Standing out in business-to-business customer engagement

Industrial products leaders' holistic approach

IBM **Institute for Business Value**

IBM

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Talking points

Business-to-business (B2B) customer engagement presents unique challenges for industrial products organizations
Empowered customers expect more and want to buy at the time and through the channel of their choosing. Industrial products organizations face large effectiveness gaps with their customer-engagement objectives. Despite using traditional channels, less than half deliver a seamless omni-channel experiences. Few organizations have implemented digital technologies in marketing, sales and customer service.

**Leaders provide a unique perspective that organizations can learn from**
These leaders have a high reputation for delivering an excellent customer experience. Their enterprises lead in financial performance and innovation. And they are much more effective at addressing customer-engagement objectives.

The leaders approach customer experience and engagement differently
The leaders have committed to experience and tapped additional channels. They leverage customer insights to feed experience design and manage touchpoints. They have adopted digital technologies in marketing, sales and customer service to enable true omnichannel and drive efficient self-service and actionable insights to customers and employees. And they have made organizational improvements and cross-functional integration to support customer experience.

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Revolutionizing B2B customer engagement

Like their business-to-consumer (B2C) counterparts, industrial products customers demand better B2B experiences, products and services. They expect to buy where, when, and how they choose, and the experience extends from search to the time of purchase and beyond. Yet, many companies lack the capabilities to meet their customer-experience aspirations. Customer-centricity requires enterprises to rethink their approach. Industrial product organizations need to address strategy and culture, channels, data and insights, technology and organization and skills. With input from 375 executives worldwide, we explore how leading organizations are preparing for and executing customer engagement and experience, and what others can learn from them.
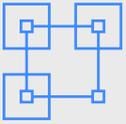
33%

of industrial products company respondents say they are effective at differentiating their brands, the number one B2B customer engagement objective

82%

of executives from leading organizations say they have a fully executed digital customer experience strategy, or a fully thought-out strategy and execution plan

74%

of executives from leading organizations say they have customer knowledge available at each touchpoint to inform further engagement

The challenges of B2B customer engagement

Industrial products companies are feeling the heat from their B2B customers because of the changes in customer demands coming from the B2C space. Armed with access to information, B2B customers are more empowered and have much greater expectations in serving their customer bases. Business buyers want to purchase where, when, and how they choose – for example, online, through a follow-up phone call, via their local preferred distributor or dealer, or supported by a trusted business advisor. For strong partnership relations, B2B customers are looking at personalization, automation and smarter ways to enable seamless transactions and customer life-cycle efficiencies. B2B companies lag behind their B2C counterparts when it comes to customer experience; they tend to score, on average, less than 50 percent in customer experience index ratings, compared to B2C organizations that tend to score between 65 percent and 85 percent.[1]
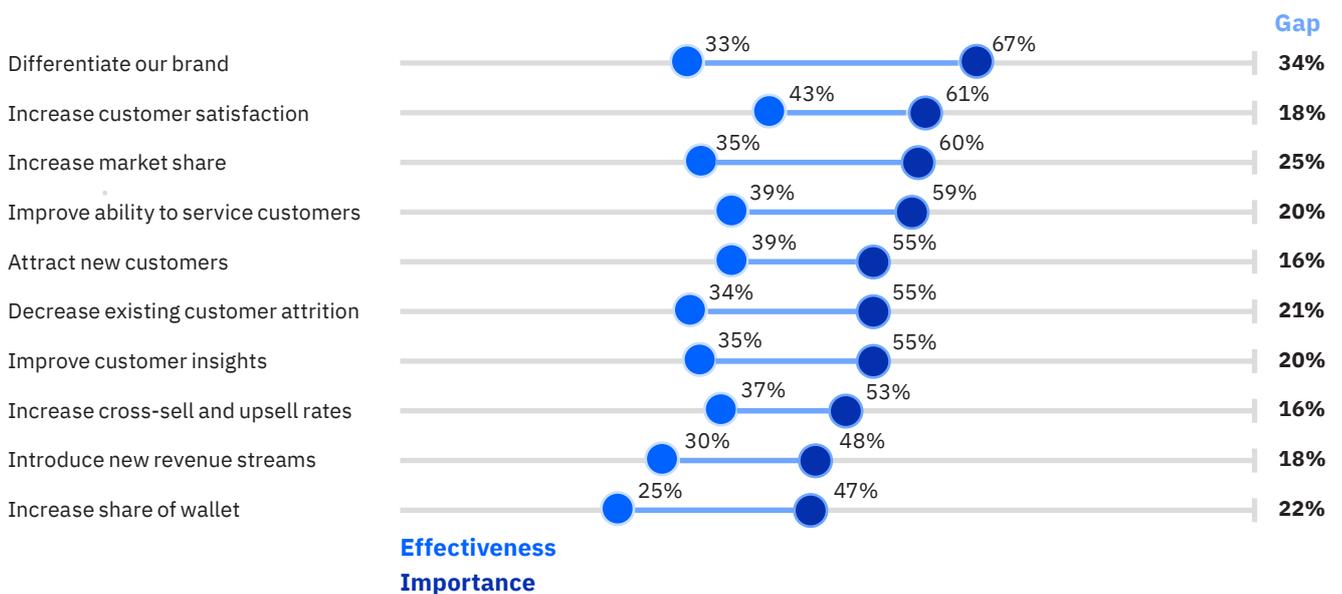
These customer expectations are exacerbated by gaps in the effectiveness of industrial products companies' most important B2B customer engagement objectives (see Figure 1).

For example, two-thirds of the 375 industrial products respondents who participated in our survey said it is vital to differentiate brand. Yet only a third told us their organizations are effective at it. There are also large gaps between the importance that industrial products companies attribute to advancing objectives – such as increasing market share, decreasing existing customer attrition and increasing share of wallet – and their current proficiency at acting on these objectives (See sidebar, Southwire: Transforming the customer experience). Across these ten objectives, the average effectiveness gap is 21 percent.

B2B companies lag behind their B2C counterparts in customer experience

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Figure 1

Industrial products organizations worry that their customer engagement is not up to the task

	Effectiveness	Importance	Gap
Differentiate our brand	33%	67%	**34%**
Increase customer satisfaction	43%	61%	**18%**
Increase market share	35%	60%	**25%**
Improve ability to service customers	39%	59%	**20%**
Attract new customers	39%	55%	**16%**
Decrease existing customer attrition	34%	55%	**21%**
Improve customer insights	35%	55%	**20%**
Increase cross-sell and upsell rates	37%	53%	**16%**
Introduce new revenue streams	30%	48%	**18%**
Increase share of wallet	25%	47%	**22%**

Effectiveness
Importance

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Southwire: Transforming the customer experience[2]

As one of North America's largest wire and cable producers, Southwire serves thousands of customers and distributors, who communicate and purchase through traditional avenues of sales representatives. While service had been reliable and effective, Southwire noticed that as sales grew, dealing with order inquiries was becoming more and more complex. Sales teams spent valuable time retrieving documents, answering the same questions, and entering orders on behalf of customers – all of which negatively impacted response time and overall customer experience.

Southwire set out to redefine its customer experience by creating a new online portal, with a focus on self-service capabilities and establishing the future foundation for digital customer engagement. Southwire deployed SAP Commerce solutions, surfacing an online product catalog with path to purchase, and offering real-time information on stock, order and delivery status.

As a result, some 2,000 users access the system, of which 70 percent are customers. And 44,000 products are available online. Southwire saves administration time as customers switch to self-service.

Industrial products companies are engaging with their B2B customers through personalized recommendations, search engines, buyer reviews, and blogs.

Based on those surveyed, few industrial products companies can deliver a seamless omni-channel experience. Only 17 percent of our respondents said that their organizations are very effective executing a consistent experience across channels, and an additional 29 percent reported that they are somewhat effective.

This could be attributable to inconsistency in channel execution. Helping customers easily find what they want across all channels and providing the necessary support is critical for customer acquisition and retention. Respondents say the top purchasing channels for their customers are through traditional means, in-person sales and distributors/dealers/partners (74 percent and 68 percent, respectively). While 61 percent say that their customers purchase direct through their website, less than half are using third-party marketplaces and even less are using call centers, mobile devices or through electronic data interchange.

In addition, industrial products companies are sharing both brand and product/service content with customers through established means. According to respondents, their companies are engaging through personalized recommendations, search engines, buyer reviews and blogs. Only a little over a third are using digital assistants, mobile apps, and professional industry sites/third-party websites. And even fewer companies have recorded podcasts and produced whitepapers to promote themselves.

The lack of customer data and insights contributes to the challenges. Less than half of the respondents report that decisions about customer experience strategy are informed by integrated sets of data from multiple sources. Only 45 percent of executives told us that their enterprises heavily rely on data insights to make decisions. And customer insights are not being incorporated into designing experiences. Roughly two-in-five of our respondents are using traditional research methods to understand customer needs and building personas to drive design decisions using qualitative input.

Carter Machinery: Leveraging predictive engagement[3]

Carter Machinery, a construction equipment retailer in the United States, required better insight into customer needs and reduce its churn rate. With the competitive landscape becoming denser, the company needed a powerful analytics solution that would help it approach the right customers at the right time.

Carter Machinery implemented SPSS Modeler software and adopted a customer profile system, with bronze, silver and gold customers, as a methodology for approaching customers at the right time. Using the software to analyze sales data and customer loyalty scores, Carter Machinery can predict when a customer will be most approachable and can provide its marketing teams with actionable insight that helps improve response rates.

Carter Machinery gained better insight into customer needs and reduced its churn rate. The new solution helped the client develop solid retention strategies that it expects to strengthen its competitive edge. Carter Machinery also reports that the new solution helped improve the targeting of its marketing expenditures.
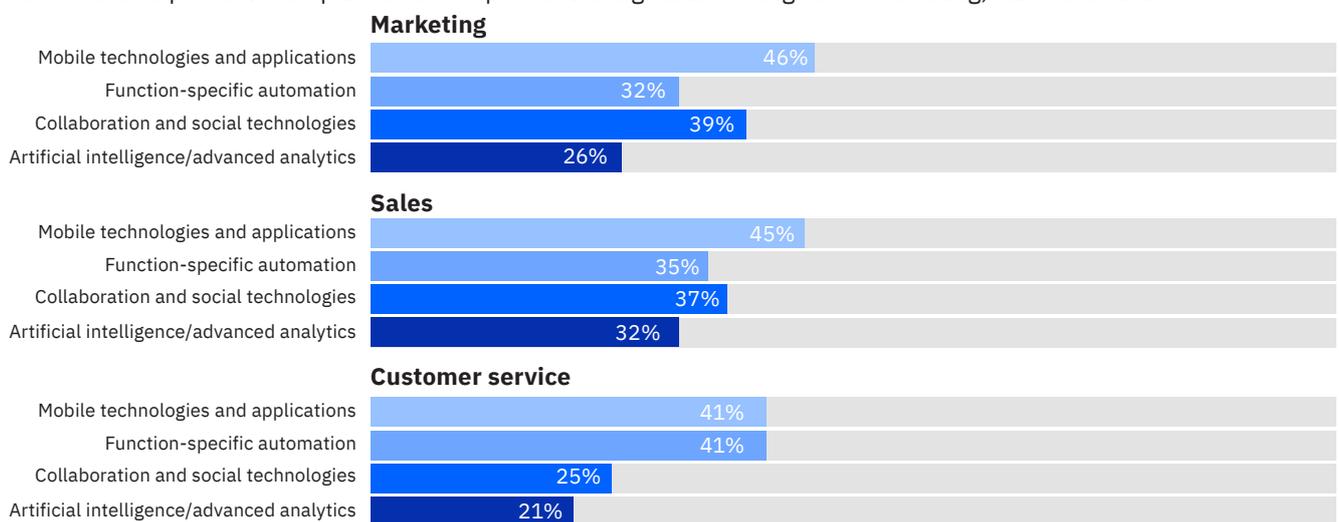
Finally, less than half of our industrial products respondents say their enterprises have implemented technology into their customer-facing functions of marketing, sales and customer service (see Figure 2). Technology enables companies to reinvent how they engage with customers. Mobile technologies support payments and improve customer service. Yet, only 41 percent told us that their customer service function has implemented mobile technologies and customer service automation. Only a third of our respondents report that automation has been implemented in marketing. Marketing automation could help companies nurture potential customers with personalized content and convert them into customers. About a quarter of the executives said that artificial intelligence (AI)/advanced analytics have been installed in marketing. AI and advanced analytics could reveal insights that help marketing employees make informed decisions around customer experience (see sidebar, Carter Machinery: Leveraging predictive engagement). Sales automation adoption is roughly the same as marketing automation adoption, but AI adoption in sales is even lower.

As the customer journey grows in complexity, a single view of the customer is increasingly valuable for employee collaboration and, combined with a centralized customer experience strategy incorporating marketing, sales and service, are likely to drive two times better cohesive customer experience and two times more breakthrough innovation.[4]

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Figure 2

Few industrial products companies have implemented digital technologies for marketing, sales and customer service

Marketing

Mobile technologies and applications	46%
Function-specific automation	32%
Collaboration and social technologies	39%
Artificial intelligence/advanced analytics	26%

Sales

Mobile technologies and applications	45%
Function-specific automation	35%
Collaboration and social technologies	37%
Artificial intelligence/advanced analytics	32%

Customer service

Mobile technologies and applications	41%
Function-specific automation	41%
Collaboration and social technologies	25%
Artificial intelligence/advanced analytics	21%

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study
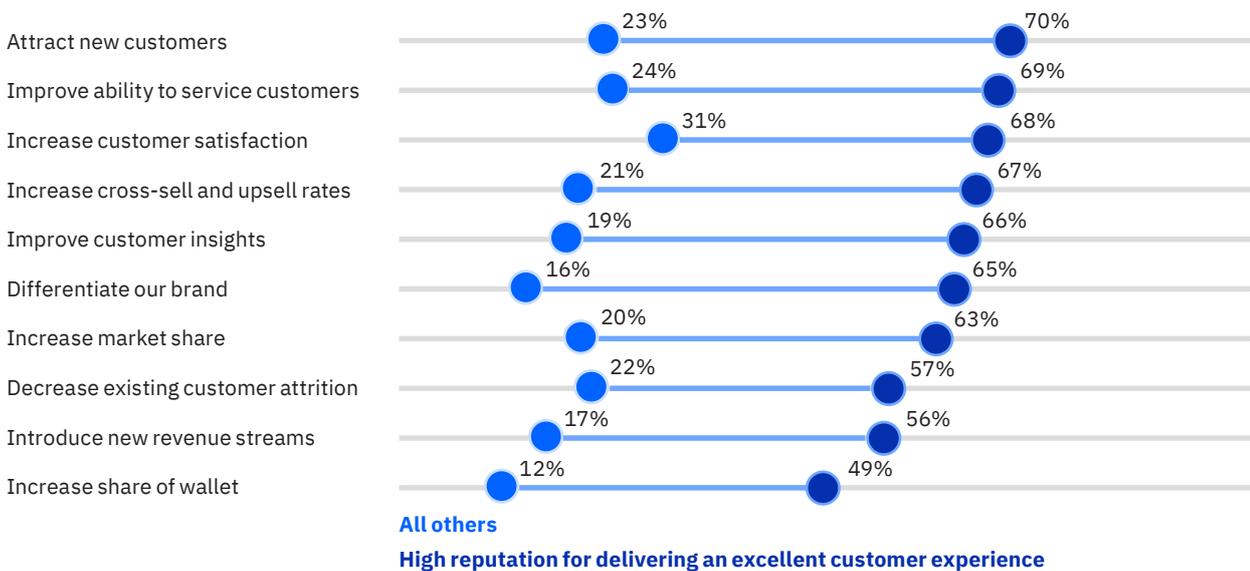
Meet the leaders

How can industrial products companies stand out with their B2B customer engagement? To help answer this question, we analyzed survey responses and identified a small group of industrial products "leaders," consisting of 35 percent of respondents to our study. Their executives self-reported having a high reputation for delivering an excellent customer experience.

Why pay attention to these leaders? Because they delivered better financial performance than industry peers – five times better for both revenue growth and profitability. And these leaders report that they are eight times better as an industry innovator. More important, the leaders are much more effective at the customer engagement objectives, being two-to-four times better than their peers (see Figure 3).

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Figure 3

Leaders excel at addressing customer engagement objectives

	All others	High reputation for delivering an excellent customer experience
Attract new customers	23%	70%
Improve ability to service customers	24%	69%
Increase customer satisfaction	31%	68%
Increase cross-sell and upsell rates	21%	67%
Improve customer insights	19%	66%
Differentiate our brand	16%	65%
Increase market share	20%	63%
Decrease existing customer attrition	22%	57%
Introduce new revenue streams	17%	56%
Increase share of wallet	12%	49%

All others
High reputation for delivering an excellent customer experience

Sixty-five percent of leaders treat experience design as a core philosophy.

## Approaching customer experience and engagement differently

The leaders view customer experience as integral to their enterprise strategy and execute with excellence. Customer experience is ingrained into their corporate culture. They have converged digital interactions and physical interactions. They dive deep into customer insights. They have mobilized their organizations to nurture customer experience. They have cast their teams with the right mix of talent and partnerships. Overall, they are approaching customer experience holistically through capabilities in five domains (see Figure 4).

Strategy and Culture

The leaders have made customer experience an enterprise priority, which is a key differentiator (see Figure 5). They are defined by their mindset and have shifted strategically from a product-focus to an experience-focus. This allows the leaders to shift to data-enabled services and customer-centricity.

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Figure 4

Leaders use five key domains to support B2B customer experience

Strategy and culture

Channels and engagement

Data and insights
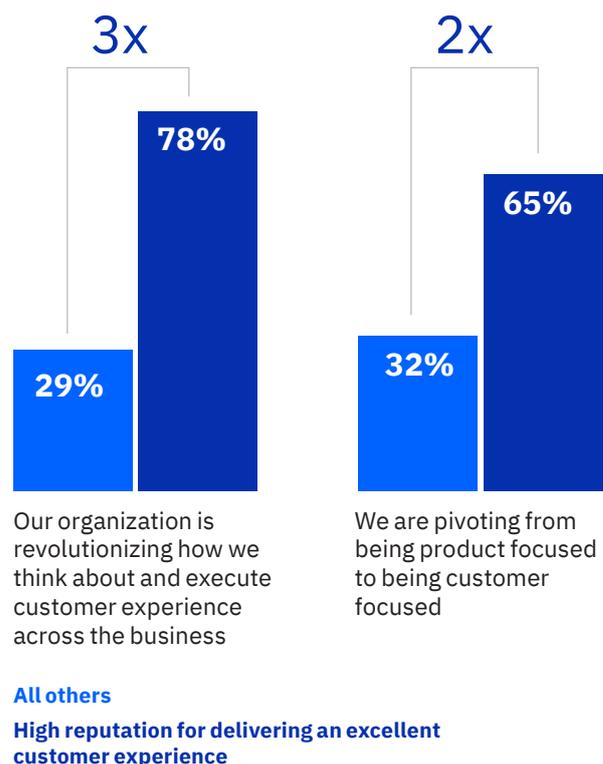
Technology

Organization and skills
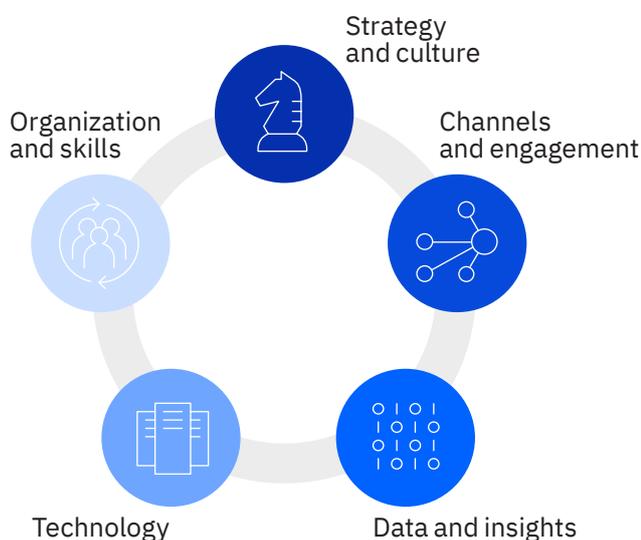
Source: IBM Institute for Business Value

The leaders use experience design to embed customer experience into the DNA of their businesses. Experience design takes an empathetic approach that puts the needs of customers at the center of projects by asking questions about the specific challenges that need to be solved. It looks at the "why" of a problem, with a focus on generating fresh ideas that teams test with a series of customer-focused exercises. The goal is to define a solution that satisfies customers' real needs.[5]

Sixty-five percent of leaders treat experience design as a core philosophy or have a cross-functional program with standards, compared with 12 percent of their peers. This approach is supported by developing personas and journey maps and applying design thinking methods. Over two- thirds of leaders apply these techniques to build empathy for distinct types of customers and truly understand customers' behaviors. Having this insight helps

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Figure 5

Leaders are committed and focused on customer experience

3x

2x

29%

78%

32%

65%

Our organization is revolutionizing how we think about and execute customer experience across the business

We are pivoting from being product focused to being customer focused

All others

High reputation for delivering an excellent customer experience

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Leaders orchestrate digital customer experience through a unique model.

leaders further refine their approach with micro-segmentation and enables them to focus on what customers need. Fifty-six percent of leaders customize experiences for micro-segments compared to just 9 percent of their peers.

In addition, these leaders are much further along with incorporating digital into customer experience. Eighty-two percent of the leaders have developed a digital customer experience strategy and execution plan versus just 25 percent of all others surveyed. Some of these leaders have already taken steps to transform and some have completed the initial transformation and are now focusing on continual improvement.

Examining the profile of the leaders, our data suggests that digital customer experience is being orchestrated by a unique model. The leaders have a new C-suite position acting as a primary owner, who shares responsibility with other leaders (see Figure 6). Seventy-two percent cited a Chief Digital Officer as having primary responsibility for the digital transformation of customer experience. Over half of the leaders said that this ownership is shared with the Chief Customer Service Officer, Chief Technology Officer, Chief Information Officer and Chief Innovation Officer. The new roles that lead technology and innovation suggest that leaders recognize the need to put in place senior executives to drive discrete areas essential for

digital customer experience reinvention. These CxOs are supported by cross-functional teams and includes both traditional customer-focused functions (customer service, marketing, analytics/customer insights, sales) and non-traditional functions (operations, IT, digital services). Overall, it appears that digital customer experience is an underlying business driver for the entire organization.
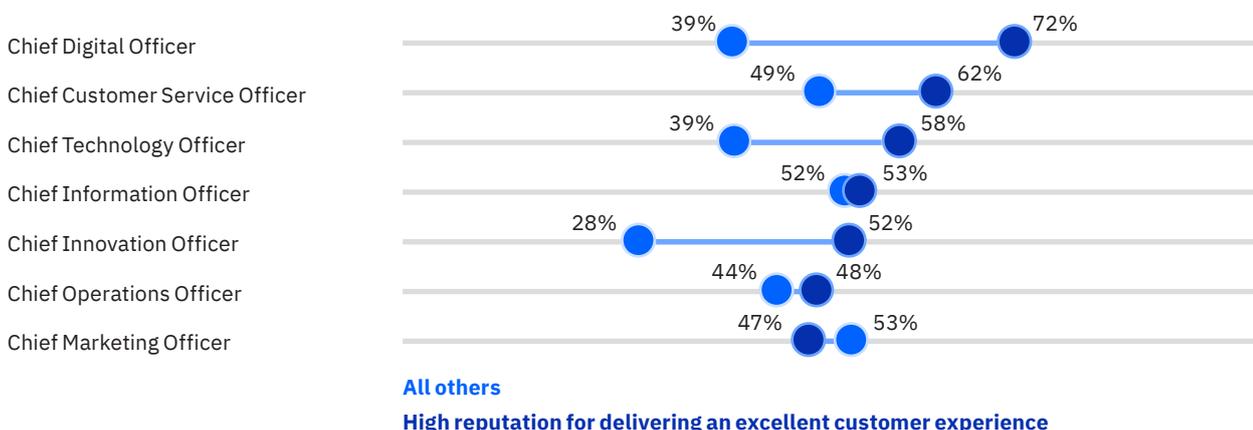
Channels and Engagement

The leaders have figured out the recipe on how to engage with their customers. One means is to connect across multiple forms and channels with brand content (see Figure 7). This same trend holds in sharing product/service content with customers. The leaders are willing to experiment with different tactics.

In the future, the leaders expect to grow usage of tactics that are less used today to share brand content. In the next two-to-three years, the leaders say blogs (79 percent) will be the top means to engage with customers, followed by search engine (78 percent), buyer reviews (74 percent), social media (67 percent), personalized recommendations (66 percent) and professional industry sites (66 percent). The use of blogs, video ads, podcasts and whitepapers allow leaders to publish a consistent amount of content on a regular basis. It extends opportunities to be seen by prospective new clients clients (See sidebar, CEMEX: Delivering the future with CEMEX Go).
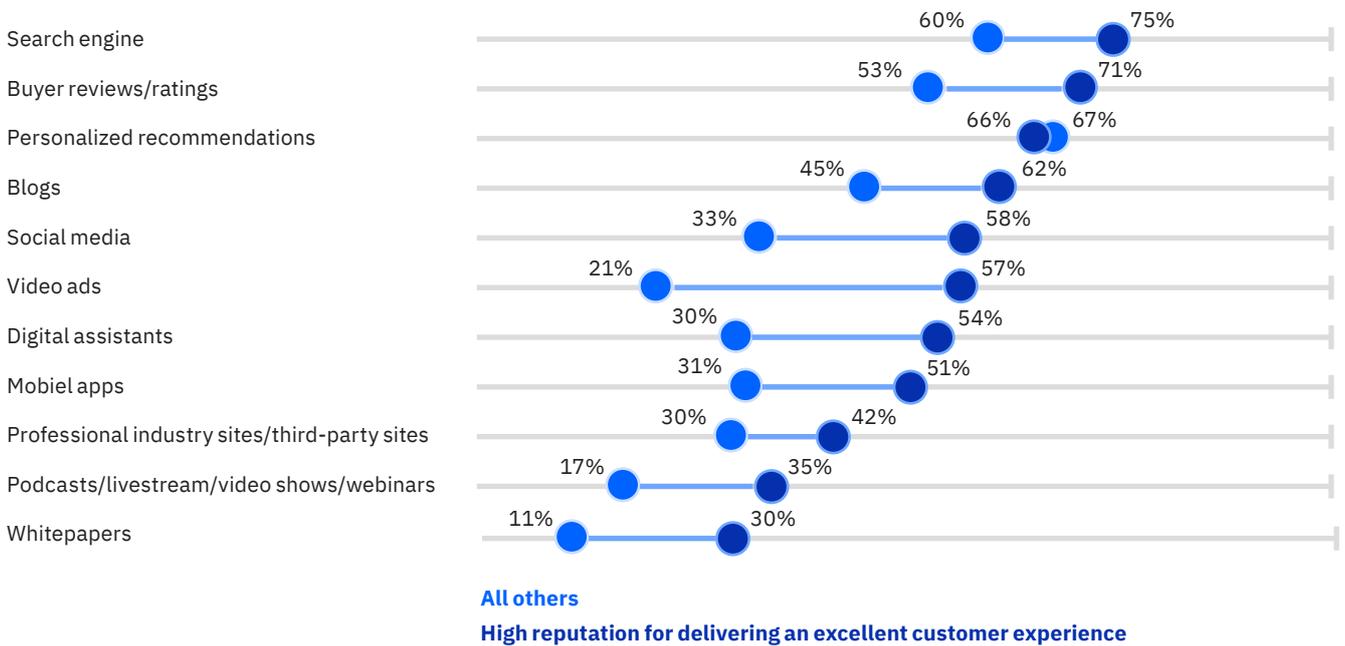
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Figure 6

Leaders orchestrate transformation of customer experience digital

	All others	High reputation for delivering an excellent customer experience
Chief Digital Officer	39%	72%
Chief Customer Service Officer	49%	62%
Chief Technology Officer	39%	58%
Chief Information Officer	52%	53%
Chief Innovation Officer	28%	52%
Chief Operations Officer	44%	48%
Chief Marketing Officer	47%	53%

All others
High reputation for delivering an excellent customer experience

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Figure 7

Leaders use multiple means to share brand content with customers today

	All others	High reputation for delivering an excellent customer experience
Search engine	60%	75%
Buyer reviews/ratings	53%	71%
Personalized recommendations	66%	67%
Blogs	45%	62%
Social media	33%	58%
Video ads	21%	57%
Digital assistants	30%	54%
Mobiel apps	31%	51%
Professional industry sites/third-party sites	30%	42%
Podcasts/livestream/video shows/webinars	17%	35%
Whitepapers	11%	30%

All others
High reputation for delivering an excellent customer experience

CEMEX: Delivering the future with CEMEX Go[6]

CEMEX is a global building materials company that provides high-quality products and reliable services to customers and communities in more than 50 countries. As a testament to its customer-centric mindset and focus on continuous innovation and improvement, CEMEX launched CEMEX Go to transform the customer experience.

CEMEX Go is a first-of-its-kind, fully digital customer integration platform. It is a multi-device offering that provides a seamless experience for order placement, live tracking of shipments, and managing invoices and payments for CEMEX's main products, including bagged and bulk cement, ready-mix concrete, aggregates, and multi-products. CEMEX Go delivers real-time, detailed information that customers need to get more done in less time, enabling them to have more control over their businesses.

In its first year, CEMEX Go has changed the experience of more than 20,000 customers in 18 countries. The 20,000 customers represent approximately 60 percent of CEMEX's total recurring customers worldwide. Currently, those customers are placing around a third of their orders—or about 20 percent of CEMEX's global sales— through the platform.

Leaders are integrating the customer point of view into the experience design process.

From a selling perspective, the leaders provide multiple purchasing channels for customers (see Figure 8). Beyond the traditional channels of distributors and in person sales, the leaders have ramped up e-commerce both on their own and through third parties. Over three-quarters sell online through their own website. Nearly double the leaders use third-party online marketplaces as a sales channel. Online marketplaces allow the leaders to take advantage of established e-commerce platforms. In the next two-to-three years, the leaders will ramp up online channels with marketplaces growing from 71 percent to 93 percent and their own websites from 76 percent to 85 percent. Digital commerce plays a central role in a brand's ultimate success when providing seamless connectivity between functions to enhance the buying experience between in-person and online—and everywhere in between.[7]

Finally, the leaders are changing how they deliver service to their customers. Rather than be reactive, 70 percent of leaders tell us that they are empowering customer service to solve customer issues. This practice aligns with the overall enterprise's customer-centricity focus and culture. These front-line employees can not only handle service
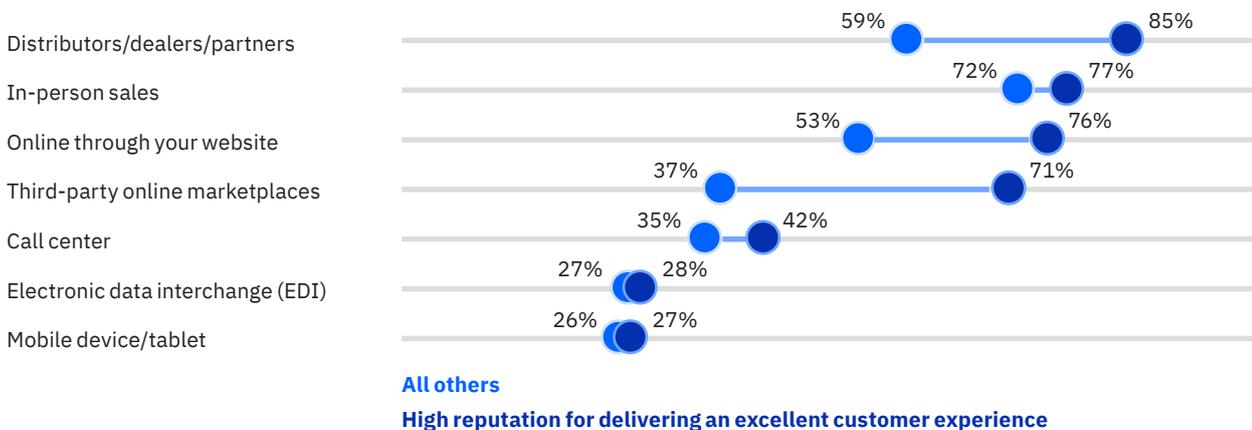
breakdowns, but also serve customers in new ways. In addition, two-thirds of leaders, versus 19 percent of their peers, are providing customers with self-service (for example, digital track and trace). Customers are empowered to find answers to their questions quickly. And customers can connect through an alternative means to human contact.

Data and insights

Leaders use richer insights to make informed decisions about customer experience improvements. Over three-fourths of leaders rely heavily on data to make customer experience strategy decisions and nearly three-fourths use integrated sets of data from multiple sources. The leaders are integrating the customer point of view into the experience design process (see Figure 9). This allows them to learn customers' needs, identify challenges and shape their solutions. Seventy-nine percent maintain an ongoing customer panel to acquire direct customer feedback. The leaders are also incorporating their employees' perspectives to tease out customer insights. Nearly two-thirds of leaders are mining social sentiment to understand customer preferences.

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Figure 8

Leaders use more channels to sell their products and services

	All others	High reputation
Distributors/dealers/partners	59%	85%
In-person sales	72%	77%
Online through your website	53%	76%
Third-party online marketplaces	37%	71%
Call center	35%	42%
Electronic data interchange (EDI)	27%	28%
Mobile device/tablet	26%	27%

All others
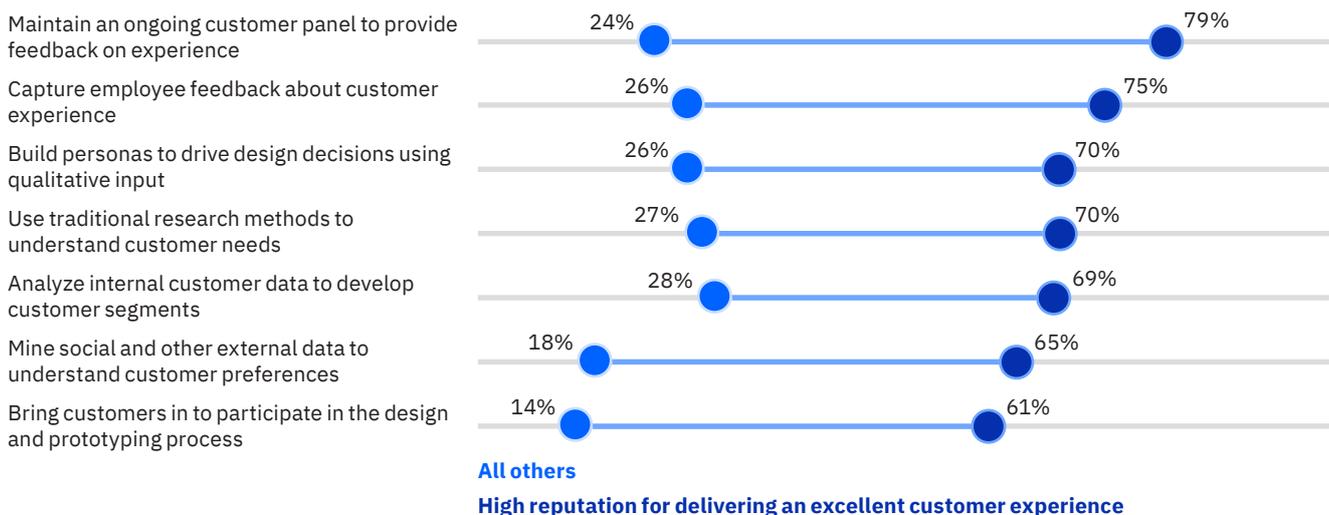**High reputation for delivering an excellent customer experience**

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

The leaders leverage data insights in the digital transformation of customer experience. Customer data is available at touchpoints to support a seamless, omni-channel experience. Sixty-four percent of leaders have a single view of the customer that is shared across the enterprise, compared to 23 percent of their peers (See sidebar, Trivantage: Creating seamless digital customer journeys).

Finally, leaders source a variety of data to support their marketing and sales functions in realizing the value of digital. Data on buyer behavior, customer profiles and social sentiment allow marketing to analyze customers through multiple lenses to better design customer experience. Predictive sales modeling and product/service data, descriptions and use cases are critical data for sales to narrow targets and close deals.

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Figure 9

Leaders make sure customers are part of the customer experience team

	All others	High reputation for delivering an excellent customer experience
Maintain an ongoing customer panel to provide feedback on experience	24%	79%
Capture employee feedback about customer experience	26%	75%
Build personas to drive design decisions using qualitative input	26%	70%
Use traditional research methods to understand customer needs	27%	70%
Analyze internal customer data to develop customer segments	28%	69%
Mine social and other external data to understand customer preferences	18%	65%
Bring customers in to participate in the design and prototyping process	14%	61%

All others
High reputation for delivering an excellent customer experience

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Trivantage: Creating seamless digital customer journeys[8]

For businesses that have successfully established a leading position in niche industries, adding new segments is an effective way to drive growth. This is the goal at Trivantage, a global supplier of specialty fabrics. The company realized that extending its offering to the upholstery market would deliver incremental sales—if it could meet customer expectations around seamless shopping experiences.

To achieve its goals, Trivantage streamlined the customer journey on all touchpoints. Trivantage deployed a new, responsive e-commerce site—enabling frictionless journeys regardless of whether customers are visiting online or on mobile.

Trivantage increased its number of mobile visitors to the site by 50 percent. Since its new e-commerce platform went live, Trivantage has successfully increased its digital sales by 50 percent.

Technology

The leaders view technology as a critical enabler for digital transformation of the customer experience. Seventy-two percent report digital is an essential differentiator for their business compared to 27 percent of their peers. And fifty-nine percent of leaders told us that they are leading the industry in the application of digital technologies to the customer experience. Not surprisingly, over two-thirds of the leaders have realized significant benefits from digital customer experience. The benefits come from a variety of sources including improving customer insights, increasing customer satisfaction, improving ability to service customers, increasing cross-sell rates and attracting new customers.

From our study, leaders confirmed that a collection of technologies is critical to digital customer experience. Cloud computing can be used to run marketing applications and develop/maintain data around customer touchpoints. Mobile technologies allow ubiquitous access to information and help manage disruptions. Automation improves productivity and efficiency of customer-facing functions. For example, it can help sales manage lead distribution and prioritization. Artificial intelligence can provide insights, power experiences and automate personalized promotions promotions (See sidebar, KONE: Transforming from product to customer-centricity).

The leaders are moving fast to adopt digital technologies in marketing, sales and customer service (see Figure 10). Three-to-eight times more leaders have implemented mobile, collaboration, automation and AI in marketing and in sales. More leaders have adopted video chat in customer service.

AI allows these leaders to integrate external data so that marketers can identify prospects and understand customers at an individual level with scale. AI-powered chatbots or agent assistants deflect inbound customer requests and automate repetitive, process-driven service tasks. AI can assist with deep knowledge discovery, helping sellers take the next best action.[12]

And they have applied digital to multiple functional areas. In marketing, over three-quarters of leaders have leveraged digital technologies for customer satisfaction tracking, marketing automation and marketing campaigns and promotions. In sales, over three-quarters of leaders have applied digital technologies for customer relationship management, customer account management, back-office customer support, customer communications and supply chain operationalization. And in customer service, nearly two-thirds of leaders have a high maturity in using digital for customer issues tracking and customer experience management.

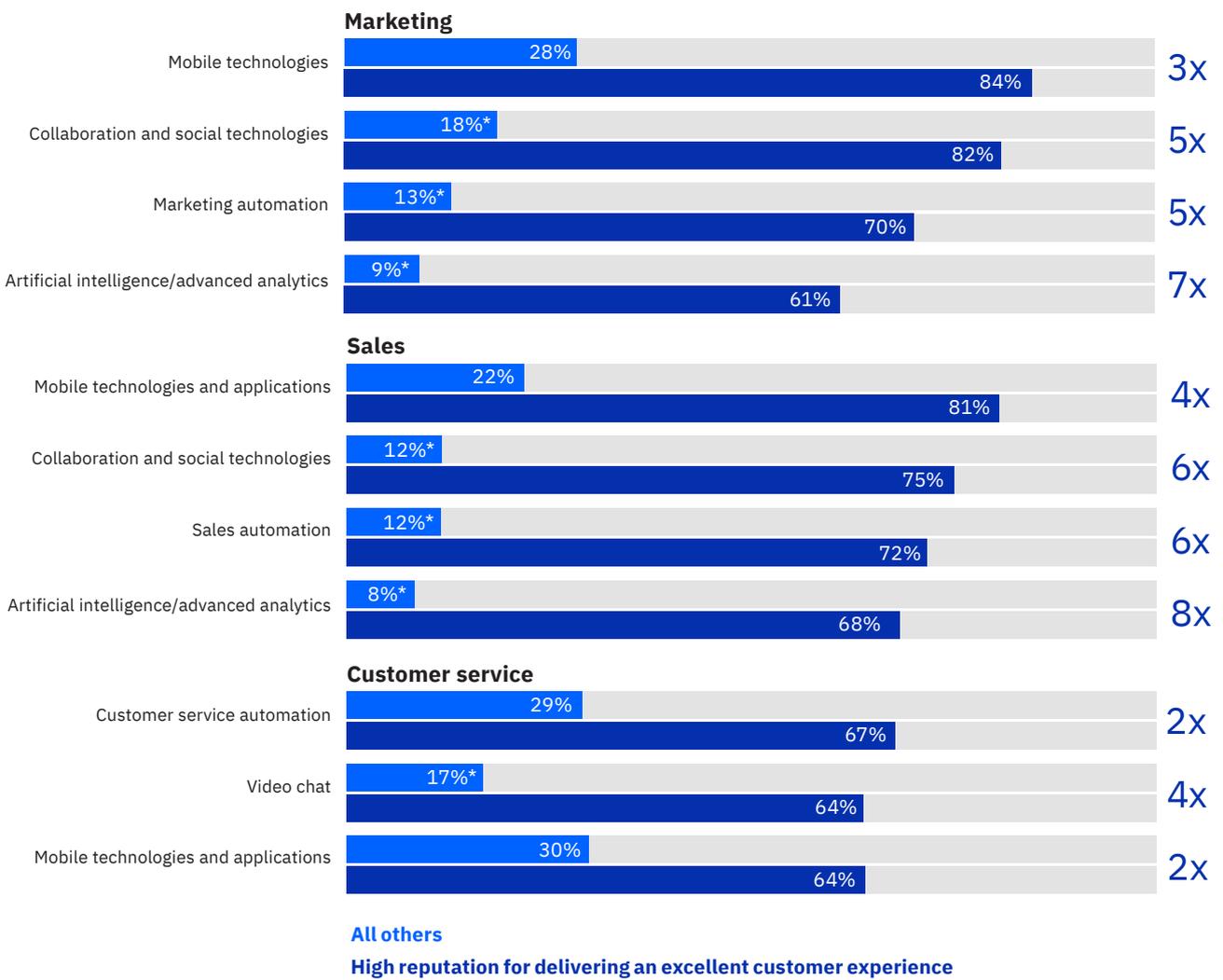## KONE: Transforming from product to customer-centricity[9]

KONE, an elevator company, has pinned its new business models around the customer experience. After understanding the customer's needs, KONE embraced technology to obtain actionable insights from Watson IoT and AI to drive efficiencies and utilizing service and field service capabilities from the Salesforce platform to provide seamless service experiences.

KONE's vision is to deliver the best people flow experience as a global leader in the elevator and escalator industry.[10] "It is increasingly about offering added value through the best possible user experience", says Ilse Vanderlocht, Maintenance Director at KONE for Belgium and Luxembourg.[11]

Fifty-nine percent of leaders told us that they are leading the industry in the application of digital technologies to the customer experience.

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Figure 10

More leaders have implemented digital technologies

Marketing

Mobile technologies	28% / 84%	3x
Collaboration and social technologies	18%* / 82%	5x
Marketing automation	13%* / 70%	5x
Artificial intelligence/advanced analytics	9%* / 61%	7x

Sales

Mobile technologies and applications	22% / 81%	4x
Collaboration and social technologies	12%* / 75%	6x
Sales automation	12%* / 72%	6x
Artificial intelligence/advanced analytics	8%* / 68%	8x

Customer service

Customer service automation	29% / 67%	2x
Video chat	17%* / 64%	4x
Mobile technologies and applications	30% / 64%	2x

All others

High reputation for delivering an excellent customer experience

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Organization and skills

Leaders are team-oriented internally and externally. More than three quarters say their decisions on customer experience strategy are made by cross-functional teams. And nearly three quarters of leaders collaborate across marketing, sales, customer service and IT to help digitally transform the customer experience. This collaborative culture drives buy-in for customer experience improvements and leads to smoother implementation of changes.

More leaders are building an ecosystem of partners to help them transform the customer experience. Over three quarters collaborate effectively with partners on customer data, which allows them to stay current on customer needs. Over two-thirds of leaders use an external ecosystem (for example, venture capital firms, incubators, universities) to accelerate innovation around the customer experience. This permits them to innovate more quickly than if they relied on internal resources alone.

Execution of designed customer experience also differentiates leaders. Over three times more leaders use agile methods to deliver improved customer experience. Agile methods focus on the "how" of project delivery, breaking up the planning and scope of work into smaller units.[13] With the customer journey as the driver, teams identify customer needs, design engagement, and implement delivery. They can then make modifications based on real-time feedback from testing, iterating and continuously improving throughout the development process.

Industrial products organizations will need to identify, hire, build and retain the necessary talent to create and sustain digital transformation of customer experience. Leaders recognize that employee skills will need to change to support reinvention of customer experience. The leaders are building a new team and have invested in specialized skills in experience/customer strategy, content and data, and insight (see Figure 11).

Figure 11

Leaders have invested in customer experience and strategy skills

	All others	High reputation for delivering an excellent customer experience
Customer strategy skills	24%	75%
User experience skills	31%	75%
Experience strategy skills	33%	75%
Customer mobile experience analysis skills	26%	68%

All others
High reputation for delivering an excellent customer experience
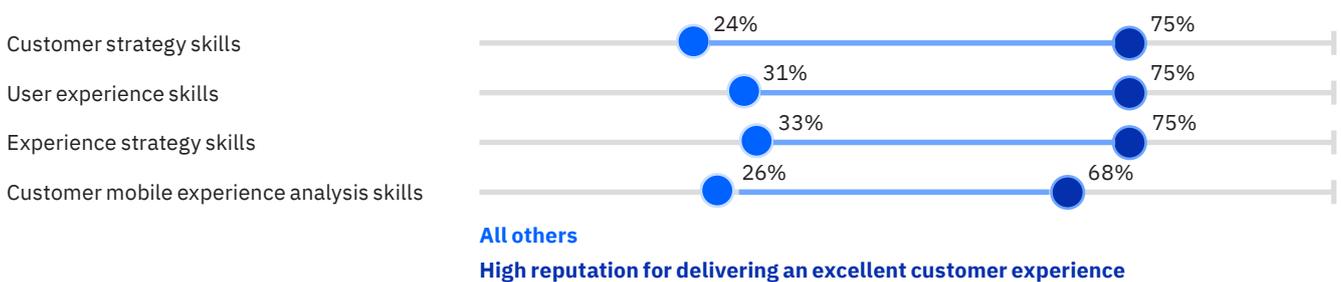
Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

Three times more leaders have invested in skills such as advanced data analysis, data visualization, advanced mathematical modeling, data acquisition and social media data mining and analysis.

It is not surprising that the leaders are better at developing digital customer experience. Coupled with leadership from a Chief Digital Officer who shares responsibilities with other CxOs, the talent bench can design across channels and create personalized experiences experiences (See sidebar, Ingersoll Rand: Gaining the ability to automate customized campaign launches).

Similarly, three times more leaders have invested in content skills such as content management, content development, interactive / digital designer, and community management. These skills allow leaders to develop podcasts, whitepapers, and video ads to share brand and products/services content with customers and expand opportunities to attract new customers.

With the importance of using insights to digitally transform customer experience, companies now need data-minded talent who can work side by side with customer-facing staff. Three times more leaders have invested in skills such as advanced data analysis, data visualization, advanced mathematical modeling, data acquisition and social media data mining and analysis. These skills mean leaders can support setting the digital agenda and driving customer experience as a core differentiator.

The new skills require different ways of sourcing talent. Not surprising, executives say they believe developing current employees can bridge the skills gap. Leaders differ by reaching outside their organizations (see Figure 12).

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Figure 12
Leaders take actions to attract the right people with the right skills

	All others	High reputation for delivering an excellent customer experience
By enhancing skill of current employees to fill necessary gap	66%	65%
By crowdsourcing new approaches	42%	52%
By finding new external partners to fill specialized roles	38%	49%
By working with our current external partner(s) to augment our capabilities	48%	45%
By outsourcing the project(s) to a partner(s)	33%	44%
By hiring contractors and freelancers	35%	42%

All others
High reputation for delivering an excellent customer experience

Source: IBM Institute for Business Value 2018 B2B Customer Engagement Study

These leaders are focused on renting skills through crowdsourcing, partners, outsourcing and contractors. As a result, leaders are pulling in the right skills and knowledge from external sources in an efficient, flexible way and upskill quickly.

Finally, leaders are creating service scalability by aggregating select customer-facing activities. In marketing, leaders have placed marketing campaigns and content creation activities into shared services, centers of excellence or outsourcing contracts. In sales, leaders have put digital payments, customer communications and back-office customer support into similar arrangements. And in Customer Service, leaders have aggregated customer issues tracking, support for product/service information or sales, call-center management and customer-experience management.

Ingersoll Rand: Gaining the ability to automate customized campaign launches[14]

Ingersoll Rand is a world leader in creating comfortable, sustainable and efficient environments. Serving customers from a wide range of industries, the company aims to zero in on the specific needs and preferences of each segment—a powerful way to help ensure superior service and drive sales. To help customers keep their heating, ventilation and air conditioning (HVAC) solutions running smoothly whatever the weather, the company realized that generic, catch-all campaigns were limiting the effectiveness of its marketing efforts, and the company looked for a fresh approach to grab its customers' attention.

The company deploys an AI-based digital marketing platform that transforms its marketing processes, moving them from manually generated, generic campaigns to fully automated personalization at scale. The solution supports extensive customer segmentation and dynamic campaign content, targeting specific customer roles to increase conversion rates and loyalty. It also uses location data to drive foot traffic to in-store events and weather data to understand how changing conditions affect demand for HVAC equipment.

Recommendations: Getting to a leadership position with customer experience

Transforming customer experience and engagement is an ongoing journey for your customers, employees, partners and your technology landscape. This will require cross-functional governance from strategy and requirement capture to understanding your data and business delivery models. Your business model has to adopt agility — not just in product/service development, but through the organization to business processes.

Define a unifying vision

Help your employees internalize a customer-centric vision that is clear, simple, memorable and inspiring. Incorporate experience design methods into the enterprise's vernacular. Establish a digital customer experience strategy and plan. Refine your business objectives measures to enable a more responsive business model. Add new digital, customer experience, or innovation roles to your C-suite.

Design experiences

Conduct thorough research to understand what your customers' expectations are and iteratively test your digital experience with your customers. Make sure the digital customer experience eliminates underlying customer pain points. Develop digital customer experience options that are faster, easier or more convenient than traditional channels.

Integrate data and insights for better performance

Make certain your customer-experience strategy targets the structured and unstructured data needed to address customer-engagement objectives. Digitize the information sources across customer touchpoints and generate a detailed, multidimensional understanding of your customers. Apply AI to activities to power real-time, actionable insights. Closely integrate back and front office processes, their data and actionable insights to provide seamless and personalized customer experiences.

Revamp your customer-facing functions

Infuse digital technologies to optimize processes in marketing, sales and customer service. Align marketing, sales and customer service with shared goals and cross-functional capabilities to continually seek purposeful change and value for customers. Provide proactive service.

Create the right team

Address customer experience as a team sport both internally and externally. Broaden your ecosystem of partners. Leverage your ecosystem and embed agility. Consider aggregating select function activities to take advantage of economies of scale and economies of insight.

Key questions to consider

» How can your organization develop and cultivate a strategic vision for customer experience that employees across your business can embrace as relevant, authentic to your brand and actionable?

» What types of experiences do your customers expect, and how can you help make sure you exceed these expectations?

» What steps can you take to build pan-organizational customer experience governance so that marketing, sales, customer service and ecosystem are collaborating on customer experience decisions?

» What types of data are you using to inform your customer experience decisions, and how could you better integrate data to capture a more nuanced, accurate understanding of your customers?

» What type of partners do you need to add to your ecosystem to not only fill your customer experience skill gaps, but kick-start insights and innovations that could differentiate your business?

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Methodology

In cooperation with Oxford Economics, the IBV surveyed 375 industrial products leaders in 21 countries between October and December of 2018. We collected responses from Chief Marketing Officers/Vice Presidents of Marketing, Chief Sales Officers/Vice Presidents of Sales and Chief Customer Service Officers/Vice Presidents of Customer Service. Participants come from companies located in Asia Pacific, Europe, the Middle East, North America and South America. We only collected responses from organizations who focus primarily on business to business (B2B). The 375 industrial products executives come from the various industrial products segments including Engineering & Construction, Industrial Machinery and Manufacturing & Resources and from different sized organizations. All data is self-reported.

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