Emergence of CDPs: Charting the Path to Data-driven Personalization

July 2022: Complimentary Abstract / Table of Contents
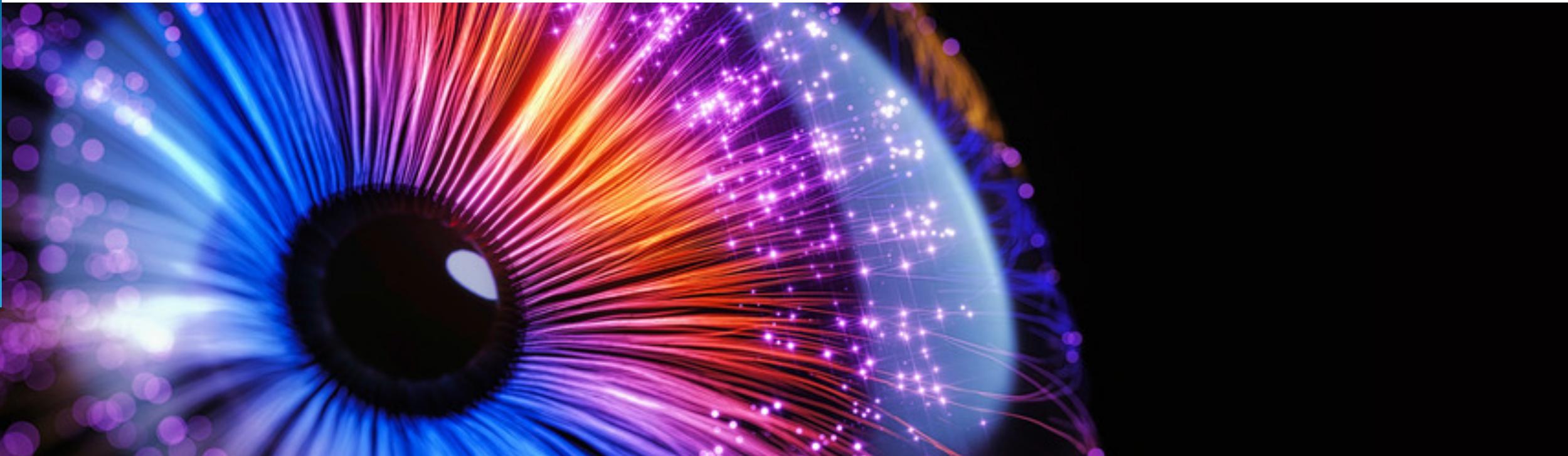
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Introduction and overview

Background of the research

- The Data management landscape is evolving at an extremely rapid pace with stringent privacy regulations pressing marketers to devise a sustainable data-driven strategy for creating personalized customer experiences

- There is an urgent need for marketers to explore alternative identifiers with the phasing out of third-party cookies and level up their data maturity for attaining competitive dominance in the Data management space

- In this era of CX-first businesses, customers have endless alternatives available in the palm of their hands, and therefore, marketers need to divert their efforts from Targeted marketing to 1:1 personalized marketing to decrease churn and elevate brand advocacy

- Marketers are unable to achieve true 1:1 personalization, due to challenges pertaining to data fragmentation, technology integration cost, data governance, talent, organizational change management, etc.

- There is an increased interest in Customer Data Platforms (CDPs) integrated with a Personalization engine to provide seamless personalized experiences to customers

- In this research, Everest Group has taken the opportunity to present a comprehensive roadmap for enterprises, to achieve business outcomes and mitigate challenges in their journey to accomplish true 1:1 personalization

- Since, CDPs are becoming core to personalization, we have also featured select players in the CDP space, showcasing their differentiated capabilities

Scope of this report

Geography
Global

Technology
Customer Data Platform (CDP)

Profiles
Emerging CDP players

This research offers distinct chapters providing a deep dive into key aspects of CDPs and Data management space; below are four charts to illustrate the depth of the report

Changing Data landscape is forcing marketers to rethink their data-driven strategies

Events disrupting the data landscape

- Limited access to user-level data
- Stringent privacy laws across the globe
- Tighter privacy laws in the operating systems of mobile devices
- Privacy by design in hardware devices
- Third-party cookies phasing out

Customer data platforms rooted in data science and activation are witnessing high enterprise adoption

CDPs rooted in data science heavy lift the data and create actionable insights

- Track and unify individual customer data for creating a unique customer profile
- Profile duplication is eliminated by sophisticated data ingesting, matching, and enrichment models
- Real-time decision-making builds highly targeted customer segments through a combination of the marketer's expertise and ML algorithms
- Enables consistent customer data access across the organization

Personalization engines or CDPs rooted in activation drive individualized marketing

- Customer data analysis from internal and third-party sources and ongoing customer behavior
- Insights help in the curation of tailor-made experiences for customers
- Delivers content, offers, and other interactions across channels
- Collaborative filtering and content-based filtering of audience
- Uses AI and ML for continuous adjustments of customer profiles through accurate intent prediction
- A/B testing

+ = 1:1 PERSONALIZED MARKETING

HOW?
- Combination of CDP and activation capabilities (such as PE) is ideal for achieving a scalable 1:1 personalization
- CDP's first-party data and PE's anonymous data can be leveraged through this integration
- CDP provides data collection control to marketers and PE activates AI/ML data collection techniques
- CDP provides big data storage, data normalization, and de-duplication
- PE enables highly personalized user experiences by behavior and circumstance analysis

Data-driven 1:1 personalization vs Targeted marketing techniques

TARGETED MARKETING
- Driven by marketer's judgment and bias
- Slow response rate to changing customer preferences
- Macro group-based targeting of customers
- Rigid rule-based systems, easy to setup but difficult to troubleshoot
- Predictions based on limited analytics data and big market trends

VS
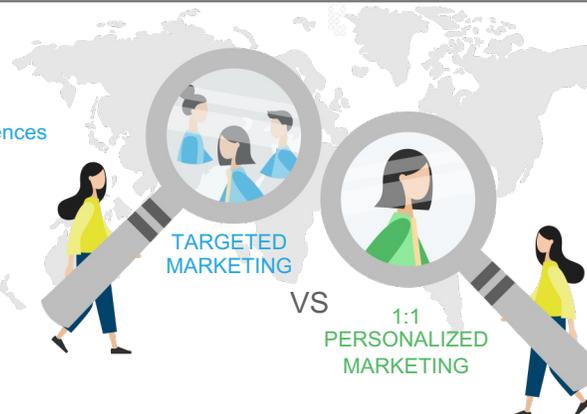
1:1 PERSONALIZED MARKETING
- Driven by ML- based on behavioral data
- Real-time activity tracking leading to high frequency customer engagements
- Individualistic customer targeting based on evolving customer preferences
- Automated learning systems requiring less human effort
- Leverages big data for providing customized predictions

Roadmap to achieve significant marketing outcomes from 1:1 personalization efforts

1 Define business objective
Identifying business objectives and taking the following next steps:
- Exploring use cases
- Business case development
- Creating a roadmap for data-driven personalization

2 Know your customer data
- Identifying customer data sets across all channels
- Augmenting through first, second, and third-party data sources
- Identifying the gaps in available data

3 Check the current state of tech stack
- Understanding the currently functional tech stack
- Creating a technical requirements roadmap for plugging gaps

4 Execute data change management
Implementing a data strategy requires change management related to the company's culture and processes. To ensure the success of the data strategy, brands need to take several steps for mitigating organizational resistance.

Research calendar
Interactive Experience (IX) Services

Reports title	Release date
Digital Experience Platform (DXP) Products PEAK Matrix® Assessment 2021	August 2021
Digital Experience Platform (DXP) Products Compendium 2021	September 2021
Digital Marketing's Reckoning with Privacy	October 2021
Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2022	February 2022
Digital Commerce Platform Trailblazers: Top 15 Start-ups Redefining Shoppable Experiences	March 2022
Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2022 – Service Provider Compendium	March 2022
Emergence of CDPs: Charting the Path to Data-driven Personalization	**July 2022**
Adobe Services PEAK Matrix® Assessment 2022	Q3 2022
Digital Interactive Experience Services State of the Market report 2022	Q3 2022
Customer Journey Orchestration	Q3 2022
Digital Commerce Platform PEAK Matrix® Assessment 2022	Q4 2022
Experience Management	Q4 2022

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