



Executive Insights

Industrial Firms Need To Give Their Customers a Digital Experience

When it comes to embracing digital solutions to engage customers, many industrial businesses have lagged behind consumer-facing enterprises. There are a variety of reasons for this gap, but what we often hear is that industrial customers simply aren't ready for digital engagement.

However, based on a large body of L.E.K. Consulting research, we beg to differ: Customers are far more prepared for digital engagement than industrial leaders may realize. What's more, COVID-19 is pushing once digitally resistant customers to new levels of comfort with technology and raising expectations for how their business partners engage them.

[L.E.K.'s Annual Contractor Survey](#) found that most industrial customers are already using digital tools for purchases and other activities. For example, the survey found that building and construction customers used digital channels 80% to 90% of the time to gather product information, read reviews, compare prices, and check product quality and availability. Across all industries, [upward of 40% of planned purchases](#) are now made on websites or mobile apps. Further proliferation of digital tools, demographic trends and the current pandemic will only drive these numbers higher.

Indeed, many industrial leaders are calling for increased investment in digital customer experiences to maintain the health of the sales funnel, drive conversion and maintain relationships — and there is ample evidence that such investments pay off. A recent [L.E.K. global study](#) revealed that 83% of the industrial firms that have been most successful at increasing revenue, market share or net promoter score (NPS) say they have made meaningful investments in digital customer engagement versus only 19% of less successful firms.

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While many industrial firms are still playing digital catch-up, there are leaders out there that acknowledge customers' digital readiness and are implementing a broad range of tools, technologies and updated processes to enhance the customer experience — from demand generation to enabling purchases to post-sale service and support. By setting the standard that customers are looking for, these leaders are securing a first-mover

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advantage. As customers increasingly demand digital experiences, industrial firms that hang back are likely to face an uphill battle as they try to retain mindshare and high customer satisfaction.

It is important to note, however, that successful firms do not simply set up an ecommerce capability or throw money at the latest hot technology and hope something sticks. Rather, they analyze the customer journey and carefully select digital tools that are best suited to engage customers based on their individual needs and behaviors. Furthermore, meticulous segmentation of customer needs is an important input to evaluating the costs and benefits of employing emerging technologies.

For industrial firms that have been slow to adopt a digital mindset, the time is now to make thoughtful investments; the divide between companies that are digitally advantaged and those that are not appears to be widening.

The typical customer journey begins before a purchase, when a potential customer identifies a need, researches potential solutions and ultimately selects a product. Companies are applying a variety of digital tools to cut through the clutter and win customers at this critical stage. For example, Linde, a global industrial gases and engineering solutions company, [developed an augmented reality \(AR\)](#) application to engage customers and facilitate the sales conversion process. Its tool uses AR to give customers a “live” experience with the company’s cryogenic freezers by projecting an image of the freezer into the customer’s factory setup. While clarity on dimensions within the actual production space had previously driven a lengthy sales process, Linde’s use of AR has helped customers get over the conversion hump and improved the overall purchase experience.

Likewise, building-products company Azek developed a [3D visualization tool](#) to help customers see what their products will look like when projects are completed. The company then uses the data captured during this process to inform its customer relationship management (CRM) system, giving it a better understanding of channel and influencer touchpoints, driving stickier relationships and offering valuable insights into emerging design trends.

Once the customer has made a decision to purchase, they want to be able to carry out the transaction as effortlessly as possible, especially in situations where ongoing purchases are likely. Digital

portals not only facilitate purchases but help companies meet their customers’ needs efficiently. [Brenntag, a global chemical distribution company, turned to DigiB](#) — an independent subsidiary tasked with rapidly advancing the company’s internal digital initiatives — to create its customer portal, Brenntag Connect. The self-service portal offers several standard features, including online ordering, order tracking, automation of repeat orders and online quotes. But the portal’s machine-learning capabilities also allow it to optimize and customize purchases and make product recommendations so that it becomes increasingly tailored to individual customer needs.

Finally, post-purchase service and support are essential to ensuring customer loyalty. This is an area where industrial firms have an opportunity to shine, as many have begun to embrace Industry 4.0 and the underlying technologies that can provide customers with better ways to visualize their operations, monitor and diagnose issues remotely, and predict maintenance needs — all capabilities that have become more important during the pandemic.

There are numerous examples of industrial firms that are leveraging IoT-enabled monitoring and predictive maintenance to enhance the customer experience post-purchase. One example is Atlas Copco, a Swedish industrial company, which improved equipment maintenance of its air compressors via a mobile app that allows customers to perform remote monitoring. This technology has reduced downtime, increased systems data gathering and improved customer retention.

For industrial firms that have been slow to adopt a digital mindset, the time is now to make thoughtful investments; the divide between companies that are digitally advantaged and those that are not appears to be widening. [A recent L.E.K. study](#) of industrial firms found that while nearly 40% planned to increase their investments in digital customer experience as a result of COVID-19, firms that already claimed advantage in the area were twice as likely as their less-experienced peers to accelerate digitally.

While most talk of customer experience innovation has focused on consumer-facing businesses, industrial firms are by no means immune to digital disruption in this area. Unless they can accommodate customer demands for digital tools and capabilities, using them to enhance every phase of the customer journey, they may well find themselves struggling to compete with faster-moving peers or new entrants for which digital is a way of life.

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