

CDP Institute

2023 Member Survey:

Success in an Era of Limits

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**CUSTOMER
DATA PLATFORM
INSTITUTE**

231 2nd Ave
Milford, CT 06460
www.cdpinstitute.org

CDP Institute 2023 Member Survey: Success in an Era of Limits

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CDP Institute 2023 Member Survey: Success in an Era of Limits

Executive Summary

Findings

The CDP Institute's latest member survey shows that budget concerns are slowing customer data unification efforts and that that poor martech choices may be the result. Specific findings include:

- **Data unification is stalling.** Fewer respondents report having a unified customer database or a CDP in 2023 than in 2022 (33% vs 38% and 25% vs 31% respectively). This is the first time those figures have fallen since the survey began in 2017. Similarly, the share of industry vendors reporting a significant increase in CDP investments in the past year fell from 33% to 26%, and the share expecting a significant increase in the coming year fell from 34% to 29%

- **Cost pressures are the likely reason for unification delays.** Budget was cited as an obstacle to better customer data utilization by 29% of respondents in 2023, up from 20% in 2022. This is the largest increase for any item. More respondents cited initial cost and operating costs as a priority in martech selection projects, up from 42% to 51% and from 43% to 54%, respectively. By contrast, the share citing feature sophistication and feature breadth fell 26% to 15% and 41% to 24%.

- **The focus on immediate cost may lead to worse long-term results.** Companies that on cost are generally less satisfied with their martech investments than companies that select on features. Another growing trend, putting IT departments in charge of marketing technology, also possibly due to cost pressures, also correlates with lower satisfaction. So does a policy of asking business users to do more for themselves. In fact, the average martech satisfaction score has already fallen slightly, from 3.58 in 2022 to 3.51 in 2023.

- **Slower deployment may improve success rates.** The fraction of CDP implementations that are delivering significant value rose from 61% to 80%, the highest ever. This may reflect a mix with fewer new projects that have not yet begun to yield positive results. Similarly, the fraction of vendors reporting that the majority or nearly all CDP projects are successful grew from 48% to 55%.

- **Buyer skills are improving.** The fraction of user respondents who belong to dedicated martech teams has grown to 41%, up from 19% in 2022. Buyers report fewer technical difficulties using their customer data, less reliance on outside consultants, and greater focus more on revenue-generating benefits such as analytics, predictive modeling, and cross-channel orchestration. These all suggest a growth in skill levels among users who are actually deploying CDP systems.

- **Users and vendors have similar perceptions of obstacles, desired capabilities, benefits, practices, and selection methods.** The most prominent exceptions are blind spots related to the respondents' job role: for example, consultants are likely to believe that most firms use consultants. This alignment is important because it indicates that vendors generally understand user needs correctly and can deliver appropriate programs as a result.

- **Companies have increased their investment in privacy compliance.** A record 27% say they actively promote their privacy policies as a consumer benefit, up from 21% in the previous report. The fraction that makes little effort at privacy compliance fell from 17% to 11%.

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Recommendations

Based on these findings, we recommend that CDP users and vendors take several steps.

- **Tie unification projects more closely to business goals.** Reducing investment in data unification will ultimately harm other projects that depend on customer data. Users faced with budget constraints should prioritize unification projects over other programs. To make the value more clear, unification project plans should include activation capabilities that deliver immediate customer value. Examples include analytics, orchestration, and predictive models.

- **Do not focus on system cost.** Tighter budgets increase the pressure to select low-cost options, but the value lost by selecting an inadequate solution is much greater than any potential savings. Buyers should prioritize identifying the most valuable applications, defining system requirements to support those applications, and finding systems with the required capabilities. Cost should be a consideration only when comparing systems that are known to meet business needs.

- **Invest in team skills.** Organizational cooperation and user adoption are the greatest obstacles to success. Companies should invest generously in providing training and support mechanisms to ensure users are able to take full advantage of their systems. However, they should recognize that business users may not be comfortable using self-service tools to take over tasks requiring specialized expertise, such as predictive model development.

- **Put the right people in charge.** In most cases, marketing technology is best managed by martech specialists, not the corporate IT department. In other cases, the IT team has the right skills, experience, and attitude to manage martech successfully. Beware of giving control to IT as a cost-cutting measure: any savings are likely to be outweighed by lost value from poorer business results.

- **Beware of vendor blind spots.** CDP vendors and service providers engage with users at different points in the purchase, deployment, and utilization process. This gives each an incomplete view of user needs and attitudes. Vendors should be aware of these limits and actively seek to fill in the gaps in their understanding. This will enable them to do a better job of understanding and addressing the complete needs of their customers.

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Methodology

Invitations to this survey were to the 14,000-name CDP Institute member list in July 2023. Respondents were asked to self-classify as a vendor or user, and then directed to the appropriate survey for each group. We received 79 valid user responses and 184 valid vendor responses.

The response count was lower than previous member surveys, likely due to the survey date, two-step response structure, or both. To avoid the impact of random variations, we have limited the analysis conducted on subgroups within the two sets of respondents. We did divide the vendor group into CDP vendors (76), services vendors (88) and other types of vendors (20), whose answers reveal distinctly different profiles.

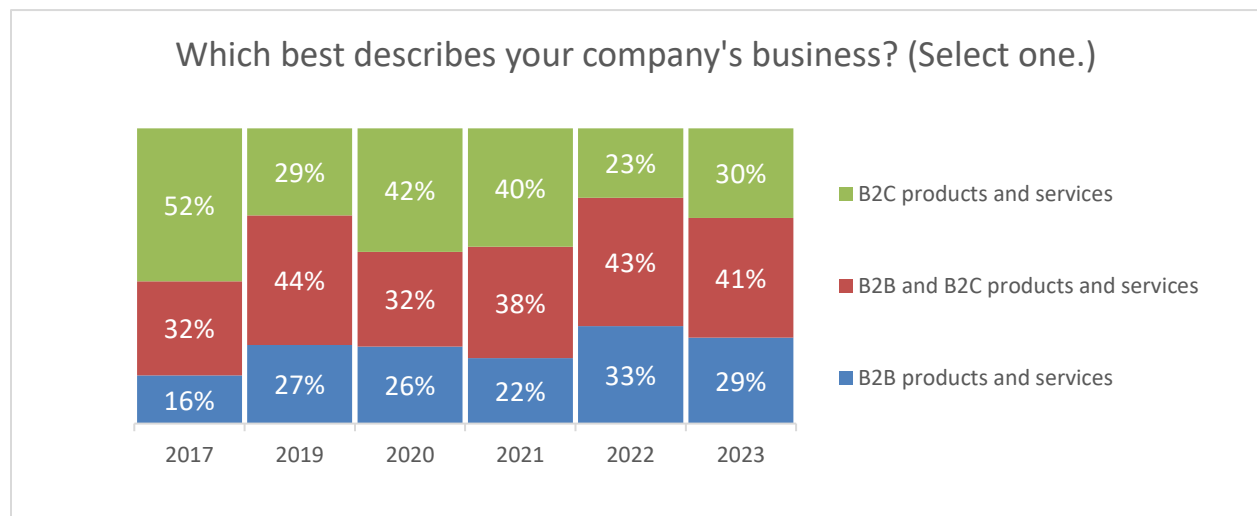
Most questions in the survey have also been asked in previous member surveys. This enables comparison of answers over time. Some survey-to-survey variations may be due to changes in the composition of the respondents, but we believe the comparisons are still useful. The Institute members themselves are not necessarily representative of the larger community of CDP users and vendors. Where historical comparisons are shown, the 2023 data includes all respondents while the earlier data includes only respondents who classified their company as selling to consumers or to a mix of consumers and businesses.

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User Survey Results

Business Type, Revenue, and Region

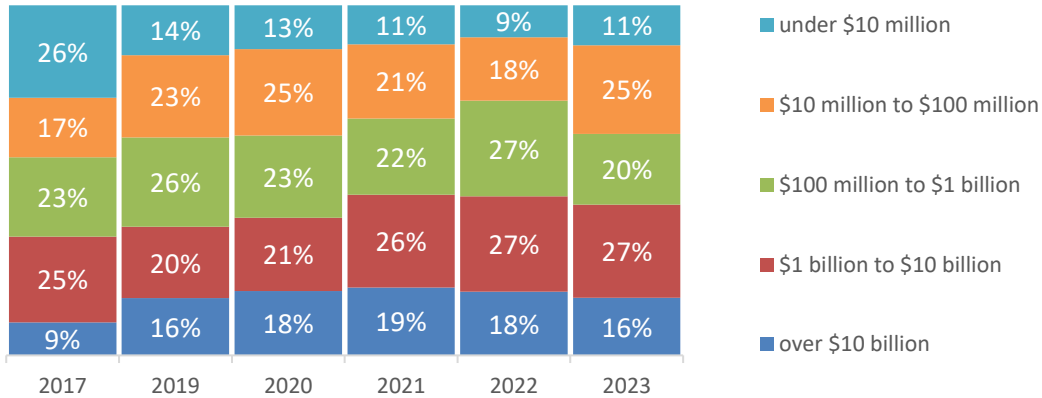
Business Type: The current survey finds that 30% of respondents are at companies that sell primarily to consumers (B2C), 39% sell primarily to other businesses (B2B), and the remaining 41% sell to both. These shares have remained similar over time, confirming the general impression that CDPs are used primarily for consumer marketing but also serve a substantial portion of business marketers. Figures shown here exclude respondents from the 2021 and earlier surveys who said their company offered marketing technology; that option was dropped in the 2022 and 2023 surveys since we had a separate vendor survey. This change may account for some of the increase in share of B2B companies in the 2022 and 2023 surveys.



Company Revenue: Just under half (43%) of respondents report their company has annual revenue of \$1 billion or higher. This is similar to previous survey results although it has risen somewhat over time. The share of respondents at companies with less than \$100 million revenue increased notably, from 27% to 36%. Some of this reflects inclusion of the B2B firms in the 2023 statistics, although under-\$100 million share would still have grown to 33% had we excluded B2B company results. Absent some other explanation, we can conclude that interest in CDPs is growing among smaller companies.

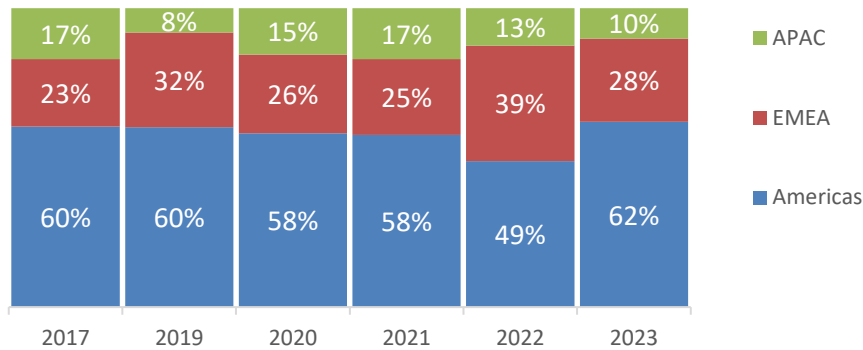
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What is your company's approximate annual revenue? (Select one.)



Region: The share of respondents in the Americas grew sharply compared with the 2022 survey, from 49% to 62%. However, the 2022 survey itself was probably outlier since the Americas share hovered between 58% and 60% in earlier surveys. The EMEA and APAC shares fell, and APAC share in particular is well below most recent surveys. It's possible that the July date of the survey depressed EMEA responses disproportionately, if more Europeans than Americans were on vacation during that period. Regardless of these fluctuations, the fundamental observation is that interest in CDPs remains disproportionately higher in the United States than the rest of the world.

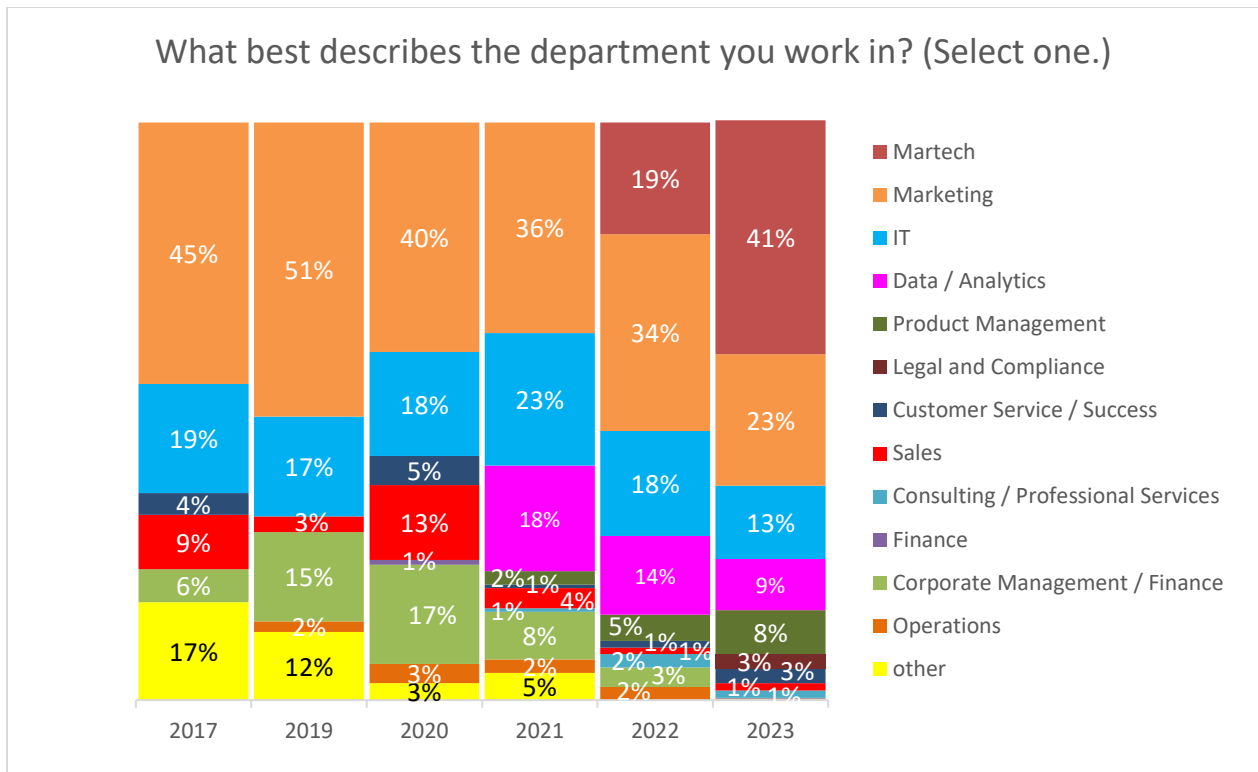
Users by Region



Departments

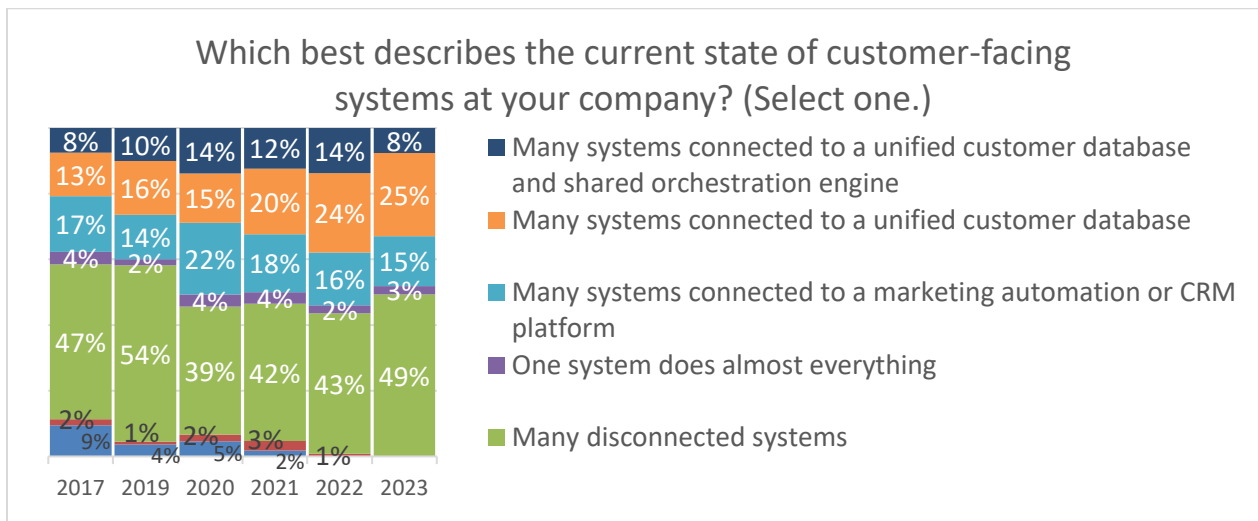
By far the most respondents to the 2023 survey work in martech: 41%, up from 19% in the 2022 survey. Martech was not listed as a separate category in earlier surveys, so those people probably classified themselves as marketers or IT. Still, the combined share for marketing, martech, and IT is much higher than in the past. Much of this increase probably reflects the growing adoption of martech as a distinct job function, especially in the U.S.

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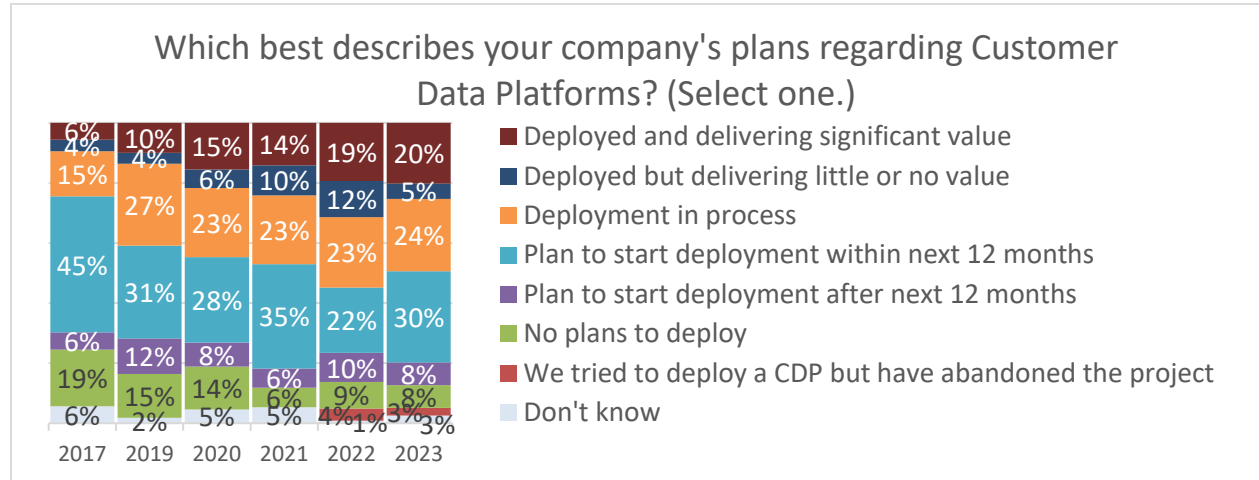
Customer Data Architecture and CDP Deployments

Previous editions of this survey have shown a steady growth in the share of user respondents reporting a CDP deployment in place and those reporting a unified customer database. (These categories overlap but only two-thirds of the respondents fall into both.) Both measures fell in the current survey. This result is perplexing: it seems unlikely that a significant fraction of users would abandon a CDP or other unified system, and most other surveys show continued growth in CDP deployment. It may be that respondents to this survey, being more sophisticated users, are applying a more stringent definition than in the past. The safest general conclusion is that progress in delivering unified customer data has at least slowed.



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It's also worth noting that the ratio of CDP systems delivering significant value is 80% in the current report, considerably above the historic levels of around 60%. This may indicate that the deployed systems are more mature than in the past, and thus have had more time to deliver value. This would be consistent with the theory that fewer new deployments have taken place in the past year. It is also consistent with the theory that current respondents are more sophisticated users.

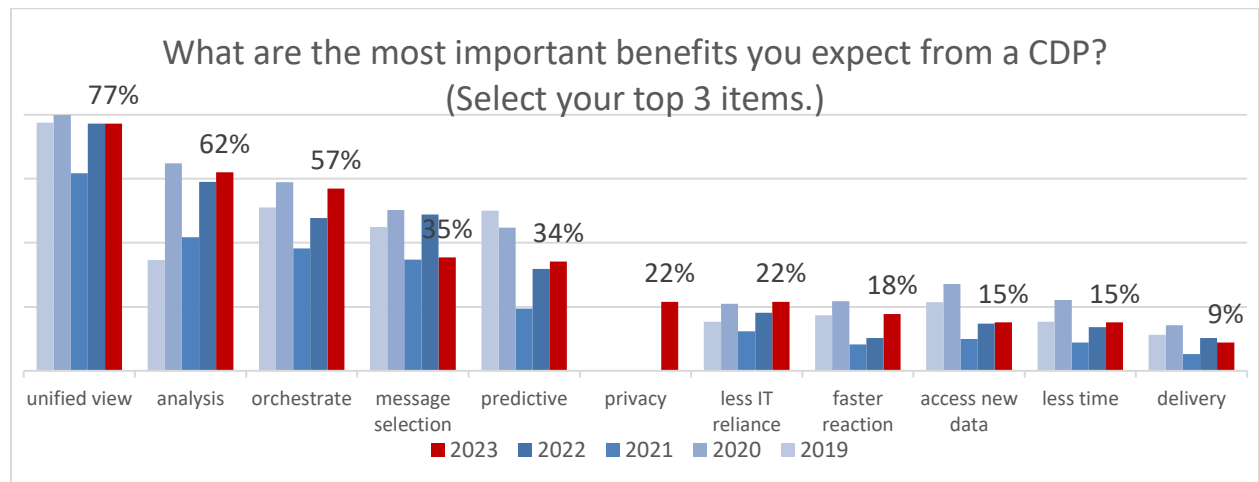


CDP Benefits, Capabilities, and Problems

The rankings of answers about CDP benefits, capabilities, and problems have remained similar over time. However, some subtle changes are worth noting:

Benefits: A unified customer view is clearly and consistently ranked as the most important CDP benefit. This runs counter to the frequent claim that people are confused about what a CDP does or is. At the most basic level, they largely agree on the answer.

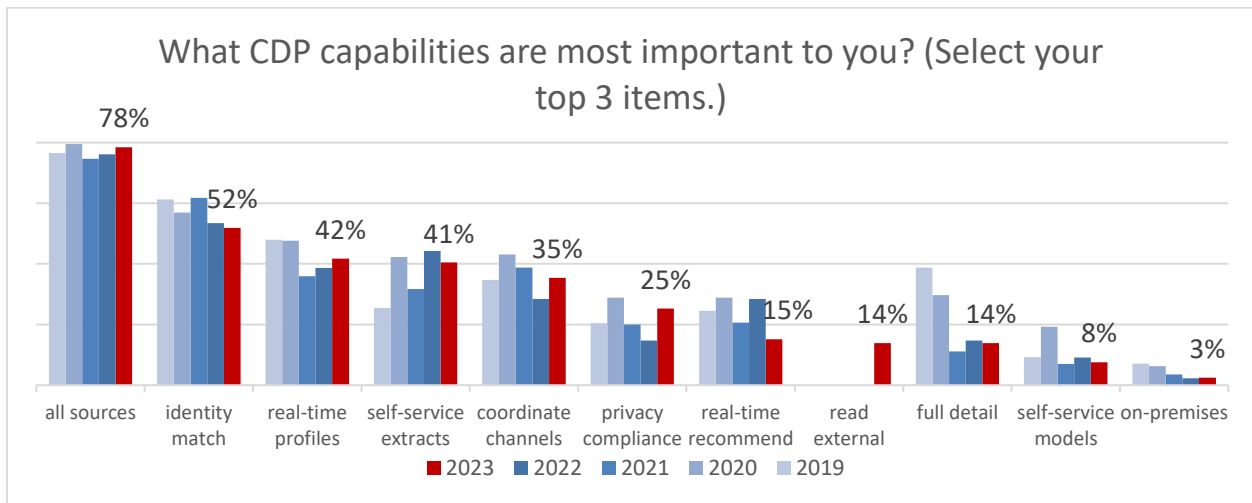
That said, the historical data also shows a steady three-year increase in the weight placed on analysis, orchestration, and models. These are activation functions that deliver direct value to CDP buyers. Their growing importance suggests that buyers are taking a more advanced view by giving a higher priority to ensuring their CDP implementation is tied directly to business value.



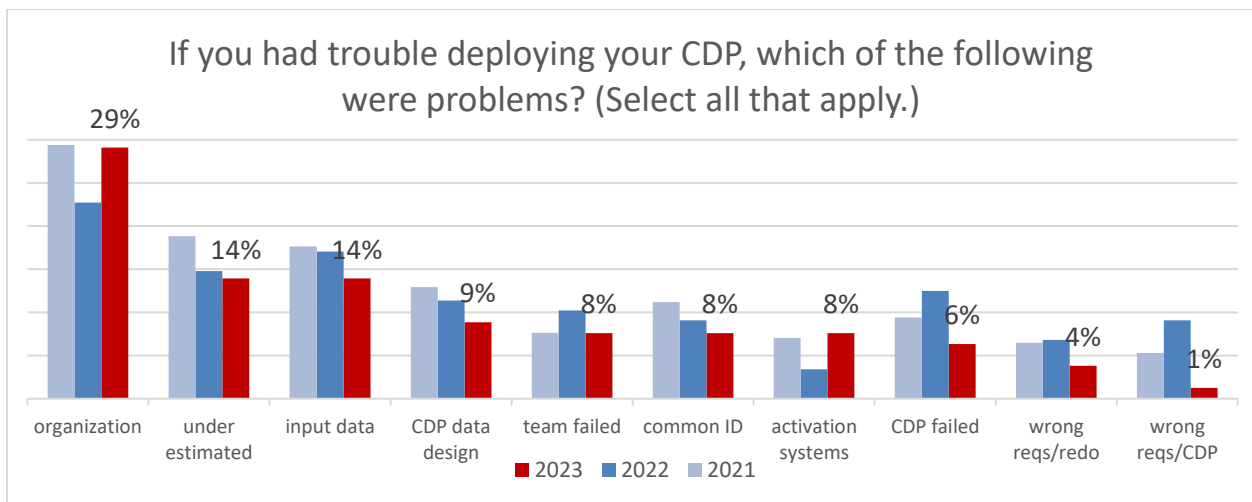
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Capabilities: The ability to ingest data from all sources is consistently listed as the most important CDP capability. This is another aspect of creating a unified customer view. By contrast, storing full detail on each customer’s data has fallen greatly over time. This may suggest a more nuanced understanding of what data users actually need or of the cost of storing everything. Identity matching retains its second-place rank although it has fallen somewhat, perhaps because users realize that matching is often best done outside of the CDP itself. Privacy shows a shark uptick since last year but there are no clear trends among the other capabilities.

This year’s survey added a question about the capability to read external data without loading it into the CDP data store. Although this is a popular topic of discussion within the industry, respondents showed relatively little interest in having it available. This suggests it is not yet a typical use case.



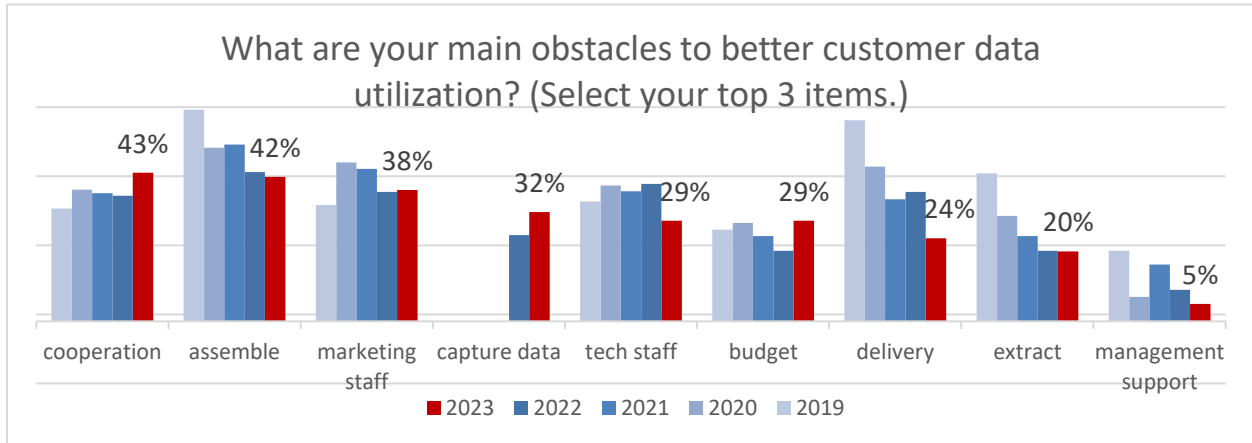
Problems: Organization retains its position as the most common problem cited with CDP deployment. It was cited more than twice as often as any other problem, suggesting that users have a clearer picture of its over-riding importance. Nearly all other problems were cited less frequently than in the past although their relative ranking remained roughly the same. There is some suggestion that users had fewer problems with poor requirements, which again may reflect an improvement in their skills and greater focus on addressing the organizational issues that often result in poor requirements.



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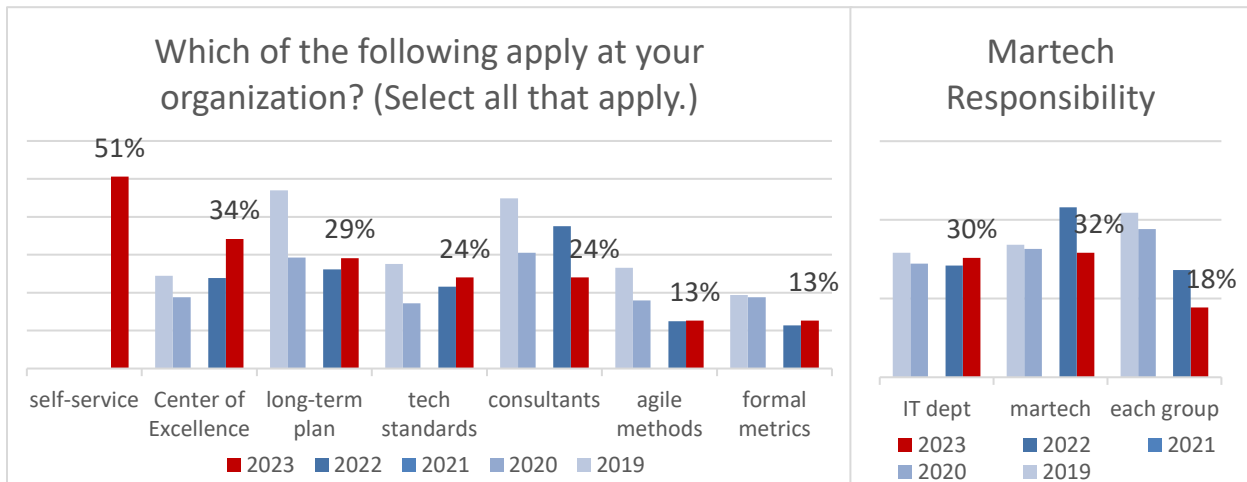
Customer Data Obstacles, Martech Practices, and Selection Criteria

Obstacles: On the broader topic of customer data management, cooperation across the organization now ranks as the top obstacle, replacing technical considerations including data assembly and delivery. Again, this suggests greater technical skills among users combined with more awareness of organizational issues. Similarly, cooperation from marketing staff and technology staff are fairly high on the list of obstacles. Budget is not the most common problem but it shows by far the highest increase in frequency: from 20% in 2022 to 29% in 2023.



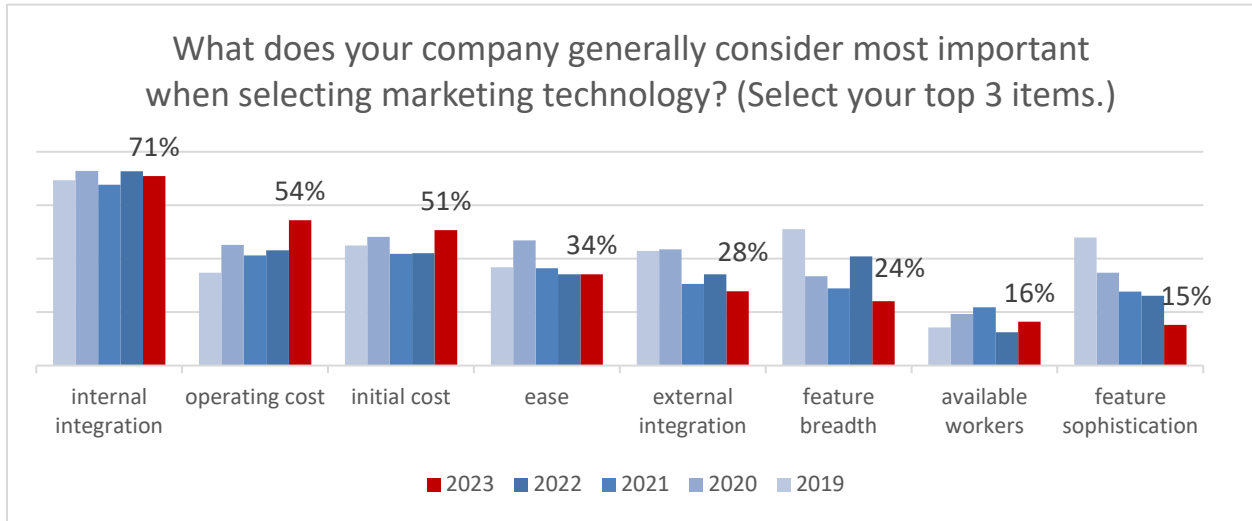
Martech Practices: Nearly all martech management methods show an increase in adoption, with the notable exception of consultants. (The gap on the graph is because this question was not asked in the 2021 survey.) Again, this result indicates greater sophistication among users. This year’s survey added a new question about seeking solutions that let business users serve themselves. This turns out to be the most common martech approach. It could be another reflection of user sophistication, although it could also be part of a desire to reduce costs by shifting work from technical specialists to end-users.

The survey also shows a relative increase in the share of companies placing the IT department in charge of martech. This could reflect growing interest in customer data among IT teams, a desire to shift costs away from marketing budgets, or both.



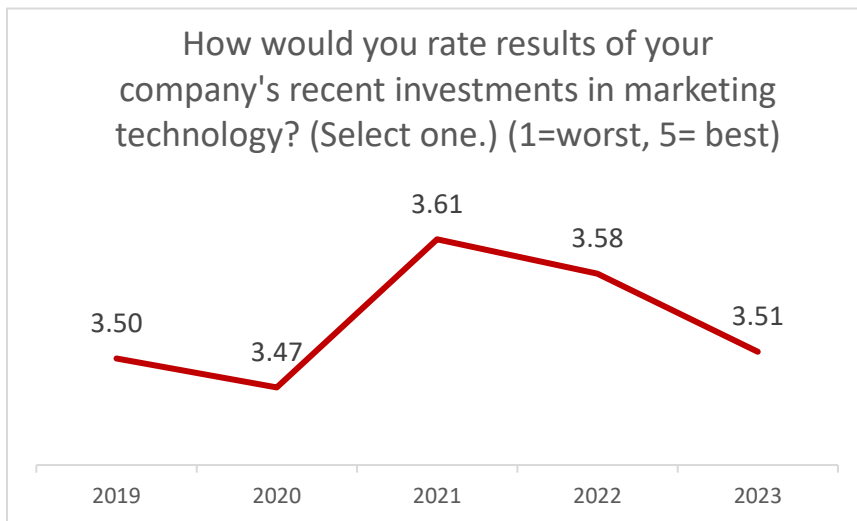
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Selection Criteria: Internal integration remains by far the most important martech selection criterion, with little change in frequency from previous reports. However, respondents do show a sharp increase in selection based on operating cost and initial cost, and reduction in the weight applied to feature breadth, feature sophistication, and external integration. This is more evidence of increased budget pressures on martech managers. A growth in selection based on available workers also probably reflects a desire to reduce costs by saving on training or hiring new workers with required skills.



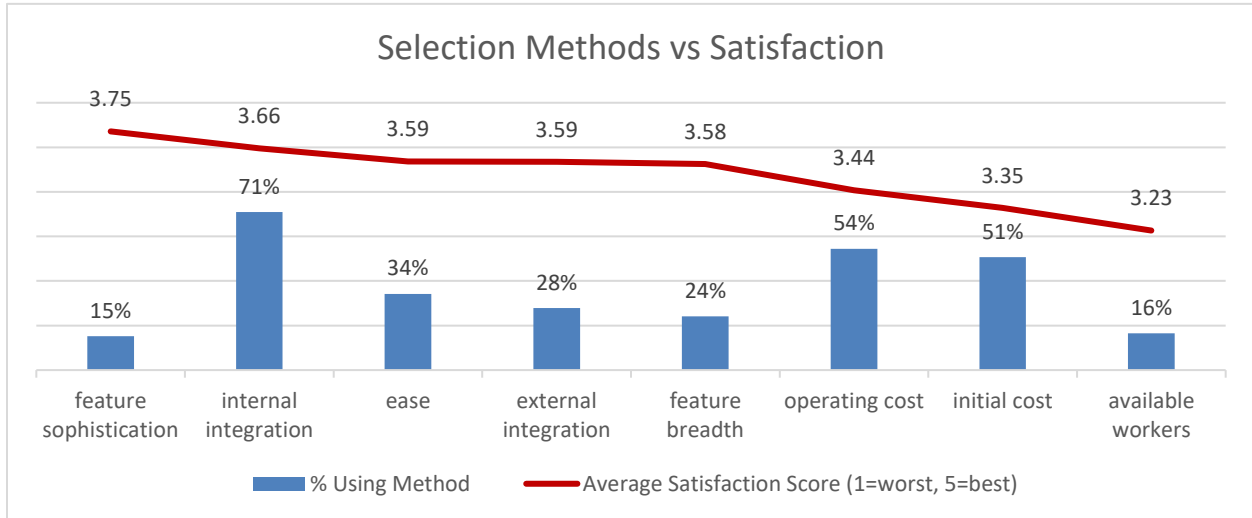
Martech Satisfaction

Respondents are asked to rate their satisfaction with recent martech investments, on a five-point scale from highly dissatisfied to highly satisfied. We convert the answers to numeric values ranging from 1 (worst) to 5 (best), enabling calculation of an average score. The over-all satisfaction score dropped from 3.58 in 2022 to 3.51 in 2023.

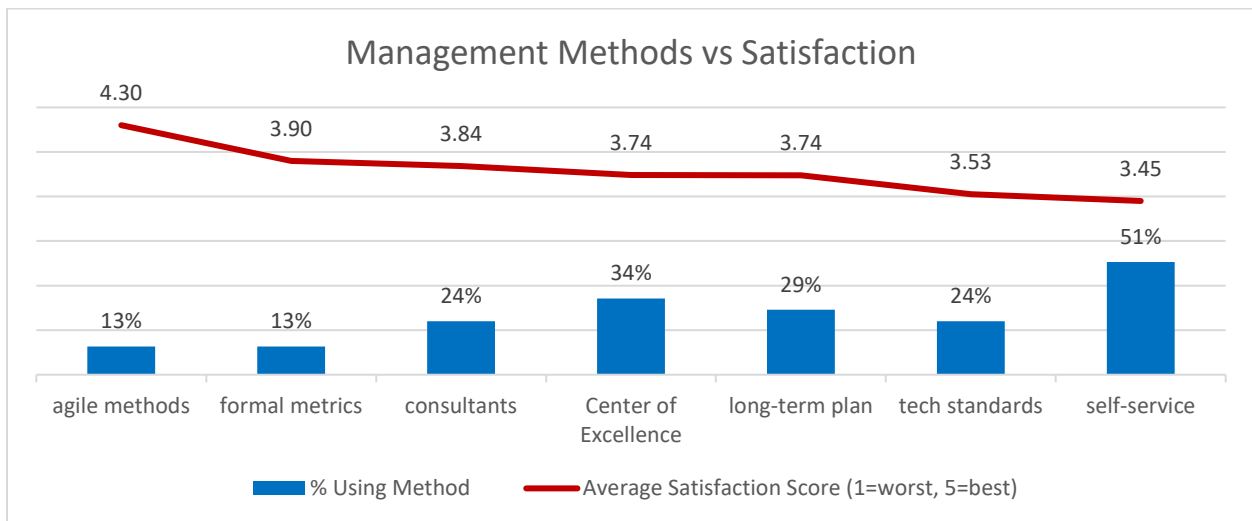


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Respondents selecting on feature sophistication, internal integration, ease of use, external integration, and feature breadth all show above-average satisfaction scores. These are all technical features. Those selecting on operating cost, initial cost, and available workers show below-average satisfaction scores. These results are consistent with previous surveys. They suggest that the increased use of cost and available workers as selection criteria may lead to lower satisfaction in the future.



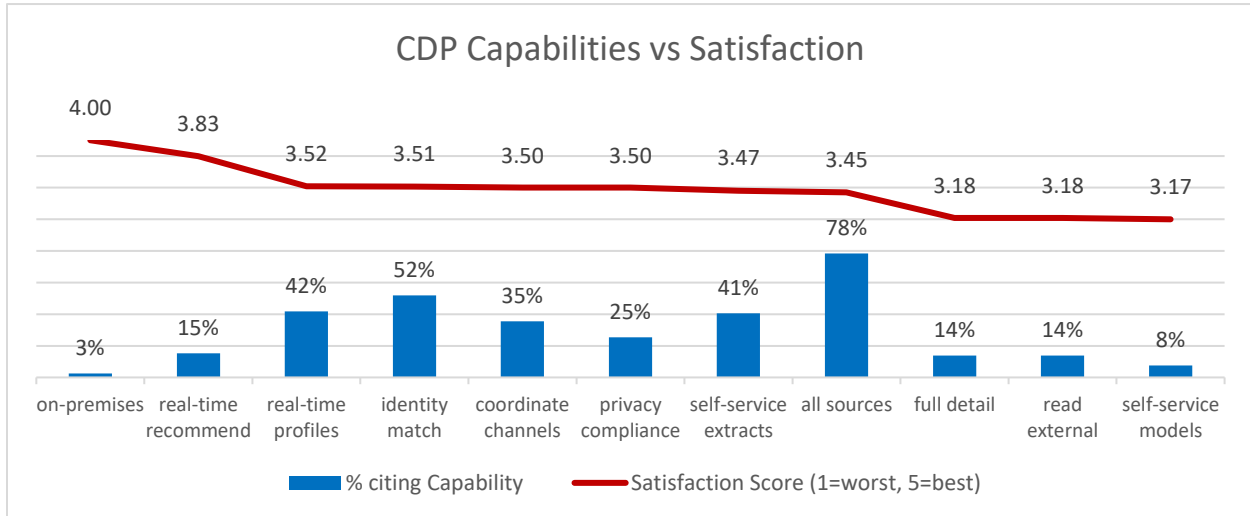
Nearly all martech management methods correlate with above-average satisfaction scores. This probably means that formal programs of almost any sort indicate a well-run martech operation. The one exception is self-service solutions (that is, enabling business users to work independently of technical staff). This is a surprise and cause for concern, since user empowerment is widely regarded as an important path to success.



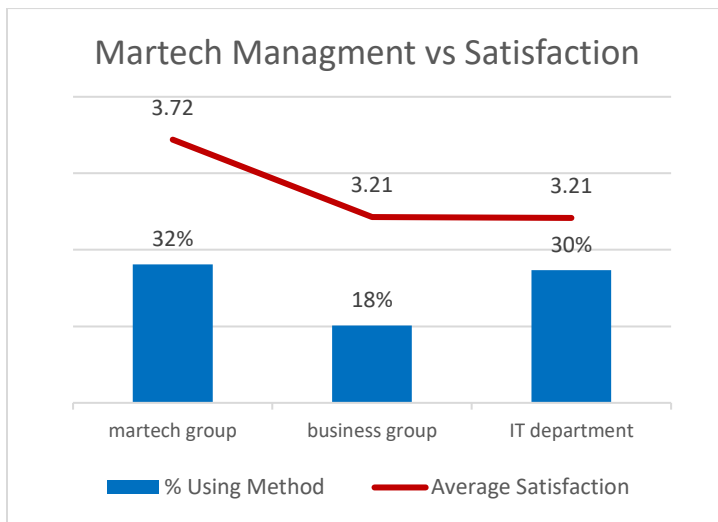
The relation of desired CDP capabilities to satisfaction sheds additional light on self-service. Self-service model building correlates with very low satisfaction levels, reinforcing concerns about self-service in general. But satisfaction is just slightly below average among users who look for self-service extracts. This suggests the dissatisfaction relates to looking for advanced self-service capabilities, such as model building, which business users may not be comfortable handling for themselves. Self-service extracts are

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a much simpler task which most business users are probably pleased to control directly. Of the other two capabilities that correlate with low satisfaction, reading external data is an advanced requirement that may only be of interest to a small number of technical users. As already discussed, storing full detail is an uncommon requirement that may also appeal only to a few technical users.

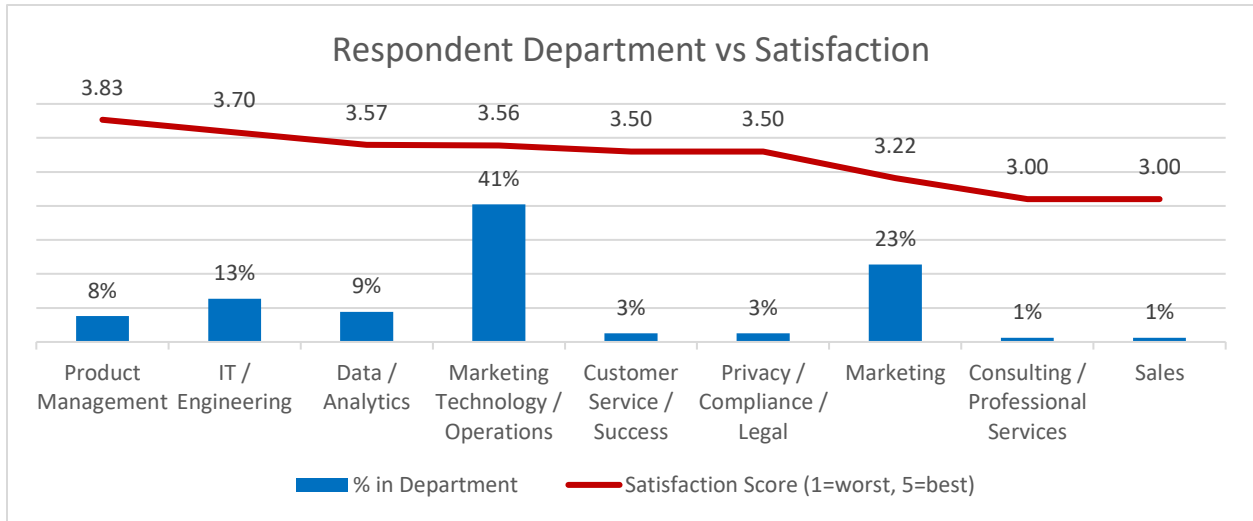


Satisfaction is highest when martech is operated by a martech team, rather than each business group or by the IT department. This raises concerns about the apparent trend towards giving IT teams more control over marketing technology.



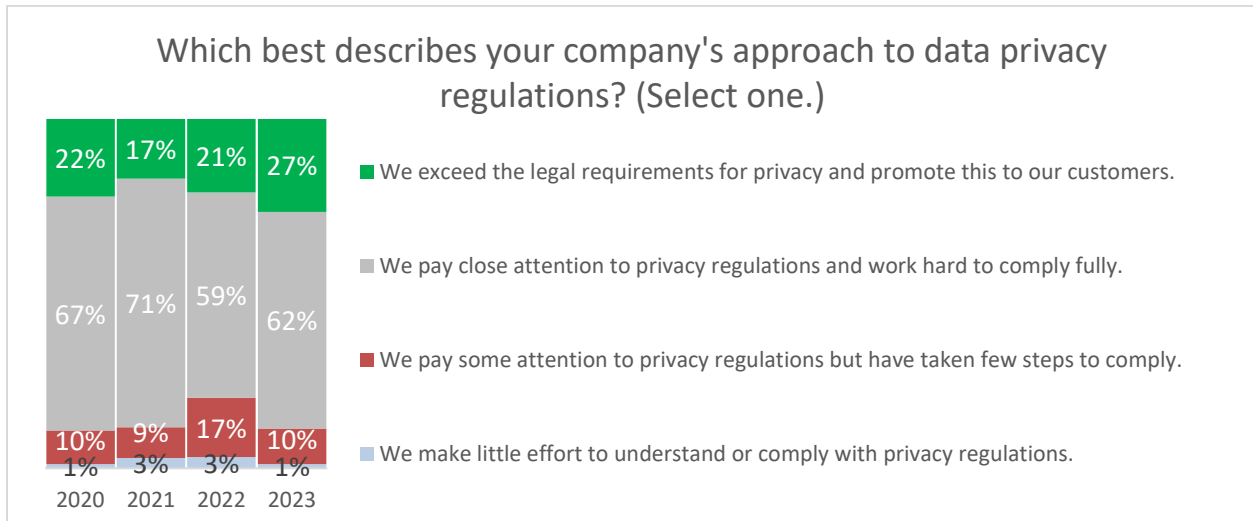
Most user respondents belong to either martech or marketing teams. Satisfaction is well below average among marketers, a surprising and worrisome result. A closer look at the data finds that satisfaction levels among marketers are quite high when martech is run by the martech team (3.83 average), and quite low when it is run by IT or business groups (2.50). Martech results are not quite as extreme (3.75 vs 3.29) but follow the same pattern. This further reinforces concerns about putting IT in charge of martech.

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Privacy

Respondents reported a sharp increase in the share of firms that promote their privacy policies as a customer benefit. This reverses a three-year trend away from privacy compliance. It likely reflects increased privacy concerns among consumers and increased enforcement of privacy regulations by authorities across the globe.

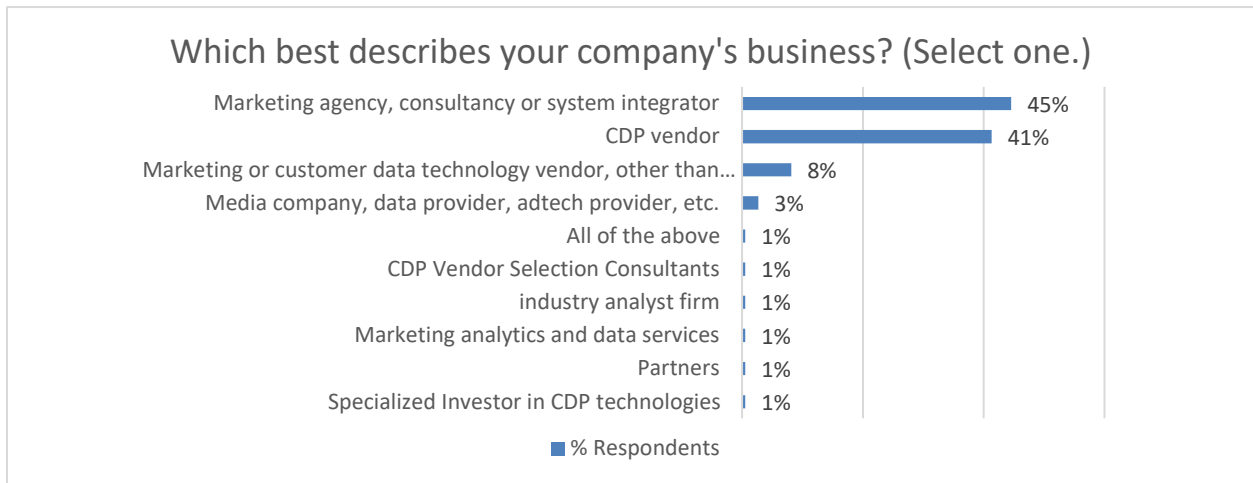


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Vendor Survey Results

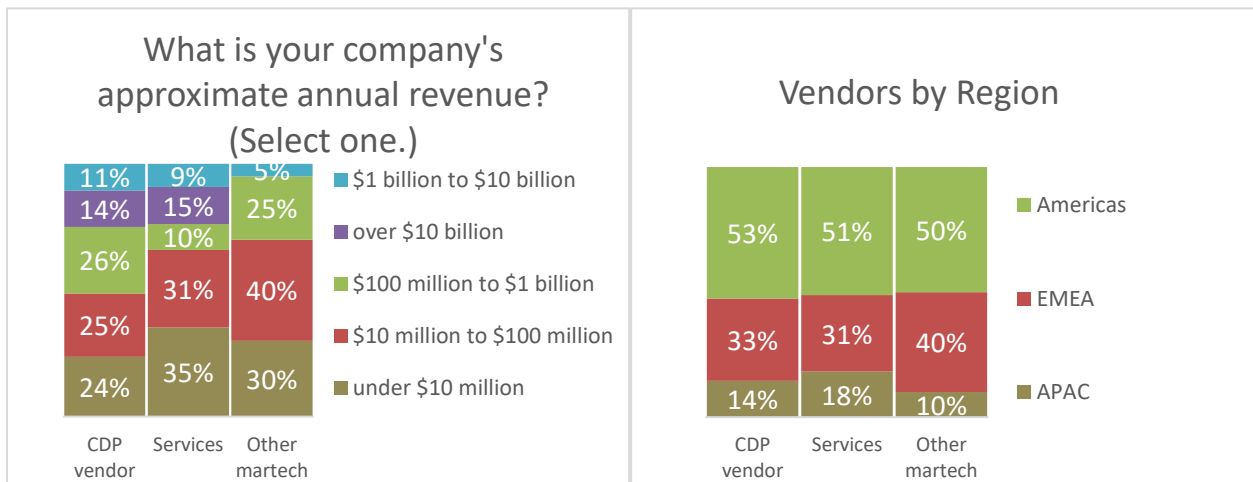
Business Type, Revenue, and Region

Business Type: Most vendor survey respondents classified themselves as belonging to either a CDP vendor (41%) or service provider (marketing agency, consultancy, or system integration; 45%). We combined the next two most common categories (other technology and media and data companies) into a category called other martech, and loaded the remaining answers into the service provider category. The two major groups were both large enough to justify considering their separate results as significant; the third group has just 20 members, which is too small to analyze closely although its answers provide an interesting contrast to the other groups.



Revenue and Region: CDP vendors are slightly larger companies on average than service providers, who include many small agencies and consultancies. The other martech group also contains a large fraction of small firms.

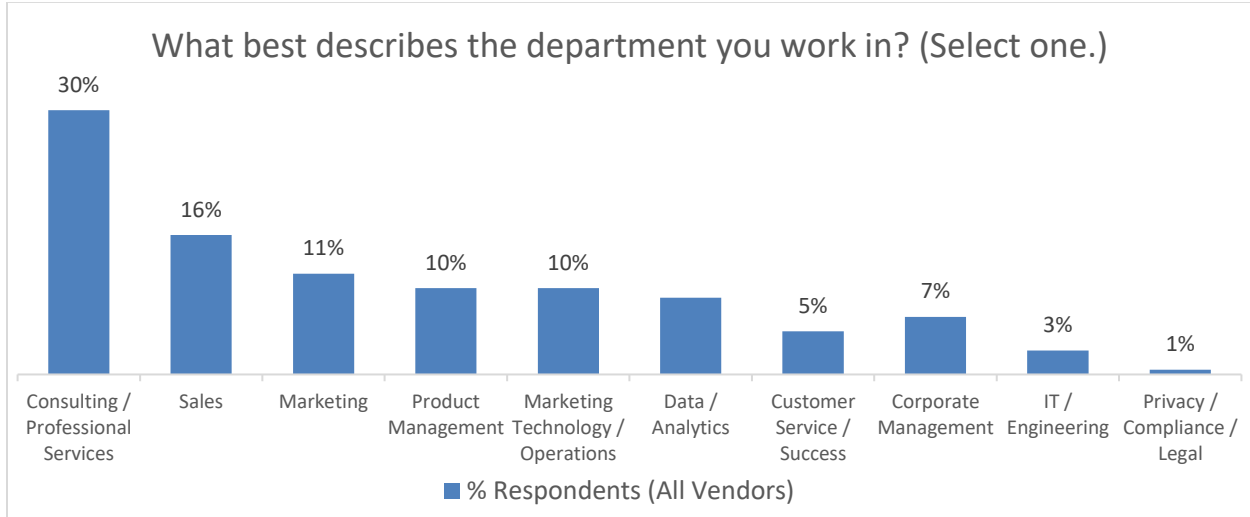
However, there is little difference in the distribution of the three groups by geographic region: half are in the Americas, about 35% are in EMEA, and about 15% are in APAC.



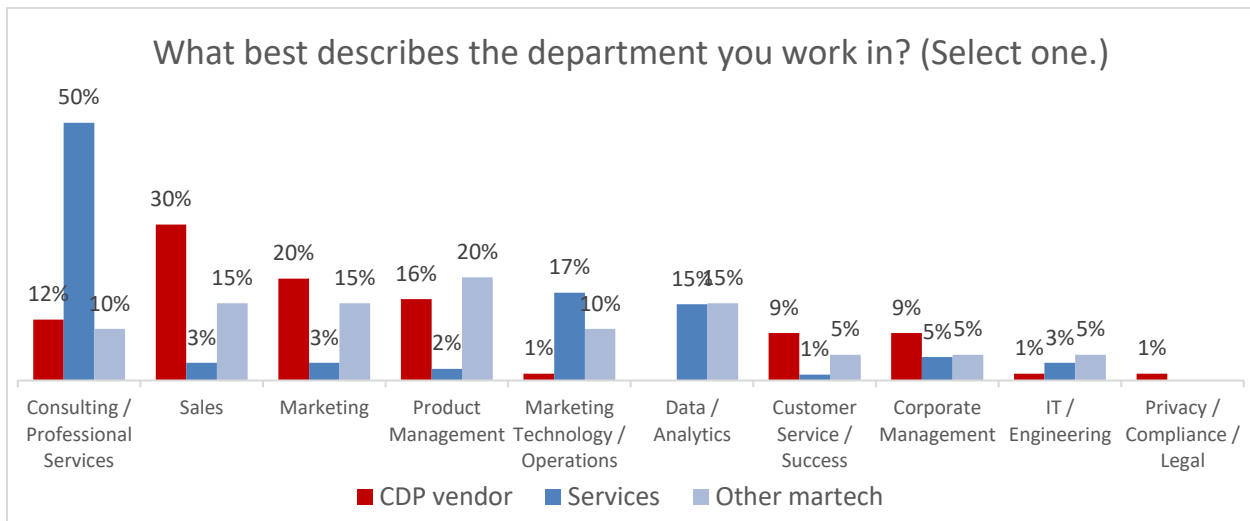
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Departments

The largest share of vendor responders work in consulting and professional services departments, (30%), while the next most common categories were sales (16%), marketing (11%) and product management (10%).



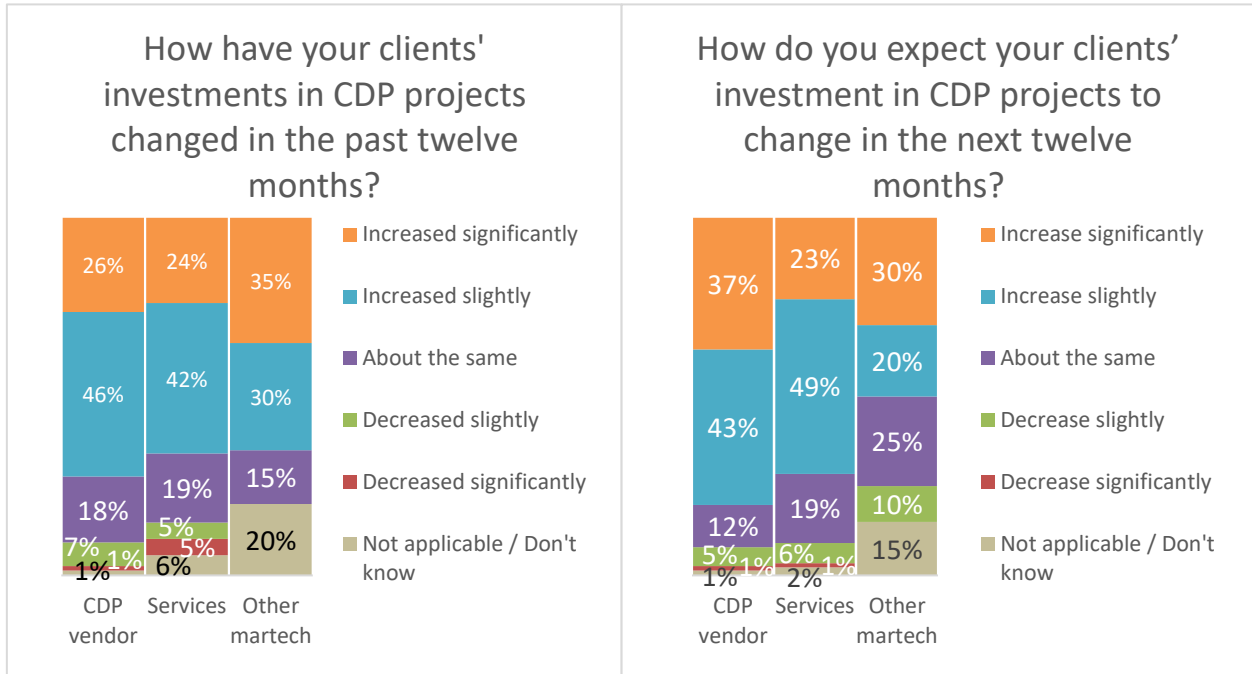
However, departments differ sharply by company type: 50% of the respondents at services companies are consultants, while two-third of respondents from CDP vendors are in sales, marketing, and product management.



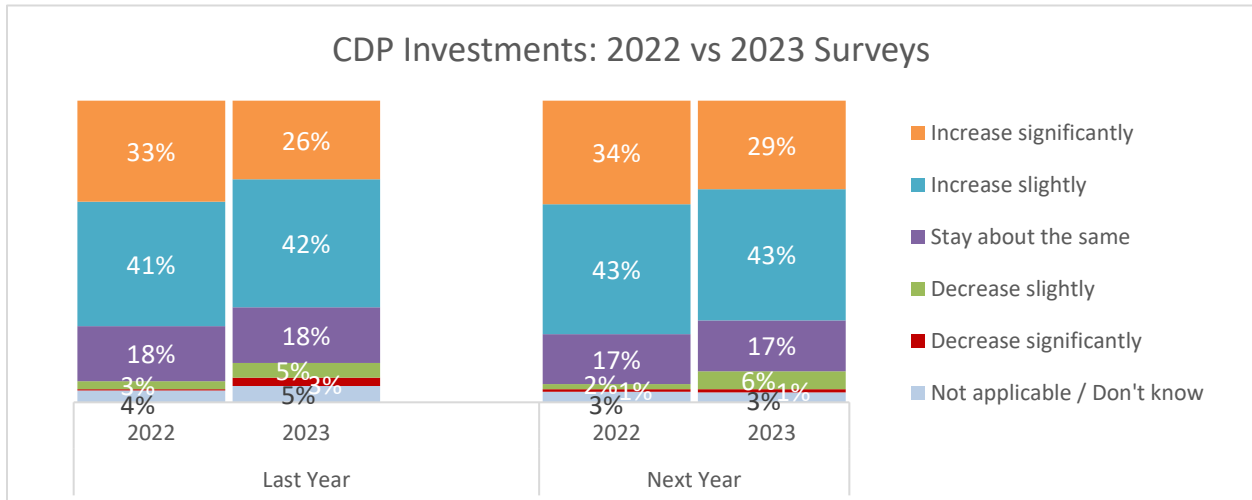
CDP Investments, Success Rates, and Industries Served

CDP Investments: While the user survey showed an apparent slowdown in data unification projects, the vendors have a much more positive view. More than two-thirds in each group reported an increase in CDP projects last year and the CDP vendors and services respondents were even more optimistic about the immediate future.

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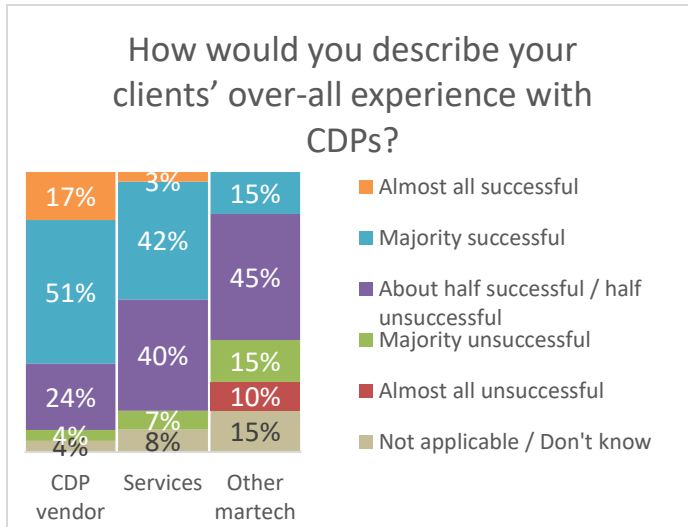


Still, the figures are slightly down compared with last year's survey. This supports the view of an industry slowdown.

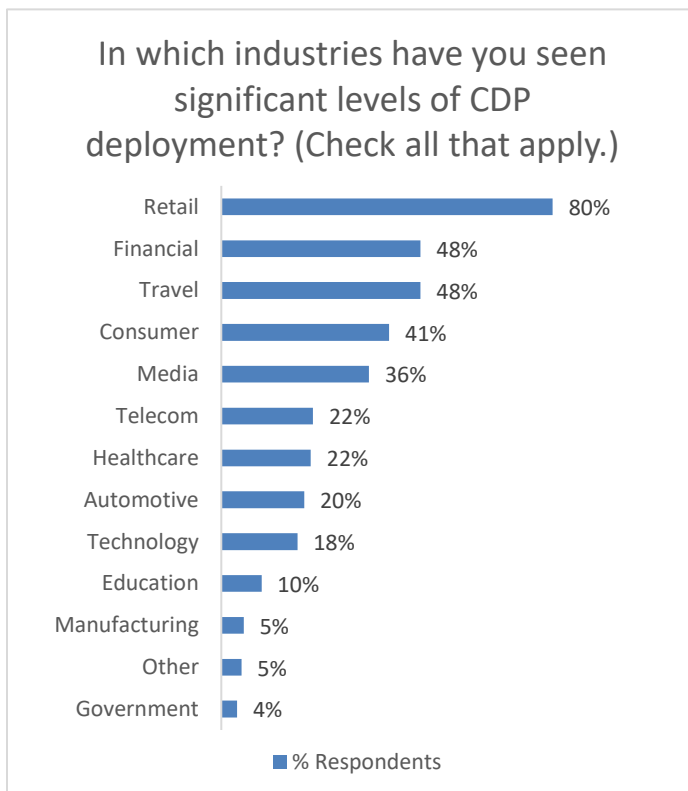


Success Rates: More than half of all vendors report that CDP deployments are usually successful. Not surprisingly, the CDP vendors themselves report much higher success rates than the services companies or other martech firms. But even in this group, 28% report that half or more CDP projects fail, which is certainly cause for concern. The figure rises to 47% for service providers and 70% for other martech firms. The main reason for the difference is probably that the CDP vendor respondents, mainly sales, marketing, and product managers, are not as involved as the service providers in problems that appear after the initial deployment. The only certain observation is that reports of CDP success rates will differ substantially depending on who is asked. As a base for comparison, remember that users report a 20% problem rate in the current report, and closer to 40% in past reports.

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Industries Served: CDPs are deployed in a wide range of industries. Retail is by far the most common, followed by financial services, travel/hospitality, consumer goods, and media. Other industries with lower but still significant adoption include telecom, healthcare, automotive, and technology. Education, manufacturing, and government are in the earliest stages of CDP adoption.

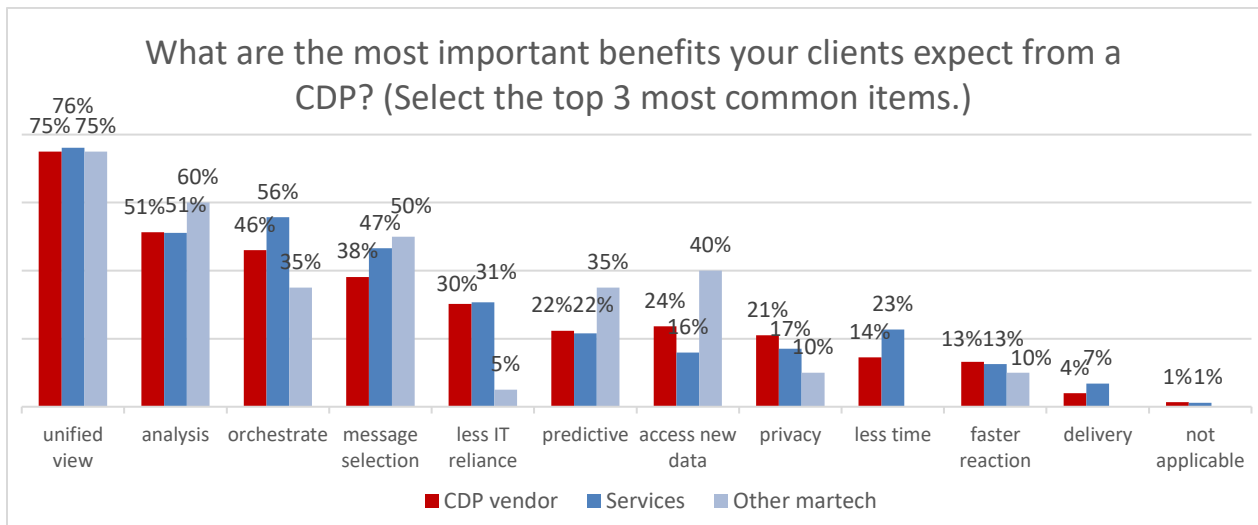


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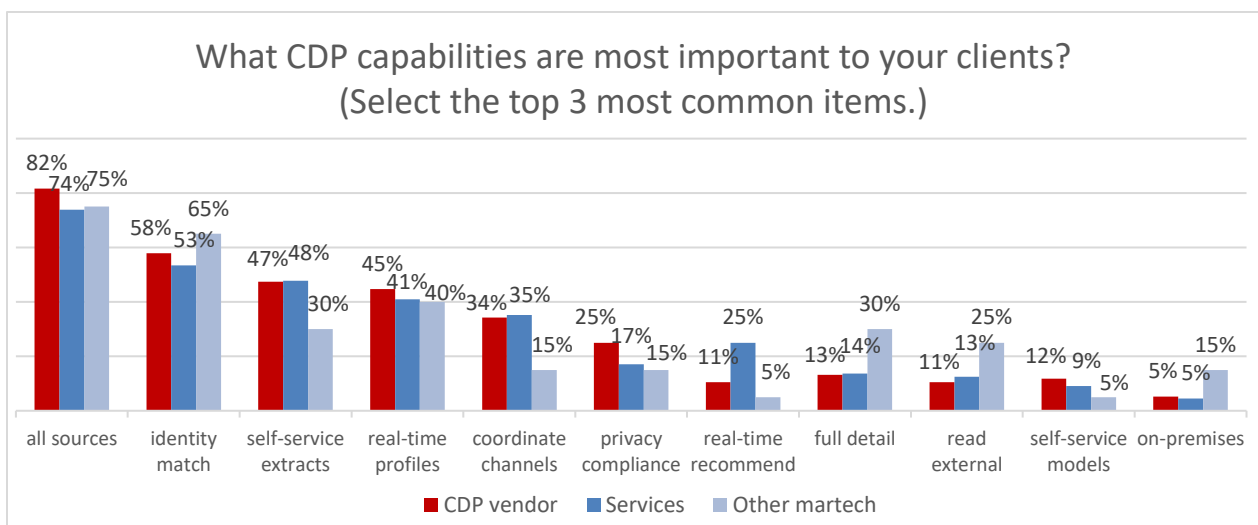
Benefits, Capabilities, and Obstacles

All vendor types give similar answers to questions about CDP benefits, capabilities, and obstacles. Where the answers do diverge, they are likely the result of the different roles played by the different groups.

Benefits: For example, the services firms are more likely than CDP vendors to highlight orchestration and message selection benefits. This is likely because those firms face questions about those capabilities after the CDP system has been sold and the CDP vendors' marketing and sales teams have left the scene. On the other hand, the CDP vendors are more aware of data access and privacy concerns, which are likely to arise during the initial sales and implementation processes.

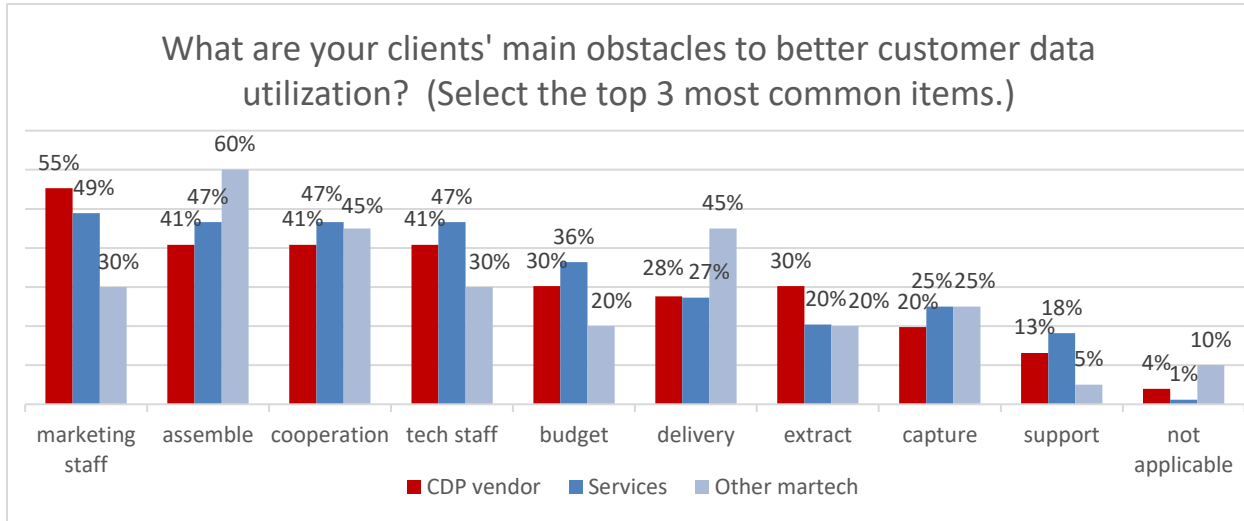


Capabilities: Similarly, CDP vendors are slightly more aware than services companies of fundamental data management requirements including loading all data sources, matching identities, real-time profiles, and privacy compliance.



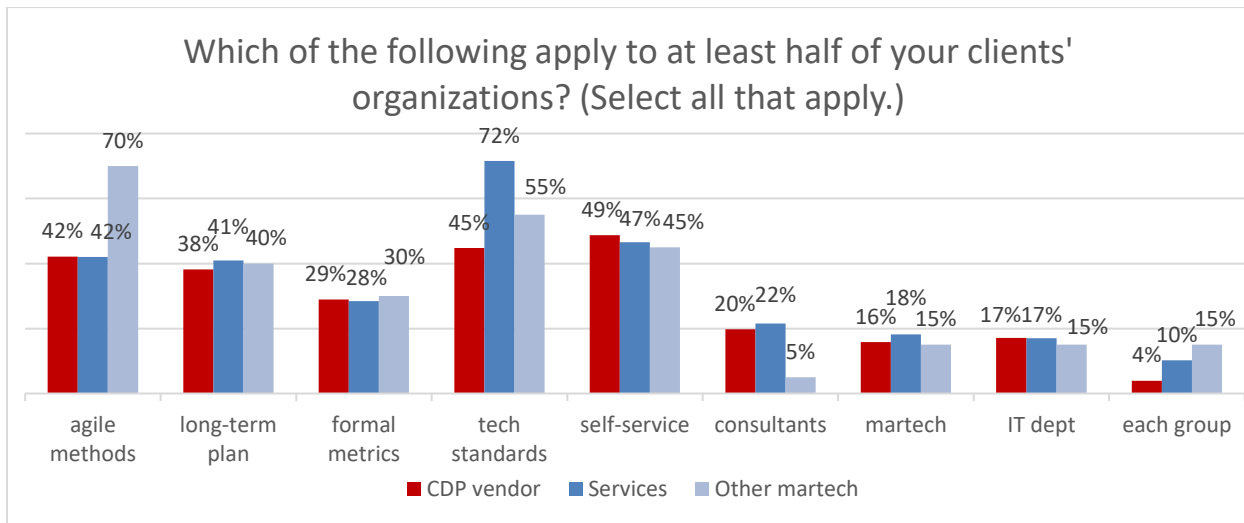
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Obstacles: CDP vendors are less likely to cite nearly all the obstacles listed, again perhaps because they disengage because problems become apparent. The only exceptions are problems with marketing staff – possibly reflecting frustration during sales and requirements gathering – and data extraction, another data management task that is addressed during initial deployment.



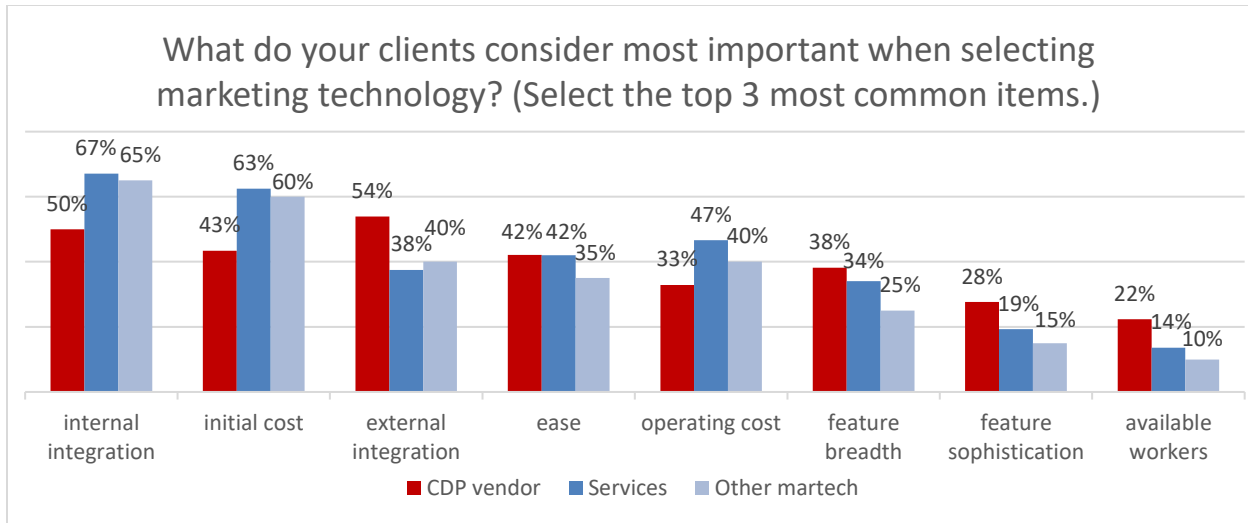
Martech Practices and Selection Criteria

Martech Practices: Answers regarding martech practices are again almost identical for CDP vendors and services providers. The one intriguing exception that services providers are substantially more aware of technology standards. This may reflect their role as consultants.



Selection Criteria: The only clear divergence in answers relates to selection priorities. CDP vendors are substantially more aware of selection based on external integration, features, and available workers – topics that are likely to be discussed during the sales process. Service providers are more aware of concerns about internal integration and cost: topics that may not be stressed during sales calls or demonstrations but play a significant role in final selection decisions.

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Both sets of vendors should recognize that they lack a complete view of user priorities. This will enable them to better address issues that are important to CDP users even if users don't raise those issues directly in their discussions.

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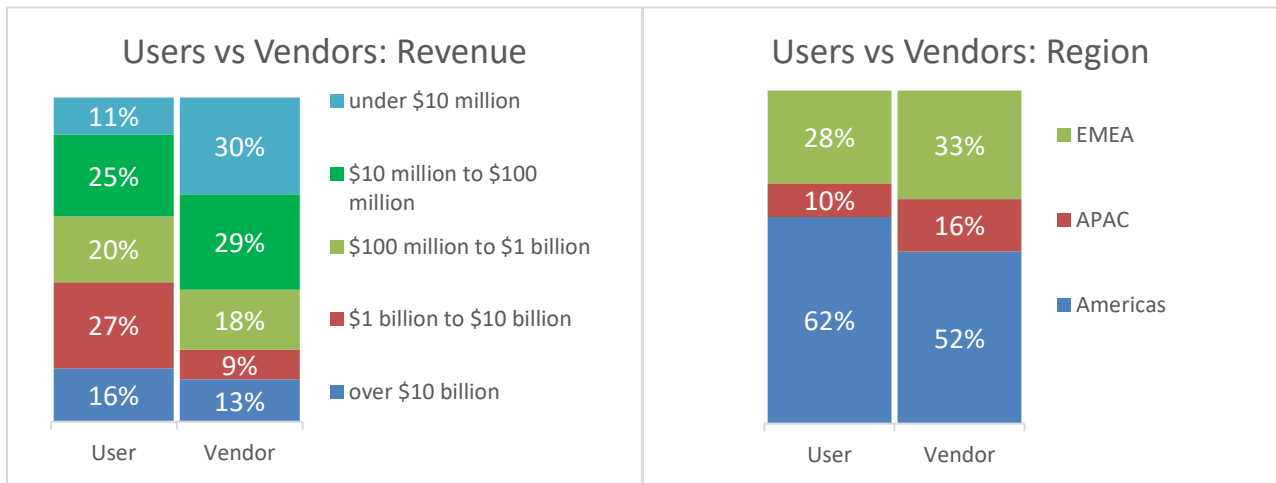
Users vs Vendors

Vendors and users give similar answers regarding benefits, capabilities, obstacles, martech practices, and selection criteria. Still, there differences which reflect the topics discussed with vendors during the purchase process and initial implementation planning.

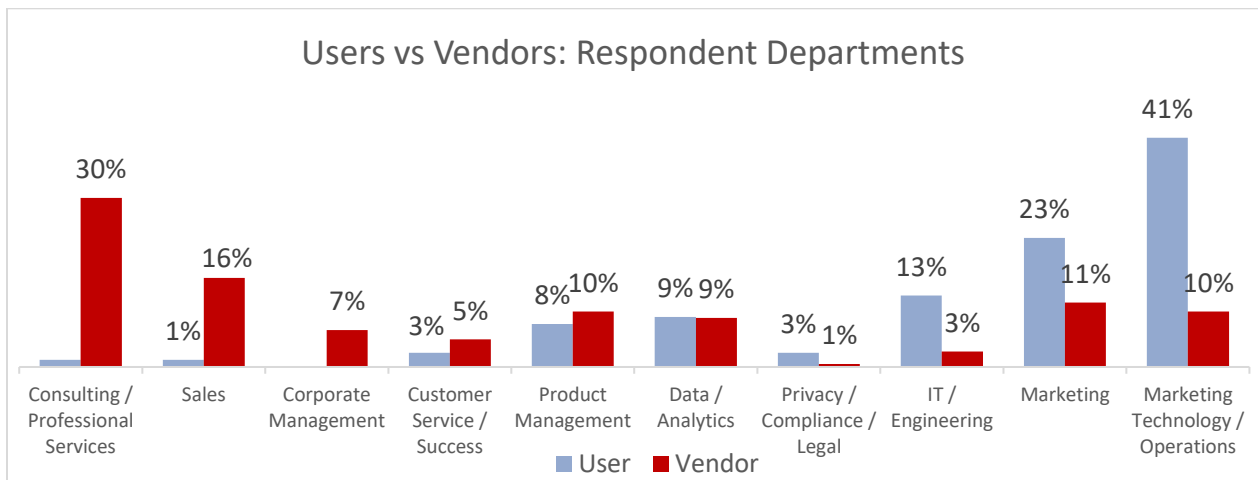
Revenue, Region and Departments

Revenue: User companies are substantially larger than vendors. This reflects the fairly large number of small CDP firms and service companies.

Region: Users are more concentrated in the Americas than vendors, although the user figure should be viewed with caution since it is so much higher than previous surveys.



Departments: Users are concentrated in martech, marketing and IT departments, while vendor respondents are concentrated in consulting and sales. There is a fair number of marketers in among vendor respondents (11%), although is much lower than the 23% of user respondents in marketing. The different perspectives of these groups helps to explain different answers from user and vendor surveys.

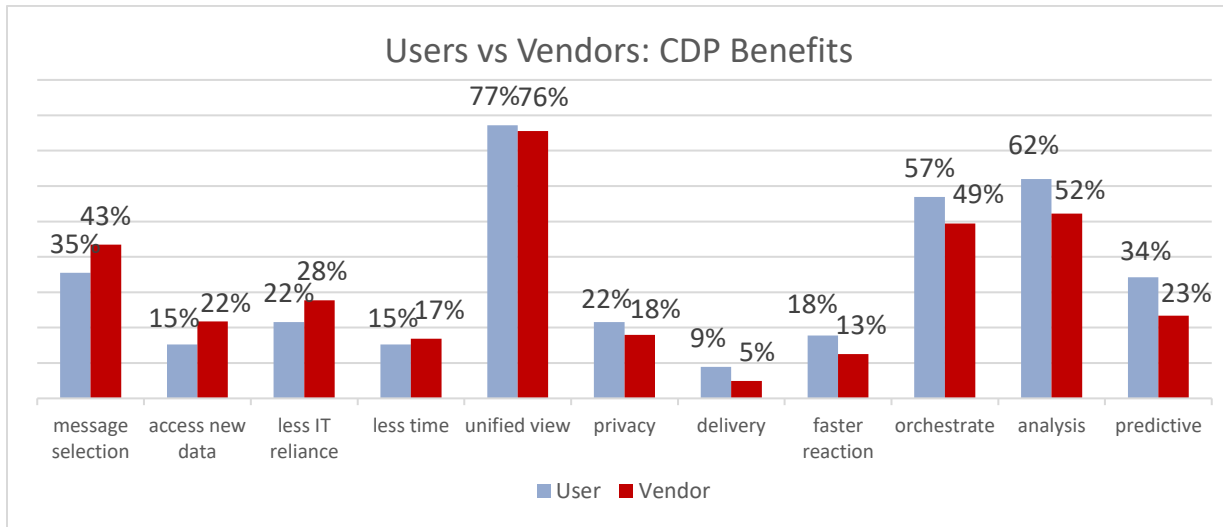


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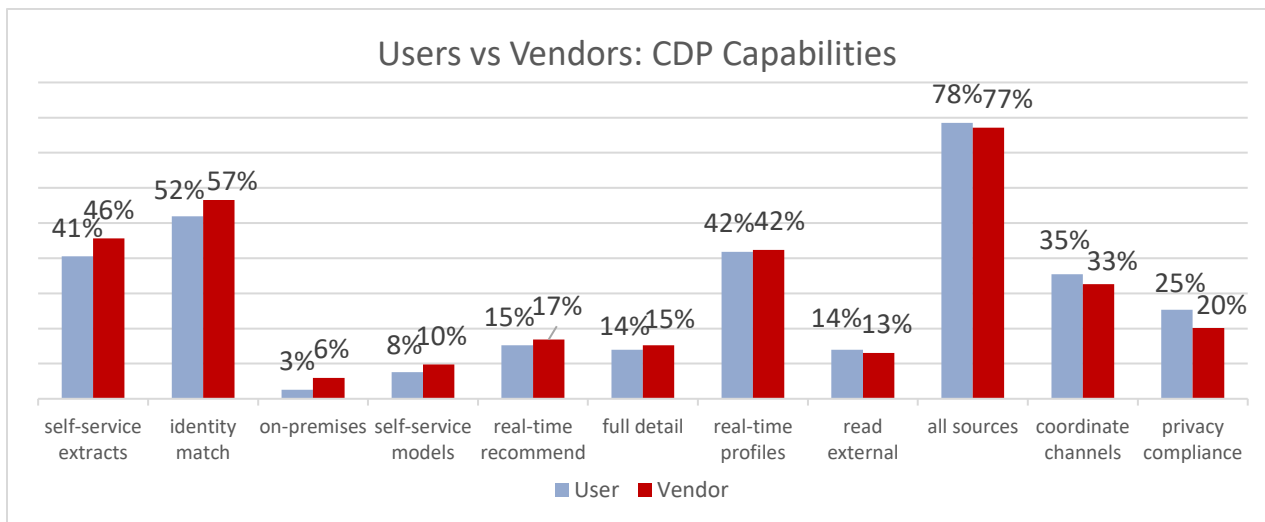
Benefits, Capabilities and Obstacles

Answers across these items show a clear pattern: users are more likely than vendors to focus on advanced capabilities and to be concerned about technical challenges. Vendors believe users are more focused on simpler capabilities and see more organizational obstacles than technical ones.

Users place more value than vendors on advanced benefits including orchestration, analytics, and predictive models. These may not be discussed during purchase and initial deployment, when users tend to focus on simpler use cases. Consistent with this view, vendors believe that users put more stress on basic benefits including message selection, access to new data, and less reliance on IT.

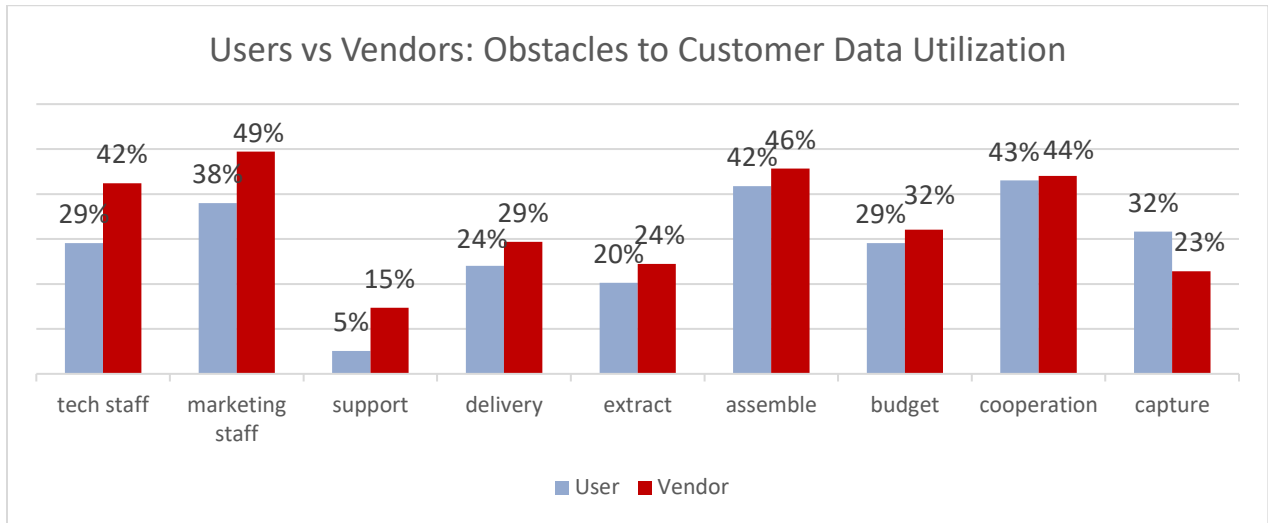


Users are slightly more likely than vendors to cite channel coordination and privacy compliance, which, again, are relatively advanced capabilities. Vendors are more likely to stress basic capabilities including self-service extracts and identity matching.



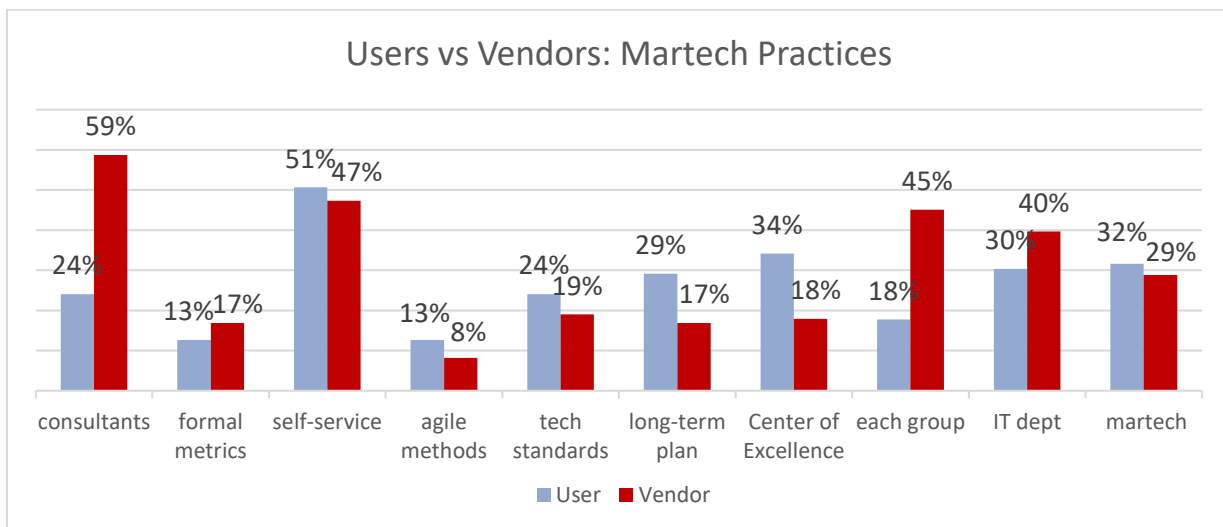
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Users are more likely than vendors to cite problems with data capture – a basic technical challenge. Vendors are less likely to cite technical issues than problems with technical staff, marketing staff, and management support.



Martech Practices and Selection Criteria

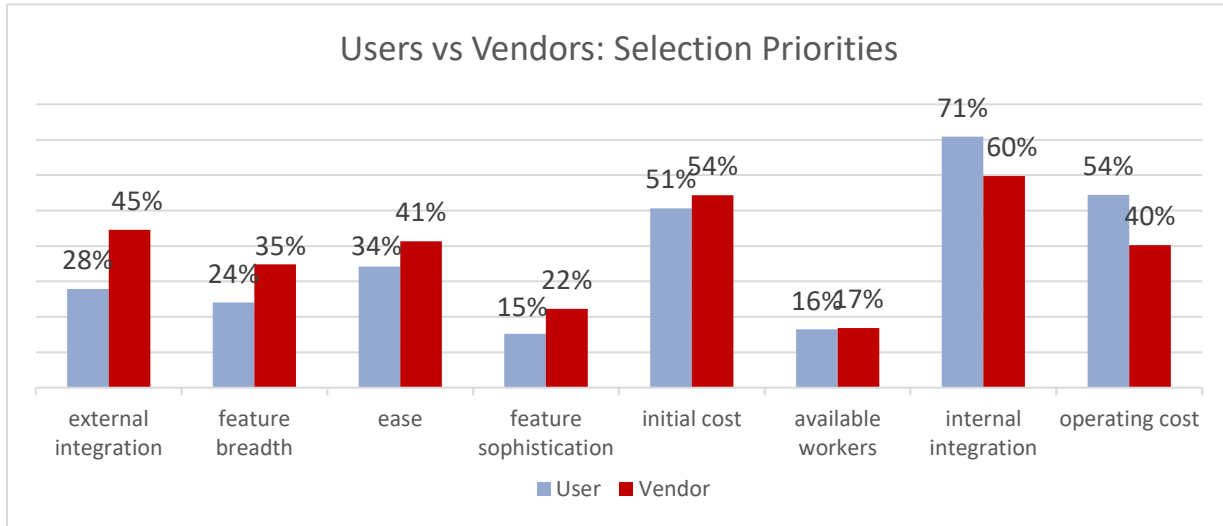
Vendors are much more likely than users to cite use of consultants, probably because so many vendor respondents are consultants who only see users who hire them. Otherwise, users generally cite more use of nearly all martech management tools, probably suggesting vendors are less aware of what is actually in place. Vendors are more likely than users to believe that martech is managed separately by individual business units or by an IT department; again, this likely reflects a skewed view based on who is likely to engage with CDP vendors and service companies.



Vendors are more likely than users to see external integration, features, and ease of use as selection priorities, while users are more aware of their concerns about cost and internal integration. This probably

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reflects the topics that come up during sales calls and implementation planning, compared with topics of internal discussions where vendors are not present.



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About the CDP Institute

The Customer Data Platform Institute educates marketers and marketing technologists about customer data management. The mission of the Institute is to provide vendor-neutral information about issues, methods, and technologies for creating unified, persistent customer databases. Activities include publishing of educational materials, news about industry developments, best practice guides and benchmarks, directories of industry vendors, and consulting on related issues.

The Institute is managed by Raab Associates, a consultancy specializing in marketing technology and analysis. Raab Associates identified the Customer Data Platform category in 2013. Funding is provided by a consortium of CDP vendors.

Contact:

Customer Data Platform Institute

231 2nd Avenue

Milford, CT 06460

www.cdpinstitute.org

info@cdpinstitute.org