Industrial Consumerism

Getting serious about disruptive growth

High performance. Delivered.

By 2020, thanks to a seismic shift in customer expectations, B2B companies will need a completely different approach to driving growth. Is your sales and marketing organization ready?

Consider this. A consumer in today's retail markets can buy a camera anytime, anywhere. They can choose the model they want from a wealth of digital data. They can check availability online, track the progress of their order, and have it delivered at their convenience. What's more, they can receive personalized advice from an expert online salesperson throughout the buying experience.

Why then shouldn't a buyer of generators, mining equipment or vehicle gearboxes enjoy the same levels of ease, transparency and service?

Just as in the B2C market, selling at the right time and in the right place in the B2B space has become a moving target as new competitors touting new technologies disrupt what was once a simple, linear buying process. A major Chinese eCommerce company, for example, now offers online sourcing for industrial customers, while a

leading tire manufacturer provides tires-as-a service, not just as a product.

Industrial customers' expectations are not only constantly rising. They are also liquid and transcend traditional boundaries. Today's customers expect a significantly more immersive experience when dealing with traditional sales and marketing organizations. They are, after all, consumers too—and Accenture research shows that in an age of digital disruption growing numbers of them are transforming faster than the organizations they buy from. More than 80 percent are becoming more knowledgeable, self-directed and informed buyers, for example, and seek access to relevant and tailored expertise (see Fig. 1).
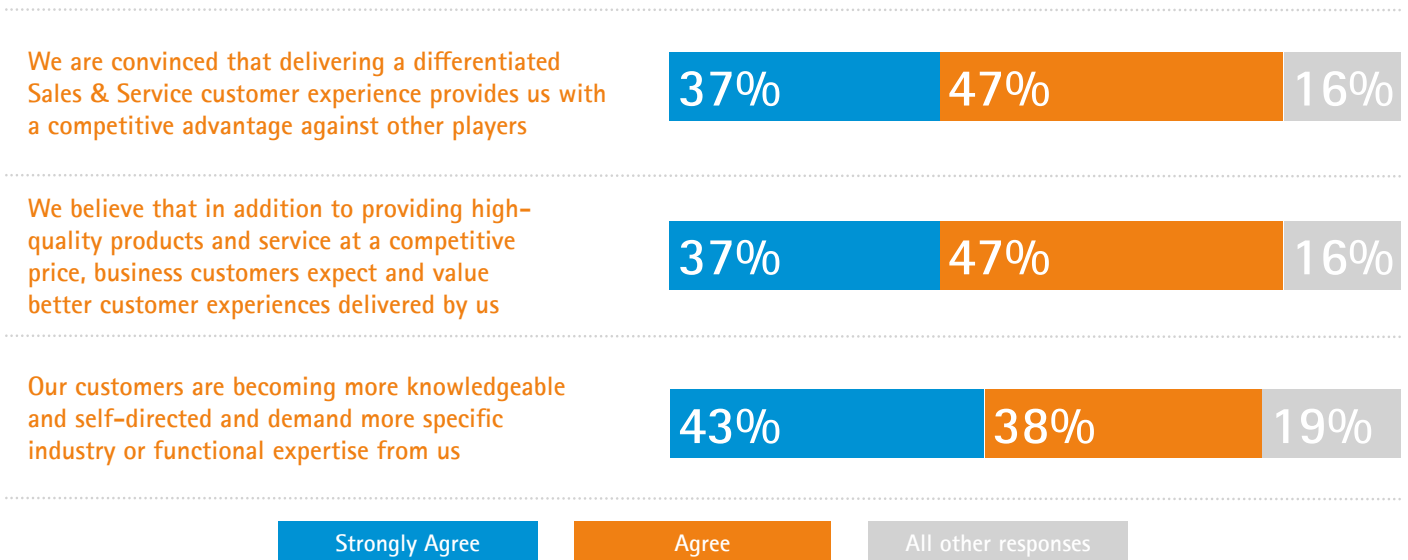
We call this transformation in industrial customers' expectations "industrial consumerism" (see Fig. 2) and it heralds exciting new

opportunities, both for the sector's sales and marketing organizations and for the companies and brands they represent. Providing online software updates for a product, for example, boosts its value to the buyer, and thus loyalty to both brand and supplier.

In the future, digitally enabled products and services will be essential to successful sales. Eighty-four percent of industrial executives already believe that delivering the differentiated experience that customers increasingly expect can boost their competitive advantage (see Fig. 1).

Moreover, Accenture project experience suggests that high performing organizations could achieve an EBIT as much as 4 percent higher than their low and middle ranking peers: not only from higher top-line sales, but also from efficiency gains.

Changing customer expectations

We are convinced that delivering a differentiated Sales & Service customer experience provides us with a competitive advantage against other players

| 37% | 47% | 16% |

We believe that in addition to providing high-quality products and service at a competitive price, business customers expect and value better customer experiences delivered by us

| 37% | 47% | 16% |

Our customers are becoming more knowledgeable and self-directed and demand more specific industry or functional expertise from us

| 43% | 38% | 19% |

Strongly Agree   Agree   All other responses

Source: Accenture Strategy 2015 B2B Customer Experience Survey – Industrial Companies   *Fig.1*

Industry Game Board

"Industrial Consumerism" is the main driver for change in Sales and Marketing of industrial and consumer durable companies.

> ## Understanding of industrial consumerism
>
> "A (disruptive) step change in client interaction – B2B customers integrate and adopt 'consumer' behaviors leading to new or different requirements towards suppliers. Established go-to-market models will change!"

Direct customer access and increasing customer intimacy (data analytics)

New mobile, interactive, and analytical technologies to improve workforce efficiency and customer journey

New direct channels to end users, bypassing/elimination of sales/service intermediaries

B2B Customer Expectation rises with Digital B2C Experience

Industrial connected ecosystem and trend to "Product-as-a-Service" and new business models

Customer experience increasingly influenced by deployment of new technologies*

Changing customer buying behaviors influenced by consumer experience (new normal – response times, tracking, 24/7)

Fig. 2

(e.g. Connected Products, IoT, Living Services, Artificial Intelligence, Virtual Reality and Augmented Reality)

Positioning for an increasingly digitized go-to-market environment in 2020 will be challenging

Traditional sales and marketing organizations will need to revamp their customer interactions, structures and processes. Making the most of the growth and efficiency gains that industrial consumerism offers will also require a dramatic shift in mindset. In order to win the new industrial consumer, three key priorities should be at the top of every industrial executive's agenda:

1 Staying ahead of customer expectations

2 Leveraging digital technologies to boost sales performance

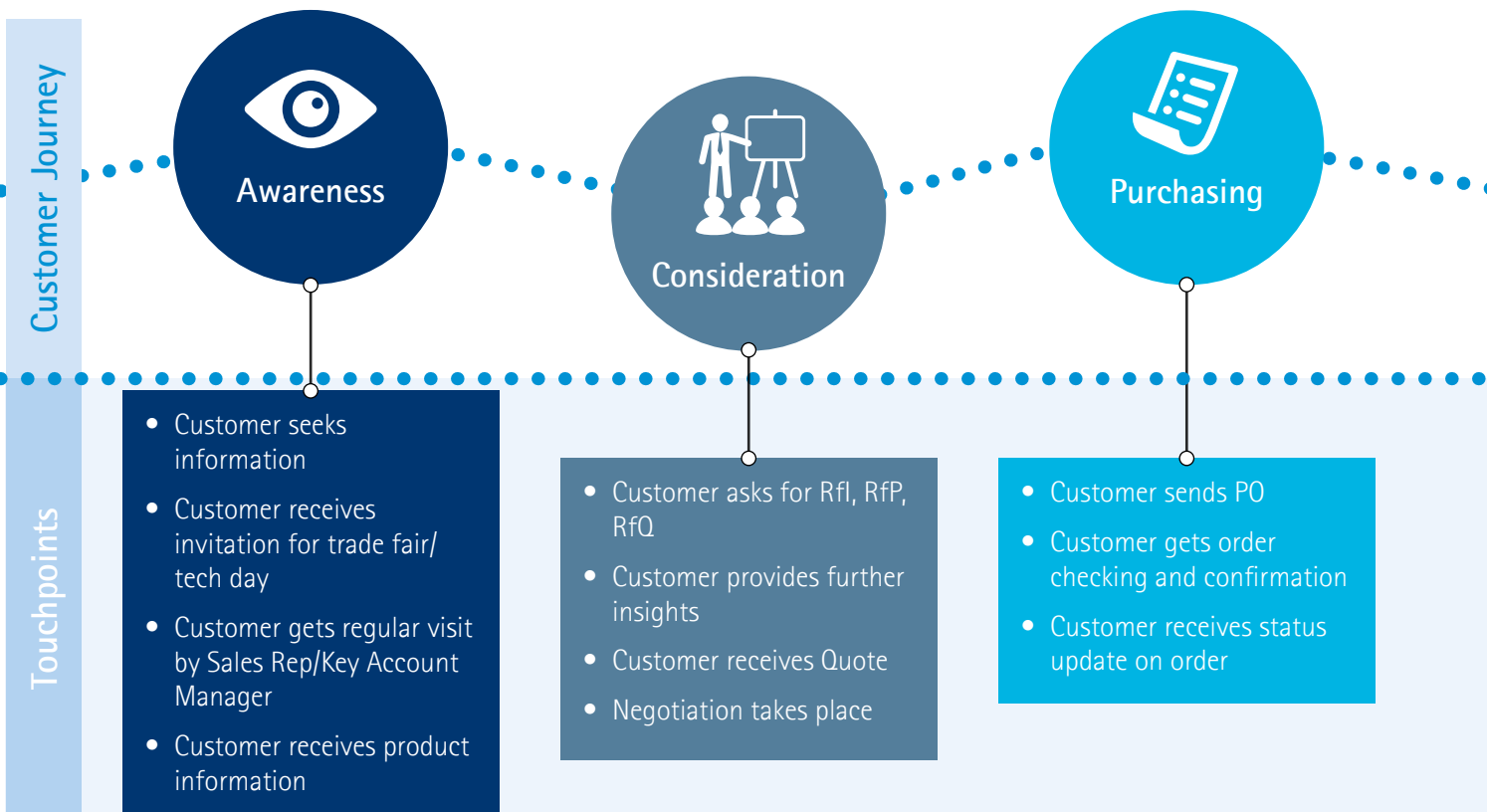**3** Designing a sales and marketing organization fit for 2020

Staying ahead of customer expectations

By 2020, in order to create a compelling customer engagement, a high performing sales and marketing organization will need a significantly deeper understanding of the customer journey lifecycle, for all touchpoints, and all along the value chain, from pre-sales to delivery and services (see Fig. 3). The goal should be a 360° real-time view of the customer, including current pipeline of opportunities, overview of projects, activities from all levels at the client and also key financials such as revenue performance or DSO (days sales outstanding). Customers are now much better informed at the pre-sales phase, and they want significantly more transparency throughout their journey. B2B companies need to invest in understanding which B2C experiences they can leverage.

B2B Customer Journey and Touchpoints along the value chain

Customer Journey

Awareness

Consideration

Purchasing

Touchpoints

- Customer seeks information
- Customer receives invitation for trade fair/tech day
- Customer gets regular visit by Sales Rep/Key Account Manager
- Customer receives product information

- Customer asks for RfI, RfP, RfQ
- Customer provides further insights
- Customer receives Quote
- Negotiation takes place

- Customer sends PO
- Customer gets order checking and confirmation
- Customer receives status update on order

*Source: Accenture Consulting*

Fig. 3

Endeavor to:

Run a "day-in-the-life" pilot

Involve all stakeholders in customer interactions, including those, like supply chain, with a high impact on customer satisfaction, to align customer perspectives and touchpoints with your own. Include touchpoints such as social listening and online contacts; deploy supporting technologies such as artificial intelligence or learning-based success factors to automatize next best actions or rule triggered offers.

Continuously engage your customers in your product, sales and service experience. Provide capabilities that enable customers to configure the products they want, online, and crowd source to drive innovation.
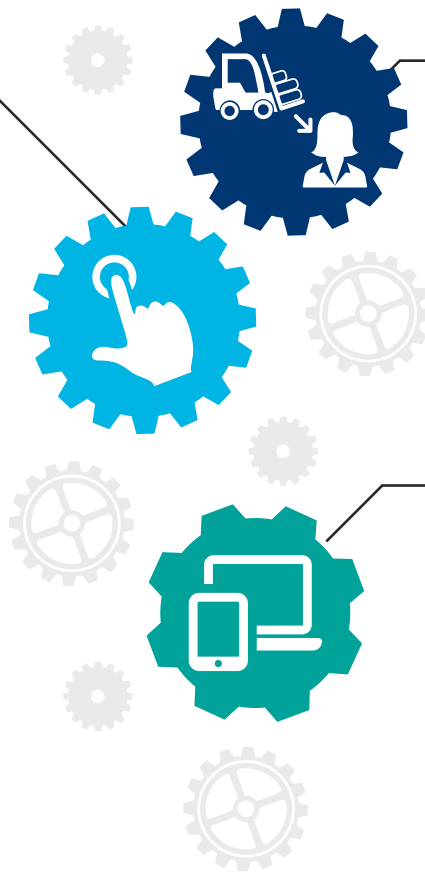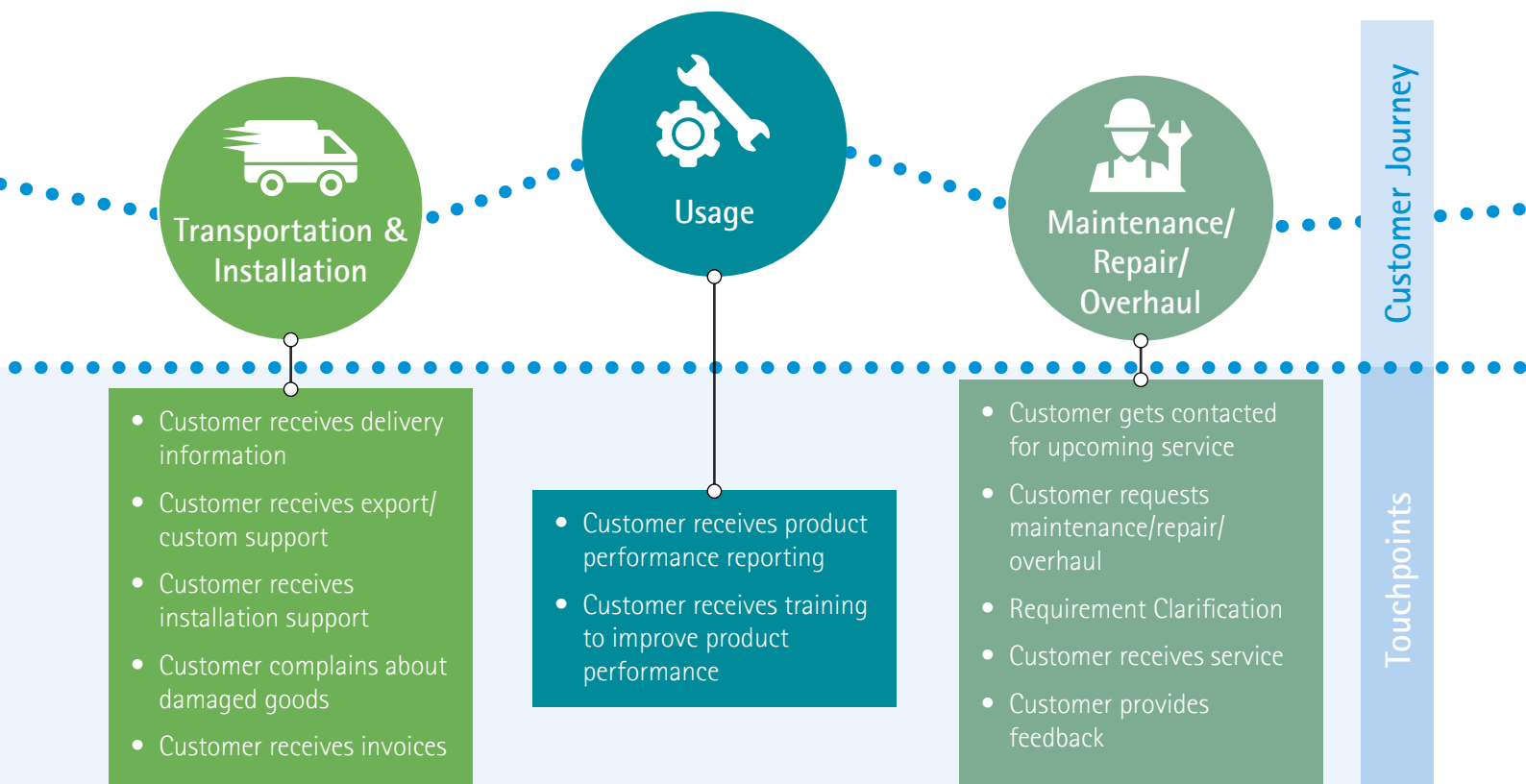
Move from product-centricity to customer-centricity

Connect product divisions with sales and service divisions to provide a seamless customer interaction, focusing on quality management, delivery and commissioning, or on usage-based technology requirements.

Align all information across all channels (on and offline)

Customers seek multiple channels during their buying and operating lifecycle. Ensure that all information is up-to-date and available in real-time. Consider offering an online augmented reality product and service platform for customers and intermediaries, or interactive digital product presentations and configurators.

Customer Journey

Touchpoints

Transportation & Installation

- Customer receives delivery information
- Customer receives export/ custom support
- Customer receives installation support
- Customer complains about damaged goods
- Customer receives invoices

Usage

- Customer receives product performance reporting
- Customer receives training to improve product performance

Maintenance/ Repair/ Overhaul

- Customer gets contacted for upcoming service
- Customer requests maintenance/repair/ overhaul
- Requirement Clarification
- Customer receives service
- Customer provides feedback

Leveraging digital technologies to boost sales performance

In the past, industrial companies' sales efforts relied on technology or product leadership to stay ahead of the competition. Today, they must successfully meet the rising service expectations of newly empowered customers by leveraging new technologies, to continually differentiate the customer journey, and tapping into five key business-technology trends[1] with particular implications for marketing, sales and service (see Five key trends sidebar).

Successful digitization must also be business driven. Leading companies use digital technologies—the customer genome mobility, cloud, sensing, analytics and personalization, security, artificial intelligence for machine learning, connected products and services—to help strengthen the top-line and tap efficiency gains. In fact, efficiency gains are funding their investments.

Accenture research clearly reveals where digital technologies have the highest impact—and where performance gaps still exist (see Fig. 4).

Take, for example, customer insights and analytics. Many companies lack the data to drive targeted campaigns and boost lead generation.

However, by investing in integrated Internet of Things (IoT) platforms built on end-to-end processes they could enable a seamless and efficient flow of data between marketing and sales.

Similarly, a real-time reporting tool would enable full customer data and installed base analysis: the keys to enhanced, personalized lead generation or additional client support. Predictive maintenance services (via IoT-connected products) would facilitate such real-time services as operations optimization, failure prediction, and

augmented reality for remote or on-premise service interventions.

Collaborative platforms, which can better integrate engineering and product development, as well as production and technology, supply chain, marketing and sales, would also enhance customer intimacy by faster response times, prioritization and issue resolution and, of course, forecasting capabilities. In addition, by facilitating data flow from customer care to field services, integrated platforms can boost operational performance.

Future-oriented companies will invest in mobile devices and other tools for technicians—all based on IoT applied for marketing, sales and service—that not only enhance the customer experience but also, by providing better spare parts management, boost service execution excellence.

As the technology battleground moves to the cloud, those players with strong cloud and distributed computing capabilities that can also keep sensitive customer data safe are clearly positioned to win.

More broadly, aligning appropriate technologies with the customer journey, from commercial excellence through service excellence and partner engagement to connected products and services, would boost sales, engage customers and improve workforce efficiency.

Five key trends

1

Intelligent Automation Fundamental change of operation, business, and individuals. By providing digital-do-it-yourself, intelligent automation will enable the mass customization of products and services, transforming customer value creation.

2

Liquid Workforce Extraordinary results at the intersection of humans and machines. It's no longer a question of technology or people, but rather a race for efficiency by leveraging the combined power of technology and people.

3

Platform Economy Technology-driven business model innovation from the outside in. Successful platform businesses require far more than just digital technology. They must also disrupt the customer experience.

4

Predictable Disruption Looking to digital ecosystems for the next waves of growth from the Internet of Every-Thing. Disrupting your industry is an all-encompassing effort that's all about identifying new growth opportunities and deciding whether to develop your own ecosystem, or engage in others'.

5

Digital Trust The new value exchange in today's digital economy. In the digital age the volume and intimacy of data is on the rise, making trust even harder to secure. Get it right, however, and you could monetize data for company and customer alike – building deeper levels of trust than ever before.

Impact on your business over the next two years

85% Digital channels and technologies will significantly improve our interactions with business customers.

79% Digital will provide significant opportunities to reduce cost.
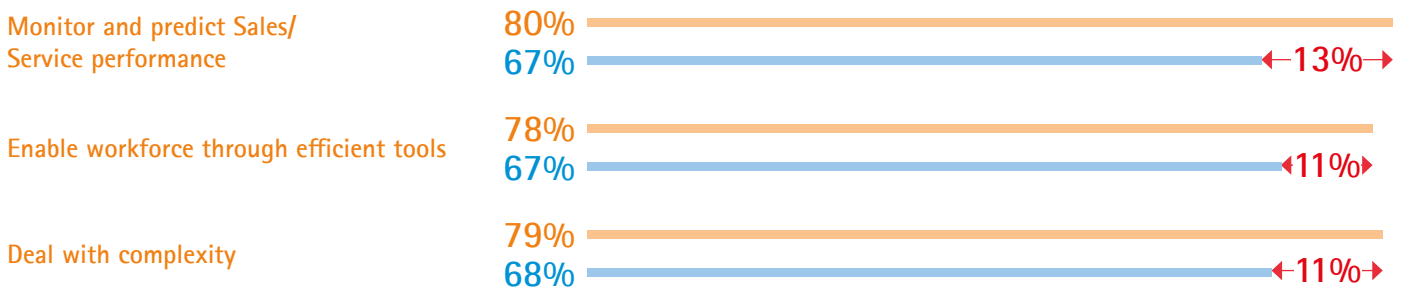
76% Digital will help us engage our partners like never before

Percentage that agrees/strongly agrees

Importance vs. Performance – largest gaps

Customer Insights & Analytics

Collect data across all touchpoints for a single view of customers
81%
67%
←14%→

Translate customer data into actions leveraging advanced customer analytics
80%
69%
←11%→

Extract and translate customer insights from new technologies
73%
61%
←12%→
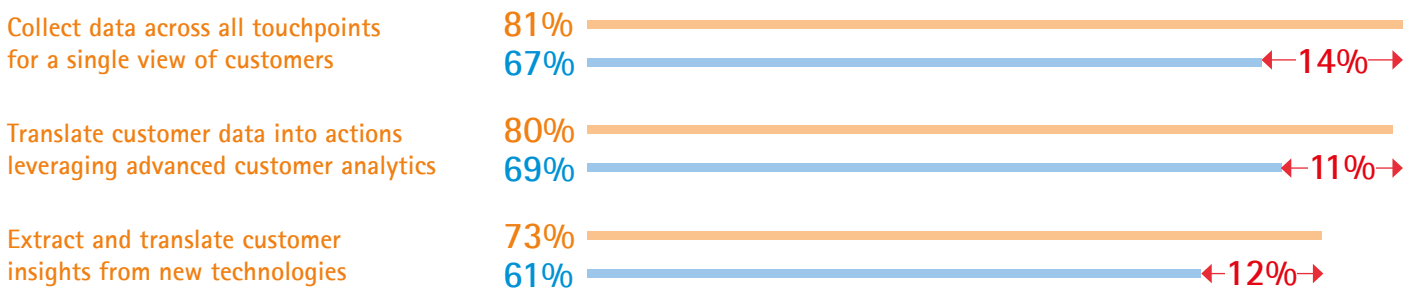
Customer Experience Operations & Performance

Monitor and predict Sales/ Service performance
80%
67%
←13%→

Enable workforce through efficient tools
78%
67%
←11%→

Deal with complexity
79%
68%
←11%→

Importance	Performance

Source: Accenture Strategy 2015 B2B Customer Experience Survey – Industrial Companies   *Fig. 4*
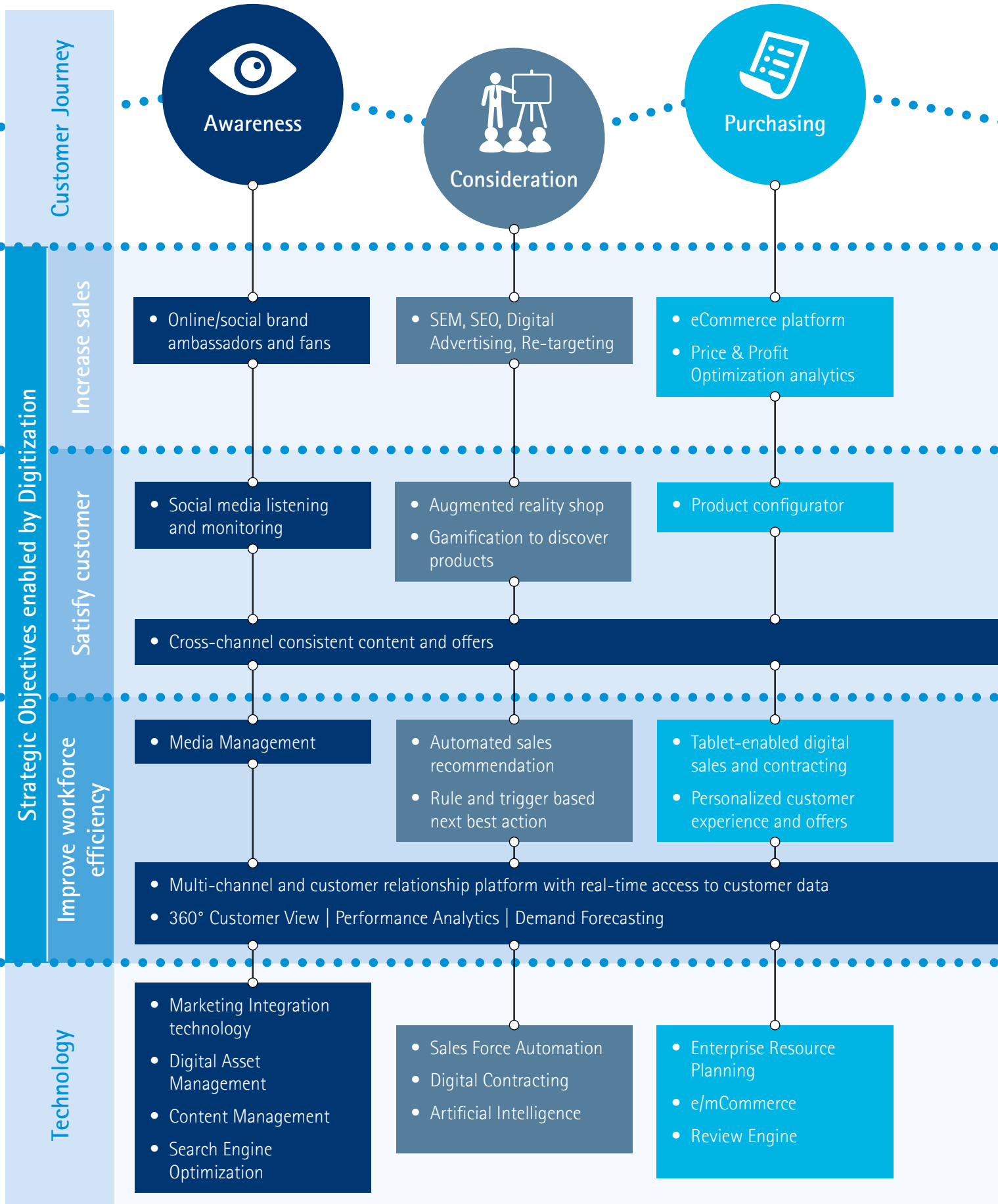
Endeavor to:

Run digital projects
Projects that make a clear business contribution in terms of sales, EBIT or efficiency, in a portfolio approach, prioritized according to business impact for value creation (see Fig. 5). Align your organisation towards the same goal, avoid redundancies and isolated actions.
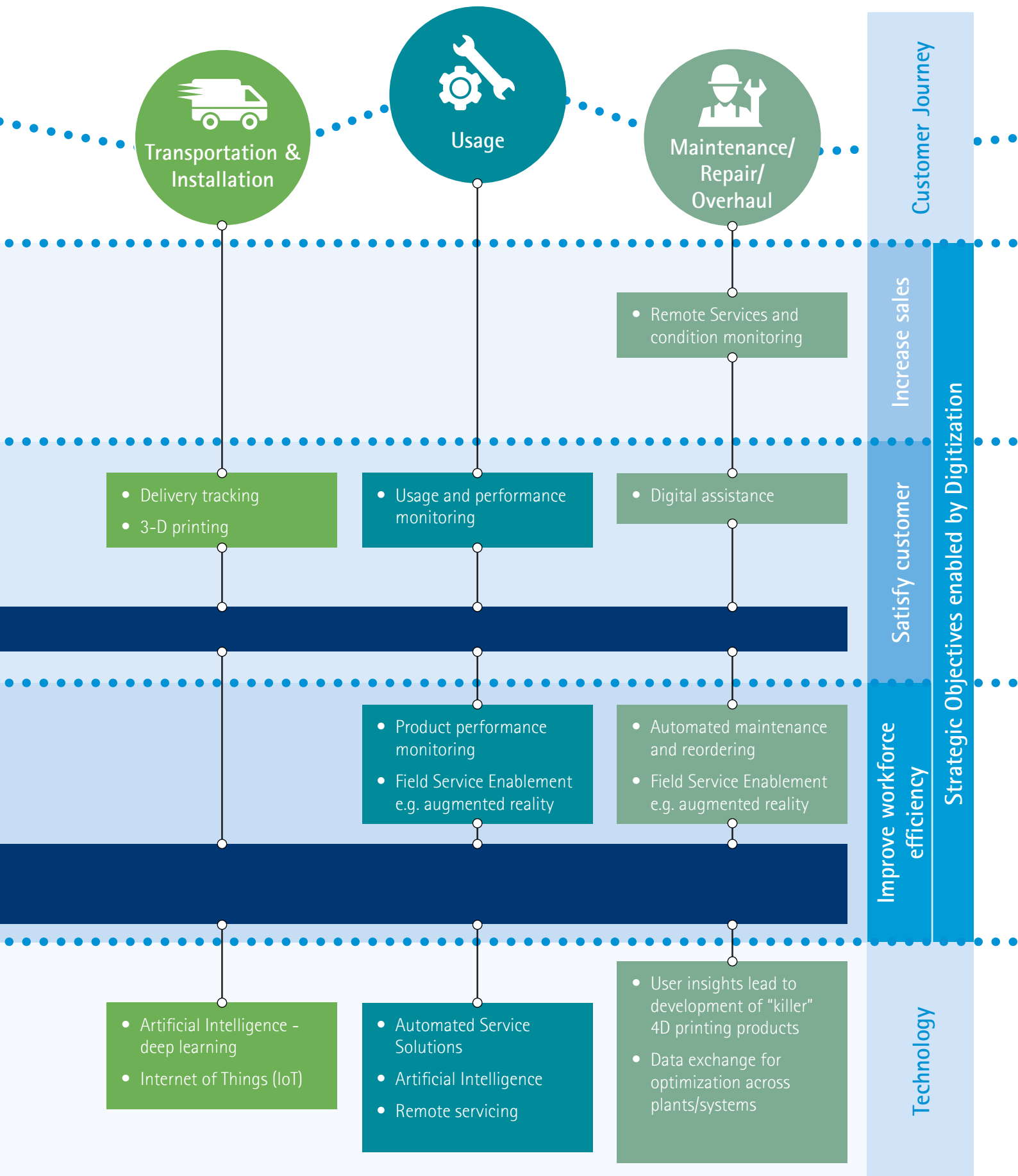
Identify and deploy digital technologies that make your customer interaction more efficient and effective
Turn customer relationship management into customer engagement management. Start with foundational capabilities to run your front office before adding such advanced capabilities as partner portals, or eCommerce. As a third building block, focus on more innovative topics such as equipment identity management or IoT-based services.

Digitization of the customer journey and touchpoints

Customer Journey

Awareness

Consideration

Purchasing

Strategic Objectives enabled by Digitization

Increase sales

- Online/social brand ambassadors and fans
- SEM, SEO, Digital Advertising, Re-targeting
- eCommerce platform
- Price & Profit Optimization analytics

Satisfy customer

- Social media listening and monitoring
- Augmented reality shop
- Gamification to discover products
- Product configurator
- Cross-channel consistent content and offers

Improve workforce efficiency

- Media Management
- Automated sales recommendation
- Rule and trigger based next best action
- Tablet-enabled digital sales and contracting
- Personalized customer experience and offers
- Multi-channel and customer relationship platform with real-time access to customer data
- 360° Customer View | Performance Analytics | Demand Forecasting

Technology

- Marketing Integration technology
- Digital Asset Management
- Content Management
- Search Engine Optimization
- Sales Force Automation
- Digital Contracting
- Artificial Intelligence
- Enterprise Resource Planning
- e/mCommerce
- Review Engine

Source: Accenture Consulting,Industrial & Automotive: Retooling for digital advantage

Transportation & Installation

Usage

Maintenance/ Repair/ Overhaul

Customer Journey

Increase sales

- Remote Services and condition monitoring

Satisfy customer

- Delivery tracking
- 3-D printing

- Usage and performance monitoring

- Digital assistance

Improve workforce efficiency

- Product performance monitoring
- Field Service Enablement e.g. augmented reality

- Automated maintenance and reordering
- Field Service Enablement e.g. augmented reality

Technology

- Artificial Intelligence - deep learning
- Internet of Things (IoT)

- Automated Service Solutions
- Artificial Intelligence
- Remote servicing

- User insights lead to development of "killer" 4D printing products
- Data exchange for optimization across plants/systems

Strategic Objectives enabled by Digitization

For simplicity's sake, the graphic still describes a traditional, linear customer journey.

Fig. 5

Designing a sales and marketing organization fit for 2020

As organizations position for 2020, leadership and direction that reflect the new customer age will become increasingly important. Collaboration will be critical to overcoming today's siloed structures and to working seamlessly within and across functions.

Internal stakeholders will need convincing that new tools and processes really do enhance performance. But just investing in new tools for their own sake isn't enough and leads to workforce inefficiencies. Organizations must identify those tools that really help sales teams serve more informed customers and enable those customers to navigate offerings. It's also worth investigating which "simple" sales processes could be automated.

Leading from the top will help balance established processes and tools with new ones that enhance transparency and collaboration—all while pushing for efficiency gains to reinvest for growth and the development of new skills. Marketing and sales organizations must own and drive this transformation and invest in a new, dedicated, and well-resourced organizational function—aligning business and technology—for strategy, design and execution.

Endeavor to:

Foster collaboration and align target setting

Enable people to work towards common, aligned goals. More than 80 percent of industrial companies view internal collaboration as critical, especially across Sales & Services, Marketing & Sales, and R&D (the latter two of which also show the largest performance gaps). Collaboration between these functions, or any customer relevant function, is critical. Customer expectation targets should be set for all departments as part of the annual performance management process. Orchestrate not only internal functions, but also suppliers, and indeed ecosystem partners. Cloud platform systems can provide a fast and cost-effective means to make this happen.

Continue to drive process efficiencies

Eliminate redundancies and unnecessary administrative efforts by using relevant digital technologies to improve processes, and ensure that they operate with adequate structures.

### Provide direct channels to end users through eCommerce

In parallel, provide a platform for delivery of comprehensive services in collaboration with your eco-system partners. Leverage cloud technology for cost-effectiveness and speed.

Establish a governance model to drive digitization

Enable full-time project teams. Consider introducing centers of excellence to support transformation. Complement your teams with experienced partners to accelerate execution and avoid pitfalls. Think big and start small. Set and communicate a clear agenda, and focus on quick wins to gain buy-in and acceptance. Extended sales force automation and integrated platforms enable this digitally.

Access and employ the right talent

Develop and build upon current skills to address the demand for new skill sets in digital technologies, new business models, new channels and enhanced customer expectations. Align the digital generation of young professionals—generations "Y" and "Z"—with traditional marketing and sales teams, processes and organizations.
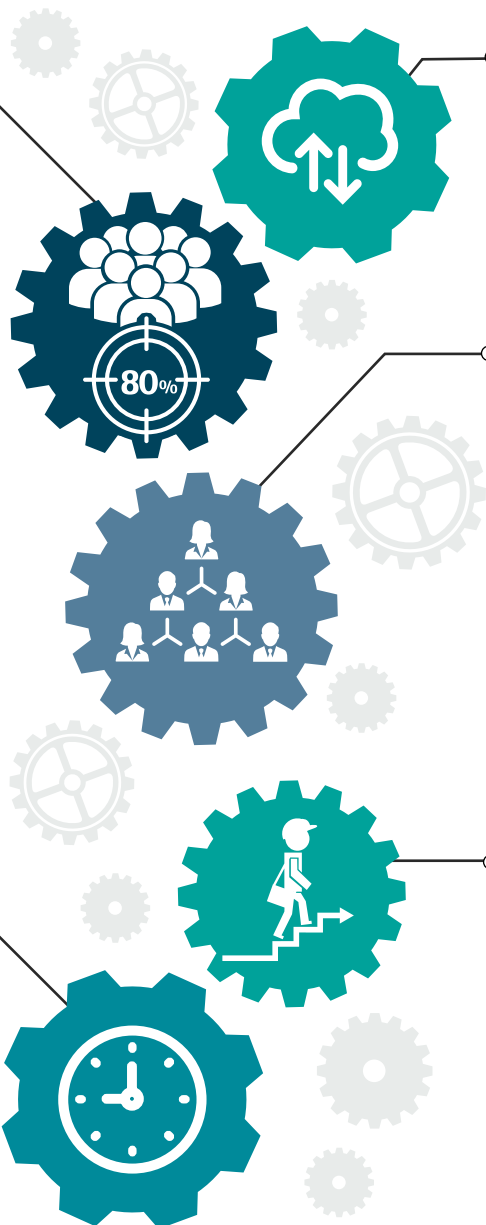
Realizing the promise of disruptive growth

In an age of industrial consumerism B2B companies
must drive growth differently. Providing the immersive,
differentiated experience that customers demand requires
digitally enabled, value-added products, and services. It also
requires digitized structures and processes and a workforce
fully aligned with a digitized go-to-market environment.

Our research clearly illustrates the potential rewards of investing
in the right technologies to make all of this possible. By 2020,
high performing industrial sales and marketing organizations
will be outstripping their competitors by a significant margin.
Now is the time to invest in the promise of disruptive growth.

Join the conversation

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For more information please contact:

Bernd Hirschle
bernd.hirschle@accenture.com

Anett Zschimmer
anett.zschimmer@accenture.com

Anant Kamat
anant.kamat@accenture.com

Shinichiro Kohno
shinichiro.kohno@accenture.com

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