

How Chemical Companies Can Beat Customer Churn

Six Key Areas to Focus on and Keep Customers Content

The chemical industry is at a crossroads: customer behavior and needs are changing, and chemical companies must rethink how they do business to meet shifting expectations. Accenture's B2B Customer Insights survey identified six key areas chemical companies can target to keep their customers satisfied and drive growth. By doing so, they can beat customer churn and build better relationships with their buyers.

When it comes to choosing a chemical vendor or supplier to work with, today's B2B customers are increasingly focused on product quality and the level of service on offer. But our research shows that to maintain competitiveness, chemical companies must rethink how they do business. Most are already aware of challenges in this changing landscape: 78% of chemical companies are concerned about losing their customers.

Business customers now expect more — and they're willing to pay for it. Our global research on buyer values found that 46% of customers would pay notable price premi-

ums (at least 5%) if all their needs were met. About 56% of them would make sizable increases (over 10%) in purchase volumes. Buyers want tailored solutions at scale from trustworthy and transparent providers. To keep their clients content, chemical companies should innovate the entire customer experience. In the past, account management, long-standing relationships and price were the most important factors. Today, the biggest driver of customer churn is a below average commitment based on traditional channel management and price instead of value focus.

To prepare for the new reality of providing value in the digital age, chemical companies should seek an immediate alignment of go-to-market and customer expectations. This will pay dividends in the short term. It will also help boost the mid-term shift to a digitally powered organization. Targeting the six key areas outlined below will help chemical companies keep B2B customers engaged and content with both the products they purchase and the service they receive.

1. Experience, Expectations & Loyalty: Tailored Solutions Are Key

Customer behavior and demands have shifted. Failing to respond to these changes can be very costly: 58% of buyers said they would change providers if their preferences were not met. Chemical companies must build and foster relationships with customers through tailored solutions delivered at scale. Indeed, more than



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a third of respondents to our survey rank the flexibility to tailor solutions to specific customer needs as the most important key buying factor.

To boost relationship quality, chemical companies must also establish trust and transparency. This can be best achieved by investing in R&D with an understanding that this encompasses not only chemical products but also services and new business models in response to evolving customer needs.

Timely, consistent, and reliable communications remain a very important facet of customer experience. This cuts across (digital) communications and sales channels such



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as distributors and agents in terms of support throughout the entire buying cycle — from inquiry to after sales technical service and trouble shooting. Leveraging a well-designed channel mix and architecture can massively reduce churn. While automated solutions such as chatbots can help, it is vital that, e.g., conversational AI engines and other digital assistants are trained and managed properly just as much as direct sales and service employees.

2. The Changing Market Landscape: Value Is no longer Decided by Price

Product quality and customer service are the most important key buying factors. Almost half of chemical companies (46%) say they're struggling to get these right and fear competitors could surpass them. Additionally, 56% of buyers said they could switch to alternate materials, including those from outside the chemical industry, if a product did not meet their standards. Chemical companies must double down on quality while greatly expanding the scope of their customer service.

Value is no longer decided by price, but by creating individual experiences and solutions. Service quality and reliability are valued most regardless of the company's size. A notable exception are large companies which are primarily influenced in their decision making by product and solution quality. They often take high quality interactions and convenience as a given.

Smaller companies tend to be more price sensitive while larger businesses are more driven by loyalty. Chemical companies can satisfy both through subscription-based models for services and products, using a dedicated digital platform for purchases, support and more. New entrants in this field include platforms like Chemondis or Knowde as well as e-commerce players such as Alibaba, which are increasingly drawing volumes and building out digital features as well as experience-driven interactions.

3. Moments that Matter: Human vs. Digital Self-Service

Even before the upheaval of last year, interactions via digital channels were on the rise. During the first 6 months of 2020, there were approximately

52% more interactions via digital channels than human interactions. The pandemic has spurred this on as restrictions made business as usual almost impossible. Chemical companies can capitalize on this by introducing more frequent, positive, and proactive touchpoints across the customer lifecycle.

While chatbots and other automated solutions can help here, human interaction is still necessary. It's a vital component of customer satisfaction in the post-digital age. The moments that matter most for customers all continue to be high human touch. Chemical companies should look to digitalization to drive efficiency in routine and low-touch interactions while focusing the high-touch human interactions on the decisive moments for customer satisfaction. Among these are newly developed products and services which can make a difference regarding loyalty. Multichannel experiences with both human-agent and digital service channels solve the issue of preference as customers are able to use a variety of channels for communication.

4. Dedicated Access and Account Management with Digital Support

The prevalence of dedicated account management is decreasing with just 29% of respondents leveraging an individual or team to handle sales and service requests or transactions. Even when utilized the frequency of interactions is relatively low: more than two thirds connecting directly with customers only on a monthly to quarterly frequency. The reason for the diminishing emphasis on dedicated account personnel is simply that customers expect access to all relevant information through the chemical company's digital platforms.

Technology can be used to streamline interactions through platform-based customer portals. These should provide a full range of ordering capabilities, including automated transactions, and permit faster electronic "conversations". This will allow customers to access up-to-date information and receive immediate feedback about requests online. Automated after sales services can handle customer interactions 24/7 through a variety of channels, ensuring queries are always answered.

Sales and service representatives can drive value for buyers by targeting specific needs through the identification of new products

and services such as automated replenishment, higher efficacy, CO₂ reduction, better lifecycle performance and circularity to name only a few. Sales and service employees at chemical experience leaders are knowledge masters who keep their customers up to date with the latest advances. Our research found that there is clearly room for improvement as only one third of customers are satisfied with their experience of proactive support.

5. Priorities and Influencers: The Importance of Reputation

The time has come for chemical companies to take a decisively customer-orientated stance and leverage their external community influence rather than being contempt with their internal reputation and mediated reports of customer satisfaction. Our research notes that external brand reputation is highly important for buyers when selecting a chemical supplier. Other factors, like internal opinions, reviews from co-workers and past performance have less impact.

The days when price was the most influential factor are long gone — cost savings also have little influence on decision making. However, returning customers are less likely to stick with a chemical company if they have experienced any critical issues with products or services. In such cases, it will take significant measures to keep the purchaser from switching to another company — 81% of customers would expect a discount of up to 25% to prevent them from switching.

6. Technology Innovations: Applying the B2C Playbook

As part of our research, we investigated the investment in and focus areas of technology innovation as key pillar of taking the business customer experience to the next level. Most companies know tech innovations are a must-have — 66% of chemical companies believe new technologies can help them get customer centricity right and boost profits by more than 10%.

Chemical companies that lead with experience are increasingly implementing technology innovation across the entire buying cycle. In a nutshell: they have started to apply the B2C playbook. And they are now providing experiences that business

customers truly value. Nevertheless, the journey has just started for chemical firms to match well established B2C experiences in the business-to-business realm.

Business customers of chemical companies are willing to pay more for experiences that boost value. The majority of respondents indicated a willingness to pay for features such as reduced search times, shorter order lead times, digitalized technical support as well as better (and digital) access to new products and services. If these requirements can be fulfilled a good return on investment in developing new customer experiences can be expected. Moreover, there are additional opportunities to build better partnerships with B2B customers by way of new technologies. For example, blockchain can be used to establish records transactions between chemical suppliers and buyers in a secure way to create a single source of trusted data. Likewise, 24/7 AI-powered customer service enables higher levels of data-driven service quality and can massively reduce churn rates.

However, 74% of chemical companies are already facing data-related challenges. They have either got too much, too little, or poor-quality data. To solve these issues, they must commit to being a data-driven organization. Dedicated analytics teams can make effective use of the large volumes of data typically available to chemical companies by extracting deeper insights that power better decision making.

Conclusion

Changing customer behaviors, needs and demands are forcing chemical companies to rethink their organizations. By focusing on the six key areas described above, chemical companies can rise to the challenge and build closer relationships with customers and deliver even greater value. This will help them stay competitive now and in the future.

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