

IDC MarketScape

IDC MarketScape: Worldwide Customer Data Platforms Focused on Data and Marketing Operations Users 2022 Vendor Assessment

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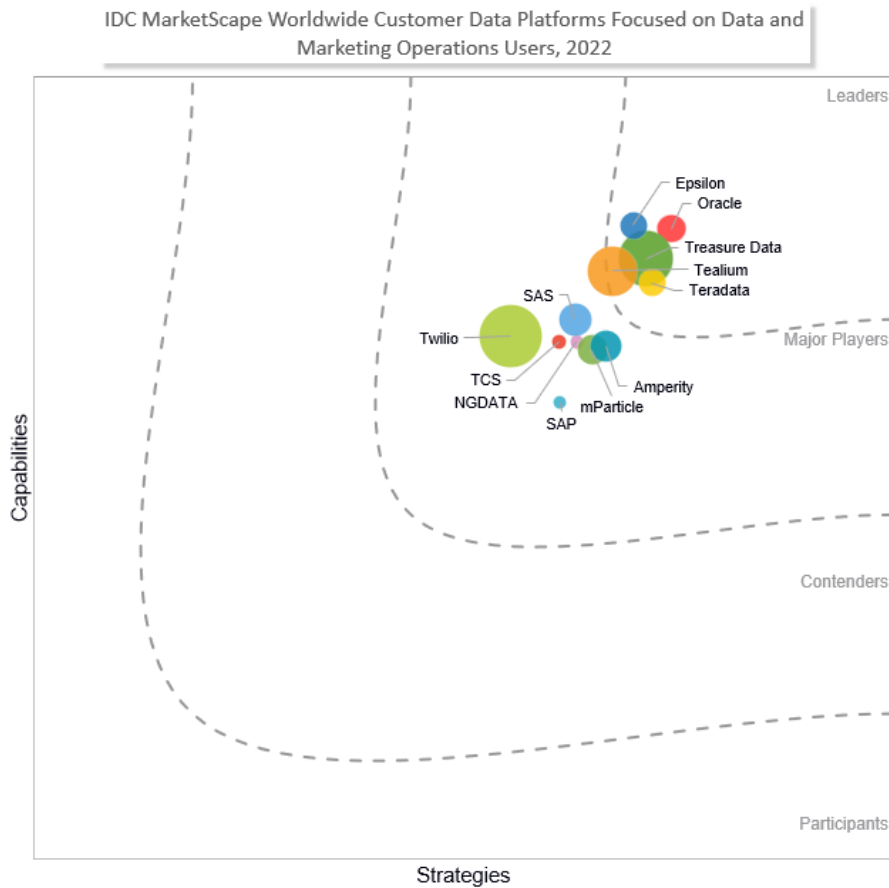
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THIS IDC MARKETSCOPE EXCERPT FEATURES TEALIUM

IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Customer Data Platforms Focused on Data and Marketing Operations Users 2022



Source: IDC, 2022

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Customer Data Platforms Focused on Data and Marketing Operations 2022 Vendor Assessment (Doc # US48858321). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Fundamentally, customer data platforms (CDPs) are designed to resolve fragmentation and lag in the enterprise customer data infrastructure. These two operational challenges are critical to every brand's ability to knit customer interactions into holistic customer experiences (CX). The overall conclusion from our extensive study of customer data platform vendors is that when the fit is right, these systems work exceedingly well. Customers reported very positive experiences when they bought the right solution for their business needs, growth objectives, and technology infrastructure. However, these requirements can vary greatly and accordingly, so do CDP capabilities, making a market that can be characterized as a "basket of fruit." The CDP market is incredibly diverse with functional overlaps and gaps all around, which causes a significant amount of confusion and frustration for buyers and sellers. Sorting CDP solutions into comparable cohorts might be considered the Gordian knot of segmentation problems as differentiation is often a matter of degrees. However, there are three key drivers of differentiation: primary user group, industry, and company size, with primary user group being the most explanatory in our analysis.

CDP buyers are generally serving two main categories of users: front-office (nontechnical) users and workers in more technical roles related to data and marketing operations, and CDP solutions tend to be designed accordingly. Therefore, we created two cohorts based on whether users in front-office roles or data and marketing operations roles represent the majority of a vendor's user base as follows:

- **Front-office users** in functions such as marketing, customer experience, loyalty, customer service, customer support, and sales
 - **Representative use cases:** Real-time personalization, journey orchestration, segmentation, campaign execution and measurement, and so forth
- **Data and marketing operations users** in functions such as marketing technology (martech) and operations, data science and analytics, information technology (IT), data operations (DataOps), and privacy and compliance
 - **Representative use cases:** A 360-degree customer view, unified customer records, data integration, identity resolution, data management and quality, data science, and so forth

This document reviews CDPs focused on data and marketing operations workers. Our previous document, published in 4Q21, reviewed CDPs focused on front-office users (for more information, see *IDC MarketScape: Worldwide Customer Data Platforms Focused on Front-Office Users 2021-2022 Vendor Assessment*, IDC #US47524621, December 2021).

It is important to point out that all CDPs can be used by people in any of these roles and more. But there can be big differences in usability and capabilities for analytics and activation. Some CDPs for

data and marketing operations users assume that other systems in the infrastructure will provide those capabilities, which is typically true in larger companies. The relative importance of each type of user for a given CDP buyer depends on many factors including use cases, outcome objectives, infrastructure maturity, and skill sets, in addition to technical considerations regarding speed, scale, security, and compliance.

For some vendors, the user majority is weighted heavily toward one category, while other vendors are split nearly evenly. We understand that drawing a line between these definitions is not without its flaws. But there are no clear lines of differentiation between all CDPs in our study. In fact, when we asked the vendors who they mainly compete with, only about 20% of the time did two vendors agree that they considered each other primary competitors, somewhat competitive, or not competitive. IDC suspects this is a result of confusion on the part of buyers that do not have the tools and frameworks needed to understand which CDP solution is the best fit and therefore may begin their purchase processes with more than a dozen vendors. In selling situations, the major cloud vendors are omnipresent, but that is not always indicative of which solutions are most relevant to the requirements of a specific customer. Our goal in writing these documents is to help buyers get down to a more reasonable short list with much less time and effort.

CDP deployments for data and marketing operations users tend to focus on establishing customer data as an enterprise service that is equally available to all other layers of the analytics and activation infrastructure in multiple front-office functions. They tend to support users in martech/operations, data science, data operations, and IT and can involve more data sources with higher data volumes and rely more on other solutions for analytics and activation than CDPs focused on front-office users, but not always. CDPs focused on front-office users provide a set of data, insights, and engagement capabilities to specific use cases across customer-facing functions. They tend to be sold to marketing but also increasingly to teams in CX, loyalty, service, support, and even sales. They tend to be smaller in scope with respect to data integration and ingestion, but not always. Both types of CDPs must achieve real-time performance with respect to responding to customer behavior. Figure 2 summarizes the current market focus of the 12 vendors in this study by user type, company size, and top industries.

FIGURE 2

IDC's Summary of Data and Marketing Operations CDP Vendors by Type of Users, Size of Customer, and Top Industries Served

	Front-Office Users	Data and Marketing Operations Users	SMB (<5,000 employees)	Enterprises (≥5,000 employees)	Top Industries
Amperity					Retail, travel and hospitality, restaurant, financial services (banking), and media and advertising
Epsilon					Automotive, retail, financial services (banking), healthcare providers, and media and advertising
mParticle					Entertainment, restaurant, retail, financial services (banking), and consumer brands
NGDATA					Financial services (banking), financial services (insurance), telecom, travel and hospitality, and entertainment
Oracle					Financial services (banking), technology B2C, automotive, telecom, and retail
SAP					Retail, consumer brands, technology B2B, professional services, and energy and utilities
SAS					Financial services (banking), retail, telecom, professional services, and government
TCS					Financial services (insurance), retail, and financial services (banking)
Tealium					Retail, financial services (banking), travel and hospitality, healthcare providers, and entertainment
Teradata					Financial services (banking), retail, telecom, and manufacturers
Treasure Data					Consumer brands, retail, media and advertising, technology B2C, and automotive
Twilio					Technology B2B, manufacturers, financial services (banking), entertainment, and consumer brands

Note: The white space indicates the least number of users, and the black space indicates the most number of users.

Source: IDC, 2022

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The criteria for inclusion of vendors in this IDC MarketScape analysis are as follows:

- Vendors must have CDP solutions that provide all the data aggregation capabilities in IDC's CDP definition (see the Appendix).
- Vendors must have CDP customers in production in 2021.
- The majority of a vendor's users must be in the following functions: marketing technology and operations, data science and analytics, IT, data operations, and privacy and compliance.

ADVICE FOR TECHNOLOGY BUYERS

When the fit between the CDP solution and buyers' short- and long-term requirements is right, these solutions work exceedingly well. To ensure best fit, prospective buyers should start with their specific business and technical operating environments and objectives. Some of these considerations are listed in the following bullet points. (For more details on the criteria used in IDC's analysis, see Tables 1 and 2 in the Strategies and Capabilities Criteria section of the Appendix.)

CDP Buyer Business Criteria

- **Users and use cases:** For data and marketing operations users, capabilities that address systems integration (SI), data quality, error handling, data science tooling, security, and compliance are generally more critical. Front-office users typically need intuitive user interfaces (UIs) to enable them to automate and understand sophisticated decisioning on audiences, campaigns, channels, offers, content, and so forth. In both cases, customer profiles and segmentation models should refresh based on real-time session behavior.
- **Industry:** This is especially critical for highly regulated industries such as healthcare, financial services, and gaming/gambling as well as for industries that operate at scale such as retail. Short-listed vendors should have strong reference accounts, data schemas that represent industry taxonomies, object models that support various go-to-market models (contact, account, household, brand, etc.), and all the requisite regulatory certifications, security, and scalability capabilities.
- **Company size:** Global organizations with multiple business units tend to have complex challenges with respect to data integration, coordination and collaboration, regulatory compliance, and data residency than smaller companies. In addition to the essential technical requirements, large enterprises should look for solutions that can deliver compliance, services, and support capabilities on a global scale in multiple languages with all the requisite data residency capabilities. Smaller companies need to clearly define their expected outcomes so that they can prioritize the need for a CDP that offers analytics and activation versus one that is optimized for data aggregation.

CDP Buyer Technical Criteria

- **Infrastructure maturity and complexity:** CDP buyers need to assess both the horizontal and vertical gaps in their infrastructure. Fragmentation in the data layer is the primary horizontal issue. In many companies, there are also weaknesses in the analytics and activation layers for specific business units, departments, or teams. In either case, CDP buyers should carefully think through their road map and the demands that rapid expansion of the CDP deployment will make on the technical specifications of the system.
- **Speed and scale:** Overall, the speed and scale capabilities of commercial CDP solutions are extremely impressive. The modern PaaS platforms on which CDP solutions are hosted provide almost limitless storage and compute capacity that can be independently scaled. The issues with speed and scale are primarily a concern with DIY CDP projects. Initial scope is usually limited with respect to full-scale enterprise deployments and can result in wasted time, effort, and expense. DIY CDP implementations tend to struggle to scale or require too much IT investment to support an ever-expanding road map of use cases that may not have been contemplated in the initial design.
- **Security and compliance:** Brands need to assure themselves as well as their customers that the data they collect and use to run their go-to-market operations is ethically and legally legitimate. They must also protect themselves and their customers from breaches and misuse.

Most CDPs have embedded capabilities for compliance with major privacy requirements, but industry-specific capabilities do vary and should be carefully assessed.

- **Data management and analytics services:** Buyers need to consider the need for data operations and analytic/AI modeling operations (ModelOps) to manage data quality and support new use cases. Until these roles become more common, and these competencies mature in marketing teams, CDP vendors and their partners will have to offer appropriate services to help customers optimize data pipelines; ensure data discovery, access, and lineage processes are intact; tune analytics and tagging functions to key use cases; and more.

IDC recommends that every CDP implementation be undertaken in the context of the whole customer data ecosystem in and beyond marketing. A CDP may be a departmental resource initially, but it must be an integral component of an enterprise customer data integration road map. It is also critically important that every CDP implementation fully appreciate the challenge of educating and training staff on how to best leverage the vast enterprise data set and analytics provided by the CDP. This cannot be overstated and may best be explained by the grocery store analogy:

Implementing a CDP (or any customer data project) is a lot like building a new grocery store for a community. A team of engineers and architects is hired to design and build a gleaming new facility. Merchandisers, marketers, and suppliers are engaged to bring in a carefully curated set of SKUs, tens of thousands (or petabytes) of them. When you throw the doors open to the user community, people are so impressed; there are products from all over the world. But they can also be overwhelmed, and no one has time to look at every box, bag, or jar and figure out how it all goes together. If they checkout with the same 17 items in their cart that they've been buying for the past five years, zero innovation has occurred or ever will occur, resulting in a significant innovation debt to the enterprise.

It's not enough to build and stock the store, you have to teach all the home cooks (the front-office decision makers and analytic modelers) how they can use an expansive set of customer attributes to do their same old jobs better, faster, and cheaper and also invent brand-new ways to deliver new value to customers over and above promoting products and services. CDP vendors need to help customers learn how to use data from way outside of their normal operating box to drive innovation. How can email marketers leverage credit scores or late payment status from finance in their audience selection process? How can pricing leverage abandoned cart statistics to optimize inventory turns? How can contact center leverage product marketing content for upselling and cross-selling? In a large enterprise, these people can be separated organizationally, geographically, contemporaneously, operationally, and culturally. Data is the only enterprise resource that can enable all these interactions to inform and enhance each other in real time. Therefore, if the customer data and analytics infrastructure is not designed as an application-agnostic enterprise service, it will not be possible to deliver a seamless end-to-end customer experience.

The only conclusion is that data and analytics infrastructure is not enough to drive adoption, utilization and, ultimately, customer value. CDP vendors need to go to market with a whole company readiness model, not just a product readiness model. CDP buyers need to ensure that every use case is enabled to publish and consume data from an enterprise customer data service. That way, every customer interaction can enhance every other interaction within regulatory and brand policies.

To DIY or Not to DIY

Commercially available CDPs deliver much more, much faster, and more economically in the long run than DIY projects, which often under-deliver with respect to use case support and workload demands. Early implementations of CDPs, most of which were scoped as solutions for marketing departments and were deployed prior to recent privacy legislation, can struggle to evolve into resources for the enterprise customer data ecosystem. According to vendors in this study, the most common reasons for the need to replace existing deployments are:

- Scalability and unsupported use cases (tied)
- Data quality
- AI/analytics
- Other (primarily related to data quality)
- Cost of ownership
- Product complexity
- Response times

Summary

CDPs are on the critical path of helping brands become more customer centric. They are of course not a panacea and must be implemented as part of an enterprise customer data ecosystem designed to orchestrate all customer engagements regardless of who, what, where, when, why, or how anyone conducts them. Without an underlying enterprise service for customer data, end-to-end customer experience management is simply not possible. Data is the only resource in the enterprise that can function at the speed and scale needed to personalize moments for millions of customers in real time.

Customer experience management has fundamentally changed the purpose and practice of marketing – every customer interaction, customer-facing team, use case, and system must be connected to each other. The macrolevel implication for enterprise IT architecture is to tilt conventional departmental thinking on its side and solve for continuity. As customer engagement technologies exploded over the past decade, front-office functions were forced to implement separate systems for every operational use case (channels, analytics, personalization, privacy, etc.). This resulted in buying behavior that led to a proliferation of point solutions and suboptimal infrastructure characterized by "fragmentation by design" as each system had to be connected to many others over and over. CDPs provide a way to refactor the infrastructure as if it was built from the data and analytics layer up without having to rip and replace a host of customer-facing systems across the front office. (The Appendix provides more details on CDP functionality, architectural implications, use cases, and market trends.)

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Tealium

After a thorough evaluation of Tealium's strategies and capabilities, IDC has positioned Tealium in the Leaders category within this 2022 IDC MarketScape for customer data platforms focused on data and marketing operations users.

Tealium is a privately owned company founded in 2008, with headquarters in San Diego, California. Tealium sells enterprise tag management, an API hub, and a customer data platform with machine learning and data management products. Tealium's CDP product, AudienceStream, comes with patented visitor stitching technology that constructs accurate, comprehensive, and actionable customer profiles. These profiles can be leveraged in any integrated system.

Quick facts about Tealium include:

- **Employees:** 680 (estimated)
- **Industry focus:** Financial services, healthcare, pharmaceuticals, retail, sports and entertainment, and travel and hospitality
- **Cloud:** Single tenant, cloud native, and hybrid
- **Pricing model:** Perpetual based, subscription based, and consumption
- **Primary CDP products:** Tealium AudienceStream CDP
- **Primary CDP customers:** New Balance, TUI, Humana, and Visa
- **CDP go-to-market partners:** Has a mature and growing community of implementation partners
- **Original CDP product GA date:** September 2013
- **Most recent CDP product version and release date:** Operates on a continuous release cycle with no version numbers

Strengths

- **Software support:** Tealium provides excellent software support, providing both digital inbound support channels, customer self-service, and product support line with 1 hour callback commitments for P1 issues and dedicated customer success reps for key accounts.
- **Compliance:** Tealium's AudienceStream CDP offering helps customers achieve compliance through automated PII identification, automated PII redaction, communication encryption support, data masking, and data hashing and also through customer-defined policies. Consent management is a standard feature of the AudienceStream product.
- **Data management:** Tealium's AudienceStream CDP offers data schemas and attribute sets out of the box for more industries than similar vendors. Industries include automotive, banking, consumer brands, entertainment, healthcare payers and providers, pharmaceuticals, restaurant, retail, and telecom, among others.

Challenges

- **Identity resolution:** Tealium has capabilities for deterministic identity resolution; however, it does not have propensity or ML-based methods for resolving customer IDs as some other vendors in this study.
- **Analytics – AI/ML platform:** Tealium has limited AI/ML capabilities in its CDP product.

Consider Tealium When

Consider Tealium when you are looking for a standalone CDP with aggregation, analytics, and activation capabilities optimized for growth teams in marketing and technical operations. Tealium's customers are solving problems such as improving customer experience, personalization, and establishing a 360-degree customer view. Enterprise customers looking for support and services in EMEA, North America, and Asia/Pacific countries should consider Tealium a strong choice, particularly those in the retail, financial services, healthcare, and entertainment industries.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Solutions in this market provide the following baseline functionality:

- Ingest customer data from source repositories and store it persistently for activation through analytics.
- Perform ETL on multiple data formats (including batch, streaming, structured, and unstructured).
- Resolve customer identities across sources, devices, and channels.
- Perform data quality and hygiene functions (deduplication, completeness, freshness, and governance).
- Manage data from first- and/or second- and third-party sources.
- Inherit and maintain data privacy, consent, and governance policies.
- Offer advanced audience analytics and flexible tagging schemas, persona and segmentation models, and personalization capabilities.

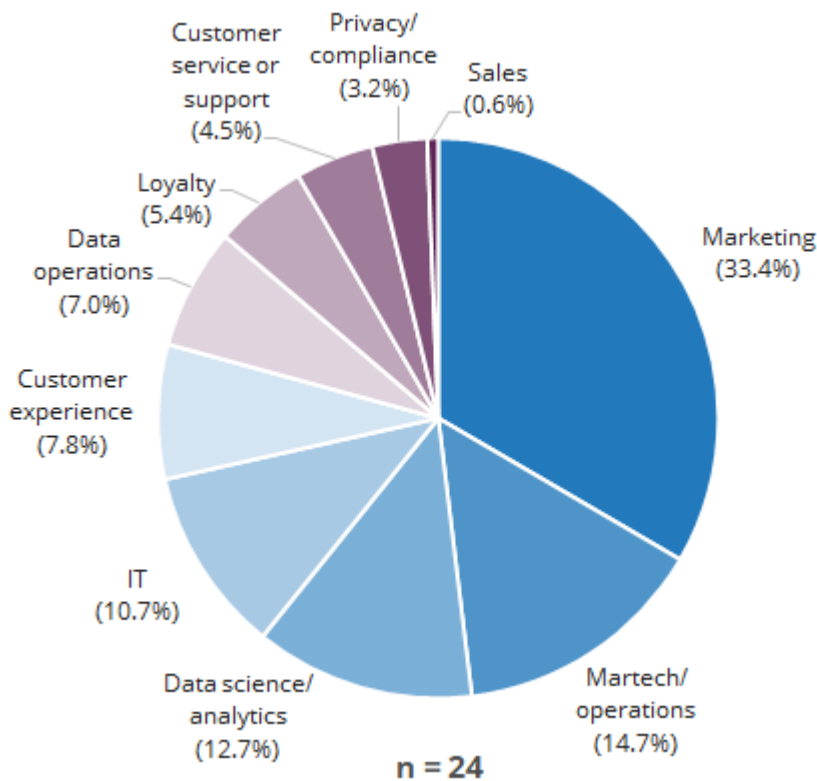
CDP offerings vary in their additional functionality largely due to vertical market and use case specialization as well as the technology heritage of their developers. Some CDPs are more heavily focused on data management functionality, analytics, and data orchestration; others are tuned for B2B, B2C, or direct to consumer (DTC). Some are industry specific; others serve SMB versus enterprise

segments. Increasingly, CDPs are also adding engagement functionality to boost their value proposition and utilization potential for customers, making them lightweight marketing platforms. Regardless of its general or niche market intent, every CDP should be able to enhance privacy and consent management.

As shown in Figure 3, collectively, users of the 24 CDPs we studied for these reports are evenly split between these two user populations. Keep in mind, however, that while these functions are the main users, the data CDPs provide can support decision makers across even more functions.

FIGURE 3

Customer Data Platform Users by Function



Note: For more information, see *IDC MarketScape: Worldwide Customer Data Platforms Focused on Front-Office Users 2021-2022 Vendor Assessment* (IDC #US47524621, December 2021).

Source: IDC, 2021

What Does a CDP Do?

Fundamentally, CDPs are designed to resolve fragmentation and lag in the enterprise customer data infrastructure. These two operational challenges are critical to every brand's ability to knit customer interactions into holistic customer experiences. CDPs enable the wholesale refactoring of the data layer to solve for continuity across all interactions within and beyond marketing. Customers expect all brand functions to act as one and increasingly prefer brands that can do so over those that cannot. To achieve this, brands must build infrastructure that enables customer data to be aggregated, analyzed, and activated as an enterprise service equally available to all systems and functions – within regulatory and brand policies. Brands need to move from architectures in which every application is its own stack to a set of departmental clouds connected by enterprise services designed to orchestrate the full customer experience (see Figure 4).

FIGURE 4

Connected Clouds and Customer Experience Orchestration Services



Source: IDC, 2022

The three primary layers of functionality that CDPs can provide are:

- **Aggregation** includes data connectors; data management/quality; security, governance, compliance, and certifications; consent management; and speed and scale.
- **Analytics** includes segmentation, optimization, performance and attribution, AI/ML, visualization, reporting, and predictions.
- **Activation** includes multichannel engagement, campaign planning and execution, journey design and orchestration, testing and optimization, and outbound connectors to online and offline channels.

All CDPs must have aggregation capabilities, which is the heart and soul of the value proposition. However, the breadth and depth of functionality customers need in each of these areas depends on several factors including maturity of their tech stacks, complexity of the data ecosystem, volume and

variety of data sources, levels of security and certifications needed, user roles, use cases, scope (single/multi-departmental versus enterprise), and key business and technology outcomes. The outcomes vendors reported they are most frequently brought in to solve for customers are:

- A 360-degree customer view
- Customer data management
- Improve customer experience
- Personalization
- Customer journey analytics and orchestration
- Others

This list could be thought of as a maturity model. A 360-degree customer view and customer data management are the foundations on which CX, personalization, and journey orchestration are built. Unfortunately, many companies built their application stacks in reverse order – deploying journey and personalization engines on top of suboptimal departmental or channel-level data infrastructures. Now it's time to re-factor these architectures from the data layer up in an enterprise context.

Benefits, Outcomes, and Proof Points

As part of the research process for this IDC MarketScape, IDC interviewed 41 customers across 11 industries to learn about their experiences with CDPs. Customers had a wide range of unified customer profiles, from less than 1 million to over 300 million, based on the size and geographic reach of their firms and the number of brands within a single firm. Customers were positive about the experience with their selected CDP, indicating a close alignment between the firm's use case needs and the selected CDP vendor's use cases provided within the CDP application.

Vendors submitted hundreds of use cases across the front-office user roles we asked about in our request for information (RFI). Buyers should proactively consider an expansive set of use cases across front-office functions to fully leverage the value a CDP can provide. Once a CDP is in place, every use case should be designed to be connected to every other use case by way of the customer data they produce and consume according to brand and regulatory policies. A few representative examples of CDP users by function are listed in this section, but every vendor can provide an impressive portfolio of use cases that should drive adoption and data utilization across the enterprise. Granted, in very large organizations, it will be a multiyear journey, but because of that, it is one that must be started immediately to mitigate the risk of falling behind competitive capabilities to better manage end-to-end customer experience and all the implications that has for loyalty, lifetime value, revenue growth, and market share.

Marketing:

- A large casino and entertainment brand using a CDP and customer journey analytics has delivered 3x engagement lift in email campaigns and reduced reporting latency by 7 days.
- A lifestyle retailer using a CDP has experienced a 40% increase in revenue generated from search and a 34% revenue lift from intelligent merchandising.
- A telecommunications firm using a CDP has reduced churn and improved personalization, resulting in 40% higher conversion rate by using prebuilt "deep selling" models that can be deployed by nontechnical marketing staff.
- A global cosmetics brand using a CDP and AI-based segmentation has achieved a 7x ROI in five months following implementation, 18% conversion rate increase using personalized banners, and almost 40% increase in return on ad spending (ROAS).

Digital commerce:

- An office products website using a CDP has achieved 3.5% lift in revenue per visitor on its B2B commerce site and 4.4% lift in revenue per visitor on its consumer commerce website.
- A fashion retailer using a CDP has seen 125% lift in revenue per visitor for users using the "trending" feature and 150% more revenue per visitor with initial users of the "more like this" service.
- An industrial distributor using a CDP for B2B has seen 16% increase in revenue from search, 4% lift in "add to cart" rate, and reduction in time to find and fix search query issues to 30 seconds.
- A global personal care firm used a CDP to personalize its consumer shopping experience, resulting in a 35% increase in average order value and 40% increase in conversion rate.

Sales:

- A global personal technology firm used a CDP to increase online sales by 12%, increase conversions by 33% using gamification techniques, and reduce cart abandonment rates by 10% using targeted web push notifications.
- A lifestyle clothing brand used a CDP to consolidate all customer data, analyze past and future behavior, and automate personalized campaigns in multiple channels. Its results so far include 22% increase in total order value, 12% increase in average customer lifetime value, 14% increase in the number of orders per customer, and 32% decrease in customer churn.

Customer experience and loyalty:

- A telecommunications and financial services brand used a CDP to improve customer experience with the following improvements: 50% increase in the number of customers purchasing new services and 17% increase in the lifetime value of active customers.
- A global mobile phone brand used a CDP to deliver personalized experiences across digital channels and improve conversion rates by as much as 275%.
- A gaming industry firm used a CDP with AI and advanced analytics for behavioral profiling across 20 brands to deliver over \$100 million in incremental revenue, 15% digital customer growth, and over 75% digital customer retention.

Customer Service and Support:

- A consumer products company uses customer service attributes (open/closed ticket, ticket type, CSAT score, etc.) in marketing to include/suppress/personalize decisions to increase engagement and conversion rates.
- A boutique financial services firm personalizes service calls with a 360-degree customer profile to reduce call resolution times.
- A large high-tech manufacturer automates service based on attributes stored in the customer profile to increase self-service and decrease call volume.

Advertising:

- A retailer shares more targeted audiences with media publishers to facilitate suppression and look-alike modeling to reduce customer acquisition cost (CAC).
- A digital media company uses algorithmic multichannel attribution capabilities across the entire customer life cycle for better insights in return on ad spend.

- A large retail chain uses conversion data from offline stores for better audience creation and lead generation on social media platforms.

Product:

- A mobile app provider optimizes screen layouts, UI/UX, conversion paths, checkout flow, and gamification elements based on behavioral insights from advanced app analytics, customer path analysis, app crash, and uninstall analysis.
- A large manufacturer provides insights into demand expectations to optimize stock management, enhance product bundling/discounting, and improve supply chain management.
- A major financial institution increases adoption, activation, and utilization with product usage metrics and feature A/B testing.

Market Trends

- **First-party data:** Customers have increasingly high expectations of how brands use customers' data. They want more than convenient and intuitive transactions. They want brands to use all the resources at their disposal to deliver the most relevant, timely, and personalized value – all the time, every time. But they want the highest levels of personalization and privacy at the same time. As privacy legislation spreads and brands have realized that much of the data they use to identify and track customers is subject to the policies of Google and Apple, the urgency to better manage first-party data has become acute. This requires the ability to collect and aggregate customer data from multiple touch points, resolve identities, apply proper governance and compliance rules, and more – all of which are core functions that CDPs provide.
- **Customer data as an enterprise service:** First-party data is the lifeblood of every customer relationship, but it is frequently managed at the department level not as an enterprise asset. To optimize every aspect of the customer relationship, customer data must be managed as an enterprise service equally available to all customer-facing applications. The data from each past interaction must inform and enhance every future interaction. Otherwise, brands cannot effectively orchestrate customer experiences and will suffer losses in loyalty, lifetime value, revenue growth, and market share. Database technologies such as data marts, warehouses, lakes, and even "lake houses" all tend to lack the ability to manage data in motion (e.g., all the way through the collection, decisioning, engagement, and measurement cycles). CDPs are an essential part of addressing these challenges; no CDP can do all of it, but all CDPs can do a better job than conventional database solutions.
- **Beyond marketing:** Customer data is typically fragmented across dozens of repositories around the enterprise, making it a source of innovation debt and sluggishness with respect to customer interactions. As companies struggle with the challenges of first-party data management, the first order of business is solving the fragmentation the data layer has inherited from the application layer, and it must be resolved in a low-latency, massively scalable way across the entire front office. CDPs are already providing this capability in many adopter brands. According to vendors, the front-office systems their solutions are most frequently connected to are as follows:
 - Advertising
 - Analytics and reporting
 - Marketing and email
 - Mobile app/messaging
 - Support/call center/IVR systems
 - Social
 - Sales/CRM

- Commerce
- Survey and other VOC apps
- Content management
- Finance/operations (pricing, billing, inventory, contracting, etc.)
- Service
- **Real time:** Most customer acquisition activities – whether via advertising, direct marketing, sales, or ecommerce – require real-time personalization to be effective and efficient for buyers and sellers. There is no time between a click and a screen refresh for a long chain of API calls, data transfers, analytics, identity resolutions, content/offer matching, and so forth to take place. All of that must be done in advance to stamp out lag so that personalized value can be delivered in sub-second response windows. Customer data must be in one place, identities and segments must be updated based on live session behavior, and next best action/offer algorithms need to be in place. Otherwise, real time will never be an operational reality. The fact is that data is the only asset that is fast and scalable enough to keep pace with customers as they constantly bounce from one point of contact to many others across customer-facing functions. Since customer experience infrastructures were not designed from the data layer up, as they should have been, CDPs offer a way to make them operate as if they were.
- **User case proliferation:** As the volume, variety, and velocity of data expand, the infrastructure needs to optimize the operations and costs associated with aggregating, analyzing, and activating it. The size and speed of data are the two main drivers of cost, so it is particularly important to get the customer data infrastructure tuned properly to activation use cases. This is easier said than done as new use cases are proliferating in all customer-facing functions as well as data science and data operations. Collectively, vendors submitted more than 100 use cases across the 10 front-office and technical user roles IDC asked about, and many more are planned. IDC recommends that regardless of where the CDP implementation starts, it should accelerate down a road map of nearly endless use cases that span the whole customer life cycle.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Customer Data Platforms Focused on Front-Office Users 2021-2022 Vendor Assessment* (IDC #US47524621, December 2021)
- *Worldwide Customer Data Platform Forecast, 2021-2025: Market to Surge to More than \$3 Billion by 2025* (IDC #US48054421, July 2021)
- *Worldwide Customer Data Platform Market Shares, 2020: The Flight to First-Party Data Is On, and CDPs Win Big* (IDC #US48052920, July 2021)
- *Twilio Segment Adds Journeys to CDP* (IDC #lcUS48002221, June 2021)
- *Salesforce's CDP Is Finally Named "Salesforce CDP" and Upcoming Integrations with MuleSoft and Tableau Will Accelerate Data-Driven Innovation Throughout the Enterprise* (IDC #lcUS47687421, May 2021)
- *Optimizely Delivers Deep Customer Insights Value with Zaius CDP Acquisition* (IDC #lcUS47558721, March 2021)
- *Sitecore Expands Its Digital Experience Portfolio with the Intent to Acquire Boxever and Four51* (IDC #lcUS47509221, March 2021)

- *Twilio to Acquire CDP Vendor Segment for \$3.2 Billion* (IDC #lcUS46926320, October 2020)
- *SAP Buys Emarsys to Enlarge Its Customer Engagement Capabilities* (IDC #lcUS46920620, October 2020)

Synopsis

This IDC study compares the functional capabilities and go-to-market strategies of 12 CDP vendors that primarily serve users in marketing technology and operations, data science and analytics, IT, data operations, and privacy and compliance. This document provides guidance to help buyers define their customer data management needs and quickly get an appropriate short list of vendors that may be best suited to their industry, company size, and user base.

"CDPs are essential to providing end-to-end customer experience management capabilities," said Gerry Murray, research director, Marketing and Sales Technology research practice at IDC.

"Competing on experience requires every customer interaction to inform and enhance every other. That can only be accomplished by making customer data an enterprise service that is not beholden to any one system or department. CDPs are exceptionally well suited to connecting data, connecting use cases and, ultimately, solving for continuity across all customer touch points and will therefore boost customer loyalty, lifetime value, and market share."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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