

# SME and Data Quality

*GDPR and customer  
data in UK SMEs*



# Introduction

It's been over three years since the General Data Protection Regulation (GDPR) was introduced. Since then, there have been plenty of headlines devoted to enterprise-level data breaches but very little on how SMEs have been fairing.

Do they understand the GDPR and are they interpreting the legislation in the correct way? More than that, what is the quality of the data they hold and indeed, how do they store it?

This is what we set out to find in this survey. We wanted to gain a greater understanding of the quality of the data that SMEs hold on their customers and prospects, and the extent to which the GDPR is understood and has been adopted.

## What is an SME?

According to the UK Government\* , the usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 6 million SMEs in the UK in 2020, which was over 99 percent of all businesses. There were 5.7 million micro-businesses (0-9 employees) in the UK in 2020, accounting for 96 percent of all businesses.

For the purposes of this survey, we based SMEs on the size of their turnover, classing any business of a turnover of up to £25 million as an SME.

[\* House of Commons Library Briefing Paper, Business Statistics, 22 January 2021 [accessed 25 June 2021]

## The questions

In our survey we asked 1,110 business owners and directors a number of questions:

- Whether they store their customer and prospect data in a CRM and/or other database
- Whether they run any data cleaning or update processes on the data they hold
- Whether they use physical mailing for communicating with and/or marketing to their customers
- Whether they were familiar with GDPR
- Whether they were aware that GDPR requires data to be kept clean and accurate or be deleted

## The results

Surprisingly, the survey results revealed that only two-fifths (40 percent) of SMEs hold their customer and prospect data (i.e. consumer data) in a CRM and/or other database; a number that seemed surprisingly low, given that most businesses need to maintain contact with their customers. This would seem to suggest that the remaining three-fifths (60 percent) either do not hold any customer data or that they hold it in a format they do not consider to be a database, such as Excel or on paper.

The good news is that awareness of the GDPR was high amongst the majority of SMEs (85 percent) and that these businesses are also aware that data must be kept clean and accurate or be deleted (89 percent). It's good to see that, three years after it was introduced, most understand the importance of the legal requirements for managing data. The larger the company (by turnover), the greater the familiarity.

However, what the survey also revealed was that, while three-quarters (75 percent) of those with a CRM and/or other database do run data cleaning or update processes on their data, one quarter (25 percent) do not, despite the fact that 93 percent were aware of the need to clean and update or delete their data. And with two-fifths (42 percent) of all respondents using the data they hold for direct mailing/marketing, this raises the question of how accurate, up-to-date and compliant the data they hold for these purposes is?

Of all SMEs surveyed (irrespective of whether they have a CRM/database or not), nearly two-thirds (61 percent) said they do not run any data cleaning or update processes on the data they hold. This is despite the fact that over four-fifths (85 percent) were familiar with GDPR and almost four-fifths (79 percent) were aware of the legal requirement to keep data clean and accurate or delete it.

## Survey methodology

### Small businesses x1,110

The Companies Act defines an SME for accounting purposes as having a turnover of not more than £6.5m, however for this survey, the turnover range was grouped to £25m. On this basis the weighted response for this group is 1,110, with the emphasis on turnovers up to £4.9m.

#### Geographic split

Scotland	73
Northern Ireland	28
Wales	44
South West	112
South East	195
London	224
East of England	120
West Midlands	95
Yorks & Humber	89
North West	112
North East	30

#### Industry split

Manufacturing	96
Construction	212
Wholesale	33
Retail	88
Transport	55
Communications	11
Hospitality	43
Financial / property / business services	114
Education / health / public services	179
Arts / leisure / other	368

Turnover	Response
Up to £4.9m	910
£5m - £24.9m	200



**Only 40 percent of SMEs hold  
their data in a CRM/database**

To set the scene, we wanted to find out how many SMEs hold their customer and prospect data in a CRM and/or similar database.

We found that 40 percent (439) of the SMEs we surveyed indicated they have a customer and prospect database in a CRM or similar format. Given that businesses need to maintain contact with their customers for sales and marketing, and never more so than over the past 15 months, this appears to be a relatively low percentage. It would appear that the number of SMEs who could benefit from the business advantages of a CRM could be greatly improved. There are many benefits to a CRM, but two key ones are offering a 360-degree real-time view of a prospect or customer, and keeping that individual's data safe, secure and up-to-date.

Our survey found that only 34 percent of those with a turnover of up to £4.9m said they had data in a CRM/database, although this rose to 65 percent in the £5m-£24.9m category. When looking at all SMEs with a turnover range up to £25m, 40 percent (439) have their data in a CRM or other database: meaning that a significant 60 percent (671) did not.

Examining different business sectors in more detail, retail (80 percent), hospitality (76 percent), transport (70 percent) and construction (69 percent) are the least likely to have a CRM or other database, which seems surprising, especially when considering the retail sector.

**Q: Do you have customer and prospect data (i.e. consumer data) in a CRM and/or other database?**

	Total	Turnover	
		Up to £4.9m	£5m - £24.9m
Weighted base	1,110	910	200
Yes	491 (45%)	309 (34%)	130 (65%)
No	709 (65%)	601 (66%)	70 (35%)

Total	Business Sector									
	Manufacturing	Construction	Wholesale	Retail	Transport	Comms	Hospitality	Fin/Prop/Bus Services	Edu/Health/Public	Arts/Leisure/Other
1,110	88	202	31	81	51	9	40	104	159	346
439	38	63	13	16	16	6	10	68	73	136
40%	43%	31%	43%	20%	30%	60%	24%	66%	46%	39%
671	50	138	18	65	36	4	30	35	86	209
60%	57%	69%	57%	80%	70%	40%	76%	34%	54%	61%



**More than half of  
SMEs do not clean  
their data**

We asked all survey respondents whether they run any data cleaning or update processes on the data they hold. This question was asked of all respondents, rather than just those with a CRM or other database, to capture any respondents who considered they held their data via another means.

Overall, approximately the same proportion, 39 percent (432) of SMEs said they ran data cleaning or update processes on their data, but 61 percent (678) said they did not. We can assume this is either because they simply didn't and/or because they felt they did not hold data in a CRM or other database.

75 percent (330) of SMEs who said they had a CRM or other database ran a data cleaning or update process, but a significant 25 percent (109) indicated they did not. In addition, 51 percent (569) indicated they did not have customer data in a CRM or other database AND they did not run any data cleaning or update processes on any data they held. Considering most businesses have a need for customer data in one form or another, this is a surprisingly large percentage.

Of those SMEs with a turnover of less than £25m who have a customer CRM or other database, 25 percent did not run any data cleaning processes, reducing to 15 percent for businesses with a turnover over £25m. On an overall basis, the figure for all respondents was 61 percent for the lesser turnover group and 38 percent for the larger.

Whilst the figure of 25 percent of those SMEs with a CRM or other database not running any cleaning processes is high enough, assuming most companies needed to keep some form of customer data, the overall figure of 59 percent is surprisingly high. The results also showed that the larger the business, the better it is at running data cleaning or update processes.

**Q: Do you run any data cleaning or update processes on the data that you hold?**

	Total	Total Turnover					
		Less than £1m	£1m - £1.9m	£2m - £4.9m	£5 - £9.9m	£10m - £14.9m	£15 - £24.9m
Yes	1,110	420	280	210	90	65	45
	432	77	114	111	55	43	32
	39%	18%	41%	53%	61%	66%	70%
No	678	342	166	99	35	22	13
	61%	82%	59%	47%	39%	34%	30%



**42% of SMEs use  
direct mail**

When asked whether they use physical mailing for communicating with and/or marketing to their customers, 42 percent (506) of all respondents confirmed they did, a very slightly greater number of respondents than those who indicated they kept a database (491). Presumably these additional respondents must also have some form of data, stored offline or via a different method.

From a turnover point of view, only 23 percent of SMEs with a turnover of less than £1 million communicate in this way. This percentage rises as turnover increases, to a peak of 60 percent in the £5-9,9 million range, although more than half of SMEs in the £10million+ category also use direct mail.

Considering those SMEs who said they had a CRM or other database, 60 percent (265) carried out physical mailings. The results also showed that 30 percent (199) of those who said they didn't have a CRM or other database do use physical mailings. While this can only be based on speculation, perhaps these communications are not data targeted?

**Q: Do you use physical mailing (e.g; letters, brochures or catalogues etc) for communicating with and / or marketing to your customers?**

	Total	Total Turnover					
		Less than £1m	£1m - £1.9m	£2m - £4.9m	£5 - £9.9m	£10m - £14.9m	£15 - £24.9m
	1,110	420	280	210	90	65	45
<b>Yes</b>	464	98	139	112	54	38	24
	42%	23%	50%	53%	60%	58%	53%
<b>No</b>	645	322	141	98	36	27	21
	58%	77%	50%	47%	40%	42%	47%



**85% of SMEs are  
familiar with  
the GDPR**

Overall, awareness of GDPR is high: 67 percent (744) of all SME respondents said they were familiar with the GDPR, with a further 18 percent (200) answering that they were 'a little' familiar. Fifteen percent were not familiar with it at all. So overall, 85 percent had some familiarity with GDPR, regardless of whether they had customer data in a CRM or other database.

Taking just those SME respondents who said they had a CRM or database (see Q1), 84 percent (367) were familiar, with a further 11 percent a little familiar. Only six percent (25) were not familiar. This is positive news as it means that the majority of those who hold customer or prospect data are familiar with the regulations governing their storage of that data.

Of those who did not have a CRM or other customer database, 21 percent did not have some familiarity with GDPR. Perhaps not surprisingly, the larger the company in turnover terms, generally the greater their familiarity with GDPR (<£1m = 56 percent, £2m-£4.9m = 77 percent, £15m-24.9m = 82 percent).

All industry groupings were more than 80 percent familiar, with services ranking most highly, followed by retail, construction and manufacturing.

### Q: Are you familiar with the GDPR?

	Total	Total Turnover					
		Less than £1m	£1m - £1.9m	£2m - £4.9m	£5 - £9.9m	£10m - £14.9m	£15 - £24.9m
Yes	1,110	420	280	210	90	65	45
	744	235	198	161	67	46	37
	67%	56%	71%	77%	75%	71%	82%
No	166	96	27	22	9	9	3
	15%	23%	10%	10%	10%	13%	8%
A little	200	89	55	28	14	10	5
	18%	21%	20%	13%	15%	15%	10%

	Total	Broad Industry			
		Manufacturing	Construction	Retail	Services
Yes	1,110	88	202	172	648
	744	53	117	98	476
	67%	61%	58%	57%	73%
No	166	17	36	30	84
	15%	19%	18%	17%	13%
A little	200	18	49	44	89
	18%	20%	24%	26%	14%



**79% of SMEs are aware that  
the GDPR requires data to  
be kept clean and accurate**

Seventy-nine percent (876) of all SMEs were aware that GDPR requires data to be kept clean and accurate or be deleted, meaning that one-fifth (21 percent) of SMEs were not.

Again, the greater the company size (turnover) the greater the awareness, ranging from <£1m = 67 percent, £2m-£4.9m = 87 percent and £15m-24.9m+ = 92 percent. The same was true for company size, with 79 percent of companies up to 249 aware of this GDPR requirement, increasing to 83 percent in companies of 250+ employees. From an industry sector point of view, hospitality (36 percent), transport (33 percent) and construction (31 percent) indicated they were the least aware, with financial, property and business services showing the greatest familiarity with this GDPR requirement.

Of those who said they had customer data in a CRM or other database, 93 percent (455) were aware that GDPR requires data to be kept clean, accurate or deleted.

Of the 312 SMEs who had a CRM or other database and were aware of the GDPR requirement, 75 percent (312) ran cleaning or updating processes, however 25 percent did not.

**Q: Are you aware that the GDPR requires data to be kept clean and accurate or be deleted?**

	Total	Total Turnover					
		Less than £1m	£1m - £1.9m	£2m - £4.9m	£5 - £9.9m	£10m - £14.9m	£15 - £24.9m
Yes	1,110	420	280	210	90	65	45
	876	282	235	182	80	56	42
	79%	67%	84%	87%	89%	86%	92%
No	233	138	45	28	10	9	3
	21%	33%	16%	13%	11%	14%	8%

Total	Business Sector									
	Manufacturing	Construction	Wholesale	Retail	Transport	Comms	Hospitality	Fin/Prop/Bus Services	Edu/Health/Public	Arts/Leisure/Other
1,110	88	202	31	81	51	9	40	104	159	346
876	71	140	27	60	34	9	26	98	145	267
79%	81%	69%	88%	74%	67%	93%	64%	95%	91%	77%
223	17	62	4	21	17	1	15	6	14	79
21%	19%	31%	12%	33%	70%	7%	36%	5%	9%	23%



**What have we  
learned?**

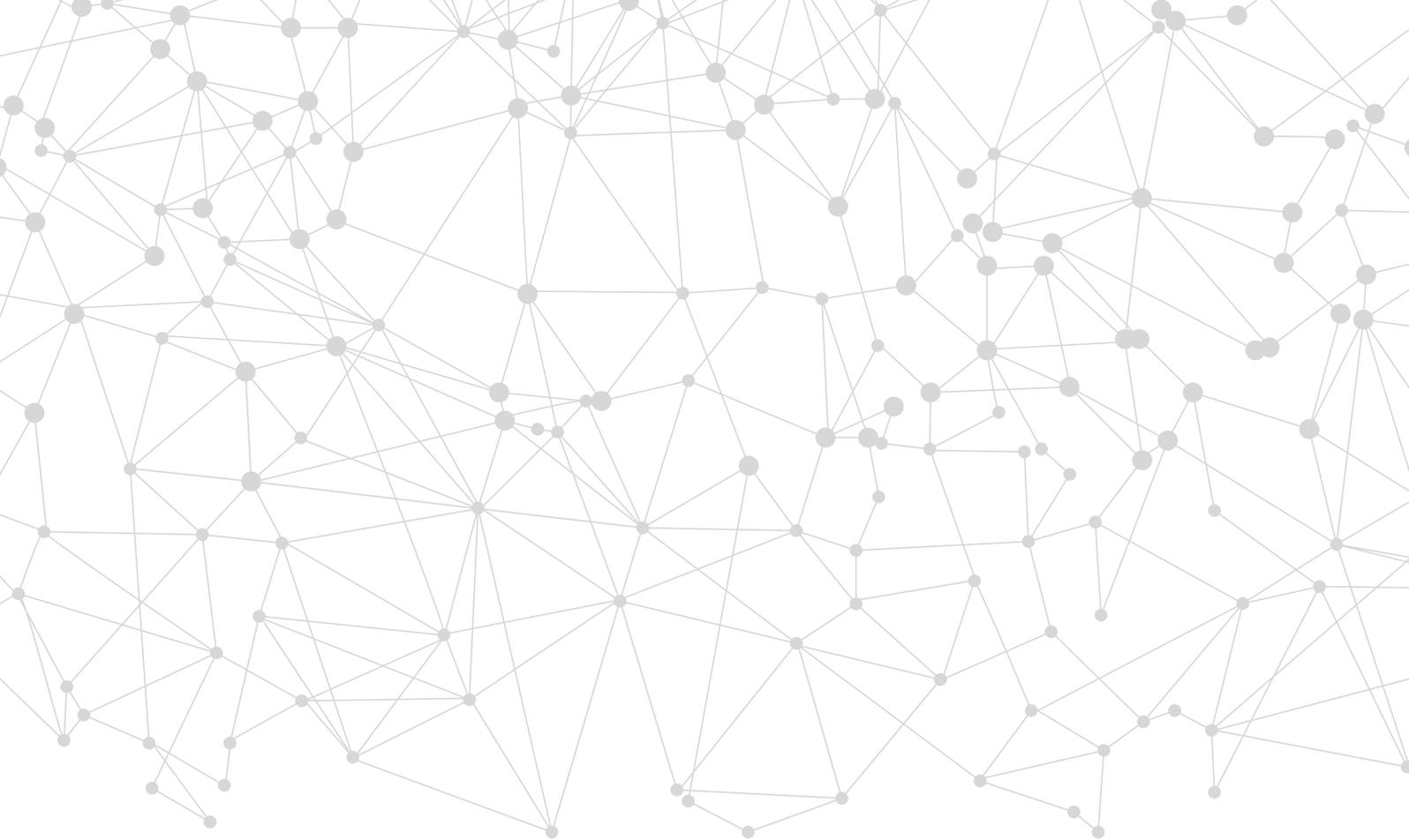
Irrespective of the format it is held in, centralising the data a company holds into some kind of CRM or database is important, because it makes the storage, management and upkeep so much easier and, as a result, any marketing processes so much more efficient and effective too.

It was also interesting to learn that a quarter (25 percent) of those with a CRM and/or other database do not run data cleaning or update processes on their data. Not only is there a legal requirement for those who have a database to keep it clean and updated (1), but it also makes good business sense: with two-fifths (42 percent) of the total SME respondents using the data they hold for direct mailing/marketing, having accurate, up-to-date customer and prospect data is key to avoid wasting time, money and effort sending out direct mail that will not reach its target.

And for the third (30 percent) who are carrying out direct mailing activities without a CRM or database, how are they managing their data? Another survey suggests that for organisations without a CRM tool, 87 percent are still relying on spreadsheets as the main tool to manage customer data but if data is the new oil (2), then we need to be taking much better care of it!

It was positive to see that awareness of the GDPR and the requirement to keep data clean and accurate (or else delete it) was so high amongst the UK's SMEs, which would indicate that the GDPR has firmly embedded itself. And while the majority of SMEs (92 percent) with a CRM or other database were aware of the need to clean and update or delete their data, there are a proportion (25 percent) who remain behind the curve and who are still not running the necessary cleaning or updating processes required by GDPR, demonstrating that there's still room for improvement.

For those who are keeping their data clean and up-to-date, it's important to keep in mind that data should still be sourced from a reputable supplier so that compliance with the GDPR is maintained.



# Sagacity

[w sagacitysolutions.co.uk](http://sagacitysolutions.co.uk) | [e enquiries@sagacitysolutions.co.uk](mailto:enquiries@sagacitysolutions.co.uk)