State of Customer Data Management:

CDP Institute Member Survey

September 2020

CUSTOMER
DATA PLATFORM
INSTITUTE

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Contents

Executive Summary

In August 2020, the CDP Institute surveyed its members on the state of their customer systems, martech management, and CDP deployment. We received a total of 669 usable responses.

This survey analyzes responses to gain insight into the trends in customer data management, best practices, and the deployment of Customer Data Platforms. Key findings include:

- **Companies are finally unifying their data**. After years of slow progress, the fraction of respondents feeding customer data into a central system grew from 37% in 2017 to 52% in 2020. Progress was especially impressive for consumer marketers, who had previously lagged other sectors.

- **Martech best practices make a difference.** Companies that deploy leading management methods report substantially higher satisfaction with their martech investments than companies that do not.

- **CDP users continue to focus on basics.** Collecting data from all sources and creating a unified customer view are the highest CDP priorities. Applications such as predictive modeling and message selection are less common objectives.

- **Many marketers still see privacy as a burden.** B2C companies were substantially less likely than B2B companies to do more than meet minimum privacy requirements. Larger companies are more likely than small companies to promote privacy as a benefit.

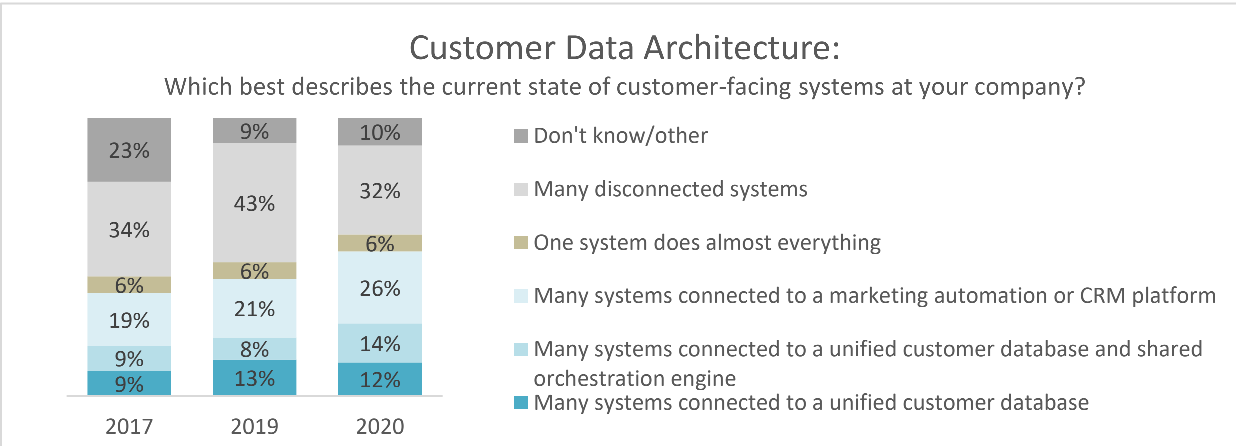
The current survey is the third conducted by CDP Institute since 2017. Readers are cautioned that the survey audience are members of the CDP Institute, a group that is not representative of the industry and whose own composition has changed over time.

Trends in Customer Data Management

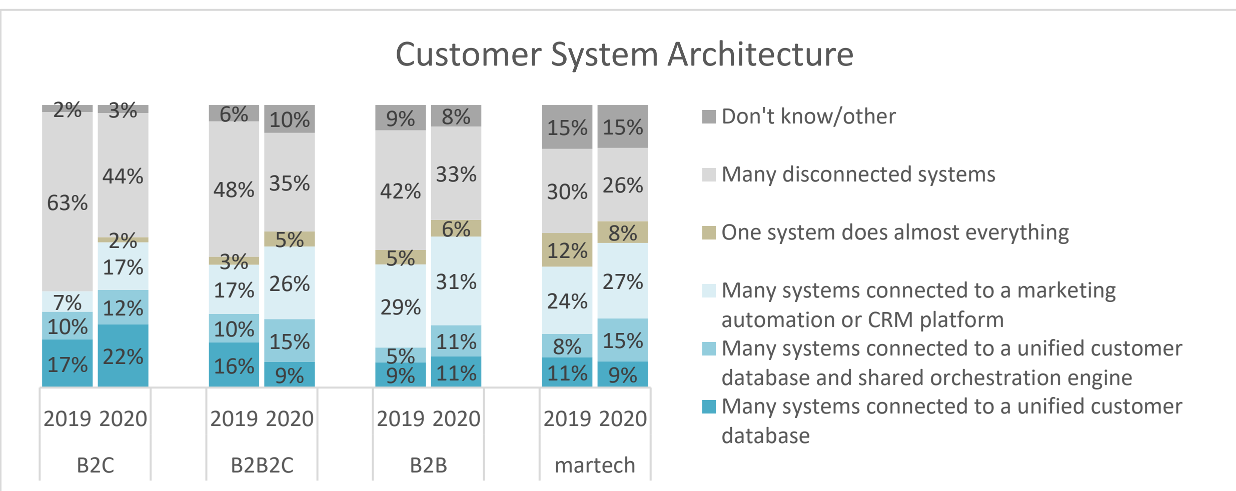
Customer Data is Becoming More Unified

Nearly all companies today have multiple customer-facing systems. These organization face the challenge of unifying data from many sources to gain a complete customer view.

The share achieving this unification has grown substantially in recent years. More than half (52%) of the survey respondents now report they connect their source system to a unified customer database or marketing automation or CRM platform. Just 37% gave this answer in 2017.

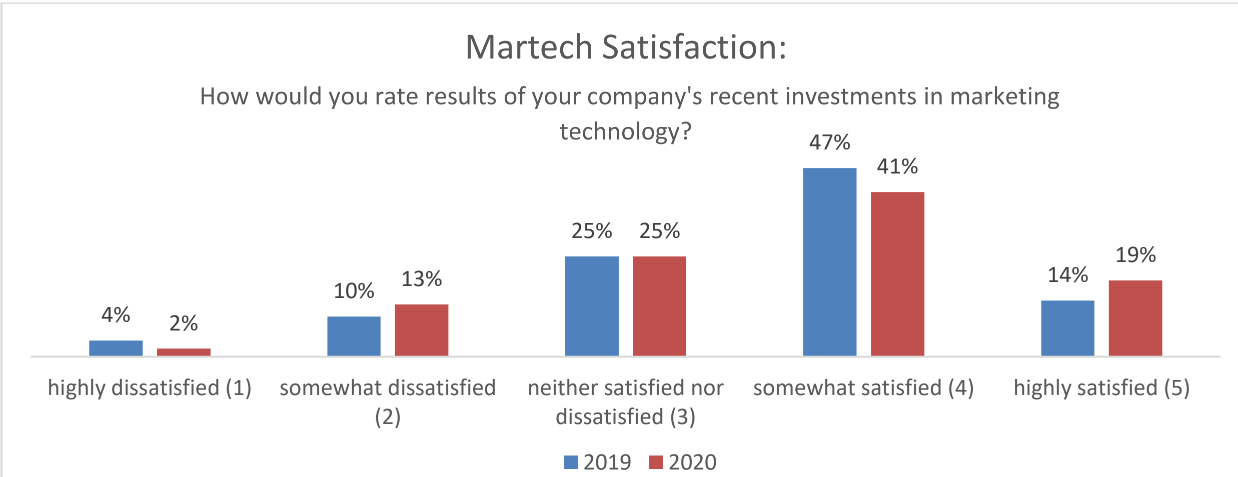


Improvements have been shared across all types of businesses. Consumer (B2C) marketers, who had previously reported much worse fragmentation than other marketers, have nearly closed the gap. Consumer marketers are actually more likely than others to have a unified customer database, but less likely to use a marketing automation or CRM system. This reflects the greater use of marketing automation and CRM in B2B operations.

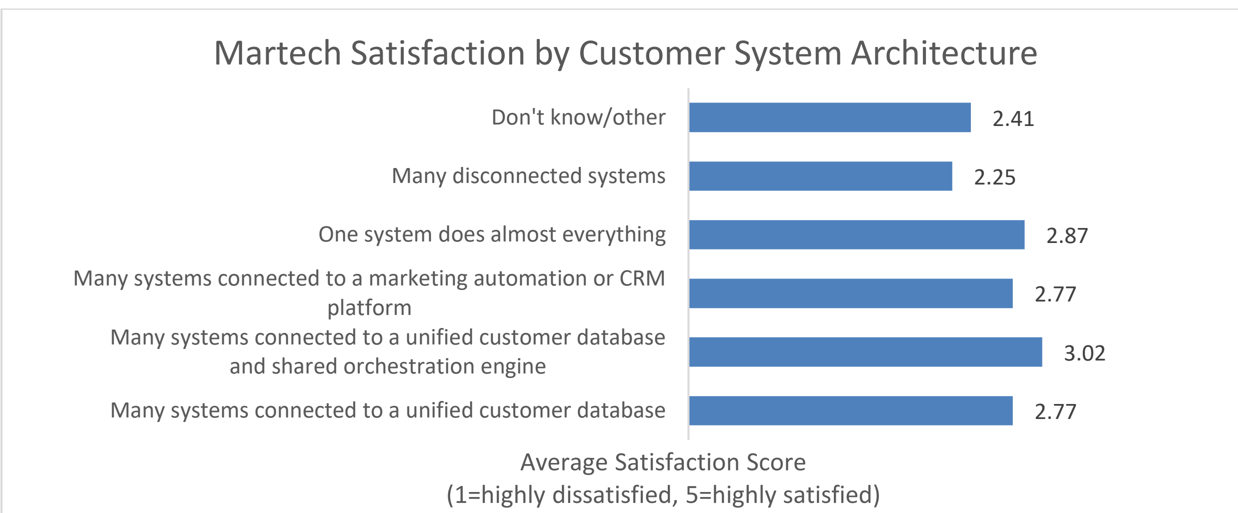


Satisfaction Is Growing Slowly

Data unification has increased much more quickly than satisfaction with over-all martech investments. The latest report shows slight improvement: highly satisfied respondents grew from 14% in 2019 to 19% in 2020 and the highly dissatisfied figure fell from 4% to 2%. The average satisfaction score* rose very slightly, from 2.57 to 2.62. This still opposes the common perception that satisfaction is falling due to “martech fatigue”.



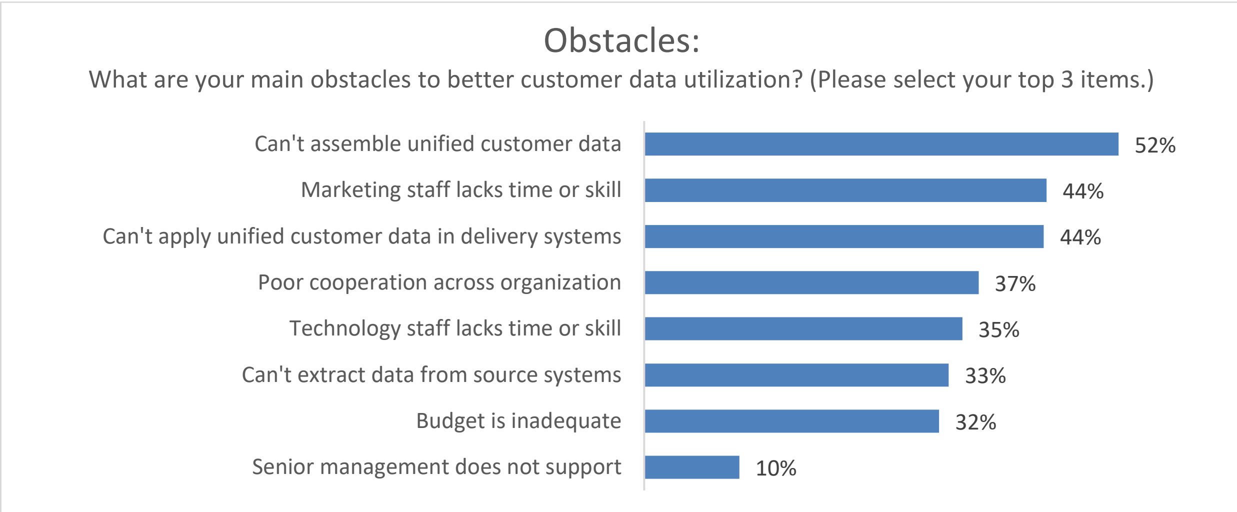
The small change in satisfaction shows that data unification alone does not drive over-all satisfaction levels. Yet unification clearly plays a role: companies with disconnected systems are less satisfied than companies with unified data, and companies with unified data and a shared orchestration engine are most satisfied of all. Companies having only a unified database or unifying their data in marketing automation and CRM are less satisfied. Gaining real value from martech requires more than those systems can deliver by themselves.



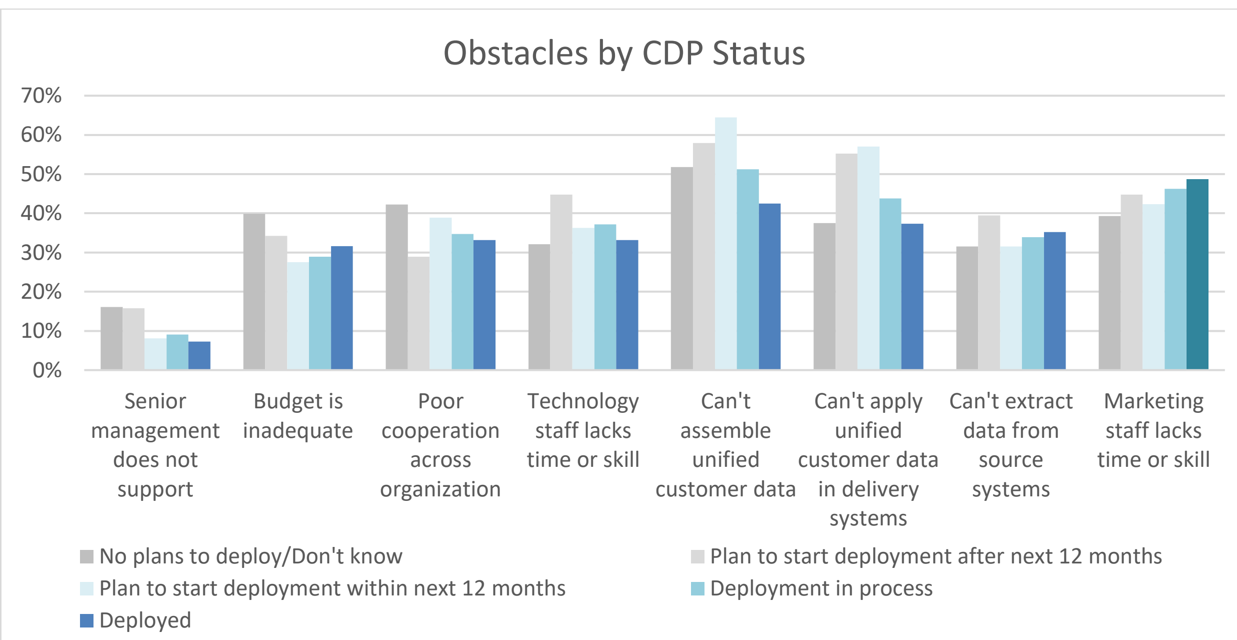
* calculated as the average of respondents’ answers, where highly dissatisfied = 1, somewhat satisfied = 2, etc.

Obstacles Change as Companies Mature

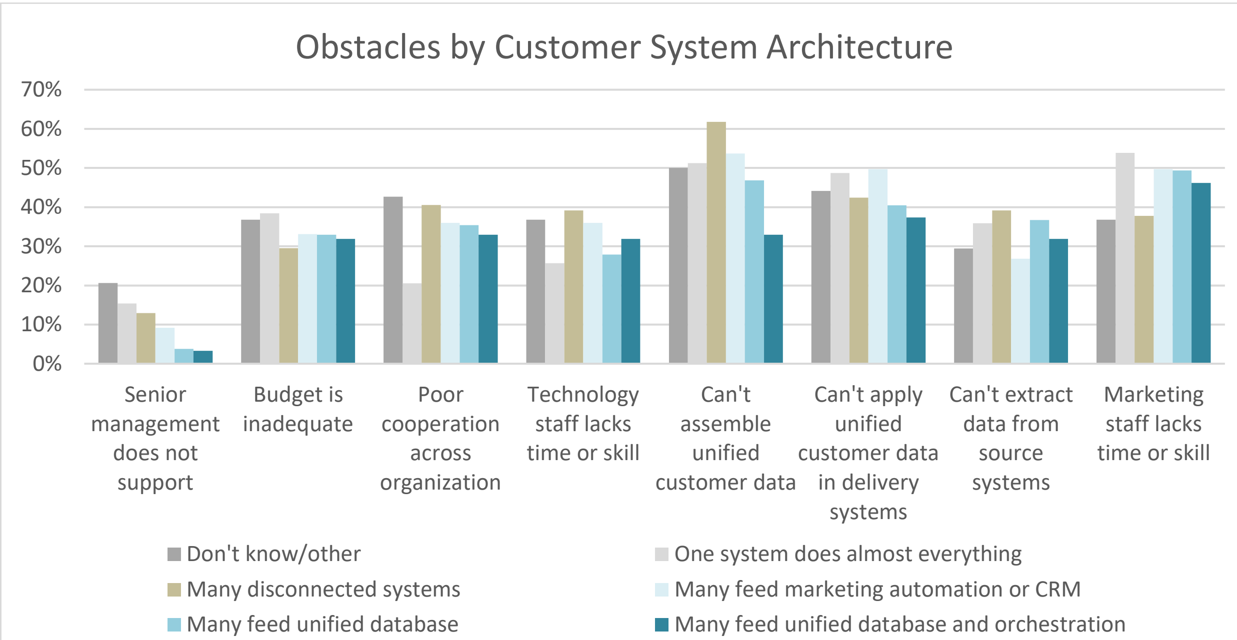
Assembling unified data is the top-ranked obstacle to customer data utilization. But the technical and organizational issues are mixed together throughout the list. Companies clearly struggle with both.



A stronger pattern emerges when respondents are analyzed by their state of CDP deployment. Respondents with no immediate plans to start deployment are mostly likely to cite management, budget, and organizational support as obstacles. Respondents who have gained support and moved on to planning or deploying a CDP cite the most technical obstacles. Respondents with a deployed CDP have fewer technical challenges and are most constrained by the ability of marketing staff to use the system.



A similar pattern emerges when comparing obstacles to the current state of the respondent's customer systems. Companies with many disconnected systems cite technical issues more often, while companies with a unified database struggle most with marketing staff resources. One important nuance is that companies using marketing automation or CRM or a single system to unify their data also cite data assembly and utilization as top problems. This is another sign that those approaches do not adequately solve the technical issues.

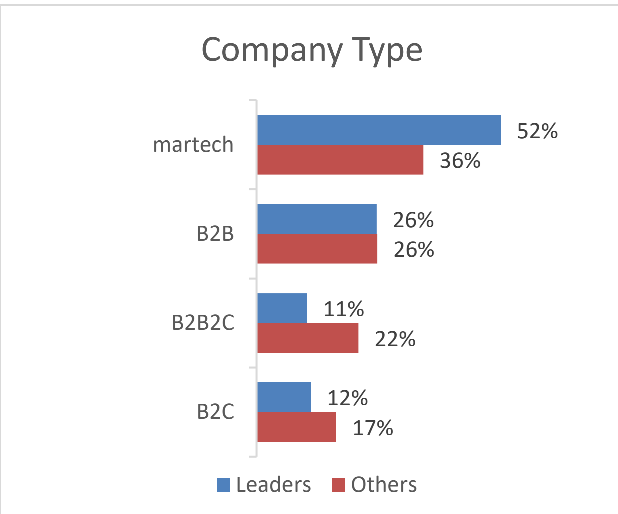


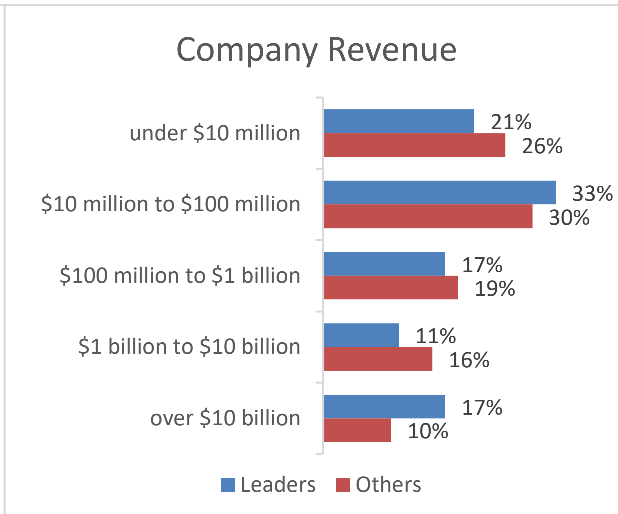
What Sets Leaders Apart

Martech Experts Lead the Way

To better understand what successful martech users do differently, we identified a cohort of respondents who were reported positive outcomes including a high satisfaction score, unified customer data, and above-average privacy management. This group, representing 20% of the total respondents, had an average satisfaction score of 3.66, compared with 2.37 for all others. We then compared the percentage of leaders vs others in various segments within the survey group to find what set the leaders apart.

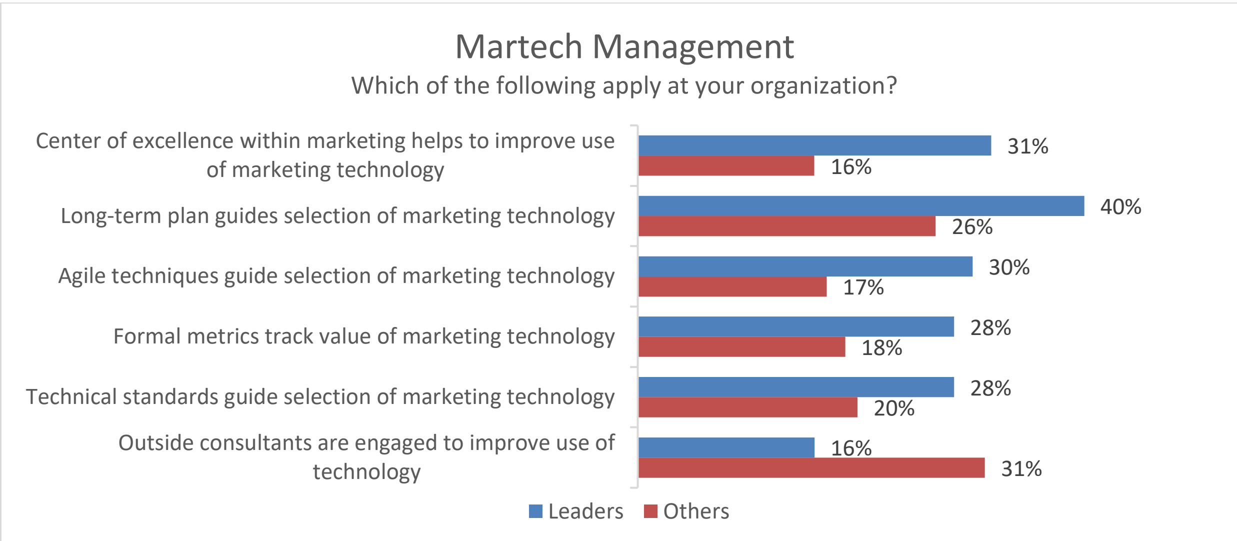
The first analysis explored where the leaders work. As might be expected, they were considerably more likely to be employed at martech vendors, including both software and service companies. Leaders were slightly more likely to work at companies with $10 to $100 million revenue and at companies with over $10 billion revenue. They showed the same regional and department distribution as others. Leadership depends on more than the nature of your business.





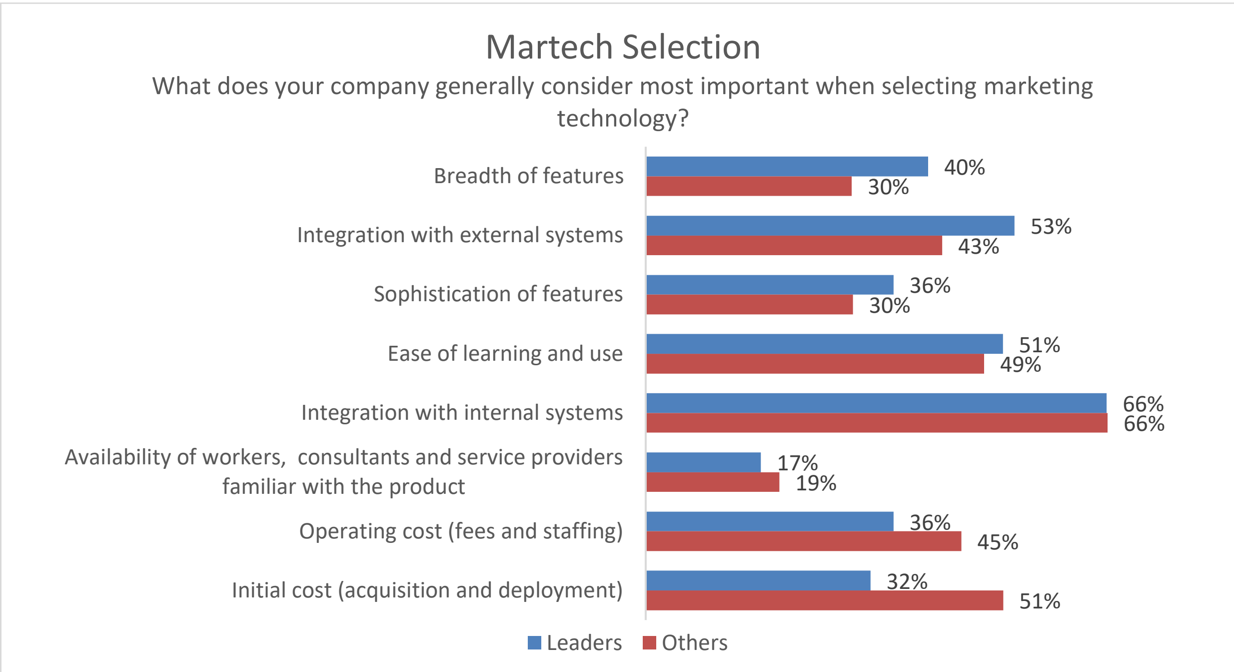
Leaders Invest in Martech Management

Leaders are much more likely to use nearly all of the management tools covered in the survey. The biggest differentiators are Items that take the most investment, including Centers of Excellence to train marketers and long-term technology planning. It's no coincidence that the one management method less used by leaders, hiring outside consultants, compensates for a lack of investment in internal resources. (This and following charts are sorted on the difference between the leader and other percentages.)



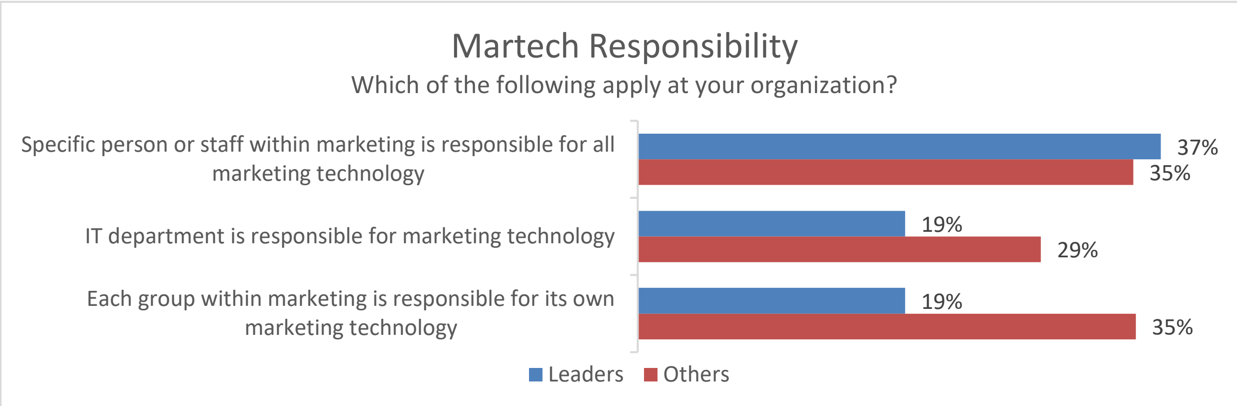
Leaders Select Systems for Features, Not Cost

Guided by long-term plans and expert users, leaders select systems based on features and integration, not cost or familiarity. Buyers must look beyond initial use cases to find systems with the breadth and sophistication to meet long-term needs.



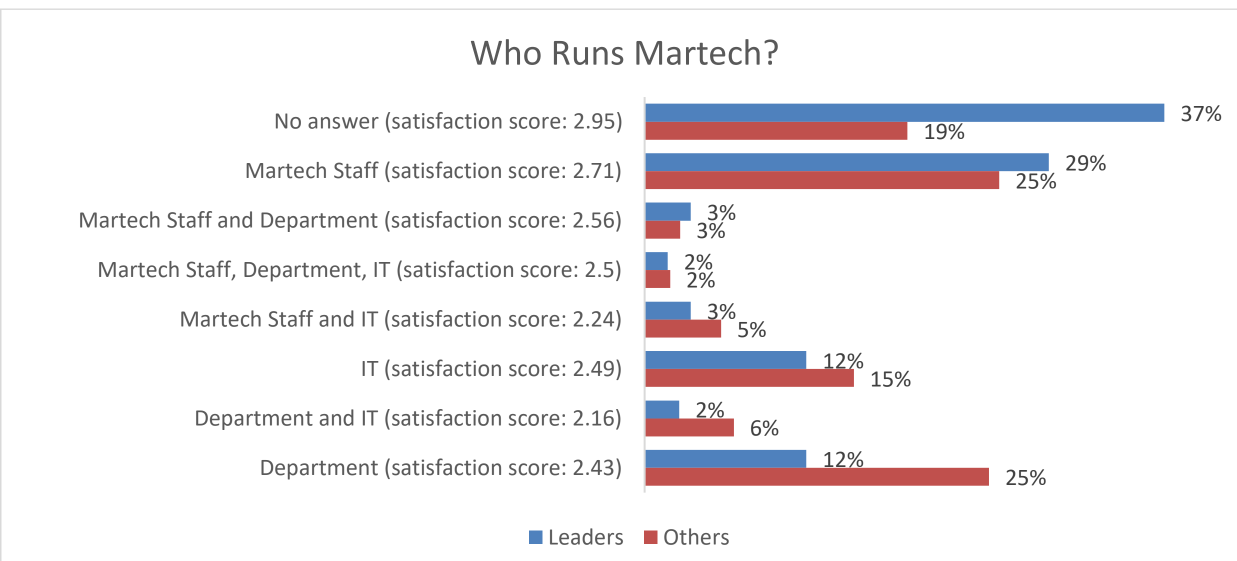
Leaders Put Martech Staff in Charge

Leaders and others are almost equally likely to report that specialists within the marketing department are responsible for martech. However, leaders are much less likely to say the responsibility lies with IT or departments within marketing.



Interestingly, 37% of leaders did not list any group as responsible for martech. This is the greatest difference compared with others; it's also the group with the highest average satisfaction score (2.95). The second-largest and second-most satisfied-group reported that only martech staff ran martech; this group also had the second-highest leader share and second-largest positive gap between leaders and others. Satisfaction fell considerably when martech shared responsibility with other groups. It was lowest when IT and/or departments within marketing ran martech by themselves. In total, 15% of respondents reported more than one department was responsible for martech.

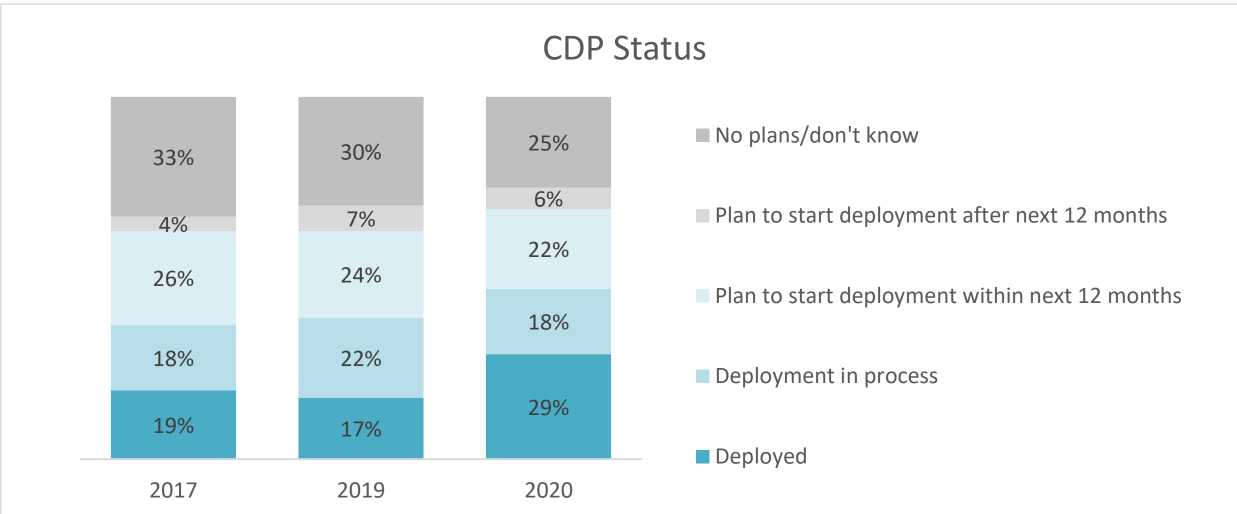
The best practice is clearly to have a martech staff and let them be fully in charge.



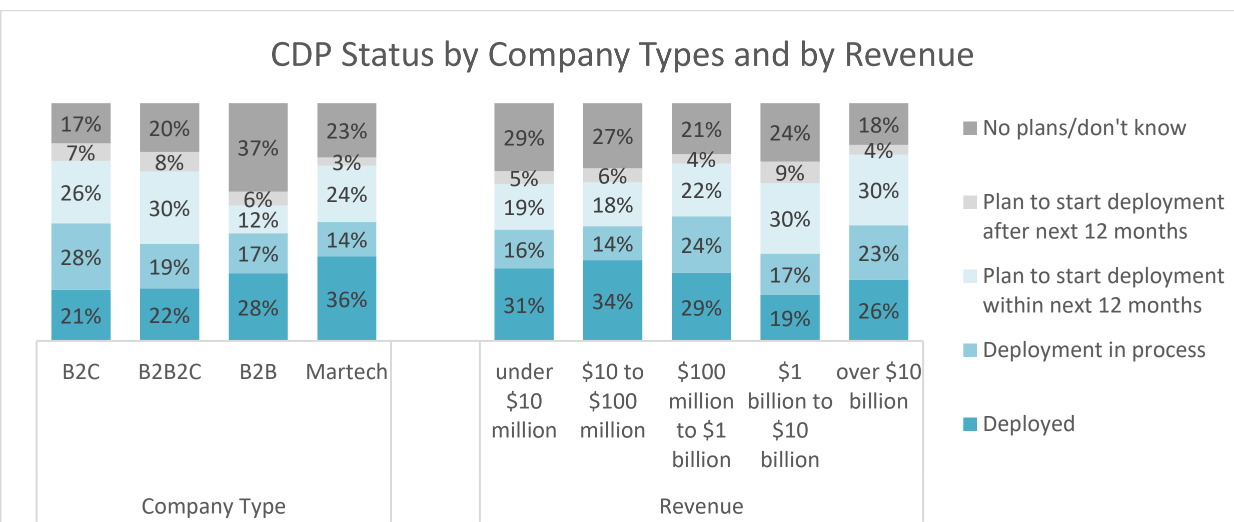
State of CDP

CDP Deployment is Up Sharply

CDP deployment changed between the 2017 and 2019 surveys but then grew sharply to reach 29% in 2020. The share of firms with a CDP deployment planned or in progress fell in the most recent survey. This is probably due at least in part to COVID-19 investment deferrals. Whether it foreshadows a slowdown in actual deployments remains to be seen. A post-pandemic expansion of budgets could mean that actual deployments grow at the same rate as before.

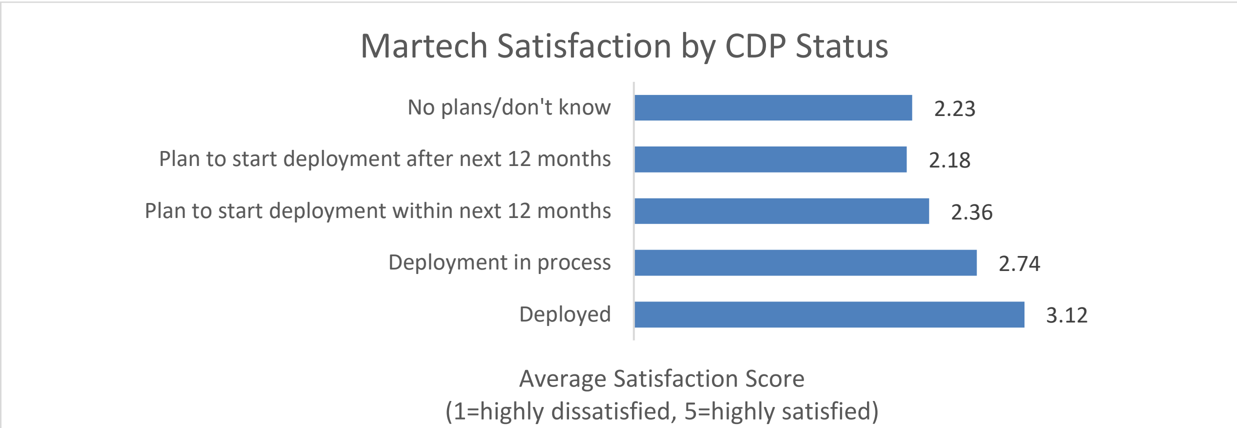


Deployment rates vary considerably by company type, with higher rates for B2B and martech vendors. These firms are less likely to report a unified customer database, so they are probably counting their marketing automation or CRM system as a CDP.



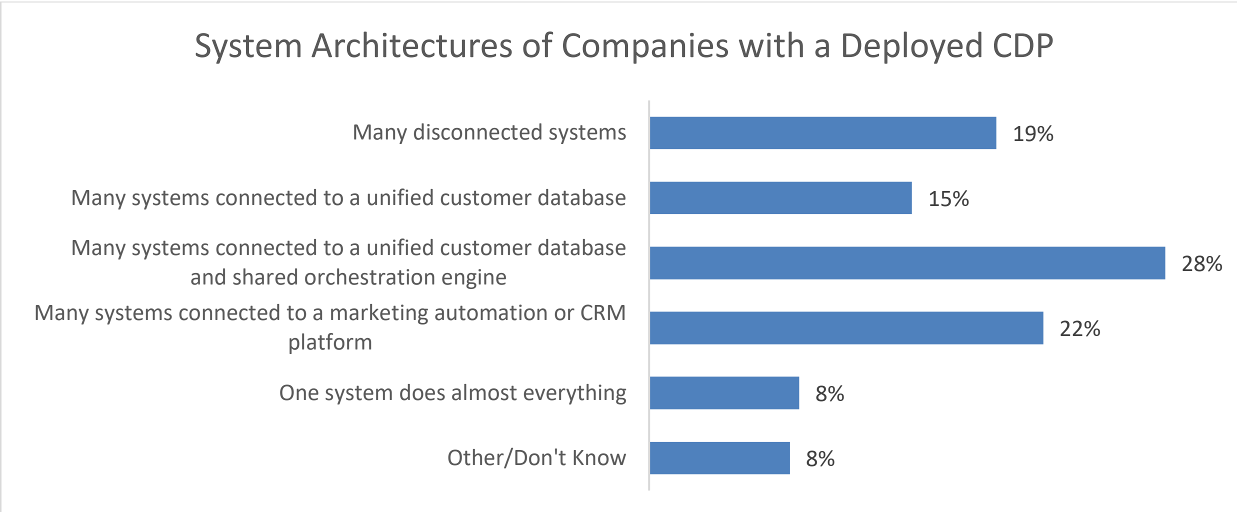
CDP Users Are Most Satisfied

Martech satisfaction is highest among firms that have achieved a CDP deployment. It declines as companies fall further away from future deployment. Although their CDP is almost surely contributing to these users' satisfaction, the broader lesson is that being ready to deploy a CDP deployment is a measure of martech success.



CDP Deployments Are Not All the Same

Of companies that report a deployed CDP, 28% say they have a unified database plus shared orchestration engine and another 15% report only a unified database. Put another way: just 43% of companies that say they have a CDP also say they have a unified customer database, even this would generally be considered the functional definition of a CDP. Another 22% report using a marketing automation or CRM platform. A perplexing 19% report many disconnected systems, raising the question of whether they truly have a CDP at all.



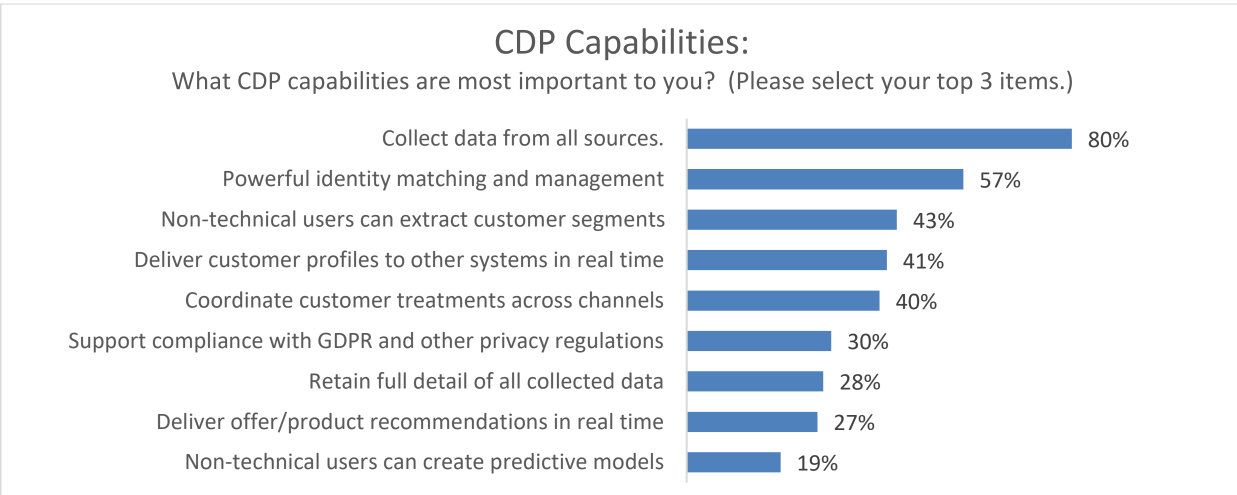
Not shown but similarly puzzling: 19% of companies that do *not* report a deployed CDP say they have a unified customer database, with or without an orchestration engine.

The simple explanation for these results is that respondents are confused about the definition of a CDP. But this is not necessarily correct.

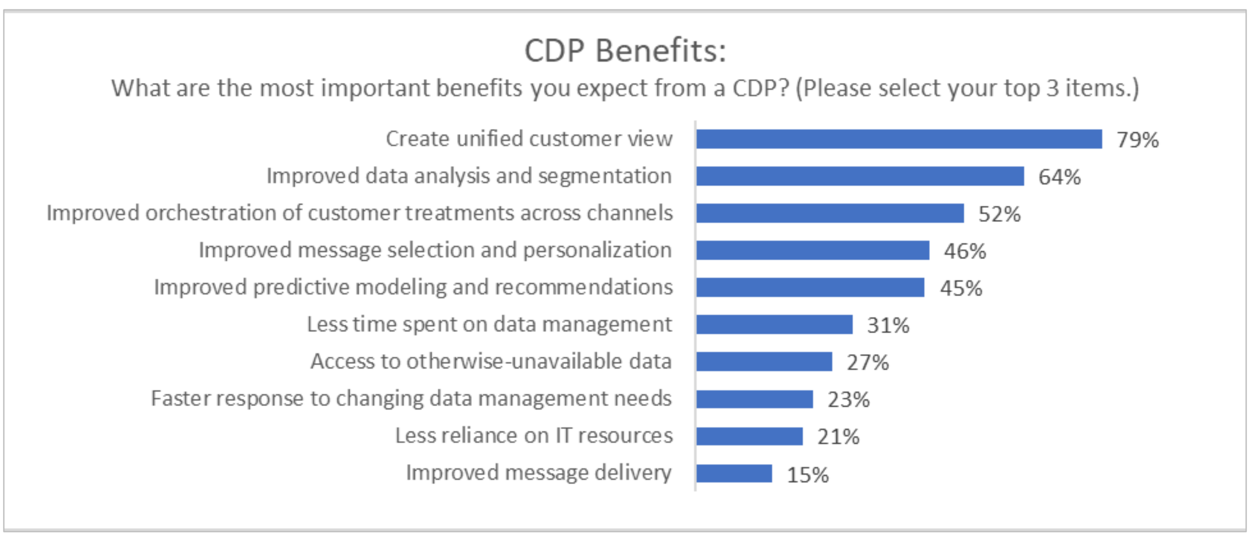
Basic Capabilities Come First

There is in fact strong agreement about what a CDP should do. The vast majority of respondents list data collection as a top requirement, followed by identity unification and segment extraction. This is consistent with how most industry experts would define primary CDP functions. Lower-ranked answers are more technically demanding, such as real time profiles and coordinated customer treatments, and narrower in application, such as privacy compliance and offer recommendations.

These answers suggest that most respondents do have a fairly clear idea of what a CDP should do.

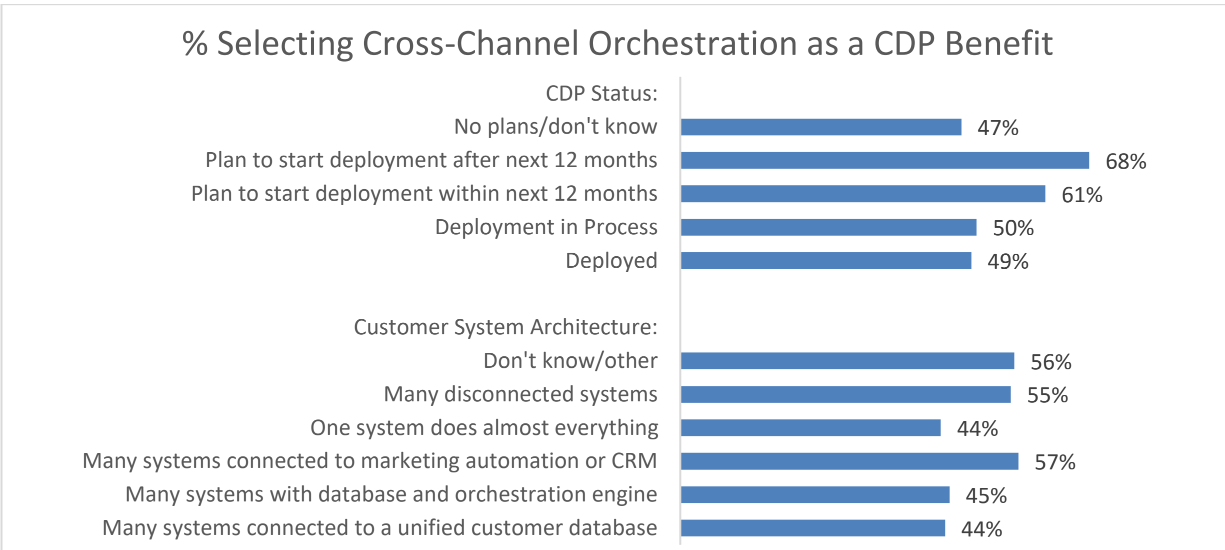


Answers about CDP benefits support this interpretation. The most commonly cited benefit is creation of a unified customer view, followed by other benefits related to data use: analysis, orchestration, message selection, and predictive modeling. Responders recognize these as secondary benefits derived from the unified customer view. The lowest ranked benefits relate to internal operations: less time spent on data management, access to unavailable data, faster response to data needs, and less reliance on IT. By putting these last, users show they see CDP as primarily a tool to improve business results, not to save staff time or effort.

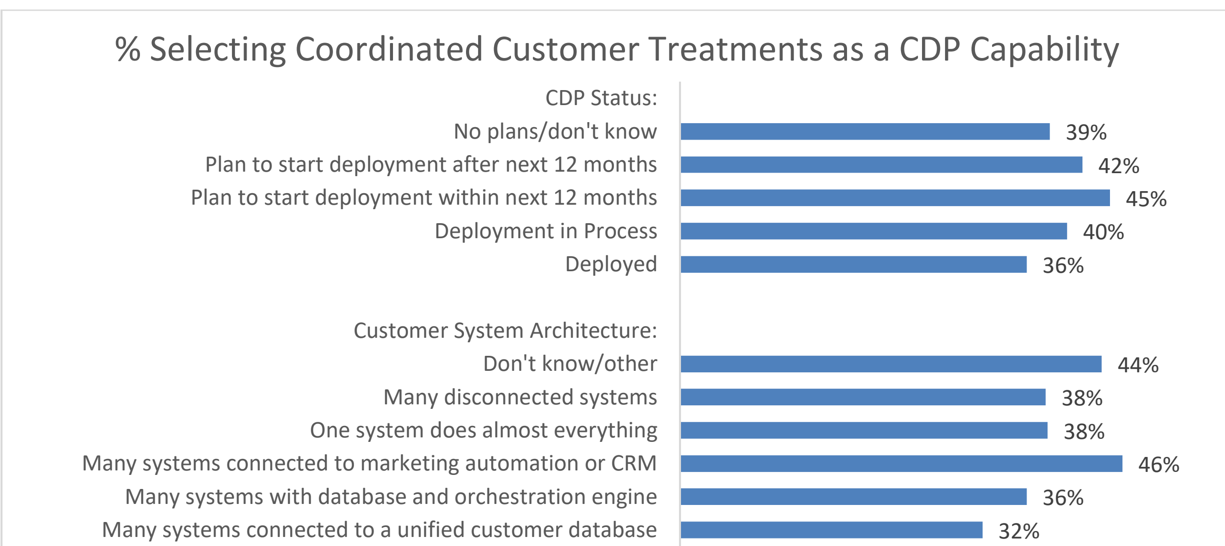


CDP Perceptions Change with Experience

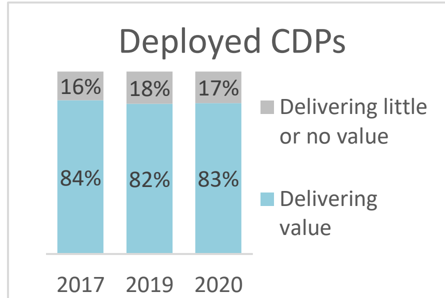
The benefit of cross-channel orchestration provides deeper insight into user perceptions. Most benefits were ranked the same by respondents regardless of company type, revenue, CDP status, and architecture. The exception is orchestration, which starts with a high ranking among respondents who plan to deploy in the distant future, and receives a progressively lower ranking as respondents get closer to having a CDP in place. Put more clearly: the more users learn about CDPs, the less the cite orchestration as a benefit. The likely reason is that firms deploying a CDP gradually realize that orchestration requires more than a CDP by itself. They therefore prioritize other benefits that a CDP alone can deliver. In fact, firms with a shared orchestration engine in place are among the least likely to see orchestration as a CDP benefit. These are the users with the clearest understanding of what orchestration truly requires.



The same pattern applies to coordinated customer treatments, the CDP capability most similar to orchestration.



Readiness Breeds Success



Over the three surveys, between 16% and 18% of deployed CDPs were described as delivering little or no value. These likely represent a mix of new systems and troubled deployments. Respondents with low-value CDPs reported much lower satisfaction than successful CDP owners (2.26 vs 3.31).

The successful CDPs were more likely to be martech and B2B companies, although company sizes were similar in both groups. Both groups gave similar rankings to capabilities and benefits. The successful CDP owners did place slightly higher priority on basic functions such as predictive modeling and more efficient data management, while dissatisfied users were more likely to cite orchestration and cross-channel coordination. This is similar to answers from companies that had not yet deployed a CDP, reinforcing the theory that the low-value CDPs may be new installations or run by inexperienced CDP owners.

Company Type	Deliver value	Little or no value
B2C products and services	10%	21%
B2B and B2C products and services	13%	24%
B2B products and services	27%	18%
marketing technology and services including CDP	50%	38%

Revenue	Deliver value	Little or no value
under $10 million	28%	38%
$10 million to $100 million	34%	24%
$100 million to $1 billion	18%	21%
$1 billion to $10 billion	10%	9%
over $10 billion	10%	9%

CDP Capabilities	Deliver value	Little or no value
Collect data from all sources, including CRM, Web sites, mobile apps, and third parties.	77%	65%
Powerful identity matching and management	56%	59%
Non-technical users can extract customer segments	42%	44%
Deliver customer profiles to other systems in real time	40%	38%
Coordinate customer treatments across channels	35%	44%
Support compliance with GDPR and other privacy regulations	30%	32%
Retain full detail of all collected data	33%	29%
Deliver offer/product recommendations to other systems in real time	21%	26%
Non-technical users can create predictive models	16%	21%
On premises deployment	9%	6%

CDP Benefits	Deliver value	Little or no value
Create unified customer view	75%	74%
Improved data analysis and segmentation	64%	59%
Improved orchestration of customer treatments across channels	45%	65%
Improved message selection and personalization	44%	50%
Improved predictive modeling and recommendations	47%	32%
Less time spent on data management	28%	21%
Access to otherwise-unavailable data	30%	24%
Faster response to changing data management needs	22%	12%
Less reliance on IT resources	21%	26%
Improved message delivery	15%	12%

The dissatisfied CDP owners also resemble inexperienced CDP users in reporting that staff and organizational issues were the main obstacles to success. They were the only group to cite technology staff as the top obstacle. The dissatisfied CDP owners are more likely to follow bad selection practices including heavy emphasis on cost and neglecting ease of use. They are much less likely to use any martech management techniques and slightly more likely to feed data into marketing automation or CRM. An exceptionally high fraction reported that each group within marketing was responsible for its own technology, the approach that correlates with the lowest satisfaction.

Over-all, companies with low-value CDP deployments report limited CDP expertise, poor management practices, issues with staffing and organization. They purchased their CDP before they were ready.

Obstacles	Deliver value	Little or no value
Can't assemble unified customer data	42%	44%
Marketing staff lacks time or skill	48%	53%
Can't apply unified customer data in delivery systems	38%	35%
Poor cooperation across organization	31%	44%
Technology staff lacks time or skill	28%	56%
Can't extract data from source systems	38%	24%
Budget is inadequate	32%	29%
Senior management does not support	8%	6%

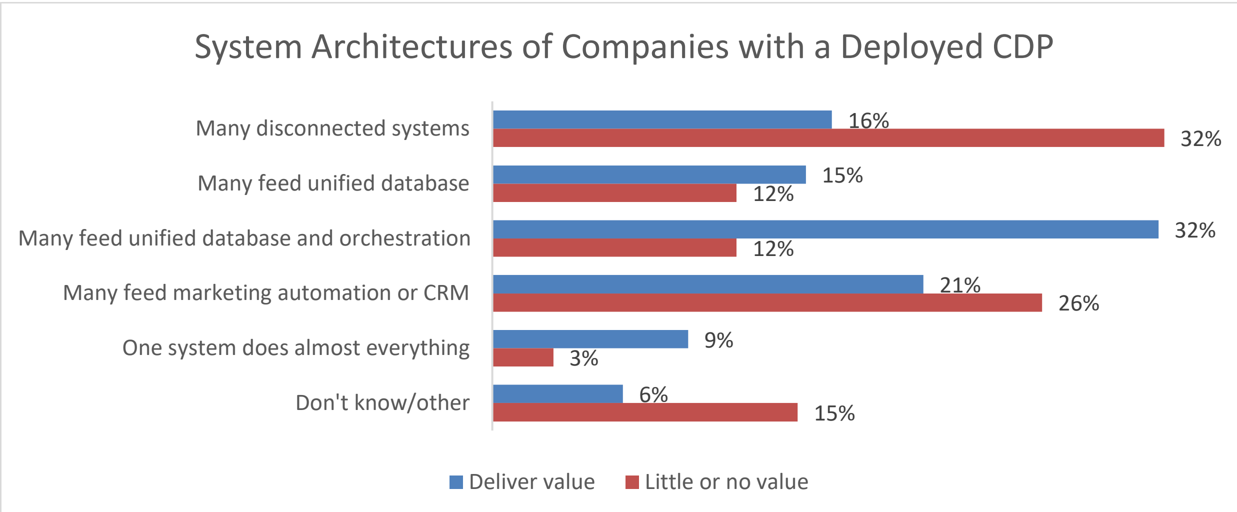
Martech Selection	Deliver value	Little or no value
Integration with internal systems	64%	59%
Ease of learning and use	47%	29%
Initial cost (acquisition and deployment)	43%	50%
Integration with external systems	47%	47%
Operating cost (fees and staffing)	35%	59%
Breadth of features	35%	21%
Sophistication of features	40%	47%
Availability of workers, consultants and service providers familiar with the product	19%	15%

Martech Responsibility	Delivering value	Little or no value
Specific person or staff within marketing is responsible for all marketing technology	35%	41%
Each group within marketing is responsible for its own marketing technology	25%	38%
IT department is responsible for marketing technology	19%	29%

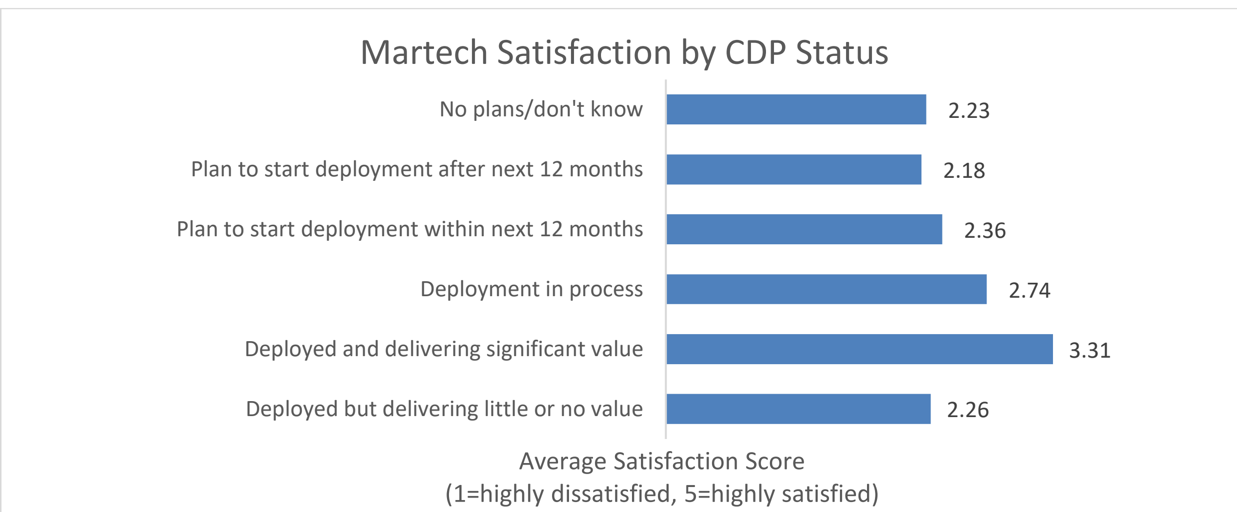
Martech Management	Deliver value	Little or no value
Long-term plan guides selection of marketing technology	31%	21%
Outside consultants are engaged to improve use of technology	24%	18%
Technical standards guide selection of marketing technology	24%	9%
Formal metrics track value of marketing technology	25%	12%
Agile techniques guide selection of marketing technology	26%	12%
Center of excellence within marketing helps to improve use of marketing technology	29%	15%

Mystery Solved

The dissatisfied CDP owners largely explain why so many respondents with a deployed CDP reported a fragmented systems architecture. Respondents whose CDP was not delivering value prioritize data collection and unification understand quite well what a CDP is supposed to do: they rank data collection and unification as their top priorities. But, for whatever reason, their CDP has not been able to deliver.

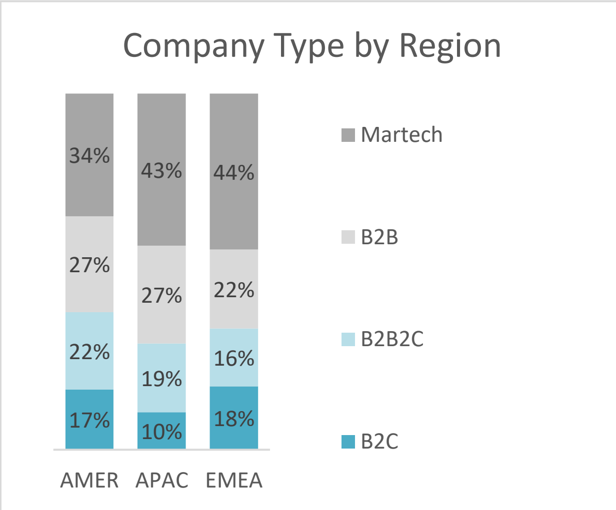


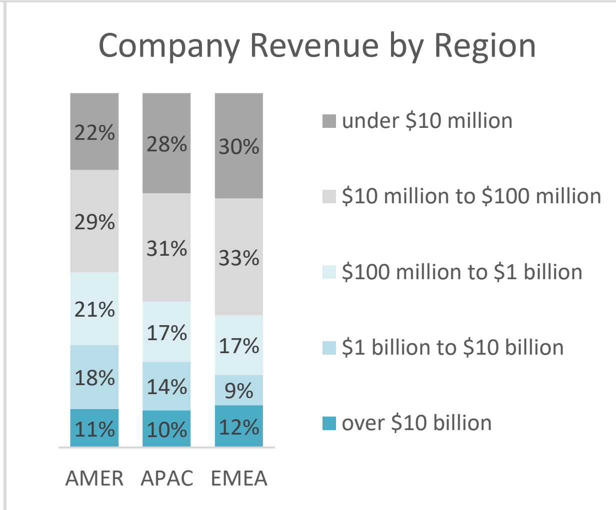
Separating the martech satisfaction results for satisfied and unsatisfied CDP owners shows even more clearly a successful CDP correlates with high over-all martech satisfaction – and that unsuccessful CDP owners are probably struggling with many martech issues.



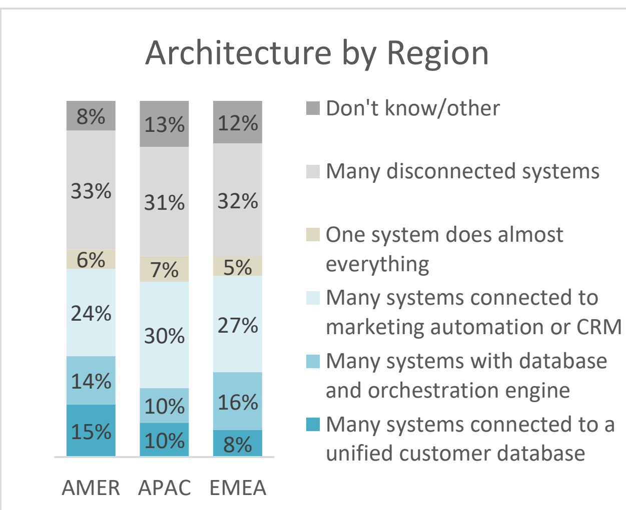
Regional Results

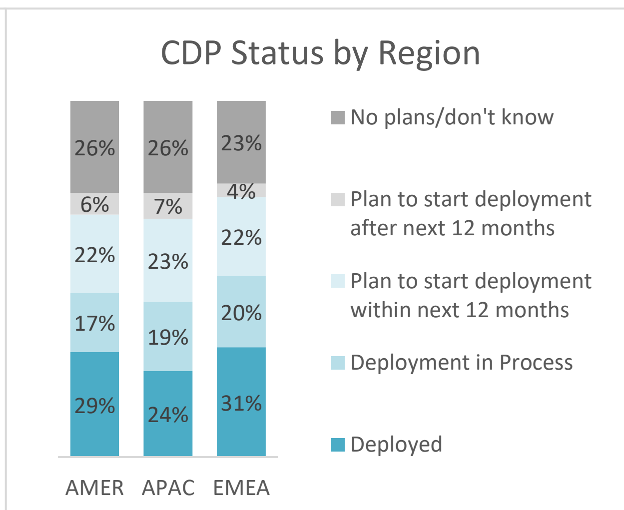
APAC and EMEA respondents were slightly more likely to be martech vendors or service providers than the American responders and their companies were somewhat smaller. Satisfaction scores were similar across all regions.





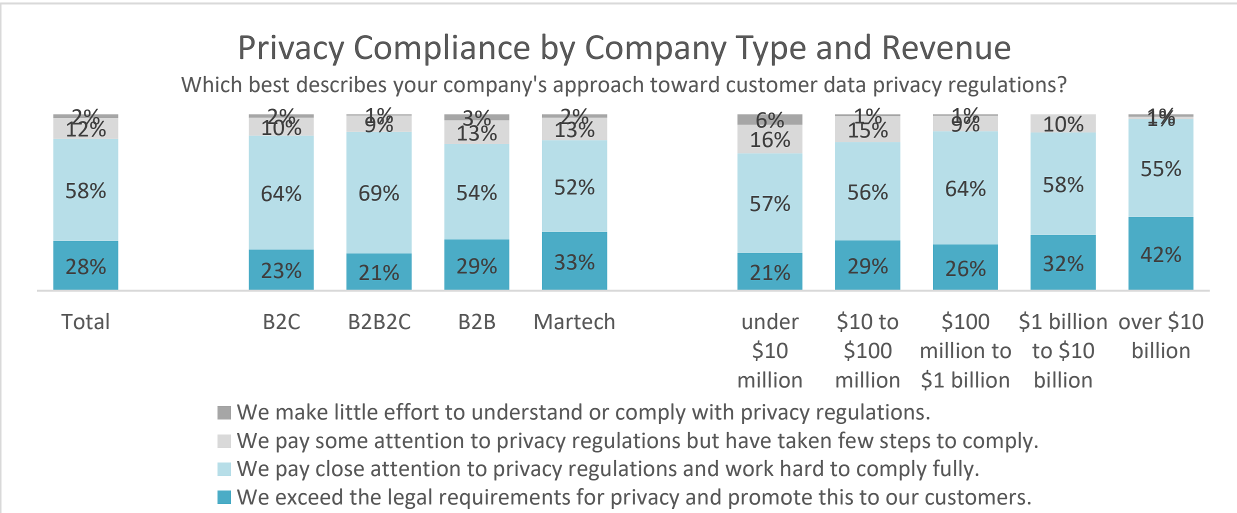
The distributions of customer system architectures and CDP deployments were also fairly similar. American firms were slightly more likely to have a unified customer database. APAC respondents were slightly less likely to report a deployed CDP. It's important to remember that these answers reflect only the status of members of the CDP Institute and are not a representative sample of their markets.



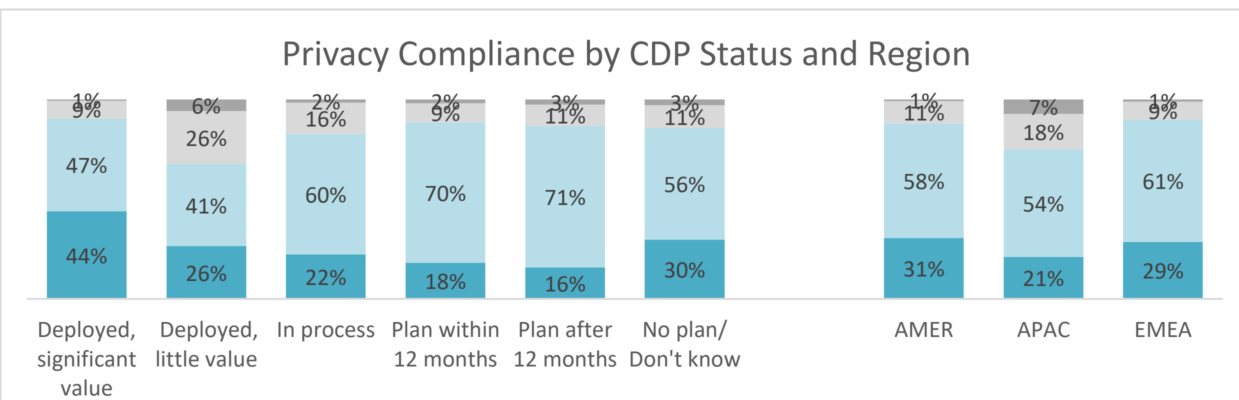


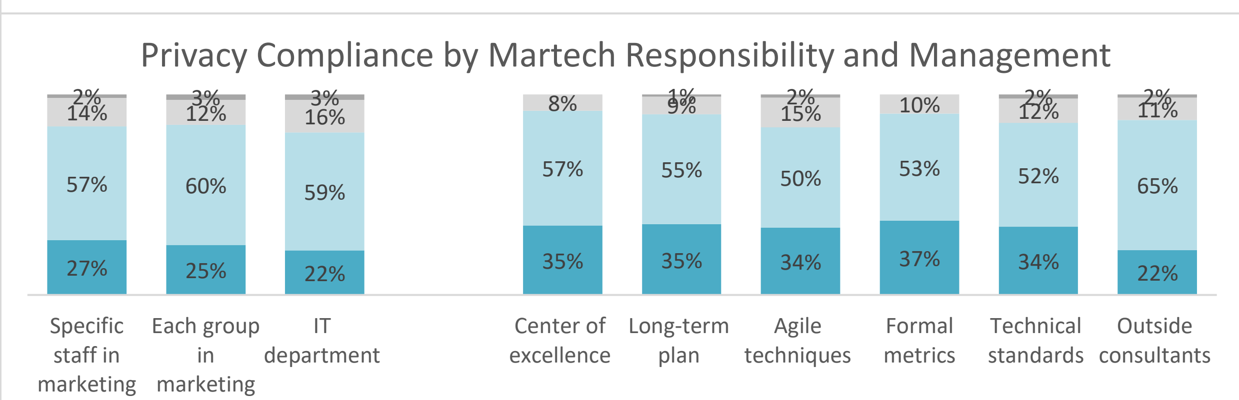
Privacy

For the first time, the 2020 survey included a question about privacy. Nearly all respondents said their company attempts to comply with regulations but just 28% said they promote the quality of their privacy protections to their customers as a benefit. Martech and B2B firms were more likely to do this, as were larger companies.



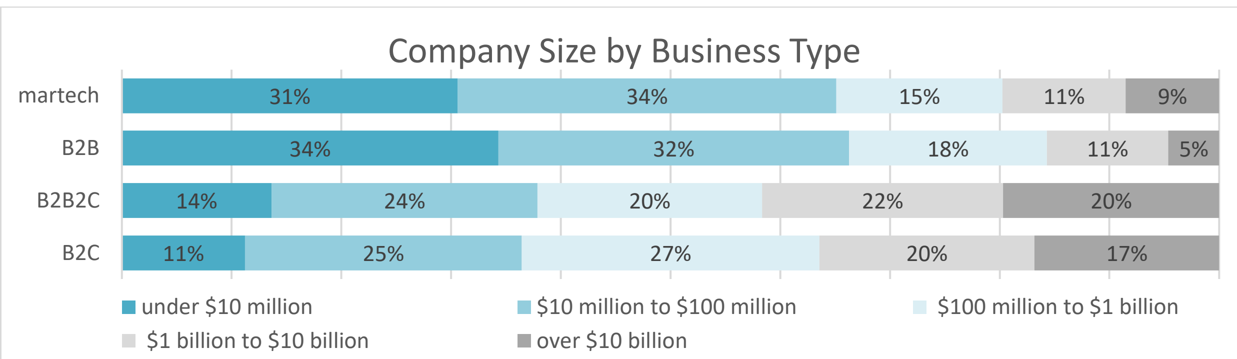
As might be expected, firms with more mature management and CDP readiness were the most likely to have an advanced approach to privacy.

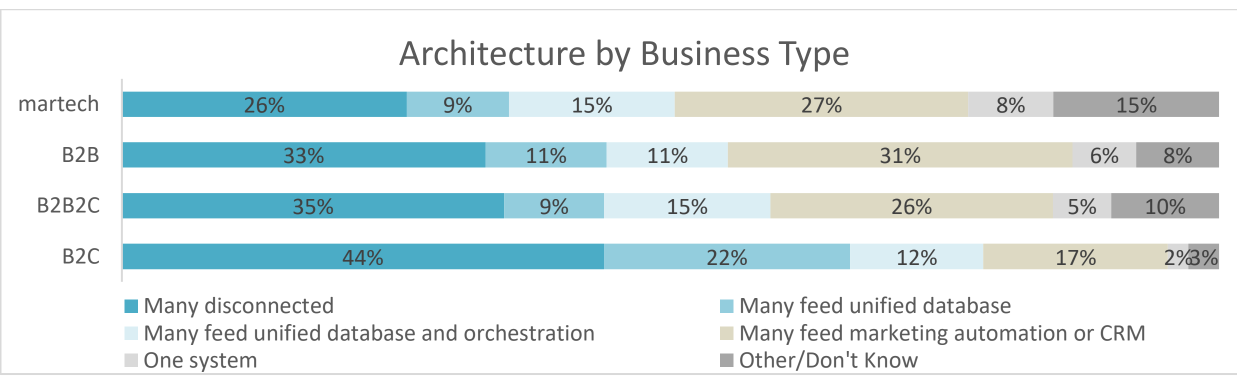




Respondent Profiles

Region			Business Type	
54%	Americas		16%	B2C products and services
28%	EMEA		20%	B2B and B2C products and services
19%	APAC		26%	B2B products and services
			39%	marketing technology and services including CDP
Department			**Company Revenue**	
41%	Marketing		25%	under $10 million
19%	IT		30%	$10 million to $100 million
17%	Corporate Management		19%	$100 million to $1 billion
12%	Sales		15%	$1 billion to $10 billion
5%	Operations		11%	over $10 billion
4%	Customer Service			
1%	Finance			
3%	Other			





About the CDP Institute

The Customer Data Platform Institute provides vendor-neutral information about issues, methods, and technologies for creating unified, persistent customer databases. Activities include publishing of educational materials, industry directories, news about industry developments, best practice guides, and training workshops. For more information, visit www.cdpinstitute.org.