EXPERIENCE THE NEW NORMAL

INDUSTRIAL CONSUMERISM

Discover how industrial leaders are reinventing their B2B marketing, sales and services to digitally delight their customers.
Digital first movers take the lead in the race to reinvent B2B

As the race to reinvent B2B marketing, sales and service gathers pace, new research reveals the success strategies that have given first movers the edge in the fast-changing industrial landscape.

Matching their mastery will be challenging. However, with revenues and profitability at risk, all industrial companies should be adopting these valuable strategies to raise their game. Fast.
Constantly evolving digital technologies are reinventing industry as we know it. And B2B customers increasingly expect the personalized, frictionless interaction they are already experiencing in B2C markets.

**It’s a step change in expectations that Accenture calls industrial consumerism².**

By 2025, we estimate that most B2B customers will have an online touchpoint at some stage between research and purchase. As a result, more than half of industrial transactions will be induced online³. This seismic shift requires a massive change of mindset, and inevitably, a reallocation of the Sales, General & Administration (SG&A) budget—away from traditional structures that rely heavily on a physical field force, towards increased online tools and presence (see ‘An online revolution’ on pages 4-5).

As such, we estimate that companies who fail to invest in this marketing, sales and service revolution will be risking between 10 and 20 percent of their revenues⁴. At the present time, however, few recognize the enormous speed of change, let alone its implications.

1. www.accenture.com/gb-en/service-industry-x0.
3. Accenture client research.
An online revolution


In the age of Amazon and Alibaba, it’s no surprise that B2B customer journeys, from research to purchase and beyond, are moving rapidly from offline to online.

We expect up to 50 percent online induced services by 2025, both for online research and transactions.

Fig 1. Buying environment insight

Fig 2. Expected future SG&A (Sales, General and Administration cost) allocation

<table>
<thead>
<tr>
<th>Traditional sales (% of cost)</th>
<th>Digital commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>↑ Much larger</td>
</tr>
<tr>
<td>Sales</td>
<td>↓ Much lower</td>
</tr>
<tr>
<td>Order fulfilment and customer service</td>
<td>↑ Larger</td>
</tr>
<tr>
<td>Data and technology</td>
<td>↑ Much larger</td>
</tr>
<tr>
<td>Other overheads</td>
<td>→ The same</td>
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</table>
Marketing
Advanced online marketing capabilities required (e.g.):
• Digital tools such as portals and/or application based configurators.
• Search optimization & advertising (search engines, marketplaces & messengers).
• Digital asset and content management.

Sales
Optimization of physical field force and robust online transaction channel with focus on:
• Self-specification & guided selling.
• Customer activation.

Order Fulfilment & Customer Service
Increased capabilities required (e.g.):
• Availability management and demand planning.
• Logistics solutions including shipping.
• Live support & returns processing.

Data & Technology
Advanced capabilities required (e.g.):
• Master data management.
• Data warehouse, business intelligence, artificial intelligence.
• Advanced customer, marketing & sales analytics.

When we asked global B2B organizations to self-assess their industrial consumerism maturity, most think they are doing just fine and feel quite comfortable with the status quo. (See Research insights on pages 6-7).

However, this is a long way from market reality. Our investigations suggest three key reasons for the discrepancy between self-assessment and reality:

- Most organizations still benchmark against their peers rather than digital leaders in allied industries.
- Decision-makers have yet to recognize that true digitization is a perpetual process.
- Traditional/legacy behaviours and structures are entrenched and difficult to break down and change.
Conducted in May 2018, our benchmarking study assessed the readiness of global companies for industrial consumerism.

More than 270 organizations with revenues ranging from US $500m to up to US $10bn and above across ten geographies in five sectors; automotive supply, consumer durables, construction, industrial and electrical equipment manufacturing, and heavy equipment production participated in the survey.

These companies were asked to assess their maturity in three core dimensions:

1. Provision of new customer experiences.
2. Digitization of front-office capabilities.
3. Transformation of the organization and culture, talent and skills.

The responses were indexed to create a maximum maturity score of five, and respondents were then classified into three groups—laggards, strivers and masters.
Companies were classified in three groups based on their industrial consumerism maturity.

**Fig 4.**
Respondents by roles

- 93% are below C-suite
- 4% are C-suite
- 3% are others

**Fig 5.**
Companies were classified in three groups based on their industrial consumerism maturity.

- 66% Strivers
- 18% Laggards
- 16% Masters
What sets the masters apart?

Notably, the research revealed that a small group—16 percent—are transforming at pace. What’s more, their EBIT is 13 percent higher than the rest of the peer group and is growing eight percent faster. So, their foresight is clearly reaping rewards.

Transformative vision

With a clear idea of what they ultimately want to achieve, masters see the journey to industrial consumerism maturity as a purposeful, perpetual process. They are transforming all aspects of their operating model: culture, organizational structures, and workforce. And they understand that reinventing their business model requires a profound go-to-market strategy shift. Crucially, they are making this pivot wisely, revitalizing their legacy businesses whilst simultaneously investing to drive future sales.

Lifecycle digitization

Masters recognize the need to empower customers with self-service capabilities across the product and service lifecycle. They are improving customer engagement and workforce productivity and are embracing advanced digital technologies such as artificial intelligence (AI), robotic process automation (RPA), and augmented and virtual reality (AR/VR) tools. Masters are systematically investing in these game-changing technologies at scale to deliver truly immersive product and service experiences for their customers and own workforce.

Customer-centricity

Using data-driven insights, masters continuously optimize a digitally enabled, solutions-based, seamless omni-channel customer experience. But they are not just building new customer engagement models: they are involving customers earlier in the product and service lifecycle—and are keeping them there by making them integral to development.
How do they do it?

LESSONS IN MASTERY

Our research reveals significant variations in industrial consumerism maturity across industries and geographies (see Differences across industries and geographies on pages 18-19).

However, only the masters appear to comprehend the big picture. And a deep dive into performance in the three core dimensions of mastery reveals the extent of their lead as pioneers in this arena (see Fig 6).

Fig 6. Industrial consumerism maturity

Customer centricity | Lifecycle digitization | Transformative vision

Maturity level: Laggards | Strivers | Masters
1. Transform your vision into reality
2. Adopt a lifecycle approach to front-office digitization
3. Deliver true customer-centricity
With customer-centricity at its core, that vision is fully embedded in the C-suite and across the organization. A digitization plan is defined and implemented, with clear governance structures, binding principles and secure funding in place.

As you can see from Fig 7, masters are well ahead on all such measures.

**Fig 7. Market insights**

### % of companies rating 4 and higher

- **We have a fully defined vision that drives the digital transformation of marketing, sales and service.**
  - Laggards: 41%
  - Strivers: 77%
  - Masters: 91%

- **Our company has fully defined and implemented a plan to make the most of new technologies to digitize marketing, sales and service.**
  - Laggards: 39%
  - Strivers: 66%
  - Masters: 91%

- **Our company has fully defined and implemented a governance structure.**
  - Laggards: 35%
  - Strivers: 73%
  - Masters: 93%

- **Our company has fully funded digitization initiatives.**
  - Laggards: 45%
  - Strivers: 66%
  - Masters: 93%
Critical success factors include key C-suite commitment, forward-looking governance and organizational structures and an efficient ecosystem. Speed is assured by an agile way of working.
Masters have invested in customer-facing technologies to deliver on industrial consumerism’s core promise: a personalized, frictionless experience throughout the lifecycle, from product information, consulting and purchase to maintenance, repair and overhaul.

Advanced technologies are also leveraged to attract talent and retain skills, while also enhancing workforce performance as their people progress from being “order takers” to increasingly becoming “explainers”, and “consultants” (see Fig 8).

By 2020, the impact of “order takers” on sales success will decrease as more B2B customers move online and simple processes will be automated. The role of sales needs to be redefined to stay relevant to match the need for complex products in complex buying environments—evolving to solution selling.

**Fig 8.** Buying environment insight

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Masters also ensure that all functional departments use leading-edge technologies and have a sophisticated CRM backbone to drive sales pipelines and conversion rates. As this table shows, they have established significant leads on all these measures.

Consider, for instance, how Yaskawa, the world's leading supplier of robotic solutions, has deployed a state-of-the-art configure/price-quote (CPQ) solution from Tacton to boost the accuracy and quality of quotations. It has cut the time to generate quotes from eight days to just one—despite the complexity of Yaskawa’s products and without the assistance of product specialists.

"Yaskawa has deployed state of the art solutions to cut quotation time from eight days to just one."

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**% of companies rating 4 and higher**

<table>
<thead>
<tr>
<th></th>
<th>Laggards</th>
<th>Strivers</th>
<th>Masters</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a very advanced CRM tool.</td>
<td>35%</td>
<td>67%</td>
<td>95%</td>
</tr>
<tr>
<td>We always deploy automated marketing campaigns and lead management.</td>
<td>31%</td>
<td>75%</td>
<td>91%</td>
</tr>
<tr>
<td>We provide very advanced configurators for our products or services (e.g. AR.VR enabled).</td>
<td>25%</td>
<td>74%</td>
<td>86%</td>
</tr>
<tr>
<td>We deploy very advanced AI tools (e.g. virtual assistants) to support our sales reps and service technicians.</td>
<td>27%</td>
<td>79%</td>
<td>86%</td>
</tr>
<tr>
<td>We fully automate simple sales and service processes to streamline the customers’ experience.</td>
<td>27%</td>
<td>71%</td>
<td>93%</td>
</tr>
</tbody>
</table>
Their understanding of emerging requirements across the entire product and service lifecycle makes them relevant throughout the customer journey. They score particularly highly in solution selling and deployment of new business models. This is key to achieving new revenue streams and realizing the full benefits of Industry X.0—the digital reinvention of industry.

Crowd sourcing, AR/VR-based product configuration, interaction portals and IoT-based service models all help to keep customers engaged. As Fig 10. shows, masters are significantly better than their peers at sustaining end-to-end customer dialogue. Leveraging advanced analytics to generate both quantitative and qualitative customer insights, they also measure satisfaction levels at all touchpoints, for example, by using the net promoter score (NPS).
By leveraging intuitive technologies, Faurecia is reinventing the on-board user experience, allowing occupants to make their car a true extension of their home or office.

This approach to reinventing the user experience is taking an interesting turn for automotive parts manufacturer Faurecia. Its “cockpit of the future” will take driver connectivity and personalization to the next level. By leveraging intuitive technologies, Faurecia is reinventing the on-board user experience, allowing occupants to make their car a true extension of their home or office, while benefiting from new services to enhance their health and wellness⁹.

### Fig 10. Customer engagement insights

<table>
<thead>
<tr>
<th>% of companies rating 4 and higher</th>
<th>Laggards</th>
<th>Strivers</th>
<th>Masters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer-centricity is the top priority for our C-suite, and this is embedded as the DNA throughout our organization.</td>
<td>45%</td>
<td>70%</td>
<td>98%</td>
</tr>
<tr>
<td>Our company has a very advanced customer engagement platform which offers a comprehensive set of tools (e.g. configurators, installed base management) and processes (e.g. pipeline management order tracking, issue resolution).</td>
<td>35%</td>
<td>75%</td>
<td>93%</td>
</tr>
<tr>
<td>We offer a very advanced self-service portal to our customers (e.g, entire collection of user manuals, FAQs, etc.)</td>
<td>31%</td>
<td>68%</td>
<td>86%</td>
</tr>
<tr>
<td>We always have a continuous dialogue with our customers along the product lifecycle (pre-sales/sales/aftersales)</td>
<td>63%</td>
<td>77%</td>
<td>95%</td>
</tr>
<tr>
<td>We always measure customer satisfaction/voice of the customer (e.g, NPS) at all customer touch points.</td>
<td>53%</td>
<td>77%</td>
<td>98%</td>
</tr>
</tbody>
</table>

Responses from different industry sectors demonstrate different degrees of maturity in industrial consumerism. For example, consumer durables, because of their consumer orientation, are clearly ahead of auto suppliers and significantly ahead of all other sectors.

**Fig 11.** Sub industry variations  
(Maturity score by sub-dimension—Industry segment)
Our research reveals significant variations in industrial consumerism maturity across industries and geographies. While consumer durables are ahead of other industrial sectors, companies in Europe demonstrate the highest levels of maturity.
Masters understand that the disruption of marketing, sales and service is inevitable.

Indeed, it’s the holistic way they are pro-actively embracing it that differentiates them from the other 84 percent of our survey respondents.

Although aware that industrial consumerism represents a seismic shift, the laggards and strivers are reluctant to change the status quo. They see pivoting to the new as a linear process. Consequently, their approach to digital improvement occurs in discrete, sequential phases following the traditional “waterfall” approach.
By contrast, the masters view industrial consumerism as an opportunity to evoke the pioneering spirit that defined industrial leaders in the past—and they are setting the pace in the race to reinvent marketing, sales and service.

Their transformative vision gives them the courage to break with legacy paradigms.

Their lifecycle digitization reinforces their commitment to transform with new technologies.

Their true customer-centricity makes the pursuit of new structures, processes, go-to-market capabilities and data-driven customer experiences their business lodestar.

Masters view industrial consumerism as an opportunity to evoke the pioneering spirit and they are setting the pace in the race to reinvent marketing, sales and service.
Get ready to reinvent. Fast.

As the masters have shown, continuous, agile transformation is key to realizing the full benefits of industrial consumerism.

They have risen to this challenge with vision and enthusiasm. And as a result, are already significantly more profitable than their peers. By following their lead, other companies can learn from them and reduce the risks to their own businesses. But to make a difference this change must happen fast, and it needs to start now.
Seize the opportunity and accelerate in the race to reinvent for the age of industrial consumerism.

Now is the time. Are you ready?