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Jason Angelos | Phil Davis | Mark Gaylard

A NEW **FOCUS** ON B2B CX SPURS **GROWTH**

Eighty percent of business-to-business (B2B) companies are at risk of seeing their revenue growth slip away, according to recent Accenture Strategy research. All of these companies have prioritized customer experience (CX) as a conduit to growth. But they haven't yet figured out how to capitalize on their CX strategies.

In contrast, 20 percent of B2B companies have become true CX "masters." They excel at both developing the right CX strategy and implementing that strategy in a way that yields high value. They achieve **strong revenue growth** and generate **2X the return on their CX investments** than their less masterful peers. For many B2B companies, this likely translates into millions of dollars of bottom-line value.

Accenture Strategy recently surveyed **1,350** executives to understand how B2B companies approach, prioritize and deliver CX. Our findings revealed why so many are struggling—and what the best of the best are getting right.

Companies scrambling to generate better returns from their CX investments can follow the masters' lead. Focusing on four key actions makes all the difference.

THE GREAT D|VIDE

Customer experience has garnered a lot of attention in recent years as an imperative for companies that sell directly to individual consumers. It is now clear that CX is equally critical to the success of B2B companies. Ninety percent of B2B executives cite CX as a very important factor to achieving their organizations' strategic priorities. That's up from 86 percent who felt that way two years ago.

While there may be general agreement among B2B companies on the importance of an increased focus on CX, there is considerable variability when it comes to how well companies are using CX to drive revenue growth. Only 20 percent of B2B companies excel at CX and achieve strong financial results (see Figure 1). At the other end of the spectrum, "laggards"—those companies with the largest gaps between CX strategy and execution—achieve very low or negative revenue growth. Most companies (63 percent) are caught in the middle. These "strivers" prioritize CX, but they have a highly uneven CX track record. Revenue growth is moderate, just over half that of CX masters.

Figure 1. Only one in five B2B companies* are positioned to win



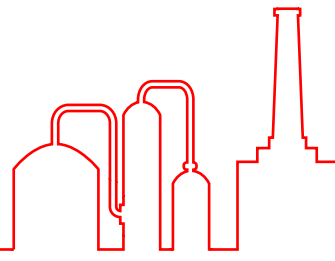
* Accenture Strategy analysis of responses from surveyed B2B companies that prioritize CX (n=1215). Profiles were determined by their abilities to define CX strategy and execute CX delivery and by the company's global year-on-year revenue growth

Companies in certain industries are more likely to exhibit CX mastery. Twenty-nine percent of the electronics & high tech companies and 28 percent of the industrial equipment manufacturing companies we surveyed can be considered CX masters. Pharmaceutical, life sciences and insurance companies are among the B2B entities that have the farthest to go in mastering CX. They also have the most to gain.

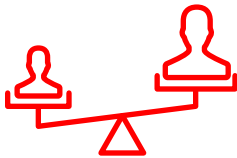
B2B CX **DEFINED**

B2C companies typically deliver customer experiences in an omni-channel environment at the point of sale or service, and via marketing campaigns designed to attract and retain shoppers. While B2B companies do the same, their CX initiatives encompass a broader range of activities. Account management, quote/order management, solution shaping, preventive maintenance, and commercial intelligence and analytics are just a few areas that B2B companies can exploit to enhance the engagement and satisfaction of their business customers.

INDUSTRIAL CONSUMERISM COMES OF AGE

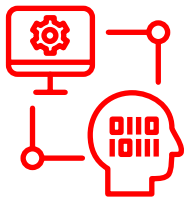


While interest in CX is growing among the vast majority of all B2B companies, CX masters act on that interest more decisively. They understand the effect of market changes on their business. And they take the trends that are shaping customer experiences more seriously:



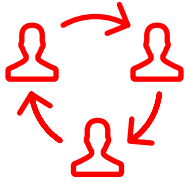
DISRUPTIVE COMPETITORS

Masters see competitive threats more clearly. Seventy-two percent of all B2B company leaders we surveyed believe their customers are open to doing business with new market entrants. But 86 percent of leaders at “master” companies feel the same way. Additionally, 70 percent of all B2B executives see these disruptors differentiating themselves by delivering more relevant CX. Seventy-eight percent of masters do.



ADVANCED TECHNOLOGIES

Masters are more tuned in to digital’s disruptive effect. Seventy-three percent of B2B execs surveyed believe smart devices and the Internet of Things (IoT) will completely change the way they market, sell and serve their business customers. Among masters, that figure soars to 85 percent. Similarly, more masters are likely to expect an increased use of robotics and artificial intelligence (AI) to shape interactions with customers and channel partners (83 percent versus 68 percent).



EVOLVING CUSTOMER EXPECTATIONS

Ninety-two percent of B2B company leaders we surveyed realize that changes in business customers' behaviors and preferences will affect their interactions to some extent. Masters are more likely to acknowledge the impact of changing expectations. For example, 83 percent of CX masters (versus 70 percent of laggards) believe rising expectations for product quality will affect their business. Masters have a similar view of rising expectations towards more convenience and consumer-like interactions that are real-time, always-on and multi-channel (82 percent versus 60 percent of laggards).

Not surprisingly, masters also invest more in solutions and capabilities that will enable them to address these trends, threats and fast-changing customer expectations. They outpace laggards by 30 to 40 percent in all investment categories—from cloud-based solutions and partner collaborations to IoT capabilities and sales force training.

89% of masters place CX at the core of their strategies and realize that CX considerations affect their organizations' decisions.

THE MOVE TO **HYPER- RELEVANCE**



Findings from our B2B research confirmed a fundamental shift we have also seen in B2C markets. Leaders are expanding their focus to hyper-relevant propositions or experiences that dynamically adapt to the evolving contexts of their business customers. The goal of hyper-relevance among B2B companies is to have such a keen understanding of their customers' fast-changing needs and preferences that they are able to continually and proactively deliver innovative solutions, services and experiences that business customers value. B2B CX masters are more attuned to changing customer expectations.

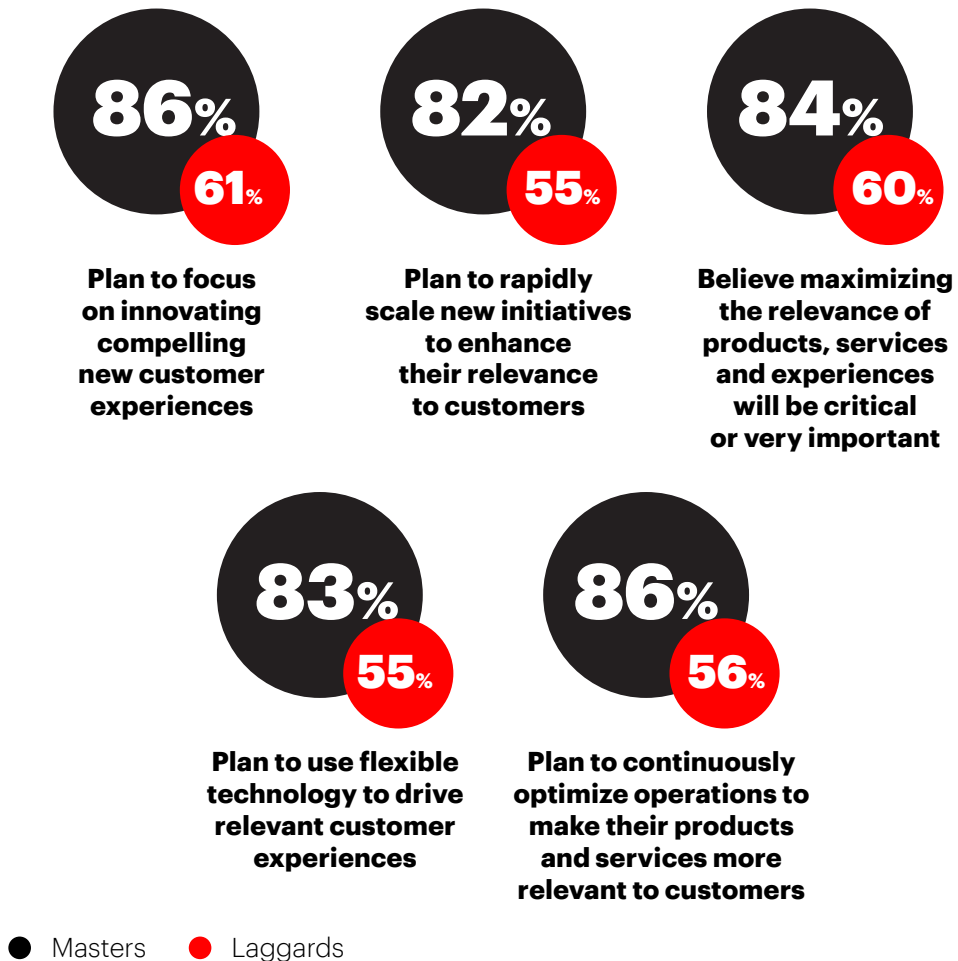
74% of all B2B executives believe their business customers expect them to not only understand the end consumers' needs, but also help their business customers develop and sell hyper-relevant solutions to those end consumers. Among masters, 84% hold this belief.

72% of all B2B executives (and 81% of executives at companies demonstrating CX mastery) believe their customers want tailored solutions that are highly relevant and address their specific needs.

The shift to hyper-relevance is also evident in the capabilities masters are planning to develop over the next three years (see Figure 2). Masters' intense focus on relevance changes the game and allows them to maintain their growth momentum. Companies looking to emulate CX masters' success would be wise to follow suit.

Figure 2. Masters are more focused on building relevance

B2B executives:





BRINGING HYPER-RELEVANCE

TO LIFE

By focusing their energies on becoming hyper-relevant at speed and scale, B2B CX masters are transitioning to what Accenture calls “living businesses.” Such businesses build an acute and continuous understanding of their customers to meet their needs and expectations in real time and in response to their changing circumstances. With these insights, they are able to create innovative experiences and propositions that constantly evolve and always matter. A living business can be so extraordinarily responsive because it’s a vital, living organism. Not a static organization.

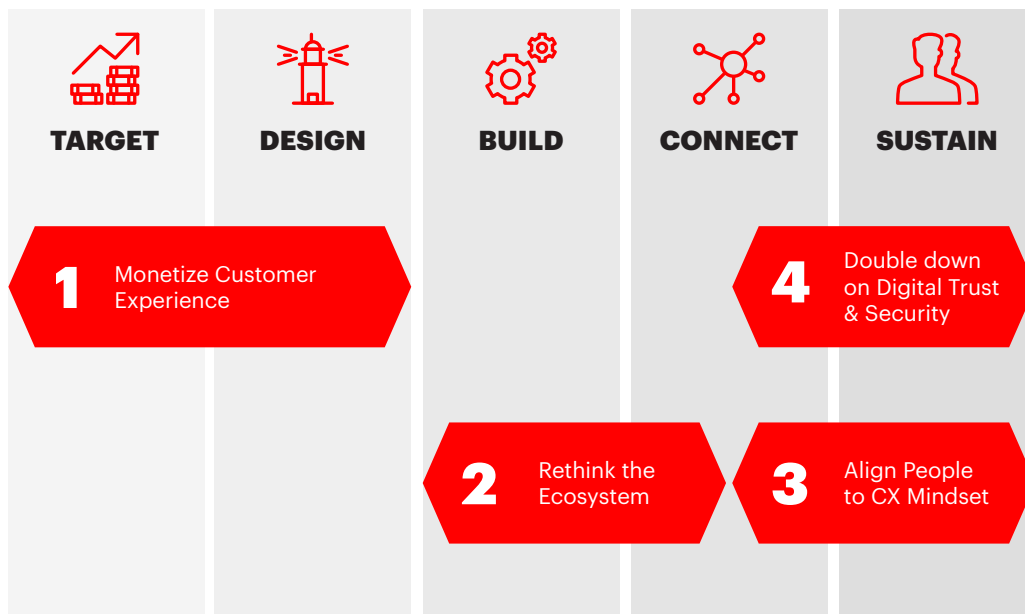
CX masters are well on their way to embedding the vitality that is the hallmark of living businesses. They dynamically target a balanced mix of core and disruptive growth opportunities. They continuously design iconic experiences and build/iterate solutions customers crave. They connect with a broader set of ecosystem partners to deliver better experiences than they could on their own.

89% of masters are very confident that their CX investments provide them with a clear competitive advantage. Only 55% of laggards can say the same.

And they sustain their growth by adopting a mindset that keeps customers at the core. These actions pay off. Eighty-nine percent of masters are very confident that the customer experiences they deliver provide them with a clear competitive advantage. Only 55 percent of laggards can say the same.

Our research revealed **four distinct imperatives** that CX masters embrace throughout the engagement journey of the business customer (see Figure 3). CX strivers and laggards can consider these imperatives and their accompanying actions the blueprint for long-term B2B success.

Figure 3. Four areas of focus across the customer engagement lifecycle set CX masters apart

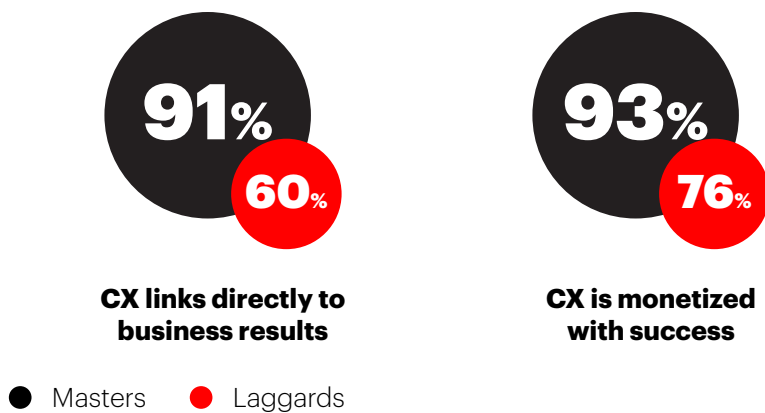


IMPERATIVE 1 MONETIZE €X

Despite the priority all B2B companies place on CX, 80 percent of them still yield low or modest revenue growth. Even though the number of strivers rose significantly since our 2014 B2B CX executive survey (from 48 to 63 percent), these companies are unable to fully capitalize on their CX investments. Additionally, nearly half of all companies (49 percent) admit they are failing to deliver the cutting-edge, relevant experiences their customers crave. And approximately 40 percent are unsure how to monetize their experiences.

Masters achieve markedly different results (see Figure 4) by, among other things, having a better understanding of what customers value and generating revenue from customer data. In fact, masters generate 2X return on their CX investments compared to all other B2B companies.

Figure 4. Masters drive greater value from CX than their peers



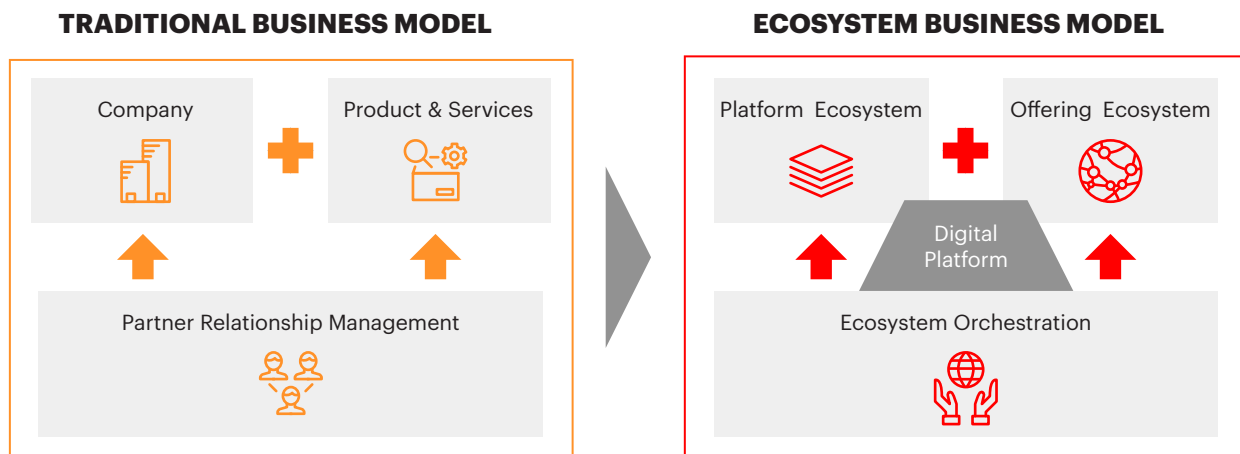
Masters generate 2X return on their CX investments compared to all other B2B companies.

IMPERATIVE 2 RETHINK THE ECOSYSTEM

Most B2B companies are struggling with a loss of control over CX today. As they grow their indirect sales channels, this issue will only get worse. Consider this: 90 percent of B2B executives surveyed believe CX is crucial to their companies' strategic priorities. But 72 percent admit they have no direct influence over CX.

With their future growth prospects at stake, B2B executives must determine how to improve CX while ceding more of the experience to their partners. As CX masters demonstrate, the answer lies in adopting an ecosystem mindset and business model (see Figure 5). This new approach—based on scalable digital platforms—eschews command-and-control models of supplier management in favor of collaborative models that manage innovation and offering development with a network of partners that co-evolve, share resources, and create value as a unified team. Transitioning to an ecosystem mindset also involves providing key partners the tools they need to grow their businesses, and orchestrating a trusting environment that encourages the right partners to deliver the right experiences to drive connected growth. To learn more about how CX masters achieve connected growth with ecosystem orchestration, download our companion point of view, *Make music, not noise*.

Figure 5. B2B CX masters are evolving traditional business models to ecosystem business models



Source: Accenture Strategy, "Your Role in the Ecosystem," 2017.

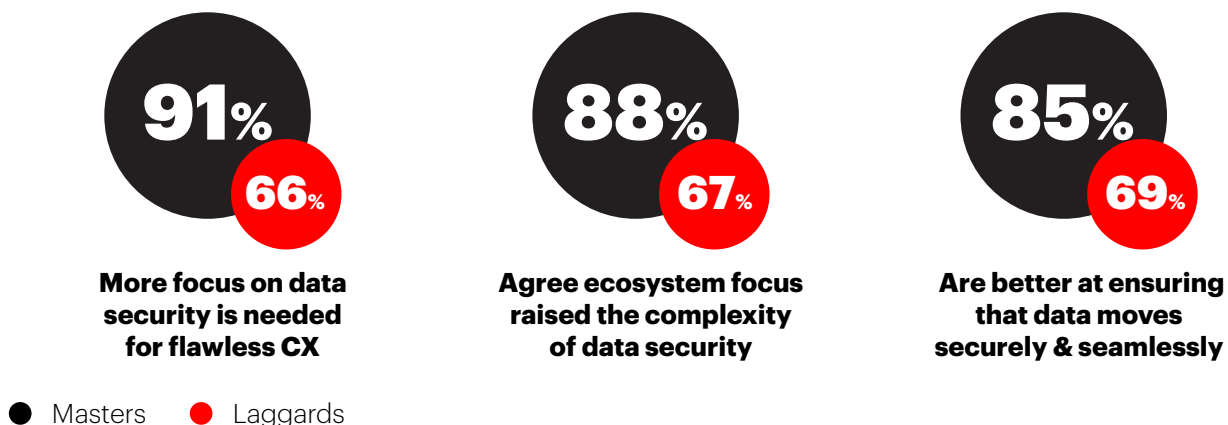
IMPERATIVE 3 DOUBLE DOWN ON DIGITAL TRUST & SECURITY

In an environment in which end customers are sharing more of their personal information in exchange for personalized offers or other forms of perceived value, data privacy and security are critical. Failure to adopt appropriate security measures can destroy value. Our research demonstrates that data breaches put 42 percent of B2B revenue at risk.

Unfortunately, one in five B2B company executives admits their customers don't trust them to handle data effectively and securely. This can have dire economic consequences. More than three-quarters (78 percent) of B2B customers indicate they are more likely to do business with companies they trust.

CX masters are also masters of digital trust (see Figure 6). They understand the digital trust imperative. They are much more likely than laggards to recognize that suppliers and partners play a key role in data security. And they invest significantly more to ensure their customers' data is safe. Collaboration solutions such as portals that allow partners to exchange key information securely are particularly popular.

Figure 6. CX masters think and act differently on issues of digital trust.

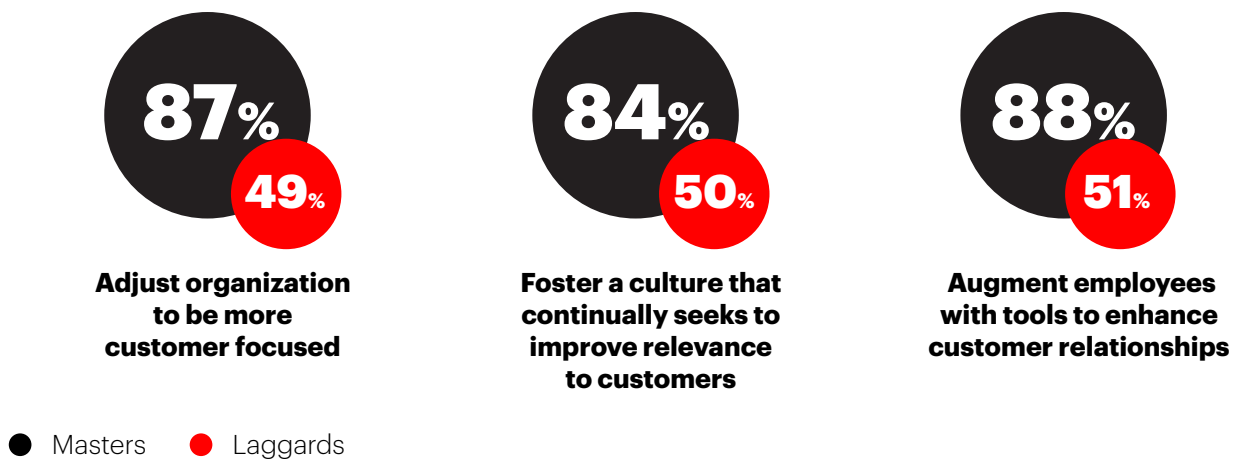


IMPERATIVE 4

ALIGN PEOPLE TO A CX MINDSET

Digital transformation plays an important role in building the CX capabilities that are needed to drive hyper-relevance. But digital investments alone won't create experiences that drive growth. Human skills, organizational agility and culture are the things that ultimately enable B2B companies to constantly adapt to changing customer needs. Masters are far ahead of their peers when it comes to building talent models and organizational mindsets centered on customer experiences (see Figure 7).

Figure 7. Masters focus on the organizational and enablement aspects of CX.



Human skills, organizational agility and culture are the things that ultimately enable B2B companies to constantly adapt to changing customer needs.

CX AT A CROSSROADS

B2B companies have an important choice to make.

They can continue to pay lip service to the importance of customer experiences—and watch their revenues, market share and profitability erode. Or they can support their rhetoric with strong actions that create CX value at every turn. CX masters have clearly chosen the latter option. It's time all B2B companies do the same.

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ABOUT THE RESEARCH

In 2017, Accenture Strategy surveyed 1,350 customer experience, sales and service executives around the world to better understand their perspectives on the importance of the customer experience to their business, how well they are delivering it, the benefits they've generated, and the challenges they encounter along the way. Respondents represented companies from 10 countries and 16 industries—the vast majority of whom post annual revenues of more than \$1 billion. Our analysis of the findings revealed three distinct B2B profiles aligned to three distinct levels of CX mastery. This research marks the third B2B CX executive survey Accenture Strategy has conducted since 2014.

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Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 425,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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