

# The customer connection:

## How small and midsize organizations are managing customer experiences

Oxford Economics and SAP surveyed 2,000 executives from small and midsize organizations about their progress toward upgrading technology and organizational strategies to better understand and serve everyone in their network, including their customers.

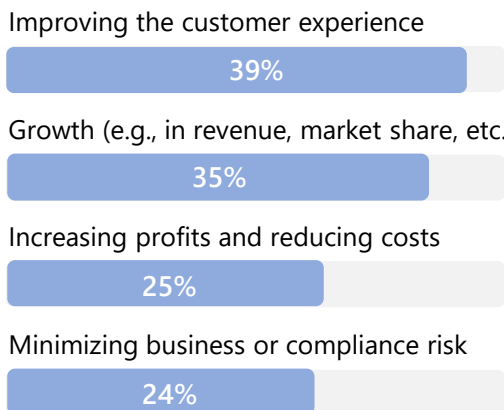
The results—which should ring true for other small and midsize executives operating in this challenging landscape—show that improving experiences for customers is the dominant goal for organizations across industries, and many expect to transform their processes and digital strategies accordingly.

This brief report outlines some key findings from our study, as well as recommendations for small and midsize organizations looking to improve their customer experiences to support growth.

### Customers come first

**Q: What are your organization’s strategic priorities over the next three years?**

*n=2,000*



**Q: What are the current top external challenges to meeting your organization’s strategic priorities?**

*n=2,000*

**42%**  
cite **changing customer wants and needs** as the top challenge

Improving customer experiences is the top priority for organizations over the next three years, even outranking increasing profits and mitigating risk.

This effort is not without its challenges, however: 42% of respondents say changing customer wants and needs is a top external challenge for their organization.

Top financial performers—a subset (7%) of our respondents with the strongest reported revenue growth and profit margin change—are even more likely to prioritize customer experiences: 53% of top financial performers say improving the customer experience is a top priority over the next three years, compared with 38% of others.

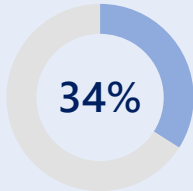
While 70% of the overall sample say the customer service function has the most responsibility for delivering high-quality experiences for customers, other functions also play a role: 47% say sales and marketing have responsibility, and 28% say the operations function has responsibility. Some functions, like IT and finance, may be undervalued for their role in supporting efficiency that underpins high-quality experiences.

## The digital advantage

Q: Which technologies are most important to managing customer experiences at your organization? What are the top benefits of each technology you selected to managing customer experiences?

Percentage using **CRM software (e.g., billing)**

n=676

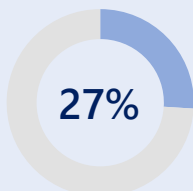


Top benefits:

- **51%** Improves communication and collaboration
- **44%** Increases understanding of customer needs
- **36%** Provides insight in real time

Percentage using **chatbots/virtual agents**

n=530

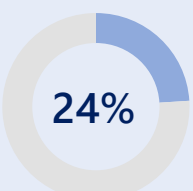


Top benefits:

- **60%** Improves communication and collaboration
- **43%** Increases understanding of customer needs
- **42%** Supports faster service

Percentage using **e-commerce**

n=473



Top benefits:

- **53%** Supports faster service
- **34%** Improves functionality and quality of interactions across channels
- **33%** Increases efficiency and productivity

Upgrading customer experiences is critical to supporting resiliency and agility, both of which can protect organizations from widespread operational disruption and market volatility.

Small and midsize organizations understand this imperative and cite several technologies as key to managing experiences: CRM is the top-ranked technology in shaping customer experiences, followed by chatbots and e-commerce. Mobile (cited by 19% of respondents), analytics (18%), and social media (17%) also rank highly.

While just 14% count artificial intelligence as one of the most important technologies for managing customer experiences, this may change in the years ahead as it becomes embedded in other tools and software and increasingly necessary for data analytics.

## What factors matter most to a high-quality customer experience?

Providing a high-quality customer experience depends on doing everything right, from supply chain and logistics to after-sales service.

When ranking factors on a five-point scale from not important to critical, nearly one-third cite high-quality products and services as critical. Competitive prices and seamless experiences are also important.

Top financial performers are more likely than others to cite all the factors we asked about as important, including user-friendly digital experiences (76% say it is important or critical, vs. 59% of others) and data protection (75% vs. 61%).

Difficulty competing with larger organizations, lack of adequate data, and difficulty scaling for growth are the top barriers to improving customer experiences, each cited by roughly one-third of executives.

Q: How important are the following factors to providing a high-quality customer experience?

n=2,000

■ Critical

High-quality products and/or services

32%

Competitive pricing

21%

Seamless experience across all channels

21%

Q: Which of the following steps have you done across the organization to improve the customer experience?

n=2,000

- **42%** have solicited and acted on customer feedback
- **33%** have increased after-sales maintenance
- **31%** have reduced prices
- **20%** have created an omnichannel experience

## Next steps

Customer loyalty and satisfaction is a major focus for growth for small and midsize organizations—in fact, nearly three-quarters expect a modest or substantial increase in this area over the next three years. What can your organization do to remain competitive against its peers, larger organizations, and digital upstarts all vying for customer retention?

- **Recognize your strength.** Small and midsize organizations have some inherent advantages over their larger rivals, including relationships with customers that often run deep. As you prepare for growth, keep that long-running tradition of customer service at the center of your strategies.
- **Take a focused approach to technology adoption.** Understand which digital tools—whether back-office analytics or customer-facing chatbots—will be most useful to your customer experience strategies, and prioritize accordingly. Remember that your technology investments will need to go beyond IT budgets to incorporate reskilling employees and redesigning processes.
- **Capitalize on data.** Many small and midsize organizations struggle to collect the data they need in various areas, including to improve customer experiences. Embed analytics into other technologies and processes whenever possible to ensure you have information from across the business that helps inform your customer-focused and broader management strategies.
- **Think long-term.** To stay competitive against large companies, begin developing use cases for artificial intelligence, machine learning, and predictive analytics—all of which will be increasingly critical to meeting customer demands for fast, convenient, high-quality service in the years ahead.

## Looking for more detail about the research?

For more findings from our survey of 2,000 small and midsize organizations—including a detailed methodology—check out our [executive summary](#).

### Message from our sponsor

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