Putting customer needs first in the supply chain

Findings from the 2020 Global Buyer Values Study for Chemicals
About this report

The Accenture 2020 Global Buyer Values Study for Chemicals assessed and compared the perspectives of chemical companies (sellers), their customers (buyers, including converters and manufacturers), 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 seventh 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.
Building customer centricity is a multifaceted effort that requires chemical companies to work across multiple customer touchpoints.

As they do so, however, they need to pay especially close attention to the supply chain—the backbone of customer centricity that enables them to deliver the products and services customers want, when and where they want them. And according to Accenture’s Global Buyer Values Study for Chemicals, the industry has a real opportunity—and a need—to improve on this front.

In terms of the supply chain (Figure 1), the study revealed that sellers significantly underestimate the importance that consistent, on-time delivery has for buyers—both converters (who transform chemical products for manufacturing segments and end-use markets) and manufacturers (who produce finished products for industrial sectors and consumers). Indeed, this is by far the largest gap in seller-buyer perceptions related to supply chain management. On the other hand, buyers are not as interested as sellers think in having the ability to track deliveries. Together, these findings suggest that buyers want sellers to get the basics of reliable delivery right in the first place, rather than mitigate problems after the fact.
**Figure 1:** Perception gaps between sellers and buyers for supply chain attributes

Sellers **overestimate** the importance of attribute

- Delivery tracking
- Increasing automation
- 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
At the same time, sellers have an opportunity to bring more flexibility and sophistication to their supply chains.

For example, converters have a relatively high level of interest in sellers increasing the use of automation in the supply chain. In addition, many buyers value product and packaging customization. This is especially true of manufacturers in the transportation, industrial machinery, and electrical and battery industries, which typically have very complex production systems.

Customization can help them seamlessly integrate delivered products into those systems to minimize handling time and effort.

Overall, buyers’ relatively high levels of interest in reliable delivery and product and packaging customization suggests that those needs are not yet met, but getting them right could have significant competitive benefits—supporting the argument that supply chain management should be a top priority for senior leadership.

Buyers want sellers to get the basics of reliable delivery right the first time to avoid problem mitigation.
Moving from insight to action

Altogether, the insights from this research point to a number of steps that chemical companies should consider in order to build more customer-centric supply chains.

**Take a broad view of reliability.** Reliability is not a matter of fast delivery—it means delivering OTIF (on time in full), having accurate available-to-promise capabilities, and managing and sourcing transportation more effectively. In addition, the COVID-19 pandemic has highlighted the need for companies to build resilience into their supply chains so they can recover quickly from sudden and significant disruptions. To increase reliability and consistency in the supply chain, chemical companies can use tools such as predictive and automated supply chain planning and freight scheduling. They can also consider establishing supply chain control towers—platforms that integrate data from across the supply chain to enable centralized monitoring and coordination of orders, products and shipping.

**Build logistics partnerships.** The chemical industry has often struggled to meet customer requirements related to delivery. That means that companies are likely to benefit from working with third- and fourth-party logistics (3PL/4PL) providers for enhanced transportation management. With this type of partnership in place, chemical companies can gain access to the expertise and capabilities needed to manage today’s complicated logistics, and in turn improve their ability to meet customer expectations.
Apply digital technology to improve operations. Automation and robotics can be used in packaging and dispatch processes to help increase flexibility and efficiently provide product and packaging customization. More broadly, these and other digital technologies—including artificial intelligence and advanced analytics—can help improve supply chain reliability, responsiveness and transparency. Ultimately this can help chemical companies move closer to creating supply chains that are increasingly “self-driving and self-correcting.”

The opportunity here is especially large: In 2017, the World Economic Forum in collaboration with Accenture reported that digital supply chain initiatives had the potential to bring up to US$70 billion of value to the chemistry and advanced materials industry—a figure that has probably increased by now given the pace of innovation and rapid evolution of new technologies.

Digital technologies can help improve supply chain reliability, responsiveness and transparency.
As chemical companies improve their supply chains, they need to ensure that their focus remains squarely on the customer and the factors that customers truly value, starting with the fundamentals of reliable, consistent delivery. The customer-centric supply chain is increasingly vital to meeting the needs of buyers—and ultimately, to driving differentiation, growth and profitability.
Contributors

David Apel
Strategy Consultant, Chemicals, Accenture

Bruno Djapanovic
Strategy Analyst, Chemicals, Accenture

Dr. Bernd Elser
Managing Director, Global Chemicals Lead, Accenture

Dr. Tobias Radel
Managing Director, Chemicals & Natural Resources, Accenture

Paul Bjacek
Principal Director, Global Resources & North America Research Lead, Accenture

Rachael Bartels
Senior Managing Director, Global Function Networks & Programs Lead, Accenture

Dr. Karin Walczyk
Senior Principal, Chemicals Research Lead, Accenture

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 (converters and manufacturers across 15 sectors); 100 retailers; and 1,000 consumers. The following three regions and 12 countries were represented in the study: Americas (Brazil, Canada and the United States); Asia Pacific (China, India, Japan and South Korea); and Europe (France, Germany, Netherlands, Spain and the United Kingdom).

Acknowledgments

Thank you to Accenture’s Michelle Ganchinho for her help in executing the 2020 Global Buyer Values Study.

Learn more

Visit Accenture Chemicals at www.accenture.com/chemicals.
About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services—all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 537,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities.

Visit us at www.accenture.com

Disclaimer

This content is provided for general information purposes and is not intended to be used in place of consultation with our professional advisors. This document refers to marks owned by third parties. All such third-party marks are the property of their respective owners. No sponsorship, endorsement or approval of this content by the owners of such marks is intended, expressed or implied.