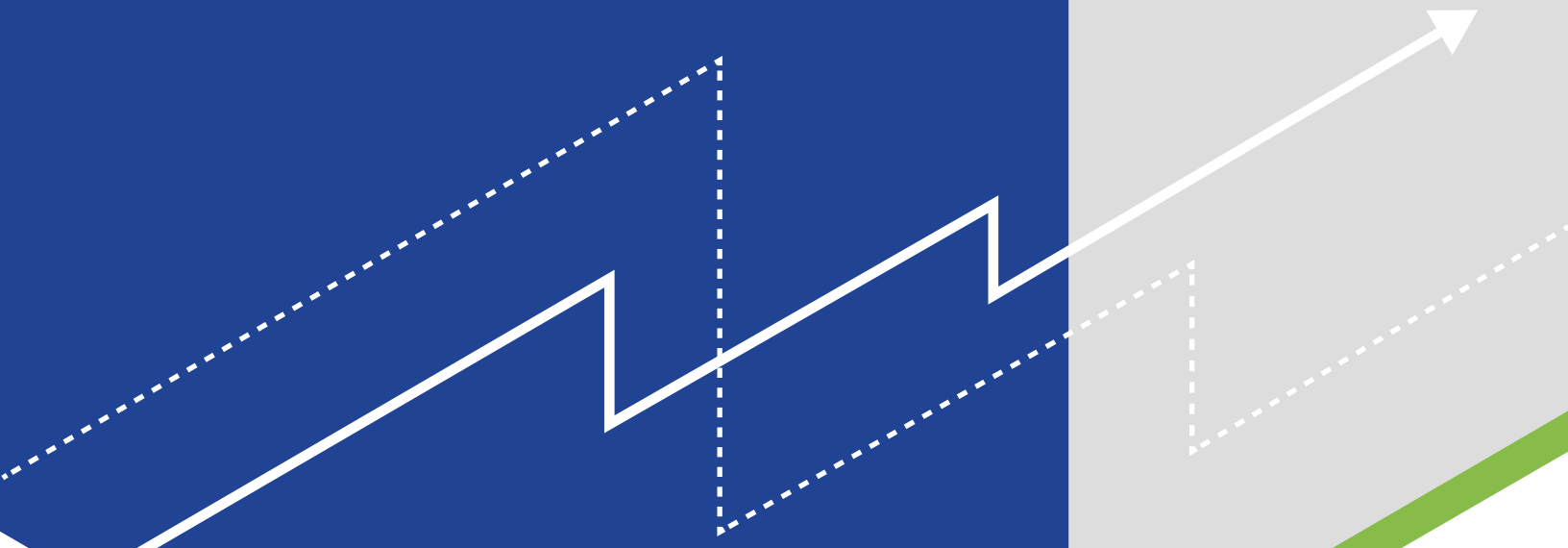
A Forrester Consulting
Thought Leadership Paper
Commissioned By Salesforce

November 2019

Make CRM The Foundation Of Your Customer-Obsessed Strategy



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Executive Summary

80% of business leaders state that a single source of truth would be significantly valuable for customer data

Today's customers have a new set of expectations for their interactions with businesses. They want an easy, personalized experience, whether it's in person, over the phone, or on a mobile device. Businesses must meet these expectations to entice customers to stay loyal to their brand. This will ultimately boost customer retention and company revenue.

Many organizations use customer relationship management (CRM) as a foundational technology to help them deliver great customer experiences. Forrester defines CRM as the technology that supports the key activities of targeting, acquiring, retaining, understanding, and collaborating with customers. Today's CRM systems cover marketing, sales, and service, but often as separate initiatives. However, a growing number of businesses are positioning CRM at the center of their organization. The result has been a unified view of each customer that is translating to improved experiences and faster growth.

In October 2019, Salesforce commissioned Forrester Consulting to evaluate the use of CRM systems across a wide range of industries. Forrester conducted an online survey of 484 people with decision-making responsibility for CRM strategy at their organization. This study showed that businesses that use CRM across a range of teams have higher customer satisfaction metrics and better alignment across departments.

KEY FINDINGS

- **Businesses require a single view of the customer in order to achieve their customer-engagement goals.** Strengthening engagement efforts and creating seamless customer experiences are top priorities for many businesses over the next 12 months. The key to making this happen is providing employees with easy access to relevant information about customer interactions with the business.
- **Many businesses struggle with compiling this single comprehensive view.** Only a quarter of respondents believe their CRM system(s) provide them with a single source of truth about their customers. This is the case even though 80% said the functionality would be significantly valuable in delivering the types of customer experiences that drive competitive advantage.
- **The solution is a single CRM system that delivers customer insights across lifecycles and employee groups.** Eighty-five percent of decision makers agree that a CRM system should support the full customer lifecycle, and 80% are increasingly using their CRM as a single source of customer truth.

Challenge 1: CRM Systems Are Often Used In Silos

57% reported that CRMs are at least somewhat fragmented across their organization, with departments having their own CRM.

Simply put, today's customers hold the power in business relationships. They have more choices of brands, products, communication channels, and touchpoints. They demand smooth engagement, delivered in the context of their current journey, with a full understanding of their preferences and prior interactions with a business.

Companies must meet these customer expectations in order to earn their satisfaction and long-term brand loyalty. Great customer engagement drives retention, enrichment, and advocacy — all of which have a quantifiable, positive impact to topline revenue.[1] Yet, despite all the new communication channels and touchpoints, companies struggle to make this work.

Many business leaders see CRM systems as crucial to the success of their marketing, sales, and customer service teams, but regrettably those teams are often operating in their own silos. The business falls short when all teams don't see the value of their CRM system as the engine supporting end-to-end customer experiences. Our survey showed:

- **Businesses need to invest in a unified view of the customer in order to meet their customer-focused initiatives.** Improving engagement efforts and delivering superior experiences across channels are the top two customer-focused initiatives that survey respondents are prioritizing over the next 12 months. Both goals require a unified view of the customer that department-level CRM systems cannot support.
- **Historically, departmental buyers have purchased CRM in isolation to solve a single business problem.** A majority of respondents (57%) reported that CRMs are at least somewhat fragmented across the organization, with a few, many, or all departments having their own CRM. This is a result of departments pursuing initiatives in silos — such as modernizing sales, customer service, or existing applications. To meet their customer-focused initiatives, businesses need to think bigger.
- **Today, CRM is often locked in separate marketing, sales, and service team workflows.** The most common use cases for CRM systems are marketing and engaging with customers, collecting basic account information, and sales forecasting (see Figure 1). Looking ahead, there is a clear path to a more holistic CRM system that can leverage artificial intelligence and machine learning (AI/ML) to augment day-to-day employee workflows.
- **Limited CRM usage across customer lifecycles further underscores a missed opportunity.** CRM usage is heavily concentrated across teams during the discover phase, or, when sales teams are reaching out to customers, marketers are logging their efforts in new campaigns, and IT and finance are inputting new customer information (see Figure 2). However, during the explore, buy, use, ask, and engage phases, CRM usage is siloed in marketing, sales, and customer service/support teams.

Figure 1

"What are the primary use cases for your CRM system(s) today? How do you anticipate using your CRM system(s) in the next 2 years?"

Figure 2

"During which stages of the customer lifecycle do the following departments use your CRM system(s)?
Showing teams most likely to engage with their CRM system in each stage of the customer lifecycle

	DISCOVER	EXPLORE	BUY	USE	ASK	ENGAGE
Customer service/support	33%	37%	29%	45%	37%	41%
Commerce	25%	34%	30%	39%	26%	31%
Sales, including sales ops	35%	40%	39%	50%	30%	39%
Marketing, including digital, social, corporate, and field	35%	47%	35%	39%	27%	36%
Finance	36%	33%	37%	32%	18%	31%
IT	34%	44%	31%	37%	26%	33%

Base: 484 director-level and above decision makers with responsibility for CRM strategy and technology investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, August 2019

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Challenge 2: CRM Systems Are Underutilized

CRM systems are often relegated to being the sidekick, when they could really be the star. This is because companies undervalue the full capabilities of a CRM system as a strategic technology to support business transformation. There is often siloed access to CRM systems or multiple CRMs within a company, so the system cannot be the single source of truth. Also, the data that is entered is often incomplete and structured in a way that is unclear and inconsistent to all customer-facing personnel. We found that:

› **Customer-focused employees waste time making sense of data from disparate sources.** The majority of respondents agreed on three things:

1. Customer/prospect and account data comes from too many sources, so it's difficult to make sense of it.

2. The lack of an enterprise view of customer/prospect data is a problem.

3. Employees struggle to produce insights, despite having analytics tools at their disposable (see Figure 3). Businesses need insights that drive behavior. Examples include helping marketers target the right segments with the right offers at the right time, and helping sellers focus on deals that are more likely to close.

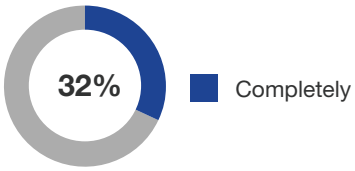
› **Creating a single view of the customer is a pain point for businesses.** Forty-three percent of respondents stated that creating a single view of the customer across multiple systems/applications is their biggest customer experience challenge. Without a single hub for data, businesses are forced to work across multiple systems to extract insights. This creates workflow bottlenecks and errors that could lead to compliance fines.[2]

› **Less than one-third of respondents reported that their CRM systems support customers through their entire journey.** Only 32% said their CRM can support the entire customer lifecycle, from discovery to engagement/retention. Just 25% believe their CRM system provides a single source of truth today.

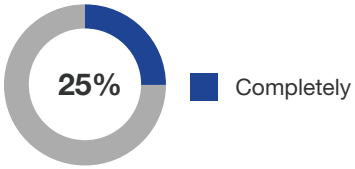
However, there is a clear demand to evolve CRM systems to be engines of unified customer insight. Eighty percent of respondents noted that a single source of customer truth would create "significant" or "indispensable" value for their company (see Figure 4).

Figure 3

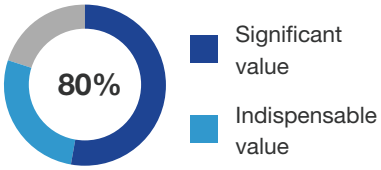
"How well does your CRM system support customer lifecycles from discovery to engagement/retention?"



"To what extent do you feel your CRM system(s) provide(s) a single source of truth today?"



"How much value would your organization gain from a single source of truth for customer data?"



Base: 484 director-level and above decision makers with responsibility for CRM strategy and technology investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, August 2019

43% of respondents noted that **creating a single view of the customer** is the top CX challenge they face

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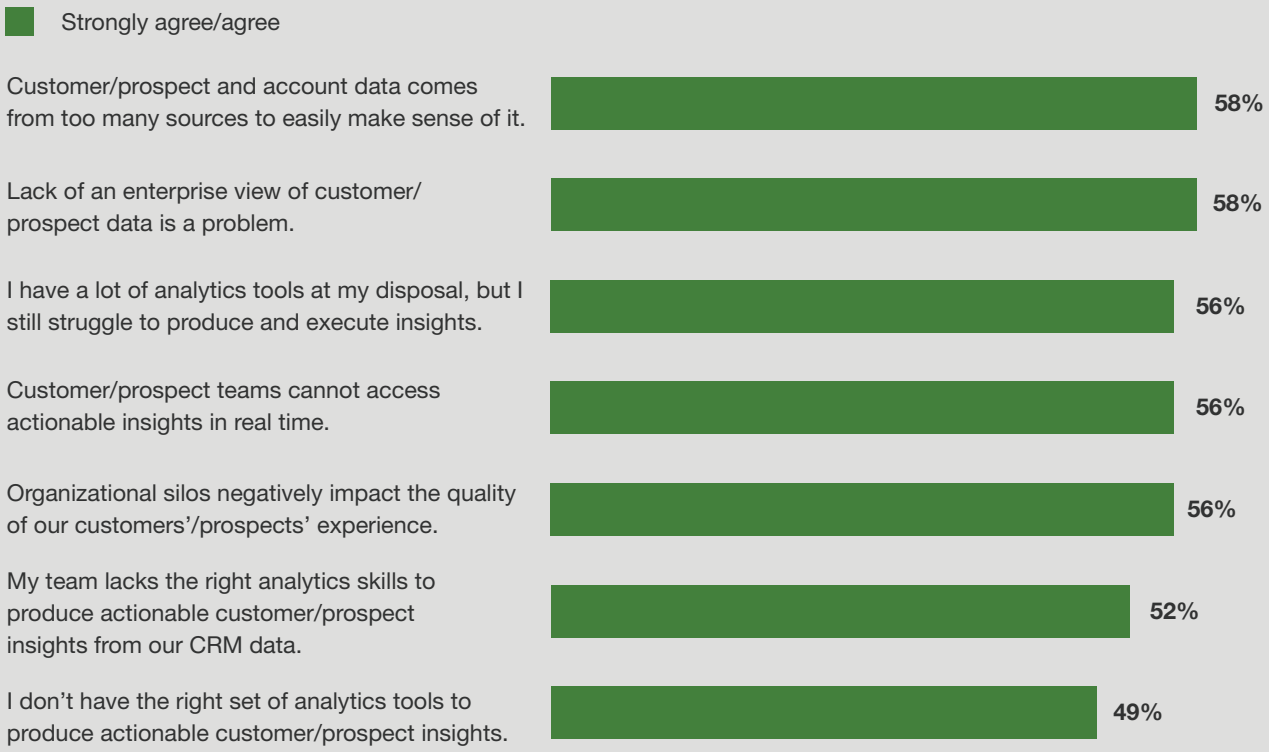
Figure 4

"Please indicate your level of agreement with the following statements."



Base: 484 director-level and above decision makers with responsibility for CRM strategy and technology investments
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Insight 1: CRM Systems Can Be The Single Source Of Truth For Businesses And Propel Customer Experience Efforts Forward

Businesses are trying to close the gap between their goal of delivering exceptional customer experiences and their reality of having disconnected operational systems that house customer data. Decision makers increasingly view their CRM system as the means to getting a unified view of a customer. Our study confirmed this evolution by revealing:

› **Businesses recognize the value of a CRM system as the centerpiece of their customer engagement strategies.**

1. Eighty-five percent of respondents noted that a CRM system should be the technology that supports their full customer lifecycle.

2. Eighty percent recognize that although CRM has been relegated to sales and service today, it has far greater utility than only supporting those two teams (see Figure 5).

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3. Four in five companies are already working to move CRM to the forefront — 80% agreed that their organization is increasingly using their CRM system as the single source of truth to support customer-focused strategies.

› **Heavy CRM investments further underscore the increased importance of CRM in supporting customer experience.** The value of CRM is spreading far beyond marketing, sales, and service silos. It is becoming a lynchpin of customer centricity to fuel business growth.

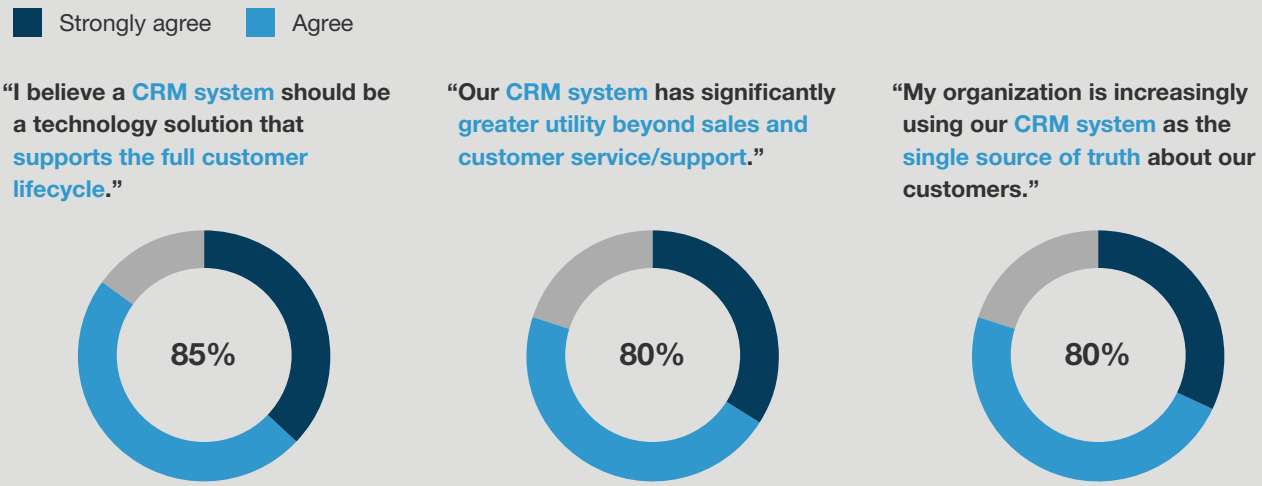
1. Two-thirds of businesses noted that scaling their CRM system with business growth is a top organizational priority.

2. This priority carries even more weight for enterprises (75% rated it as high or critical) than small and medium-size businesses (SMBs) (60%). Sixty-six percent noted that they are investing in new technologies to improve customer experience over the next two years, and 90% of respondents feel their CRM system is important or very important to achieving that goal.

› **Easy integration and setup are critical in a CRM system.** Businesses want a CRM system that is low-cost and also easily integrates with their existing systems. Companies rely on a wealth of mission-critical operational systems, such as core banking systems, electronic health records, accounting, enterprise resource planning (ERP), and supply-chain management solutions. In order for CRM to be a single source of truth, the system must easily integrate into these other solution sets.

Also, respondents seek CRM systems that can be set up quickly to support their processes end to end. Systems must augment and enhance workflows, not hinder them.

Figure 5



Base: 484 director-level and above decision makers with responsibility for CRM strategy and technology investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, August 2019

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Insight 2: Companies On This Path Are Already Supporting Superior Customer Experience

Companies that are integrating their CRM systems with core operational systems, to provide a single source of customer truth, are better positioned to deliver seamless experiences. And, when companies evangelize that customer truth throughout their organization, customers get consistent experiences from everyone they interact with — whether it's marketers, sellers, customer service agents, or finance.

Our analysis proved that:

› **Well-integrated CRM systems support better customer experience.**

1. Eighty percent of well-integrated businesses reported an eight or higher on a 10-point scale when rating their overall experience for customers, as compared with 57% of organizations whose technologies were not well-integrated with their CRM platform. Well-integrated businesses are those that are using many CRM capabilities, reporting that these capabilities are integrated either from their CRM provider or heavily integrated into their CRM system(s).

2. Additionally, 87% of businesses that have integrated all of their customer-facing technologies with their CRM platform noted that their CRM system is mostly or completely able to provide a single source of truth, as compared with 67% of businesses that are not well-integrated.

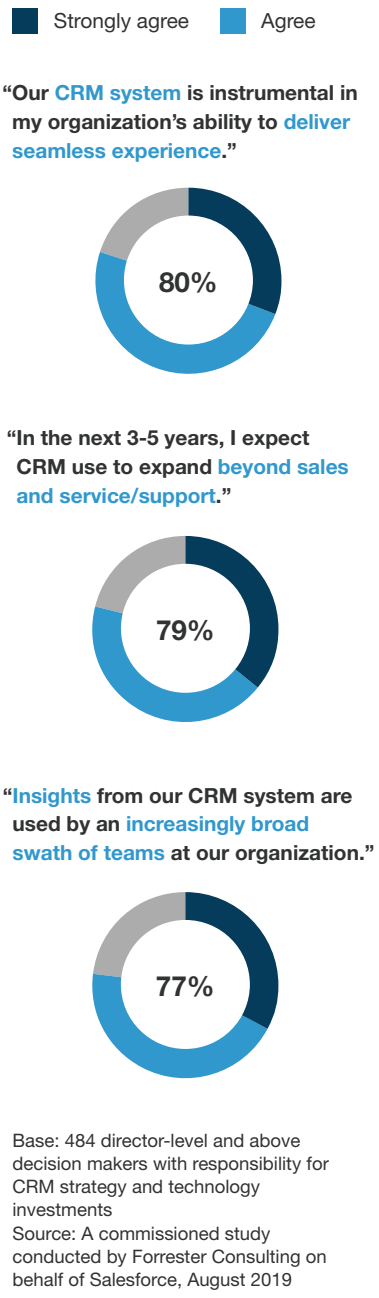
› **CRM provides the tent pole for coordinated customer experiences.** Businesses that noted all teams use their CRM system during the customer lifecycle reported significantly higher ratings of customer experience.

1. Sixty-eight percent of those advanced users reported an eight or higher on a 10-point scale, compared with only 48% of businesses that have only some teams using their CRM system.

2. Eighty percent of businesses agreed that their CRM system is instrumental in their organization's ability to deliver seamless experiences.

3. Seventy-seven percent noted that their CRM system is being used by an increasingly broad swath of teams to influence decisions (see Figure 6).

Figure 6



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Key Recommendations

Forrester's in-depth survey of CRM and customer experience decision-makers yielded several important recommendations:

Put the customer at the center of your operations. The best competitive strategy is one that obsesses with understanding, connecting with, serving, and delighting customers. Having one unified CRM that serves all departments can help exceed customer expectations at every step of the journey

Empower all customer-facing personnel with unified CRM access. With customers increasingly using self-service, there are fewer opportunities for engagement with frontline personnel such as sellers, account managers, and service agents. These human relationships matter and can positively influence customer retention and company revenue. It's imperative to empower customer-facing personnel with the same view of the customer, their actions, and interactions with your company so that each conversation can build on the success of the prior one.

Bolster customer profiles. It's important to extend the consolidated view of the customer with actionable intelligence gleaned from unstructured interaction data. This will allow for true one-to-one conversations. The data that fuels intelligence includes, but is not limited to:

1. Broader demographic and firmographic data
2. Conversational styles
3. Buying indicators
4. Social data
5. Relationship graphs
6. Influencer relationships

Embrace AI and automation embedded in CRM. These technologies offload administrative work from customer-facing personnel and make operations more effective. They also arm organizations with the right content, data, and insights to personalize engagement and optimize products and services — all of which drive customer retention and company revenue.

Think beyond CRM. CRM users on the frontlines can't serve customers who are using only core CRM. They use adjacent applications integrated into their CRM to support end-to-end customer engagement processes. These include data capture applications, eSignature captures, contract management applications, dialers, and schedulers.

CRM vendors offer application exchanges with an ecosystem of point solutions that extend and enhance the power of core CRM. They also unlock their platforms to allow developers or business analysts using low-code tooling to create applications that extend capabilities within packaged CRM.

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Appendix A: Methodology

In this study, Forrester conducted an online survey of 484 director-level and above decision makers with responsibility for CRM strategy and technology investments in North America, Europe, and Australia-Pacific. Respondents were offered a small incentive as a thank you for time spent on the survey. The study was conducted in August 2019.

Appendix B: Demographics/Data

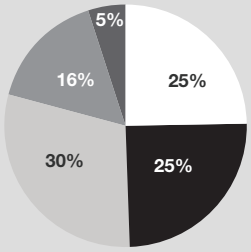
COUNTRY

US: **14%**
Canada: **16%**

France: **15%**
Germany: **12%**
UK: **16%**

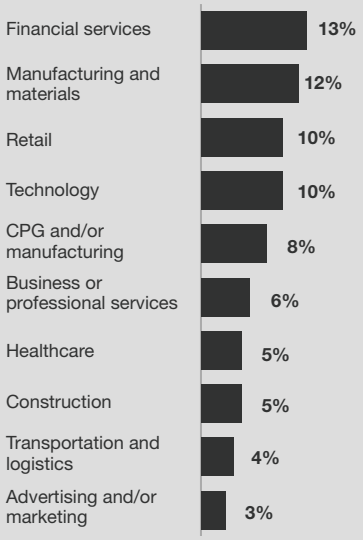
ANZ: **16%**
Japan: **12%**

COMPANY SIZE

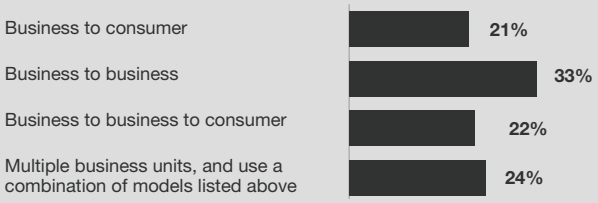


- 100 to 499 employees
- 500 to 999 employees
- 1,000 to 4,999 employees
- 5,000 to 19,999 employees
- 20,000 or more employees

TOP 10 INDUSTRIES REPRESENTED



BUSINESS MODEL



TITLE/POSITION

INDUSTRY

Base: 484 Director-level and above decision makers with responsibility for CRM strategy and technology investments
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, August 2019

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Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"Gauge Your CRM Maturity," Forrester Research, Inc., August 30, 2019.

"Map The Way To Your CRM Business Outcomes," Forrester Research, Inc., May 17, 2019.

"Transform Customer Processes And Systems To Improve Experiences," Forrester Research, Inc., April 15, 2019.

Appendix D: Endnotes

ENDNOTES

[1] Source: "Fix The Data Problems That Destroy Your Customer Effectiveness," Forrester Research, Inc., February 18. 2015.

[2] Source: Ibid.