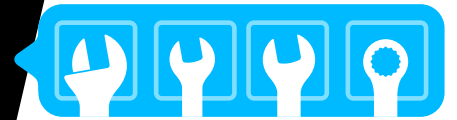




INDUSTRIAL CONSUMERISM



# EXPERIENCE THE NEW NORMAL

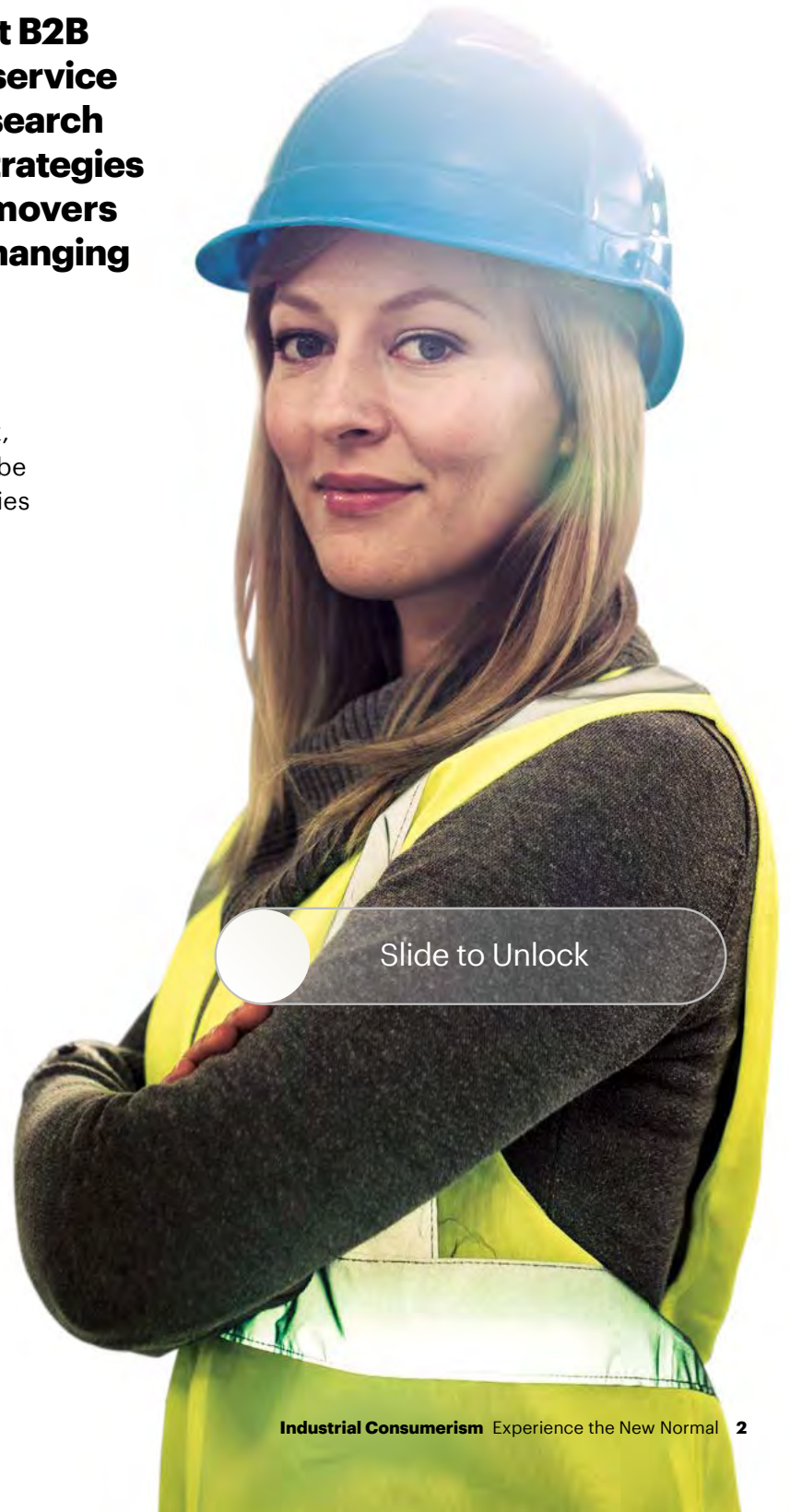


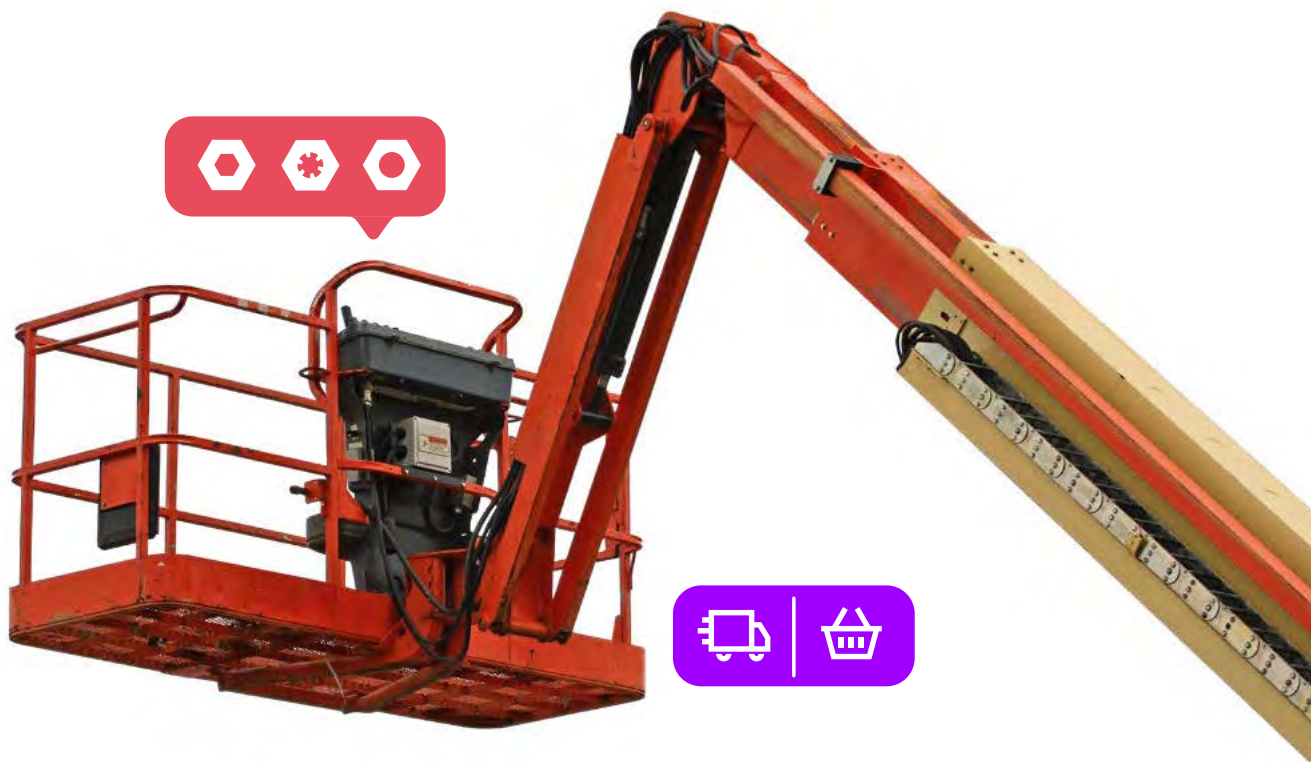
Discover how industrial leaders are reinventing their **B2B marketing, sales and services** to digitally delight their customers.

# 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<sup>1</sup>. 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 consumerism<sup>2</sup>.**

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 online<sup>3</sup>. 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 revenues<sup>4</sup>. 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](http://www.accenture.com/gb-en/service-industry-x0).
2. *Industrial Consumerism: Getting serious about disruptive growth*, Accenture 2016.
3. Accenture client research.
4. Aggregated findings of B2B buying behavior, desk research and 21 customer interviews, Accenture.

# An online revolution

Accenture research into B2B digital commerce behaviours across markets reveals that B2B developments follow those in B2C with approximately a three-to-five-year time lag<sup>5</sup>.

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

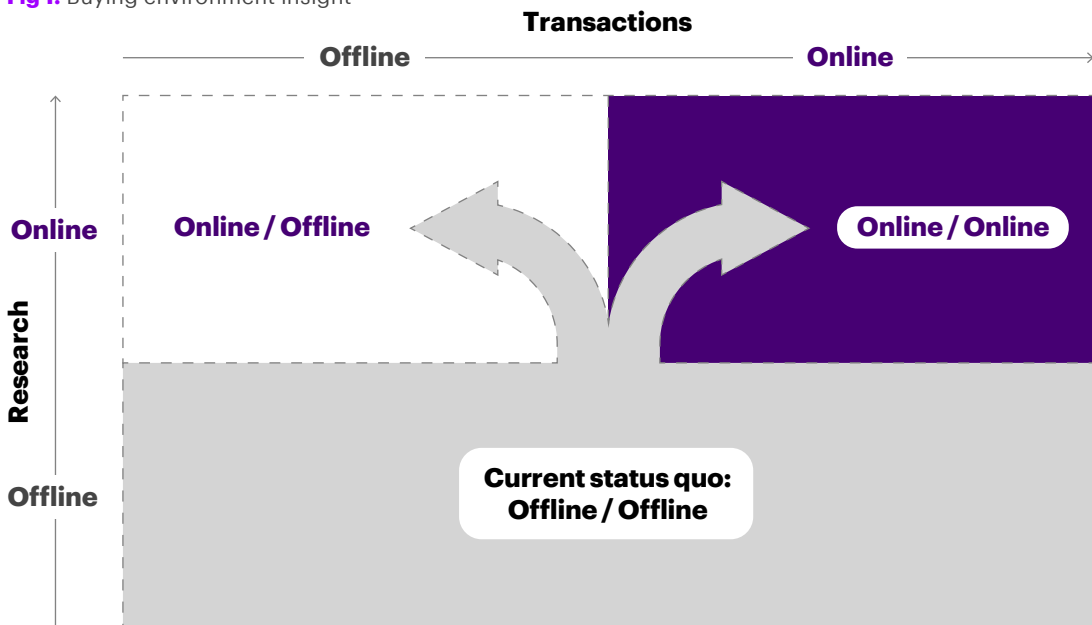


Fig 2. Expected future SG&A (Sales, General and Administration cost) allocation

	Traditional sales (% of cost)	Digital commerce
Marketing	2-4%	↑ Much larger
Sales	11-15%	↓ Much lower
Order fulfilment and customer service	2-4%	↗ Larger
Data and technology	2%	↑ Much larger
Other overheads	2%	→ The same

## 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.**

# Research insights

## Conducted in May 2018, our benchmarking study assessed the readiness of global companies for industrial consumerism.

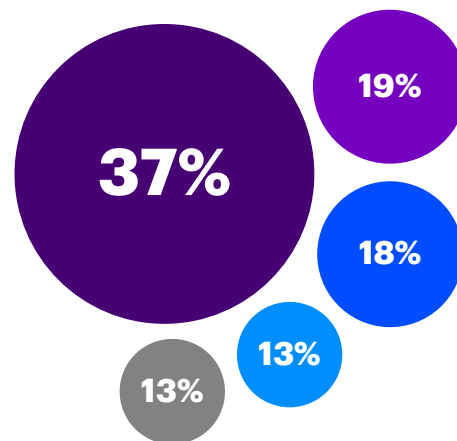
More than 270 organizations with revenues ranging from US \$500m to up to US \$10bn and above across ten geographies in five sectors; automotive supply, consumer durables, construction, industrial and electrical equipment manufacturing, and heavy equipment production participated in the survey.

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.

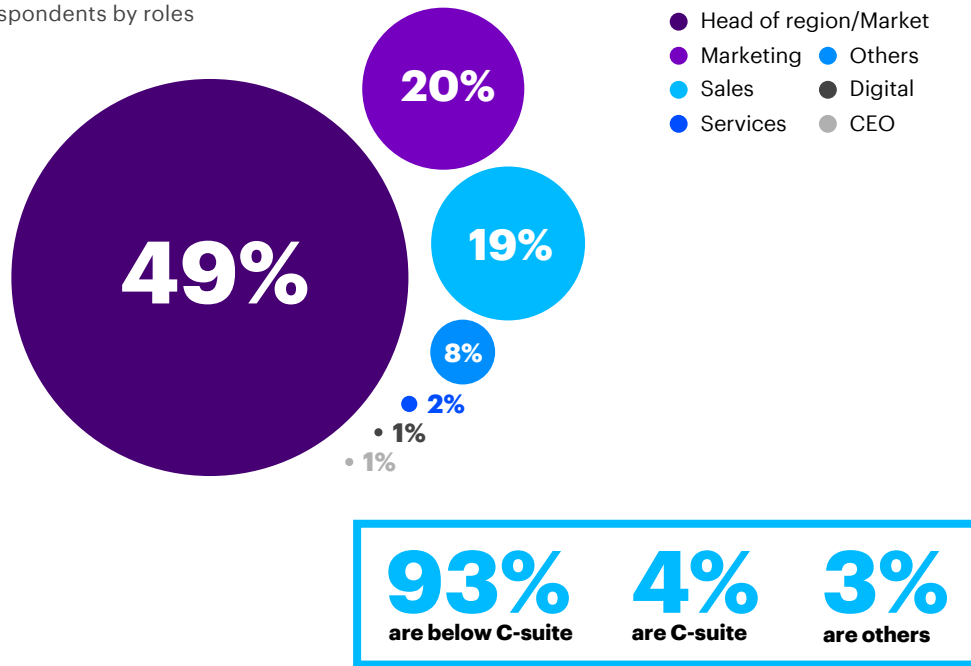
The responses were indexed to create a maximum maturity score of five, and respondents were then classified into three groups—laggards, strivers and masters.

**Fig 3.**  
Respondents by industry

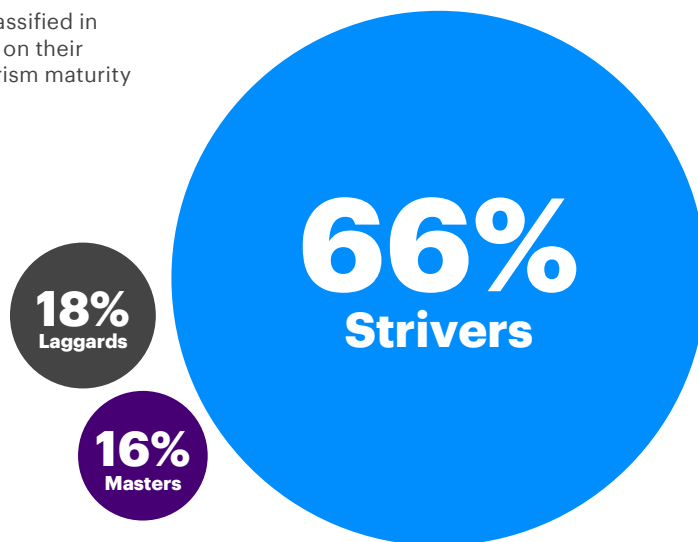


- Industrial & electrical equipment
- Heavy equipment
- Construction companies
- Automotive suppliers
- Consumer durables

**Fig 4.**  
Respondents by roles



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





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# 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



- 1 Transform your vision into reality**
- 2 Adopt a lifecycle approach to front-office digitization**
- 3 Deliver true customer-centricity**

## LESSONS IN MASTERY

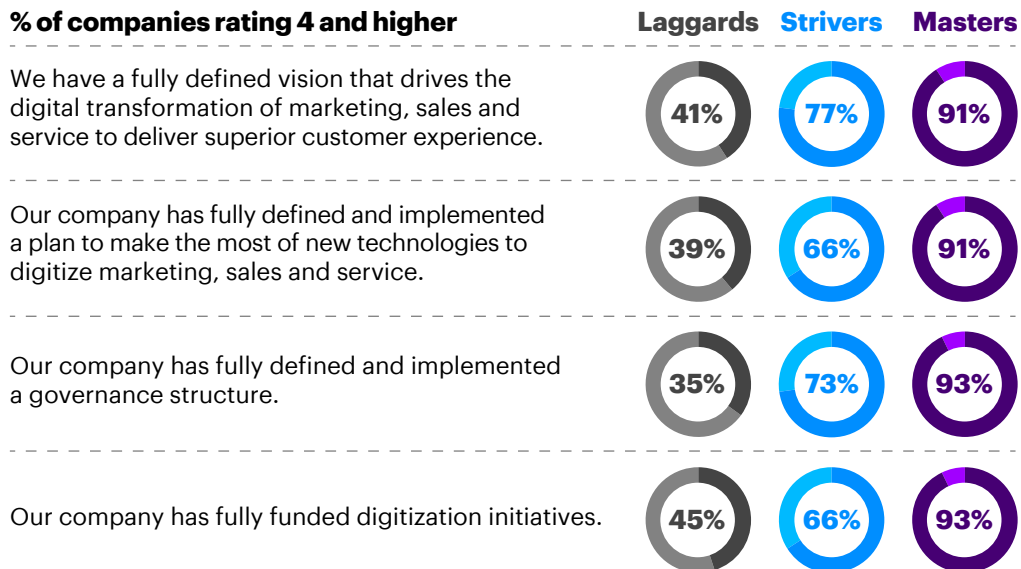
# 1 Transform your vision into reality

**Most critically, and in sharp contrast to strivers and laggards, masters have a clear strategic vision of how to digitize their marketing, sales and service.**

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



Masters also use rapid prototyping, minimum viable products, and SCRUM/agile implementation as part of their differentiated approach. They rigorously prioritize digitization initiatives according to how they add value, both in terms of improving customer experience to boost sales and improving performance to boost margin. Furthermore, they have flexible, adaptive structures to deal with the fragmentation of knowledge in the digital age which enables swift, efficient sourcing of expertise from their ecosystems.

A good example of this approach in action can be seen at one of the largest industrial manufacturing companies. A digital incubator for the company's Service Business leverages advanced technologies and platforms. Based on a minimum viable product approach they drive value via new, digitally enabled customer interactions. 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.

**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.**

## LESSONS IN MASTERY

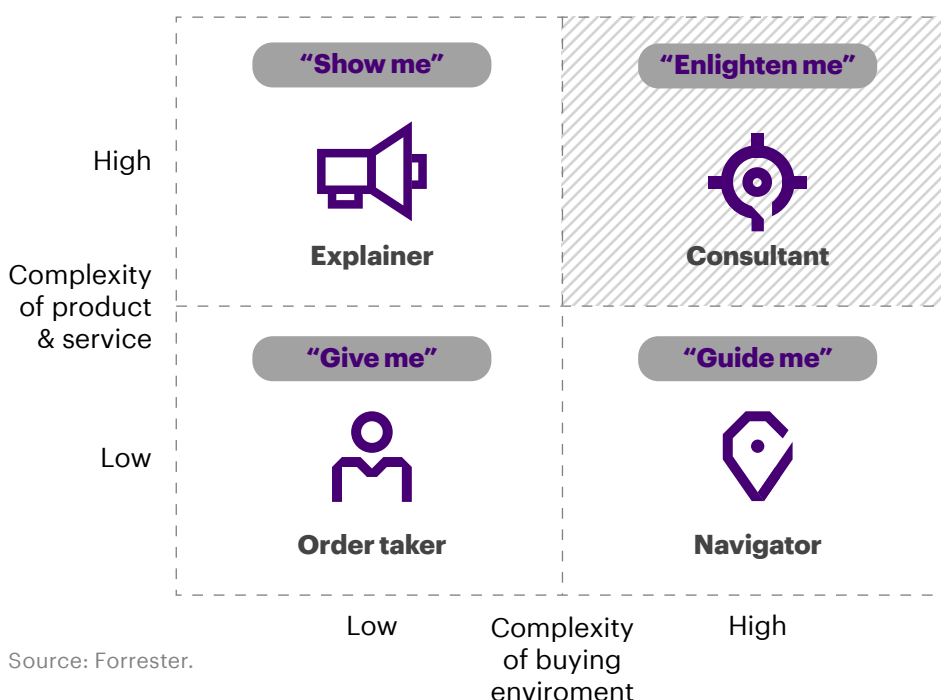
# 2 Adopt a lifecycle approach to front-office digitization

**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<sup>6</sup>. 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.

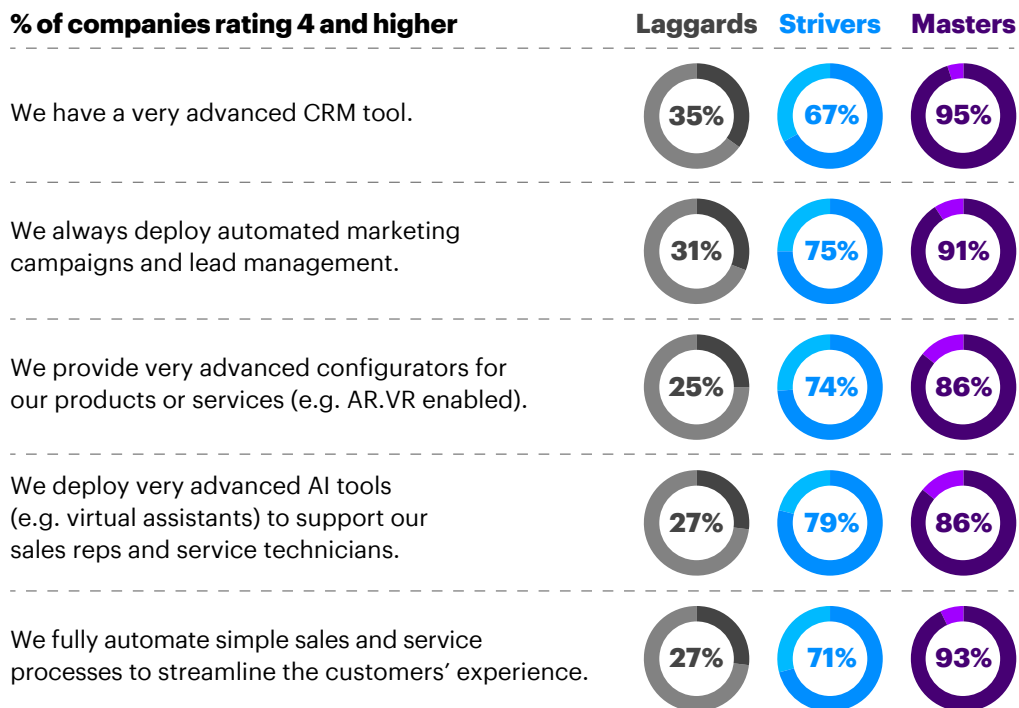
**Fig 8.** Buying environment insight



6. Forrester; Death of a B2B salesman: Two Years Later; Andy Hoar; March 29, 2017.

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.

**Fig 9.** Selected technology insights



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<sup>7</sup>.

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



7. [www.tacton.com/resources/yaskawa/?via=resources](http://www.tacton.com/resources/yaskawa/?via=resources).

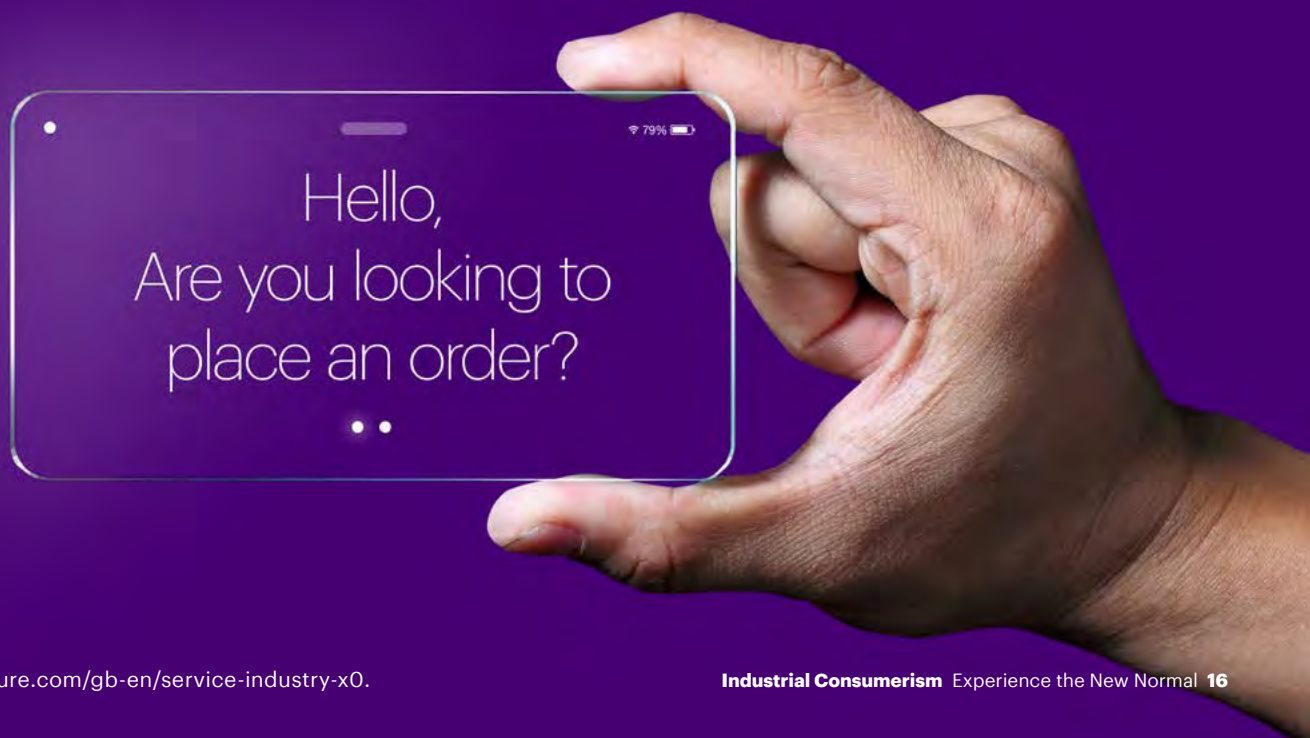
## LESSONS IN MASTERY

# 3 Deliver true customer-centricity

**Masters fully align the overall customer experience across all channels and touchpoints, avoiding channel conflicts and cannibalization.**

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<sup>8</sup>.

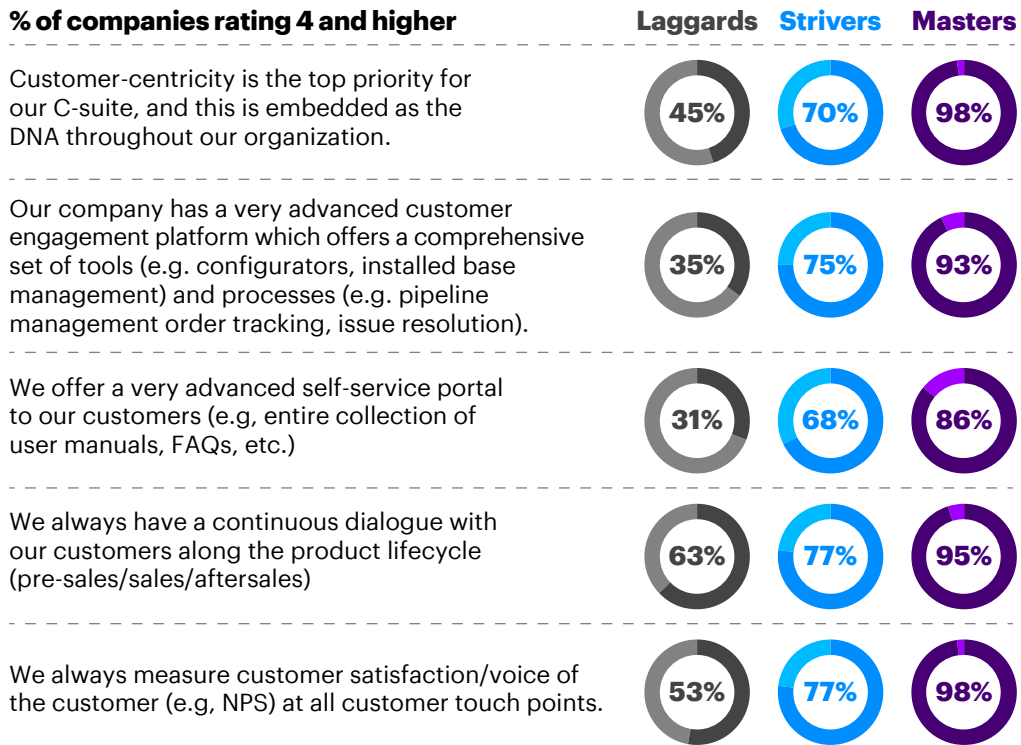
Crowd sourcing, AR/VR-based product configuration, interaction portals and IoT-based service models all help to keep customers engaged. As Fig 10. shows, masters are significantly better than their peers at sustaining end-to-end customer dialogue. Leveraging advanced analytics to generate both quantitative and qualitative customer insights, they also measure satisfaction levels at all touchpoints, for example, by using the net promoter score (NPS).



8. [www.accenture.com/gb-en/service-industry-x0](http://www.accenture.com/gb-en/service-industry-x0).



**Fig 10.** Customer engagement insights



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 wellness<sup>9</sup>.

**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.**

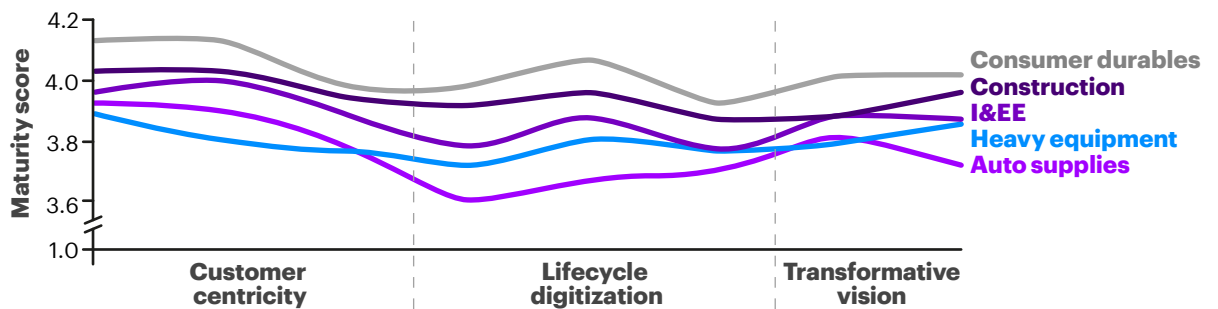
9. [newsroom.accenture.com/news/faurecia-and-accenture-join-forces-to-reinvent-onboard-experience-for-connected-and-autonomous-vehicles.htm](https://newsroom.accenture.com/news/faurecia-and-accenture-join-forces-to-reinvent-onboard-experience-for-connected-and-autonomous-vehicles.htm).

# Differences across industries and geographies

## Sub-industry variations

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.

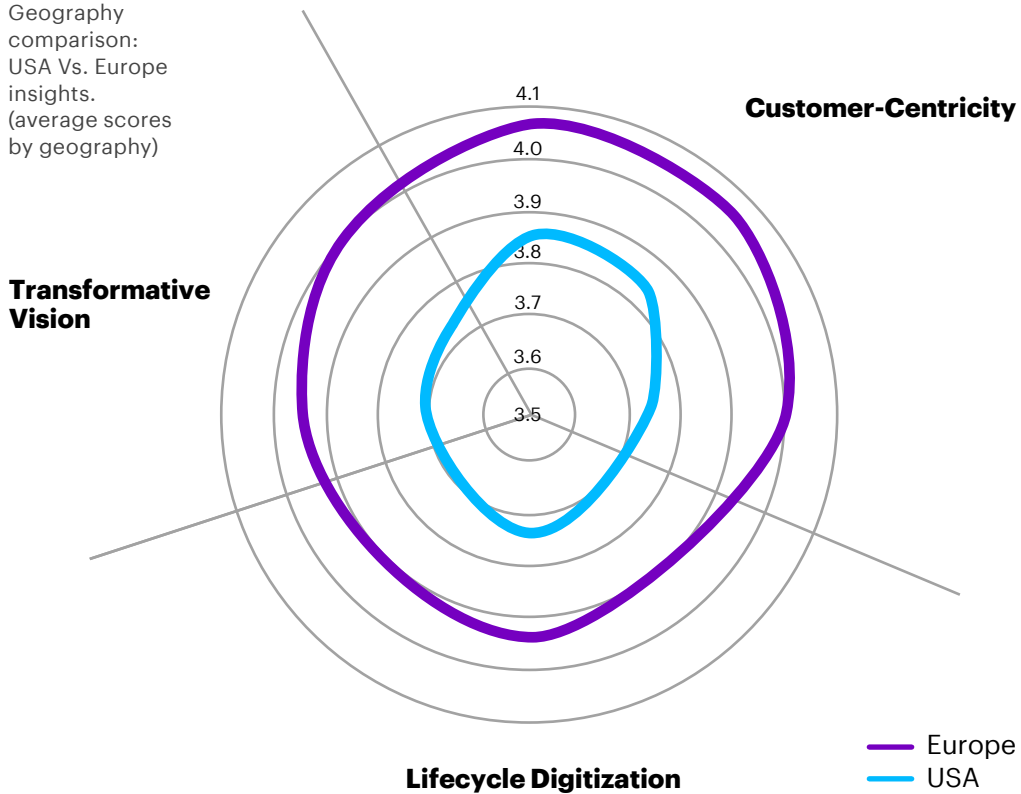
**Fig 11.** Sub industry variations  
(Maturity score by sub-dimension—Industry segment)



## Geographic differences

Interestingly, US companies are lagging behind their European counterparts, with companies in Europe demonstrating the highest levels of maturity.

**Fig 12.**  
Geography comparison:  
USA Vs. Europe insights.  
(average scores by geography)



**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.**

# Embrace change to get ahead

## **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?**

## Authors

### **Bernd Hirschle**

Managing Director  
Customer & Channels Lead,  
Industrial Consumerism  
[bernd.hirschle@accenture.com](mailto:bernd.hirschle@accenture.com)

### **Frederique Schmitt**

Managing Director  
Digital Transformation  
[frederique.schmitt@accenture.com](mailto:frederique.schmitt@accenture.com)

### **Clemens Stahl**

Manager  
Customer & Channels  
[clemens.stahl@accenture.com](mailto:clemens.stahl@accenture.com)

## Accenture Research

### **Matthias Wahrendorff**

Thought Leadership Research Senior  
Principal, Accenture Research  
[matthias.wahrendorff@accenture.com](mailto:matthias.wahrendorff@accenture.com)

### **Emma Blackburn**

Research Manager,  
Customer & Channels  
[emma.j.blackburn@accenture.com](mailto:emma.j.blackburn@accenture.com)

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