ACTIONIQ

2022 CDP Market Guide

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The State of Customer Data Platforms

The COVID-19 pandemic impacted every industry over the past two years — including customer data platforms (CDP).

Rapid changes in consumer behavior during 2020, including a massive surge in e-commerce activity, forced enterprise brands to reevaluate how they interact with their customers. Breaking down data silos, serving up customer intelligence and supporting cross-channel engagement became business-critical — and companies turned to CDPs to do it.

Eighty-nine percent of brands now say they've either deployed a CDP or plan to. And while new vendors have flooded the CDP space to capitalize on demand, businesses are discovering the hard way that not all solutions are created equal. Forty-two percent of organizations that have deployed a CDP say it's delivering little or no value, spotlighting the stakes for selecting the right technology.

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"Enterprise brands must navigate an increasingly crowded and confusing CDP landscape."

Expectations for highly personalized, impactful customer experiences — something 75% of consumers say they'll pay more for — continue to rise. Meanwhile, third-party cookie deprecation has made first-party customer data essential to long-term success.

To meet customer expectations and prepare for the privacy-first future, enterprise brands must navigate an increasingly crowded and confusing CDP landscape. Use this guide to understand your options and decide which solution best suits your business needs.

CDP Market Matrix

Two factors are most important when categorizing CDPs: *what they were built to do* and *who they were designed for.*

By understanding the original purpose of different CDPs — and who their users were intended to be — you can determine both their core outcomes and their usefulness for your organization. For example, a tool designed to help IT teams unify customer profiles will prioritize the configuration of data flows at the expense of business-friendly segmentation and experience orchestration.

With this in mind, CDPs can be sorted into three categories, with some having subcategories based on different approaches to the same primary function: consolidating customer data from multiple systems, extracting insights from customer data or enabling you to personalize experiences with customer data.

CATEGORY	Data consolidation CDPs	Data science CDPs	Customer experience CDPs
BUILT TO	Consolidate customer data	Extract insights from customer data	Personalize experiences with customer data
DESIGNED FOR	Technical teams	Analytics teams	Business teams
VENDORS	Adobe salesforce ORACLE Segment TEALIUM mparticle Amperity&	TREASURE DATA ACQUIA SAS	ACTIONIQ redpoint blueconic Lytics

Data Consolidation CDPs
Overview

⊕ Outcome: **Data unification** | ⚇ Users: **IT**

Data consolidation CDPs were designed to collect and unify customer data between systems. Depending on their pedigree, they can be sorted into three subcategories:

	What they were built to do	**Who they were designed for**
Marketing cloud CDPs Adobe salesforce ORACLE	Marketing cloud CDPs were built to compile data from point solutions within their own cloud portfolios to create a single view of the customer.	Marking cloud CDPs are geared toward data engineers on IT teams to stitch together customer data from across the marketing cloud and replicate it to other point solutions within the cloud.
Data integration CDPs Segment TEALIUM mparticle	Data integration CDPs were built to collect event data from digital applications and transmit it to other apps in real time to facilitate system integration and enable triggered communications.	Data integration CDPs are aimed at developers and data engineers within IT to reduce in-house API development.
Identity management CDPs Amperity &	Identity management CDPs were built to collect, match and manage customer profiles from online and offline channels to deduplicate customer records and create a customer 360.	Identity management CDPs are designed for data engineers and analysts on IT teams to define, manage and optimize identity resolution logic and stitch together customer data into a golden record.

Data Consolidation CDPs
Assessment

The primary use case for data consolidation CDPs is collecting and unifying customer data, but limitations across this category may complicate building a single view of customers.

For example, <u>marketing cloud CDPs</u> largely only integrate with point solutions within that particular cloud portfolio, ruling out the usage of non-cloud data. Meanwhile, <u>data integration CDPs</u> are designed primarily for digital data, putting a limit on records and profile attributes from offline data and channels.

Additionally, most vendors in this category do not provide effective identity resolution or configuration. While there are exceptions, these gaps prevent the category as a whole from outperforming other types of CDPs for data unification.

Enterprise brands will also need to invest in separate solutions for data analysis and activation.

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"Gaps prevent the category as a whole from outperforming other types of CDPs for data unification."

The lack of user-friendly interfaces among this category — as well as an inability to surface all customer data — hampers advanced data modeling. And without the ability to orchestrate sophisticated customer journeys, activate data across all customer-facing channels and conduct in-depth testing and measurement for optimization, business teams won't be able to deliver tailored, relevant experiences.

Ultimately, dependence on technical resources — as well as expenses related to licenses, support, operational cost creep and the need for additional technologies — will significantly increase spend and slow down speed to value.

Data Science CDPs
Overview

⊕ Outcome: **Data analysis** | 👤 Users: **Data science**

	What they were built to do	Who they were designed for
Data science CDPs 🔷 TREASURE DATA **Acquia**® Ⓢsas	Data science CDPs were designed to create analytical models based on customer data to predict behavior.	Data science CDPs are intended to be managed by analysts in charge of producing customer analytics and predictive insights. They're constructed for analytics experts to accelerate the production of such insights via prepackaged models when there is not enough bandwidth for in-house model creation.

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CDP 101

WITH JAMES MEYERS

Want to make great technology decisions and look like an expert in the process? Check out ActionIQ's **Martech Mastery** video series, presented by Head of Martech Strategy James Meyers. Find answers to all your marketing technology questions, including:

- How does a CDP interact with the rest of my martech stack?
- What is the ROI of a CDP?
- How Are CDPs and MDMs different?

Data Science CDPs
Assessment

The primary use case for data science CDPs is analyzing, scoring and predicting customer behavior, an area in which they excel. However, dependence on pre-configured analytic models across this category may be problematic for enterprise brands that demand higher and longer-lasting model performance. Prebuilt, black-box models provide lower predictive power, compromising the impact on customer experience and hindering optimization.

Barring some exceptions, data science CDPs are commensurate with other categories in terms of data unification. But without the ability to orchestrate journeys or create campaigns, enterprise brands will need to transfer data to separate tools to manage cross-channel experiences. Because the capabilities of these

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"Business teams may face operational bottlenecks that lead to missed market opportunities."

CDPs usually end with data generated from a particular model or a segmented audience, IT assistance will be required to facilitate compatibility with the downstream tools responsible for data activation.

Due to the technical dependency inherent in this category, enterprise brands' business teams may face operational bottlenecks that lead to missed market opportunities.

Selecting the right CDP is even more important in the face of third-party cookie deprecation.

Find out how you can use your CDP to support changes to prospecting and conversion use cases in The Enterprise Advertiser's Guide to CX in a Cookieless World.

Learn how to develop a future-proof first-party data strategy in The Post-Cookie Marketing Playbook.

Customer Experience CDPs
Overview

> → Outcome: **Data activation** | ⚲ Users: **Marketing, sales, customer service**

Customer experience CDPs were designed to personalize interactions based on customer data. Depending on their cross-channel capabilities, they can be divided into two subcategories:

	What they were built to do	Who they were designed for
Website personalization CDPs blueconic Lytics	Website personalization CDPs were built to personalize and optimize content for website and mobile application visitors.	Website personalization CDPs are geared toward e-commerce professionals to manage content and offers across sites and apps while testing for optimization over time.
Experience orchestration CDPs ACTIONIQ redpoint	Experience orchestration CDPs were built to scale personalized experiences across all online and offline touchpoints using customers' full profile histories.	Experience orchestration CDPs are designed for marketing, sales and customer service professionals to seamlessly provide personalized customer experiences across channels.

Customer Experience CDPs
Assessment

The primary use case for customer experience CDPs is empowering business users to develop and optimize customer experiences. Yet not all CDPs within this category have the same scope and sophistication for data activation.

For example, while website personalization CDPs excel at providing contextually relevant recommendations to site or app visitors in real time as they browse, they don't support advanced omnichannel use cases. An incomplete customer 360, limited data capacity and dependence on IT to manage data means enterprise brands will struggle with limited usability and interactions that take days or weeks to deploy.

In contrast, experience orchestration CDPs enable enterprise brands to operationalize both complex customer journeys and real-time customer experiences across all marketing, sales and customer service channels. Brands should keep in mind that since these CDPs do not serve as a website personalization tool, they'll need to invest in a dedicated solution for that use case — a best-of-breed approach [preferred by the majority of martech buyers](#).

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"Experience orchestration CDPs enable enterprise brands to operationalize both complex customer journeys and real-time customer experiences across all marketing, sales and customer service channels."

Experience orchestration CDPs feature unlimited data access, high predictive power for data model accuracy and omnichannel orchestration capabilities, supporting strategic testing, measurement and optimization across a wide range of use cases. And with a business-friendly user interface — as well as a single data layer underpinning all analytic and orchestration tasks — brands can avoid overburdening technical teams with data management requests.

Customer experience CDPs are generally on par with other categories for data unification. They are only exceeded by data science CDPs in terms of data analysis due to a less robust library of predictive models and an inability to operationalize homemade models' codes.

CDP Evaluation Criteria

By definition, all CDPs have some capacity for unifying, analyzing and activating customer data, but each category specializes in one of these areas. When evaluating CDPs, focus on the core outcomes that matter most to your organization and ensure the solution has the necessary capabilities.

OUTCOME	CAPABILITIES
Data unification Unify and match all profiles and interactions across online and offline channels to create a single customer view.	**Data collection** Ingest, cleanse and store all customer data from all online and offline sources. **Identity resolution** Resolve, authenticate and deduplicate customer records via configurable, deterministic and probabilistic matching.
Data analysis Democratize customer insights and augment intelligence with AI to model and predict customer behavior.	**Data accessibility** Enable business users to self-serve insights, audiences and targeting with defined permissions and governance controls. **Predictive analytics** Perform advanced analytics and operationalize machine learning-based models across the entire history of customer behaviors.
Data activation Orchestrate, test and measure experiences across all customer touchpoints.	**Orchestration** Orchestrate ad-hoc, triggered or journey-based experiences from a single user interface to all marketing, sales and customer service touchpoints in real time. **Optimization** Configure tests across any channel and measure performance using customizable business metrics or machine learning algorithms that automate experience optimization.

CDP Market Cheat Sheet

CATEGORY	Data consolidation CDPs	Data science CDPs	Customer experience CDPs
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DESIGNED FOR	Technical teams	Analytics teams	Business teams
OUTCOMES	Data unification	Data analysis	Data activation
USERS	IT	Data science	Marketing, sales, customer service
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Maximizing the Value of Your CDP

Between startups and legacy technology companies, 20 new vendors entered the CDP space during the first half of 2021 alone. With so many options available, enterprise brands must cut through the noise to make the right choice.

Start by understanding where you are today, which teams you want to enable and the primary use cases you want to support. But remember: Collecting and analyzing customer data isn't valuable if you can only take limited action on it.

Whether you buy or build the technology that powers your customer experience strategy, the ability to operationalize customer data into personalized experiences is crucial.

If you want to deliver compelling CX to the right person at the right time and place, make sure

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> **"Make sure your business teams can access and activate customer insights."**

your business teams can access and activate customer insights.

Incremental revenue, operational efficiency and customer loyalty all depend on your ability to leverage your customer data. Choose a CDP that has the enterprise-grade scalability, flexibility and connectivity you need to provide superior customer experiences.

▢ CONTACT US

Contact ActionIQ for a consultation with one of our experts to learn more about how different types of CDPs score against specific criteria.

ACTIONIQ

About ActionIQ

ActionIQ is at the center of a data-driven revolution that is changing the way brands think about customer experience, digital transformation and the value of customer data as a core corporate asset. We concentrate on solving enterprise data challenges so that teams are empowered to create authentic customer experiences across all brand touchpoints. ActionIQ helps enterprise companies by connecting their first-party customer data, providing an easy-to-use interface for business users to access customer insights and enabling customer experience orchestration across channels. We are helping brands like The New York Times, Pandora Media, The Hartford, Shopify, American Eagle Outfitters and others grow customer satisfaction and revenue.