

 DEMAND METRIC

PRESENTS:

# THE STATE OF CRM DATA MANAGEMENT 2020








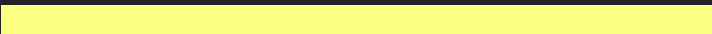


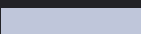
INSIGHTS TO IMPROVE CRM DATA QUALITY FOR  
MARKETING AND SALES ORGANIZATIONS

 validity

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For more detail on the survey and the participants that contributed to the research, please refer to the **Appendix**.

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# INTRODUCTION

Every company wants to describe itself as data-driven, but the latest Validity and Demand Metric CRM data management study reveals a startling disconnect.

While 86% of participants say their CRM system is important or very important to achieving revenue objectives, nearly half of the study's participants rate their overall CRM data quality between very poor and neutral.

When it comes to being data-driven, it seems most companies talk the talk, but don't walk the walk.



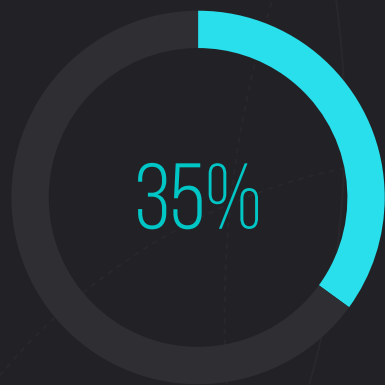
## INTRODUCTION

# SEVERAL KEY FINDINGS

In partnership with Validity, Demand Metric measured the impact CRM data quality has on sales teams' effectiveness and a company's overall revenue.

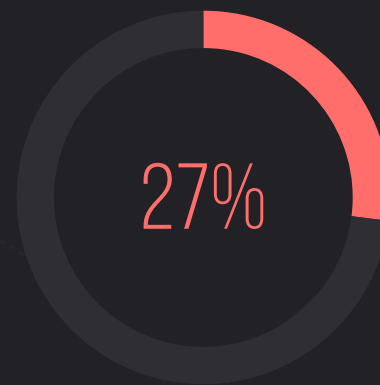
This report reveals the characteristics of best-in-class companies that prioritize CRM data quality and those that don't.

**Some of the key findings from this study include:**



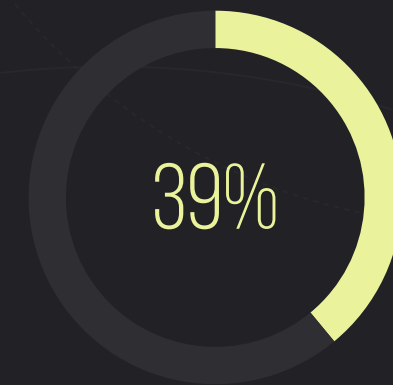
**Just 35% of study participants are satisfied to very satisfied with their lead-to-customer conversion rates.**

That figure drops to only 15% for companies reporting poor CRM data quality.



**Over one-quarter of study participants report bad data costs them 10% or more in lost revenue annually.**

And almost half of the study's participants can't even estimate bad data's effect on revenue.



**Over one-third of study participants either have no CRM data management process, or the one they have is ineffective.**

# THE 8%: WHAT WE CAN LEARN

The results of this study, detailed in subsequent sections, reveal **three characteristics of organizations that effectively manage their CRM.**



LEADERSHIP PRIORITIZES CRM DATA QUALITY.



AN EFFECTIVE, ONGOING DATA GOVERNANCE PROCESS IS IN PLACE.



CRM DATA MANAGEMENT IS THE FULL-TIME RESPONSIBILITY OF A CROSS-FUNCTIONAL TEAM.

**Only 8% of participants met these three criteria, despite survey results indicating that stakeholders across departments are acutely aware of the importance of clean and accurate CRM data.**

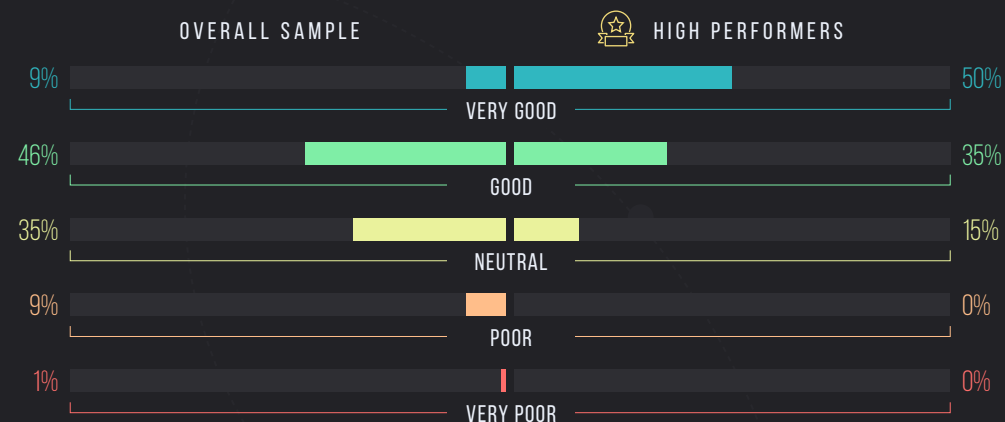
THE 8%: WHAT WE CAN LEARN

LOOKING CLOSELY AT THE ELITE EIGHT PERCENT SHOWS JUST HOW IMPORTANT DATA QUALITY MANAGEMENT IS FOR COMPANIES.

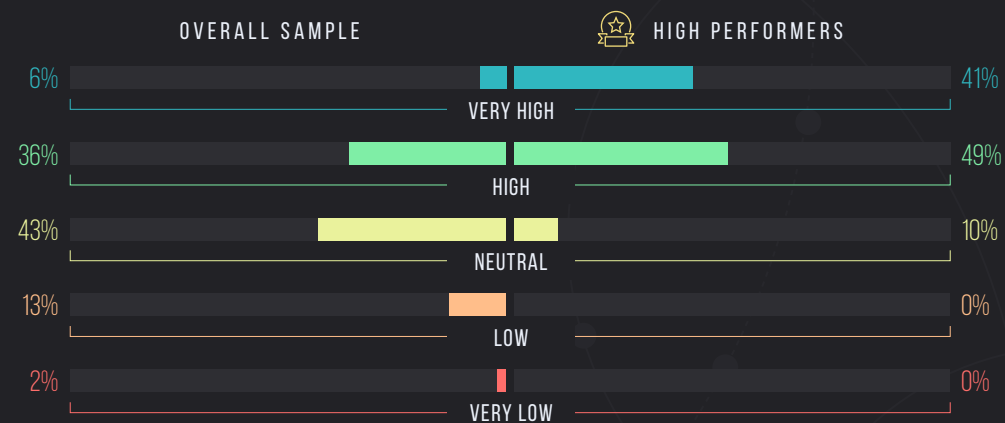
85% RATE THE OVERALL QUALITY, ACCURACY, AND USEFULNESS OF THEIR CRM DATA AS GOOD OR VERY GOOD.

90% RATE THE TRUST AND CONFIDENCE USERS HAVE IN THEIR DATA AS HIGH OR VERY HIGH.

### CRM DATA QUALITY

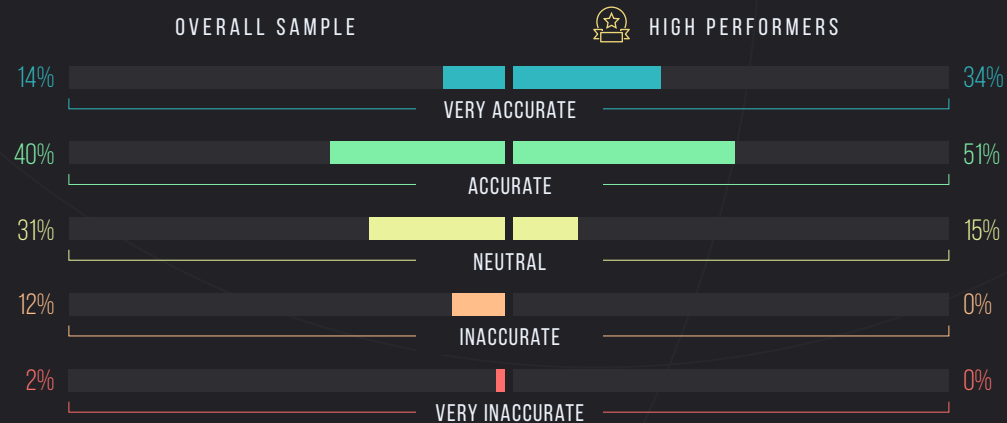


### DATA TRUST AND CONFIDENCE



**85% REPORT SALES FORECASTS ARE ACCURATE OR VERY ACCURATE.**

## SALES FORECASTS

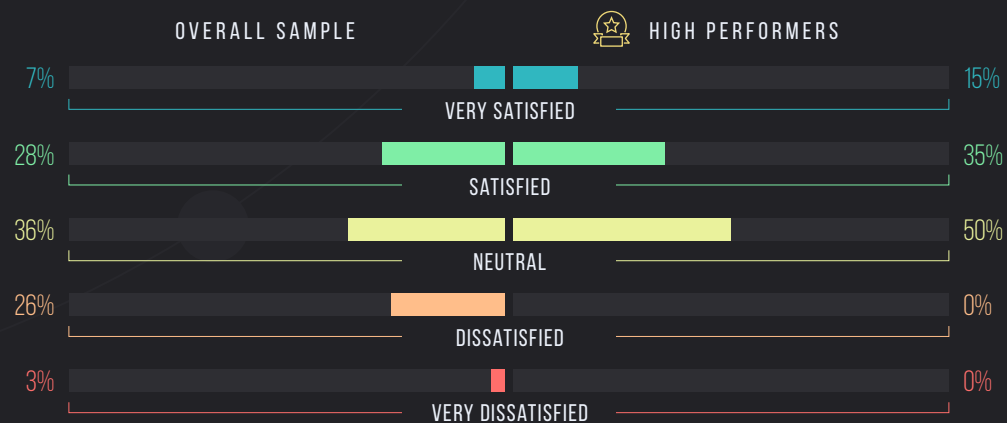


**EVERY BUSINESS STRIVES FOR ACCURATE SALES FORECASTS, HIGHLY SATISFACTORY CONVERSION RATES, AND, ULTIMATELY, INCREASED REVENUE.**

**This report examines the relationship between CRM and revenue:** what are the CRM data management characteristics of high-performing organizations, and how can other organizations adjust their CRM data management to increase revenue and improve other KPIs (key performance indicators)?

**50% ARE SATISFIED OR VERY SATISFIED WITH THEIR LEAD-TO-CUSTOMER CONVERSION RATE.**

## LEAD-TO-CUSTOMER CONVERSIONS



# THE STATE OF CRM DATA QUALITY

This section of the report will explore to what extent data helps companies achieve their revenue objectives and the overall state of data quality and accuracy.

---



FIGURE 1

## THE STATE OF CRM DATA QUALITY

# IMPORTANCE OF CRM & DATA TO ACHIEVING REVENUE OBJECTIVES

The participants in this study are in universal agreement: an effective CRM is critical to helping their sales teams hit revenue goals (Figure 1).

**92% of study participants rate the CRM and the data in it as important or very important.**

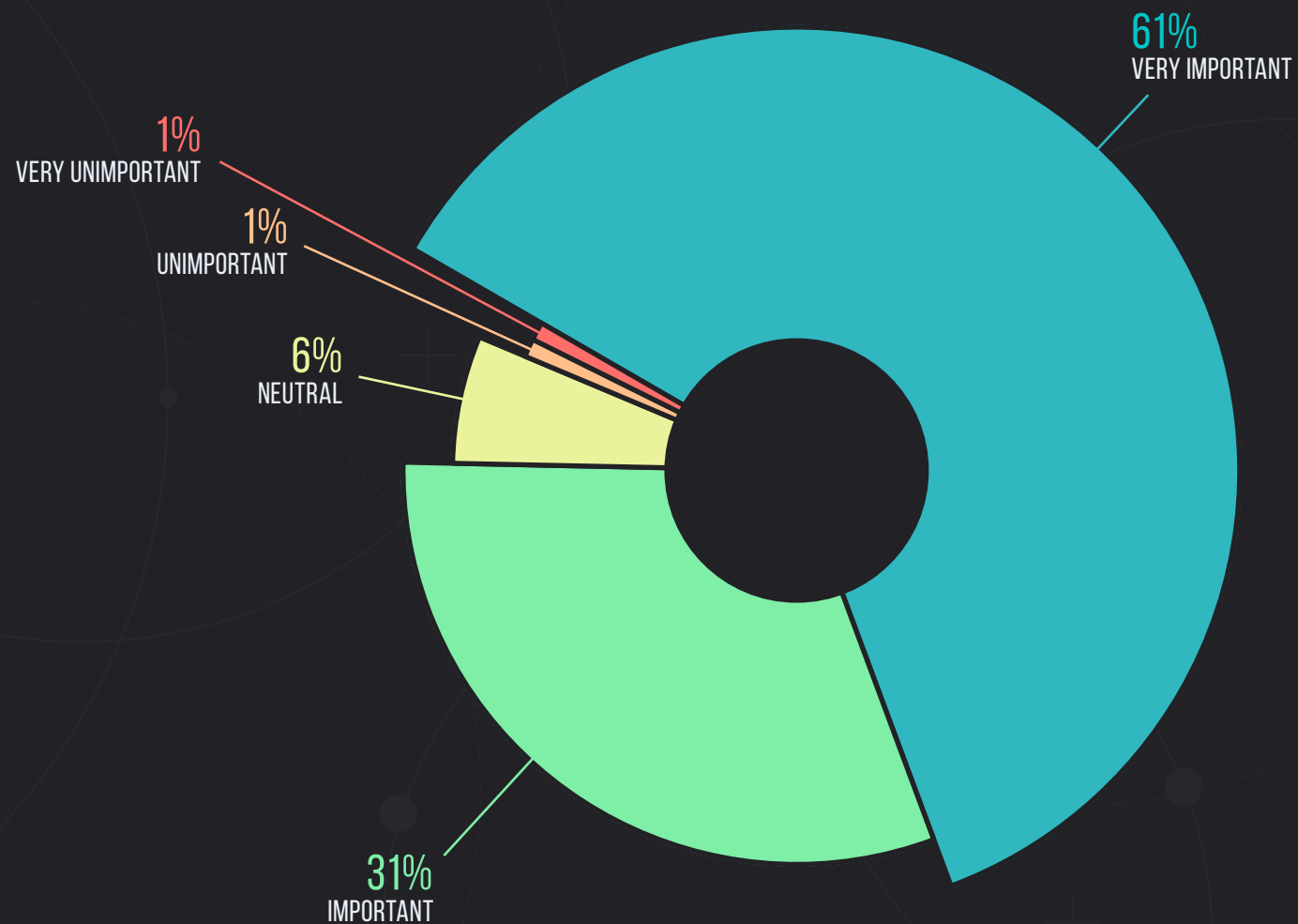


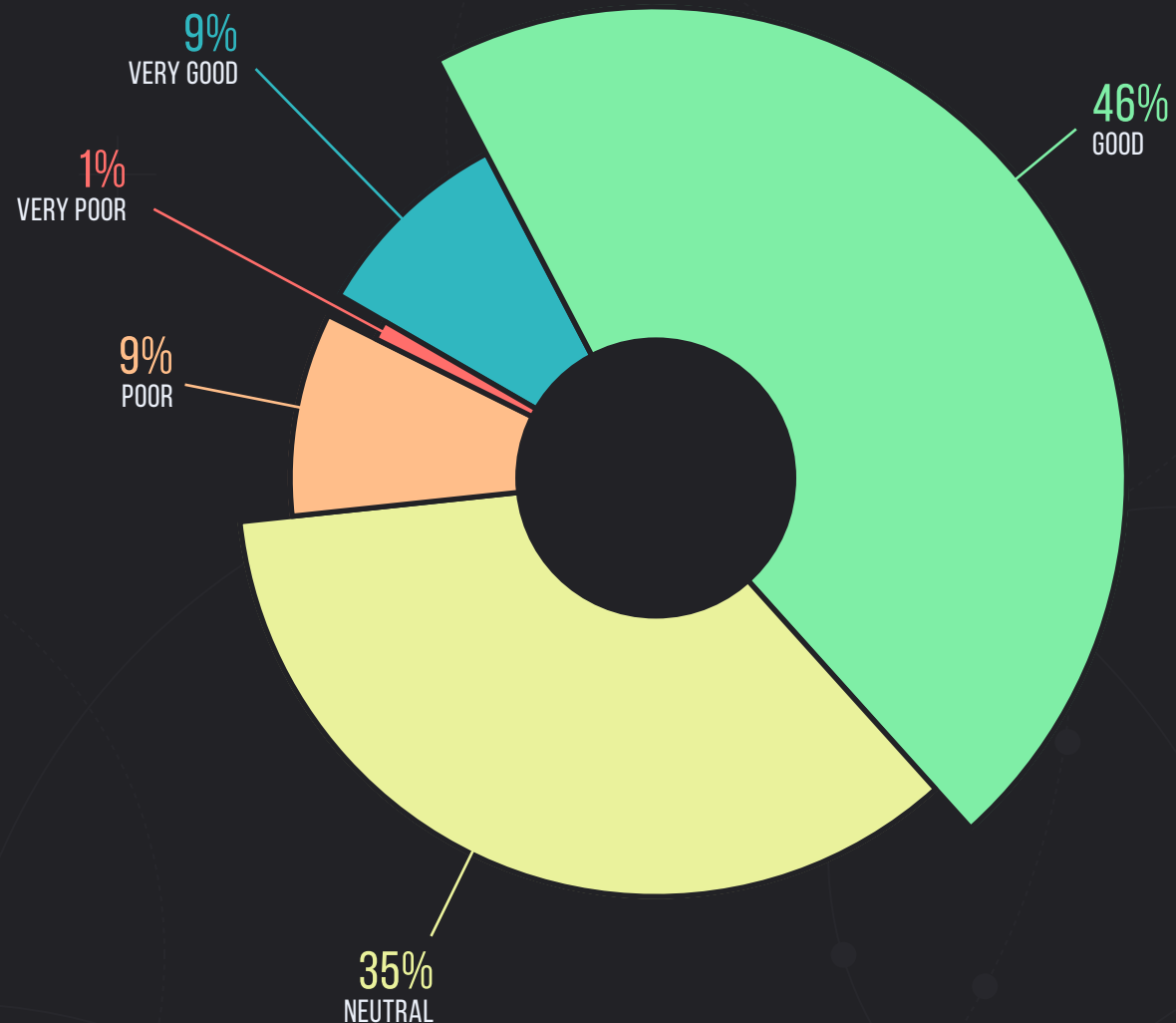
FIGURE 2

## THE STATE OF CRM DATA QUALITY

# CRM DATA QUALITY, ACCURACY, AND USEFULNESS ASSESSMENT

The CRM only works optimally when it contains accurate and complete data. Figure 2 shows how study participants rate the quality, accuracy, and usefulness of data in the CRM.

**This assessment skews slightly toward the good and very good side of the spectrum.**

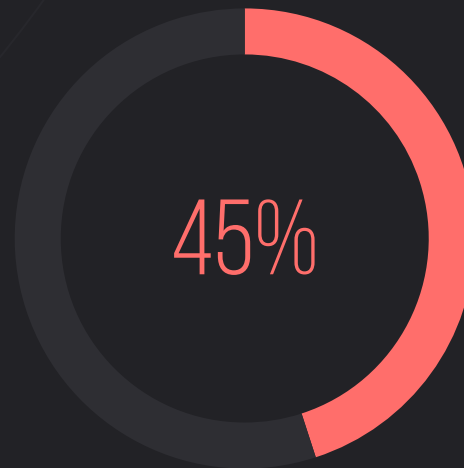
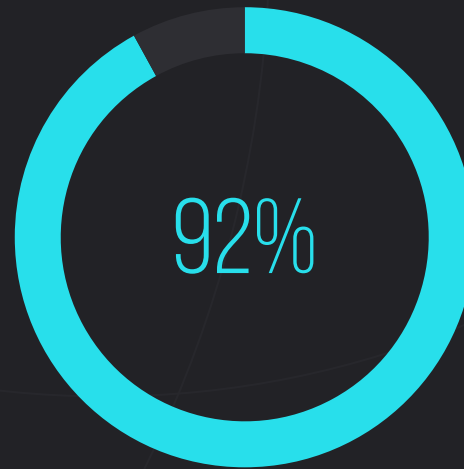


## THE STATE OF CRM DATA QUALITY

# WHAT DO WE LEARN FROM THIS?

Nearly everyone (92%) in Figure 1 understands clean CRM data helps companies meet revenue objectives.

Despite knowing this, almost half (45%) in Figure 2 admit their data isn't that great (very poor to neutral).



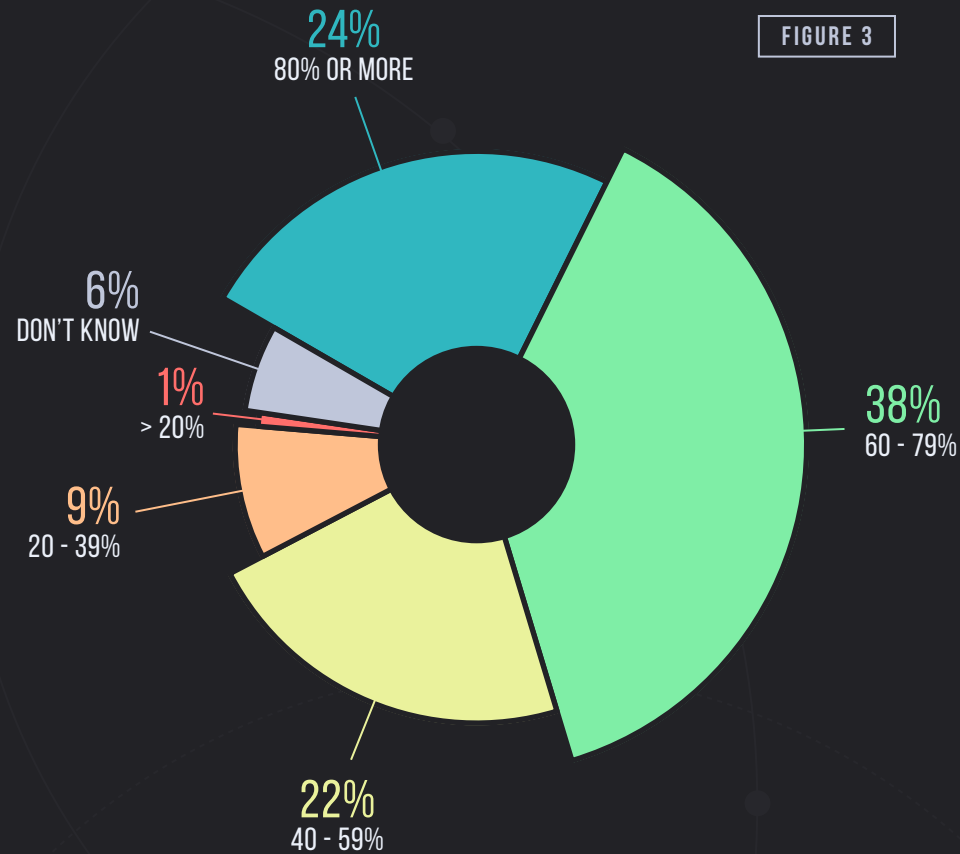
When we compared other survey responses to these two variables, we uncovered interesting and important insights, which we will explore in more detail.

## THE STATE OF CRM DATA QUALITY

# ESTIMATED PERCENT OF CRM DATA THAT IS ACCURATE & COMPLETE

Study participants estimated the percentage of their CRM data that is complete and accurate, which Figure 3 shares.

**Less than one-quarter of study participants report CRM data accuracy and completeness at greater than 80%.**



**Only 6% of study participants (Figure 3) don't know how accurate or complete their CRM data is.**

This tells us that people know the state of their CRM data quality and its importance in meeting company-wide revenue targets, but that importance isn't translating into consistently high levels of data accuracy and completeness.

# IMPACTS OF CRM DATA QUALITY: TRUST AND FORECASTING

Undoubtedly, data is a competitive advantage for companies today.

**In this study, over 70 percent of participants agree that data is the lifeblood of their company and a key growth driver.**

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FIGURE 4

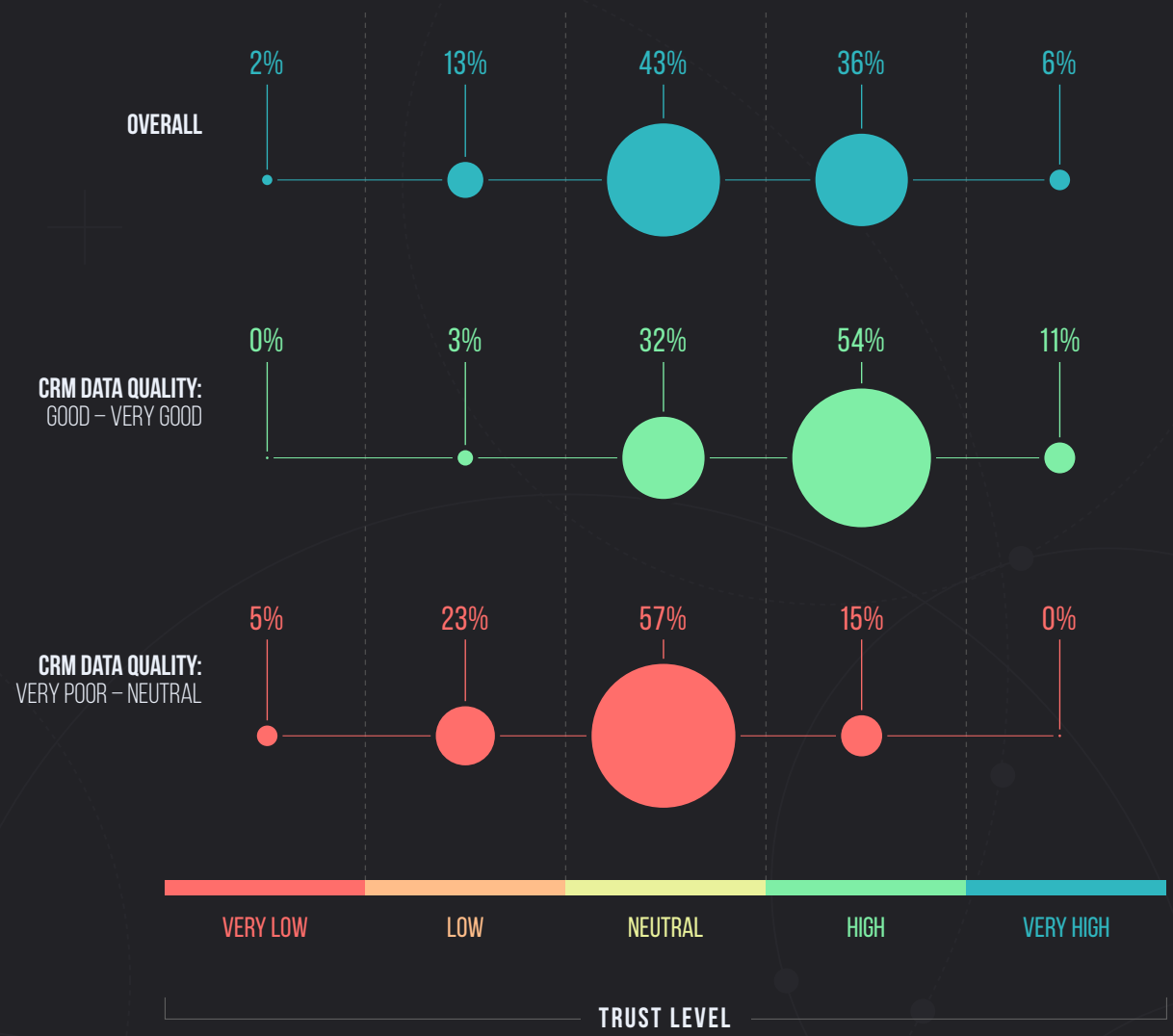
### IMPACTS OF CRM DATA QUALITY: TRUST AND FORECASTING

# TRUST & CONFIDENCE CRM USERS HAVE IN DATA QUALITY & ACCURACY

Trust and confidence correlates strongly with perceived CRM data quality.

For example, one key area shows how CRM data quality impacts its users' trust and confidence (Figure 4).

The correlation in Figure 4 between good CRM data and user trust demonstrates a simple conclusion: **stakeholders do not trust bad data.**



## IMPACTS OF CRM DATA QUALITY: TRUST AND FORECASTING

# ORGANIZATIONS ARE CONSTANTLY COAXING SALES TEAMS TO ADOPT THEIR CRM SYSTEM WHERE DATA QUALITY AND TRUST IS THE MOST CRUCIAL.

But organizations can easily fall into a negative feedback loop. Distrust in data results in declining adoption and even more excuses to ignore a CRM system that no one uses.

When this cycle of distrust and neglect occurs, users perceive the CRM system as irrelevant and an unnecessary expense. Investing in data quality is perhaps one of the most important things an organization can do to get value from the CRM system.

## TRUST AND CONFIDENCE IN CRM DATA AFFECTS SALES FORECASTING.



Many organizations generate sales forecasts using CRM data, and **over two-thirds of study participants were neutral or disagreed that their sales forecasts are almost always on target.**

FIGURE 5

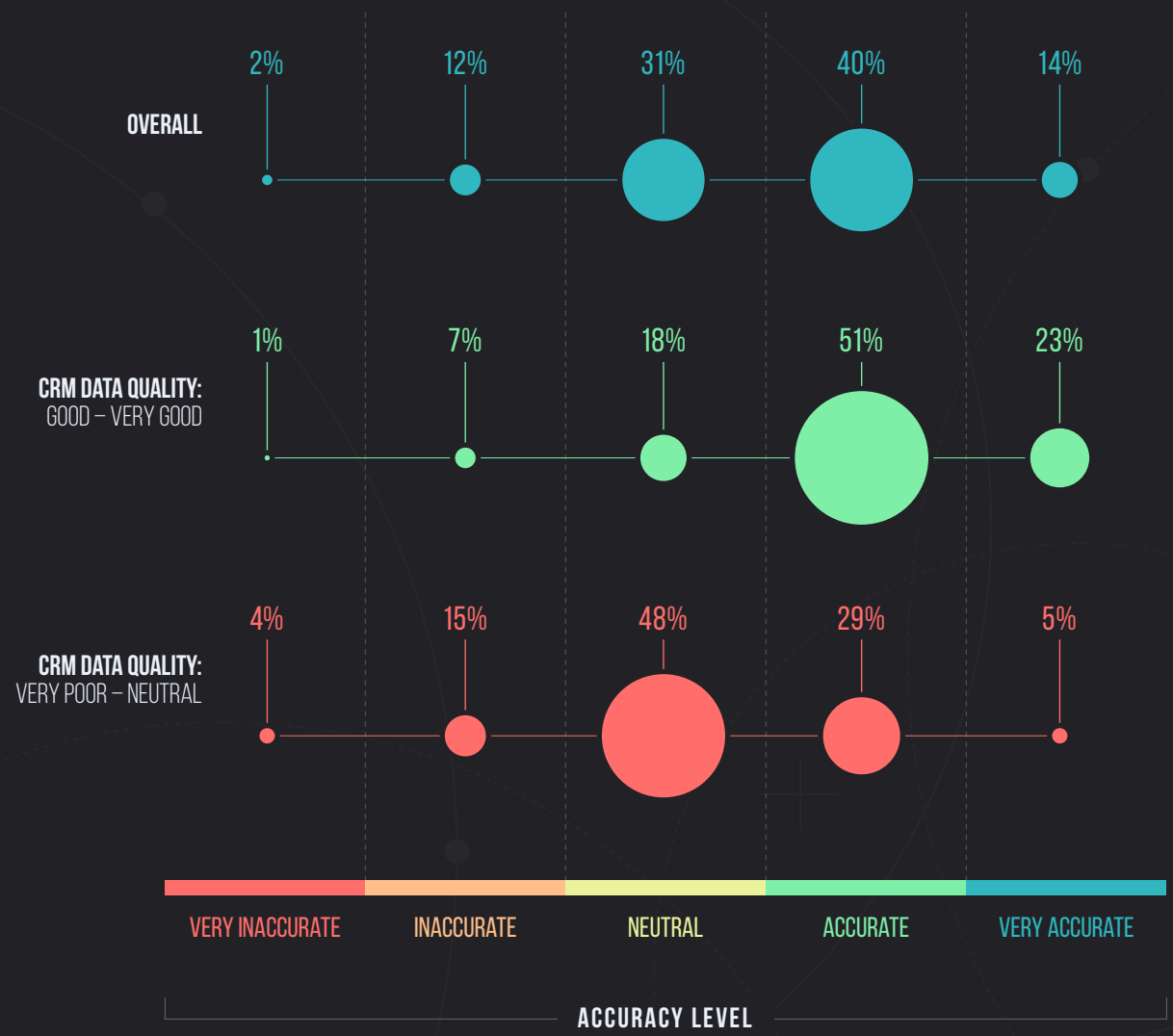
### IMPACTS OF CRM DATA QUALITY: TRUST AND FORECASTING

# ACCURACY OF SALES FORECASTS & REPORTS

When CRM data quality is high, sales forecast accuracy improves substantially.

Figure 5 shows sales forecasting accuracy as a function of CRM data quality. Only five percent of study participants report not using their CRM for sales forecasting and reporting. For the remaining 95%, **almost three-quarters report accurate to very accurate sales forecasts when CRM data quality is good to very good.**

The converse is also true: poor-quality CRM data leaves just over one-third able to boast accurate sales forecasts.





IMPACTS OF CRM DATA QUALITY:  
TRUST AND FORECASTING

# INACCURATE SALES FORECASTS ARE A PROBLEM FOR MORE THAN THE SALES TEAM.

Inaccurate sales forecasts cause a cascade of failures, such as incorrectly budgeting for operations, insufficient working capital, higher turnover rates, and loss of shareholder confidence.

OVER 75% OF STUDY PARTICIPANTS AGREED THAT  
INACCURATE CRM DATA NEGATIVELY IMPACTS THE  
PERFORMANCE OF MULTIPLE DEPARTMENTS.



# IMPACTS OF CRM DATA QUALITY: CONVERSION

In this study, we also explore the impact of CRM data quality on conversions, and find that poor-quality CRM data is a significant barrier to this important mission of marketing and sales.

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FIGURE 6

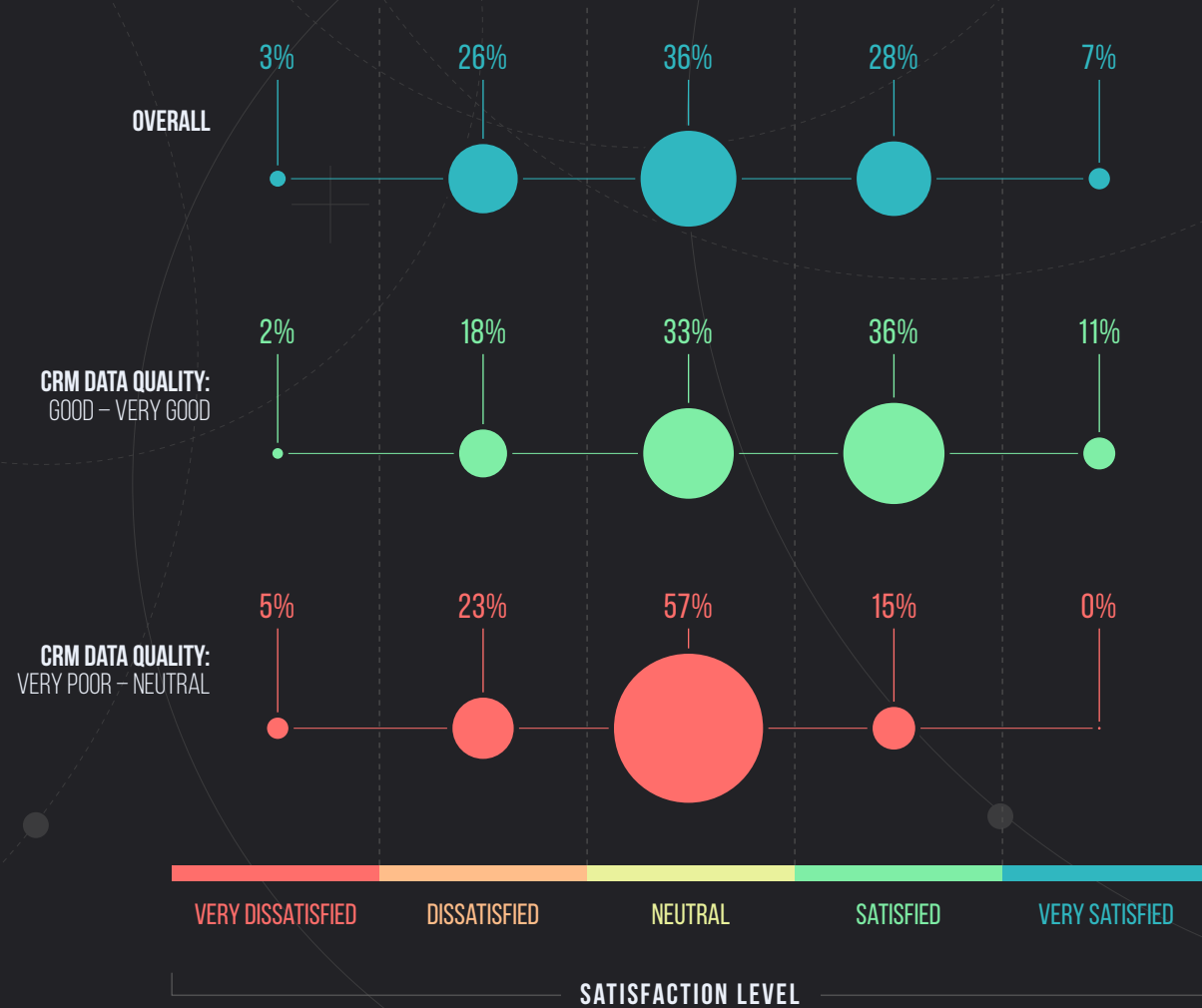
## IMPACTS OF CRM DATA QUALITY: CONVERSION

# SATISFACTION WITH LEAD-TO-CUSTOMER CONVERSION RATE BASED ON CRM DATA QUALITY

Lead-to-customer conversion rate and CRM data quality are undeniably correlated (Figure 6).

**Satisfaction with lead-to-customer conversion rates skews to the dissatisfied side of the scale.**

Those who have good to very good CRM data quality are far more likely to achieve satisfactory conversion rates. In fact, higher quality CRM data makes it three times more likely to also profess satisfaction with lead-to-customer conversion rates.



**86% OF STUDY PARTICIPANTS AGREE THAT ACCURATE CRM DATA IMPROVES CONVERSION RATES.**

FIGURE 7

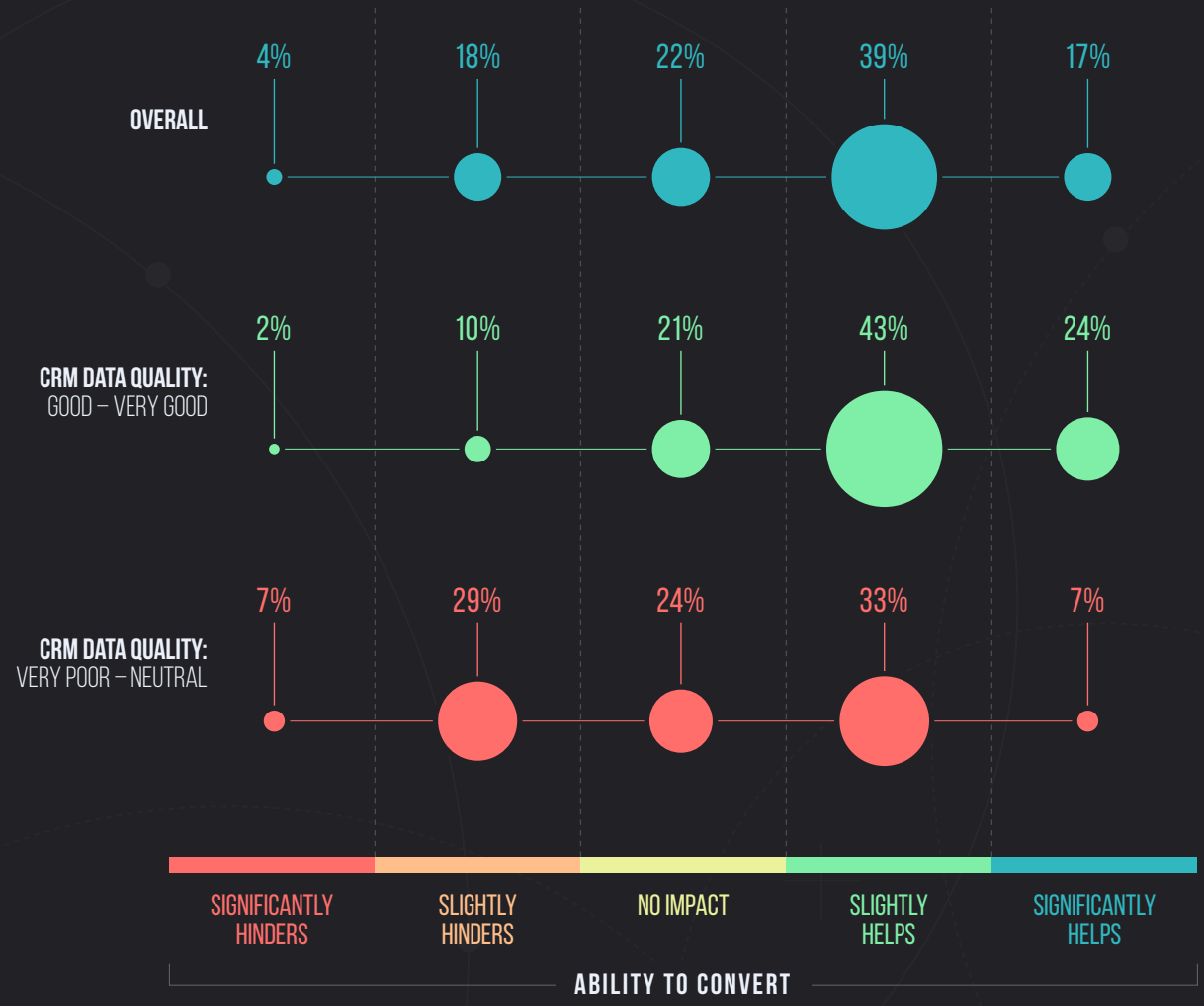
## IMPACTS OF CRM DATA QUALITY: CONVERSION

# HOW CRM DATA QUALITY IMPACTS ABILITY TO CONVERT LEADS TO CUSTOMERS

Poor quality CRM data impairs conversion, while good quality aids it.

The data within a well-managed CRM system provides intelligence about buying propensity, the customer journey, and predictive analytics that help organizations target marketing and sales efforts to those most likely to convert.

In these and other ways, the quality of CRM data significantly affects conversion efforts, as Figure 7 shows. When data quality is good to very good, over two-thirds report that CRM data helps convert leads to customers. By contrast, when CRM data quality is very poor to neutral, just 40 percent say their CRM data helps.



**89% OF STUDY PARTICIPANTS AGREE THAT MAINTAINING CRM DATA QUALITY IS ESSENTIAL TO BUILDING STRONGER CUSTOMER RELATIONSHIPS.**

# IMPACTS OF CRM DATA QUALITY: REVENUE AND BUSINESS INITIATIVES

This section explores how CRM data quality impacts a company's revenue and the strategic initiatives that drive it, two of the most important success factors for a company.

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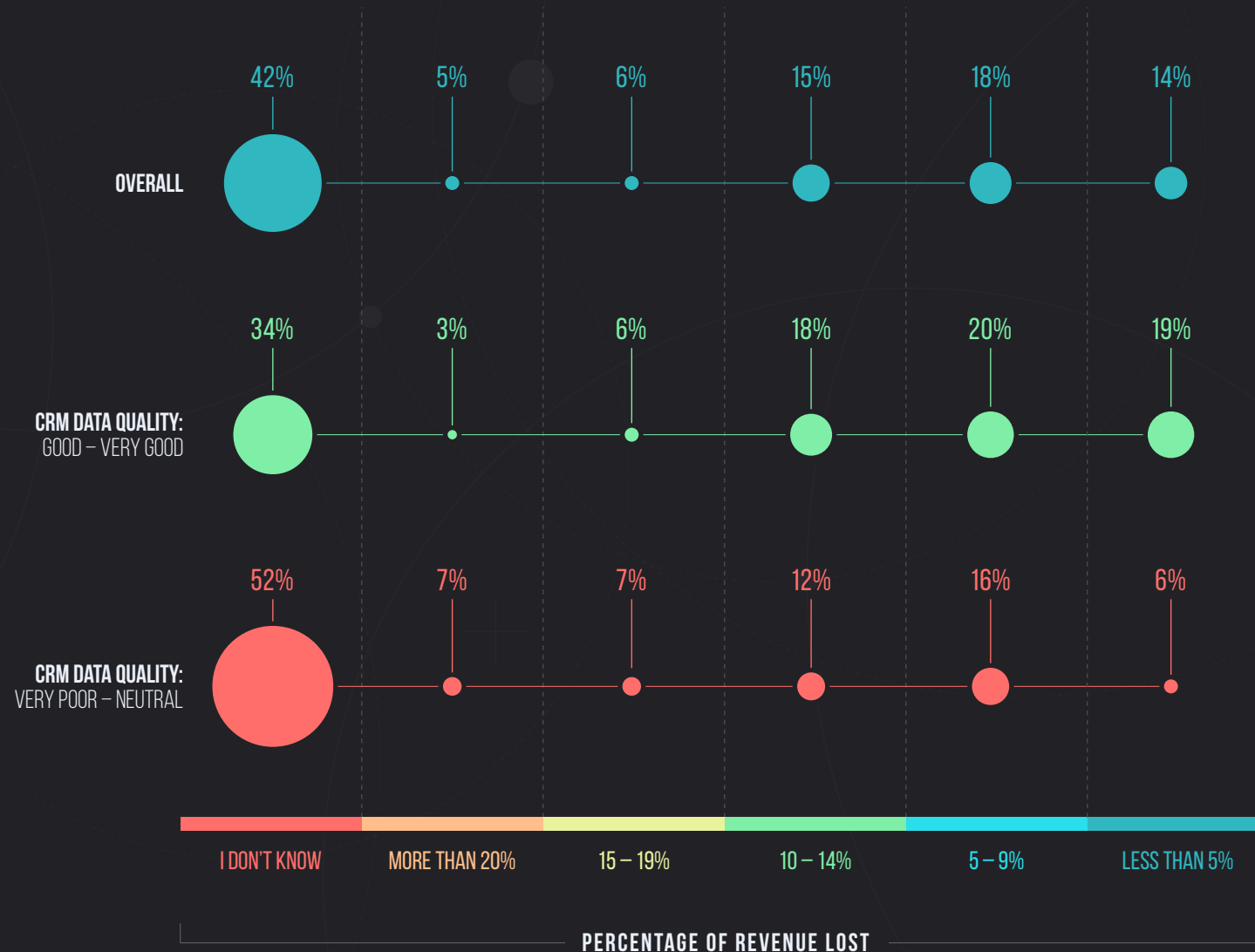
FIGURE 8

### IMPACTS OF CRM DATA QUALITY: REVENUE & BUSINESS INITIATIVES

# ESTIMATED ANNUAL REVENUE IMPACT OF POOR QUALITY CRM DATA

Many organizations are unable to estimate the impact of poor quality CRM data.

Figure 8 shows the revenue impact for the full survey sample, and for the data quality segments shown in Figure 2.



IMPACTS OF CRM DATA QUALITY:  
REVENUE & BUSINESS INITIATIVES

**MANY COMPANIES DON'T REALIZE HOW POOR CRM DATA IMPACTS REVENUE. THOSE THAT CAN ESTIMATE THE IMPACT MAKE IT CLEAR IT'S QUANTIFIABLE AND SIGNIFICANT.**

Even organizations reporting good to very good quality data report significant loss in revenue as a result of bad data. Beyond inconvenience, there is a very real cost to poor CRM data quality.

Consider a company with \$100 million in annual revenues. The data in Figure 8 suggests that it has almost a 50 percent chance of losing between \$5 million to more than \$20 million in annual revenue to data quality issues. Investment in people and tools to improve data quality is almost certain to provide a strong ROI.



44%

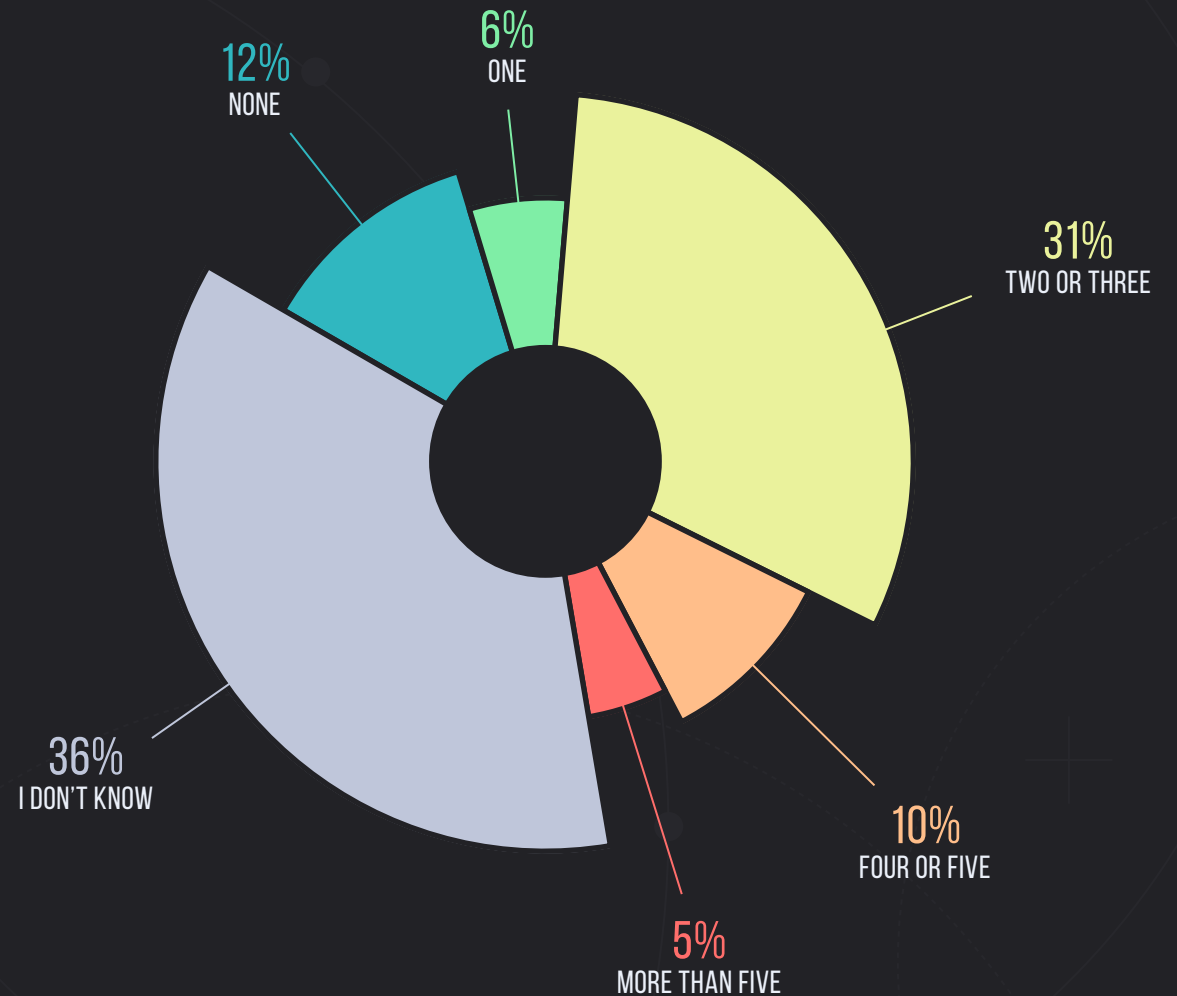
**44% OF PARTICIPANTS ESTIMATE A LOSS IN REVENUE OF 5% TO MORE THAN 20% DUE TO POOR QUALITY CRM DATA.**

## BUSINESS INITIATIVES NOT COMPLETED AS PLANNED DUE TO POOR QUALITY CRM DATA

It's also possible to measure the impact of poor CRM data quality by the number of business initiatives it causes to go uncompleted, as Figure 9 shows.

**For most organizations, poor CRM data quality interferes with getting work done.**

This study did not collect data about the kinds of business initiatives that go uncompleted as planned due to poor-quality CRM data. However, it's clear that data quality gets in the way of organizations executing initiatives and getting the desired outcome from them.





IMPACTS OF CRM DATA QUALITY:  
REVENUE & BUSINESS INITIATIVES

## POOR-QUALITY DATA: A BARRIER TO ACHIEVEMENT

**Whether it's revenue or a strategic business initiative, poor-quality data in the CRM is more than simply inconvenient; it's a barrier to achieving the most important corporate objectives.**

This research identifies some of the significant impacts of poor CRM data quality, including trust, forecasting accuracy, conversion, revenue, and business initiative completion.

# CRM DATA MANAGEMENT

Better data yields better results, and the following section of this report takes a close look at how organizations reporting better data manage their CRM.

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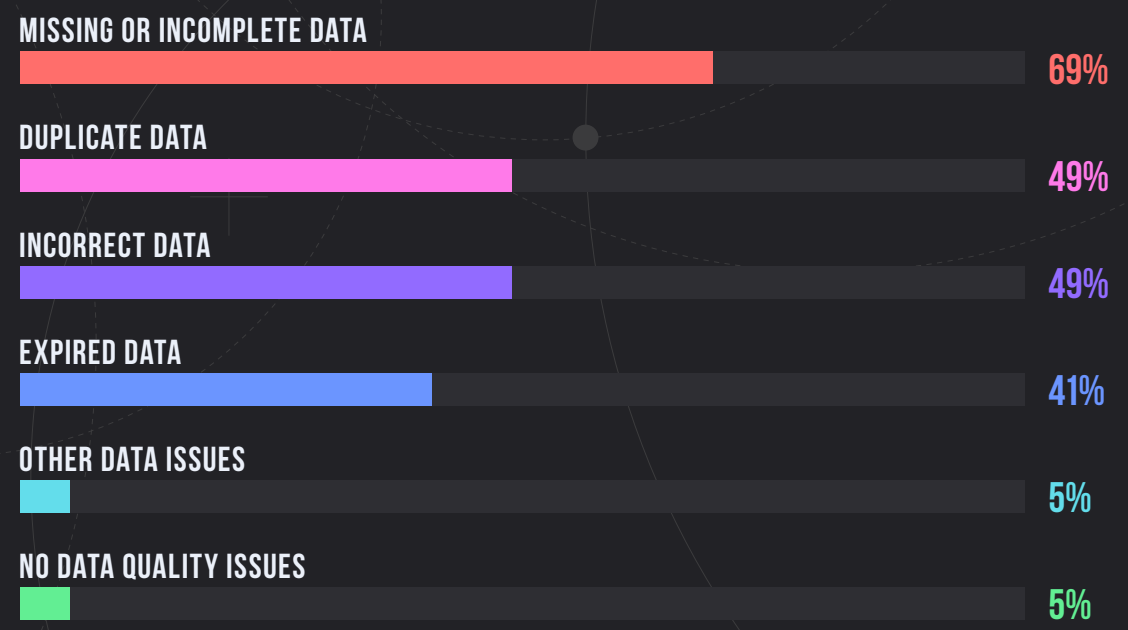
FIGURE 10

## CRM DATA MANAGEMENT

# CRM DATA QUALITY ISSUES

95% of study participants report having some CRM data quality issues.

“Data quality” is a term that has various interpretations. Organizations in this study identified specific data quality issues that impair their ability to fully leverage their CRM systems. Figure 10 catalogs these issues.



**ONLY 27% OF STUDY PARTICIPANTS AGREE THAT THEY HAVE A TRUE 360-DEGREE VIEW OF THEIR CUSTOMERS.**



**ALMOST ALL STUDY PARTICIPANTS REPORT HAVING ONE OR MORE OF THESE ISSUES.**

Many of the study participants who selected “Other data issues” identified them as data in silos or disparate systems making it difficult to have a single source of truth about customers. Without a single source of truth, obtaining an accurate, 360-degree view of customers is impossible.

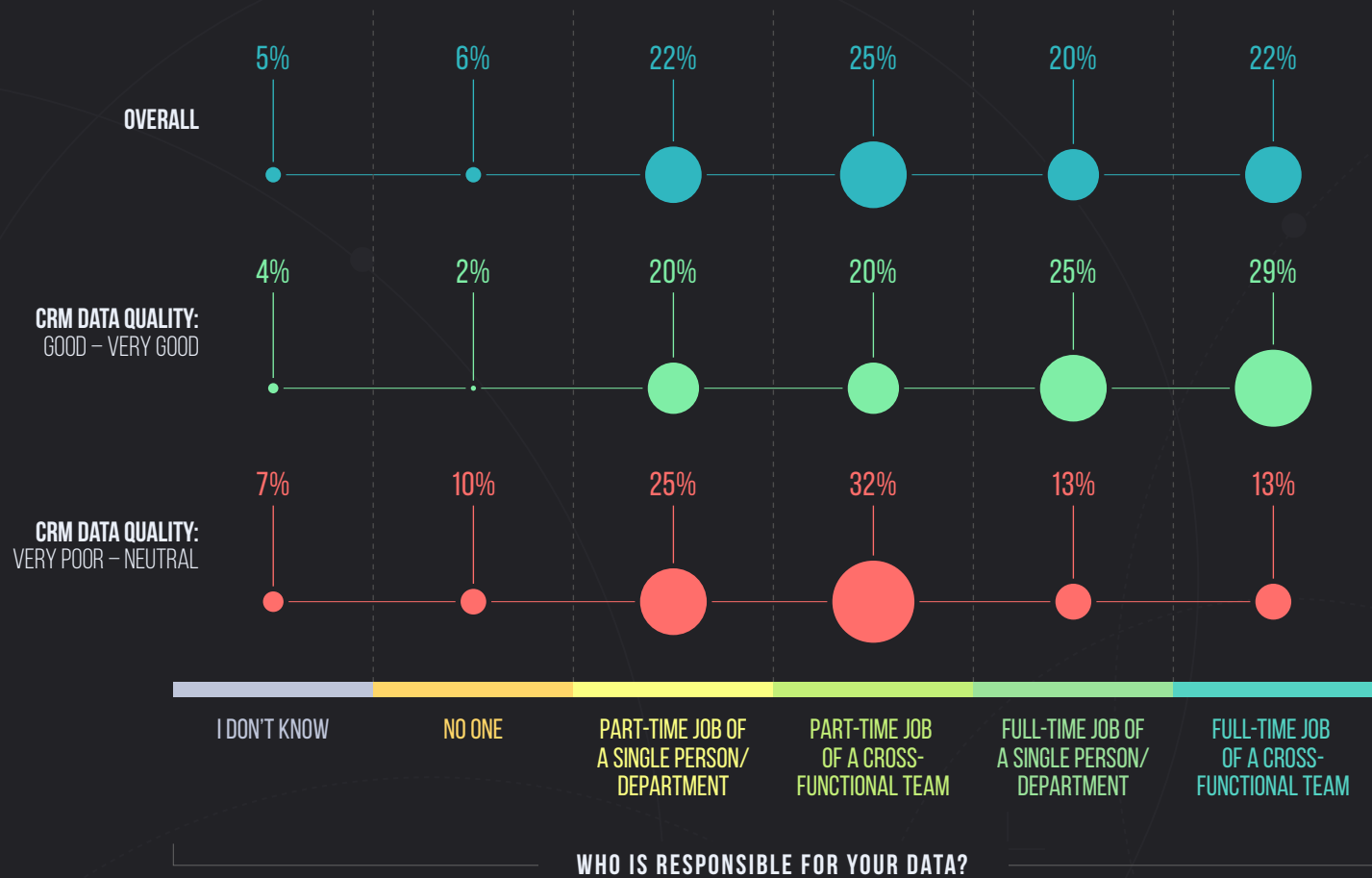
FIGURE 11

CRM DATA MANAGEMENT

# WHO IS INVOLVED IN CRM DATA MANAGEMENT?

To understand how organizations attempt to deal with CRM data quality issues, the study asked participants to identify who holds the responsibility for managing CRM data. As with many of this report’s findings, this responsibility correlates to CRM data quality, and Figure 11 shows this relationship.

**Predictably, those who report very poor to neutral CRM data quality have the highest incidence of having no one responsible for managing CRM data.**



**FOR THOSE WITH GOOD TO VERY GOOD CRM DATA QUALITY,** CRM data management is often the full-time job of either a single person or department, or of a cross-functional team. Organizations reporting the highest quality CRM data make a headcount investment in their systems. Additionally, CRM best practices suggest a cross-functional team approach to managing data, an approach common to respondents reporting the highest data quality.

FIGURE 12

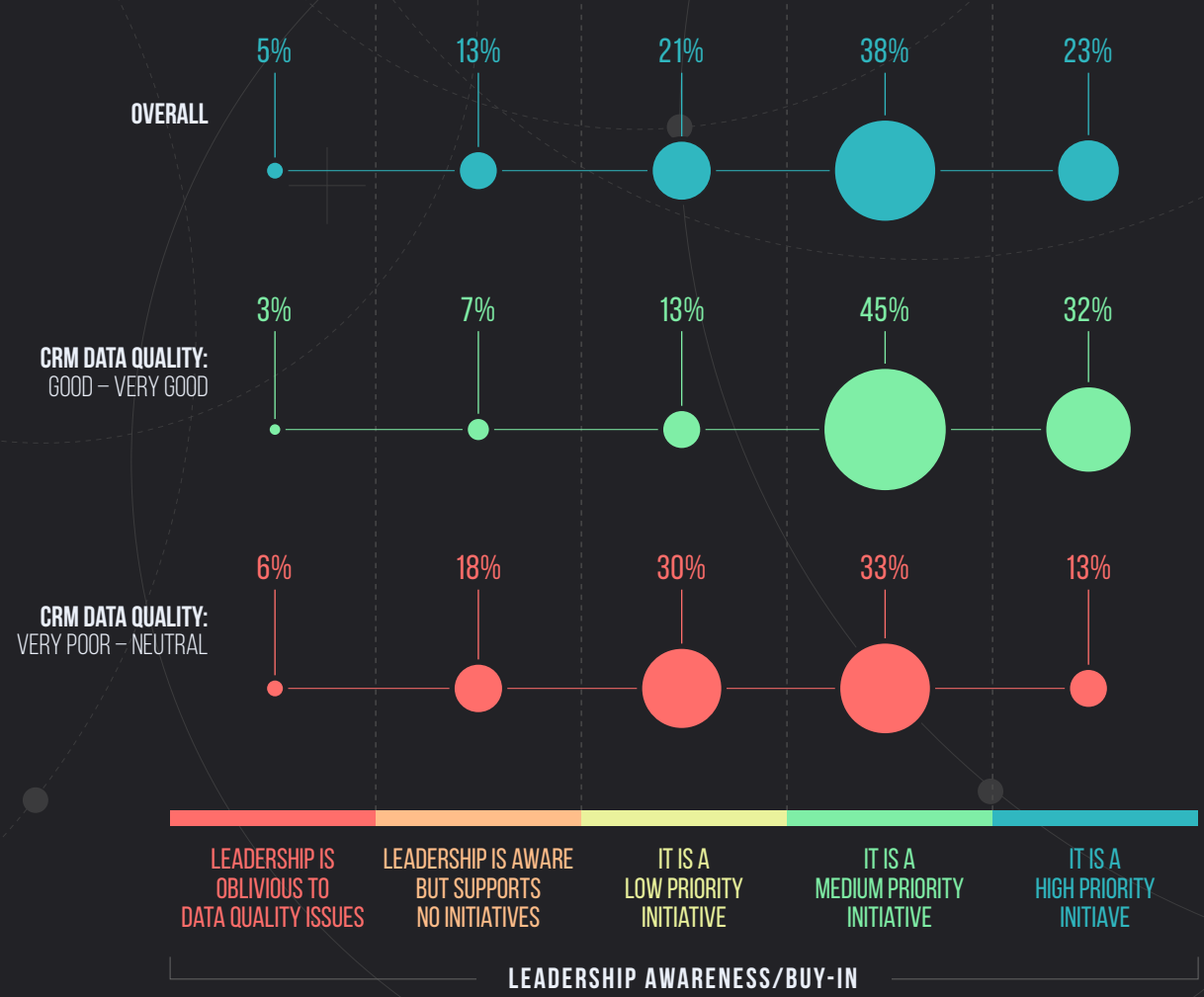
## CRM DATA MANAGEMENT

# LEADERSHIP AWARENESS / BUY-IN FOR MAINTAINING CRM DATA QUALITY

Critically, leadership awareness and buy-in for CRM data management correlates strongly to CRM quality. Measures of leadership awareness and buy-in to maintaining CRM data quality, as well as priority, are shown in Figure 12.

When leadership prioritizes CRM data quality, 90% of study participants report good to very good CRM data quality.

Higher quality CRM data is associated with higher leadership awareness, buy-in and prioritization of maintaining it.



**WHEN LEADERSHIP IS OBLIVIOUS TO DATA QUALITY ISSUES, OR PROVIDES LITTLE OR NO SUPPORT FOR IMPROVING IT, ONLY 10% REPORT GOOD TO VERY GOOD CRM DATA QUALITY.**

FIGURE 13

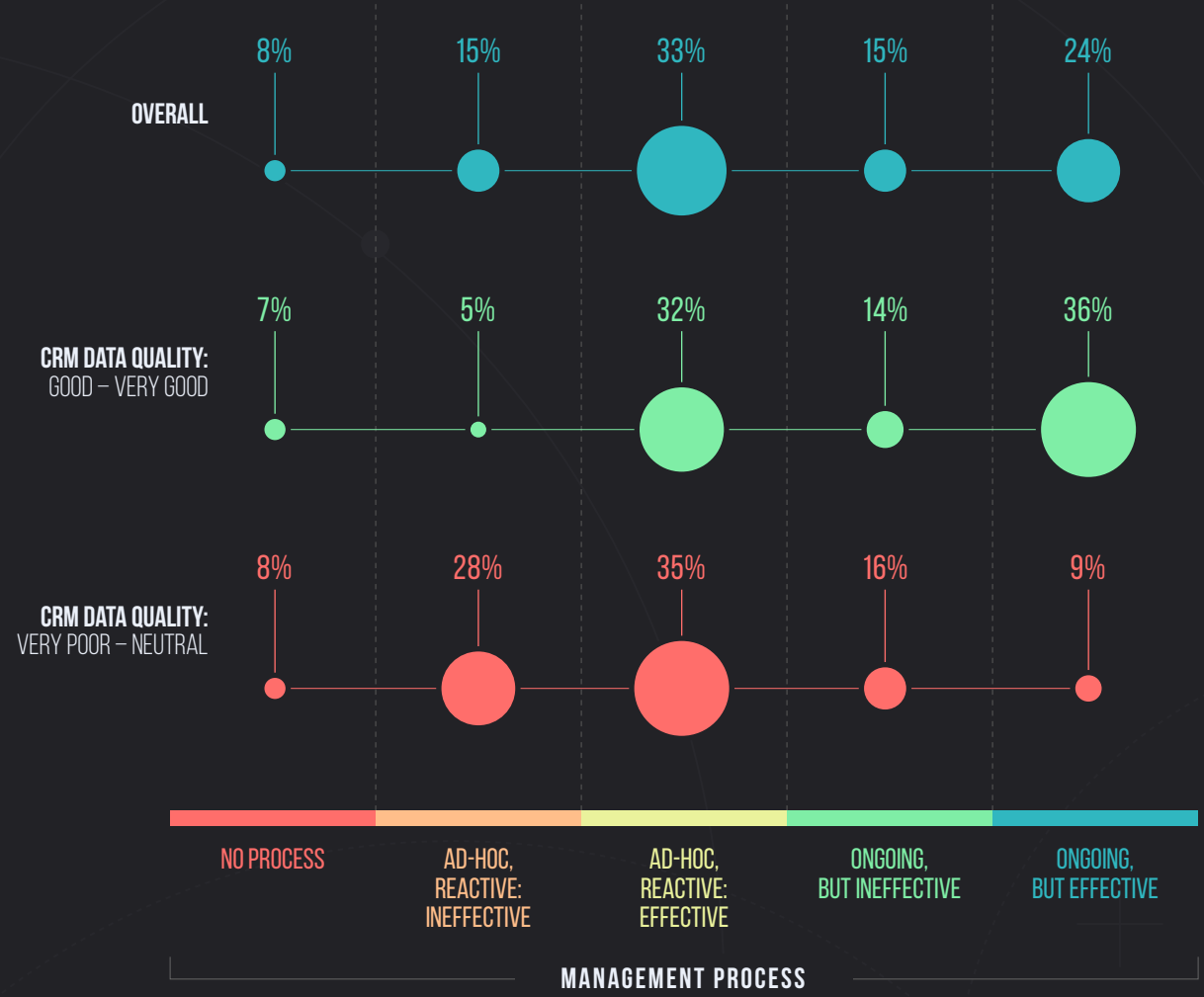
CRM DATA MANAGEMENT

# WHAT KIND OF CRM DATA MANAGEMENT PROCESS DOES YOUR ORGANIZATION USE?

Over one-third of study participants report not having a process or that their CRM data management process is ineffective.

Figure 13 shares the nature and degree of structure of respondents' CRM data management processes. Having a defined, repeatable process with clear ownership relates to higher CRM data quality. As Figure 13 shows, high-quality CRM data is more likely to result from an intentional, ongoing effort, not random or ad-hoc attempts to shore up quality.

Study participants that enjoy good to very good CRM data quality seem to understand this relationship between an ongoing data management process and data quality.



**JUST 40% OF STUDY PARTICIPANTS AGREE THAT THEY HAVE EFFECTIVE DATA QUALITY PROCEDURES IN PLACE.**

FIGURE 14

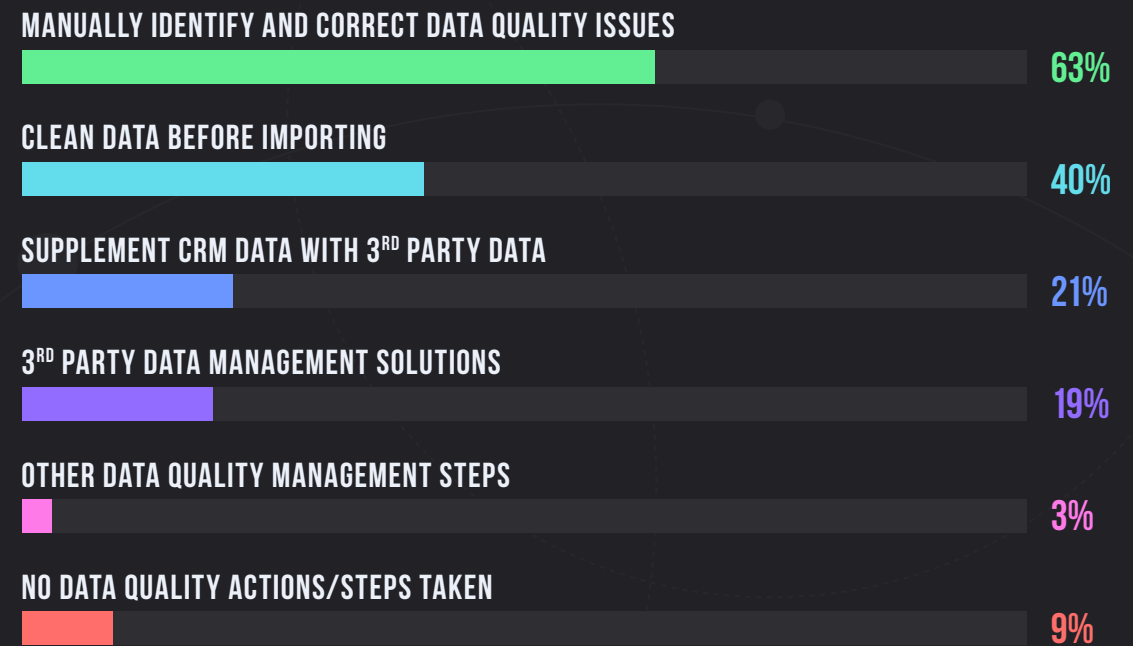
## CRM DATA MANAGEMENT

# CRM DATA QUALITY ACTIONS/STEPS TAKEN

Over 90% of study participants take some steps to improve CRM data quality.

While many organizations create a custom data management process to meet their needs, successful management processes share some commonalities. Figure 14 shows what many organizations are doing to optimize CRM data quality.

It is encouraging that almost all organizations – 91% – in the study are taking some steps to achieve optimal CRM data quality. The concern in the data is that the most prevalent method is a manual one.



## MANUAL DATA CLEANING METHODS CAN DELIVER GREAT RESULTS, BUT THEY CANNOT SCALE.

In today's marketing and sales world, the volume and velocity of incoming data is too high to allow manual cleaning methods to be effective.

# ANALYST BOTTOM LINE

The results of this study make it abundantly clear that there are costs to neglecting CRM data management, but significant benefits come from managing it well.

**Perhaps the reason more organizations aren't managing CRM data well is because it's important, but just not urgent enough. Or perhaps the true impact of poor CRM data quality isn't fully understood.**

The results of this study should be enlightening and provide enough incentive to step up the CRM data management game. Sometimes, however, the best motivator to do something comes from understanding in practical terms what improvement can produce.

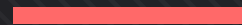




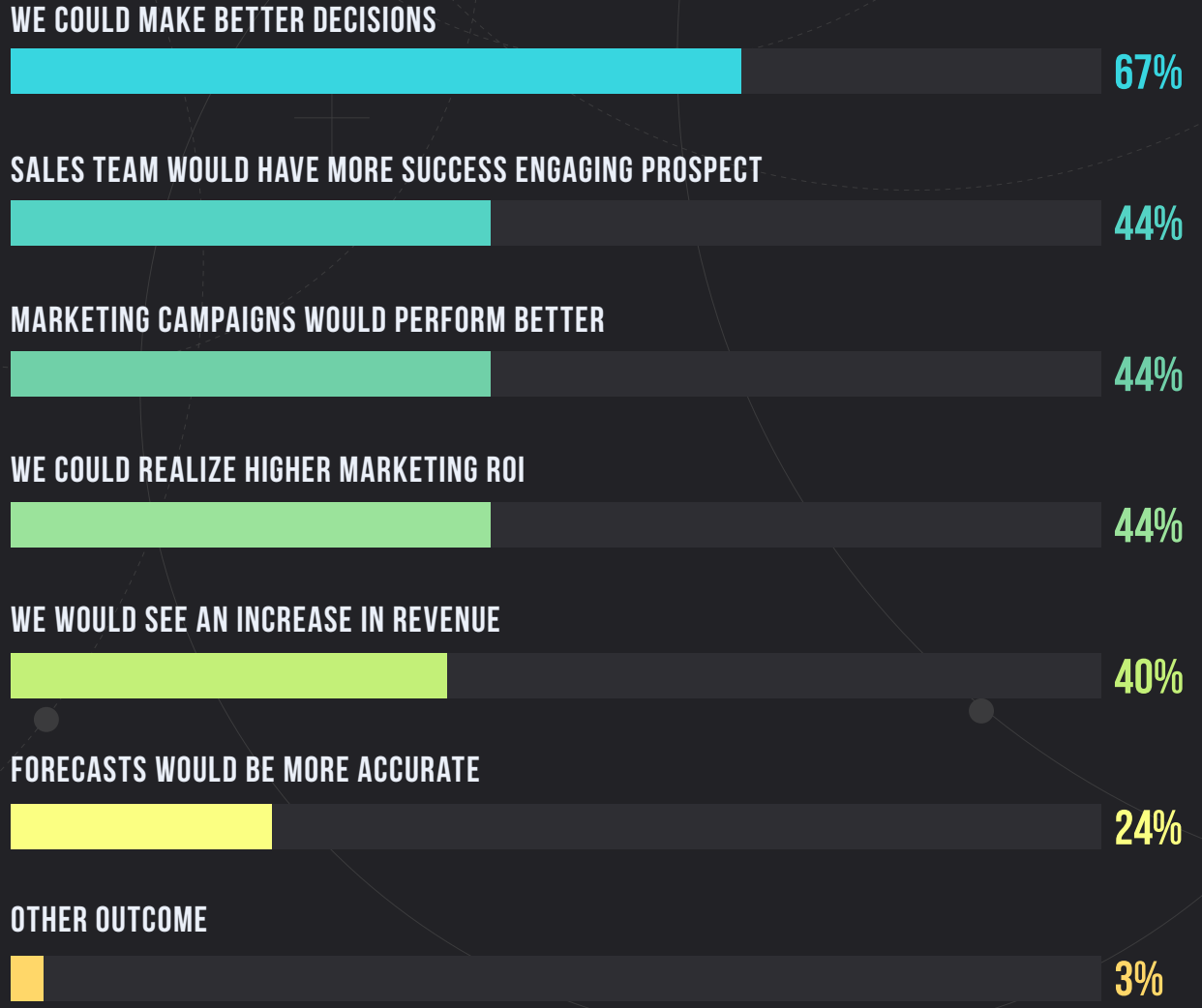
FIGURE 15

ANALYST BOTTOM LINE

# WHAT BETTER QUALITY CRM DATA WOULD ENABLE

Better decisions is just one of many outcomes that better CRM data quality enables.

Figure 15 shares a vision of “what might be” for organizations that better manage CRM data quality.



## ANALYST BOTTOM LINE

# MAKE BETTER DECISIONS

The ability to make better decisions is the most sought-after outcome of improving CRM data quality. Better decisions will create a series of cascading benefits that reach throughout the organization. A few recommendations flow from this study's findings that can help marketing and sales teams achieve higher quality CRM data and the accompanying benefits:



## GET LEADERSHIP ON BOARD

Ensuring leadership is aware of how CRM data quality impacts the organization is the first step toward improvement. When leadership is aware and makes managing data a priority, support will exist for the necessary organizational changes and investments.



## PUT THE RIGHT TEAM IN PLACE

While most view the CRM system as a sales team tool, its reach, impact, and utility extend outside the sales team. A cross-functional team managing CRM data correlates to the highest CRM data quality. Members of that team can come from sales, marketing, operations, and IT.



## MAKE IT A JOB, NOT A TASK.

In most organizations, the volume and velocity of data flowing into the CRM system warrant making its management a full-time responsibility. To get the benefits of high-quality CRM data this study describes, organizations need a full-time caretaker of the CRM and its data.



## AUTOMATE THE PROCESS

The most prevalent data quality improvement efforts among study participants are manual. Attempting to scale a manual process to meet the needs of most organizations is futile. With leadership support, cross-functional teams can invest in tools, automation, and third-party data to keep CRM data quality at the highest level.

Better quality CRM data is a worthy goal with benefits well-documented in this study. As the highest-performing eight percent of study participants demonstrate, managing CRM data well correlates to substantial performance improvements compared to the full sample.

**Quality CRM data isn't the goal for organizations: instead, the end game is better decisions.**

Those better decisions translate into real business advantage, and in competitive industries, more effective and agile decisions are often what separate market leaders from challengers.

# APPENDIX

This State of CRM Data Management 2020 survey was administered online during the period of February 6 through February 25, 2020. During this period, 294 responses were collected, 276 of which were qualified and complete enough for inclusion in the analysis.

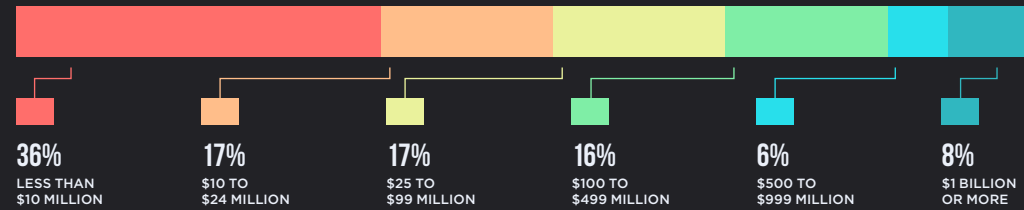
**Only valid or correlated findings are shared in this report.**

The representativeness of this study's results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance.

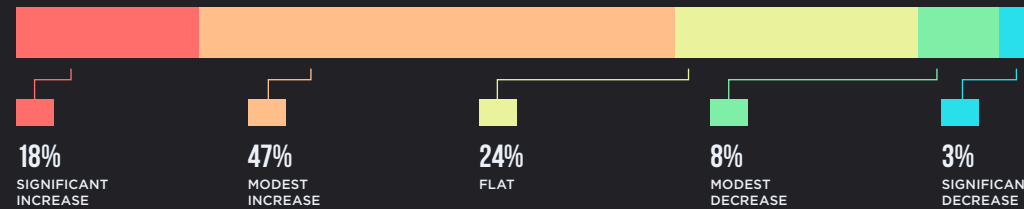
Summarized here is the basic categorization data collected about respondents to enable filtering and analysis of the data:



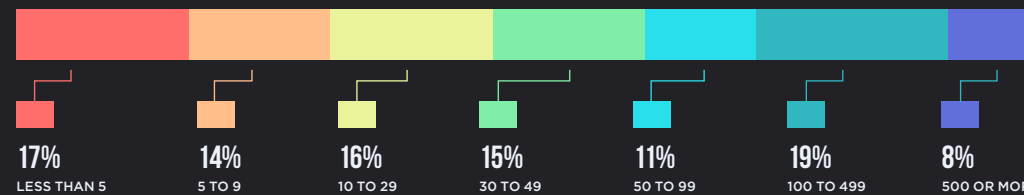
## ANNUAL REVENUE



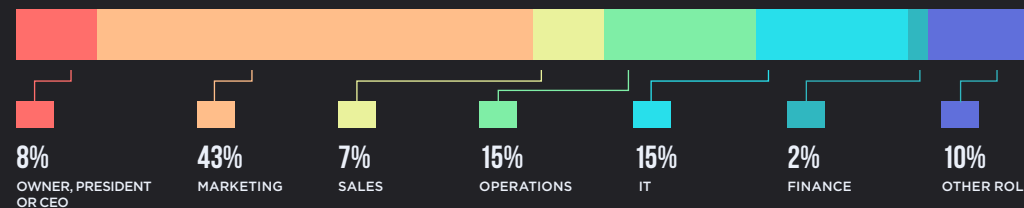
## REVENUE GROWTH ENVIRONMENT IN MOST RECENT FISCAL YEAR



## NUMBER OF CRM SYSTEM USERS



## ROLE IN THE ORGANIZATION





Businesses run better and grow faster with trustworthy data. Tens of thousands of organizations rely on Validity solutions – including Everest, DemandTools, BriteVerify, Trust Assessments, and GridBuddy Cloud – to target, contact, engage, and retain customers effectively. Marketing, sales, and customer success teams worldwide trust Validity solutions to help them create smarter campaigns, generate leads, drive response, and increase revenue. For more information visit [validity.com](https://validity.com) and connect with us on LinkedIn and Twitter.

[validity.com](https://validity.com)

[sales@validity.com](mailto:sales@validity.com)

