

Customers are willing and able to switch

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 second 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.

Across the B2B world, customer loyalty is a significant challenge—and the chemical industry is no exception.

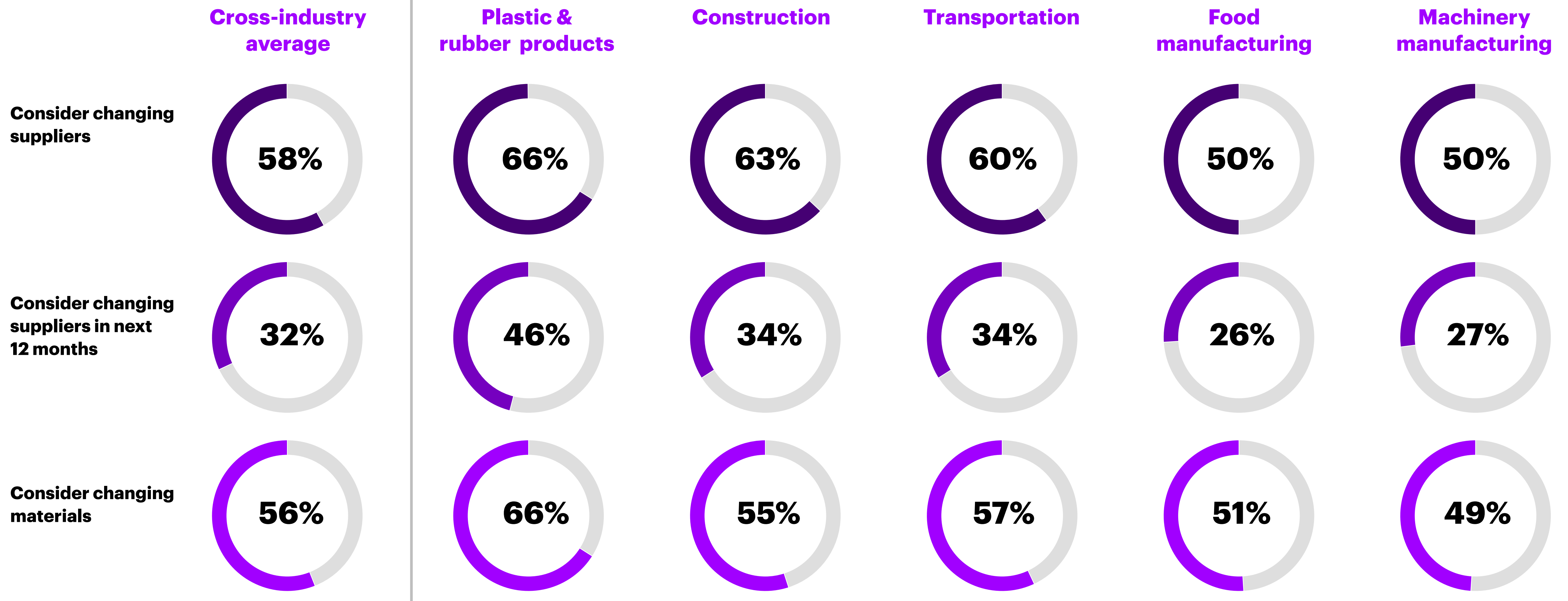
Buyers are generally ready and able to switch away from sellers that fall short in meeting their needs. And when customers make this change, they are likely to be gone for a long time, if they can be won back at all.

According to Accenture's Global Buyer Values Study, a majority (78 percent) of chemical companies are concerned about losing customers—whether from attrition, loss of market share or enticement from competitors—if they are not customer centric.

And they have reason to be worried—perhaps more than they know. A surprising number of buyers (58 percent) from across all industries in the study said that they could change suppliers if their preferences were not met. And this is not just an abstract possibility, because many are actually thinking about doing so in the next year. About the same number (56 percent) said they could switch to alternate materials altogether, including materials from providers outside the chemical industry. (Figure 1)

78% of chemical companies are concerned about losing buyers if they are not customer centric

Figure 1: Percentage of buyers that consider switching suppliers or materials if preferences are not met (full sample & select industries)



Source: Accenture 2020 Global Buyer Values Study

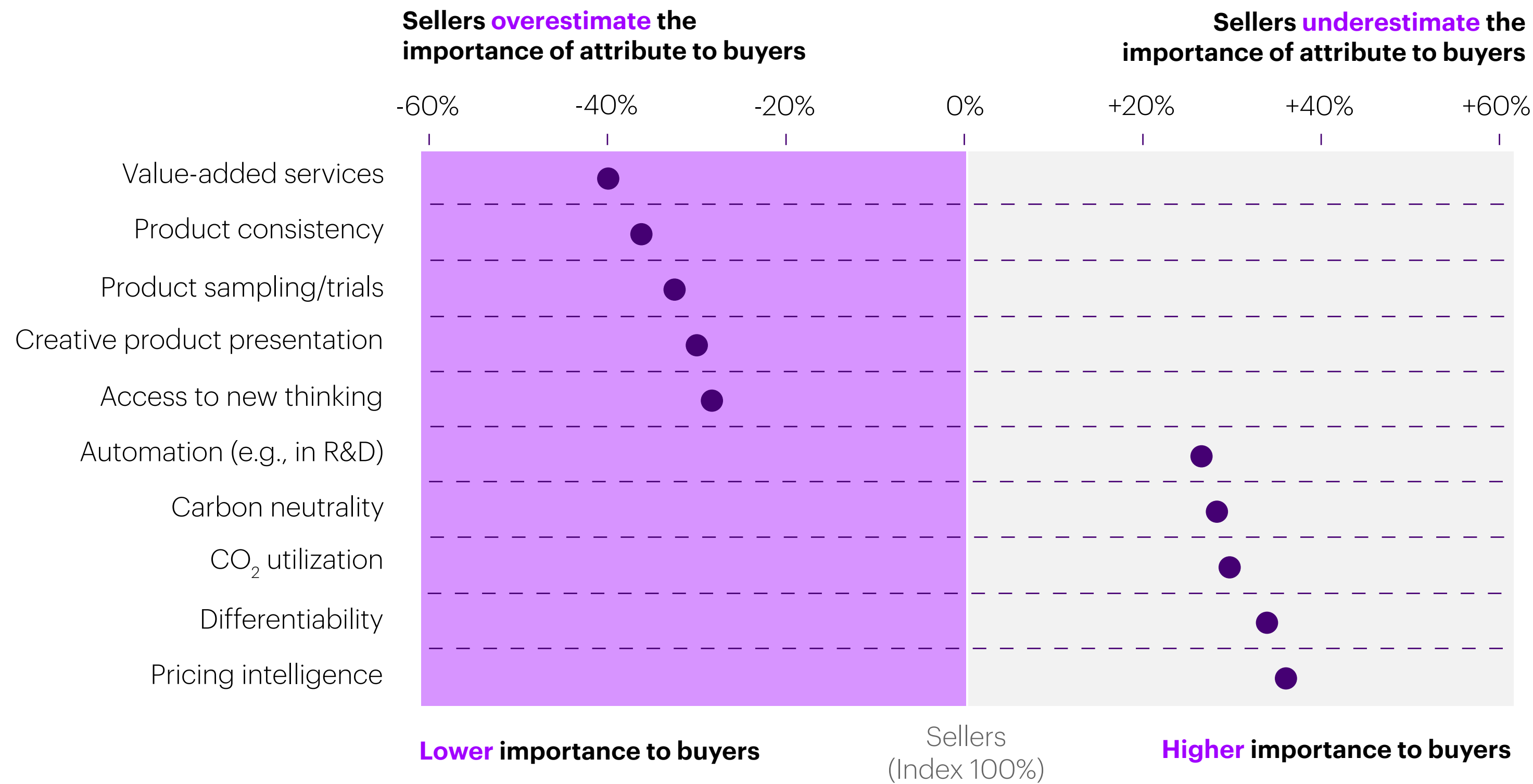
58% of buyers say it is feasible to change suppliers if preferences are not met

For many sellers, this means that a significant portion of revenue is at risk due to customer attrition. Chemical companies that aren't meeting the needs of their buyers in the plastics and rubber industry, for example, could be putting 46 percent of their customer base at risk within just 12 months.

Altogether, these findings challenge the traditional view in the industry that price is the overriding cause of customers deciding to switch. In fact, the research shows that customers may not be as price-sensitive as sellers think—and that chemical companies need to address a broader range of buyers' needs to keep customers.

The research also found that there are large gaps between what sellers think is important to buyers and what those buyers actually value, which makes the risk of customers switching very real. Looking again at the plastics and rubber industry, buyers were more likely than sellers to think that having pricing information was important. They also placed a higher level of importance on being able to purchase materials that help them differentiate their own products, carbon neutrality and automation. (Figure 2)

Figure 2: Top value perception gaps for plastics and rubber industry customers



These kinds of gaps in understanding buyer values open the door to customers “voting with their feet” and changing suppliers.

As one interviewed buyer noted, “We will switch suppliers if a material performs better than what we are currently using. If performance is equal, we need another impetus to change. We do like to know what is available so we can have the most advantageous materials for our customers in terms of both performance and price. And we keep some suppliers in our back pocket in case we have issues with the current supplier in terms of delivery times, unreasonable price increases or other factors that could negatively impact our business.”

Source: Accenture 2020 Global Buyer Values Study

Moving from insight to action

Armed with the knowledge that many buyers are willing and able to switch materials and suppliers, chemical companies can consider a number of actions:

Double down on differentiation: Sellers can differentiate product and service offerings to more closely match customer applications and adjust their pricing and service models to incentivize loyalty and long-term relationships. By developing a better understanding of customer preferences, they can provide differentiated products and services that really matter to customers—making it harder for them to leave. In addition, companies should recognize that while many customers are willing and able to switch suppliers, a sizeable portion (42 percent) are not. By understanding which customers are in which category, sellers can provide differentiated offerings to make the most of their resources, investing more in meeting customer needs for the at-risk group, and simply continuing current practices with those that are not prepared to leave.

Protect the base: Sellers can strengthen their efforts to reach the customer's customer to create more pull and lock-in for their products. They can take a data-driven, fact-based approach to truly understand what customers value, and then tailor their offerings and interactions accordingly. They can also consider investing in competitive intelligence about supply/demand, pricing and potential competing materials. And they can monitor the customer's production processes and technologies to see where increased competition from other materials is likely to emerge.

Play offense, as well as defense: Of course, one company's customer defection is another company's opportunity to gain a new customer. To connect with buyers that are potentially "on the move" in the market, sellers can identify the main underserved needs in their customer industries and make meeting those needs the center of customer-acquisition campaigns—with the goal of winning over unsatisfied customers from other companies. Chemical companies should also keep a sharp eye out for competitors' customers that are likely to be open to changing suppliers.

This could mean using analytics to identify buyer behaviors that signal an intent to switch suppliers—and then establishing the mechanisms in sales and customer service that will allow the company to quickly act on these signals.

Sellers may think they understand what buyers value, but the research indicates that gaps exist

Virtually all (99 percent) chemical sellers in the survey believe that customer centricity is important, and many think they are doing a good job—with 61 percent giving themselves a ranking of 8 on a 10-point scale. But that confidence may be misplaced, as the research shows a number of significant gaps in sellers' understanding of buyers' needs. Those blind spots are likely to mean that customer needs are not being fully met. And in an industry where customers are quite willing and able to switch suppliers and materials, companies will need to move fast to remedy that situation and build even higher levels of customer centricity.

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 how disconnects in seller and buyer perceptions can create tremendous opportunity for chemical companies.

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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