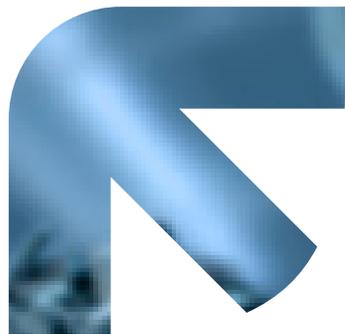# The State of Manufacturing: 2025

Manufacturing in Motion: Navigating Uncertainty, Digital Transformation, and the Future of Sales

tacton

Manufacturers are facing a convergence of pressures, from geopolitical uncertainty and inflation to supply chain disruption and shifting trade policies. At the same time, rapid advancements in AI, automation, and smart factory technologies are redefining what's possible. To be successful, companies must turn on all cylinders, not only to compete on price and product quality, but to compete on experience, as well.

To better understand how manufacturers are responding to these challenges and opportunities, Tacton partnered with Researchscape International to conduct an annual survey of over 200 global manufacturing leaders ranging from under $100M in annual revenue to more than $5B. The results reflect a wide range of perspectives across regions, sub verticals, and roles within the industry.

Manufacturing at a Glance: Key Themes & Takeaways

Based on the survey results, we identified several key themes that are shaping the experience of manufacturing companies in 2025.

- Supply chain visibility and workflow automation remain top priorities as manufacturers focus on operational resilience amid economic uncertainty.

- Digital transformation is now driven more by innovation than crisis, but most initiatives still prioritize cost control and efficiency over commercial growth.

- Data and analytics maturity is a clear barrier to progress, limiting the ability to scale AI, automate processes, and make real-time, informed decisions.

- Sales enablement is a competitive advantage, but onboarding and process consistency continue to lag, risking costly errors and customer frustration.

- Product complexity and contentment with current systems hold back adoption of technologies, like CPQ, that can improve quoting and shorten sales cycles.

What you'll learn in this report

- Top priorities and pressures shaping manufacturing in 2025

- How digital transformation is evolving beyond operations

- Where AI and analytics are underused

- Why quoting and sales are still weak links

- What leading manufacturers are doing differently to compete

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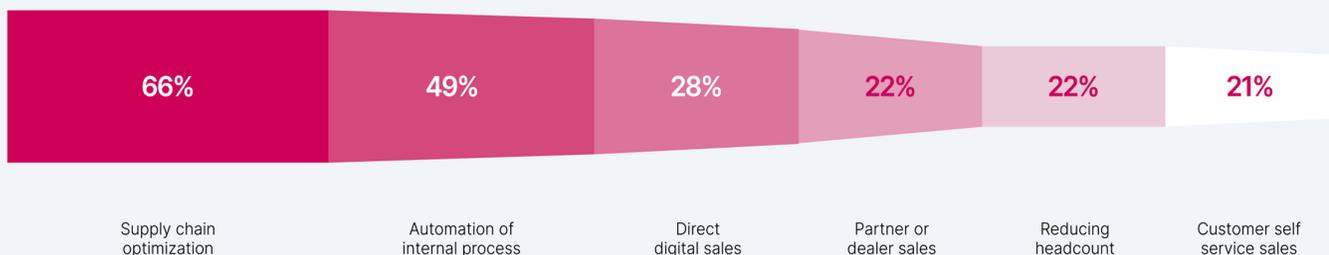# The State of Manufacturing Today: Top Strategic Priorities in 2025

Amid shifting trade policies, rising costs, and global labor constraints, manufacturers are making deliberate choices about where to invest. In 2025, the focus is less on disruption and more on adaptability. Companies are doubling down on operational fundamentals like responsiveness, resilience, and execution.

Supply Chain Takes Center Stage

Since 2022, survey respondents have remained steadfast on the importance of supply chain optimization, internal process automation, and digital direct sales in navigating economic uncertainty. Supply chain optimization continues to be a top concern across all business sizes in 2025.

However, while direct sales are considered important, their perceived value has declined, falling from 41% of respondents in 2022 to just 28% in 2025. Self-service sales and partner sales continue to be a lesser priority as well, as manufacturers concentrate on strengthening operations over channel expansion and top-line growth.

Which key investment initiatives do you consider most important during current economic uncertainty?

66%	49%	28%	22%	22%	21%
Supply chain optimization	Automation of internal process	Direct digital sales	Partner or dealer sales	Reducing headcount	Customer self service sales

What It Takes to Stay Competitive

Efficiency is foundational to remaining competitive, especially in the face of margin strain and economic volatility.

In the year ahead, manufacturers are doubling down on reducing errors, cutting costs, and improving product quality as they pursue operational performance gains. Though driving sales and revenue remains important, it has slipped in priority—dropping from 49% in 2022 to just 41% in 2025. Customer experience and reduced lead times for customers also lag behind.

Which strategic areas do you consider
most important to remain competitive and
bolster growth in the coming year?

55%	53%	46%	44%	41%	37%	33%	28%	23%	20%
Reducing erros	Reducing costs	Increasing quality	Improving delivery time	Driving sales and revenue	Improving customer service	Reducing custom order time	Market expansion	Enhancing focus on sustanability	Enhancing equipment as a service

Among the most shared priorities across departments is reducing errors and rework, not just within production, but also among engineering and sales teams, as well. This alignment highlights an opportunity to optimize collaboration and standardize processes to key areas of the sales cycle and product introductions—think configuration and pricing—where complexity and manual handoffs often introduce errors.

Is Sustainability Just a Buzzword?

In 2025, **66% of manufacturers consider sustainability very or extremely important**, yet it ranks near the bottom among growth and competitiveness initiatives. Is sustainability just a buzzword?

It's still important, but repositioned. The motivation behind sustainability efforts has shifted: customer demand dropped from 61% to 49%, while cost savings through energy efficiency has become a stronger driver.

Executive leadership stands apart in this view, with 62% ranking sustainability as a priority—higher than any other role. For leaders, sustainability aligns with long-term value creation and risk management.

The Digital Transformation Imperative

The focus on operational discipline is shaping how manufacturers approach digital transformation, too. While economic volatility remains a factor, it's no longer the catalyst. Manufacturers are transforming in spite of uncertainty, guided by the need for long-term efficiency, modern infrastructure, and sustained competitiveness.

External pressures like tariffs and trade regulations ranked lowest among transformation drivers at the time of this survey (16%). However, it's worth noting that these results were collected before recent tariff escalations. While external factors may now play a larger role in strategic planning, the data reinforces that manufacturers are primarily motivated by internal drivers—like modernizing technology (50%), meeting evolving customer expectations (34%), and staying ahead of competitors (34%)—in their long-term efforts.

Customer Experience: The Missed Opportunity

Market Signal

- Customer experience is the #2 influence driving digital transformation—behind only technology modernization.

- Over 50% of manufacturers already offer some level of omnichannel or self-service capability.

The Reality

- Only 24% of manufacturers are prioritizing digital self-service.

- The perceived value of digital direct sales has dropped 16 points since 2022.

The Implication

- Investment isn't lagging due to lack of interest, but lack of opportunity. Though focus on foundational systems delays broader investment in CX, customer-facing innovation is set to reemerge as a key differentiator.

When it comes to action, transformation priorities closely mirror operational goals. Supply chain visibility and workflow automation top the list (44% each), followed by engineering and production efficiency (41%) and data intelligence (33%). Technologies like IoT (30%) and AI-driven automation (27%) are gaining momentum, especially among mid-market manufacturers, but still trail foundational capabilities.

What aspects of digital transformation are a priority for you right now?

	Rank	Response
Supply chain visibility & optimization	1	44%
Workflow automation	2	44%
Engineering & production line efficiency	3	41%
Data intelligence & analytics	4	33%
Smart manufacturing or IoT	5	30%
AI-driven automation & optimization	6	27%
Cloud-based solutions	7	27%
Improving customer self-service	8	24%
Predictive maintenance	9	22%
System consolidation	10	19%
Automating engineer-to-order	11	13%
Other	12	1%

Manufacturers Are Ambitious on AI but Lack Maturity

AI is increasingly seen as a long-term enabler of digital transformation rather than a passing trend. But most manufacturers are still exploring, and many are far from realizing its potential.

Forty-eight percent of manufacturers are investigating potential use cases for AI, while only 16% are already investing in it.

Current use cases reflect familiar priorities: production automation, supply chain optimization, and product design/quality. Manufacturers, however, are not currently eyeing AI to enhance their configuration and quoting processes. While 28% report using AI recommendation engines in product configuration, only 10% see guided selling as a major opportunity, suggesting underutilization of AI in customer-facing applications and a deeper understanding of AI for operational business cases.

Percentage of companies exploring AI opportunities & potential use cases

48%

Overall, AI adoption varies by size and role. Mid-market, scaling manufacturers are more likely to invest in AI and smart manufacturing, while small manufacturers are slower to adopt. Executives are far more bullish on AI than individual contributors, reinforcing the need for broader education and alignment across the organization.

Barriers to AI adoption remain high, with top barriers including a lack of internal expertise, integration challenges, and low confidence in data. For many, AI success is a longer-term goal—dependent on better data infrastructure and digital maturity.

Data and Analytics: A Signal of Digital Maturity

Data usage is emerging as a key indicator of digital readiness. Manufacturers are already using product and sales data to analyze customer behavior, track their most profitable products, and forecast demand for inventory management.

However, analytics maturity is still low—55% still rely on manual reporting methods like spreadsheets. Real-time dashboards and embedded analytics in tools like CPQ and CRM are less utilized.

How is your sales and product data currently presented?

Reports generated manually	55%
Real-time dashboards	44%
Embedded analytics within CPQ or CRM	37%
BI tools	26%
No structured data visualization currently	5%
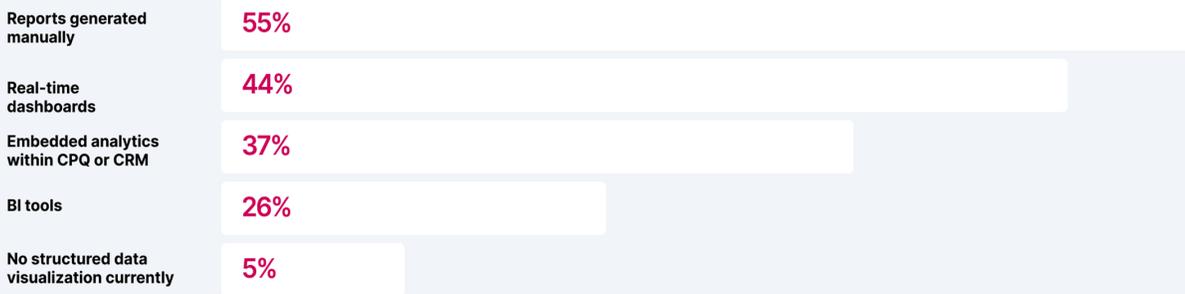
The frequency of data engagement also matters:

- Manufacturers reviewing business data regularly are more likely to be pursuing AI and advanced data intelligence.

- Those relying on monthly or quarterly reviews are among respondents just starting their transformation journey, and they won't see benefits in data intelligence until much later in their journey.

This reinforces that data maturity is a critical marker of digital readiness, especially for manufacturers looking to scale AI and automation.

Transformation Maturity Shapes Focus and Outcomes

For most manufacturers, digital readiness is a necessity. Sixty-seven percent report that digital transformation is their high or highest priority, with another 24% labeling it a medium priority. However, 42% of manufacturers are still in early stages of transformation versus 30% of companies whose transformations are well on their way.

Costs, lack of resources, and resistance to change among workers are top reasons for stalled transformations. But businesses are clear on the potential ROI and do not lack vision of where to start. They simply lack the capacity to execute.

Still, those that break these barriers are seeing benefits.

> **67%** rate digital transformation as a high or highest priority, but **42%** are still in early stages of transformation.

How have your company's digital transformation initiatives changed your business?

59%	41%	39%	38%	32%	25%	13%	1%
Improved productivity	Improved inventory management	Reduced manual processes	Improved profitability	Increased sales	Improved product market fit	No change	Other

Early-stage transformations tend to focus on supply chain and engineer-to-order automation, delivering measurable gains in inventory management and productivity fit. Notably, 34% of manufacturers who have just started their transformation report increased sales—a sign that even foundational efforts can drive commercial benefits.

As organizations mature, they begin to layer in AI, analytics, and system integration, reporting improvements in manual process reduction and profitability.
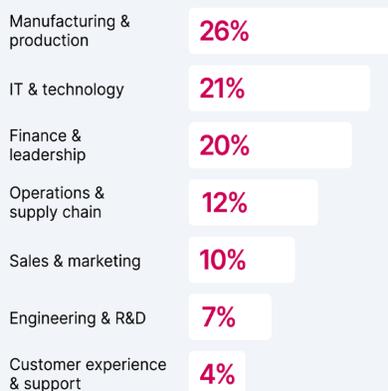
A Gap in Sales Transformation Offers Future Potential

Despite its connection to revenue growth, sales transformation continues to lag.

While increased sales is reported among 32% of total respondents, sales teams are less likely to perceive sales-related benefits than their IT counterparts, which could suggest that sales transformation is failing to deliver meaningful impact where it matters most.

Unfortunately, go-to-market teams hold limited influence in transformation initiatives, cited by only 10% of respondents. In contrast, IT, production, finance, and leadership dominate transformation agendas.

Ranked Number 1

Manufacturing & production	26%
IT & technology	21%
Finance & leadership	20%
Operations & supply chain	12%
Sales & marketing	10%
Engineering & R&D	7%
Customer experience & support	4%

This misalignment matters. Sales and engineering transformation are essential for foundational business outcomes, like reducing errors, minimizing rework, and improving cost efficiency. Without a seat at the table, missed opportunities can lead to friction, overengineering, and missed margin opportunities.

To fully unlock the value of transformation, manufacturers must align across roles, functions, and priorities.

Survey data shows stark differences in transformation priorities, however:

- IT: AI and smart manufacturing.

- Sales: customer experience and self-service.

- Engineering: automation and production.

- Executive leaders take a strategic view, while individual contributors lag on emerging tech awareness.

Transformation is happening, but without commercial alignment, manufacturers risk stalling in key areas for competitive agility.

Commercial transformation is no longer optional. It's the next competitive battleground.

Sales: The New Battleground

As digital transformation initiatives focus on production efficiency, cost reduction, and supply chain visibility, a new challenge is rising: the loss of institutional knowledge tied to an aging workforce. This is especially true across sales, engineering, and production, whose veteran expertise is crucial to selling accurate product configurations.

With 33% of manufacturers citing workforce and labor shortages as a driver of transformation, there's a growing need to capture and digitalize critical knowledge.

An Aging Workforce Demands Process Transformation

Currently, 30% of manufacturers expect that at least 16% of their sales and engineering workforce will retire in the next 5 years, and less than half feel prepared to handle workforce shifts.

5 year retirement rate

16%

Among respondents, 52% are implementing mentorship programs, 46% are developing structured training, and 39% are proactively recruiting. But only 32% are digitalizing internal knowledge or automating processes with CPQ and other tools. If efforts to manage workforce transitions continue to rely on human transfer of knowledge, rather than systematizing expertise through automation, manufacturers risk losing critical insights and increasing their dependency on already stretched technical resources.

52%	46%	39%	32%	28%	10%
Implementing mentorship	Developing structured onboarding	Proactively recruiting & training replacements	Capturing, documenting, or digitizing knowlege	Automating processes	We do not currently have a structured plan

Manufacturers don't see workforce shifts as a top driver of transformation compared to cost or operational efficiency, though the lack of digitalization and standardization in sales and engineer-to-order (ETO) processes leaves them exposed to costly errors, longer onboarding times, and slower time to productivity as experienced employees retire.

Onboarding times for new sales team members, for example, have lengthened from 2023 to 2025. More manufacturers today report that onboarding—i.e., the time it takes to get up to speed and confidently quote products—takes three to six months. Onboarding challenges, according to respondents, are mainly due to long learning curves for complex products. However, fast turnover, heavy reliance on and low availability of technical resources, and manual processes are also to blame.

While automation on the production floor is well underway, the automation of product and sales knowledge remains an untapped area of transformation that will be critical for staying competitive in the future.

The Quoting Challenge: Quality Control and Technical Bottlenecks

Sale teams still require heavy input from technical resources to effectively quote solutions. Over 50% of sales representatives rely on technical staff for most or all quotes. This reliance currently looks like support with product timelines, product specifications, and cost or pricing data.

79% report quote quality issues, and **4 in 10** report experiencing this regularly.

Still, sales teams are facing three major quoting challenges: frequent pricing adjustments, difficulty in customization, and slow, manual internal processes. These challenges, if not addressed, eventually lead to issues in quote quality.

Seventy-nine percent of manufacturers experience issues with quote quality, and nearly four in ten manufacturers report experiencing this regularly.

58% of manufacturers who always experience errors are responding to RFQs within 24 hours. In fact, amongst manufacturers who respond to RFQs on either the same day or within one hour, 58% report "always" having quote quality issues.

Manual quoting processes are clearly more prone to frequent and severe quality issues, but it's notable that users of homegrown and third-party CPQ tools also report similar rates of quoting challenges overall. While there is a slight edge for third-party solutions when it comes to consistent issues—11% of homegrown users report "always" having quote quality problems, compared to just 2% of third-party users—the findings suggest that tool type alone doesn't determine success. Quoting quality may also shaped by how solutions are implemented, maintained, and aligned with broader processes.

Quoting Is Fast – but is it accurate?

- **53%** of manufacturers respond to RFPs within 24 hours.
- **79%** still experience quote quality issues.
- **58%** of manufacturers who always experience errors are responding to RFQs within 24 hours.

CPQ Software in Focus: Its Evolving Role in Manufacturing

CPQ is not unfamiliar to global manufacturers who have historically used it on the back-end.

Survey respondents who currently use a CPQ solution report better alignment between sales and product teams, improved configuration and pricing accuracy, greater data visibility, and enhanced customer engagement.

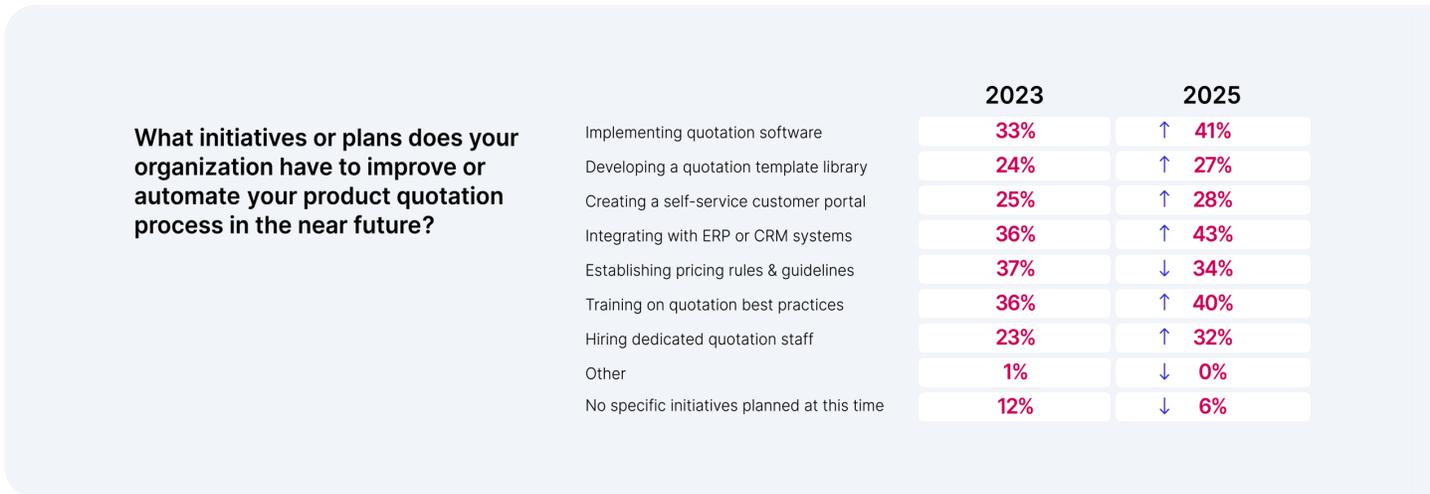**What have been the most significant benefits from your company's CPQ solution?**

- **32%** Better alignment
- **32%** Improved accuracy
- **31%** Improved leads
- **29%** Greater visibility
- **24%** Enhanced customer experience

- **24%** Improved buyer engagment
- **24%** Increased sales efficiency
- **24%** Reduced quote time
- **22%** Increased ability to sell
- **7%** No significant benefits yet

Manufacturers Are Satisfied With Quoting Processes Despite Quality

But there's more room to grow in this area of digitalization. In 2025, **43% of manufacturers still have a manual CPQ process**, mainly reliant on spreadsheets. More manufacturers are planning to implement quotation software today compared to two years ago, but the increased efficiency and faster sales cycles may not be enough to entice companies towards new systems.

What initiatives or plans does your organization have to improve or automate your product quotation process in the near future?		2023	2025
	Implementing quotation software	33%	↑ 41%
	Developing a quotation template library	24%	↑ 27%
	Creating a self-service customer portal	25%	↑ 28%
	Integrating with ERP or CRM systems	36%	↑ 43%
	Establishing pricing rules & guidelines	37%	↓ 34%
	Training on quotation best practices	36%	↑ 40%
	Hiring dedicated quotation staff	23%	↑ 32%
	Other	1%	↓ 0%
	No specific initiatives planned at this time	12%	↓ 6%

For example, 48% of respondents using Excel-based CPQ say they are very satisfied with how their company quotes products. This may seem surprising, especially given that many satisfied respondents also report frequent quality issues during the quoting process.

Satisfaction may be shaped more by familiarity or baseline expectations than by performance outcomes. For teams accustomed to manual workarounds or engineering support, quoting may "work well enough" even if it's not scalable, accurate, or efficient. It also highlights potential to raise the bar on what quoting success looks like, and help manufacturers reframe quoting as a strategic lever.

That shift is somewhat underway: between 2023 and 2025, the share of manufacturers prioritizing investment in quotation software grew from 33% to 41%, alongside plans to hire dedicated staff, expand training, and integrate quoting tools with CRM and ERP systems -- clear signals that transformation is coming, even if urgency hasn't fully caught up to satisfaction levels.

The Right CPQ Approach Sets the Stage for Transformation

Digital maturity also plays a significant role in how manufacturers approach CPQ.

Those still in the early stages of transformation are more likely to be using a homegrown CPQ system (27%), while manufacturers further along in their digital journey are more likely to be using third-party software (46%).

This gap suggests that companies focused on long-term scalability and performance are leaning into proven, scalable solutions, especially as quoting becomes more complex and cross-functional. In fact, third-party users report higher ability to sell complex products at scale (28% versus 19% of homegrown users). Meanwhile, earlier-stage companies may prioritize control, but risk building systems unequipped to easily scale down the line.

Finally, while lack of awareness is not a primary barrier to investing in CPQ software, adoption challenges often stem from perceived complexity: modeling highly configurable products, integrating with legacy systems, and managing implementation costs. To move forward, manufacturers need support not in understanding why CPQ matters, but in navigating how to implement it without disruption.

What have been or will be the biggest challenges in implementing a CPQ solutions in your company

1	2	3	4	5	6	7
Integration with existing ERP, CRM, or legacy systems	Complexity of product configurations	Budget constraints and proving ROI internally	Resistance to change form sales, engineering, IT or other stakeholders	Lack of internal expertise to evaluate and implement CPQ	Uncertainty about which CPQ solutions best fits	Continued admin maintenance on the platform

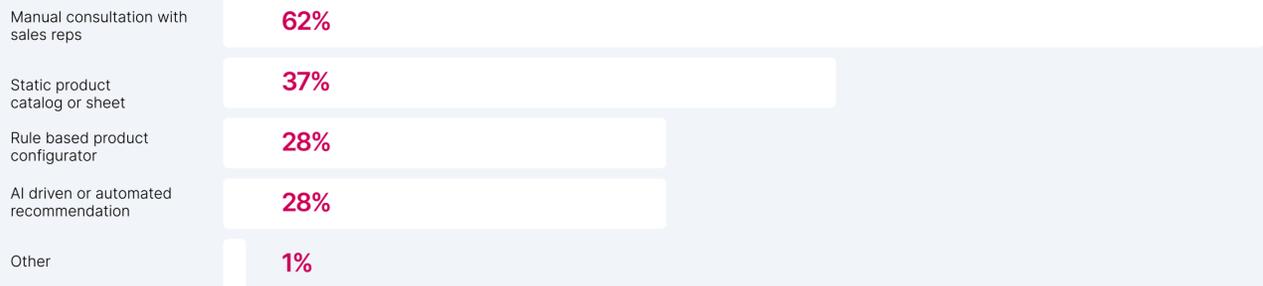# Complexity Is Holding Back the Buying Experience

Product and pricing model complexity remains a core challenge—both for sales teams and for buyers—and continues to fuel hesitance around adopting advanced CPQ processes.

One-third of manufacturers say product selection is overwhelming due to too many options, and nearly as many cite incomplete or inconsistent product information as a barrier to guiding customers to the right solutions. Add in dealer networks and multiple channels, and configuration and pricing quickly become inconsistent and difficult.

While 66% of companies use some form of a selector, nearly half rely on spreadsheet-based tools, limiting their effectiveness. Beyond basic product selection, many manufacturers lack dynamic configuration capabilities. Sixty-two percent still configure products manually, and 37% rely on static catalogs and spec sheets, which prevent sales teams from delivering engaging, accurate, and scalable self-service experiences.

Manual configuration also forces teams to memorize product variations and navigate complexity without system support. Until tools like guided selling and dynamic selectors are more widely adopted and integrated, manufacturers will continue to face friction at the very point where customer value should be easiest to deliver.

How does your company currently guide customers or sales teams in selecting the right product configuration?

Manual consultation with sales reps	**62%**
Static product catalog or sheet	**37%**
Rule based product configurator	**28%**
AI driven or automated recommendation	**28%**
Other	**1%**

Recommendations for Success in the Coming Year

Manufacturers have laid the groundwork for operational efficiency, but transformation and innovation are still ripe for expansion within commercial processes, customer experience, and data-driven decision-making.

Manufacturers that successfully build on operational progress, address data and alignment gaps, and extend innovation both product and experience, will be best positioned to thrive amid continued uncertainty and rising competition.

- **Move from operational transformation to end-to-end value.** Supply chain and production have led transformation efforts, but the next opportunity lies in connecting those gains to commercial outcomes. Focus on bringing digital tools and alignment both upstream and downstream.

- **Fix the data foundation.** Manual reporting and inconsistent data make it difficult to act with speed. Strengthen data governance, integrate key systems, and move toward real-time dashboards or embedded analytics to support faster, more informed decisions, including pricing, product performance, and customer engagement.

- **Align transformation priorities across teams**. Sales, IT, engineering, and leadership often pursue different transformation goals in isolation. Creating cross-functional alignment around core metrics—like margin protection, quote accuracy, or time to market—can help drive stronger, more connected outcomes.

- **It's time to automate and scale sales processes.** Spreadsheets, static catalogs, and reliance on engineering create inefficiencies and risk. Standardize configuration logic and reduce knowledge silos through scalable quoting tools that support onboarding and speed.

- **Choose tools designed for complexity, not just simplicity.** CPQ adoption is often delayed due to perceived complexity. Manufacturers need solutions purpose-built for highly configurable products—ones that balance flexibility with integration and long-term scalability to reduce the burden on IT resources in-house.

About Tacton

Tacton is a leading SaaS company redefining buyer engagement for manufacturers of complex products. By streamlining the buyer journey, Tacton empowers manufacturers to accelerate go-to-market strategies, increase sales, and build brand loyalty. Trusted since 1998 by global leaders such as ABB, Daimler, MAN, Scania, Siemens, Xylem, and Yaskawa, Tacton continues to drive innovation in manufacturing. The company is co-headquartered in Chicago and Stockholm, with regional offices in Karlsruhe, Warsaw, and Tokyo. Learn more at www.tacton.com.

About the Survey

The results in this report are based on an online survey conducted by Researchscape International in partnership with Tacton. A total of 804 respondents participated, with responses collected between November 10, 2022 and March 20, 2025. Participants represented manufacturers from nine countries. The results were not weighted.

Researchscape International is a market research consultancy specializing in custom surveys and data analysis.

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