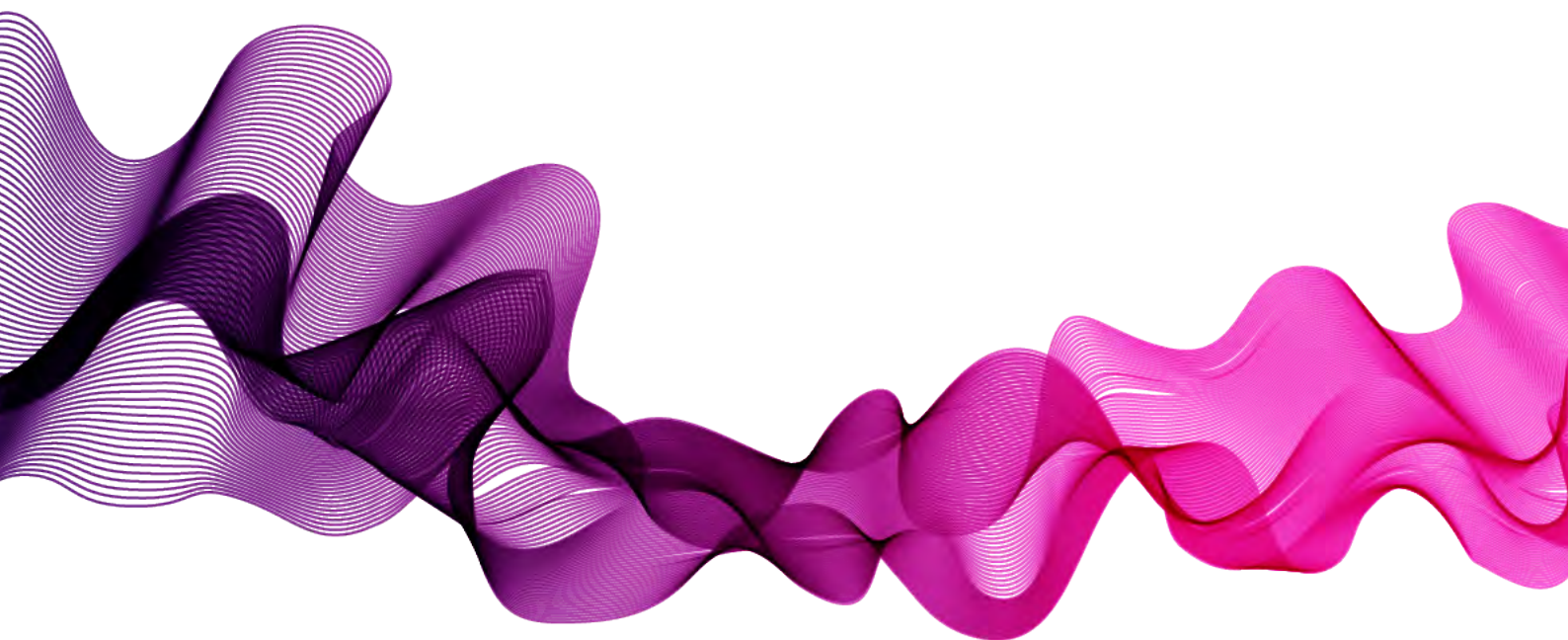


Conducted in partnership  
with Sapio Research

# 2022-23 Digital Transformation in Global Manufacturing



# Foreword by James Derry

The global manufacturing industry is being buffeted by geo-political and socio-economic challenges. Technological innovation and optimisation is the route to market success. But how is this industry developing its digital capabilities, to be able to compete in a hyper competitive and rapidly changing world?

As a leading, strategic digital partner to global brands for the last 15 years, Nemetos Tanasuk wanted to really understand the industry's own sense of the challenges and opportunities heading their way – and how well they're primed to meet them digitally.

That's why we commissioned Sapio Research to survey leaders and marketing decision makers of manufacturing companies with an annual turnover of over £30 million in the UK, Germany, Austria, Switzerland, Saudi Arabia and UAE.

Some of the results were surprising. Some of them were to be expected. All of them point to an ambitious industry that's striving to use marketing technology to not only withstand but also to thrive in the turbulent market facing them today, and in the year ahead.

Our team work with leading brands to create agile digital solutions that give complete control of your online presence, be first to market and generate measurable results. In this report, we look at some of the most notable findings and how manufacturers can embrace digital innovation in 2023.

To discuss these findings further, and what they mean for your business, you can get in touch with us at [hello@nemetos-tanasuk.com](mailto:hello@nemetos-tanasuk.com). For more insights, visit [nemetos-tanasuk.com](https://nemetos-tanasuk.com) or follow us on social media.



**James Derry**  
Chief Client Officer  
Nemetos Tanasuk



# 2022-23 Digital Transformation in Global Manufacturing

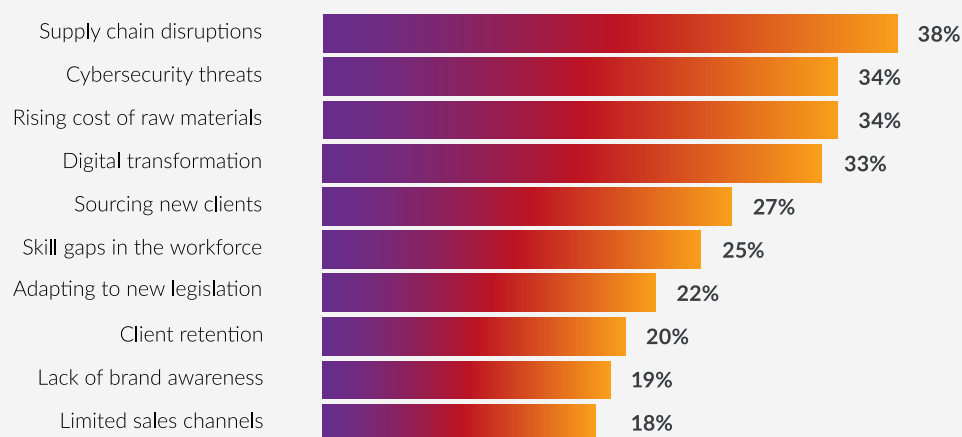
In today's turbulent marketplace, global manufacturers are looking to minimise socio-economic disruption and instability by prioritising customer experience (CX) and securing their supply chain. And they're investing in digital marketing to help achieve their objectives. The question is, are they optimising their chances for success in 2023 by investing in the right skills, processes, analytics and martech toolkits? How can C-Suite decision-makers grasp the opportunities and swerve the risks heading their way?

# Manufacturers are bracing themselves for a rocky market

The post-pandemic economic climate and the war in Europe are taking their toll, with profit margins and digital health primed for disruption. When asked about their biggest predicted challenges heading into the new year, digital transformation was ranked the fourth biggest concern, with cybersecurity threats and rising costs of raw materials tied at second, and supply chain disruptions, first - not at all surprising for this sector.

## What do you expect the challenges to your company's success to be in the next 12 months?

For the next twelve months, digital transformation lands in the top biggest challenges expected by respondents.

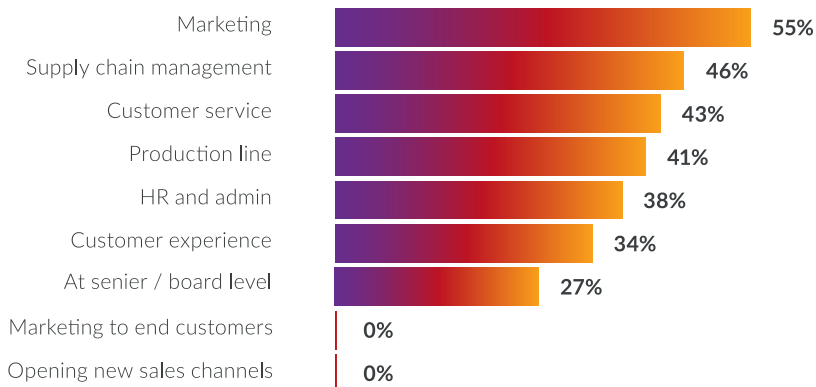


With over one third of respondents (33%) concerned about how well they're using digital technologies to meet changing customer needs and market trends in the year ahead, how are brands utilising digital technology to tackle this challenge?



## In what areas is your company implementing digital change (e.g. introducing new software)?

Over half (55%) of the respondents say they are implementing digital change in their marketing operations. Another 43% are doing the same for customer service.



### A note from Nemetos Tanasuk

It's promising to see brands investing in marketing and customer service. People pay for brands they trust, not simply the cheapest. Building a strong brand and creating a state-of-the-art customer experience instils trust with customers, so your company is always top of mind, regardless of rising costs.



# 2023 goals: Customer experience (CX), market and supply chain expansion

Providing a good customer experience continues to be the cornerstone of modern business success, and it's top of the 2023 to-do list for our survey respondents.

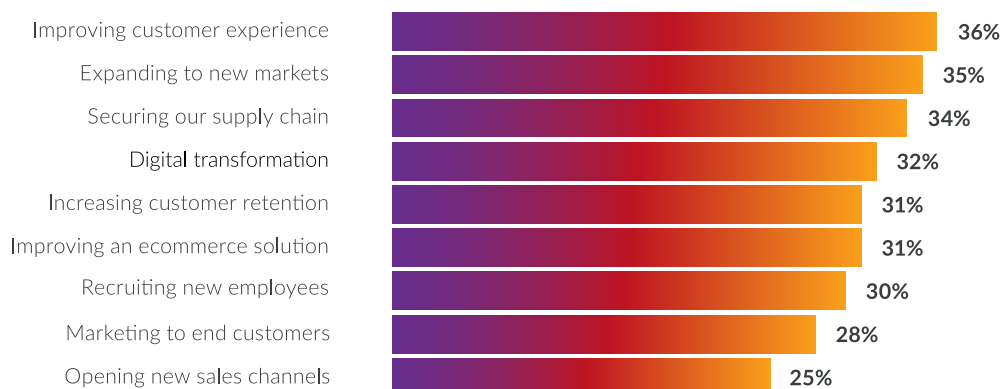
Manufacturers who invest time and money into improving their customers' interactions with, and perceptions of, their company know they'll be rewarded with trust, spend, loyalty and advocacy.

In our survey, we looked at over 200 companies and assessed their digital maturity based on a number of key factors. Unsurprisingly, those with low digital maturity sold less through online channels.

Those companies with a higher level of digital maturity are already successfully prioritising customer experience (CX), so it's no surprise that this appears top of manufacturers' list.

## What will be your company's priorities for the next 12 months?

Of the main focuses in the next year, as expected, improving customer experience (36%) and digital transformation (32%) appear in the top four priorities.



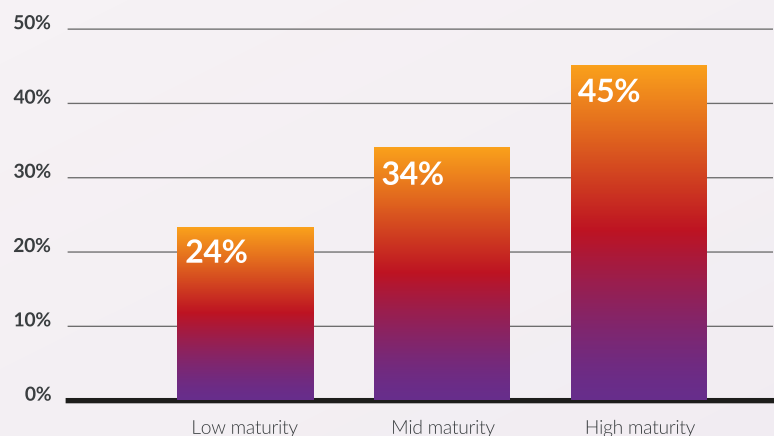
# The e-commerce and Direct to Customer (D2C) opportunity

## Reaping the digital rewards

Manufacturers who are currently using more tools and focusing on e-commerce are reaping the benefits of their investment. Over 50% of companies are enjoying the best ROI from their own website, and those with an e-commerce function experience, on average, 36% of their sales from their online shop. These sales are capitalising on the higher profit margins, better customer service and increased brand reputation that come from bypassing the third-party wholesaler or retailer sales model. Moreover, those companies with a higher digital maturity are approximately one and a half times more likely to be bringing in D2C revenue compared to those with a lower digital maturity (45% v. 28%).

### Roughly what percentage of your sales are made through your company's website?\*

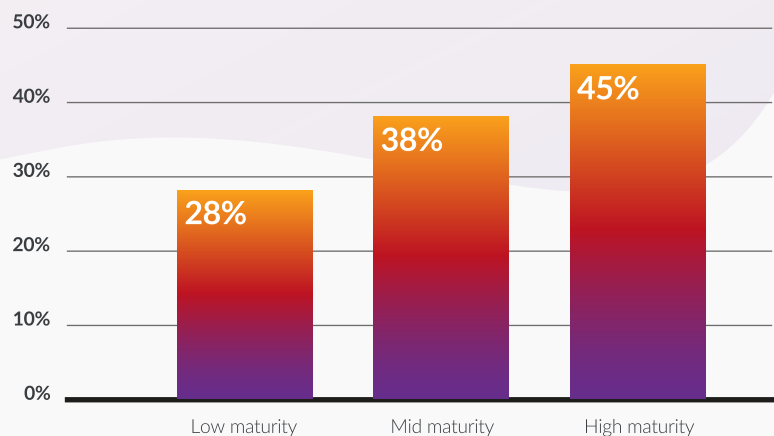
Whilst on average, companies saw around a third of sales coming through their website, those with higher digital maturity saw as much as 45%.



\*Those that have e-commerce functions on their company website

### What percentage of your sales (online or offline) are Direct to Customer (D2C)?\*

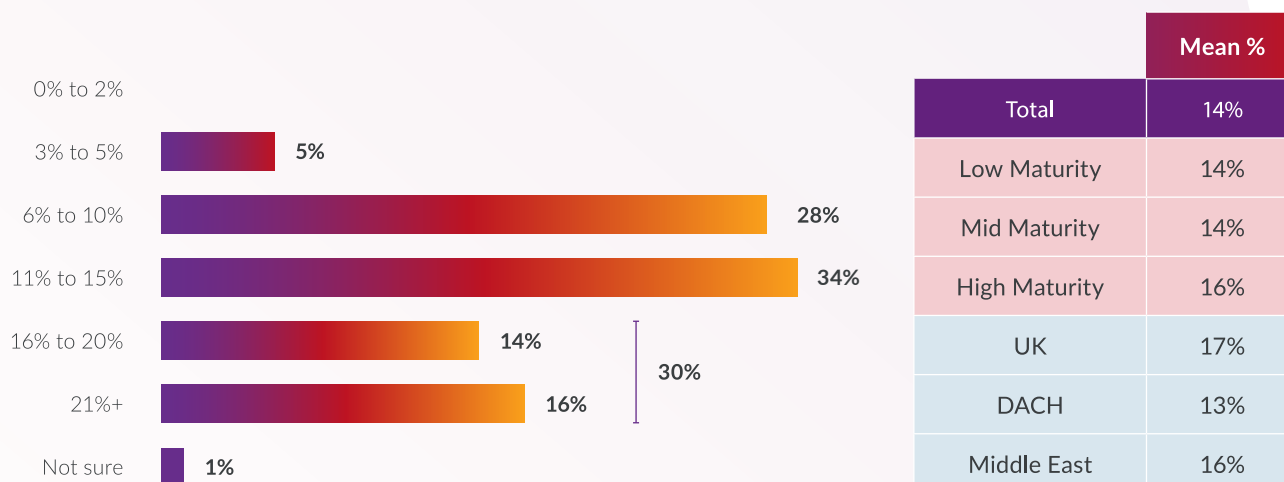
Of those sales that are made online, companies who offer a Direct to Customer (D2C) sales channel are seeing a similar uplift in sales.



\*Only those that offer D2C sales

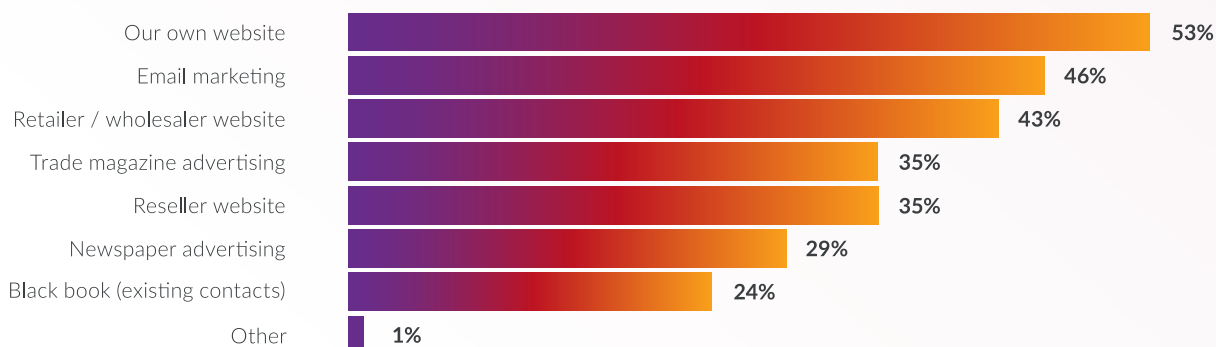
## What percentage of your customers re-purchase from you within 24 months?

Almost a third (30%) of respondents have over 16% of their customers re-purchasing from them within 24 months.



## Which channels or routes to market deliver the best return on investment for your business?

Online sales are not only responsible for a large proportion of revenue for companies. Over half of those surveyed told us that their own website offers them the best ROI in their business.



For the 47% who aren't seeing the highest ROI from their website, it would be advisable to conduct an audit to understand opportunities to optimise this important channel.

### A note from Nemetos Tanasuk

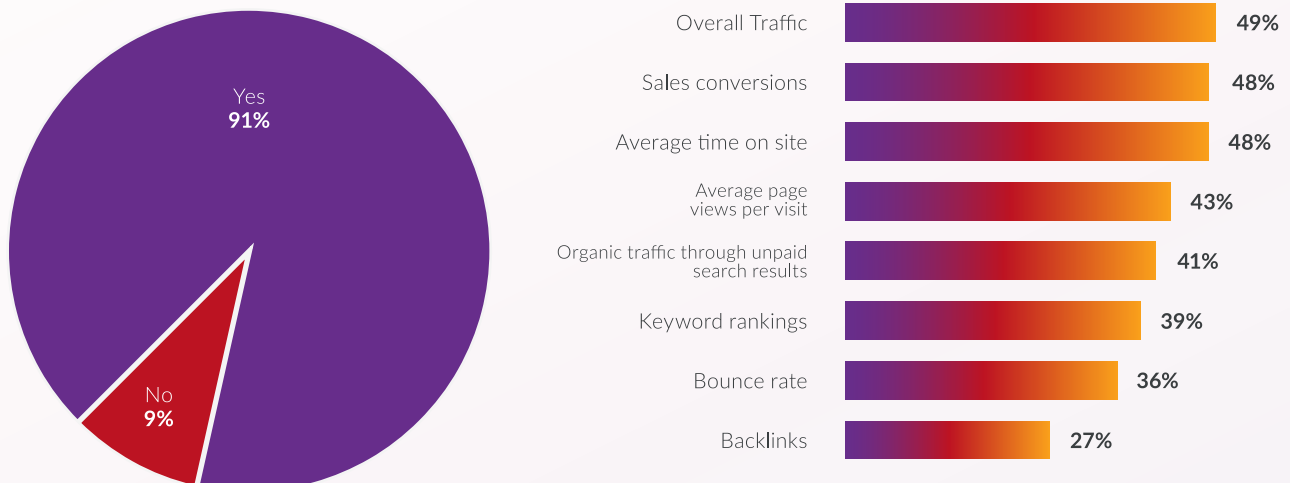
Setting up a D2C channel may not be as difficult as some manufacturers expect. With composable technology stacks, companies are able to add in functionality that they need to keep up with market trends, without having to purchase huge licenses for new software they won't end up using. And because a modular, composable approach doesn't demand a huge, all-in-one overhaul of a digital ecosystem, adding a D2C layer can be done properly and with less financial risk.





# Understanding the whole marketing ecosystem

Do you track the effectiveness of your website\* and if so how and what?\*\*



\*Those that have a company website \*\*Those that track activity on their website

According to our research, 91% of companies with a website track its activity. However, when digging deeper, we found that key metrics such as overall traffic, sales conversions, and average time on site are only being tracked by less than half of respondents.

This begs the question, are companies really understanding and utilising the data available to them? Our results suggest not.

In today's world of mobile phones, interactive chat bots and smartwatches on top of more traditional touchpoints like customer service and in store purchasing, a customer's sales journey alternates between online and offline contact, before making a purchase.

This means, in order to attribute your sales to marketing campaigns, your company must track all activity holistically across every touchpoint to truly understand the effectiveness of any campaign. And with 22% of the budget being spent on marketing (according to our respondents) this can lead to a huge amount of money unaccounted for.

## A note from Nemetos Tanasuk

Measuring this data properly, along with sales conversions and overall traffic will help manufacturers take complete control of their online presence, to be first to market and generate measurable results.



# Augmenting your team to respond to market pressures

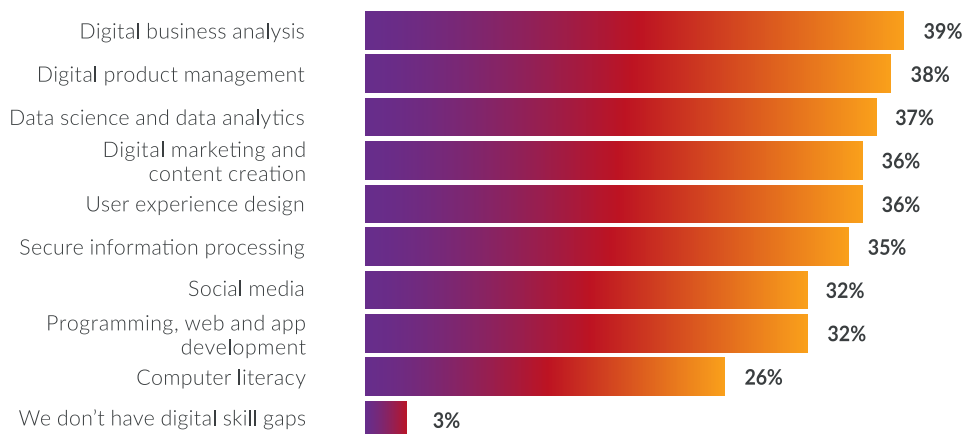
The market is turbulent, with multiple extraneous factors being some of the most prevalent challenges expected in this sector going into the next 12 months (see page 3). In this unpredictable environment, brands must find ways to maintain usual business outputs and focus on their core capabilities whilst still keeping abreast of digital and marketing trends. This means investing in the right resources at the right time with minimal disruption to the business.

## Digital skills remain an issue

Whilst our survey found that there are a range of digital skills gaps in this sector, most shockingly, only 3% of respondents believe they have no digital skills gaps at all. This leaves 97% of the market feeling they are lacking in one or more areas.

### Thinking of your company, where do you see digital skill gaps?

Respondents felt they had quite significant digital skills gaps across the board.



Training or growing in-house teams is a long-term solution to digital skills gaps. However, brands may struggle to recruit for roles which cover such a wide range of knowledge requirements, especially as these needs fluctuate with shifting market trends and digital innovations.

Having a core digital platform or stack which works for your business needs is conducive to creating a strong foundation for your marketing efforts and allows you to invest in staff with skills that add long term value, rather than simply firefighting or keeping the lights on in your digital platform.

# Key takeaways

- 1** Investing in digital experiences directly increases sales. Brands who are not yet seeing a big ROI on their site should audit platforms to uncover opportunities for optimisation. A better understanding of data means brands can track effectiveness of these changes.
- 2** External pressures will force manufacturing companies to adapt to the rapidly changing market, and thus brands will need to consider whether they have the right technology to enable them to respond and react to new demands at speed.
- 3** Digital skills gaps are evident across the board, but investing in a solid foundation built with technology that supports your business goals can plug gaps and free up resources for personnel who provide long-term value.

#### A note from Nemetos Tanasuk

Using a more agile digital solution can give brands more control over their digital experiences, allowing them to rapidly respond to market demands and current industry challenges.

Manufacturers need to consider the sustainability and long-term cost of their current online ecosystem, to ensure they have the skills and technology to keep abreast of market evolutions at scale.

We work with leading technology providers to create a customer-centric digital experience, guiding you through the process from start to finish. If you're ready to start talking about your B2B e-commerce solution, book a free strategy consultation to discuss these possibilities.

## BOOK CONSULTATION



A woman with long brown hair and glasses is sitting at a desk, looking at a laptop. She is resting her chin on her hand. The image is overlaid with a semi-transparent white layer. There are red and purple geometric shapes in the corners: a red triangle in the top right and a purple triangle in the bottom left.

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