validity

THE STATE OF
CRM DATA MANAGEMENT 2022

Unfounded Trust in Data Accuracy
Has Crippling Consequences

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INTRODUCTION

The CRM can be a double-edged sword: an invaluable resource that drives desirable business outcomes, or a time-sucking tool that adds friction to user workdays and customer journeys.

The difference lies in the data.

Too many CRM users blindly assume their data is clean and ready for meaningful use. And in many cases, they're wrong.

Low-quality data can be a silent killer for businesses—particularly when many industries are still reeling from the fallout of COVID-19, making it difficult to deliver strong, consistent performance.

And as organizations face pressure to innovate ahead of competitors, data quality issues can sabotage new initiatives like AI projects or hyper-personalization campaigns before they leave the ground.

The *State of CRM Data Health in 2022* is a global study* of 1,241 CRM users and stakeholders in the United States, United Kingdom, and Australia.

This report found that CRM users have unfounded confidence in the quality of their data—and reveals crippling bottom-line impacts of this disconnect.

*Due to underlying consistencies in responses from the three regions, statistics presented in this study reflect global percentages, except in a few highlighted cases of notable variances.

KEY FINDINGS

44%

Data quality has a direct impact on revenue.

44% of respondents estimate their company loses over 10% in annual revenue due to poor-quality CRM data.

75%

Data mismanagement leads to dubious internal practices.

75% of respondents admit staff "often" (33%) or "sometimes" (42%) fabricates data to tell the story they want decision makers to hear.

450%

Lack of ownership for a CRM system directly correlates with data quality.

Those who rated the overall quality of their CRM data as "poor" or "very poor" were 450% more likely than those who rated their data as "good" or "very good" to say there is nobody responsible for managing the data in their CRM system.

79%

COVID-19 is accelerating data decay.

79% of respondents say data decay at their organization increased as a result of COVID-19.

64%

CRM users are reaching their breaking points.

64% of respondents say they would consider leaving their current role if additional resources are not allocated to a robust CRM data quality plan.

RELIANCE ON CRM DATA REMAINS STRONG

ORGANIZATIONS ARE QUICK TO CLAIM THEY ARE "DATA-DRIVEN."

As sales volumes increase, business relationships grow more complex, and consumer expectations for personalized, frictionless experiences rise, teams rely on CRM data more than ever.

Study participants overwhelmingly recognized CRM data as a force for good, noting its ability to guide better decisions that translate into real, measurable business advantages (figure 1).

These results are unsurprising: Most (if not all) organizations are quick to claim they are "data-driven." But when delving deeper into the *quality* of the data driving their decisions, the situation becomes less black and white.

FIGURE 1

WE USE OUR DATA TO DIFFERENTIATE OURSELVES AND GAIN A COMPETITIVE ADVANTAGE

84% AGREE   16% DISAGREE

DATA IS THE LIFEBLOOD OF OUR COMPANY AND A KEY GROWTH DRIVER

80% AGREE   20% DISAGREE

ACCURATE CRM DATA IMPROVES OUR CONVERSION RATES

96% AGREE   4% DISAGREE

MAINTAINING CRM DATA QUALITY IS ESSENTIAL TO BUILDING STRONG CUSTOMER RELATIONSHIPS

84% AGREE   16% DISAGREE

CHAPTER 2

USER TRUST IN THE *QUALITY* OF CRM DATA IS UNFOUNDED

CONFIDENCE IN DATA QUALITY

Encouragingly, most respondents reported having confidence in the overall quality of their data. Over 76 percent of respondents characterized their CRM data quality as either "good" or "very good."

HOW DO YOU RATE THE OVERALL QUALITY, ACCURACY, AND USEFULNESS OF THE DATA IN YOUR CRM SYSTEM?
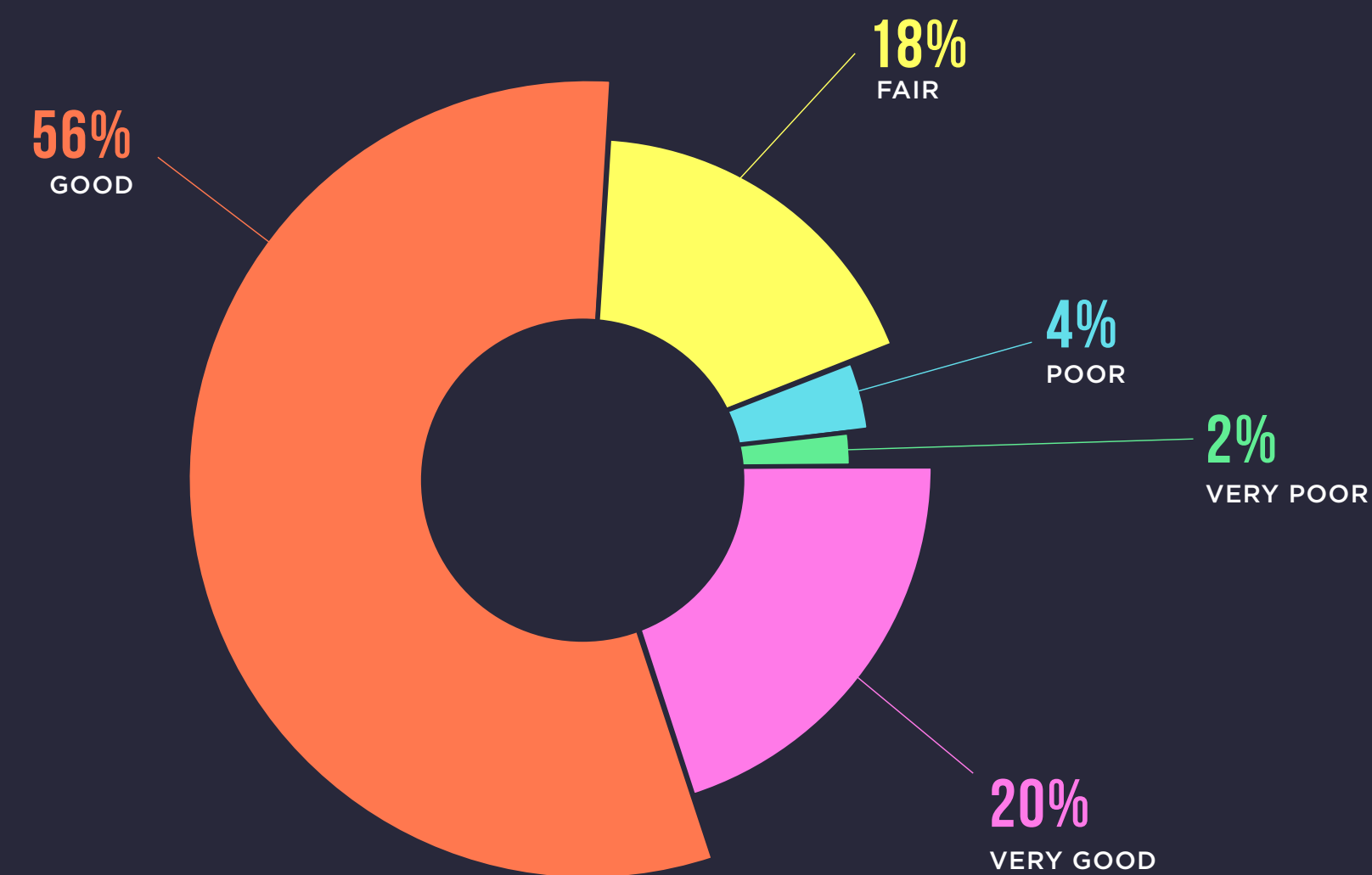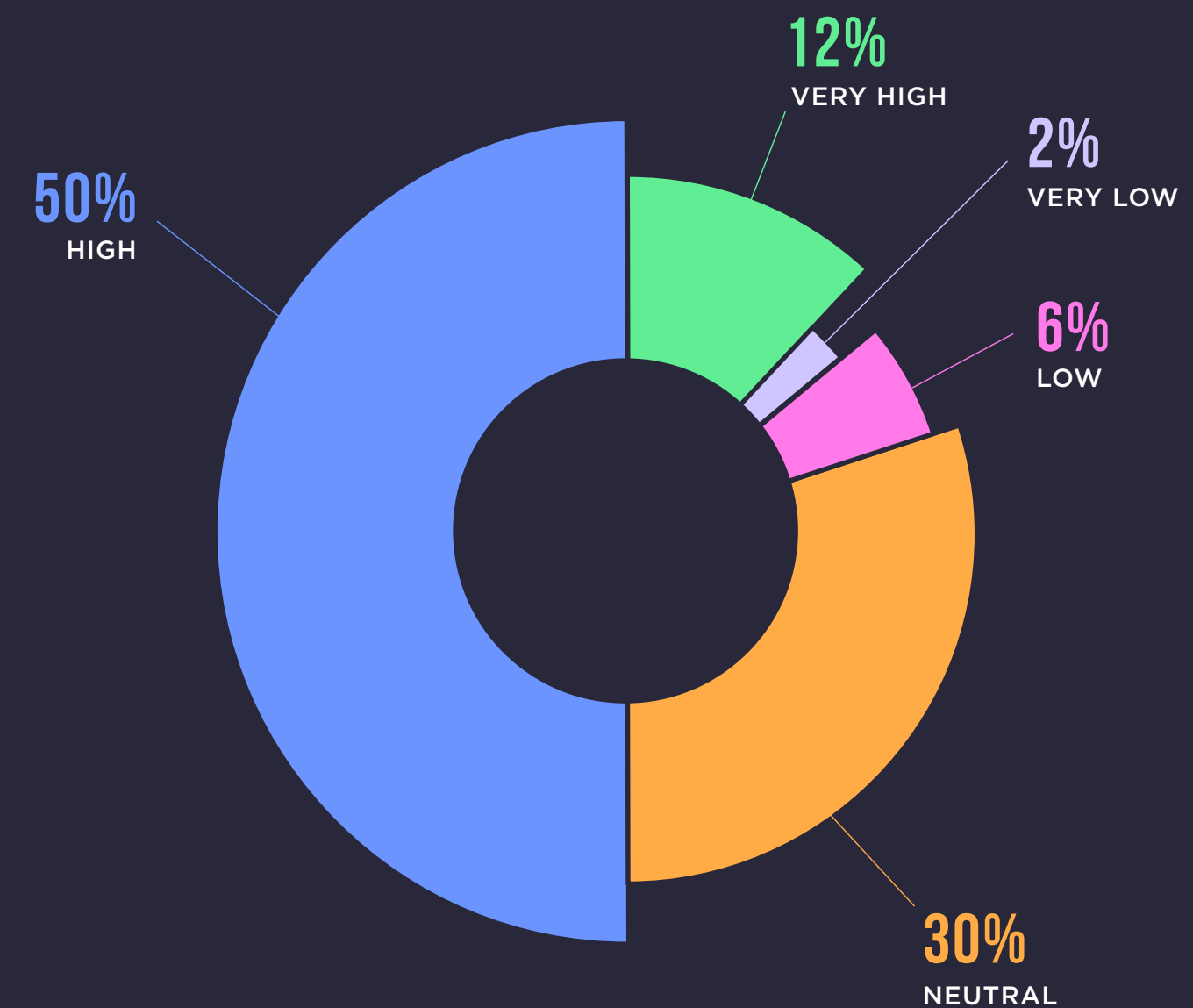

56% GOOD
18% FAIR
4% POOR
2% VERY POOR
20% VERY GOOD

HOW DO YOU RATE THE LEVEL OF TRUST AND CONFIDENCE THAT USERS OF THE CRM SYSTEM HAVE IN THE QUALITY AND ACCURACY OF THE DATA STORED IN IT?

12% VERY HIGH
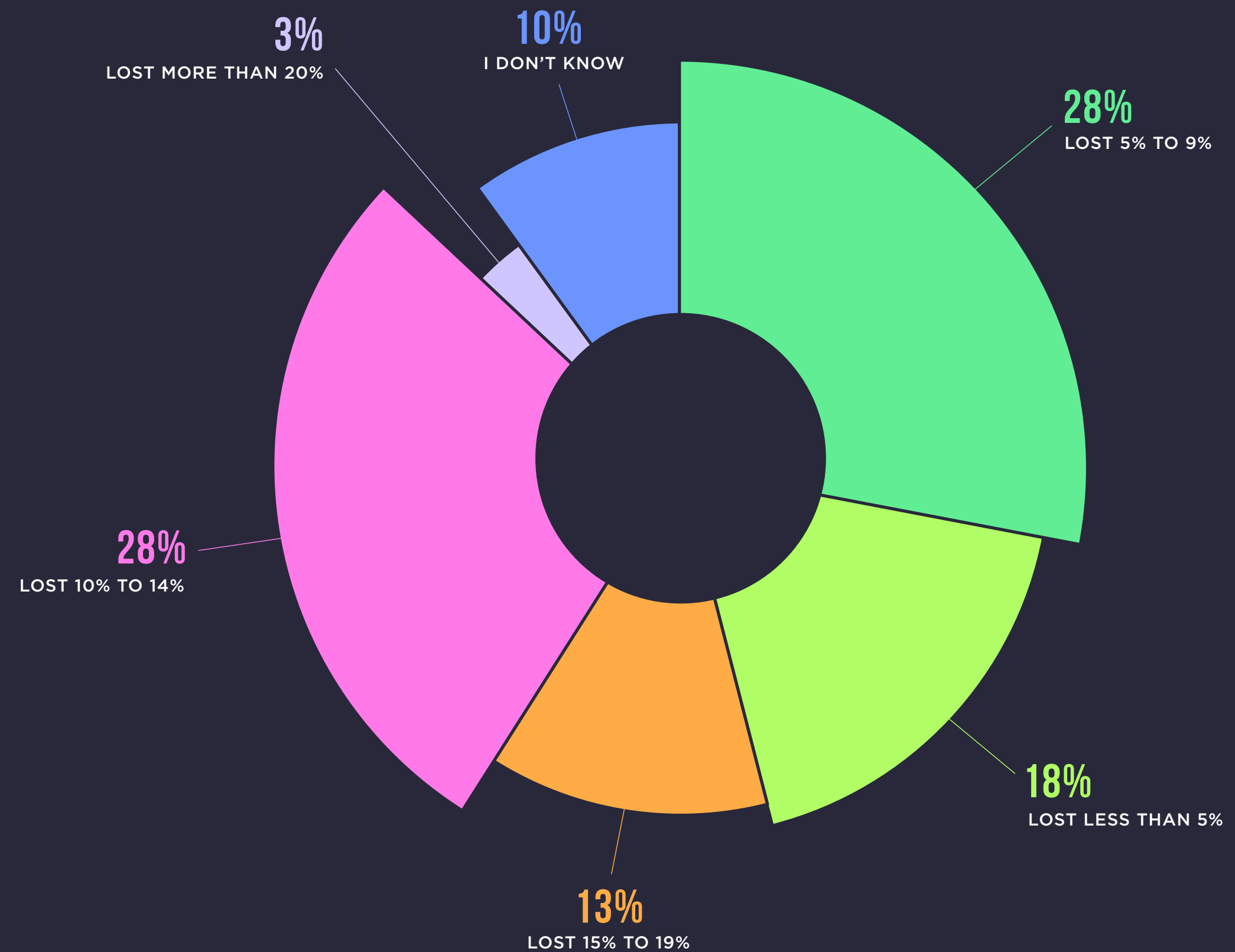2% VERY LOW
50% HIGH
6% LOW
30% NEUTRAL

DATA CONFIDENCE DOES NOT REFLECT REALITY

CRM users painted a rosy picture of their CRM data quality. But when drilling deeper, a surprising trend emerged: **User confidence in CRM data did not reflect reality.**

- 75% of respondents said duplicate and/or inadequate outreach driven by poor data quality loses their company customers.

- 50% said they lose new sales due to poor CRM data quality.

- 44% of respondents estimated that their company loses over 10% in annual revenue due to poor-quality CRM data (figure 4).

- 69% of respondents reported their organizations do not pursue and/or complete potentially valuable initiatives due to low-quality CRM data (figure 5).

WHAT IS THE ESTIMATED ANNUAL REVENUE IMPACT OF POOR-QUALITY DATA IN YOUR CRM SYSTEM?

3%
LOST MORE THAN 20%

10%
I DON'T KNOW

28%
LOST 5% TO 9%

28%
LOST 10% TO 14%

18%
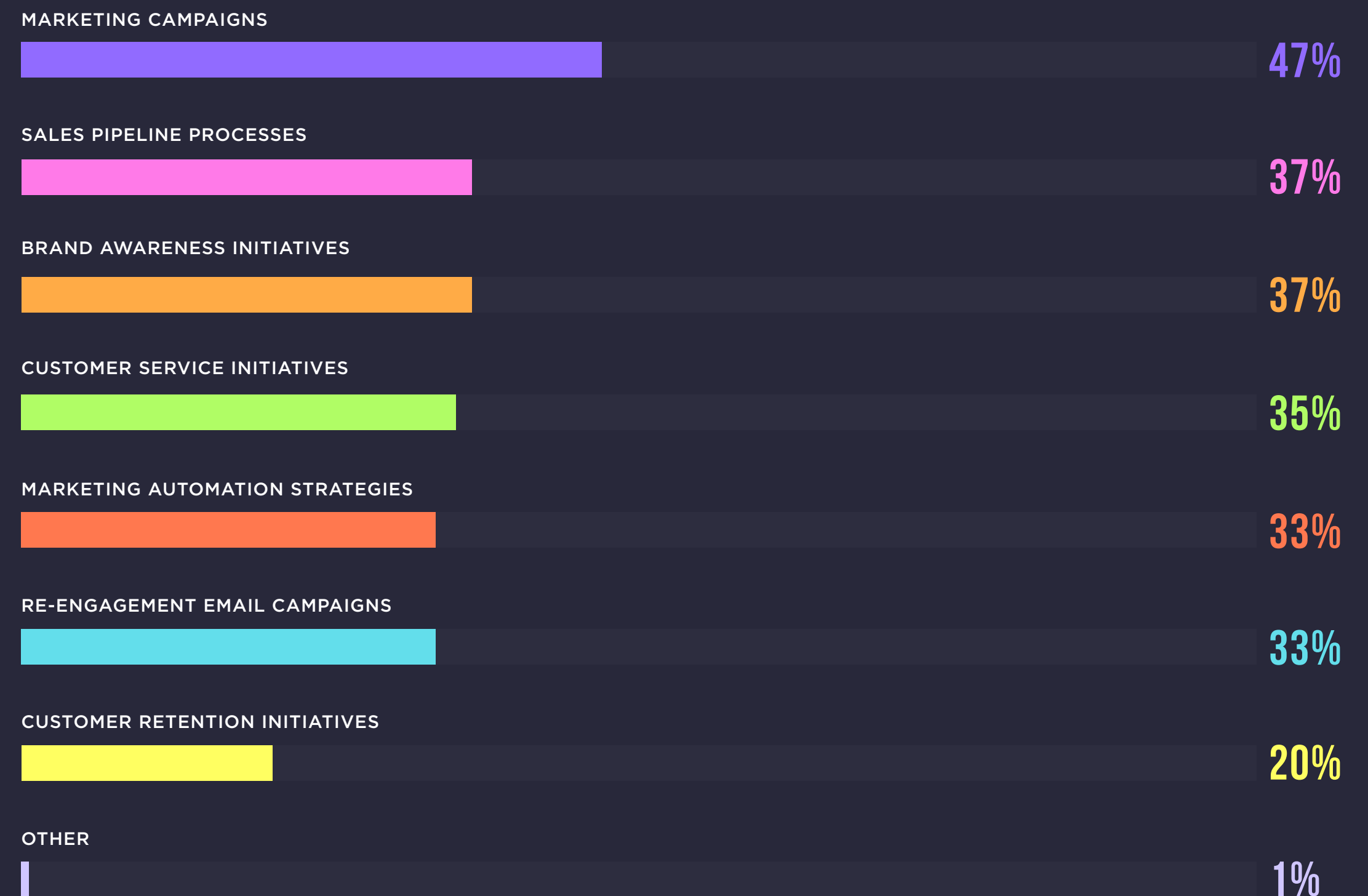LOST LESS THAN 5%

13%
LOST 15% TO 19%

USERS HAVE MISPLACED CONFIDENCE IN THE ACCURACY OF THEIR DATABASES

CRM users trust their data. But in the same breath, they attribute a host of negative outcomes to data quality.

Clearly, users have misplaced confidence in the accuracy of their databases—and many are seeing troubling bottom-line impacts of this disconnect.

FIGURE 5

WHICH OF THE FOLLOWING INITIATIVES HAS YOUR COMPANY DELAYED OR HALTED DUE TO BAD QUALITY DATA?

MARKETING CAMPAIGNS
47%

SALES PIPELINE PROCESSES
37%

BRAND AWARENESS INITIATIVES
37%

CUSTOMER SERVICE INITIATIVES
35%

MARKETING AUTOMATION STRATEGIES
33%

RE-ENGAGEMENT EMAIL CAMPAIGNS
33%

CUSTOMER RETENTION INITIATIVES
20%

OTHER
1%

LEVEL-SETTING: WHAT MAKES DATA "HIGH QUALITY"?

WHAT IS CONSIDERED "HIGH-QUALITY" DATA?

One reason for this misplaced confidence is that interpretations for what constitutes "high-quality data" vary widely from organization to organization, team to team, and even person to person.

Generally speaking, data can only be considered "high quality" when it is:

- Accurate
- Complete
- Reliable
- Relevant
- Timely
- Valid

On a day-to-day basis, low-quality data can manifest in several ways (figure 6).

CRM software is a capital investment that few companies take lightly. Yet by failing to establish clear parameters for acceptable data quality, many allow data quality issues to severely undermine the CRM's value.

SURVEY RESPONDENTS REPORTED THE FOLLOWING SPECIFIC DATA QUALITY ISSUES AS "SERIOUSLY IMPAIRING" THEIR ABILITY TO FULLY LEVERAGE THE CRM SYSTEM:

MISSING OR INCOMPLETE DATA
56%

INCORRECT DATA
46%

DUPLICATE DATA
44%

EXPIRED DATA
35%

WE HAVE NO DATA QUALITY ISSUES WITH OUR CRM
5%

OTHER
0%

HOW DID WE GET HERE? COMMON CULPRITS OF LOW-QUALITY DATA

LEARNING THE TRUTH

Cross-functional teams agree high-quality CRM data is essential to achieve desirable outcomes. So why do organizations let data quality deteriorate to the point where it jeopardizes their bottom lines?

This study uncovered three key reasons:

1. LEADERSHIP DOESN'T PRIORITIZE DATA QUALITY

When it comes to maintaining data quality, many report their organization's leadership takes a hands-off approach:

- Only 19% of respondents said CRM data quality is a high-priority initiative for leadership.

- 25% said leadership is aware of data quality issues but supports no specific data quality initiatives.

- 14% said leadership is oblivious to data quality issues.

- 24% said management does whatever they want regardless of what the data says.

Eighty-seven percent of respondents agree most decision makers within their company rely on CRM data to make key decisions for their departments. **But of this number, a staggering 91 percent said the data requested to make these decisions is "often" (51 percent) or "sometimes" (40 percent) inaccurate.**

What does this all mean? Before leaders can commend themselves for being "data-driven," they must first confirm data quality. After all, decisions fueled by bad data are of limited value.

When leadership does not take a firm stance on data integrity, this attitude can trickle down and lead to degradation of data at all levels of the organization. And when this tone is set at the top, it is unrealistic to assume that lower-level CRM users will perform the extra legwork required to keep data clean and up to date.

87%
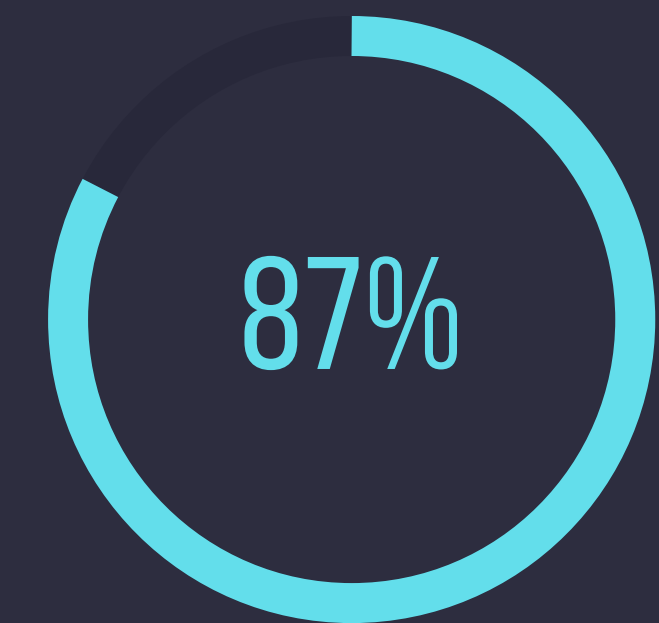
87% OF RESPONDENTS SAY DECISION MAKERS AT THEIR COMPANY RELY ON DATA TO MAKE DECISIONS

HOWEVER...

91%
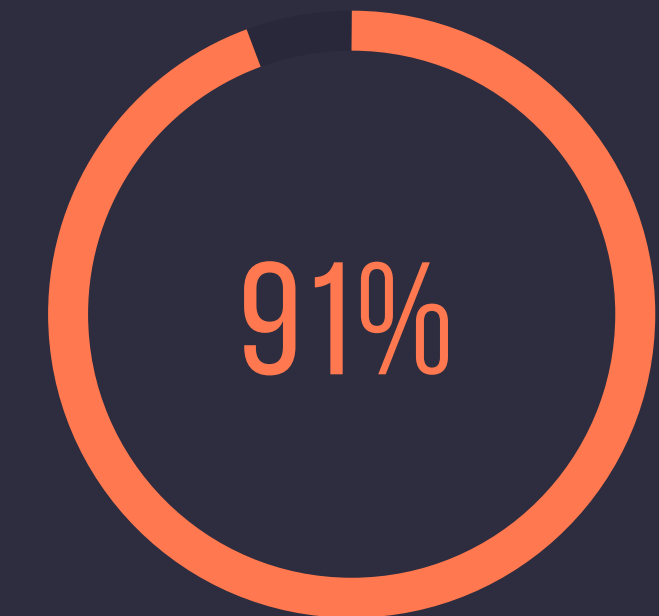
91% SAY THE DATA REQUESTED TO MAKE THESE DECISIONS IS "OFTEN" (51%) OR "SOMETIMES" (40%) INACCURATE

2. MANAGEMENT RESPONSIBILITIES ARE MURKY

Poor data quality can also result from teams passing the buck. When no person or team within the organization officially "owns" data quality (or when nobody is instructed to do so by leadership), quality suffers.
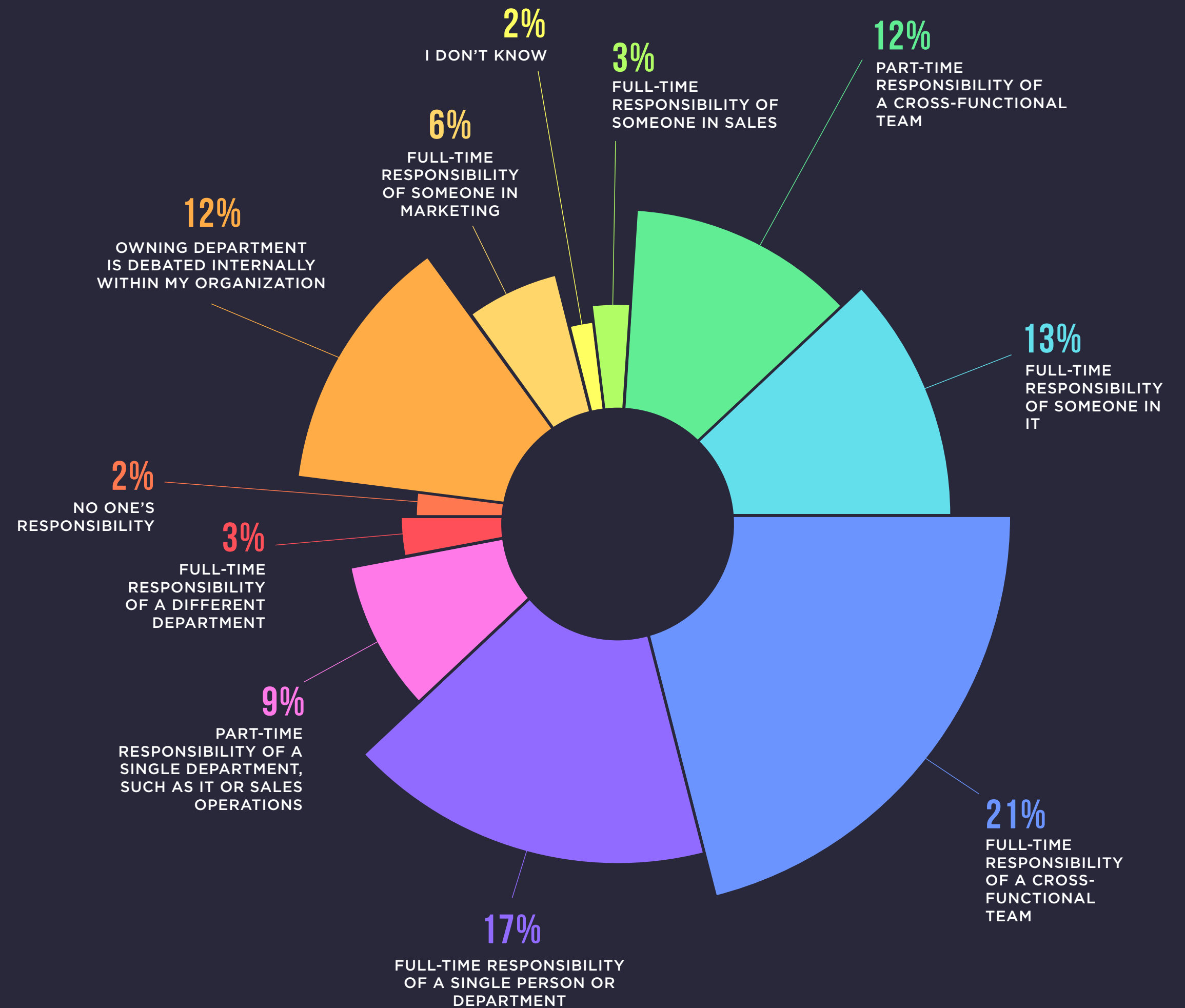
To understand how organizations approach data governance on a day-to-day basis, the study asked participants to identify who is primarily responsible for managing CRM data (figure 7).

The study found that lack of ownership for CRM data **directly correlates** with the quality of data.

Those who rated the overall accuracy, quality, and usefulness of the data in their CRM system as "poor" or "very poor" were 450 percent more likely than those who rated their data as "good" or "very good" to say there is nobody responsible for managing the data in their CRM system.

FIGURE 7

WHO IS INVOLVED IN MANAGING THE DATA IN YOUR CRM SYSTEM?

2% I DON'T KNOW

3% FULL-TIME RESPONSIBILITY OF SOMEONE IN SALES

12% PART-TIME RESPONSIBILITY OF A CROSS-FUNCTIONAL TEAM

6% FULL-TIME RESPONSIBILITY OF SOMEONE IN MARKETING

12% OWNING DEPARTMENT IS DEBATED INTERNALLY WITHIN MY ORGANIZATION

13% FULL-TIME RESPONSIBILITY OF SOMEONE IN IT

2% NO ONE'S RESPONSIBILITY

3% FULL-TIME RESPONSIBILITY OF A DIFFERENT DEPARTMENT

9% PART-TIME RESPONSIBILITY OF A SINGLE DEPARTMENT, SUCH AS IT OR SALES OPERATIONS

21% FULL-TIME RESPONSIBILITY OF A CROSS-FUNCTIONAL TEAM

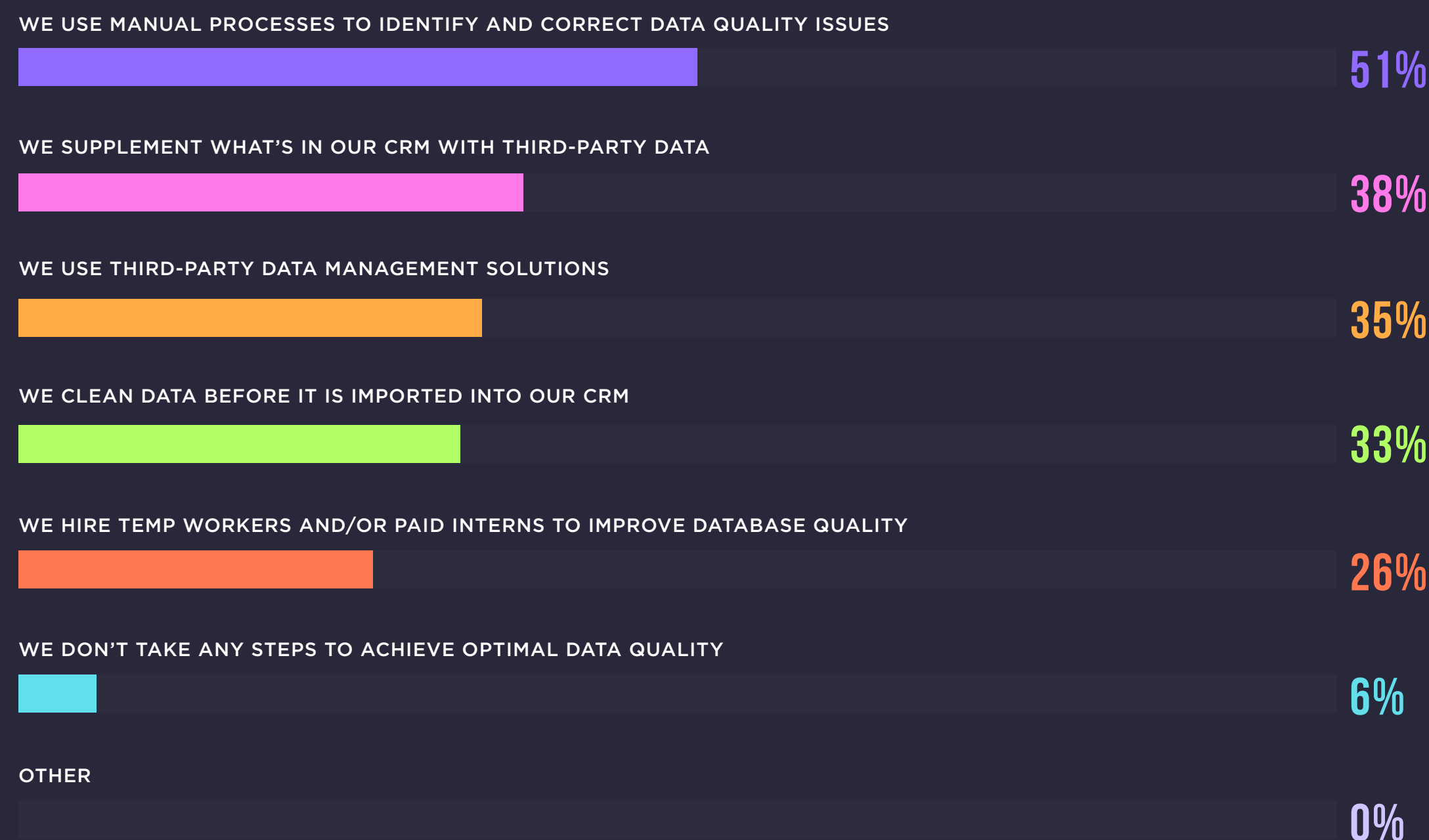**17%** FULL-TIME RESPONSIBILITY OF A SINGLE PERSON OR DEPARTMENT

3. ORGANIZATIONS *THINK* THEY'RE TAKING STEPS TO IMPROVE DATA QUALITY—BUT TAKE THE WRONG ONES

In some cases, organizations recognize data quality as a priority and take clear steps to remedy the issue. This is good. Unfortunately, many go about it in problematic or error-prone ways.

Figure 8 shows what survey respondents are currently doing to optimize CRM data quality.

FIGURE 8

WHAT STEPS HAVE YOU TAKEN TO ACHIEVE OPTIMAL CRM DATA QUALITY?

WE USE MANUAL PROCESSES TO IDENTIFY AND CORRECT DATA QUALITY ISSUES

51%

WE SUPPLEMENT WHAT'S IN OUR CRM WITH THIRD-PARTY DATA

38%

WE USE THIRD-PARTY DATA MANAGEMENT SOLUTIONS

35%

WE CLEAN DATA BEFORE IT IS IMPORTED INTO OUR CRM

33%

WE HIRE TEMP WORKERS AND/OR PAID INTERNS TO IMPROVE DATABASE QUALITY

26%

WE DON'T TAKE ANY STEPS TO ACHIEVE OPTIMAL DATA QUALITY

6%

OTHER

0%

ANALYZING THEIR RESPONSES, THERE ARE SEVERAL AREAS OF CONCERN:

RELIANCE ON MANUAL PROCESSES

This is by far the most prevalent method reported. Apart from being error prone, manual cleaning methods are not scalable in today's sales and marketing climate. As the amount of data points generated each day grows exponentially (recent estimates place this number in the *quintillions*), the volume and velocity of incoming data is simply too much for humans to process effectively.

RELIANCE ON THIRD-PARTY DATA

Third-party data has always been a gray ethical area. As global consumer privacy laws tighten quickly—including GDPR in the UK, PIPL in China, and various statewide laws in the United States— and Google proceeds with its pledge to end the usage of third-party cookies in 2023, the 38 percent of organizations relying on third-party data to bulk up their CRM database will need to find alternative methods fast.

RELIANCE ON TEMPORARY WORKERS/INTERNS

Would you trust your organization's most valuable asset to your summer intern? Few would say yes. But 23 percent of respondents reported doing just that by hiring interns or temporary workers to improve their database quality.

NOT TAKING ANY STEPS AT ALL

Six percent of respondents take *no* steps to achieve optimal data quality. This statistic speaks for itself.

RESPONDENTS IN ALL REGIONS ARE JUST AS LIKELY TO HIRE TEMPORARY WORKERS AND INTERNS TO ADDRESS DATA QUALITY ISSUES. BUT THE NUMBER OF WORKERS ALLOCATED TO THE TASK VARIED WIDELY BY REGION.

MEDIAN NUMBER OF TEMPORARY WORKERS OR PAID INTERNS CURRENTLY EMPLOYED PER COMPANY TO IMPROVE DATABASE QUALITY:

20   4   30

DATA MISMANAGEMENT LEADS TO DUBIOUS INTERNAL PRACTICES

ENABLING UNETHICAL PRACTICES

Without a solid, leadership-backed approach to data management, companies can't make decisions that are truly data-driven—even though many claim to.

Many companies are even enabling unethical practices by not making data management a priority.

A whopping 75 percent of respondents admit employees fabricate data to tell the story they want decision makers to hear. Meanwhile, 82 percent say they are asked to find data to support a specific story, rather than provide accurate data.

This sets an undesirable precedent for future employees and compromises the accuracy of key internal processes like sales forecasting. Eighty-six percent of respondents say their company's sales forecasts are created using CRM data.

If fabricated data is used to create these forecasts, the likelihood of inaccuracy is high—and the consequences (incorrect budgeting, insufficient working capital, and/or loss of shareholder confidence) are dire.

FIGURE 9

DO EMPLOYEES FABRICATE DATA TO TELL THE STORY THEY WANT DECISION MAKERS TO HEAR?

33%
OFTEN

42%
SOMETIMES

25%
NEVER

FIGURE 10

ARE EMPLOYEES ASKED TO FIND DATA TO SUPPORT A SPECIFIC STORY RATHER THAN PROVIDE ACCURATE DATA?

40%
OFTEN

42%
SOMETIMES

18%
NEVER

EMPLOYEES BEAR THE BRUNT OF POOR DATA QUALITY—AND MIGHT BE REACHING THEIR BREAKING POINTS

THE IMPACT OF LOW-QUALITY DATA ON EMPLOYEES

Data management is everyone's responsibility. But employees are usually the ones left to suffer the consequences of mismanaged data.

Ninety-five percent of respondents report having data quality issues that seriously impair their ability to fully leverage their CRM.

Attracting and retaining top talent is always challenging. But in the current employee-friendly job market, CRM users have less patience for low-quality data and usability roadblocks that make it difficult to do their jobs.

Sixty-four percent say they would consider leaving their current role if additional resources are not allocated to a robust CRM data quality plan.

The threat of turnover is especially prevalent in the United States (figure 11).

Low-quality data can also impact relationships amongst co-workers. **Seventy-six percent of global respondents said poor data quality creates tension between the CRM maintenance team and the marketing department (figure 12).**

I WOULD CONSIDER LEAVING MY CURRENT ROLE IF ADDITIONAL RESOURCES ARE NOT ALLOCATED TO A ROBUST CRM DATA QUALITY PLAN.
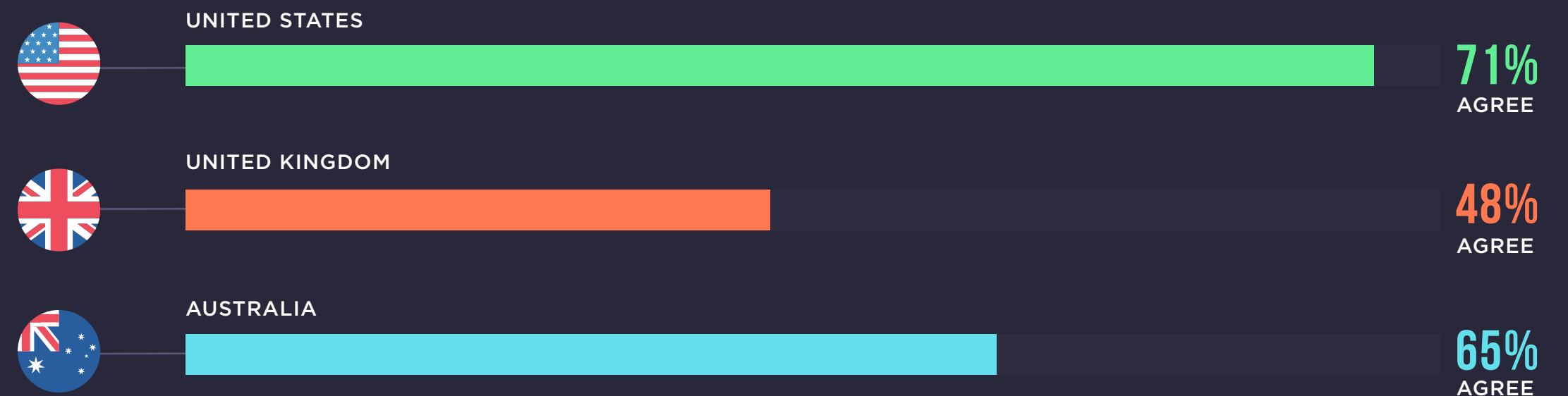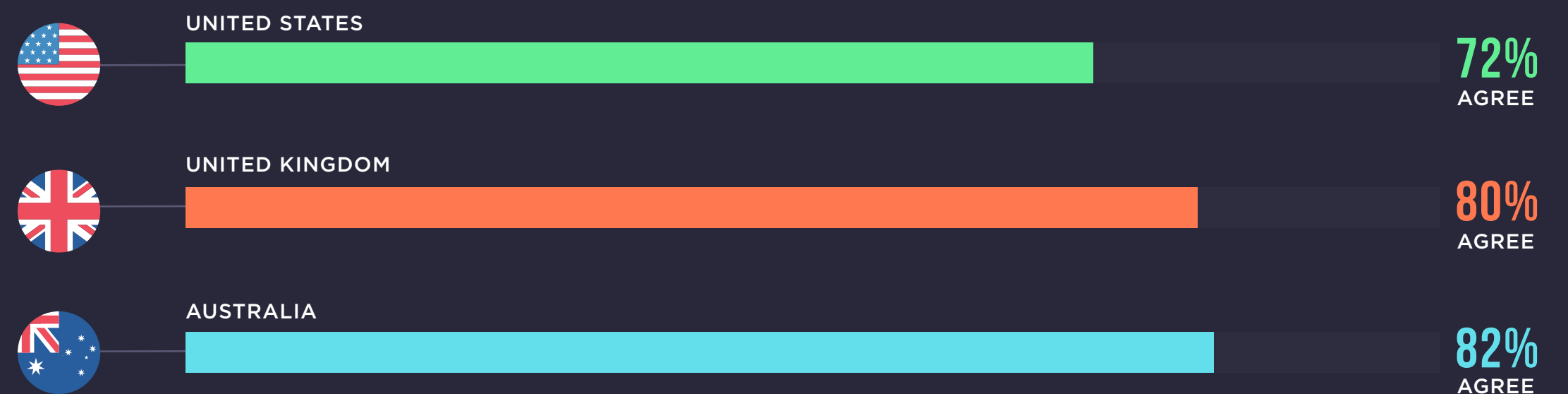
UNITED STATES
71% AGREE

UNITED KINGDOM
48% AGREE

AUSTRALIA
65% AGREE

POOR DATA QUALITY CREATES TENSION BETWEEN THE TEAM THAT OWNS CRM MAINTENANCE AND THE MARKETING DEPARTMENT.

UNITED STATES
72% AGREE

UNITED KINGDOM
80% AGREE

AUSTRALIA
82% AGREE

WHAT ARE COMPANIES LOSING AS A RESULT?

As we've seen, low-quality data can drive employees out the door in a difficult hiring climate. But the negative impacts of poor data quality don't end there.

Companies are losing new sales—and even existing customers—due to poor CRM data quality.

This certainly affects revenue and can further jeopardize employee satisfaction, particularly for members of the sales team.

FIGURE 13

WHICH OF THE FOLLOWING DO YOU THINK YOUR COMPANY LOSES DUE TO POOR CRM DATA QUALITY?

EXISTING CUSTOMERS

57%

NEW SALES

50%

HIGH-QUALITY EMPLOYEES

44%

NONE OF THE ABOVE
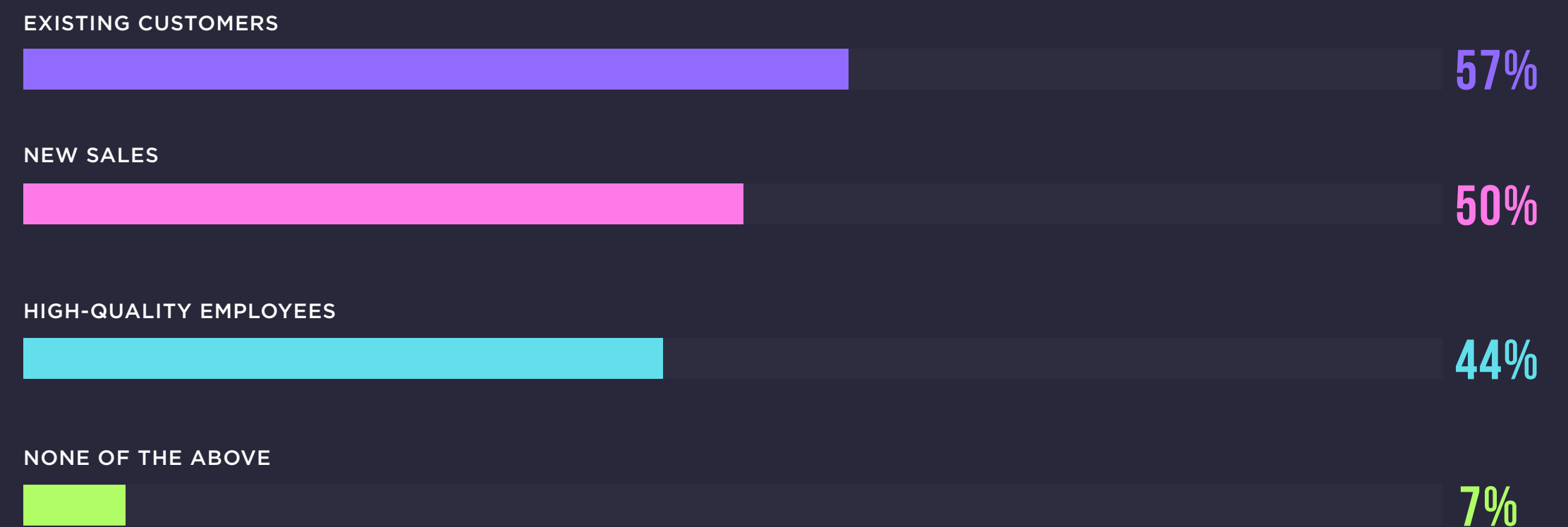
7%

NO TIME TO WASTE: COVID-19 IS ACCELERATING DATA DECAY

DATA IS CHANGING FAST

Since the onset of the COVID-19 pandemic, data decay has accelerated at an unprecedented rate. In fact, **79 percent of respondents agree data decay has increased as a result of the pandemic.**

Why?

A lot of it has to do with the "Great Resignation." Workers are leaving their jobs and transitioning into new roles in droves. As they do so, their data (phone numbers, addresses, job titles, etc.) changes with them.
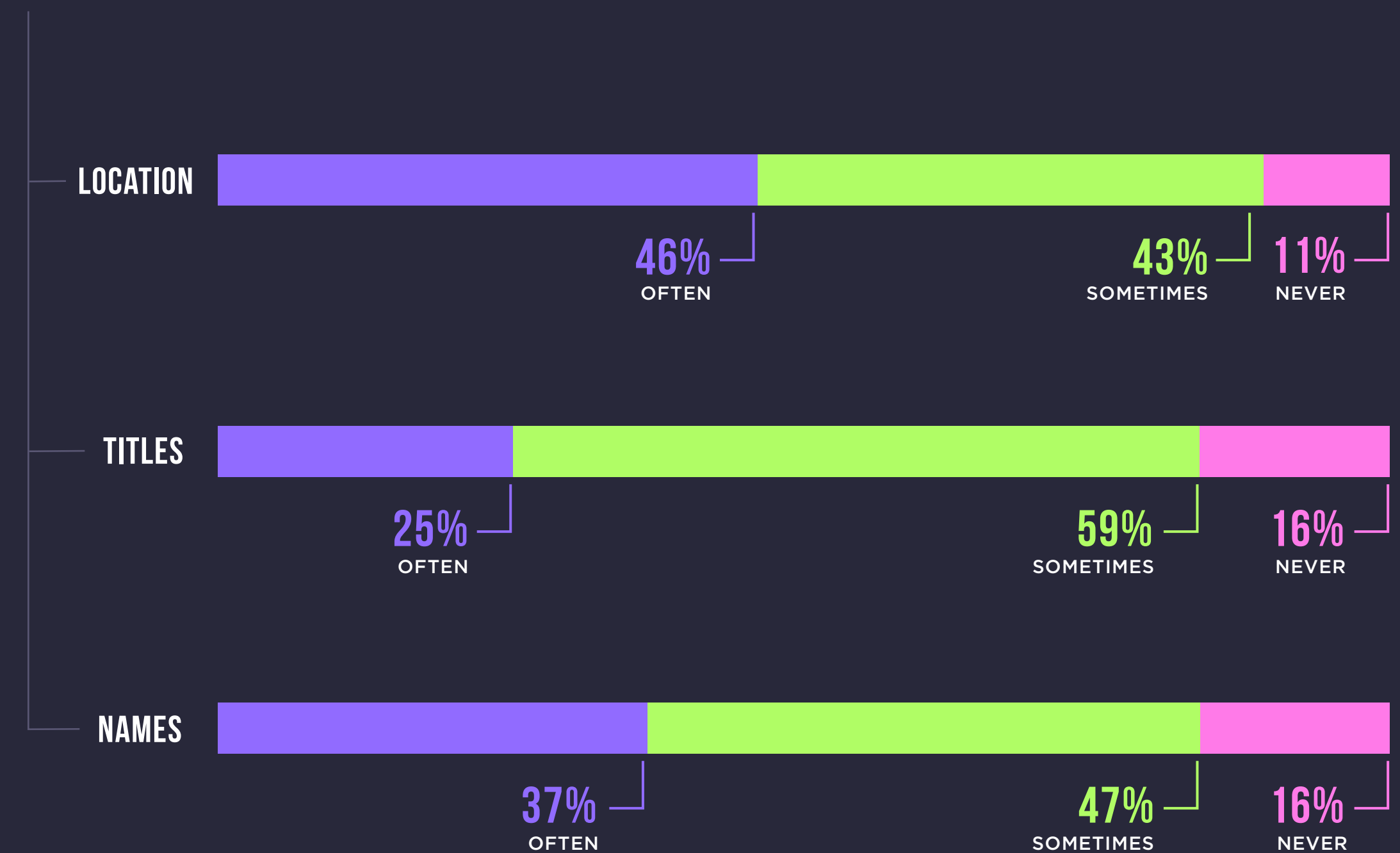
Plus, as more people choose to work remotely, office locations and addresses are becoming irrelevant. All of this means lead and contact information in the CRM is going stale—and fast.

The team members who stay behind face growing workloads as their co-workers leave—and have less patience for ineffective CRM workflows that slow them down.

Figure 14 shows how this shift has affected study particupatants.

FIGURE 14

SINCE THE ONSET OF COVID-19, MY COMPANY FINDS THAT OUR CRM HOUSES DATA WITH INACCURATE:

LOCATION

46% OFTEN   **43%** SOMETIMES   **11%** NEVER

TITLES

25% OFTEN   **59%** SOMETIMES   **16%** NEVER

NAMES

**37%** OFTEN   **47%** SOMETIMES   **16%** NEVER

WHAT CAN WE LEARN FROM THIS?

Data is time sensitive. If CRM users can't keep up with the changes, they'll gradually lose important data and compromise their company's chance of success.

The pandemic has also led to more interactions via digital touchpoints. This has resulted in a massive influx of data entering the CRM—and manual data management efforts won't be enough to keep up.

Unfortunately, the clock is ticking. **Respondents estimate their CRM data quality will degrade by an average of 34 percent by the end of 2022 if their company doesn't invest in improvements.**

As data decay accelerates, organizations simply can't afford to delay data quality initiatives much longer.

66%
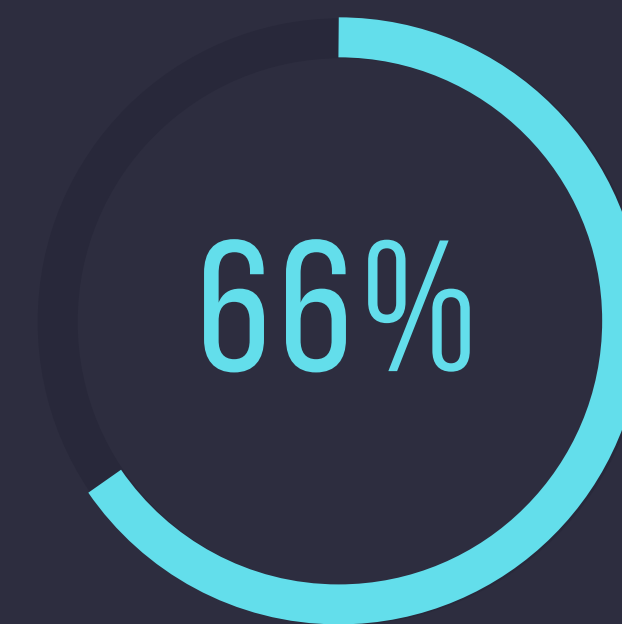
66% OF RESPONDENTS SAY THEY HAVE LOST A POTENTIAL BUSINESS LEAD DUE TO SHIFTING LEAD DATA DURING COVID-19

70%

70% OF RESPONDENTS SAY AN INCREASE IN MOVEMENT OF EMPLOYEES BETWEEN JOBS AND/OR LOCATIONS SINCE MARCH 2020 HAS LED TO AN ALL-TIME LOW IN DATA QUALITY

CHAPTER 8

THERE'S REASON FOR HOPE

INVESTING IN DATA QUALITY

During the past few years, companies across the globe have been in survival mode. Most haven't had the budget to allocate to non-emergent issues like data quality.

But as the initial shockwaves of COVID-19 subside, many organizations are regaining their budgets at a time when companies are starting to realize that investing in data quality should be a top priority.

Seventy-six percent of respondents say their company is taking data quality needs more seriously in light of COVID-19-related data decay.

This means additional resources companies can use to invest in their data quality and the team that oversees it.

For companies who don't currently have a full-time employee (or employees) dedicated to CRM data quality, 56 percent say they have active plans to hire one in the next six months.

FIGURE 15

INVESTING IN DATA QUALITY NEEDS TO BE THE TOP PRIORITY FOR MY COMPANY.

UNITED STATES
95% AGREE

UNITED KINGDOM
75% AGREE

AUSTRALIA
85% AGREE

57%
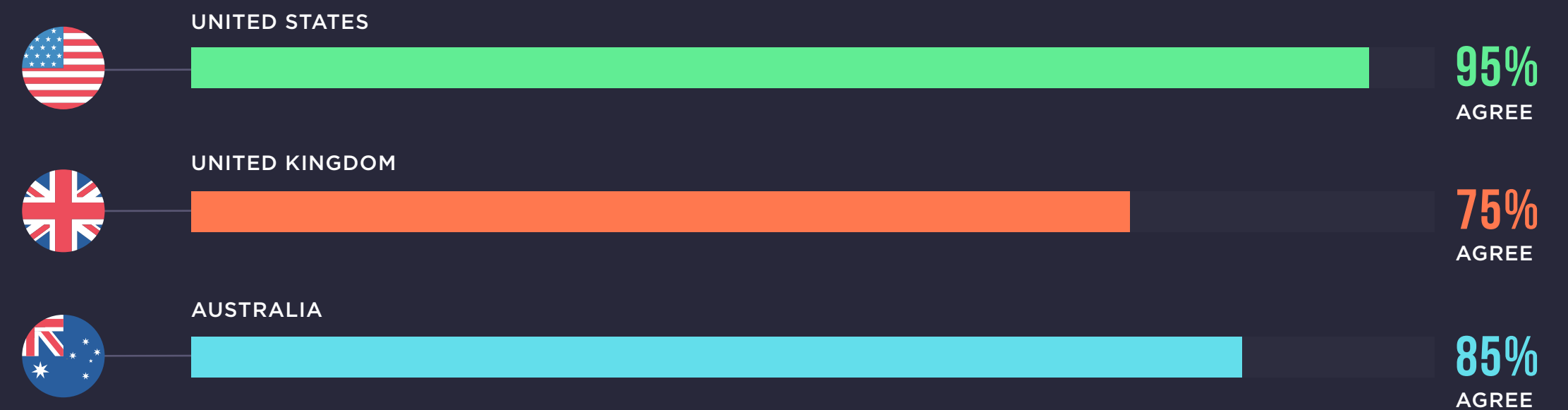
57% OF RESPONDENTS EXPECT THEIR ORGANIZATION TO INCREASE BUDGETS IN 2022

CHAPTER 9

WHAT CRM STAKEHOLDERS SHOULD DO NEXT

ACTIONABLE STEPS

As this study shows, there are real costs to neglecting CRM data management and much to gain from managing it well.

Potential benefits include the most sought-after outcome of improved CRM data quality: the ability to make better decisions. With access to high-quality data as they make decisions, CRM users can realize a myriad of benefits that extend to all corners of the organization.

Here are some actionable steps that can help CRM stakeholders achieve higher-quality CRM data and reap the accompanying benefits:

OBTAIN LEADERSHIP BUY-IN

The first step toward improvement is ensuring leadership is aware of how CRM data quality impacts the organization. When leadership prioritizes data management, it will become easier to obtain the resources needed for necessary organizational changes and investments.

APPOINT SOMEONE DEDICATED TO CRM DATA QUALITY

The sheer volume and velocity of data flowing into most CRM systems warrant making its management a full-time responsibility. To realize the full benefits of high-quality CRM data, companies need to appoint a full-time guardian of the CRM and its data.
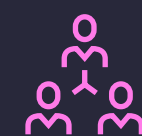
ESTABLISH THE RIGHT DATA MANAGEMENT TEAM

As this study revealed, many companies lack a clear data governance plan. Teams will see best results from appointing a cross-functional data management team. While many think of the CRM as a tool meant primarily for sales teams, its reach, impact, and utility extend far beyond that. Members of a successful data management team might be a combination of sales, marketing, operations, and IT professionals.

AUTOMATE YOUR DATA MANAGEMENT PROCESSES

Over half of this study's respondents reported using manual processes to identify and correct data quality issues. Attempting to scale a manual process to meet the needs of a growing organization rarely succeeds. With leadership support, cross-functional teams can leverage tools and automation to make maintaining CRM data quality more user friendly.

LEVERAGE A TECHNOLOGY PARTNER

Oftentimes, the best way to stop harmful data decay is with a technology partner like Validity. Tools like DemandTools, the data management platform from Validity, and GridBuddy Connect, the data productivity platform from Validity, can transform outdated data management processes and make it easy for CRM admins and users to keep their data clean and up to date.

CONCLUSION

Data is the lifeblood of an organization, and a well-managed CRM is the artery that helps it reach all relevant users. If the health of either is compromised, it can have a ripple effect on the entire company and be disastrous to the bottom line.

Rather than blindly trusting their data, CRM users should closely review the shortcomings mentioned in this report. If they have experienced any of these negative consequences, their data probably isn't as high quality as they think.

As data decay accelerates at an alarming speed, companies can't afford to ignore data quality in 2022.

Following the guidance of this report can help CRM users take control of their data quality and position their companies for success.

To learn how Validity can strengthen and simplify your data management process, talk to our experts today.

METHODOLOGY

The State of CRM Data Health in 2022 survey was conducted online between November 19 and December 13, 2021. It reflects the opinions of 1,241 customer relationship management administration workers in the technology, retail, e-commerce, professional services, healthcare, travel, distribution, or manufacturing sectors in the United States, United Kingdom, or Australia.

This survey was conducted at 95 percent confidence with a +/- 4-6 percent margin of error dependent on geography.

AUSTRALIA

Total respondents: **317**

Male: **54%** | Female: **46%**

Average age: **36 years old**

Representation: **6 of 6 states,**
1 of 2 territories (excluding Northern Territory)

UNITED KINGDOM

Total respondents: **318**

Male: **53%** | Female: **47%**

Average age: **34 years old**

Representation: **England: 87%, Scotland: 9%,**
Wales: 3%, Northern Ireland: 1%

UNITED STATES

Total respondents: **606**

Male: **57%** | Female: **43%**

Average age: **37 years old**

Representation: **47 of 50 states**
(excluding NH, ND, & VT)

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Businesses run better and grow faster with trustworthy data. Tens of thousands of organizations rely on Validity solutions – including Everest, DemandTools, BriteVerify, GridBuddy Connect and Mailcharts – 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.

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