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The State of CRM Data Management in 2024

LOW-QUALITY CRM DATA COMES AT AN INCREASINGLY HIGH COST.

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Introduction

They say the only constant is change— and it's certainly true in the customer relationship management (CRM) landscape.

New privacy regulations, technological advances, job market shifts, and relentless pressure to innovate and automate are challenging the status quo for data admins—and creating something of a perfect storm in many CRMs.

One thing that hasn't changed? CRM data is still the cornerstone of success for growth-minded companies—if it's managed well, that is.

The *State of CRM Data Management in 2024* reveals how organizations are navigating the latest data management challenges—and how they should shore up their data management processes for whatever comes next.

This is a global study of 631 CRM users and stakeholders in the United States, United Kingdom, and Australia.

This report reveals that admins are facing a tougher data management landscape than ever before—and their data quality is suffering as a result.

KEY FINDINGS

Admins are under mounting pressure.
76% of admins said that consumer demands for more personalization have led to an increase in the volume and complexity of data they manage.

Data quality is becoming more difficult to maintain.
24% of CRM admins said **less than half of their data** is accurate and complete.

Low-quality data comes at a high price.
31% of admins reported that poor quality data costs them at least 20% of their annual revenue.

Organizational leaders are blind to data quality issues.
Those at the VP-level or above were 69% less likely than average to notice an acceleration in customer data decay.

Data quality is a major roadblock to success with AI.
67% of those who aren't using AI said they were concerned about the readiness of their data for AI/ML applications.

Organizations rely on CRM data more than ever.

First, some encouraging news: Our survey respondents readily acknowledged the importance of their CRM data.

Eighty-eight percent of admins surveyed said CRM data serves as the backbone of their company's operations. Respondents also overwhelmingly characterized their companies as "data-driven" (Figure 1).

In this business climate, it's easy to see why consumer data is king. As customer relationships grow more complex and expectations for hyper-personalized brand experiences rise, CRM data powers meaningful, relevant customer interactions.

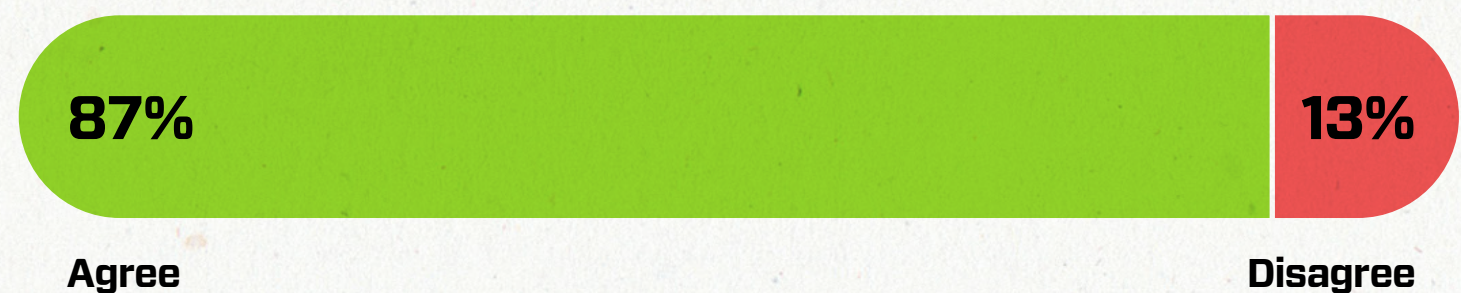The catch? CRM users can only realize these benefits if their data is clean and accurate. And in many cases, it isn't.

FIGURE 1

I consider my organization to be data-driven.

83% — Agree | 17% — Disagree
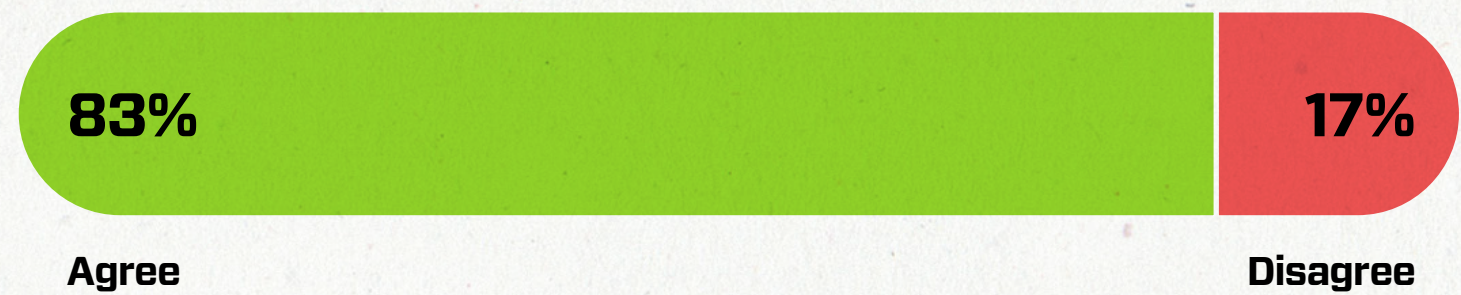
Leaders at my organization rely on data to make key decisions for their departments.

87% — Agree | 13% — Disagree

My company incentivizes data-driven behaviors for team members.

58% — Agree | 42% — Disagree

Data quality is becoming more difficult to maintain.

The fact that businesses now rely on CRM data more than ever should be seen as a good thing—highly personalized sales and marketing campaigns are now the expectation, and brands are falling in line accordingly.

But blindly relying on CRM data to fuel campaigns isn't enough—as it's the *quality* of that data that dictates their success or failure.

Interpretations of what constitutes "data quality" can vary from company to company, team to team, and even person to person. However, generally speaking, data can only be considered "high quality" when it is:

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

When drilling deeper into the specifics of respondents' data quality (see Figure 3 for their top data quality issues), a troubling trend emerged: Organizations are neglecting basic data management—and CRM users are left working with unreliable data as a result.

Nearly 25 percent of CRM administrators said less than half of their data can be deemed as accurate and complete—a **26 percent increase** from our .

The disconnect is striking: While data quality is declining at an alarming pace, data reliance is at an all-time high.

This suggests that many CRM users and managers are setting the bar too low for their data quality—and will end up paying for it down the road.

FIGURE 2

My company struggles with CRM data quality issues.

| 40% Agree | 60% Disagree |

FIGURE 3

You said you struggle with CRM data quality issues. Which of the following data quality issues do you face? (Select all that apply.)

- Incomplete data — 68%
- Missing data — 65%
- Incorrect data — 61%
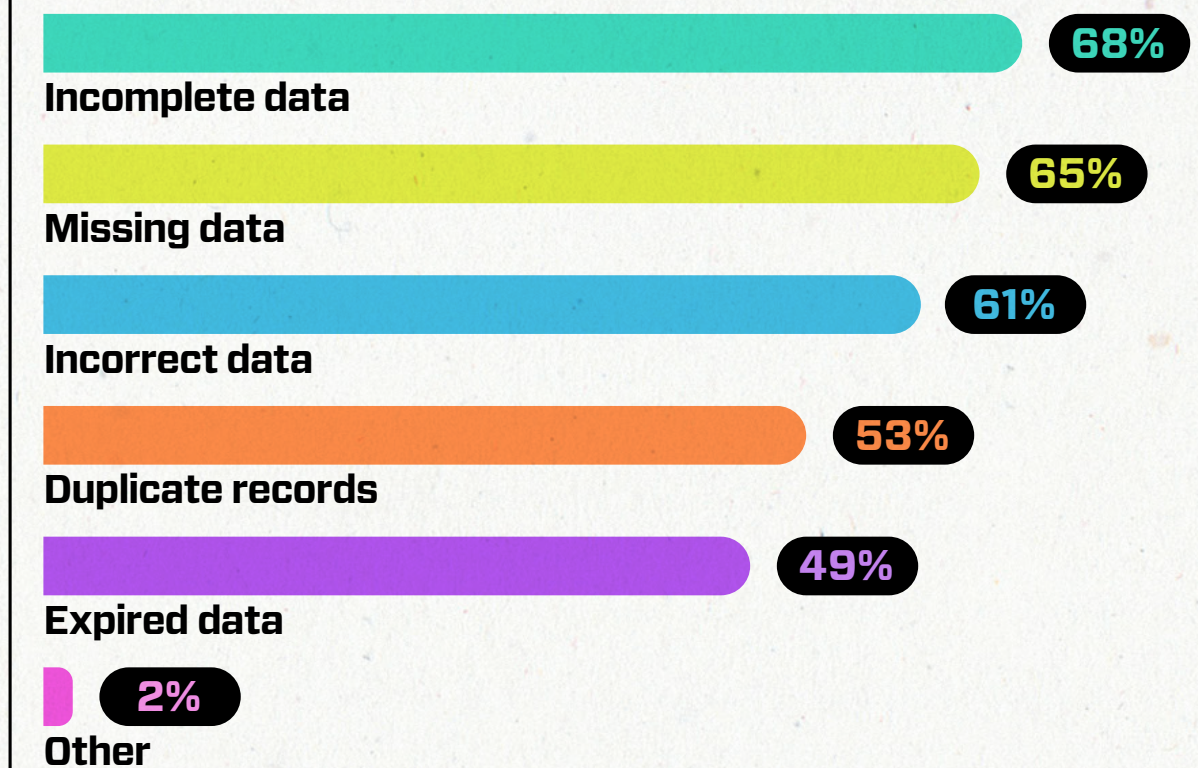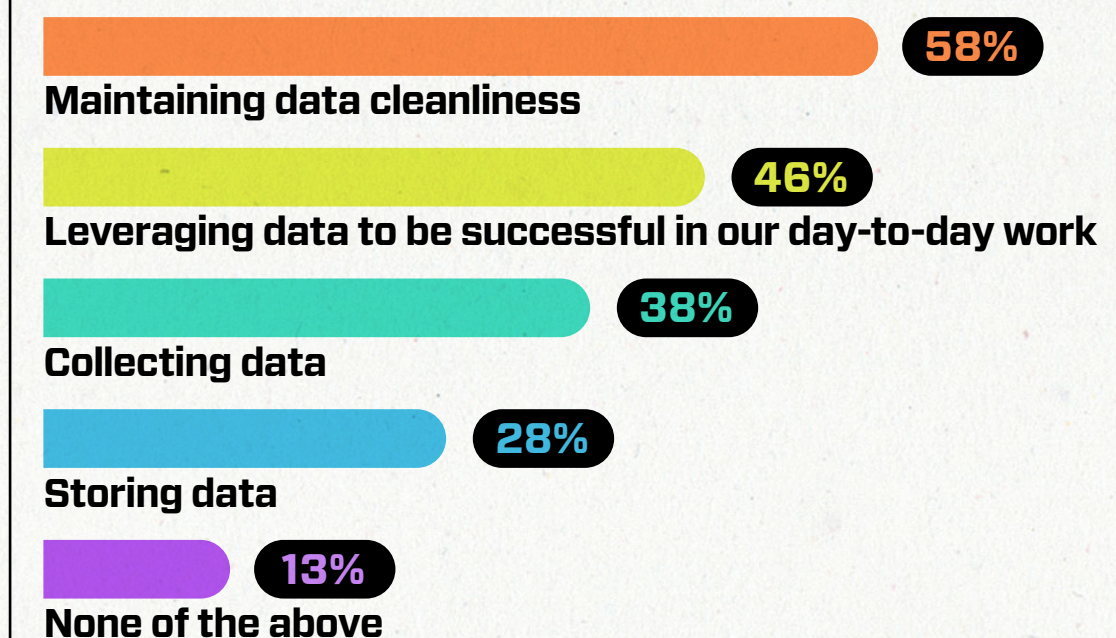- Duplicate records — 53%
- Expired data — 49%
- Other — 2%

FIGURE 4

Which of the following does your company struggle with when it comes to CRM data? (Select all that apply.)

- Maintaining data cleanliness — 58%
- Leveraging data to be successful in our day-to-day work — 46%
- Collecting data — 38%
- Storing data — 28%
- None of the above — 13%

Neglecting data quality has steep consequences.

Data quality issues can seem abstract—until we consider the consequences in terms of dollars and cents.

Regardless of a company's size and industry, poor data quality can have devastating downstream impacts. For starters, maintaining a database riddled with duplicate, expired, or incomplete records will frustrate users and jeopardize CRM usability—but this is just the tip of the iceberg.

As most CRM software vendors charge based on the number of contacts housed within, lax data management policies can significantly inflate storage costs.

Thirty-seven percent of admins said the way their company collects and stores data creates unnecessary costs. This is unsurprising, since a recent Salesforce study found that the average customer's contact database contains more than 25 percent duplicates.

Additionally, 41 percent of companies have been forced to halt potentially valuable initiatives due to low-quality

CRM data in the last 12 months—with an average of six initiatives delayed or halted per quarter. In tough economic conditions that have organizations scrambling for any competitive advantage, these are setbacks the average company can't afford.

But perhaps most troubling of all is the direct link between low-quality data and revenue loss. A whopping 31 percent of admins reported that poor-quality data leads to at least 20 percent of annual revenue lost—a **933 percent increase** from our 2021 study.

It's clear that low-quality CRM data comes at a high cost—and this cost is increasing quickly. While some companies may balk at the time and resources needed to clean their databases, neglecting the problem can be significantly more expensive.

Culprits of poor data quality

While few companies would ever intentionally let their data quality slip, it's easy to see how this might happen in the current business climate.

The global job market has undergone seismic shifts over the past few years, as "The Great Resignation" (a post-pandemic trend in which workers quit their jobs en masse) gave way to mass layoffs, particularly within the technology, finance, and retail industries. Over 305,000 U.S employees lost their jobs in 2023.

Our survey respondents weren't immune to these challenges:

- **23 percent said their teams have faced layoffs in the last 12 months.**
- **48 percent have faced budget cuts in the last 12 months.**
- **35 percent have experienced team resignations in the last 12 months.**

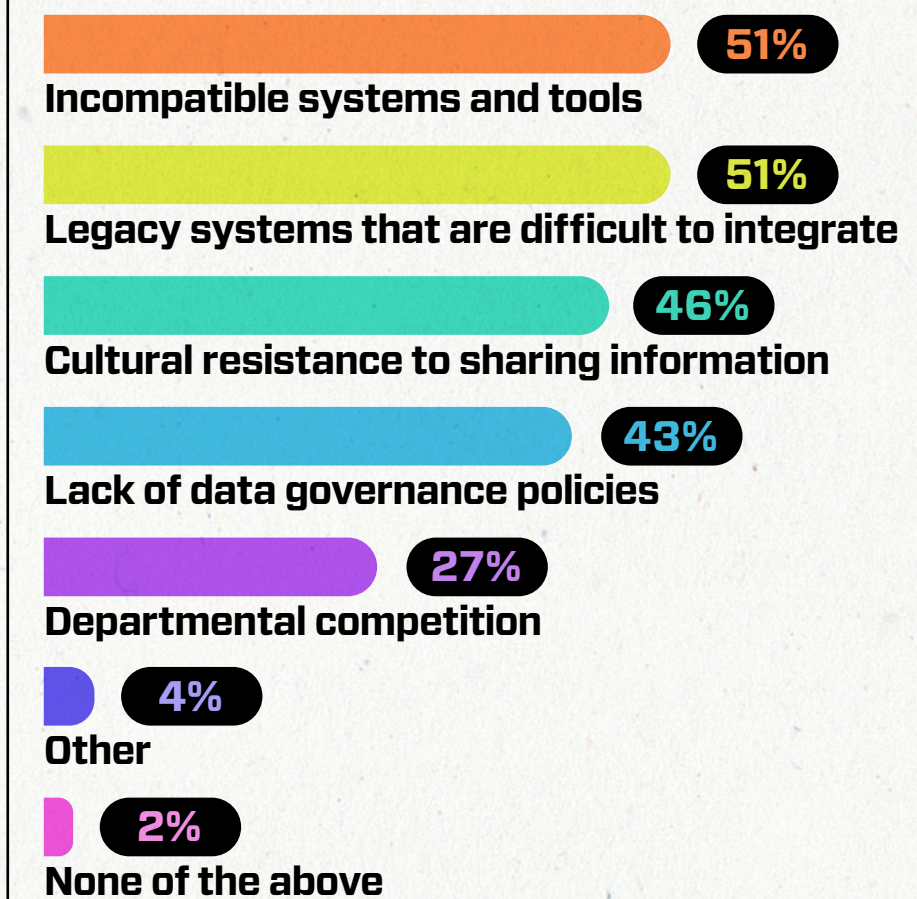From a CRM perspective, this volatility has had two major consequences:

1. CRM data is decaying quickly, as many email addresses, phone numbers, and physical addresses are tied to a contact's place of work. Forty-eight percent of admins surveyed have noticed an acceleration in customer data decay in the last 12 months.

2. In the aftermath of internal layoffs and/or resignations, CRM admins and managers face significant talent shortages. Of those who have faced layoffs/ resignations, 74 percent said that skill gaps are now a significant concern for their team.

In addition to newer threats, CRM admins also reported familiar roadblocks to data quality.

Our previous study found that murky data management responsibilities (i.e., no single person "owning" data quality within an organization) were a prime culprit for poor data quality.

FIGURE 6

Which of the following reasons contribute to your company's data silos? (Select all that apply.)

- Incompatible systems and tools — 51%
- Legacy systems that are difficult to integrate — 51%
- Cultural resistance to sharing information — 46%
- Lack of data governance policies — 43%
- Departmental competition — 27%
- Other — 4%
- None of the above — 2%

Unfortunately, these problems persist in 2024:

- **35 percent of respondents said they were unsure who holds responsibility for data accuracy at their organization. (Those in IT were 31 percent more likely than average to say this.)**

- **55 percent reported their company does not have a full-time employee dedicated to CRM data quality.**

Respondents also reported their organizations were desperately in need of more internal alignment: 50 percent of survey respondents reported their organizations struggle with data silos (Figure 6).

Company leaders are blind to data quality issues.

Given the direct relationship between data quality and revenue, one might assume that organizational leaders are well-attuned to their company's data management strategies.

Unfortunately, this isn't the case. Our study revealed senior leaders have a discouraging blind spot when it comes to data quality.

Forty-three percent of CRM admins said they are frustrated by leadership at their company failing to prioritize data quality initiatives. (Interestingly, those in IT roles were **47 percent more likely** than average to say this.)

Additionally:

- Those at the VP level or above were 69 percent less likely than average to notice an acceleration in customer data decay in the last 12 months.

- Those at the VP level or above were 59 percent less likely than average to say the increased workload caused by layoffs/resignations has made it harder to maintain accurate data in the last 12 months.

While the majority of companies claim to be data-driven, 28 percent of respondents also said that management does whatever they want regardless of what the data says—a 17 percent increase from our previous study.

Why is this such a problem?

When leadership doesn't take a firm stance on data integrity, this attitude can trickle down and lead to the degradation of data at all levels of the organization.

Of those at companies where decision-makers rely on data, 54 percent reported that staff manipulates data to tell the story decision-makers want to hear. Forty-five percent went a step further and said staff fabricates this data. (Figure 7)

FIGURE 7

Staff manipulates data to tell the story they want decision-makers to hear.

Often	15%
Sometimes	39%
Never	46%
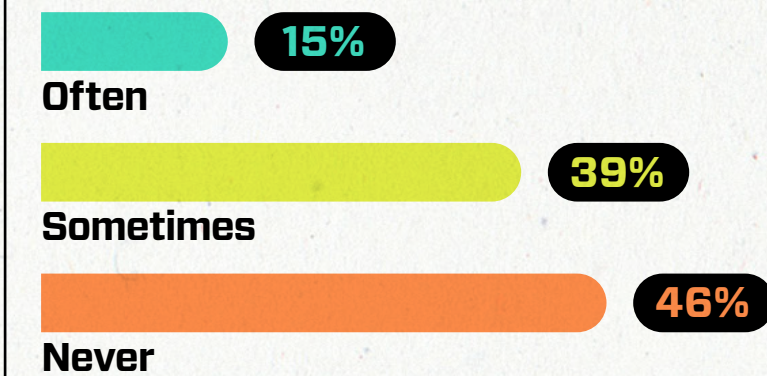
Staff fabricates data to tell the story they want decision-makers to hear.

Often	11%
Sometimes	34%
Never	55%
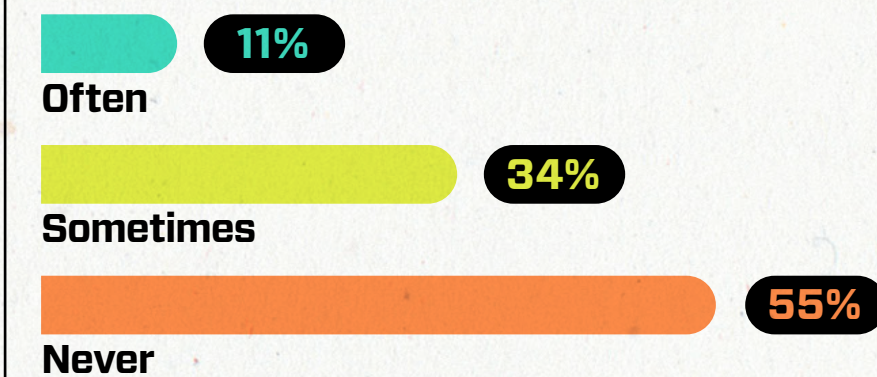
A leadership team's inability to understand their company's data quality issues will only exacerbate these problems in the long term—since the executive voice is often needed to get data hygiene projects moving or approve hiring talent to own data maintenance.

CRM users are optimistic about AI—but have some hurdles to clear first.

Of the many reasons why admins should prioritize data hygiene, the desire to implement AI (or the pressure to do so from higher-ups) is perhaps the most compelling.

Artificial intelligence (AI) is becoming mainstream across virtually all industries—and CRM users are a receptive bunch.

Forty-six percent of admins say they are already using AI. (Those in the US were 30 percent more likely than average to say this.) And those who aren't yet using it have it on their wish lists: 80 percent of those who don't currently use AI believe it would make their jobs easier.

It's easy to see why: AI promises massive productivity and revenue gains for CRM users—which might be particularly appealing for teams reeling from layoffs and budget cuts, as mentioned in Chapter IV.

In response to overwhelming user demand, most enterprise-level CRM solutions have already integrated some form of AI into their offerings.

This is where things get sticky.

The majority of CRM users say they trust their AI tools: An astonishing 99 percent of respondents said they consider their tools to be at least somewhat accurate (Figure 10).

However, given the significant data quality issues reported in Chapter II (including rapid data decay, lack of continuous data quality monitoring, internal mismanagement, and more), how can this be true?

In short, it can't.

This disparity suggests that CRM stakeholders have been oversold on AI's capabilities. AI's outputs are always dependent on the quality of its inputs—and no AI tool can overcome a foundation of low-quality data. Garbage in, garbage out.

As investments in AI mature and leaders start looking for bottom-line results, admins who neglect data quality will be left to face some uncomfortable questions.

But what about those who haven't adopted AI?

Given how pervasive AI has become in both work and personal settings, it might seem somewhat surprising that 54 percent of admins are not currently using AI (Figure 8).

FIGURE 8

Does your company use AI?

Yes
46%

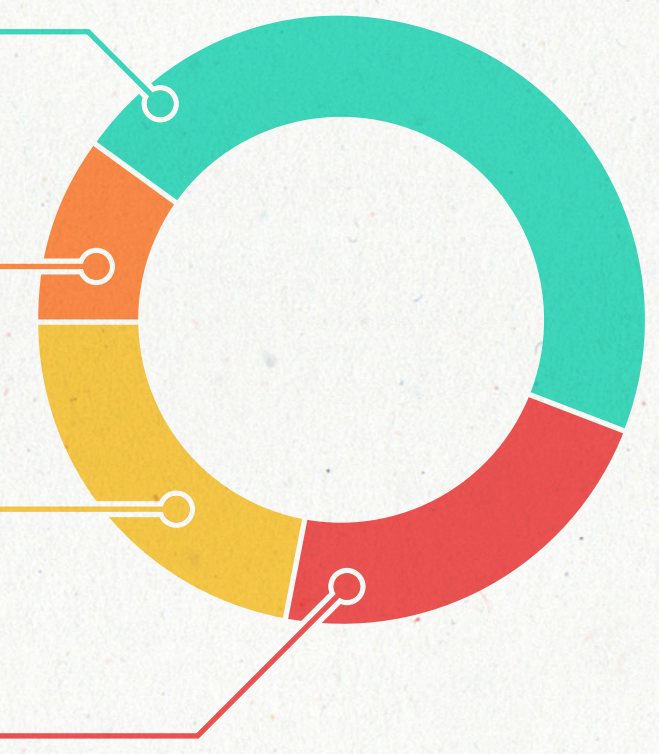No, but we plan to implement an AI solution in the next 3 months
10%

No, but we plan to implement an AI solution in the next 6 months
22%

No, we are not currently using AI and don't have plans to
22%

Why the delay?

Encouragingly, many admins seem to know they need to do some legwork to prepare their data before climbing on the AI bandwagon.

Of those who don't use AI, 67 percent said they were concerned about the readiness of their data for AI/ML applications. (However, those at the VP level or above were 16 percent less likely than average to have this concern.)

Other objections to AI are as follows:

- **41 percent said AI is too expensive.**
- **65 percent said they don't have the right talent to manage AI.**
- **55 percent said it is a pain to integrate AI with existing systems.**
- **72 percent believed that AI poses data privacy concerns.**

Given the struggles CRM admins are reporting with budget cuts, talent shortages, and data privacy concerns, it's understandable why many organizations may have delayed AI implementation.

However, AI is evolving at a fierce pace—and companies who avoid it for too long risk falling behind more innovative competitors.

FIGURE 9

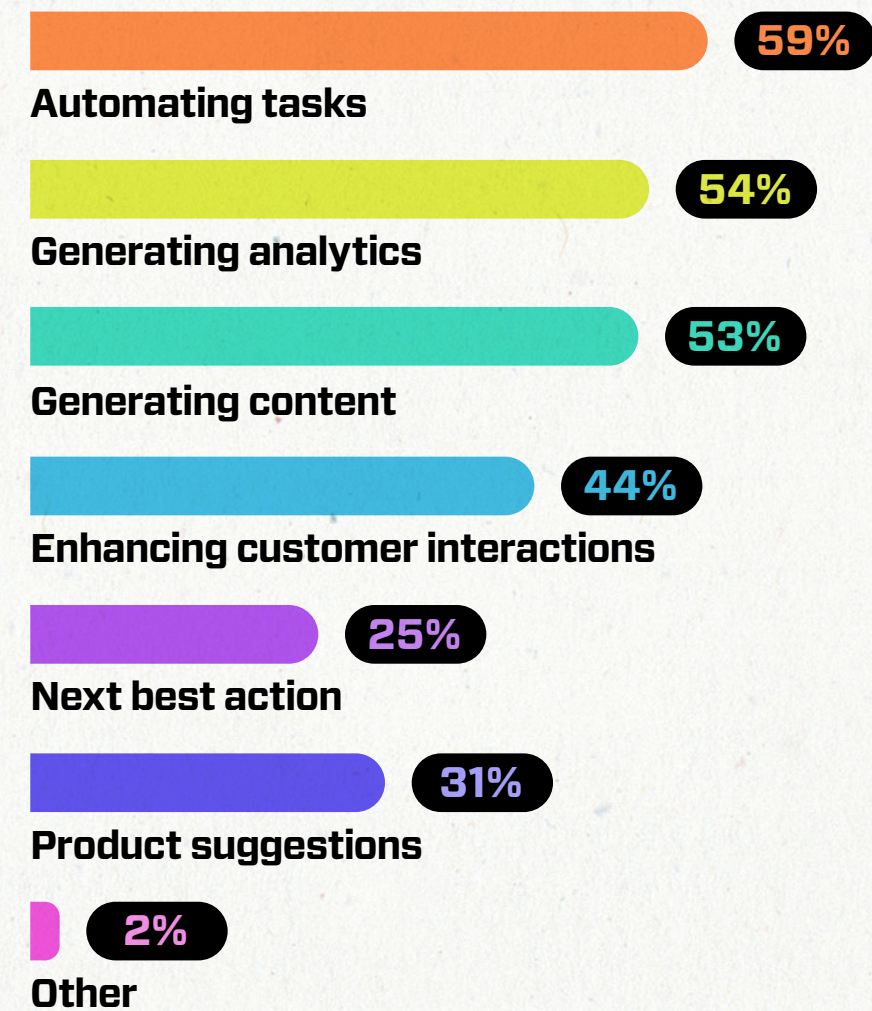**You said that you use AI in your role. In which of the following ways do you use AI? (Select all that apply.)**

- Automating tasks — **59%**
- Generating analytics — **54%**
- Generating content — **53%**
- Enhancing customer interactions — **44%**
- Next best action — **25%**
- Product suggestions — **31%**
- Other — **2%**

FIGURE 10

How accurate do you consider your AI tools to be?

- Somewhat accurate **65%**
- Very accurate **34%**
- Not at all accurate **1%**
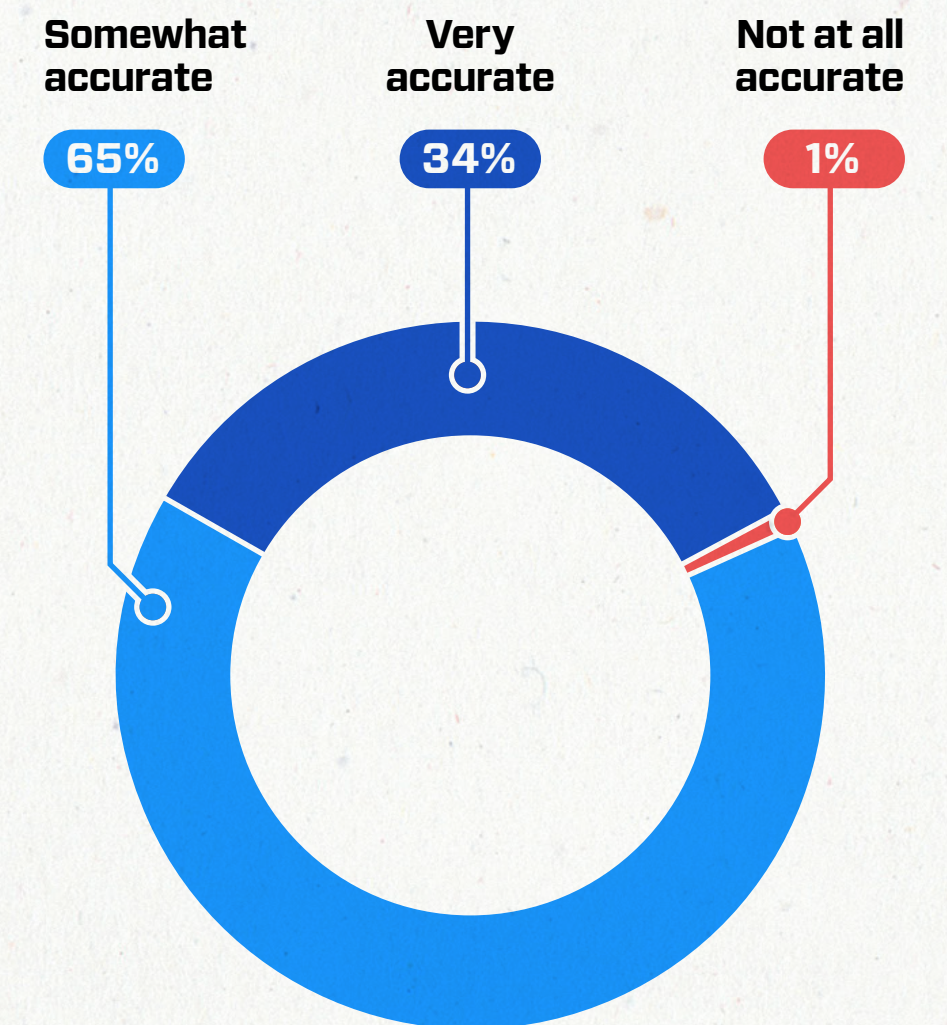
What are teams doing about data quality?

CRM admins might be navigating a tougher data management landscape than ever before—but they aren't facing these challenges lying down.

Many are trying to fortify their data management strategies by hiring. Of those who reported they had no full-time employee dedicated to ensuring CRM data quality, 41 percent said they plan to hire for that role in the next 12 months.

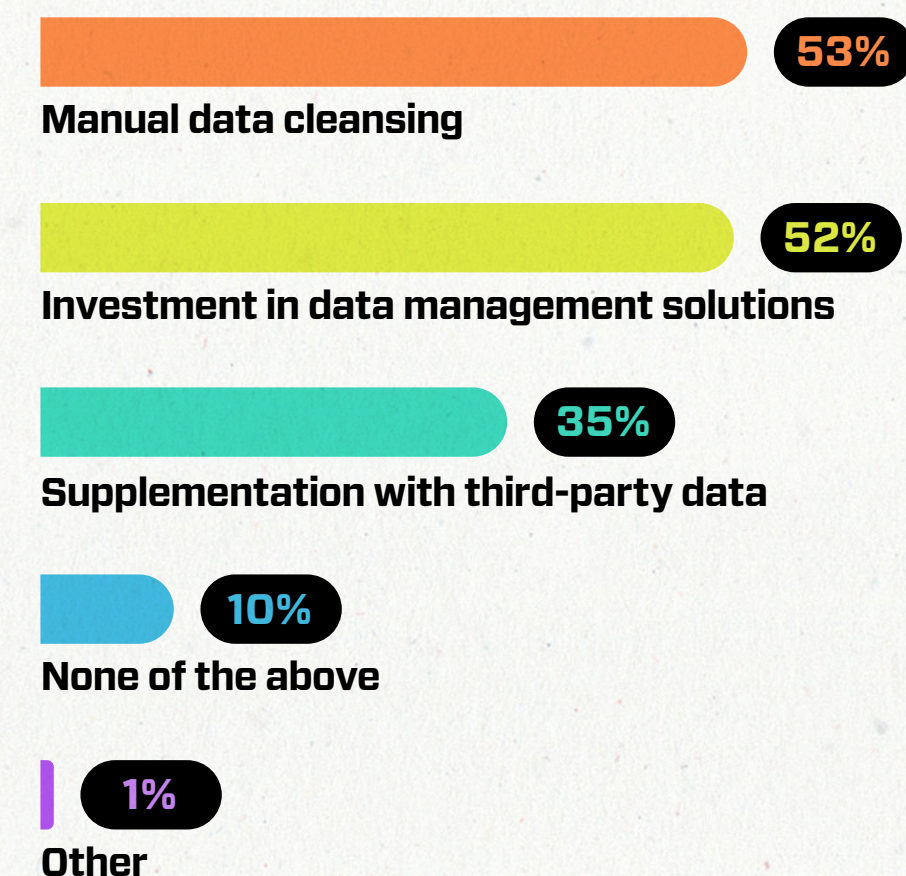Others are filling the gaps by purchasing third-party data (Figure 11)—though thankfully, this number has decreased by eight percent from our previous study. As global consumer privacy laws tighten quickly (more on this in Chapter IX), organizations that still purchase data will need to find alternative strategies quickly.

Encouragingly, more admins are steering clear of this ethical gray area and instead choosing to invest in their tech stack. Fifty-two percent said they currently invest in data management solutions to improve their CRM data quality—a 49 percent increase from our 2022 study.

Only time will tell if these actions are enough to offset the rapid pace at which CRM data is decaying.

FIGURE 11

Which of the following proactive measures has your company implemented to improve CRM data quality? (Select all that apply.)

Measure	Percentage
Manual data cleansing	53%
Investment in data management solutions	52%
Supplementation with third-party data	35%
None of the above	10%
Other	1%

It's time to act.

While it might be tempting to add <u>data cleansing projects</u> to the bottom of an ever-growing list of priorities, this would be a mistake. The pressure on admins is only expected to increase in the near future.

Why? There are a few key reasons.

First, consumers now demand personalized brand outreach that reflects their needs, interests, and purchase history—and companies are attempting to respond in kind.

Seventy-six percent of admins reported that consumer demands for personalization have led to an increase in the volume and complexity of data needed to meet these expectations.

However (and somewhat counterintuitively), consumers are also growing wary of how their personal information is used and by whom. In response, governments across the world are introducing new consumer privacy laws, and compliance for established laws like the General Data Protection Regulation (GDPR) is tightening. These changes are having sweeping impacts on how companies collect, store, and manage consumer information—and admins are feeling the brunt:

- **57 percent** said GDPR and new US privacy laws have caused significant shifts in how customer data is handled.

- **70 percent** said their company implemented more stringent data handling and storage protocols to adhere to evolving legal requirements in the last 12 months.

One unexpected consequence of these new regulations is that legal teams are now tapped into ongoing data management. Of those who have reevaluated their data governance practices in response to new consumer privacy laws, 67 percent reported that the legal department gained a more prominent role in CRM data management.

A 5-point data quality improvement plan for CRM stakeholders.

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

Here are some actionable steps that can help CRM stakeholders achieve higher-quality data:

Obtain leadership buy-in.

One of the most surprising revelations from this survey is the disconnect between what executive leaders think is happening with their data and what's actually happening on the ground.

The first step toward improvement is making leadership aware of how data quality impacts the organization. When leadership prioritizes data management, it will become easier to obtain resources for 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 the 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. Solutions like DemandTools, the data management platform from Validity, can transform outdated data management processes and make it easy for admins to keep their data clean and up to date.

Conclusion

As organizations work to stay ahead in competitive markets, the need for accurate and reliable CRM data has never been more pressing.

However, navigating this terrain is far from easy—and as CRM admins know, the next big change is always just around the corner.

That's why thousands of Salesforce organizations across the globe have partnered with Validity DemandTools. With features to help you assess, import, deduplicate, standardize, mass-modify, and more, DemandTools makes it possible to maintain high-quality data in less time.

To learn how DemandTools can strengthen and simplify your data management processes, get a free demo today.

Schedule a demo

Methodology

The State of CRM Data Management in 2024 survey was conducted online between March 28 and April 13, 2024. It reflects the opinions of 631 customer relationship management administration workers in the technology, retail, ecommerce, 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 percent margin of error dependent on geography.

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