

Customers are ready to buy more and pay more

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), 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 first 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.

In the chemical industry, being close to customers and understanding their needs is a familiar, widely touted concept.

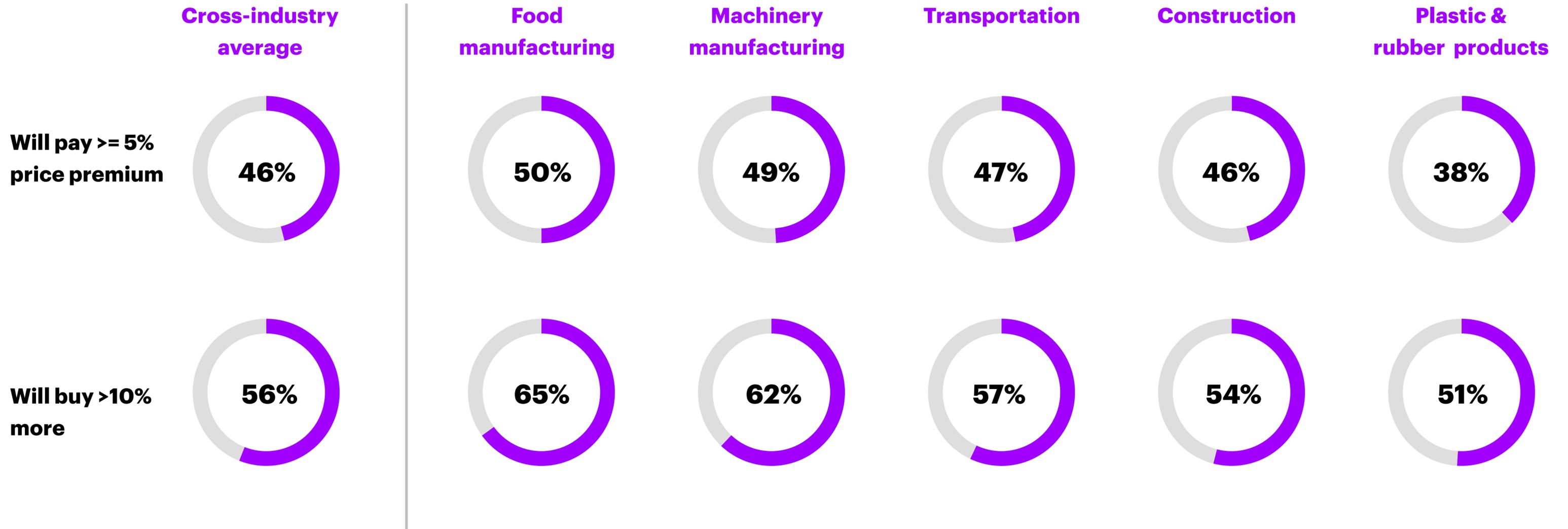
For many chemical companies, it's also an elusive goal—and in general, the industry still has a considerable amount of work to do on this front. But the companies that do that work, and succeed at becoming more customer centric, are likely to find the effort well worth their while.

According to Accenture's 2020 Global Buyer Values Study, a sizable portion (46 percent) of chemical companies' customers—that is, "buyers"—would be willing to pay notable price

premiums (at least 5 percent) if all their needs were met. An even greater number (56 percent) would be willing to make sizable increases (greater than 10 percent) in their purchase volumes. In short, chemical companies—that is, "sellers"—that become more customer centric and develop a better understanding of customer needs will be able to sell more and charge more. (Figure 1)

46% of buyers would be willing to pay notable price premiums if all their needs were met

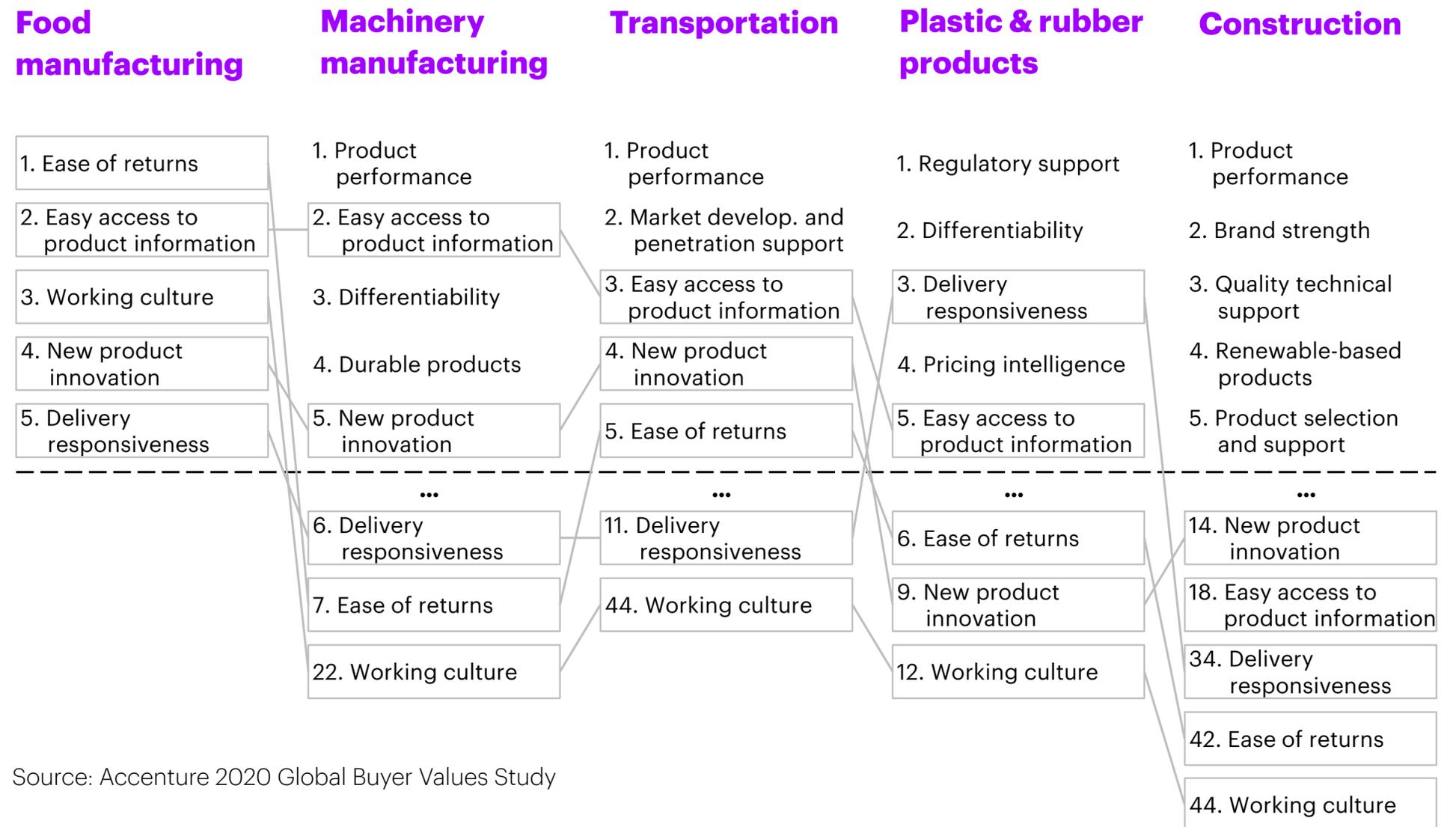
Figure 1: Percentage of buyers willing to buy and pay more if all needs are met (full sample & select industries)



Source: Accenture 2020 Global Buyer Values Study

When it comes to what buyers want, some factors are fairly universal. Across the 11 chemical-company customer industries and retailers in the study, reliability and product support were ranked as the two most important factors by buyers. Reliability also topped the list for consumers. But beyond that, the picture becomes more complex, as top-ranked needs vary significantly by industry. (Figure 2)

Figure 2: Ranking of top needs for buyers in select industries



Source: Accenture 2020 Global Buyer Values Study

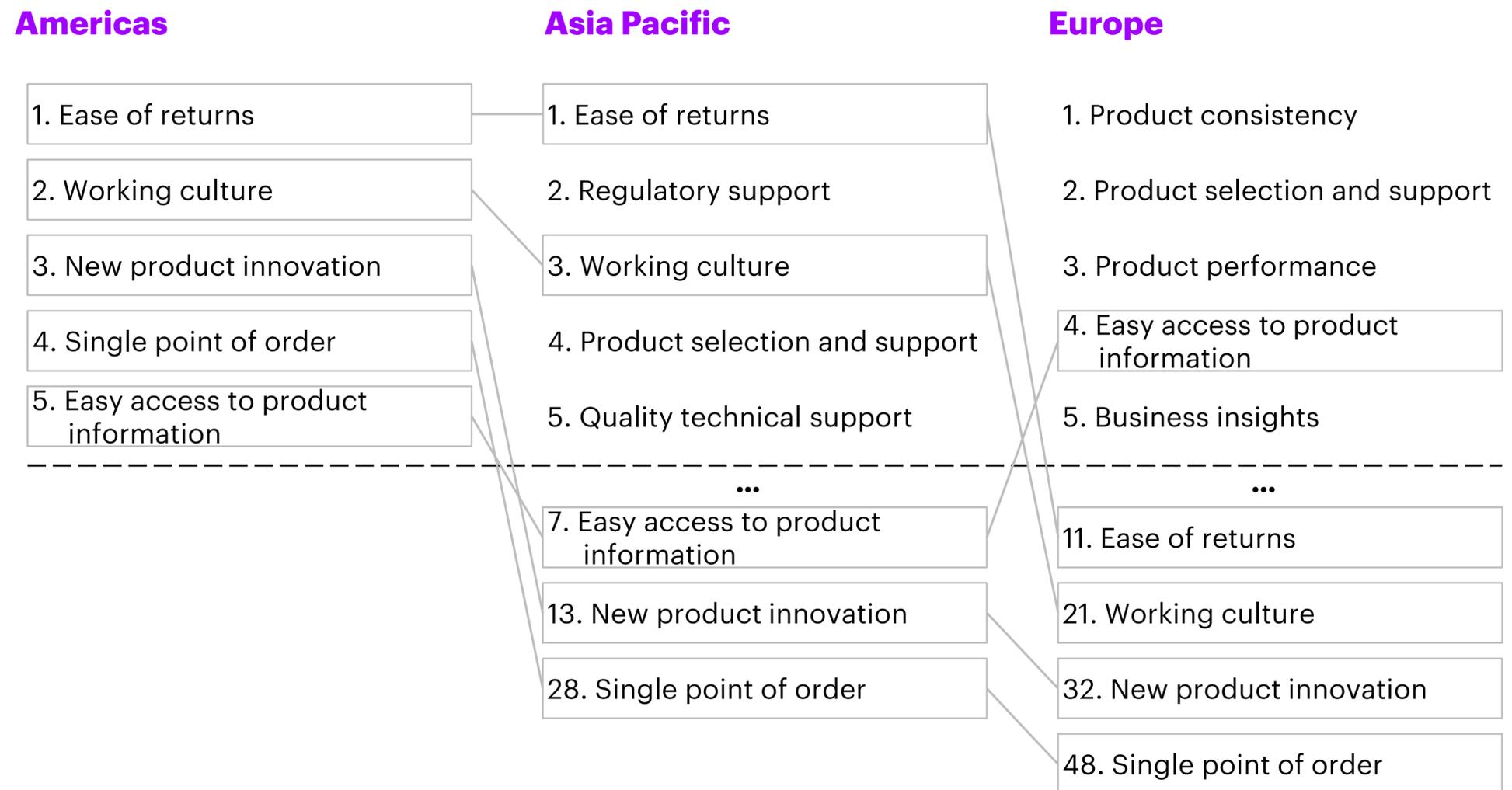
For example, food manufacturing companies typically have detailed product specifications and they tend to buy formulation-intensive products. These practices lead them to place a high value on sellers that can accurately meet their needs. Fifty percent of the buyers in this industry are willing to pay a price premium, and 65 percent are willing to buy significantly higher volumes—if their needs are fully met. The three most important needs of these buyers are ease of returns, easy access to product information and a good working culture.

A different pattern emerges in the plastics and rubber industry. These companies primarily buy commodity chemicals. Thus, they are less focused on the precise fulfillment of their needs and perhaps more price sensitive, compared to food manufacturing companies. But they still respond favorably to their needs being met, with 38 percent indicating they are willing to pay a price premium and 51 percent saying they would significantly increase their purchasing volume. The highest-ranked factors for these companies are regulatory support (e.g., for product registration), delivery responsiveness and access to products that help them differentiate their own offerings.

Beyond reliability and product support, top-ranked needs vary significantly by industry

The industry-by-industry picture is further complicated by the fact that customer needs differ by region. In food manufacturing, for example, ease of returns is the top-ranked factor in the Americas and the Asia Pacific region. In Europe, it does not even make the top 10. (Figure 3)

Figure 3: Top needs in food manufacturing by region



Source: Accenture 2020 Global Buyer Values Study

Moving from insight to action

These findings indicate that chemical companies have a real opportunity to increase margins and sales volumes. But doing so will depend on a deeper understanding of the varying needs of their customers in different industries. To make progress on this front, they should consider two key actions:

Commit to being data driven: Chemical companies already have a fair amount of data about their customers, collected from a range of activities including shipment information, complaints and sales quotes. But they don't make effective use of that data. To do so, they need leadership that fosters an enterprise-wide, data-led mindset when it comes to customers. They also need to create dedicated analytics teams that can extract deeper insights into customer needs—and then rethink processes and roles to ensure that those insights are translated into actions that customers value.

Improve the customer experience to build relationships: Chemical companies have long used techniques such as surveys, segmentation and net promoter scores to get closer to customers. While these have value, they have not really transformed customer relationships in the industry. To move the needle, companies need to focus on the entire customer experience. Here, they can follow the example of many B2C businesses—constantly scrutinizing and analyzing the customer experience that they provide to identify gaps in meeting buyer needs, and then designing interactions that fill those gaps. This means assessing and improving the customer experience in day-to-day interactions, starting with the basics—and then branching out.

Overall, the research indicates that chemical companies understand the importance of customer centricity, with two-thirds placing it among their top three strategic priorities. At the same time, however, nearly half (46 percent) reported that they struggle to get customer centricity right. These findings underscore the tangible value of continued improvements in understanding customers to build loyalty, reduce customer attrition and ultimately support long-term business success.

This report covers only a portion of the extensive findings in Accenture's 2020 Global Buyer Values Study for Chemicals, which can be used to provide an in-depth understanding of a range of factors affecting customer centricity—for specific companies, as well as the industry as a whole. The next report in this series looks at the willingness and ability of customers to switch suppliers and materials.

References

All data points included in this report are from the Accenture 2020 Global Buyer Values Study.

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

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