

The State of CDPs:

Data Unification, Activation & Compliance

PRESENTED IN COLLABORATION WITH:



EXECUTIVE SUMMARY

In the last two years, Customer Data Platforms (CDPs) are increasingly a hot topic in enterprise C-suites and in the top leadership ranks of corporate marketing departments. Enterprise leaders are intently eyeing CDPs as critical marketing technology for audience-centric, cross-platform, omnichannel marketing.

This trend toward CDPs is an outgrowth of companies' longstanding attempts to integrate and leverage older technology such as data management platforms (DMPs), customer relationship management systems (CRMs), data warehouses, and marketing clouds. However, the promise of CDPs is to go far beyond mere data integration and enable customer journey activation, creative personalization, and privacy compliance. But what have the returns been? Are CDPs delivering on these high promises and potential?

To help answer these questions, Treasure Data partnered with Advertiser Perceptions to research the success enterprise marketers are having with CDPs, and to explore areas where there is potential for even greater impact.

This whitepaper describes the key findings of the research conducted in August 2020 by surveying marketers involved in selecting and using marketing technologies, especially customer-data-focused solutions such as a CDP, working for brands or enterprises with \$500+ million in annual revenue. It highlights the top benefits CDPs provide, the data marketers integrate into their CDPs, the impact CDP has on KPIs, the commonly used CDP analytic capabilities, and how some CDPs support privacy compliance.

KEY FINDINGS

What is a CDP?

A CDP is defined as packaged software that creates a persistent, unified customer database and integrates first-party, personally-identifiable information (PII) and anonymous, third-party data--and makes this data available to other systems for executing a host of critical marketing functions.¹

- Enterprises' data unification efforts are a work-in-progress, though most are successfully integrating CRM, transactional and website data. However marketers plan to onboard many more data sources.
- CDPs provide organizations multiple benefits, led by data unification, improved customer communications, targeting, and customer journey insights.
- The biggest improvements marketers have experienced since adopting their CDPs center on organizing and acting on their customer data.
- The impact CDPs have on marketer KPIs and efficiencies is significant, with CDPs helping drive sales, improve ROI, and reduce time spent managing data and creating reports.
- CDPs already enable some data analytics, but marketers look to activate the more advanced capabilities such as next-best action and customer lifetime value analysis.
- CDPs are critical to privacy compliance efforts, helping marketers address challenges and respond to regulations.

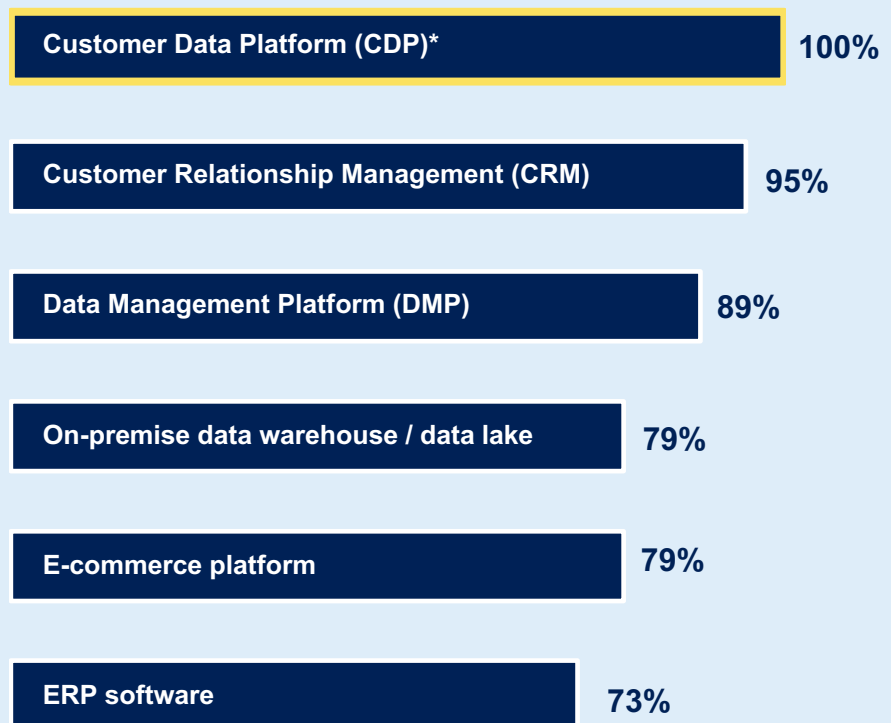
¹ Definition provided by the Customer Data Platform Institute. <http://www.CDPInstitute.org>.

THE MARTECH STACK & DATA MANAGEMENT

The martech stacks that enterprises rely upon to manage customer data have become increasingly complex. There is no “one-solution-fits-all” scenario. While CDP usage was a requirement for respondents profiled in this research, it’s clear that a majority of these marketers also frequently use other solutions to manage their customer data, such as CRMs, DMPs, data warehouse and lakes, e-commerce platforms and enterprise resource planning software.

This complexity places greater importance on thinking about martech stacks strategically. Technology and platform selections should prioritize building a stack that’s both flexible to accommodate the organization’s changing needs and scalable to grow with the business and the volume, variety and velocity of data.

Use of Solutions/Platforms to Manage Customer Data

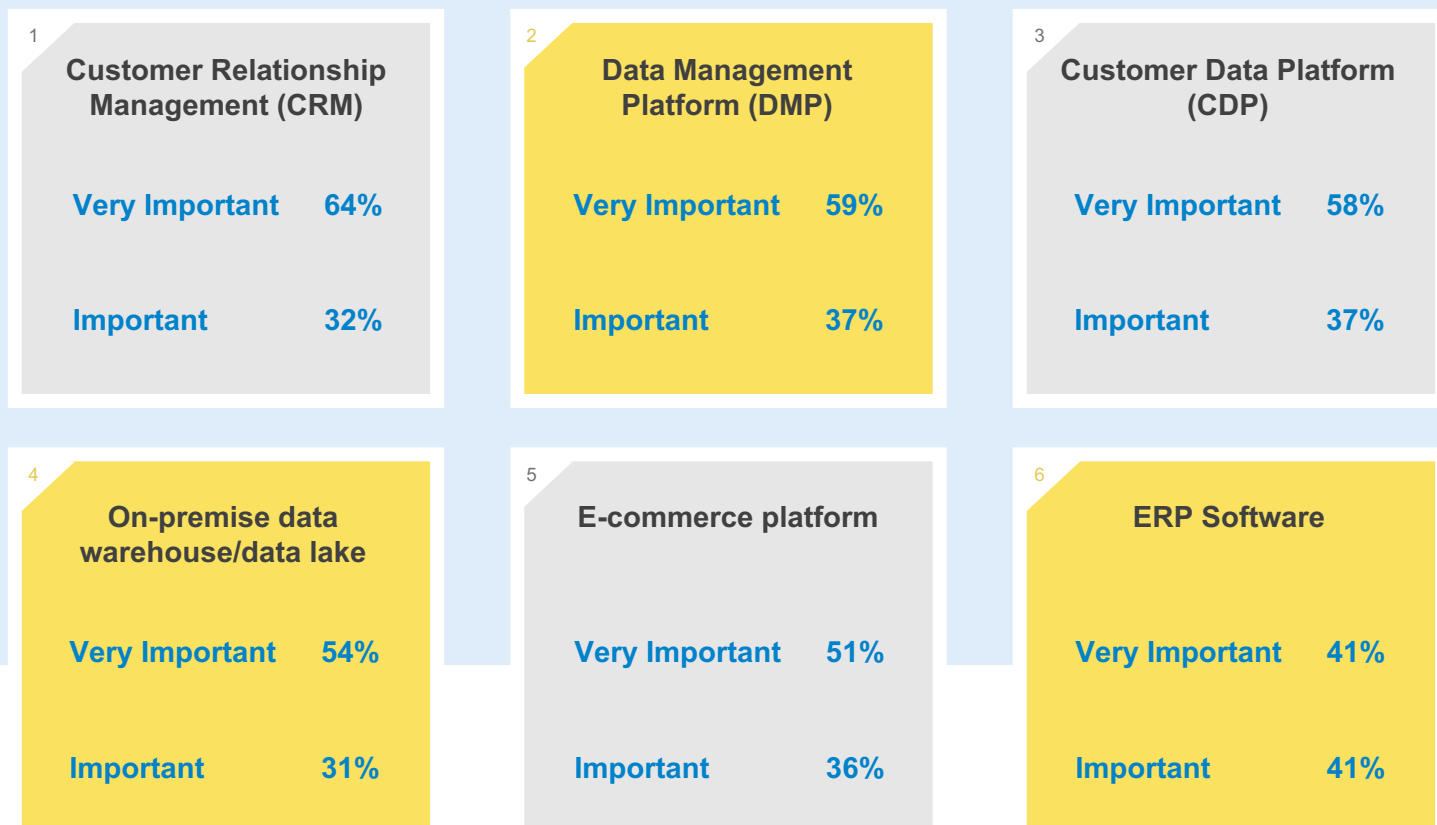


*Current CDP Usage Required for Study Qualification Q Which describes your company's usage of each solution/platform to manage customer data? Base: Total Respondents

Why are these martech stacks so complex?

As seen below, one reason could be that different components of the stack play different but often interrelated roles in deriving value from customer data. Almost all marketers cite their CDP, CRM and DMP as important tools for getting value out of their customer data. Marketers using standalone CDPs vs. CDP solutions from marketing clouds place even greater emphasis on the role their CDP plays in extracting value: 78% of marketers using CDP point solutions from companies like Treasure Data said their CDP was “very important” vs. 54% of marketers using CDPs from marketing clouds like Oracle, Adobe or Salesforce.

Role in Getting Value out of Customer Data
Ranked by 'Very Important'



CDP USE CASES

At a simple level, CDPs were made to unify customer data. But a look at marketers' reported use cases for CDPs reveals much more diversity within that single requirement.

About 60% of marketers use CDPs to map out customer journeys and personalize digital campaigns. Nearly as many use them to create audience segments and report on campaign performance, including ROI. And while digital campaign personalization is a lead use case, website personalization is much less so. This presents an area of opportunity for CDPs, as marketers seek to drive deeper audience engagement with their online brand experiences. It may also illuminate some of the continued complexities associated with integrating CDP data with content management systems and/or applying customer profiles and customer journey insights to other systems in a consistent manner.

CDP USE CASES



DATA UNIFICATION

While three in five marketers lean on their CDPs to unify customer profiles and map customer journeys, the current state of data unification suggests there are many touchpoints marketers have yet to pull into their CDPs for a full 360-degree, unified customer view.

A majority of organizations have already integrated common sources of first-party data, such as their CRM, transactional data and website traffic data into their CDP. However, less than half have integrated product usage, third-party, social media, cookie, app and offline data into their CDPs.

Roughly a quarter of marketers anticipate integrating all of these data types with their CDPs (except offline data) by Q4 2021. This points to even greater potential for marketer success in the coming year, but it also highlights the nascency of truly building a golden customer record. The market needs CDPs that make data integration and integration with other systems seamless.

BEYOND THE BASICS

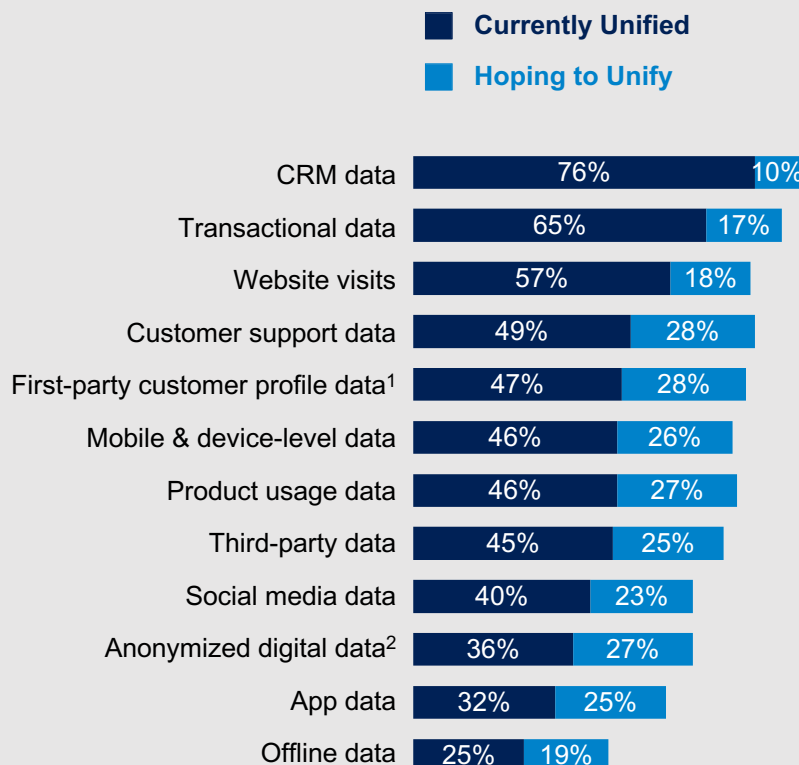
When we compare those “very satisfied” with their CDPs versus those “satisfied,” we see more advanced levels of data integration. For example, those who are very satisfied have moved beyond the basics of integrating CRM and transactional data to incorporating richer data sets such as customer support, mobile device, and app data to take into account more types of customer engagement.



“Continue to expand the supported partners that CDPs can import data from, including some of the niche partners we work with.”

- Marketing Director on how CDPs can improve data integration capabilities

State of data unification with CDP



¹Non-CRM ²e.g. cookies Percent of Respondents reported.
Q: Which types of data are you currently merging or unifying today with your Customer Data Platform (CDP)? Q: Which types of data do you hope to unify with your Customer Data Platform (CDP) in the next 12 months? Base: Total Respondents

CDP BENEFITS

The top CDP benefit marketers cite is the technology's ability to unify customer data from multiple sources and platforms. Beyond this, marketers credit CDPs with everything from communication to personalization, reporting and multi-channel advertising.

About one-third of marketers cite CDPs as improving sales communication and providing a better understanding of their customers' journeys. A similar number have benefited from enhanced reporting and measurement and getting advanced insights from machine learning.

But data again suggests it is still early days for applying CDP-specific insights to more complex, cross-organizational efforts. Less than a quarter of marketers highlighted the ability to design and orchestrate multi-channel campaigns or coordinate marketing efforts across teams more easily.

While just one in five highlighted the ability to manage data privacy compliance with ease, as we will see later in this paper, CDPs are critical for compliance.

Top Benefit of Using a CDP to Manage Customer Data

Ability to unify customer data from multiple sources and platforms

49%

Ability to improve sales communication and targeting

35%

Get a better understanding of the customer journey

34%

Enhanced reporting and measurement

32%

Ability to get advanced insights via machine learning

31%

Easier and more accurate personalization

24%

Ability to design and orchestrate multi-channel campaigns

23%

Ability to manage data privacy compliance with ease

20%

Coordinate marketing efforts across teams more easily

19%

Less reliance on IT team for managing customer data

18%

Improved first-party data ownership

15%

CDP IMPACT ON SUCCESS METRICS

When taking these use cases and benefits into account, how are CDPs helping marketers move the needle? What key performance indicators (KPIs) are CDPs not only driving, but improving compared with the time before onboarding their CDPs?

When looking across metrics, not only are a great majority of marketers experiencing improvement, but a third or more recognize “significant” improvements. CDPs have brought the greatest improvement to online sales, ROI/return on ad spend and customer engagement.

The biggest future opportunity for CDPs is to drive offline and in-store sales. Limited impact on success metrics in this area also speaks to the high portion of marketers that have yet to integrate offline data into their CDPs. Over time, we expect this to be a greater benefit as more organizations work to unify these data sets.

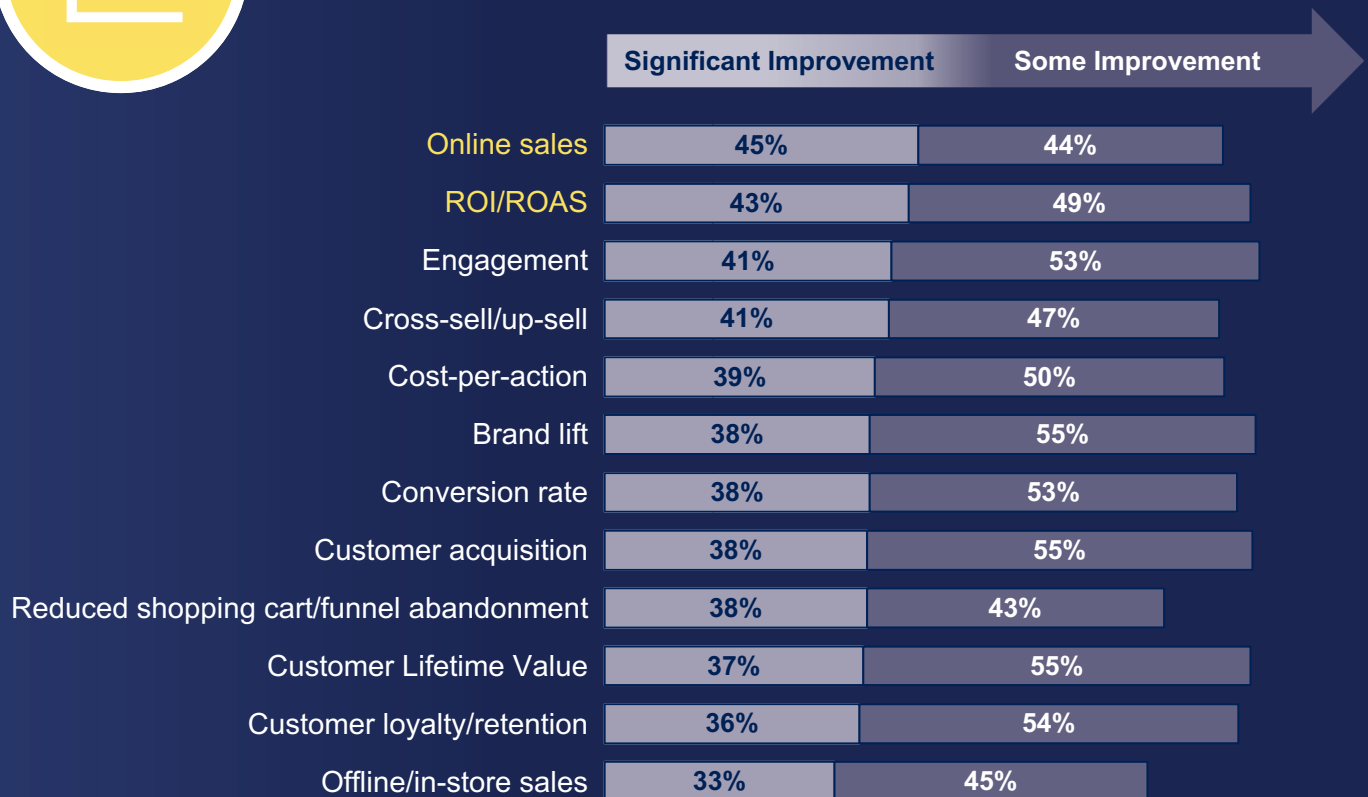
Yet even as marketers work to integrate other important sources of non-first-party data into their CDPs and to achieve more with their data, many still report improvement to areas such as customer lifetime value and customer retention. This suggests that even without a complete, comprehensive customer record in place, there are still significant gains to be made.

“The ability to target high-converting audiences has reduced our cost per lead.”

- Department Head
on how CDPs
improve ROI/ROAS



CDP IMPACT ON SUCCESS METRICS



Percent of Respondents reported. Q: How well has your current Customer Data Platform (CDP) improved the performance of each measure of success? Base: Use CDP measurement (Variable Base) Q: How has your Customer Data Platform (CDP) improved your ROI/ROAS? Base: ROI/ROAS Significantly Improved by CDP

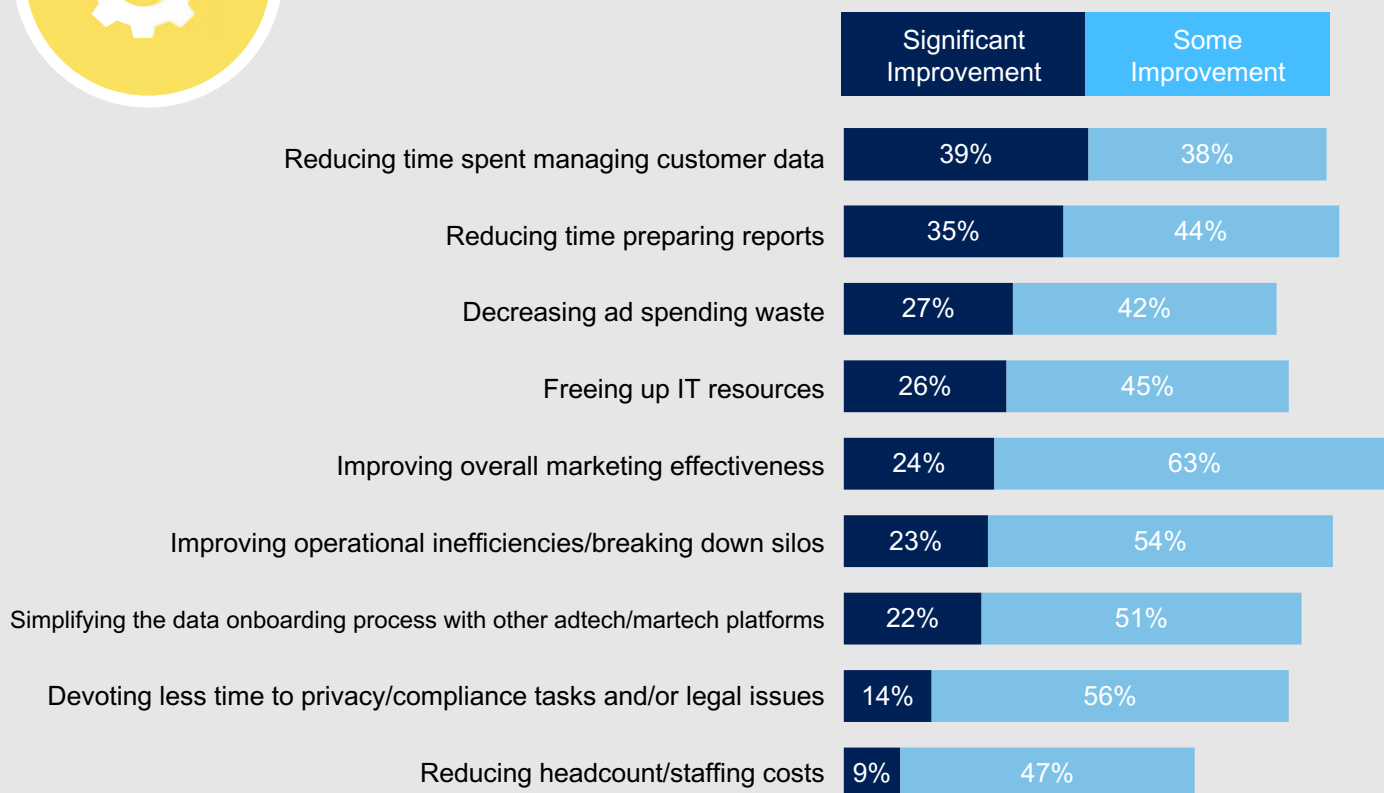
CDP IMPACT ON EFFICIENCY

Marketers are often tasked to do more with less. We sought to understand what, if any, impact CDPs have on driving efficiencies. We take a broad view of efficiencies—from time and resources to operations and headcount. Our findings reveal that CDPs do drive efficiencies across core areas such as data management, reporting, IT and privacy compliance.

More specifically, CDPs are likely to reduce the time marketers spend managing customer data and preparing reports. We also find that a majority of marketers have reduced ad spending waste and improved overall marketing effectiveness, which helps to explain why the greatest portion of marketers cited improved ROI/ROAS as the top CDP benefit earlier. CDPs also drive inter-departmental efficiencies: from freeing up IT resources to devoting less time to privacy/compliance tasks or legal issues.



CDP Impact on Efficiency



Q: Thinking about the data that is currently being unified through your Customer Data Platform (CDP), how much improvement has there been in these aspects of efficiency and effectiveness? Base: Total Respondents Percent of Respondents reported

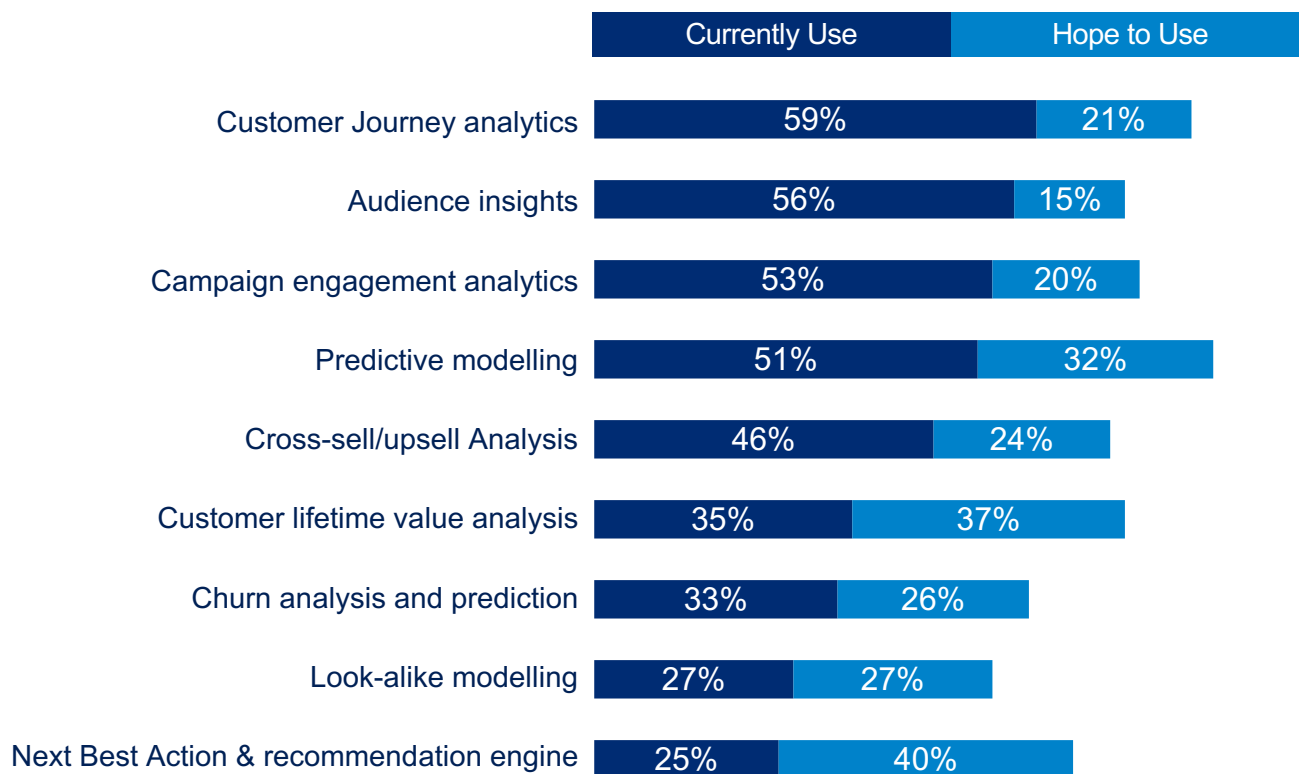
CDPs AND ANALYTICS

Actionable insights are critical to marketers that are focused on driving efficiency and growth for their organizations. As seen above, CDPs already deliver benefits such as enhanced reporting and measurement, as well as advanced insights. In our research, we sought to understand the specific analytics marketers currently use CDPs for, as well as the additional capabilities they hope to gain.

Customer journey analytics, audience insights, and campaign engagement analytics lead as the most cited analytic use cases. These findings align with CDP's top use cases—campaign personalization and customer journey mapping. Such insights also suggest marketers aren't using their CDPs just to integrate data; instead, they're on their way to realizing the full potential of CDPs.

In terms of analytic capabilities marketers want to use their CDPs for, the responses centered around the more advanced use cases, such as "next best action & recommendation engine", "customer lifetime value analysis", and "predictive modeling." This implies that as marketers and their data science partners become more sophisticated, so too will their use of CDPs

Analytics CDP Helps With



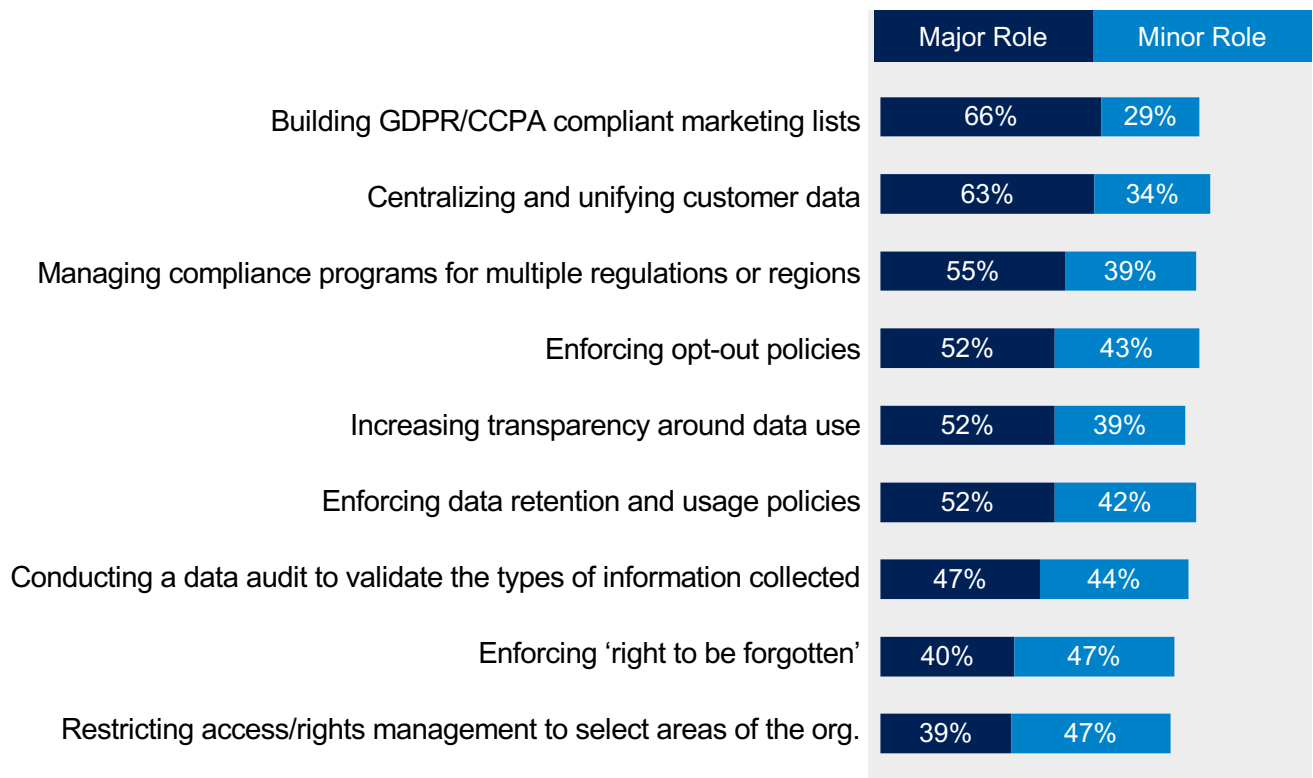
CDPs AND PRIVACY COMPLIANCE

Almost all marketers (92%) consider CDPs to be important to their privacy and compliance efforts. As David Raab, founder and director of the Customer Data Platform Institute notes, this is the “data privacy paradox.” The very technology marketers use to create monetizable, unified customer data profiles for targeting, segmentation, and customer personalization is the same technology that is critical to efficient data privacy compliance. So how are marketers using this technology to ensure they abide by privacy laws, regulations and consumer interests?

Once again, we find CDPs play a wide and major role. A majority of organizations say their CDP plays a major role in building privacy-compliant marketing lists, centralizing and unifying customer data, and managing compliance programs across regulations and geographies. We expect CDPs will gain greater importance as more national, state-level and international data privacy regulations are enacted and enforced.



CDP's Role in Aspects of Privacy Compliance



Q: How important is a Customer Data Platform (CDP) to your privacy/compliance efforts? Base: Total Respondents Q: How significant of a role does your CDP play in these aspects of GDPR/CCPA compliance? Base: CDP Important to Privacy Compliance Efforts Percent of respondents reported.

CONCLUSION

CDPs Are a Crucial Component of Successful Enterprise Marketing

For data-driven, customer-centric organizations, the CDP has fast become a critical component of the martech stack. But marketers aren't just turning to CDPs to manage multiple customer-specific use cases; CDPs are making marketers and their organizations more successful, efficient and privacy-compliant.

While most marketers experience significant benefits today, many are just beginning to integrate enough data to see their customers' journeys clearly. With the help of CDPs, marketers strive to create personalized interactions and drive engaging brand experiences while achieving efficiency. To reach their full potential, marketers should explore unifying data from a wider variety of sources such as customer support data, mobile and device data, product usage data and offline data. Furthermore, marketers can gain additional insights and efficacy by utilizing sophisticated analytics capabilities such as predictive modeling, next best action and customer lifetime value analysis.

As marketers continue to integrate data across platforms and sources, and leverage robust, actionable analytics, CDPs should bring them even greater competitive advantages in 2021 and beyond.

Research Methodology & Respondent Profile

Fielded: July 27, - August 17, 2020

Sample: Respondent sourced from The Advertiser Perceptions Ad Pros proprietary community

Qualification:

- Employed in the US
- Martech decision-maker
- \$500 million+ annual revenue
- Managers and above
- Involved in the selection AND use of company's customer data management solution providers or platforms
- Use at least one CDP tracked in this study

**101
INTERVIEWS
CONDUCTED**

JOB TITLE

Senior (VP+)	32%
Mid-Level (Director/Supervisor)	58%
Junior (Mgr, Data Scientist/Strategist)	10%

ANNUAL REVENUE

\$500M - \$1B	22%
\$1B+	78%



Advertiser Perceptions is the global leader in research-based business intelligence for the advertising, marketing, and ad technology industries. Our expert staff delivers an unbiased, research-based view of the advertising market with analysis and solutions tailored to your specific KPIs and business objectives. These insights provide you with the confidence to make the absolute best organizational, sales, and/or marketing decisions, driving greater revenue and increased client satisfaction.



Treasure Data Customer Data Platform (CDP) empowers companies by delivering rich customer insights that drive outstanding customer experiences. Built on a strong data management foundation, our CDP enables brands to securely unify customer data across silos at scale so they can better identify, engage and acquire customers. The highly configurable platform boasts a comprehensive connector network that evolves with your existing technology stack to future-proof all customer data initiatives. Treasure Data has more than 400 customers including Fortune 500 and Global 2000 enterprises, and is a wholly-owned subsidiary of Arm Ltd.