using artificial intelligence and predictive analytics to produce recommendations for the next best actions for interacting with customers.

**Develop a deeper view of customer needs:** While customer-centricity initiatives are not uncommon in the chemical industry, there is plenty of work to be done to ensure that sellers are aligned with the values of their buyers. Companies can establish more touchpoints for the intake of data in order to gain a 360-degree view of the customer. Such comprehensive data is a foundation for more granular and sophisticated segmentation, customized pricing and offerings, effective customer support and recommendations, and much more. Companies should also increase their efforts to use analytics to develop a data-driven view of customers, paying special attention to identifying gaps in seller-buyer perceptions that indicate opportunities for improvement. And they should enable the workforce to use those insights through connected customer relationship management tools, for example, and training that will enable people to work with analytics-based insights more effectively. In addition, the use of virtual agents allows for such insights to automatically help customers and support sales and service workers.
Enable large-scale targeting of products and services: Improved customer data management, advanced analytics and platforms that enable the delivery of differentiated value propositions by segment (and micro-segment) can help companies practice mass customization. The ability to efficiently and cost effectively provide numerous customer-specific offerings across various industries will be key to meeting the needs of a broad customer base. Companies should also establish a “test and learn” mindset that constantly assesses how well products and services are aligned with customer needs. In addition, analytics can be used to accelerate product innovation, while technologies such as digital interfaces and artificial intelligence can be used to improve customer interactions. What ultimately supports customer centricity is understanding and managing the trade-off between standardization of offerings (when sufficient) and customization (when required)—a continual process of adjustments that is perhaps more involved than anticipated.

74% of sellers reported facing data-related challenges that impact their ability to be customer centric.
By taking these steps, chemical companies can get a better grasp of where they may be falling short in the eyes of their customers. They may also gain a more realistic view of the effectiveness of their technology strategy. The survey results indicate that 70 percent of chemical companies consider themselves to be first or early adopters when it comes to adopting new technologies to better understand customers—yet their data struggles suggest challenges remain. Regardless, for chemical companies that ultimately mind what matters to their customers, today’s unmet needs can turn into tomorrow’s opportunity to build loyalty, increase revenue and drive growth.

This report covers only a portion of the extensive findings in Accenture’s 2020 Global Buyer Values Study for Chemicals, which can be used to provide an in-depth understanding of a range of factors affecting customer centricity—for specific companies, as well as the industry as a whole. The next report in this series looks at what the research means for portfolio management at chemical companies.
References
All data points included in this report are from the Accenture 2020 Global Buyer Values Study.

About the research
The Accenture Global Buyer Values Study was conducted in March-April 2020. The methodology involved a preference analytics tool developed by TrueChoice Solutions and a standard survey. With a total of 2205 participants, respondents included: 345 materials suppliers (approximately 100 of which were chemical companies); 760 industrial buyers (across 15 sectors); 100 retailers; and 1,000 consumers. The following 12 countries were represented in the study: Brazil, Canada, China, France, Germany, India, Japan, Netherlands, South Korea, Spain, the United Kingdom and the United States.

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