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Leverage Your Data

WHY CUSTOMER DATA PLATFORMS ARE ON THE RISE

A CDP takes a customer from anonymous to known

We all know that data is on top of every marketer's mind. How do we collect it, how do we segment it, and how can we leverage it to be most effective to our campaigns and goals?

Same goes for content management systems, while powerful and necessary tools, they simply cannot do it all when it comes to mining data effectively.

Marketers and businesses large and small have taken notice. There are rising trends outlining how many organizations are channeling funds to, and are channeling funds in other directions, such as into customer data platforms (CDPs). The CDP industry is receiving large sums from big name cloud providers, and more CDP vendors are entering the space seemingly by the day.

Rather than make such platitudes about our own space, we're going to back up these claims with numbers. We looked at MarTech Today's *Customer Data Platforms: A Marketer's Guide* (Third Edition) to glean the latest industry trends and report what we found.

But before we dive in, here's a quick overview of customer data platforms.

What is a CDP (Customer Data Platform)?

A customer data platform, or CDP, is a marketing system that collects first-party customer data. This means it comes directly from the consumer, rather than through something like third party cookies. A CDP can take this data and create a unique profile for each individual customer.

This profile and those of all other customers form a customer database that can share data with other MarTech systems.

To break things down a bit further, a CDP captures data from your customers wherever they interact with your brand, whether it be owned platforms like your website, app, or social media profiles, and other advertising channels like email.

Your CDP will take this collected data and create unified customer profiles. This allows you to see your

customer's activity from any channel in one place. A CDP takes a customer from "anonymous," meaning a first-time visitor, to "known," as they become identified through filling out a form to sign up for a newsletter or by creating an account.

Finally, a CDP takes this data and enables marketers to drive brand engagement and conversions. It's an unparalleled way to use data to increase your user conversion and sales.

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CDP: An Industry on the Rise

In 2018, the CDP industry revenue was $740. Recently, that figure grew to over $1 billion. Research and Markets predict that the industry will grow tenfold in just four years, reaching $10.3 billion by 2025. This would represent a compound annual growth rate (CAGR) of 34.0 percent. It's not just funding either. The CDP Institute also found that **the number of CDP vendors increased** from 23 to 96 over a 30 month period from December 2016 to June 2019.

The influx in funding is coming from giants in the industry, too. We're talking companies like Adobe, Oracle, and Salesforce all voicing their intentions to enter the CDP space. These same cloud platforms initially refused to provide CDP-like solutions even though marketers were demanding such a service.

Ironically enough, many believe this is what has fueled the CDP market growth thus far. And growth may see a booming industry shrink in the coming years, as Gartner expects **70 percent of independent CDP vendors to be acquired** by larger Martech vendors or consolidated by 2023.

While time will tell if this proves to be true, the question then becomes why the growth? Let's take a deeper look.

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Why Is The CDP Industry On The Rise?

According to MarTech Today's report, the growth is being driven by "the proliferation of devices and customer touchpoints, higher expectations for marketers to orchestrate real-time personalized experiences across channels and the need to navigate complex privacy regulations."

American adults are more connected to their devices than ever, with Gartner predicting that the average adult will own over six smart devices. Cisco predicts that there will be 3.6 devices connected to IP networks per capita, a number that will surge beyond three times the global population.

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In short, we're more connected than ever, and this offers marketers multiple touchpoints on which to greet target customers. With a CDP, a brand can recognize these customers no matter what device they're using at a given time, as the CDP can recognize their shared network connection.

This is good news for brands that utilize CDP providers, as the State of the Connected Customer survey from Salesforce found that 64 percent of customers expect companies' engagements with them to be tailored based on past interactions.

Customer Data Security Concerns Are Growing

Third-party cookies are on their way out the door, and first-party data has become king. Regulatory bodies have made data security a major concern for marketers, which makes a CDP a more attractive option. Since first-party data is "owned," it provides marketers a much greater degree of quality and control to use the data to create a more personalized user experience, benefiting the customer.

CDP vendors can help marketers address privacy concerns by installing strong governance protocols. Sometimes these will even be certified by third-party organizations to ensure compliance and confirm best practices.

Summary

It's clear that the numbers prove that data is fueling industry growth. With third-party cookies on the way out, marketers can't afford to wait for the next thing. First-party data is here, and you need a CDP vendor like Fulcrum to help you manage the data properly.

Fulcrum takes data a step further than other CDP providers, allowing you to meet and react to user actions in real-time and create a personalized experience. This will help your brand drive user engagement and conversions in a way that other CDP vendors cannot provide.

Get to know our unique customer data platform now.

For more information, please visit https://fulcrumsaas.com or call (303) 223-6510.

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