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Building a Better Future for Manufacturing Through Digital Commerce

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Questions posed by: Adobe

Answers by: Reid Paquin, Research Director, IDC Manufacturing Insights

Q. What challenges do midsize manufacturers face in staying competitive in an evolving global market?

A. Competition has never been higher in manufacturing; more companies are competing for the same customer base, which makes differentiation a challenge. Personalization/customization of products and services is needed to stand out, but this push to meet consumer demands also adds complexity. In addition, the ways in which customers research and purchase products are evolving. Today's buyers want to research, shop, and order on their own terms and time — something today's manufacturers are not well suited to deliver. As manufacturers strive to transform their business, a digital commerce solution that customers can easily engage with to get the offerings they require is essential. These challenges will only be heightened as the long-term impact of COVID-19 becomes clearer. Manufacturers will be competing for limited spending and need to find new ways to connect with customers and drive demand until the global economy recovers.

Q. Continuous digital innovation is leading manufacturers to rethink their commerce strategies. How can manufacturers gain a competitive edge?

A. The realm of ecommerce has been rapidly growing for years; manufacturers in particular are seeing a shift from business-to-business (B2B) sales to business-to-consumer (B2C) sales. Manufacturing organizations have historically focused on producing a product and selling it to intermediaries, such as distributors or retailers, that sell it to the end user. However, ecommerce has created the opportunity for the B2B and B2C sides of ecommerce to merge. eCommerce allows customers to self-serve online, ultimately making it easier to do business with manufacturers. As a result, manufacturers are able to make more revenue through direct customer relationships. Also, digital commerce gives manufacturers access to valuable customer information to help

According to a June 2019 IDC technology investment study, 67% of manufacturers expect digital commerce solutions to be a key part of digital transformation over the next five years.

drive future offerings. Then there are the added benefits in terms of labor and cost. Companies don't need to hire people to take orders and manage purchases — instead, they can automate the process and offer customers self-service options (restocks, inventory notifications, etc.). It is important to realize that ecommerce is critical to business continuity and must be an integral part of a manufacturer's overall commerce strategy.

Q. How should manufacturing organizations evolve to meet changing buyer expectations and technologies?

A. The buying pattern among consumers is shifting; this means that manufacturers need to evolve as well. Manufacturers that do not recognize that digital commerce is now more important than ever risk being left behind by their peers that make the switch. Manufacturers need to connect and build direct relationships with the consumers of their goods or services with a digital commerce platform. This technology provides an opportunity for manufacturers and suppliers to respond to the constantly evolving needs of the consumer. Using a digital commerce platform, manufacturers are able not only to meet but also to exceed customer demands by providing a seamless and easy-to-use ordering experience for their customers, no matter the stage of the business-manufacturer relationship. Manufacturers need to revamp their B2B digital commerce capabilities to meet B2B buyer preferences for online researching, purchasing, and account management — especially as the share of younger, more digitally native buyers continues to grow.

Q. What commerce capabilities are vital for manufacturers as the market evolves and business models change?

A. The one constant nowadays in manufacturing is change. Today, survival of the fittest is linked not to the size of a company but to the company's ability to change — it is about being able to move quickly, adapt, become more agile, and seize opportunities as they arise. As a result, manufacturers must look for commerce capabilities that provide the flexibility to pursue different business models and go-to-market strategies, such as selling subscriptions, services, or machine-to-machine ordering. Personalization is also key to creating a differentiated experience that is more relevant and appealing to buyers. Creating personalized portals for distributors, wholesalers, or retailers so that they can order online with contract pricing and custom curated catalogs allows buyers to have the most relevant experience when they interact with your company. Personalizing the customer experience is an area where artificial intelligence (AI) has a massive opportunity to aid in the next few years. It is also important to apply these capabilities across the globe to capture additional revenue as emerging markets have the largest ecommerce growth rates.

Q. What recommendations do you have for manufacturers contemplating a move from complex homegrown solutions to a more robust single commerce platform?

A. When evaluating platforms, manufacturers should look for true digital commerce capabilities that can serve their B2B and B2C needs. Time to market, total cost of ownership, flexibility and scalability, support, and a healthy partner ecosystem are all important factors that manufacturers need to consider as they move away from homegrown solutions. While market growth is a top goal among manufacturers, it is important that they utilize a digital commerce solution that can grow with them. As SKUs expand to meet customer demands, the platform needs to be able to keep up with this customization. The siloed nature of manufacturers is another point to keep in mind. Digital commerce cannot be viewed in isolation to the business' overall strategy and operations; integration with the other enterprise systems that manufacturers have in place (ERP, CRM, etc.) will be essential to providing a consistent customer experience.

About the Analyst



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Reid Paquin is Research Director for IDC Manufacturing Insights responsible for the IT Priorities and Strategies (ITP&S) practice. Mr. Paquin's core research coverage includes IT investments made across the manufacturing industry and manufacturers' progress with DX. Based on his background covering the manufacturing space, Mr. Paquin's research also includes an emphasis on the technology enablers that help manufacturing executives make better-informed operational decisions.

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