![sugarcrm logo]

The CRM Impact Report

The Great Customer Resignation and the Path Forward

Insights from 1,600 sales and marketing leaders around the world on how CRM can transform customer churn into long-term customer retention

What You'll Find In This Report

We spoke to 1,600 sales and marketing decision makers in organisations all around the world to determine:
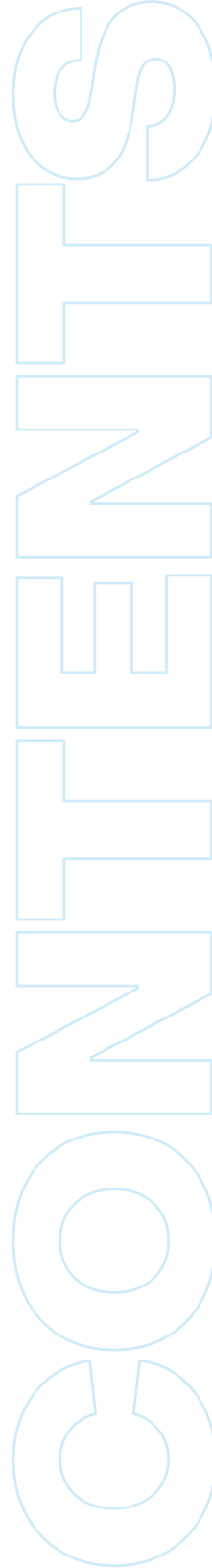
- Causes of poor customer experiences that impact customer churn, satisfaction, and retention

- Common challenges and friction points between sales and marketing teams

- How technology is changing the game as customers are changing the rules of engagement

METHODOLOGY

SugarCRM commissioned Arlington Research to conduct research between November 11 – 30, 2021, amongst sales and marketing decision–makers to gather perceptions of their market. Arlington spoke to 1,600 sales and marketing decision makers in organisations with between 100 and 3,000 employees across all sectors except education. 200 sales and 200 marketing leaders were questioned in four geographies: USA, UK, Germany, and Australia. Questions were asked on a 1–5 scale (1 and 2 = disagree with statement / 4 and 5 agree with statement).

Contents

A Word from Our CEO

After a strong response to the CRM and Sales Impact Report, we're excited to bring you our second act. Optimising customer engagement and experience continues to be a key focus for sales and marketing leaders today. This extensive report is our opportunity to hone in on the biggest challenges they face, why they're happening, and the critical path forward.

Put simply, sales and marketing teams are just burnt out. The global pandemic is still wreaking havoc on quotas and organisations' ability to meet customer expectations and to effectively grow their businesses. Sellers and marketers are spending far too much time on manual data entry, tracking down vital customer information, and resolving issues in their CRM system. This all translates into a diminished customer experience, missed quotas, churn levels creeping up, and an overall frustration that something just doesn't quite fit.

More importantly, 70% of leaders say they need to do more to improve customer trust in their brand. They just lack the tools, data, insights, and strategy to bring it all together. Fortunately, we believe there is a path forward—by making CRM more accessible, creating a more data-driven CRM culture, and properly aligning sales and marketing teams to drive high-definition customer experiences.

Read on to see how your experiences align with those of your peers and let us show you how to find your own path to cultivating customers for life.

Craig Charlton, CEO

1

Overcoming the Challenge of Customer Churn

Most sales and marketing leaders know that it's easier to keep an existing customer than find a new one, especially in an era of recurring and subscription businesses. Still, retaining that customer can be surprisingly challenging when the experience just doesn't match a customer's expectations. Almost six in ten respondents in our survey say their churn rate has increased in the last year, yet more than half acknowledge that they cannot track, quantify, or prevent churn—nor even understand why customers are leaving their ranks in the first place. With so much at stake for the business, addressing churn becomes nothing short of a mission-critical activity.

- The average customer churn rate is 32% globally.

- Almost two-thirds (63%) agreed it is more cost-effective to keep an existing customer than closing a sale with a new customer.

- 57% admit their organisation struggles to quantify and track churn rate effectively:

  - 55% are unable to identify customers at risk of churning

  - 53% are unable to take corrective action to prevent churn

  - 51% don't understand the reasons for churn

- 58% admitted their customer churn rate has increased over the last 12 months.

57%
admit their organisation struggles to quantify and track churn rate effectively

55%
are unable to identify customers at risk of churning

53%
are unable to take corrective action to prevent churn

51%
don't understand the reasons for churn

The Path Forward

What can organisations do to overcome the challenge of customer flight? Remember that every customer interaction is a moment of truth, and their experience can turn sour at any moment for any number of reasons. Identifying the gaps between customer expectation and actual experience is the key to understanding the potential for churn. Things you can do to address churn include:

- Gather key data points that indicate how a customer engages (or doesn't engage) with your brand may alert you to potential churn risk.
- Identify customer sentiment indicators, cross-referenced with peer review sites, social media, and Net Promoter Score (NPS), and employing customer advocacy tactics.
- Track service performance in real time, such as speed of response and time to resolution, and taking action when service might be lacking.
- Deploy AI-driven predictive intelligence such as personalised recommendations, next-best actions, and relevant cross-sell opportunities and leverage AI to identify customers at risk early based on predictive models.

58% admitted their customer churn rate has increased over the last 12 months

The average customer churn rate is **32%** globally

EXPERIENCE

2

Customer Experience is the Ultimate Measure of Churn

In a broader sense, customer churn is a symptom of an organisation's inability to provide a compelling and consistent customer experience across all customer touch points and throughout the customer lifecycle. A bad experience diminishes brand value and hurts both retention and revenue. Respondents in our survey cite many ways that a customer experience can fall short of expectations, including disconnected communications, poor messaging, frustrating service experiences, and a general lack of trust in brands.

- More than eight in ten sales and marketing leaders (81%) believe their customers leave because of a lack of communication and personalised, relevant messaging.

- 71% of respondents said they thought their customers were leaving due to poor service or experience.

- 70% agree they need to do more to improve customer trust in their brand or organisation.

- 73% admitted they need to implement customer feedback to improve customer service and experience.

>8 in 10

sales and marketing leaders (81%) believe their customers leave because of a lack of communication and personalised, relevant messaging

The Path Forward

Organisations must develop a more customer-centric business philosophy and leverage technologies like CRM that can help to optimise and personalise customer engagement throughout the entire customer journey. The more information you know about your customers, the easier it is to create consistent, personalised sales, marketing, and service activity. By creating a high-definition customer experience (HD-CX), you can more ably shape customer sentiment with your company on a fundamental and personal level and ensure better customer retention over the long haul.

73%

admitted they need to implement customer feedback to improve customer service and experience
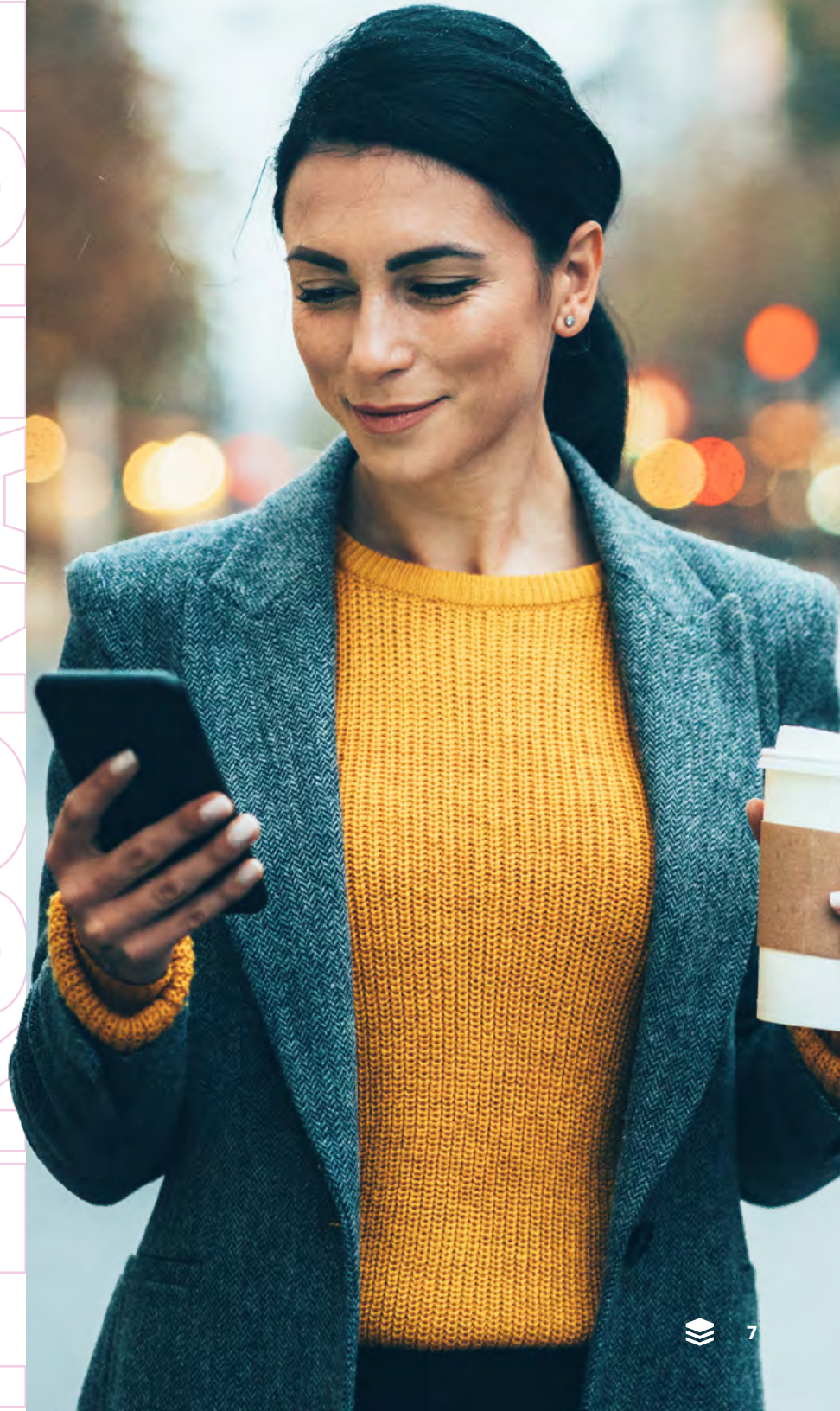
3

How Data Fuels the Customer Experience

A primary challenge for many organisations is having an incomplete view of customer activity. Three-quarters of respondents in our survey say a unified view of sales, marketing, and service is critical to delivering an optimal customer experience, but the lack of such a data infrastructure fuels a customer relationship crisis. Suppose your teams are all working with a different set of datapoints across the engagement spectrum. How can they collaborate to build customer trust and craft the ultimate customer experience?

- 72% say their teams need access to aggregated customer data across marketing, sales, and service systems.

- 75% say a consolidated view of customer information across the whole organisation is critical to delivering optimal customer experiences.

- 56% feel they are missing data to improve their marketing campaigns and sales conversions.

- One in four sales respondents believes they could miss a quota because of incomplete data across the customer lifecycle.

75%

say a consolidated view of customer information across the whole organisation is critical to delivering optimal customer experiences

The Path Forward

A shared CRM data platform that connects every stakeholder with a complete real-time customer view is the foundation for creating a strong customer experience. Data fuels the actionable insights that sales, marketing, and service teams need to act decisively at every critical touchpoint throughout the customer journey. Sales teams, for example, that can see what's happening on the service front can better identify upsell and cross-sell opportunities and put forth more personalised communications with customers. A connected CRM system ensures:

- No blind spots, replacing one-off views of customer activity with an instant, cross-functional display of all relevant information—past, present, and future insights.
- No busy work, replacing manual data entry with an automated system to capture data and present it in the right context for each user.
- No roadblocks, replacing a generic platform with one easily customised to every stakeholder's needs and workflows.

56%

feel they are missing data to improve their marketing campaigns and sales conversions

4

Making CRM More Accessible

It's unfortunate that those who stand to benefit most from a CRM system either can't or won't use it because it's overly complex and not very user-friendly. Especially in times when many rely even more on technology to get their daily work done, poor usability is contributing to the 'Great Resignation' of employees. Technology is supposed to make life easier but many times it is just hard to use. Also, sales and marketing professionals feel increasingly burdened by manual administrative tasks that waste their time and detract from the deep customer conversations that drive better engagement and business outcomes. They also feel frustrated when they cannot easily adjust the tools to match their needs.

- 76% say their biggest frustration with CRM is it's either too complex, not intuitive or user friendly, or cannot be customised.

- 61% are frustrated with the administrative burden placed on their organisation's sales team, taking employees away from valuable customer-facing activities (notably, this number is up from 53% in last year's survey).

- 55% think their current CRM system cannot be customised properly to meet their specific needs, and 58% believe their current system is wasting money.

76%

say their biggest frustration with CRM is it's either too complex, not intuitive or user friendly, or cannot be customised

The Path Forward

The more time sales and marketing teams waste on administrative tasks, the less time they can spend on improving the customer journey, closing deals, and helping to grow their business. An intuitive interface is the first step to using a CRM system. For example, keeping activity tailored for every role, all visually represented in a single tab, makes it more intuitive and contextual.

CRM must also be accessible, meaning it should be easy to use daily and easy to update, expand, and customise. Drag-and-drop UI configuration, easy mobile customisation, and simple reporting and dashboard creation are vital to making CRM more accessible. And advanced CRM platforms that serve up AI-driven insights provide better context for sales, marketing, and service professionals to take appropriate next steps, know what opportunities to pursue, and personalise interactions to optimise experiences and grow revenue.

55%
think their current CRM system cannot be customised properly to meet their specific needs

58%
believe their current system is wasting money

5

Sales and Lead Generation

Despite 20+ years of CRM evolution, the ability to generate qualified leads remains an elusive task for many organisations. Marketing teams still struggle to define what good leads are and pass them successfully on to the sales organisation. Lead leakage can appear at the top and bottom of the funnel, contributing to lost opportunities along the way and a sense of disconnectedness between the two organisations. Moreover, improving lead generation and lead conversion is a key reason why many are looking to replace their old CRM systems.

- 54% of sales leads generated by marketing are deemed to be either poorly qualified or underqualified.

- 27% of sales leads are never followed up on, either from lack of confidence in the quality of the leads or not understanding who has ownership.

- 58% agreed it was difficult to quantify marketing contribution to revenue.

54%

of sales leads generated by marketing are deemed to be either poorly qualified or underqualified

The Path Forward

A unified CRM allows sales, marketing, and service teams to clearly define what good leads look like, helping to personalise outreach and add intelligence to lead qualification, deal tracking, opportunity management, and customer engagement. Marketing has the greatest insight into how each customer is engaging the brand, such as what content is being downloaded, what type of events they're attending, and where they're falling off in the marketing funnel. Sales has keener insights into product and business–related needs that influence every deal. By better scoring account opportunities, tracking conversion rates, and sharing customer preference insights, sales and marketing can synchronise their strategy for generating and acting on the most valuable leads.

27%

of sales leads are never followed up on, either from lack of confidence in the quality of the leads or not understanding who has ownership

6

Improving Organisational Alignment

It's not easy to orchestrate coordinated sales, marketing, and service activities. It only gets more complicated when each group works from different datasets, playbooks, KPIs, and definitions of success. Our research revealed that almost two-thirds of sales and marketing leaders agree that sales and marketing misalignment prevents their organisation from growing their business adequately.

- 63% say misalignment between sales and marketing teams negatively impacts growth.

- Top reasons include:
  - Incompatible KPIs or incentivised by different goals (72%)
  - Systems not integrated or different technology platforms (61%)
  - Poor communication between teams (45%)

63%

say misalignment between sales and marketing teams negatively impacts growth

The Path Forward

Good organisational alignment is driven by several key factors, including seeing and utilising relevant data, establishing mutual goals and metrics, and creating a seamless handoff process to improve productivity and ensure ownership. An integrated CRM platform ensures that the left hand always knows what the right hand is doing, and the process starts even before prospects enter the pipeline. Best practices for aligning your organisations include:

- Establish a common terminology or definition of each metric, such as issue resolution, engagement, and customer satisfaction.
- Jointly determine which KPIs have the biggest impact on the customer experience and assigning owners accordingly.
- Focus on valuable metrics such as retention rates, customer acquisition cost (CAC), customer lifetime value (CLV), monthly recurring revenue (MRR), and Net Promoter Score (NPS).
- Create and document an internal handoff process to ensure a seamless transition from marketing to sales, service, finance, and other key customer–facing groups.

Top reasons for misalignment between sales and marketing teams

72%

incompatible KPIs or incentivised by different goals

7

The Growing Role of AI in Sales and Marketing

Investments in Artificial Intelligence (AI) have increased during the pandemic. Not surprisingly, sales and marketing use cases have seen some of the highest adoption rates, as they can directly impact revenue. And with more data available—especially from digital channels—AI can enable better customer experiences, more personalised engagement, more accurate predictions, and better decision making.

- 86% said their organisation's sales team uses AI to augment one or more business processes.

- 91% say they expect to increase their use of AI technology over the next 24 months to augment their existing processes (49% say a lot, 42% say somewhat).

- Use cases for AI solutions with high adoption include automated emails (44%), account intelligence (40%), conversational AI (36%), lead conversion (33%), and opportunity close prediction (33%).

86%

said their organisation's sales team uses AI to augment one or more business processes

The Path Forward

Delivering great customer experiences is getting easier with AI. But many companies still struggle to capitalise on the technology despite the broader adoption of AI tools. Clearly, it is time to reconsider what it would take to create the experiences your customers expect instead of the experiences you provide with your existing technology. The future of CX is based on data-driven, predictive systems to better understand what your customers want and predict what they need. Many AI projects can feel nebulous and other-worldly, so focus on deploying AI that takes advantage of data you already have in your CRM system to improve decision making and to provide actionable recommendations.

Consider the following use cases that promise tangible business outcomes:

- Intelligent lead scoring to identify the most promising leads and increase conversion.
- Engagement-driven opportunity scoring and time-based intelligence to optimise and accelerate sales cycles through the different stages.
- Personalised recommendations and next-best-action throughout the customer journey – across marketing, sales, and service.

- Predictive forecasting to improve forecast accuracy and decision-making processes.
- Predict customer churn and trigger proactive actions to retain profitable customers.
- Identify cross-/up-sell opportunities based on predicted needs to drive revenue growth.
- Conversational AI (including chatbots) to automate customer engagement and augment human interaction.

91%
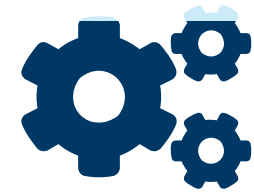
say they expect to use AI technology to augment existing processes to increase over the next 24 months (49% say a lot, 42% say somewhat)

AUTOMATE

Country Comparison Chart

	🇦🇺 AUSTRALIA	🇩🇪 GERMANY	🇬🇧 UK	🇺🇸 US
Missing data that would improve our marketing campaigns and sales conversions	68%	52%	59%	45%
Customers leave because of a lack of communication/ personalised relevant messaging	84%	79%	83%	79%
Need to do more to increase customer trust in our business	78%	68%	70%	66%
Need to implement customer feedback to improve our customer experience	76%	74%	73%	71%
Misalignment between sales and marketing has an impact on organisational growth	67%	60%	63%	60%
Struggle to quantify and track churn rate	62%	52%	61%	53%
Frustrated with the administrative burden placed on sales teams	65%	61%	66%	48%
CRM system is costing us time and money	68%	56%	58%	50%
CRM system cannot be customised to meet our specific needs	71%	46%	56%	46%
Using AI to augment existing processes to increase in the next 24 months	98%	85%	94%	88%
Plan to change our current CRM platform in the next 12 months	67%	49%	59%	45%
Sales leads deemed to be either underqualified, poorly qualified, or not followed up on	74%	84%	81%	87%

Conclusion

The great customer "resignation" really doesn't have to happen. Our study clearly shows that sales and marketing teams can stem the tide of customer churn and produce relevant customer experiences if they just apply the right resources—and develop a highly customer-centric mindset. It all starts with a CRM platform that connects all constituents with the same data, easily accessible and loaded with insights that help sellers and marketers give customers exactly what they want.

Use the data and recommendations in this report to transform the customer resignation challenge into a customer retention opportunity on a grand scale. In the end, you'll create a more engaging sales and marketing environment that solidifies trust in your brand and nurtures customer relationships that last a lifetime.

Revolutionise Your CRM

Data-fueled AI for CRM takes the guesswork out of lead prioritization, Ideal Customer Profile (ICP) alignment, opportunity-to-close-won scoring to optimise your sales and marketing processes and unlock revenue potential.

GET A DEMO

Why SugarCRM

SugarCRM helps marketing, sales, and service teams finally get a complete picture of each customer's journey, without all the headaches and hassles that come with traditional CRMs. No blind spots, no busy work, no roadblocks.

[LEARN MORE]

About SugarCRM

SugarCRM is how marketing, sales, and service teams finally get a clear picture of each customer to help businesses reach new levels of performance and predictability. Sugar is the CRM platform that makes the hard things easier.

Thousands of companies in over 120 countries rely on Sugar to achieve high-definition CX by letting the platform do the work. Headquartered in Silicon Valley, Sugar is backed by Accel-KKR.

To learn more visit www.sugarcrm.com/uk or follow @SugarCRM.

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