sugarcrm

CRM AND SALES IMPACT REPORT

Are companies on the cusp of a customer relationship crisis?

Insights from 1,000 sales professionals on what's driving (or stalling) revenue and customer engagement

What You'll Find in This Report

Contents

In the CRM and Sales Impact Report, SugarCRM surveyed 1,000 sales leaders to consider:

- How technology is transforming the expectations of both sales leaders and their customers
- Which roadblocks and blind spots are causing sales friction and contributing to churn
- What customer data and insights business leaders need to compete and win market share

The blind online survey was administered by Arlington Research between November 2, 2020, and November 9, 2020, aimed at full-time, sales professionals (manager level or above), including sales operations and sales leadership. Respondents represent both B2B and B2C organizations of between 100 and 3,000 employees across all verticals (excluding education). In the United States, United Kingdom, Germany, and Australia, 250 surveys were completed, in each market, for a total of 1,000 respondents. Due to rounding and the inclusion of some multi-response questions, not all percentages in this report total 100%.

Note From Our CEO

Customer engagement is more important than ever, meeting customers where they are, with empathy and with services and products they want, when they want it. The pandemic has accelerated a number of CX trends, including self-service and digital transformation, which were already in the process of transforming customer engagement and brand loyalty.

Companies are having a customer relationship crisis.

However, a new reality came into focus in 2020—companies are having a customer relationship crisis. The pandemic has made customer retention paramount, with heightened risks of incumbents losing customers and revenue to their competitors. Likewise, market challengers need to remain flexible and nimble to compete for new business.

Despite this landscape, our new research report shows that many businesses lack the necessary tools to provide the kind of customer experience that will keep them competitive.

We asked sales leaders and decision-makers about their CRM, sales technology, and ability to uncover crucial customer insights. 48% reported that their CRM doesn't meet their needs, providing an insuﬃcient, out-of-date view of customers. In fact, our research reveals a picture of companies struggling with platforms and data practices riddled with blind spots and roadblocks.

Currently, most businesses have a fragmented, dated, and distorted picture of their customers, aﬀecting the level of service that they can deliver and severely impacting their ability to grow. To transform customer experience into a competitive advantage, businesses need to replace their current hazy view with a sharply focused picture that's rich in breadth and depth. At Sugar, we call this high-definition customer experience, and by delivering on it, businesses can reach new levels of performance and predictability and increase customer lifetime value.

In our first **CRM and Sales Impact Report,** we assess the scope, size, and nature of the challenge and state of CRM worldwide and what companies need to understand about their customers to deliver the most relevant customer experience.

Craig Charlton, CEO

The State of CRM

USA: **59%**
UK: **58%**
Australia: **49%**
Germany: **42%**

Percentage who agree:
"Failings of my organization's CRM system are costing my organization lost revenue."

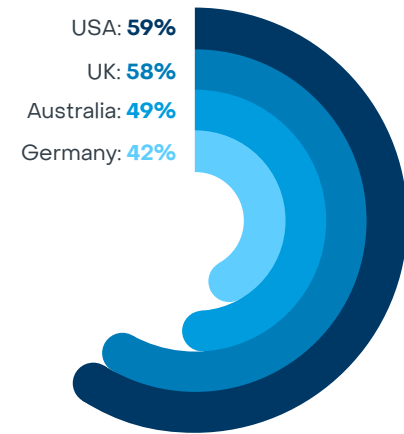## THE $35 BILLION CRM INDUSTRY HAS REACHED A WATERSHED MOMENT

CRM is at the heart of customer experience, providing the foundational technology needed to drive engagement and deliver the experiences that keep customers coming back for more. Yet for most companies, the customer view is insuaicient—focusing only on the current stage of the customer's journey, lacking contextual information to provide meaningful insight.

CRM IS THE (BROKEN) HEART OF CUSTOMER EXPERIENCE

Of the sales professionals surveyed, almost half (48%) agreed that their CRM platform is unfit to provide the critical details needed to attain quota.

The issue is with both the CRM system itself and the data it contains. In addition, 43% of professionals reported that their CRM is too complex, unintuitive, and not user-friendly, while over a one-third of respondents indicated frustration over customer data that is incomplete, irrelevant, and inaccurate.

Our research found that 74% of sales professionals agree that a consolidated view of customer information across the whole organization is critical in delivering an optimal customer experience. However, half (**50%**) of all professionals surveyed reported that they cannot access the same view of customer data across marketing, sales, and service.

THE BOTTOM LINE?

CRMs are failing sales teams, customers, and prospects, with over half (**52%**) of sales leaders reporting that their CRM platform is costing potential revenue opportunities. Within certain industries, lost revenue opportunities increase, rising to 65% in finance and insurance and 62% in healthcare and pharmaceuticals.

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Over half of sales leaders report that their CRM platform is costing potential revenue opportunities.

The Cost of the Status Quo

CRM AS THE LYNCHPIN OF CUSTOMER EXPERIENCE

Businesses need to deliver a customer experience that inspires confidence and loyalty. Our survey found that many sales leaders view their CRM systems as a hindrance, consuming valuable time and energy from sales teams, particularly during this fragile economy, and delivering inadequate returns on the time invested maintaining the system.

The CRM and Sales Impact Report shows that for many businesses, CRM—which should be the lynchpin of any CX strategy—is instead holding companies back.

- **53%** of respondents report that the administrative burdens of their CRM causes friction for their sales team.
- The average sales rep spends only **54%** of his or her time actually selling.

With sales teams under more pressure to deliver than ever before, and data increasingly more important, the quality of support sales teams get from CRM vendors is crucial. Unfortunately, 47% of sales decision-makers surveyed cite frustration with the lack of support from their CRM vendor.

Companies cannot aford to leave their salespeople without the tools they need to compete. If a company's CRM system is not delivering the customer data and insights its sales teams require to maximize acquisition and retention, the company will struggle.

Digital transformation, heightened competition, and customer expectations present companies with a critical choice: Fix their CRM deficiencies or risk losing market share.

The average sales rep spends only 54% of his or her time actually selling.

Churn

## LOW RESOLUTION LEADS TO HIGH CHURN

An important finding in our research are the diaiculties that arise when companies are unable to extract the full value from their CRM system. Of the sales professionals surveyed, one-third reported that incomplete data was a major source of frustration, and one-half reported being unable to access customer data, in a single view, across all functions or parts of the business. Without access to a single and complete source of truth, companies cannot optimize the customer experience nor manage expectations required to minimize churn.

50% of all respondents to our survey report their organization's sales team cannot access aggregated customer data across marketing, sales, and service systems.

Over half **(57%)** of respondents reported having trouble predicting when customers would churn, a finding that spikes to 72% in banking and financial services. According to our survey, this churn costs mid-market companies an average of $5.5 million a year each.

- Over half (**53%**) agree they do not know which customers are likely to churn.
- Over half (**56%**) reported their customer churn has increased in the last 12 months.

Upon reflection, almost half (**48%**) of sales professionals reported not knowing why customers churned. The gap in data and lack of insight prevents sales teams, and business leadership, from acquiring the intelligence they need to make both strategic and tactical decisions.

USA: **61%**
Australia: **50%**
UK: **47%**
Germany: **42%**
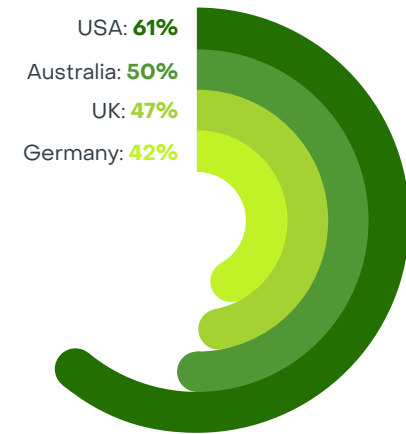
Percentage who agree:
"My organization's sales team cannot access aggregated customer data across marketing, sales and service systems."

53%
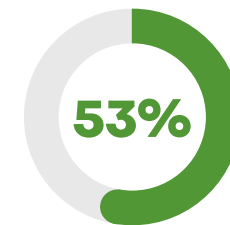
Respondents agree they do not know which customers are likely to churn.

$5.5 MILLION

Churn costs mid-market companies an average of $5.5 million a year each.

Customer Clarity and AI

DATA-FUELED CRM LEADS THE WAY

The research is clear; organizations lack the necessary insight to provide a customer experience that will keep them competitive—costing them an average of $5.5 million each year due to customer churn alone. But sales leaders know what they are missing—a connected and comprehensive customer view enabled by technology to provide additional insight. That lack of a high-definition customer view may be why most respondents (88%) said they expect to increase their use of artificial intelligence (AI) to augment more of their existing CRM processes within the next 24 months.

The challenge with embracing AI technology is that it's dependent on CRM data quantity and quality, which, as our survey revealed, is lacking for most companies. The answer lies in enriching incomplete CRM data with additional attributes to improve AI learning models' eaicacy. Data enrichment also enables AI to consider factors not present in CRM data, surfacing additional competitive insights previously unknown to organizations.

During economic uncertainty, businesses need to deliver a customer experience that inspires confidence and loyalty. Companies that remain frozen with a fragmented, outdated, and incomplete view of their customers, may find the gap between them and their competitors can no longer be closed. Companies that significantly improve the accuracy and completeness of their customer data stand to improve retention, increase revenue, and gain better business outcomes.

> **Sales teams that lean into AI-powered CRM can take advantage of the lead insights and opportunity models that give them a significant competitive advantage.**
>
> **PAUL GREENBERG**
> *President of the 56 Group and author of **CRM at the Speed of Light***

88%
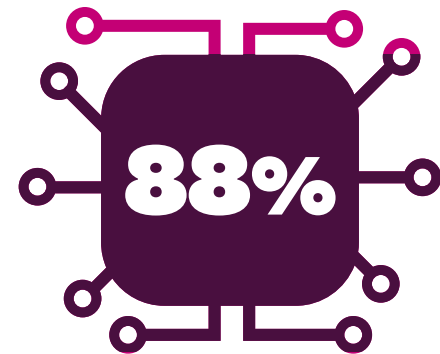
Respondents expect to increase their use of AI technology to augment more of their existing CRM processes in the next 24 months.

Country Comparison Chart

|	🇦🇺 AUSTRALIA	🇩🇪 GERMANY	🇬🇧 UK	🇺🇸 US
Cannot access aggregated data across marketing, sales and service systems	50%	42%	48%	61%
Agree that a consolidated view of customer information across the whole organization is critical in delivering optimal CX	82%	70%	72%	73%
Do not know which customers are likely to churn	53%	52%	55%	51%
Churn has increased over the last 12 months	52%	46%	56%	68%
CRM system is not fit for purpose	52%	40%	48%	53%
CRM system is costing them revenue	49%	42%	58%	59%
Frustrated with the support they are getting from their CRM system provider	45%	40%	51%	53%
Frustrated with the admin burden placed on their sales team	50%	50%	58%	55%
Organization is currently using some AI to augment existing processes	95%	76%	78%	89%
Expect the use of AI to increase over the next 24 months	98%	80%	83%	93%

About SugarCRM

With SugarCRM, Companies Can Let the Platform Do the Work.
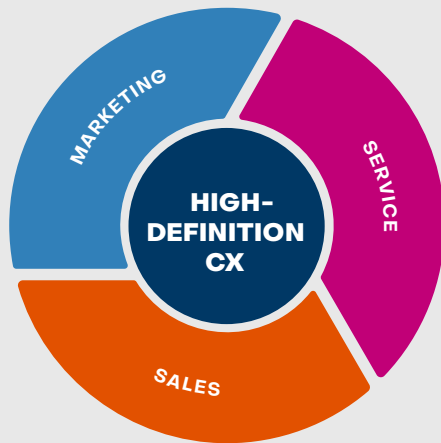
WHY SUGARCRM

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
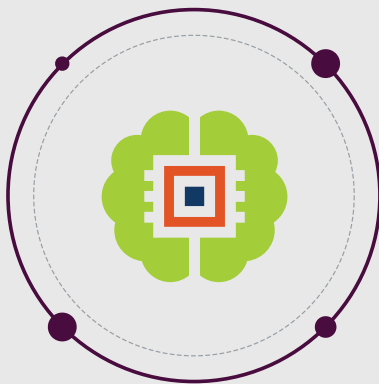
GET A DEMO

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

GET A DEMO

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sugarcrm | Let the platform do the work

NORTH AMERICA   LATIN AMERICA   EUROPE   ASIA-PACIFIC