Workbooks

The State of the CRM Market

The Comparison Report

Introduction

The pandemic has changed how we work and do business. Fundamentally, it has changed where we work, and this has had knock-on effects on how we communicate with customers and colleagues.

In 2019 we conducted our first survey of SMEs' attitude to, and experiences of, CRM platforms. We repeated the exercise in the eye of the COVID storm in 2020, and then a third time at the end of 2021.

We surveyed 200 SMEs, 145 in the UK and 5 in the US.

Around a quarter of respondents were in marketing roles, a quarter in sales, with the others split across the C-suite, customer service, finance and so on.

In terms of size there was a fairly even spread from those below 50 employees up to those with more than 1000. And just over two-thirds of respondents already had a CRM platform.

These three studies have provided a unique dataset and insight into how the experiences of the past two years have changed the way SMEs view and use CRM platforms. We have pulled out four insights from the data and explore them more fully in this paper:

- 1. The pandemic has highlighted the need for SMEs to have CRM, but fewer now have it
- 2. SMEs are more ready to switch than they were
- 3. SMES now need to address the fact that hybrid or remote work does not work for everyone
- 4. While some things change, many others remain the same....and perhaps need to change



Insight 1: Fewer SMEs have a CRM platform

We've seen an 11% drop-off in the number of respondents with a CRM. That's significant and surprising. After all, for many SMEs the pandemic rapidly highlighted the need to have a CRM.

On one level this is about customers not being physically present in the way they once were. Whether they serve consumers in shops or business buyers in offices, businesses of every size and type have had to rapidly reconfigure where and how they sell. For many, a CRM platform has been an essential part of the technology stack, allowing them to take orders and manage client engagements through their websites.

Then there is the internal dimension. Two years ago, marketing and sales teams sat together day in, day out. Hybrid or fully remote working means that there are far fewer opportunities for the formal or informal sharing of information within teams. Collaboration tools like Teams or Slack help but are limited. It's only a CRM platform that can enable communication on specific customer information or documents.

While most corporates already had systems in place for this sharing across locations, SMEs, who were typically used to being together in one place, went into the pandemic from a standing start. The same is true with the onboarding of new staff. Corporates were used to onboarding joiners remotely; SMEs weren't, and those without CRM are still struggling to do it effectively. With so much churn in the labour market this issue is growing more and more acute.

But perhaps the most significant impact of the pandemic in terms of CRM take-up was SMEs suddenly discovering how much they needed to know about their customers, and how little information they held.

For most business the priority in those first, chaotic nine months was to make sure their current customers were in good shape. But they very quickly discovered they didn't have the information they needed to really understand their customers. Most of them had it locked away in finance systems. They needed to get it to sales and marketing: they needed a CRM platform.

So, given all this, it is a genuine surprise that CRM adoption among respondents appears to have fallen. Our view is that it reflects a higher proportion of new companies. There has been a wave of start-ups during the pandemic, and those are less likely to have begun their CRM journey.

Insight 2: SMEs are more ready to switch than in previous years

SMEs are more prepared to change CRM provider than they were two years ago. Given all the reasons we have just explored why CRM has risen up the agenda, this is less surprising. When a tool becomes vitally important you want to make sure you have the right one, and many SMEs have decided that their platform is not delivering.

Yet, a closer examination of the reasons for a change reveals a dismayingly persistent problem. The most cited reason for a change was 'poor fit to our needs'. That was the most popular answer to this question in 2019, and again in 2020. The second most popular answer in both 2020 and 2021 was 'complexity of integration'.

The fact is that SMEs continue to make poor decisions on their choice of CRM platform. We see this in the selection criteria they cite: 'integration with other business CRM' and 'features and functions'. It's also apparent in the most important functionality: 'contact management'.

The right way to procure a vital tech platform is to understand the business need and then find a solution that is best suited to meeting that need. Too many SMEs fail to do this groundwork. They rush straight to a comparison of features, assuming the business need is in contact management, and giving excessive weight to how well it fits with what they have already.

They should not be surprised if months or years later on they discover their CRM isn't the right fit for what their business needs. CRM is often seen as synonymous with contact management, and very often it is a good place to start with CRM, but it's not always where the need is. Equally, it's helpful if a CRM platform integrates with existing applications but very often it's more important to get the platform right and fit the applications around it.

To some extent this is an indictment of the way the market is set up. For many SMEs the only option appears to be buying solutions from the likes of Microsoft or Salesforce through one of their partners. Those partners typically want a commitment before they'll start understanding the needs of the business.

However, SMEs cannot blame the market entirely. After all, the SME CRM market is increasingly mature: a third of respondents installed their first platforms more than six years ago. It's time the procurement of these platforms became more sophisticated. SMEs need to recognise that there are alternatives to those big players. The fact that 'reputation of vendor' is falling sharply as a factor from 41% in 2019 to 15% in 2021, may give us hope that a growing number of SMEs are looking beyond the obvious choices.



Insight 3: Post-pandemic hybrid work is not working for everyone

For 30% of respondents, working from home has been enjoyable and they don't want working life to return to how it was in 2019. 56% say they have access to all the tools they need and 45% say they've been more productive. The rise of dispersed or hybrid working has been one of the few positive side-effects of the pandemic. It's changed work for the better for many people.

However, our survey made it clear that it's not working for everyone. 31% said they've struggled to balance family with work, and the same number said they've struggled to communicate with colleagues. 77% of firms said they will continue hybrid working. Clearly, they will need to deliver a solution for that sizeable proportion of employees who feel alienated by the experience.

For many that will involve the introduction or extension of a CRM platform. Indeed, 35% of respondents told us that their greatest business challenge right now is digital transformation. We've seen a radical and permanent change in the economy, and for many firms they need to adapt or die. They need to shift large parts of their sales and marketing to digital, and enable their people to operate seamlessly wherever they are.

It was notable that for those who are yet to invest in CRM, the second greatest challenge after digital transformation is staff shortage. Increasingly the top talent will look for firms that are set up to enable work in a post-pandemic age. Those without the tools in place will struggle.

This is perhaps what lies behind the rise in respondents considering implementing CRM, up to 46% this year from 40% last year.

Insight 4: Some things seem to never change

Much has changed in the world in the past two years. Our survey shows how much has changed in the world of CRM at SMEs. However, it also showed just how much has stayed the same. Over the three years of running this survey it is notable that several themes remain constant.

User adoption continues to be the greatest obstacle to successful implementation, with 45% citing it. CRM involves significant change to how people work, and people tend not to like change. They like it least when it is imposed on them, so our advice is always to involve people from all parts of the organisation in the decisions around a CRM implementation.

Allow each function to define its business need and the features that it will value. Make them a part of the decision on vendor, and the planning for the implementation. Actively reassure team members that the CRM platform is not there to monitor their work;



it's there to make it easier, to help them prioritise the calls they should make on a Monday morning, and so on.

It's little surprise that more than anything else SMEs want their CRM to be easy to use, with 75% citing that as either essential or very important. Equally, the top priority of CRM implementations is always attracting and retaining customers, with just over half pointing to it. Integrating with marketing automation remains vital, while finance integration is becoming more and more important, perhaps reflecting the growing maturity of this market.

Finally, there is an enduring need for SME buyers to get a better understanding of the return on investment of their CRM. 75% say that at the point of purchasing their current CRM they were clear on what ROI for their business would look like, but only 68% can now calculate ROI.

That calculation is the foundation for a successful CRM implementation. Get it right and people will be on board with the implementation, and it is far more likely to give the organisation what it needs. With so much else changing in the world of CRM and SMEs, the time has perhaps come for a clearer view of ROI, leading to better procurement decisions and even more successful implementations.

Time to act

The conclusion is clear: with the acceleration of digital transformation, it's never been more important for SMEs to have a CRM in place to give everyone the tools they need to work where and how they need.

However, this cannot be viewed as a simple software purchase. Implementing a CRM needs to be approach as part of a broader digital transformation strategy. It needs to be aligned with the systems and teams that will be integrated and involved with it.

A key part in making CRM work for an SME, is ensuring everyone involved understands and buys into the business' goals in implementing CRM. It's this that delivers a shared vision of success, and provides the platform for CRM selection, adoption, ease of use and integration with key systems easier.

Get all of that right, and a CRM implementation will help a business attract and retain customers, and will deliver that all-important return on investment.

