

# Customer-Data Platforms

April, 2023



# 03

Introduction  
Why every company wants a CDP

---

# 04

CDPs create extremely useful customer profiles

---

# 06

The differences between CDP, CRM and MA

---

# 07

Geography matters in today's CDP landscape

---

# 12

Customer-analytics goals drive choice of CDP

---

Introduction

# Why every company wants a CDP

Customer data platforms are currently one of the most sought-after business tools. Every company seems to want a “CDP” to leverage internal data to better target their customers with personalized offerings. But are they really the silver bullet for “customer analytics”, as marketing experts claim? How should a company decide between different CDP applications? Must it opt for a standardized end-to-end solution, or could it better develop some functionalities in house? This report answers these questions and more.

Companies have long tried to leverage data to better engage with their customers and target them with personalized offerings. As a result, they have come to value [customer data as essential assets](#) that need to be curated and stored adequately. Customer data has many different sources – transaction records, volunteered personal information, credit scores – and these components were traditionally used differently by various parts of any company. **A little over ten years ago, the CDP was invented to break down silos by combining all data sources to create a single customer profile available to everyone in the company.**

3

**The prospect that companies could create an all-knowing, unified customer profile – a “360-degree view” of each one – has generated a huge amount of buzz about CDP in the last few years.** The market for CDP applications is growing faster every year and the number of providers is increasing. The market is crowded with large players such as traditional business software suite vendors (like SAP, Oracle, Salesforce, specialized players like Tealium, Bloomreach, CrossEngage) and many younger and much smaller companies.

At the same time, the marketing industry is responding to widespread concerns about data protection and data privacy and resulting regulation. The impending end of third-party cookies will make it much harder for companies to track customers’ internet habits. As a result, CDP solutions have a distinct competitive advantage that provide secure data connections and allow convenient and reliable management of privacy, consent and cookies. The growing complexity of using data in marketing has increased interest in CDPs.

Buzz often risks becoming hype. So, **DAIN Studios has taken a closer look at how CDPs work in practice – and how user experiences might fall short of the aspirations of the software companies that make them.** For example, many companies’ legacy systems don’t allow data from different channels to be unified, which can lead to suboptimal messaging and customers that are dissatisfied – and even take their business elsewhere. To guarantee success, investing in CDP has to be rigorously thought through and carefully implemented.

# CDPs create effective customer profiles

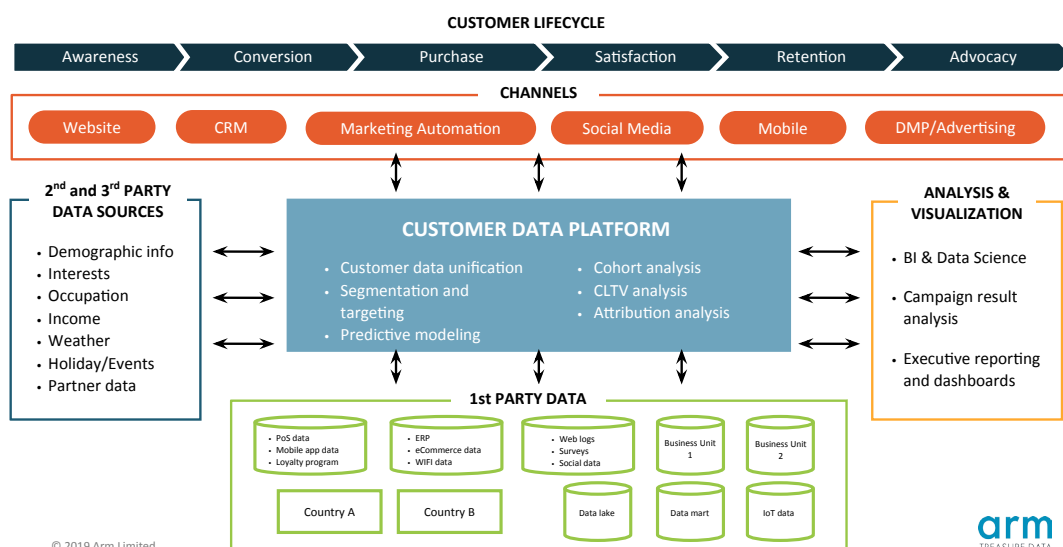
CDP is a packaged software that gathers and unifies customer data from disparate systems to deliver shareable customer profiles. This definition is important as there are solutions that claim to be CDPs but cannot perform key tasks. “Real” CDP is a tool that can:

- **Collect and unify customer data:** Marketing departments often use business systems and customer touch-points – email, analytics, CRM, e-commerce, social media – that are not interconnected and so cannot share data to create a complete and unique picture of each customer. *The CDP connects all the tools marketers use, to become a “single source of truth” for first-party data.*
- **Manage customer data:** *CDP protects customers’ privacy and data rights* by controlling the data flows between different marketing systems and managing data-use consent from customers. The EU’s General Data Protection Regulation (GDPR) data-privacy rules demand that companies document these processes.
- **Activate customer data:** *CDP slices and dices data to offer new insights* – for example, by identifying audience segments with specific characteristics that a company can use across all its marketing channels. The prerequisite is that companies have permission to collect and structure their customers’ data.

4

CDP software usually sits between the various data sources and the IT-system’s business functions that use the customer profiles and audience segments it generates (see Figure 1).

## CDP Architecture



© 2019 Arm Limited

arm  
TREASURE DATA

Figure 1: CDP platform sits at the heart of state-of-the-art data architecture.  
Source: [Arm Treasure Data 2019. CDP Architecture. Treasure Data CDP](#)

Companies can buy off-the-shelf solutions from business software suite or specialized suppliers. Alternatively, they can break down internal data silos themselves and create CDP tools in-house, if their IT-system architecture allows this. Before making a decision, companies should know the *four CDP typologies*.

The CDP Institute defines these as follows:

- **Data CDPs** gather customer data from various sources to create unified customer identities that can be accessed by all relevant software applications. On top of these minimum functions, some data CDPs can also identify audience segments.

---

- **Analytics CDPs** gather data and provide more analytical tools. Features include audience segmentation as standard and can extend to machine learning, predictive modeling, revenue attribution and journey mapping. Analytics CDPs can often also automate the distribution of these datasets to other applications.

---

- **Campaign CDPs** gather and analyze data and devise customer treatments. These specify how different individuals in an audience segment are best addressed over one or more channels, for example, by personalized messaging, outbound marketing, real-time interaction or product recommendations.

---

- **Delivery CDPs** gather and analyze data, devise customer treatments and deliver messages to them via email, websites, mobile apps, CRM or advertising.

---

Reference: [CDP Institute – What is CDP? Customer Data Platform Institute. Learning Center.](#)



Looking to simplify your customer journey?  
Take the [CDP quiz](#) to find the right type for your business needs.

# The differences between CDP, CRM and MA

An increasing number of software makers are offering larger “customer experience platforms” that combine some CDP functionalities with those of CRM and marketing automation (MA) tools. With these features side by side or as part of separate products on the platform, the combinations can be as confusing as they can be helpful.

**CDP creates customer profiles and audience segments essential for marketing campaigns – and it relies on MA applications to frame and implement these over different channels. CDP provides a big picture of how customers interact with a company’s products and services.**

6

CRM systems, on the other hand, track and manage the interactions of individual clients with the company’s customer-facing employees, for example, in sales and support teams.

Companies often use CDP, MA and CRM in parallel. But even then, these tools remain distinct from each other. For example, **only CDP can process real-time data**, and it also creates the most comprehensive customer profiles – **but cannot manage marketing campaigns.**

	CDP	MA	CRM
Real-time data?	Yes	Some	No
360-degree customer profile	Yes	Limited	No
Marketing Campaigns Management	No	Yes	Yes

Figure 2: Differences between CDP, MA and CRM  
Source: DAIN Studios

# Geography matters in today's CDP landscape

The CDP market is growing exponentially and could top annual revenues of \$20 billion in 2027. That would represent a twelve-fold increase in sales over the previous decade.

Customer Data Platform Market Size, By Component, 2017-2027

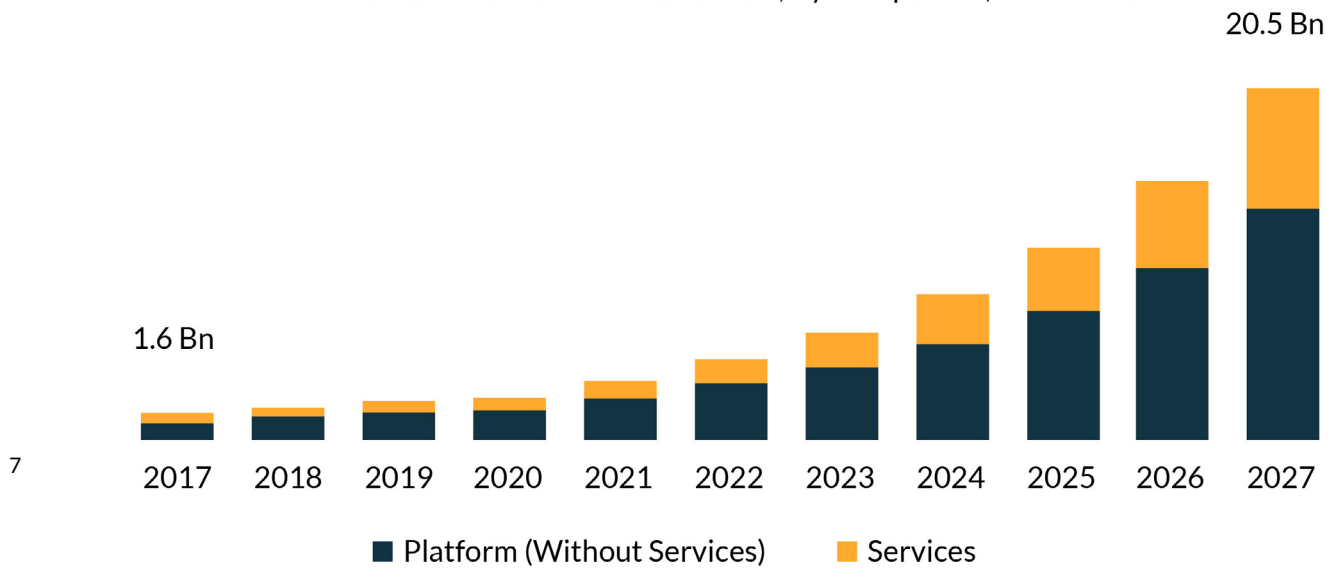
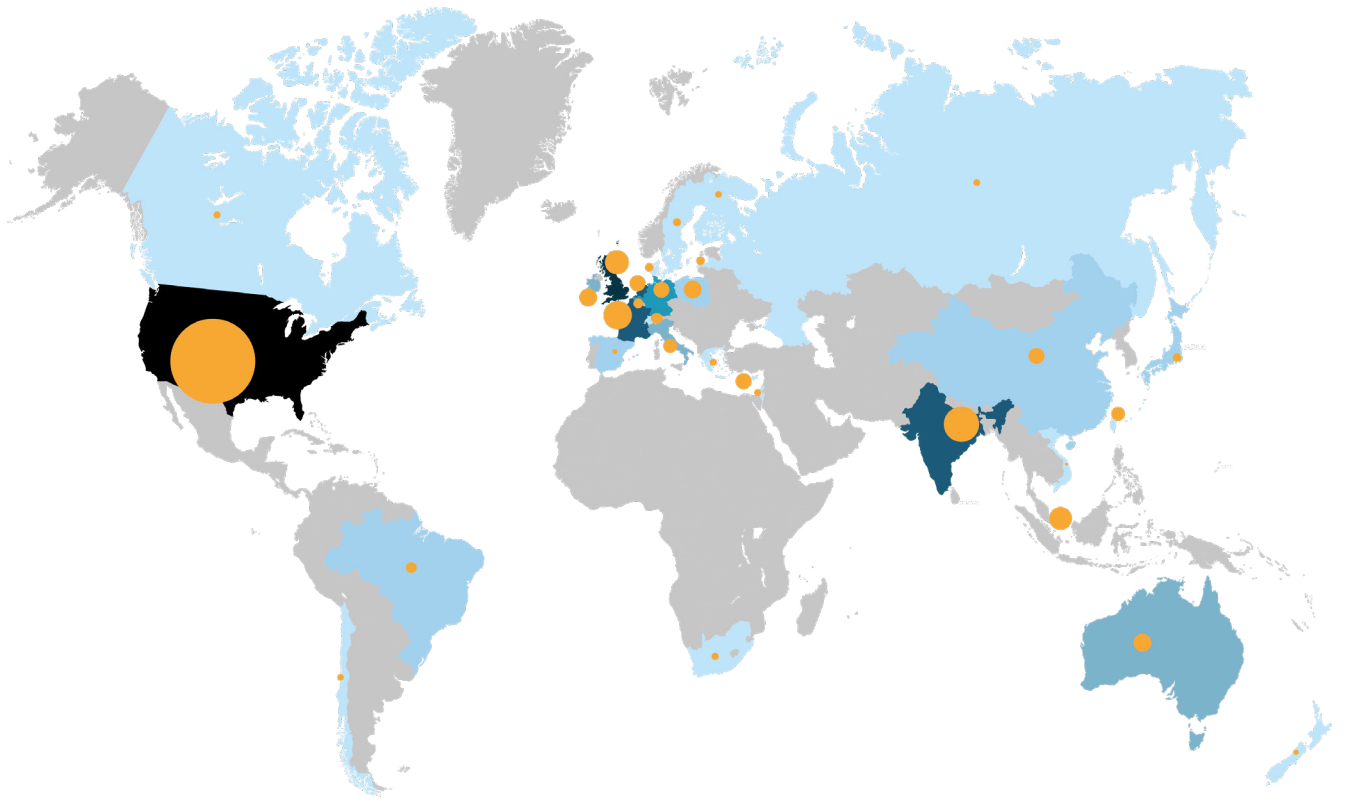


Figure 3: Actual and forecast CDP market growth, 2017-2027  
Source: KBV Research. Global Customer Data Platform Market By Component (Platform (Without Services) and Services). KBV - Knowledge Based Value

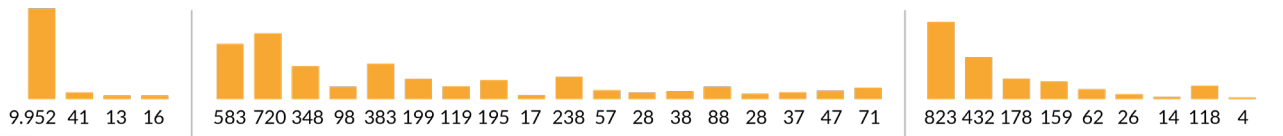
New CDPs are being launched all the time. There are currently more than 150 CDP software makers of all sizes worldwide. About half of them are based in the United States and just over a third in Europe. Of the 25 Asian players, 11 are based in India and six in Singapore. 4 CDP software makers are based in Australia or New Zealand. The CDP industry is also a sizeable employer, as CDP software makers employ over 10 000 people in the United States, over 3 500 people in Europe, and over 2 000 people in Asia. The total impact of the industry is much larger, as this does not represent the people utilizing the CDP solutions.



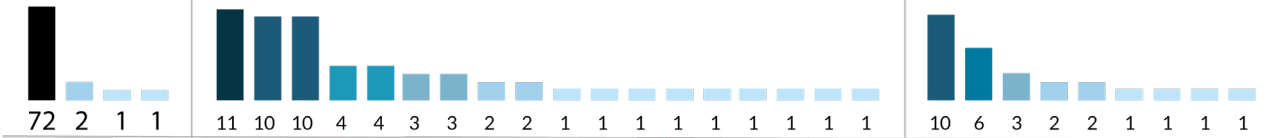


Industry by Country

CDP Employees EMEA



Companies



United States  
Brazil  
Canada  
Chile

Americas

UK  
France  
Netherlands  
Belgium  
Germany  
Ireland  
Italy  
Poland  
Spain  
Cyprus  
Denmark  
Finland  
Greece  
Lithuania  
Russia  
South Africa  
Sweden  
Switzerland

EMEA

India  
Singapore  
Australia  
China  
Japan  
Israel  
New Zealand  
Taiwan  
Vietnam

APAC

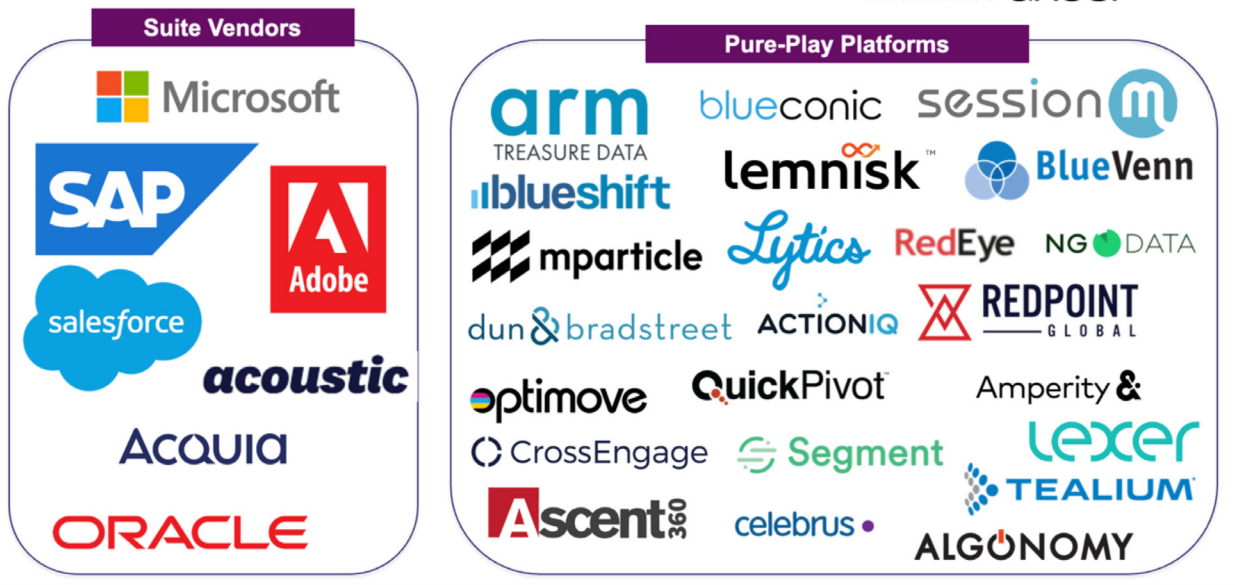
Figure 3 Geographical distribution of CDP providers (number of companies and employees per country)  
Source: CDP - Institute, CDP Institute Industry Update, January 2023, Customer Data Platform Institute.



Geography matters, as CDP users active in Europe will fall under the EU's strict data-privacy rules. DAIN recommends that companies only use CDP software that clearly indicates a commitment to the EU GDPR – so to data privacy and consent and cookie management.

Some of the main CDP players are listed below. Their offerings include tools other than CDP, so these should be considered “customer experience platforms”, as explained earlier.

## CDP: Fragmentation Persists



www.realstorygroup.com

Copyright © 2021 RSG

Figure 4: Overview of CDP companies  
Source: Real Story Group

# CDPs' typical use cases and core functions

Having taken a measure of the intricacies and pitfalls of CDP, companies should be aware of the many use cases in which the software shines. CDP is useful for companies that want to

- combine CRM-driven E-Mail and paid social media to upsell to customers,
  - improve the quality of [personalized content](#) to which customers are exposed,
  - gain a [360-degree view](#) of each customer to serve them more efficiently,
  - use omnichannel marketing to engage more deeply with their customers,
  - integrate data from distinct data sources in various formats,
  - build in compliance so that customers choose how their data is used,
  - improve data quality in order to sell their data to other businesses,
  - automate marketing more and spend less time on data management.
- 

To realize these aims, companies need CDPs with some or all of the following features:

- Data gathering from different sources,
  - Data modeling,
  - Audience segmentation,
  - Scalability of record-keeping,
  - Single-customer view and unified profile,
  - Data accessibility to other applications.
- 

CDP is especially useful for companies that generate large amounts of customer data and rely on cross-channel marketing – typically online B2C-retailers looking for the best ways to reach large swathes of consumers. But its ability to glean insights about individual clients can also be relevant for B2B-companies focused on serving companies that buy in bulk. Indeed, some CDP tactics apply as much to B2B sales as they do to B2C:

- Targeting individuals for free trials in the hope of gaining new paying customers,
- Onboarding new customers by providing them with relevant content in the web and creating the full customer experience with a product or service right from the start,
- Tailoring new product launches and campaigns to customers with specific interests matching the features, customer segment preferences and engagement level.

# Use case: personalization in e-commerce

CDP can be used to [personalize recommendations in online shopping](#). The ability of CDPs to unify data from various sources to create a single source of customer intelligence is extremely useful in B2C e-commerce. If the large volumes of data generated are connected properly, they can be used to make personalized recommendations to online shoppers.

Customer data about past purchases (including aspects like timing), communication preferences and loyalty status can help online retailers home in on what the customer may need next and proffer a “next best offer”. [Data-driven personalization](#) also allows retailers to “upsell” by suggesting superior models to customers looking at premium price points.

While demographic information like timing and geography are helpful, companies can also use behavioral data to create a so-called identity graph (see below) for each customer. It can then be grouped in an audience pool with similar traits that can be efficiently targeted.

11



Figure 5: [Customer identity graph](#)

# Customer-analytics goals drive choice of CDP

The variety of uses and typologies mean that each company needs a clear idea of its customer analytics needs to select the right CDP application. Each company also needs to be aware of the opportunities and challenges of its IT architecture – only then will it know whether its current systems will actually be able to provide the required CDP features.

To guide companies to a comprehensive assessment, DAIN Studios has developed a selection framework. Its simplified “CDP decision tree” deals with all variables – and Dain Studios’ experts will help every customer move along it in a constructive manner:

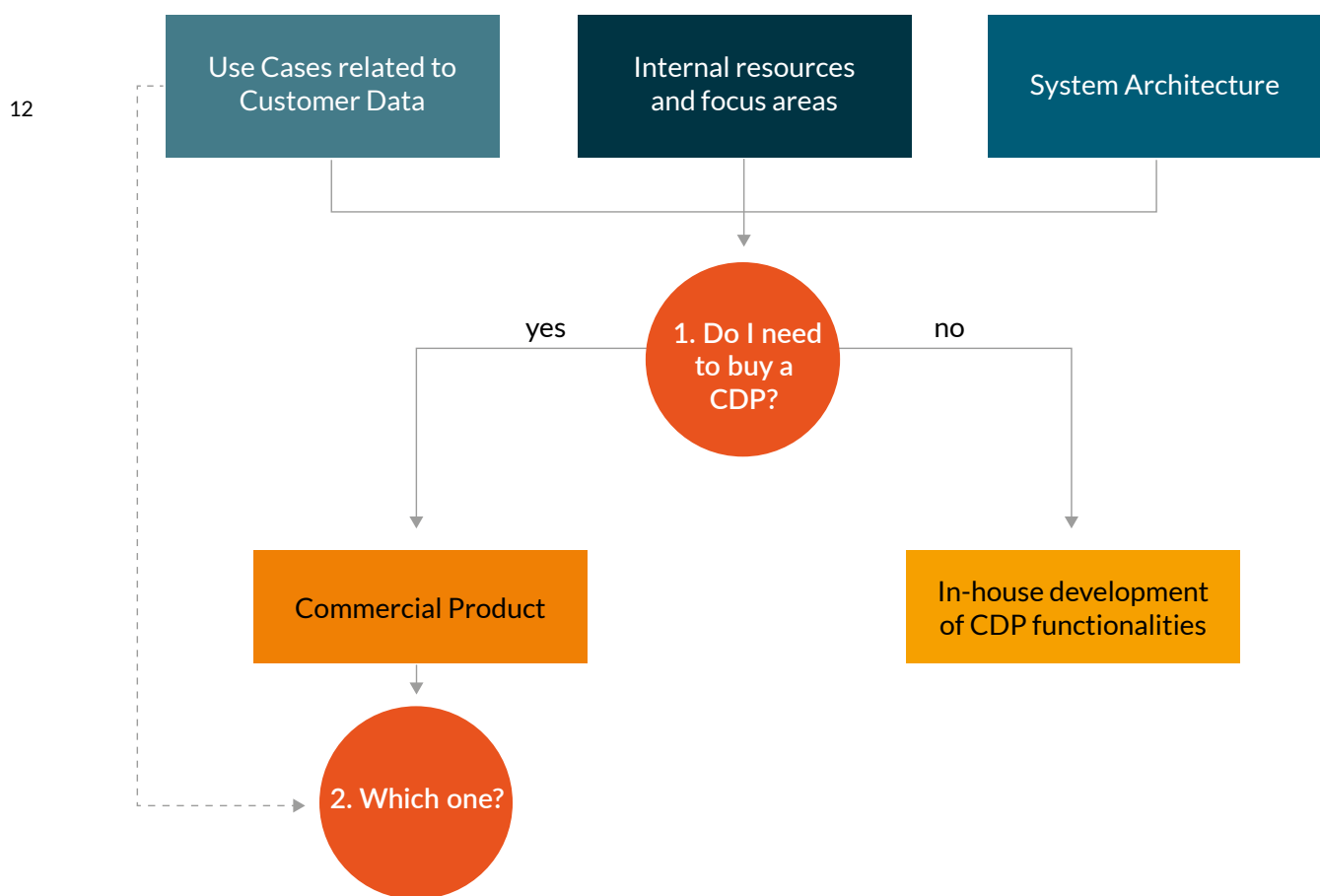


Figure 6: DAIN Studios' CDP selection framework (simplified)  
Source: DAIN Studios

Does a company need to buy a CDP? The answer to this question will depend on the complexity of its use cases and the characteristics of its existing IT-system architecture – whether a CDP is suitable, for example, will depend in part on existing CRM and MA solutions. The company should also consider in-house resources – money and human skills.

Which CDP should the company buy? This question assumes that the company has already decided to buy an off-the-shelf package rather than developing in-house solutions.

A company's choice of CDP will depend on the use cases it defines based on its marketing strategy, customer needs, return on investment and scalability. How intensely it uses CDP or to what degree it needs features like real-time data will depend on the sector it's in.

DAIN Studios supports companies in developing smart data and AI strategies – including data strategies, data architecture, data analytics, business intelligence (BI) development and AI. We help our clients reach data maturity with fit-for-purpose solutions. **DAIN Studios is vendor independent and used to working with a variety of CDPs in Azure, AWS and other IT architectures.** We empower businesses from their first data journey to excelling at AI.

Regardless of whether B2C or B2B, companies interested in CDP have to find their own answers to their specific needs – and DAIN Studios can help them do that. It can help every company square up to even the toughest decisions.

The authors:

13



Xavier Jolas



Sebastiano Mars



Eike Von Seggern



Johanna Laiho-Kauranne

## About DAIN Studios

DAIN Studios is a data and AI consultancy that helps organizations **become data driven**. Companies choose the firm because of its high standards of service and start-to-finish solutions that range from strategy to operations optimization.

The company's team of experts provide substantial improvements in business performance—and help protect the individual rights of consumers too. In 2022 DAIN Studios won the **Top Consultant Award** for positive client feedback.

# Connect with DAIN Studios

## DAIN Studios **Berlin**

Erkelenzdam 7  
10999 Berlin, Germany

## DAIN Studios **Helsinki**

Salomonkatu 17 A (Autotalo)  
00100 Helsinki, Finland

## DAIN Studios **MUNICH**

Tumblingerstraße 32  
80337 Munich, Germany

## DAIN Studios **VIENNA**

c/o Impact Hub Vienna  
Lindengasse 56/18-19  
1070 Vienna, Austria

- ✉ [Email us](#)
- 🖱 [Visit our website](#)
- in [Follow us on LinkedIn](#)
- 🐦 [Follow us on Twitter](#)
- ▶ [Subscribe us on Youtube](#)
- 🔍 [Read our insights](#)
- 📍 [Join us at our events](#)

