

Revolutionizing Customer Service in Manufacturing

Research insights from nearly 300 manufacturing
service leaders worldwide

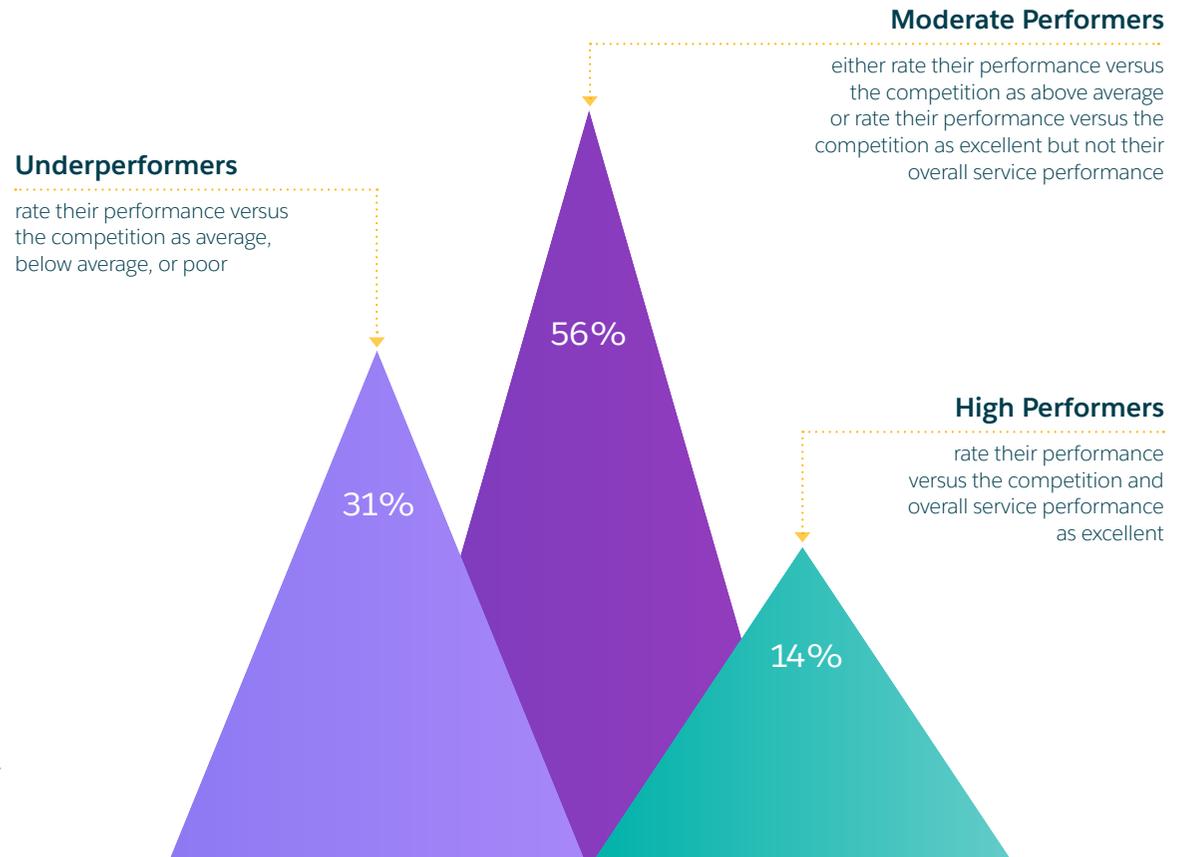


Salesforce Research surveyed 291 customer service professionals in the manufacturing¹ industry worldwide² to discover how elevated customer expectations are changing the game.

This report highlights 10 of the biggest customer service shifts that manufacturers are facing today. High-performing manufacturing service teams refers to the top 14% of respondents who rated both their service performance and performance versus the competition as excellent. For a breakdown of regions surveyed, see page 17.

Data in this report is a subset of a larger study conducted in September 2016. The overall research can be found at salesforce.com/stateofservice.

 *Salesforce Research provides data-driven insights to help businesses transform how they drive customer success. Browse all reports at salesforce.com/research.*



¹ Manufacturing also includes customer service professionals who reported working in the automotive industry.

² Respondents were from North America (88), EMEA (130), and APAC (73).

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Introduction

Customer Service Is Revolutionizing Manufacturing

Customer service is rapidly changing because customers are changing. They're more empowered and connected than ever – and this shift is sending ripples through the manufacturing industry. Seventy percent of consumers and 82% of business buyers say technology has made it easier than ever to take their business elsewhere.³ Manufacturers have an unprecedented opportunity to understand their end customers. This creates possibilities to upsell, and also build deeper relationships with end customers (which is increasingly important as loyalty becomes harder to earn).

With companies like GM raising the bar – providing tailored, location- and preference-based experiences for customers through OnStar – service experiences in the manufacturing industry are being held to new standards for personalization.

Business Buyers Are More Empowered Than Ever Before

Customers are demanding more personalized service, and the businesses that deliver that higher level of service will see benefits to their bottom lines.



³ "State of the Connected Customer," Salesforce Research, October 2016.

Introduction

Customer Service Is Revolutionizing Manufacturing

For instance, 82% of business buyers (and 69% of consumers) say that personalized care influences their loyalty.⁴ But as the demand for personalized customer experiences rises, so does the demand for real-time interactions. Eighty percent of business buyers expect companies to respond and interact with them in real time. Meeting these customer expectations requires a completely different service infrastructure that allows for real-time, personalized, omni-channel engagement.

While some manufacturers may balk at the change, others are approaching it as a chance to innovate. These Trailblazers are transforming customer service’s role from a necessary cost center into an engine of growth. As you’ll see in this research, top manufacturing service teams are revolutionizing the way they approach people, process, and technology. This report highlights 10 of the most prominent customer service shifts that manufacturers are facing today. Getting ahead of these industry changes and establishing the right systems and process will help manufacturers deliver smarter, more personalized service – helping win customer loyalty and grow their businesses.

Personalized Service Influences Customer Loyalty

Demonstrating customer knowledge can impact allegiance, as 69% of consumers and 82% of business buyers say personalized customer care has a major or moderate influence on their loyalty to companies.



⁴ "State of the Connected Customer," Salesforce Research, October 2016.

01 Manufacturers Invest in Customer Service to Differentiate

In an era where growing global competition is creating downward pricing pressures, manufacturers are finding themselves unwilling or unable to compete on price alone. Rather than participate in a race to the bottom, they're finding other ways to demonstrate their value – namely through meeting and anticipating customer needs better than the competition. Manufacturers also face issues with relying solely on the quality of their products to win deals – over half (52%) of manufacturing executives with service oversight say their company has an increasingly difficult time competing based on product differentiation. Among that same group, 86% believe customer experience is a key competitive differentiator.

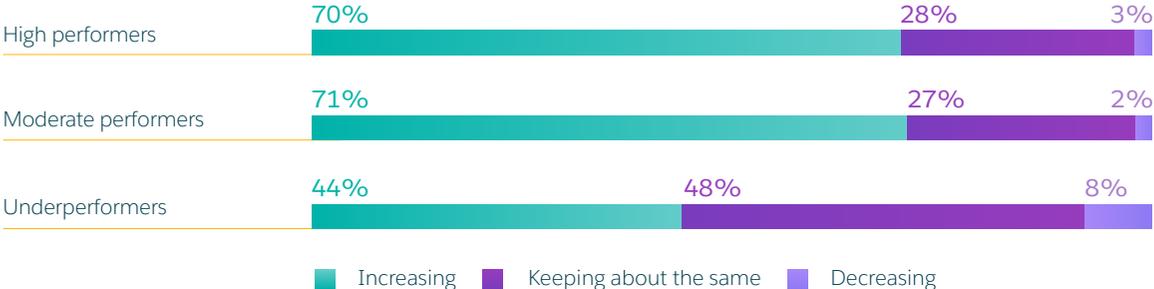
In addition to being a unique selling point, this new focus on service also benefits the bottom line – **74% of manufacturing executives believe that data-driven services will be their primary revenue source within 10 years.**⁵

Over two-thirds (68%) of manufacturing service teams have increased budgets over the past two years and 69% forecast budget increases over the next two years.

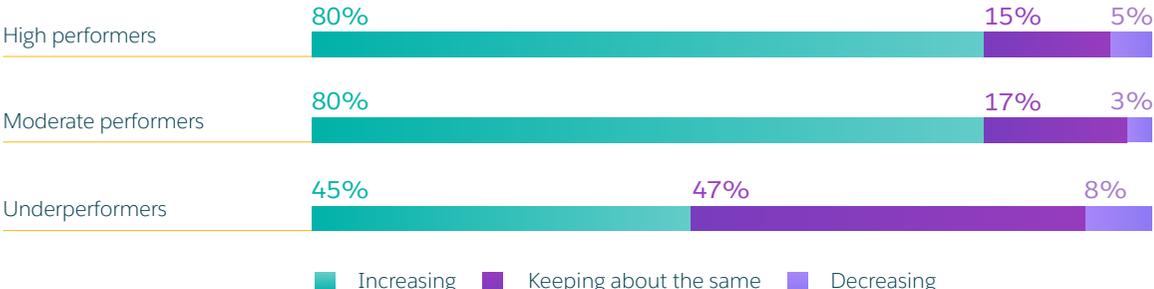
Top Manufacturing Teams Invest More in Service

High-performing manufacturers were 1.6x more likely than underperformers to increase service budgets over the past two years, and are 1.8x more likely to increase over the next two years.

Manufacturing Service Budget over the Past Two Years



Manufacturing Service Budget over the Next Two Years



⁵ "2016 Connected Service Report: Insights into Manufacturing Service," Salesforce, March 2016.

02 Service Teams Focus on Customer Relationships

Historically, manufacturers have rigorously collected data on internal metrics. They've focused on improving operational efficiency with the end goal of driving down costs and improving margins. While internal data collection remains important, it's not moving the needle to help manufacturers understand their end customers, who are finding it easier than ever to take their business elsewhere if they are dissatisfied.

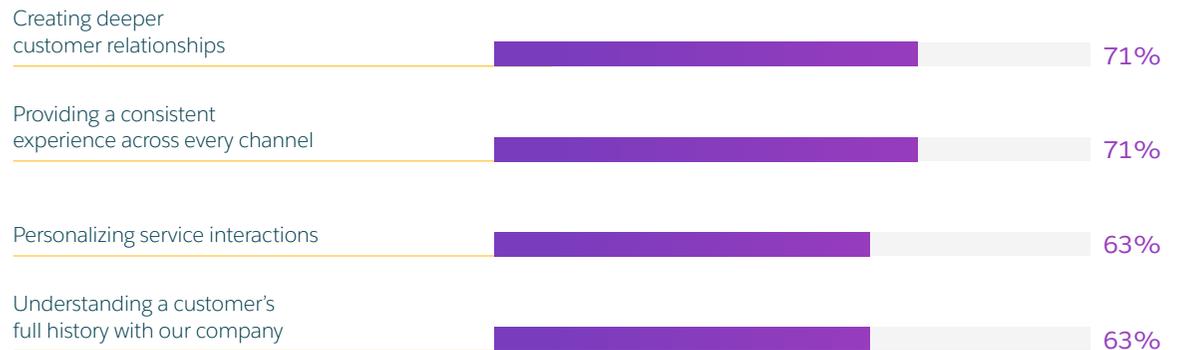
This is beginning to change; **71% of manufacturing service teams say they've become more focused on creating deeper customer relationships over the past 12-18 months.** Sixty-three percent also say they've increased focus on personalizing service interactions.

Success measures among manufacturing service teams also reflect a heightened focus on customers. High-performing service teams are 1.9x more likely than underperformers to have implemented more customer-oriented key performance indicators to measure performance (95% vs. 51%).

Deeper Customer Relationships Are a Primary Focus

Many manufacturing service teams are striving to create deeper customer relationships and provide consistent experiences across customer channels.

Percentage of Manufacturing Service Teams That Have Increased Focus on the Following over the Past 12-18 Months



03 IoT Sees Triple-Digit Growth among Manufacturing Service Teams

When expensive machinery is on the line, the difference between proactively offering service before a predicted breakdown and reactively providing service after an actual breakdown can mean a substantial impact to the bottom line – for both the customer and the manufacturer. As the Internet of Things (IoT) becomes more mainstream, a growing number of manufacturers are deploying connected devices in order to deliver more predictive service.

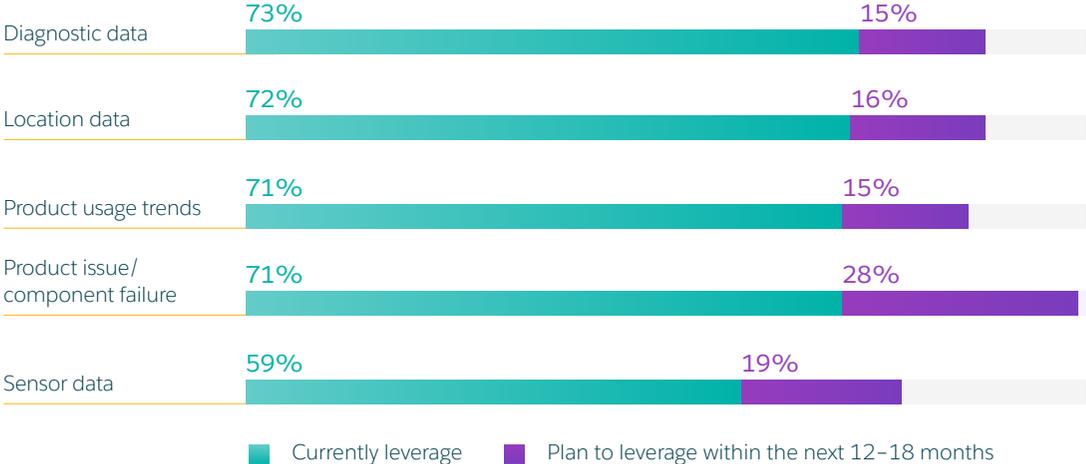
In 2015, only 27% of manufacturing service teams leveraged the IoT – but the past year has brought triple-digit growth (119%). Now, 58% of manufacturing service teams are leveraging the IoT. **Seventy-one percent of these service teams believe that tracking IoT data is extremely or very beneficial to increasing customer retention.** About two-thirds also say that leveraging the IoT is very beneficial to offering proactive customer service (67%), predicting customers’ needs before they arise (66%), and improving future product models or designs (66%).

High-performing manufacturing service teams are 6.7x more likely than underperforming teams to say that the IoT/connected products will have a transformational impact on their service organization by 2020.

Manufacturers’ Most Common Use for IoT is Diagnostic Data

Manufacturers are looking at ways to leverage the IoT to deliver smarter service, create happier customers, and grow their businesses. Here are the most common data types fueling the IoT for manufacturing service teams.

Percentage of Service Teams Using Internet of Things Data in the Following Ways



04 Service Leads Cross-Functional Efforts to Unify Customer Experience

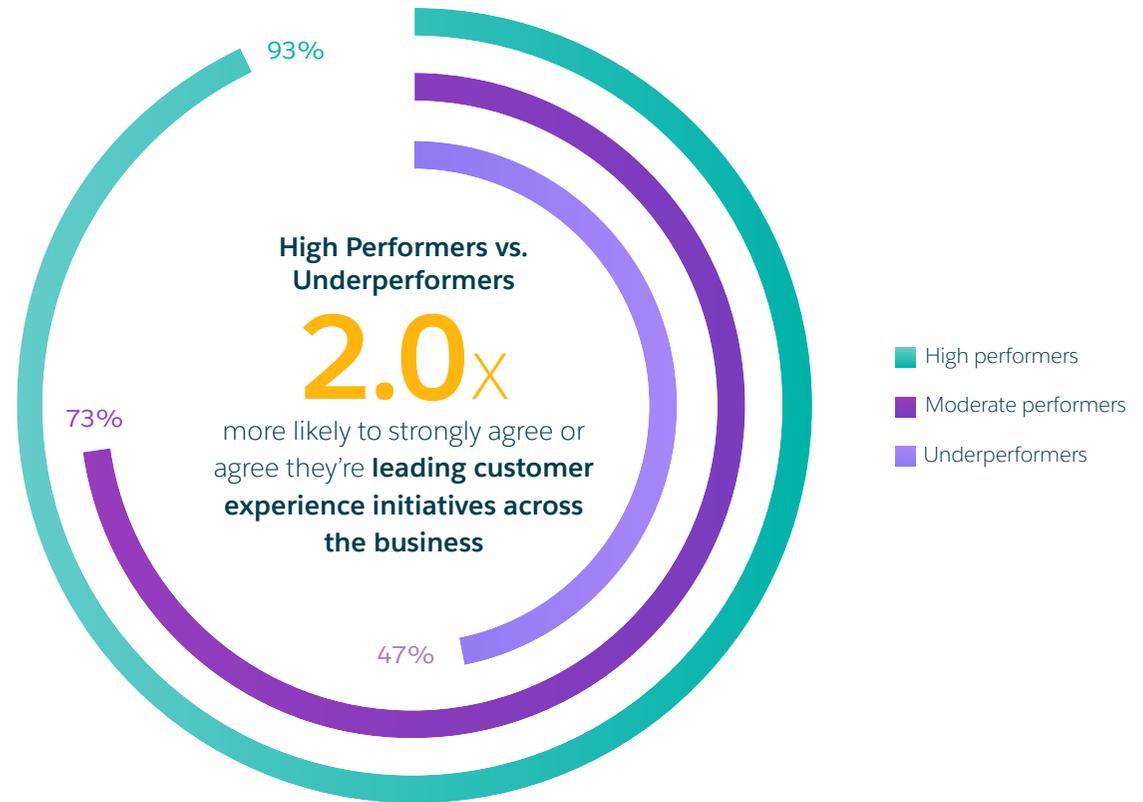
Manufacturers' systems have historically been siloed, focused on getting the best product out the door in the most cost-effective way possible. Uniting sales and service data to gain a complete view of the customer has been difficult at best and nearly impossible at worst.

But connected customers expect consistency. Seventy-three percent of consumers and 78% of business buyers say they're likely to switch brands if a company provides an inconsistent level of service between departments.⁶ As such, customer service teams are taking a more critical look at communication with other business units.

Sixty-eight percent of manufacturing service teams say they're leading customer experience initiatives across the business. **Nearly three-quarters (72%) of manufacturing service teams agree that a shared, single view of the customer is very important to their overall service process** – yet only 46% rate their performance at gaining that single view of the customer as excellent or very good.

Top Manufacturing Service Teams Collaborate across the Business

High-performing manufacturing service teams are twice as likely as their underperforming peers to lead customer experience initiatives across the business.



⁶ "State of the Connected Customer," Salesforce Research, October 2016.

05 Service Drives Growth and Continuity by Partnering with Sales

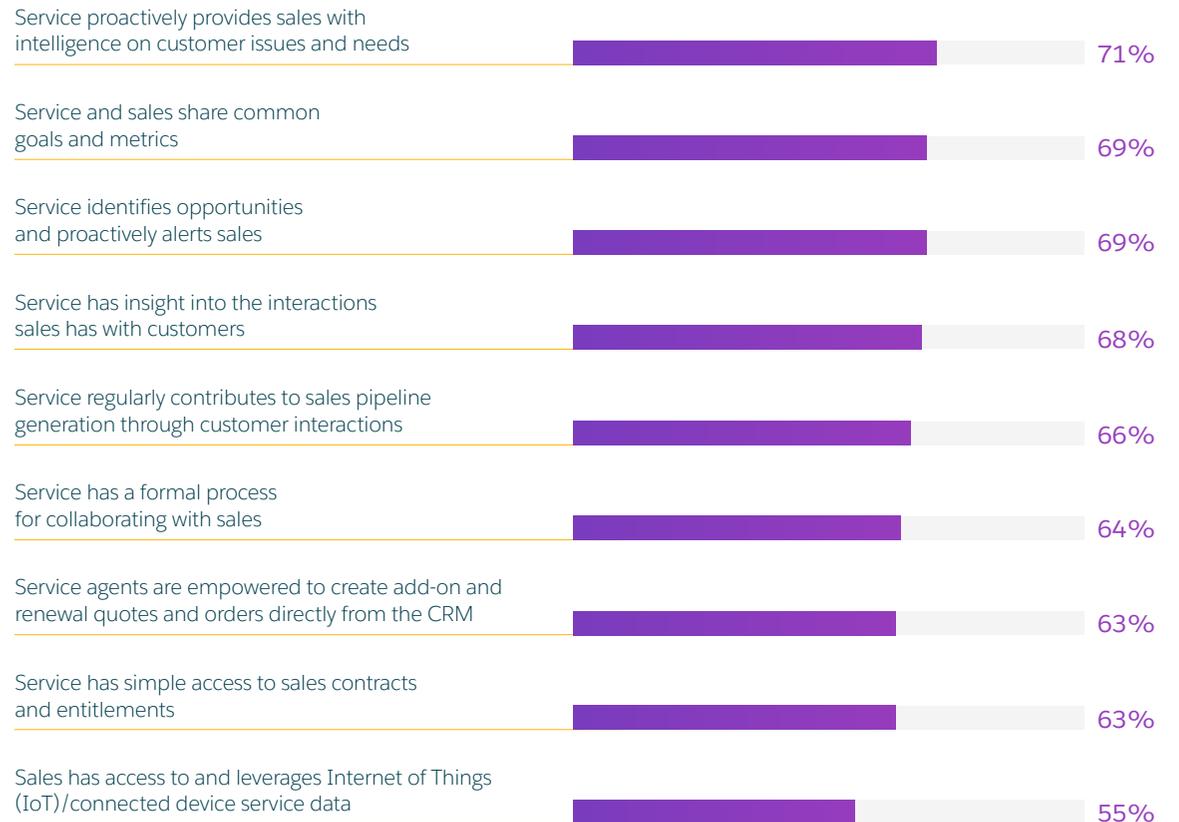
In the manufacturing sector, perhaps no two departments demand alignment quite like sales and service. Manufacturers with a complete view of the customer – one that business users can easily access – are setting their sales and service teams up for success.

More than two-thirds of manufacturing service teams say they identify opportunities and proactively alert sales, helping to boost the bottom line. **Sixty-nine percent say that service and sales share common goals and metrics, which builds a natural foundation for partnership.**

Manufacturing Service and Sales Align to Win

Service and sales teams within manufacturing companies are aligning their departments to create more seamless customer experiences.

Percentage of Manufacturing Service Teams That Strongly Agree or Agree with the Following Statements



06 Agent Empowerment Revs up Productivity and Retention

By giving service teams a complete customer view – like access to contracts, warranties, installed base, and entitlement data – manufacturers are empowering agents to provide faster and more personalized service. **High-performing manufacturing service teams are 1.9x more likely than underperformers to give their agents a comprehensive, up-to-date, and easily accessible view of customer and product information.** They're also nearly twice as likely to give agents decision-making power to provide personalized solutions for customers.

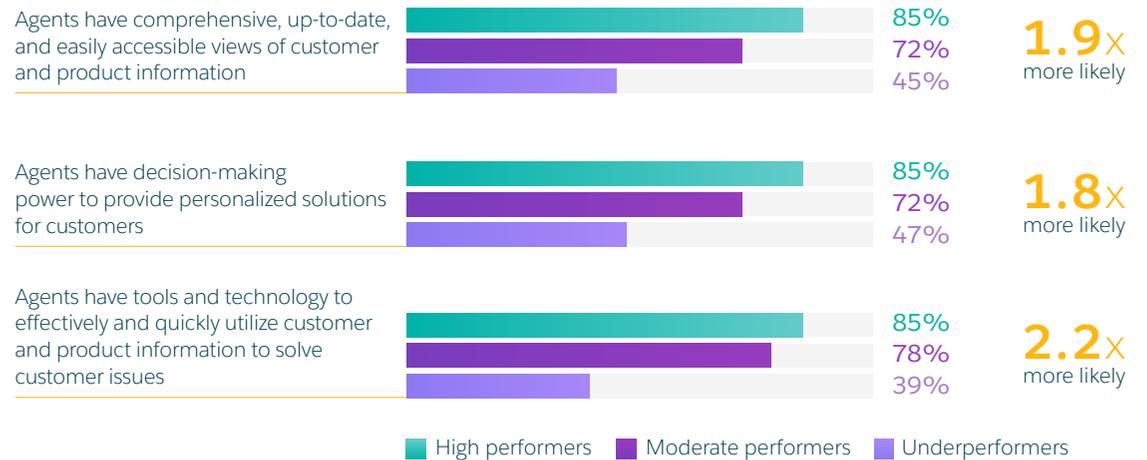
A staggering 98% of high performers say they plan to work for their company one year from now. Among these top manufacturing service teams, 95% of respondents say their agents' productivity level is excellent or above average. In addition to being productive, these empowered teams seem more fulfilled in their careers. Top teams also elicit feedback; they're 1.9x more likely to say they regularly gauge agents' job satisfaction using surveys (85% vs. 45%).

Top Teams Set Agents up for Success

Among manufacturing service teams, high performers are more likely to give agents a single customer view, technology to quickly solve issues, and power to go off script.

Percentage of Service Teams That Strongly Agree or Agree with the Following Statements

High Performers vs. Underperformers



07 Mobile Apps Add Value for Manufacturing Service

As the previous page shows, top manufacturing service teams are more than twice as likely as underperformers to give their agents the tools and tech to quickly solve customer issues. One key technology that's empowering service teams is mobile apps.

High-performing manufacturing service teams are 2.2x more likely than underperformers to currently provide mobile apps to service agents – such as apps to manage cases, connect with other agents, or access customer information while in the field.

Manufacturing teams using mobile apps in this way are already reaping the benefits. Namely, they report that mobile apps in the hands of their service agents are extremely or very beneficial to providing faster service resolutions (69%) and providing customers with real-time communication (75%), both of which allow for faster and more personalized service.

Mobile Apps Help Manufacturing Step up Service

What are the benefits of service teams using mobile apps? Manufacturers who have gone mobile say their agents provide faster resolution, communicate in real time with customers and team members, and access data from anywhere.

Percentage of Manufacturing Service Teams Providing Mobile Apps to Service Agents That Say It's Extremely or Very Beneficial to...



08 Manufacturers Roll out Omni-Channel Service to Streamline Experiences

Not too long ago, call centers and field service operations may have been the extent of manufacturers' customer engagement channels. But today, three-quarters of consumers and 88% of business buyers expect companies to provide a consistent experience wherever they engage.⁷ High-performing manufacturing service teams have taken note; they're 1.8x more likely than underperformers to be more focused on providing a consistent experience across every channel.

Many manufacturers are expanding their service channels to meet the needs of connected customers – and often via cost-effective self-service channels like knowledge bases and customer portals (used by 71% and 69% of manufacturing service teams, respectively).

Top Five Growth Channels

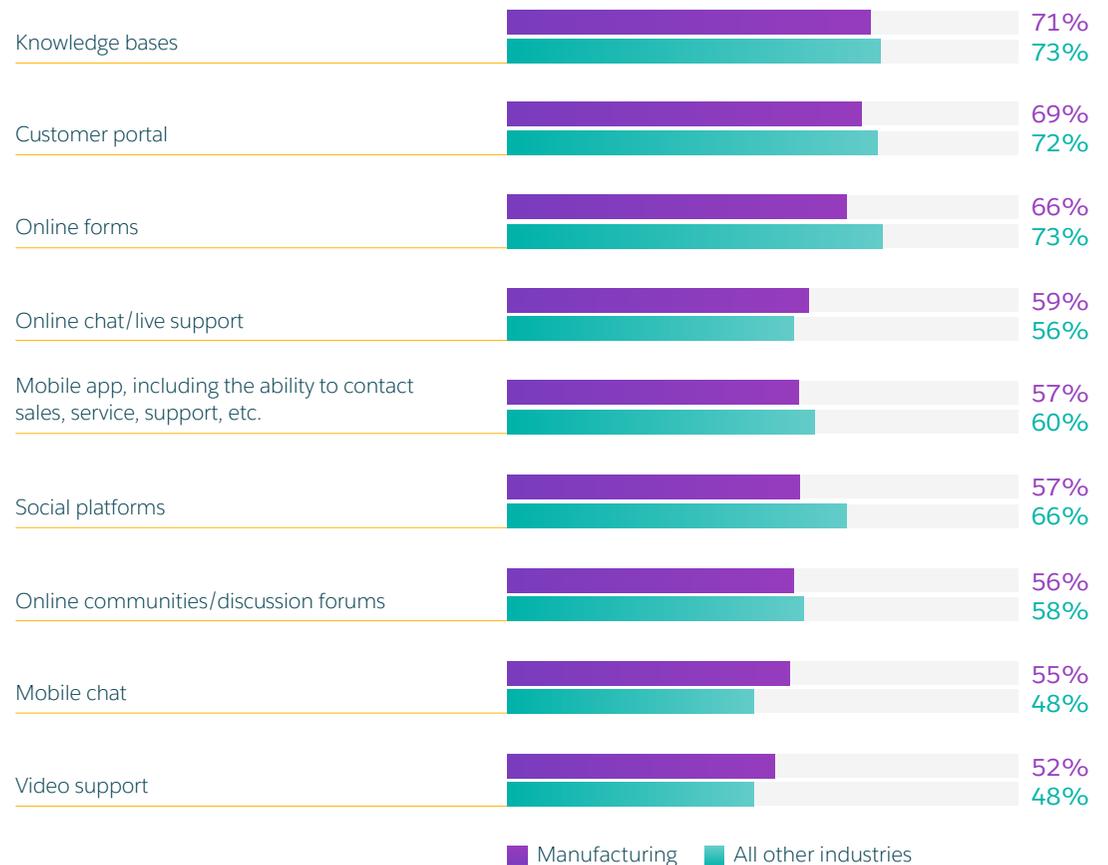
Year-over-Year (YoY) Growth (2015–2016)

- 200%** mobile app use
- 149%** customer portal use
- 130%** video support use
- 130%** online chat/live support use
- 95%** knowledge base use

Manufacturing Moves beyond the Phone

Knowledge bases and customer portals are the top two channels used by manufacturing service teams, helping to streamline customer experiences while cutting costs.

Percentage of Service Teams That Use Each Channel*



⁷ "State of the Connected Customer," Salesforce Research, October 2016.

* Data is a partial list of channels.

09 Lack of Business Alignment Thwarts Service Goals

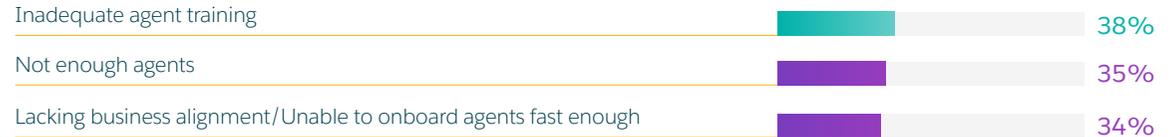
It's a tall order for manufacturers to provide service that's at once personalized, predictive, and real-time.

Among the top factors inhibiting manufacturers from delivering this level of service are lack of agents with the right skills and training, as well as lack of alignment and buy-in from within the business.

For high-performing manufacturing service teams, the top issue keeping them from reaching their overall goals is that executive business strategy changes are creating tension for frontline employees. For example, service agents may struggle to see how they fit into a new strategy.

Top Inhibitors for Manufacturing Service Teams

Top Three Inhibitors to Providing Personalized Service*



Top Three Inhibitors to Delivering Consistent Omni-Channel Experiences*



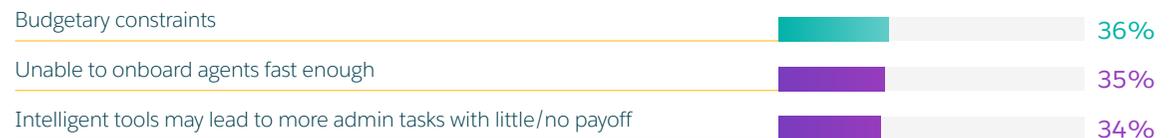
Top Three Inhibitors to Delivering Mobile Service Capabilities*



Top Three Inhibitors to Providing Immediate/Speedy Service*



Top Three Inhibitors to Providing Intelligent Service*



* Data is a partial list.

10 Artificial Intelligence Accelerates in the Manufacturing World

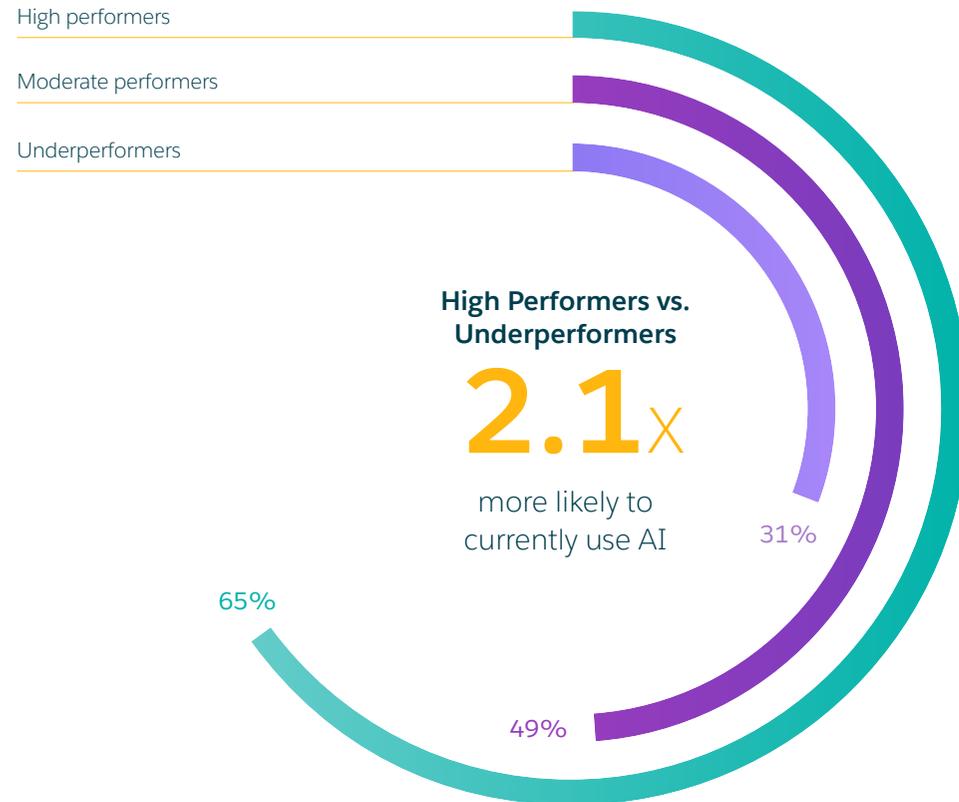
Forward-thinking manufacturers are already investigating how artificial intelligence (AI) can apply across their business – from helping service agents anticipate customer needs to setting up connected devices for self-diagnosis. These are instances where AI can make service interactions run in a smarter and more predictive fashion.

Connected customers have high expectations of what manufacturers will be doing with AI in the future; **73% of business buyers expect that, by 2020, companies will provide products that can self-diagnose issues and automatically order replacement parts or service.** Also looking ahead to 2020, high-performing manufacturing service teams are 3.3x more likely than underperforming teams to say AI will have a transformational impact on their service organization.

These top teams are also 2.3x more likely to excel at leveraging AI – for example, using machine learning/deep learning to perform case classification and intelligent routing, or predicting resolution time, capacity, and churn.

Top Manufacturers Make Service Smarter with AI

High-performing manufacturing service teams are 2.1x more likely than underperforming teams to currently use AI.



Key Takeaways

What you can learn from high-performing manufacturing service teams

01 | Take Charge of the Customer Experience

Top manufacturing service teams are more likely to be leading customer experience initiatives across the business.

02 | Invest Where It Matters

Top manufacturing service teams are more likely to increase their service budgets.

03 | Put the Right Tech in Place

Top manufacturing service agents are more likely to have tools and technology to effectively and quickly utilize customer and product information to solve customer issues.

04 | Give Agents Autonomy

Top manufacturing service teams are more likely to give their agents decision-making power to provide personalized solutions for customers.

05 | Get Smart

Top manufacturing service teams are more likely to currently use AI. It's more than a trend – it's the future.





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