

Top Manufacturing Insights for 2025:

Innovation, AI, and the Rise of the Digital Buyer





In 2024, the manufacturing industry witnessed a period of profound transformation, with rapid technological advancements, including AI, evolving market dynamics, employee retention issues, and a changing customer base.

As we close out 2024, the drive toward digital transformation has become more than just a strategy; it's become critical for survival and growth.

Manufacturers are building resilient operations by embracing new technologies that increase efficiency, optimize their workforce, and adapt to new customer demands and how they want to work and engage with companies.

This guide explores the key trends and developments that have shaped the manufacturing landscape over the past year, offering insights into how companies adapted to economic uncertainties, leveraged digital tools to boost productivity, and made strategic investments to ensure long-term success.

This retrospective aims to provide valuable insights and lessons for manufacturers as they continue to navigate the complex, ever-evolving industry landscape.

The Acceleration of Digital Transformation

2024 marked a turning point where digital transformation accelerated from being a strategic initiative to a critical operational necessity. This shift was driven by the need for greater efficiency, productivity, and better visibility for supply chains. As manufacturers are increasing their use of digital solutions, the industry is seeing rapid changes in how businesses operate, compete, and increase margins.

According to [IDC](#), the discrete manufacturing industry will see the largest investment in digital transformation, spending nearly half a trillion dollars in 2024 alone and up to \$700 billion dollars in 2027. Manufacturers are betting big on digital transformation to meet their organizational needs. Their investments are showing that waiting is no longer an option but a critical imperative to survival in the coming decade.



From Strategy to Execution

Digital transformation has been on the agenda for years for manufacturers, and 2024 marked a turning point where planning gave way to action. The urgency to provide B2C-like experiences for manufacturing customers became apparent as companies faced mounting pressures for global competition.

Delaying Transformation Has Consequences

The risks of delaying digital transformation are significant. Our annual [State of Digital Manufacturing survey](#) highlights the impact of moving slowly in 2024.

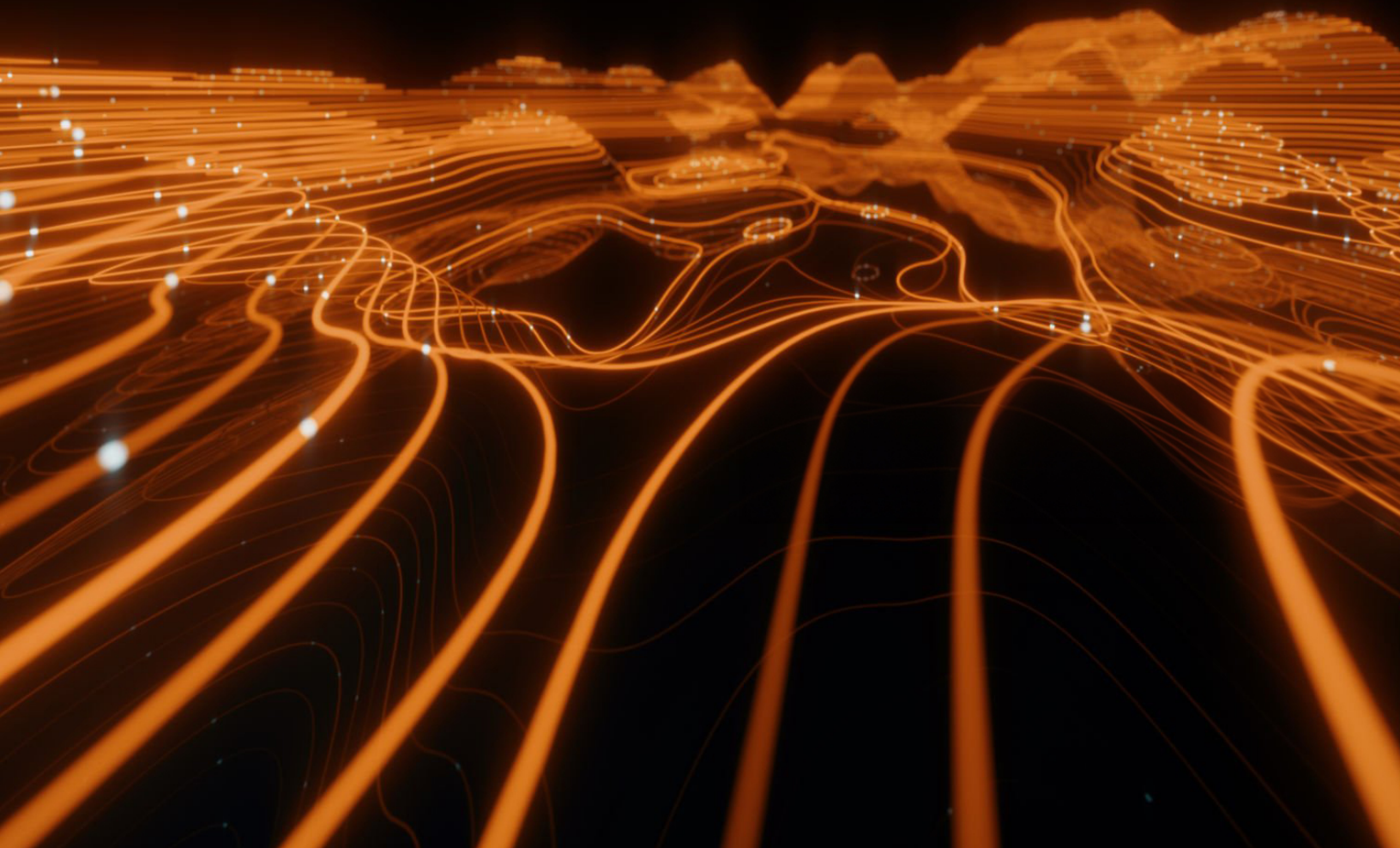
Firms with advanced digital implementations see a notable increase in sales (48%), while those lagging report only 10% growth.

Digital technologies drive sales by reaching new markets, streamlining processes, and enhancing customer experiences. Delaying transformation risks missing out on sales opportunities and falling behind competitors.

However, the cost of delaying digital transformation cannot be overstated. Companies that hesitate risk more than just slower sales growth—they risk falling behind in a competitive landscape where speed and agility are paramount. As competitors advance, they capture market share, innovate faster, and meet customer demands more effectively. The opportunity cost of moving slowly includes not only missed revenue but also a diminished brand reputation and reduced customer loyalty.

Businesses must act decisively or face the consequences of being left behind, unable to catch up to more agile and forward-thinking competitors. The urgency to adapt is not just about staying competitive—it's about ensuring long-term survival and success in a digital-first world.

AI: A New Frontier of Transformation



Artificial intelligence (AI) is reshaping industries worldwide, and manufacturing is no exception. AI provides manufacturers with deeper insights into their operations, customer behavior, and market trends. This enables companies to make data-driven decisions.

According to [Bain & Company](#), **75%** of advanced manufacturing companies say that adopting technologies such as **artificial intelligence (AI) is their top engineering and R&D priority.**

As with all new technologies, there is both a level of skepticism and concern about just how quickly AI will impact manufacturing. Our survey found that **20% of respondents have concerns about how AI will impact the manufacturing process** at their business.

This underscores the importance of responsibly navigating the integration of AI in manufacturing, ensuring that its potential benefits are harnessed ethically for the industry's continued advancement.

Understanding the Digital-First Buyer: A New Reality for Manufacturers

Customer behavior has been changing at such a rapid pace, many manufacturers are struggling to keep up with their demands. With the rise of the [digital-first buyer](#) becoming a defining characteristic of the modern manufacturing marketplace, it's important to truly understand the new buyers.

These buyers conduct the majority of their research, decision-making, and purchasing online, often **completing over 80% of the buying process before ever interacting with a sales representative**. For manufacturers, this shift means traditional sales methods are becoming obsolete as buyers demand seamless, personalized experiences across digital channels.

Gartner® reports that 50% of today's buyers would prefer to never interact with a sales representative, underscoring the importance of digital sales tools.

The Impact of Brain Drain

The digital revolution in manufacturing has also had a profound impact on the workforce. With manufacturers [facing hiring challenges and brain drain](#), it's been increasingly important for them to find new ways to work with less. The availability of talent has not kept pace with the demand, making it difficult to attract and retain qualified team members.

In 2023, the manufacturing industry in the United States saw a 37% turnover rate, which highlights the difficulty by companies to keep top talent. As highly skilled team members leave for new roles or retire, manufacturers are left with skill gaps that hurt efficiency, product knowledge, and, of course, sales.

Many companies are investing in upskilling their employees by providing them with digital tools like Configure, Price Quote (CPQ) solutions that simplify product configuration and improve sales effectiveness. This helps employees learn new skills while isolating companies from being too reliant on a small number of skilled workers to stay afloat.

The digital-first buyer demands quick access to product information, instant configurability, and a streamlined purchasing process. Businesses that fail to cater to these expectations risk losing these customers to competitors who have fully embraced digital transformation.

Ignoring the needs of the digital-first buyer means missing out on a growing segment of the market that is increasingly becoming the norm rather than the exception. Manufacturers must adapt to this new reality by aligning their sales strategies and technology investments with the expectations of a digitally driven customer base. In addition, customers are now more focused on value, seeking solutions that ensure long-term success. This shift requires manufacturers to demonstrate clear ROI and measurable benefits rather than just selling products.



Economic Shifts

Global economic shifts continue to reshape the manufacturing landscape in 2024 and beyond. After the COVID-19 pandemic, many manufacturers were hoping for a return to normal but instead have faced disruptions from evolving trade policies, supply chain challenges, and changing market dynamics.

Our annual survey found that 25% of respondents were accelerating their digital transformation efforts due to uncertain economic times.

For many of these companies, this shift included re-evaluating their production processes, investing in new technologies, and exploring new markets to maintain a competitive edge.

Supply Chain Issues Remain a Concern in 2024

Manufacturers have been seeking to mitigate the issues caused by an increasingly fractured supply chain reality. Our annual survey found that the leading initiative for digital transformation was an increased focus on supply chain with 61% of respondents citing it as a top priority in 2024.

Many companies have tried to optimize their supply chains and create regionalized ones to make it easier to distribute products and create better visibility for delivery times. This trend toward regionalization allowed for greater flexibility, reduced lead times, and enhanced control over the supply chain, all of which became crucial in an unpredictable economic environment.



Navigating the Road Ahead in Manufacturing with Tacton CPQ

As we look to the future, the manufacturing industry is at a crossroads. The past year demonstrated the importance of digital transformation, with companies that embraced the shift showing new efficiency, profitability, and customer satisfaction.

The increased buying power of digital-first buyers and the integration of AI are shaping the future of how manufacturers will compete, while economic uncertainties and supply chain disruptions will force companies to address these challenges or risk falling behind.

With many opportunities also comes many challenges for the future of manufacturing. The workforce dynamics, marked by brain drain and talent shortages, present significant obstacles that manufacturers must overcome through upskilling and leveraging new technologies. Additionally, the pressure to regionalize supply chains and adapt to economic fluctuations will require ongoing strategic investments and a forward-thinking approach.

One solution that is propelling manufacturers to be the consultative partner of buyers on every channel they purchase from is Tacton CPQ. By streamlining complex sales processes, enabling speed and accuracy for product configurations, and delivering exceptional customer experiences, Tacton CPQ is empowering manufacturers to meet the demands of the digital-first buyer.

Looking beyond 2024, manufacturers must continue to innovate, leveraging tools like Tacton CPQ to stay competitive and responsive to market demands. The companies that will thrive are those that not only embrace change but also lead it, transforming challenges into opportunities for growth. As the industry navigates this complex landscape, the lessons learned in 2024 will serve as a valuable guide for sustaining success in the years to come.

Discover how Tacton is empowering industry leaders like Siemens, ABB, and others to achieve their digital transformation goals with our cutting-edge CPQ solutions.

[Learn more at Tacton.com](https://www.tacton.com)



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Tacton is a leading SaaS company trusted by global manufacturers. Tacton Trusted Configuration simplifies sales for manufacturers of complex products. Tacton's founders pioneered computer-based product configuration which today powers Tacton CPQ and CAD Design Automation. It is co-headquartered in Chicago and Stockholm, with regional offices in Karlsruhe, Warsaw and Tokyo.