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Marketers Need CDP Solutions That Transcend Data Management

Defining A Modern CDP: Closing The Gap Between Expectation And Reality

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Customer data fuels modern marketing by enabling precise targeting, personalized messaging, and effective campaign performance management. The companies that are the most effective at managing, analyzing, and activating ever-increasing types and volumes of customer data will be those that beat marketing goals and drive business results. Clean, organized, segmented data is a crucial foundation, but it is only the start, and many marketers today are looking for customer data platform (CDP) solutions that go beyond data collection and customer identification to help with analysis and data activation.

Our survey of 313 US CDP users in marketing, IT, and customer experience found that while the CDP's role has not been defined beyond data ingestion and management, CDP solutions fall short of user expectations. As the power of customer data grows, so does the need for a CDP that can not only aggregate and manage data but also enhance critical marketing functions like personalization and campaign execution.

Key Findings

Current CDPs fall short of expectations:
Only 10% of CDP owners today feel their CDP meets all needs. That number drops to 1% who believe their CDP answers future requirements.

Today's functionality and service gap:
Tech support, reporting, and analytics-based insights are top gaps for current CDP owners. Effective CDPs combine desired functionality with strong services.

Complexity is a CDP accelerator: Multiplying channels, devices, and touchpoints is the top concern marketers expect their CDP to address in the future. This will be further strained by industry-level challenges around identity.

CDPs Are A New Investment In The Power Of Customer Data

Marketers today are turning to a CDP to help them make sense of the exploding volumes of customer data generated across the organization. CDPs are a marketing technology solution intended to centralize customer data and enhance the value of that data by identifying customers and assembling customer profiles.

For most organizations, the concept of a CDP is relatively new, but it is increasingly considered an important investment for marketing. Eighty-five percent of CDP implementations are three years old at most, and 43% of buyers have adopted their CDP within the last year. Most organizations are investing in people, data, and technology to support their CDP, recognizing it as an important initiative to solving the customer data puzzle that marketing faces today.

"Which of the following best describes your organization's approach to CDP adoption?"

17%
The CDP is a strategic priority for my organization, and we have a clearly defined and stated strategy and level of investment that is consistently applied.

49%
The CDP is recognized as an important initiative at my organization. We have invested in resources – people, data, and technology.

35%
The CDP is a relatively low priority for my organization, and we have committed few resources to its adoption. We tend to treat customer data management as an ad hoc activity that is tied to our overall business intelligence and marketing activities.
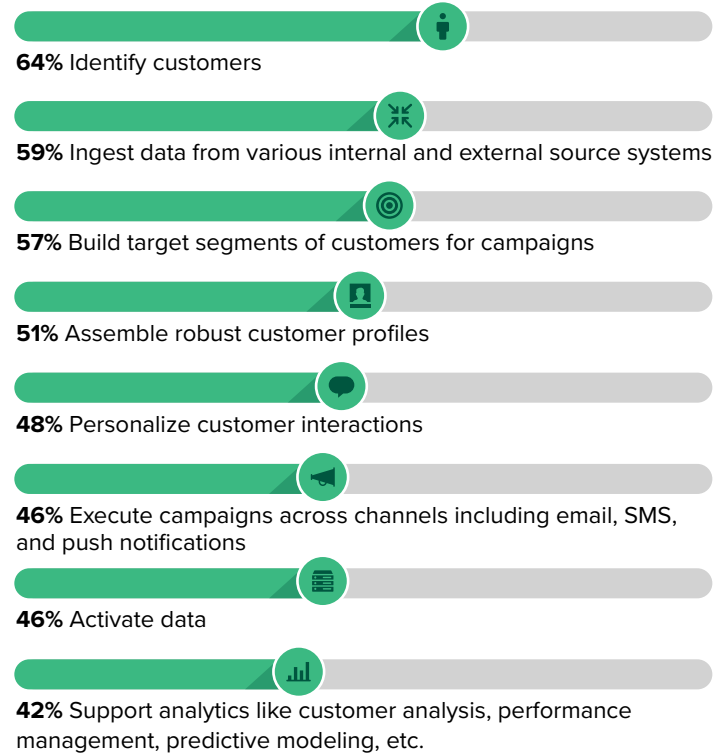
The Role Of The CDP Is Still Being Defined, But Users Look To Push Beyond Data Management

Marketers rely on clean, up-to-date, organized customer data — all within the purview of a CDP solution today — but collecting the data is just the beginning. Marketers need to analyze that data to derive insights and use those insights to personalize messaging, tailor campaign strategies, measure performance, and more. As a result, marketers are increasingly looking to use CDPs for data analysis and execution.

Close to half of survey respondents see personalization, campaign execution across channels, and data activation as primary functions of their CDP solution. Yet many of today's CDP solutions are not able to meet these expanded requirements.

"What are the primary functions of your current CDP?"
(Showing top 8 responses)

64% Identify customers

59% Ingest data from various internal and external source systems

57% Build target segments of customers for campaigns

51% Assemble robust customer profiles

48% Personalize customer interactions

46% Execute campaigns across channels including email, SMS, and push notifications

46% Activate data

42% Support analytics like customer analysis, performance management, predictive modeling, etc.

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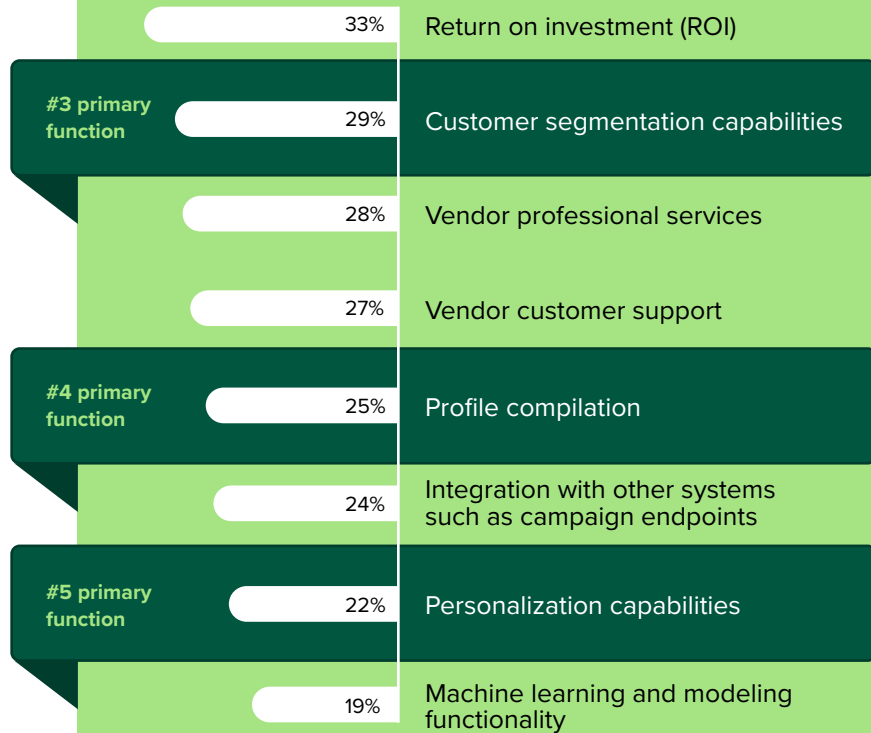**Challenges**

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Current CDP Capabilities Struggle To Match Desired Functionality

Some of the growing pains of CDPs, both for the technology itself and its users, are on full display when looking at satisfaction with current capabilities.

Beyond data ingestion and data management, few respondents report that they are satisfied with the capabilities that enable the core functionality of CDPs like customer segmentation (#3 function — 29% mostly satisfied) and customer profile assembly (#4 function — 25% mostly satisfied). Unfortunately, satisfaction with some of the analysis and execution-related capabilities is even lower — like personalization (#5 function — 22% mostly satisfied) and integration with campaign endpoints to help with execution (#6 function — 24% mostly satisfied).

"What aspects of your current CDP solution are you mostly satisfied with?"

(Showing bottom 8 responses)

33%	Return on investment (ROI)
#3 primary function — 29%	Customer segmentation capabilities
28%	Vendor professional services
27%	Vendor customer support
#4 primary function — 25%	Profile compilation
24%	Integration with other systems such as campaign endpoints
#5 primary function — 22%	Personalization capabilities
19%	Machine learning and modeling functionality

Base: 313 CDP users and decision-makers in marketing, IT, and customer experience in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Zeta Global, January 2022

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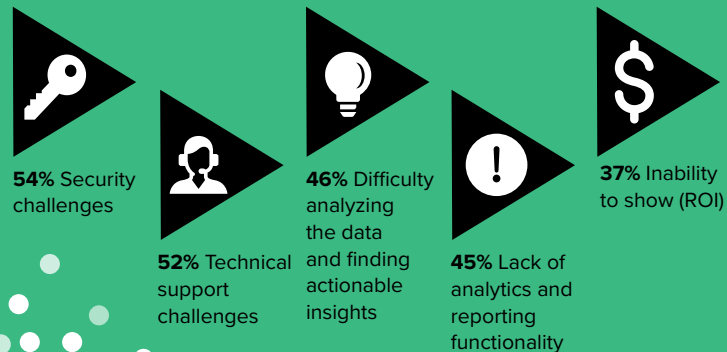## Layered Challenges Are Keeping Users From Expected Business Results

To better understand the low satisfaction with CDPs, Forrester asked respondents about challenges with their current solution. Ranking high are service-related issues such as technical support (52%) and customer support (31%). Coupled with service challenges are functionality deficits around data analysis (46%), reporting (45%), and data centralization (34%). Organizations want to use CDPs to move beyond data collection but are finding that the technical capabilities and supporting services to do so are lacking.

Combining high user expectations, inexperience with a new technology, and gaps in CDP functionality and services, it is no surprise that CDPs are falling short of both user needs and business goals. Only one in 10 respondents say their current CDP meets all of their current needs, while close to half say their CDP has underperformed against business expectations.
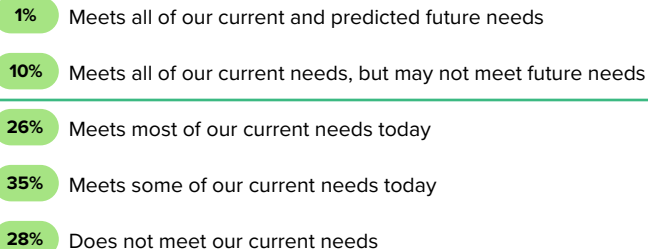
45% of respondents say their current CDP has underperformed against business expectations

"What challenges do you have with your current CDP solution?"
(Showing top 5 responses)

54% Security challenges

52% Technical support challenges

46% Difficulty analyzing the data and finding actionable insights

45% Lack of analytics and reporting functionality

37% Inability to show (ROI)

"How would you characterize your level of satisfaction with your current CDP?"

1%	Meets all of our current and predicted future needs
10%	Meets all of our current needs, but may not meet future needs
26%	Meets most of our current needs today
35%	Meets some of our current needs today
28%	Does not meet our current needs

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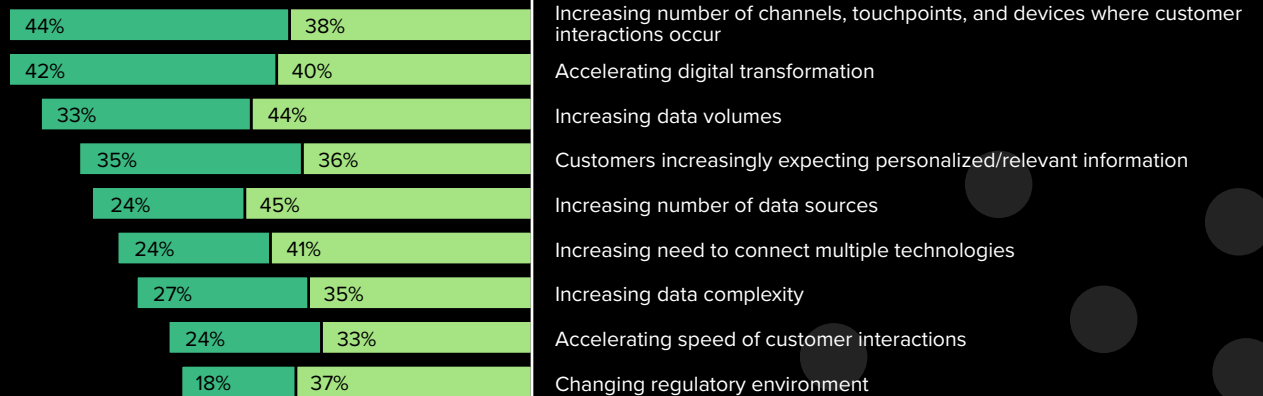Challenges

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Accelerating Digital Trends Drive Greater Need For A Modern CDP

Deploying a CDP that can transcend data aggregation and segmentation will only increase in importance as market trends accelerate digital transformation, causing data volumes and complexity to surge, in tandem with customers who demand increasingly personalized, relevant experiences. Multiplying customer touchpoints will bring new data sources, types, and increased volume that will enable new levels of marketing personalization — if data can be harnessed and connected. Respondents see all of these trends continuing in the near future, increasing the need for clean, up-to-date, and actionable customer data — the cornerstone of CDP solutions.

"How are the following trends impacting the importance of your CDP/ need for a CDP?"

● Greatly increases the need for/importance of a CDP

● Somewhat increases the need for/importance of a CDP

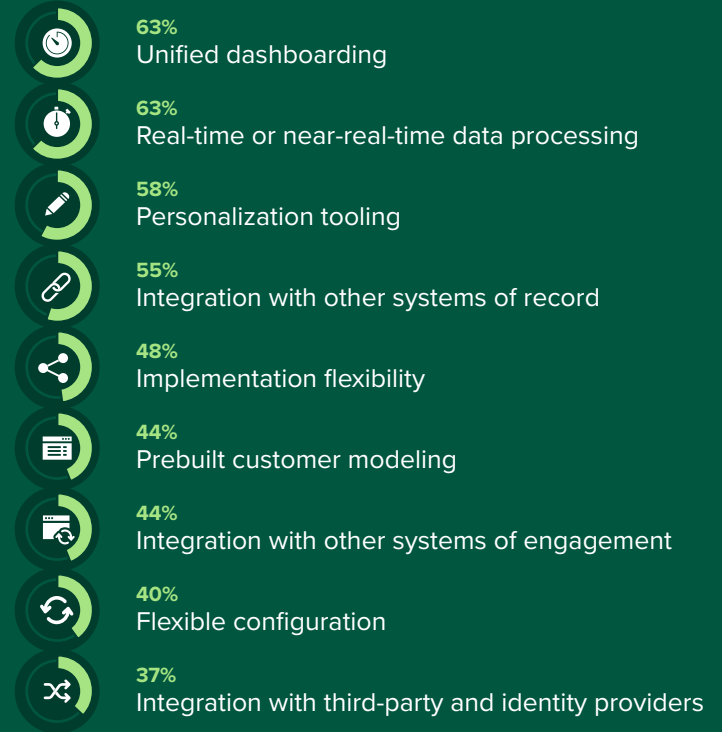| Greatly	Somewhat	Trend
44%	38%	Increasing number of channels, touchpoints, and devices where customer interactions occur
42%	40%	Accelerating digital transformation
33%	44%	Increasing data volumes
35%	36%	Customers increasingly expecting personalized/relevant information
24%	45%	Increasing number of data sources
24%	41%	Increasing need to connect multiple technologies
27%	35%	Increasing data complexity
24%	33%	Accelerating speed of customer interactions
18%	37%	Changing regulatory environment

To Meet Marketing Goals, CDP Functionality Must Expand To Include Execution

Respondents indicate the need for a CDP that not only presents a unified view of all customers across the organization but also does so in near real time and enables marketing execution capabilities like personalization — broadening the role of CDP from a tactical data management tool to a strategic enabler of top marketing goals. The capabilities required of a CDP to meet these goals include unified dashboarding (63%), real-time data processing (63%), and personalization tooling (58%). In addition to these, other important capabilities of a modern CDP solution include the flexibility to scale as data volumes and complexity grow and strong integrations to enable better data activation and execution.

"In order to meet your customer data goals, which of the following CDP capabilities are most important?"

● Required to meet our customer data goals

63%
Unified dashboarding

63%
Real-time or near-real-time data processing

58%
Personalization tooling

55%
Integration with other systems of record

48%
Implementation flexibility

44%
Prebuilt customer modeling

44%
Integration with other systems of engagement

40%
Flexible configuration

37%
Integration with third-party and identity providers

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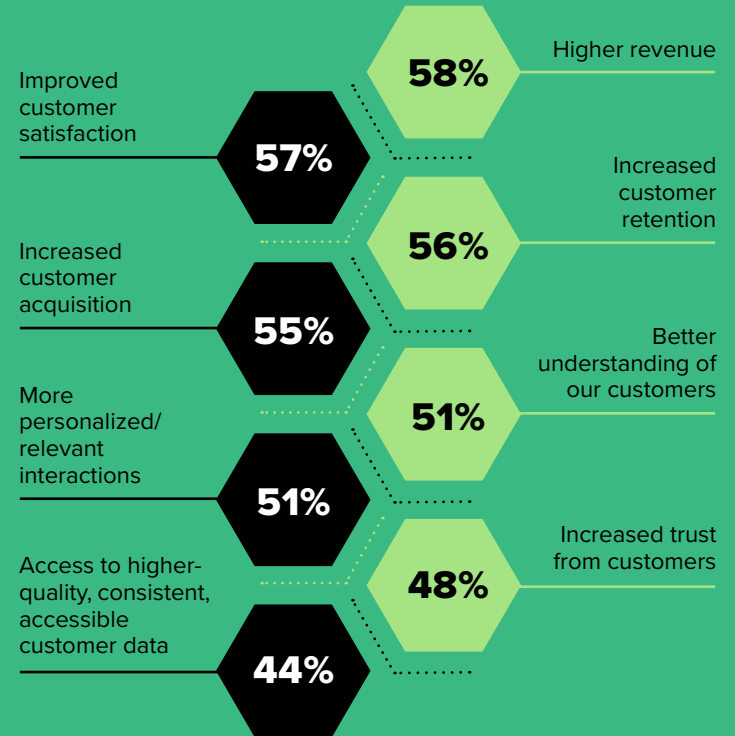Situation

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Modern CDP Results Extend Beyond Marketing Goals To Drive Business Value

Respondents expect their CDP to be not only an enabler of their top marketing goals — improving customer data quality, increasing personalization capabilities, and better understanding customers — but also a tool that drives strategic business results. Top-level business goals like revenue growth, customer satisfaction, and customer acquisition and retention are expected benefits of a modern, effective CDP solution. Unfortunately, close to half of respondents are not seeing expected business results today. To help close this gap between expectation and reality, organizations must select CDP solutions that offer a suite of capabilities that match the desired functionality. Moreover, decision-makers should select a CDP vendor that provides strong technical support and services teams to help organizations learn how to best implement and incorporate the CDP into their strategies and workflows.

"What do you expect the business results to be from having a modern, effective CDP solution?"
(Showing top 8 responses)

Improved customer satisfaction — **57%**

Increased customer acquisition — **55%**

More personalized/relevant interactions — **51%**

Access to higher-quality, consistent, accessible customer data — **44%**

Higher revenue — **58%**

Increased customer retention — **56%**

Better understanding of our customers — **51%**

Increased trust from customers — **48%**

Conclusion

To ensure successful CDP selection, implementation, and utilization, companies should consider the following lessons from current users:

- **Respondents look for a CDP to fill many use cases.** Define a roadmap of use cases to deploy initially and over time to identify requirements and ensure selection of a solution that meets your needs today and in the future.

- **Marketers' expectations outrun current CDP functionality.** In addition to product features, consider vendors' product strategy as well as customer success and consulting capabilities that will help make the implementation successful.

- **The right CDP will deliver business value.** Extend the value of a CDP beyond tactical data collection and storage by ensuring the solution offers an intelligence layer and native or connected access to personalization and campaign functionality.

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This Opportunity Snapshot was commissioned by Zeta Global. To create this profile, Forrester Consulting supplemented the research with custom survey questions asked of 313 CDP users and decision-makers in marketing, IT, and customer experience in the US. The custom survey began and was completed in January 2022.

Demographics

COMPANY SIZE	
$100M to $499M	**17%**
$500M to $999M	**47%**
$1B to $4.99B	**31%**
$5B or more	**5%**

INDUSTRY (TOP 5)	
Travel and hospitality	**16%**
Retail	**16%**
Media/digital	**16%**
Financial services	**16%**
Automotive	**16%**

RESPONDENT TITLE	
Vice president	**16%**
Director	**39%**
Manager	**40%**
Full-time practitioner	**5%**

DEPARTMENT	
IT	**48%**
Marketing/advertising	**48%**
Customer experience	**4%**

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