Market Share

Worldwide Customer Data Platform Applications Software Market Shares, 2022: Continued CDP Growth to $2.7 Billion Proves Value of Unified Data for CX and Digital Business
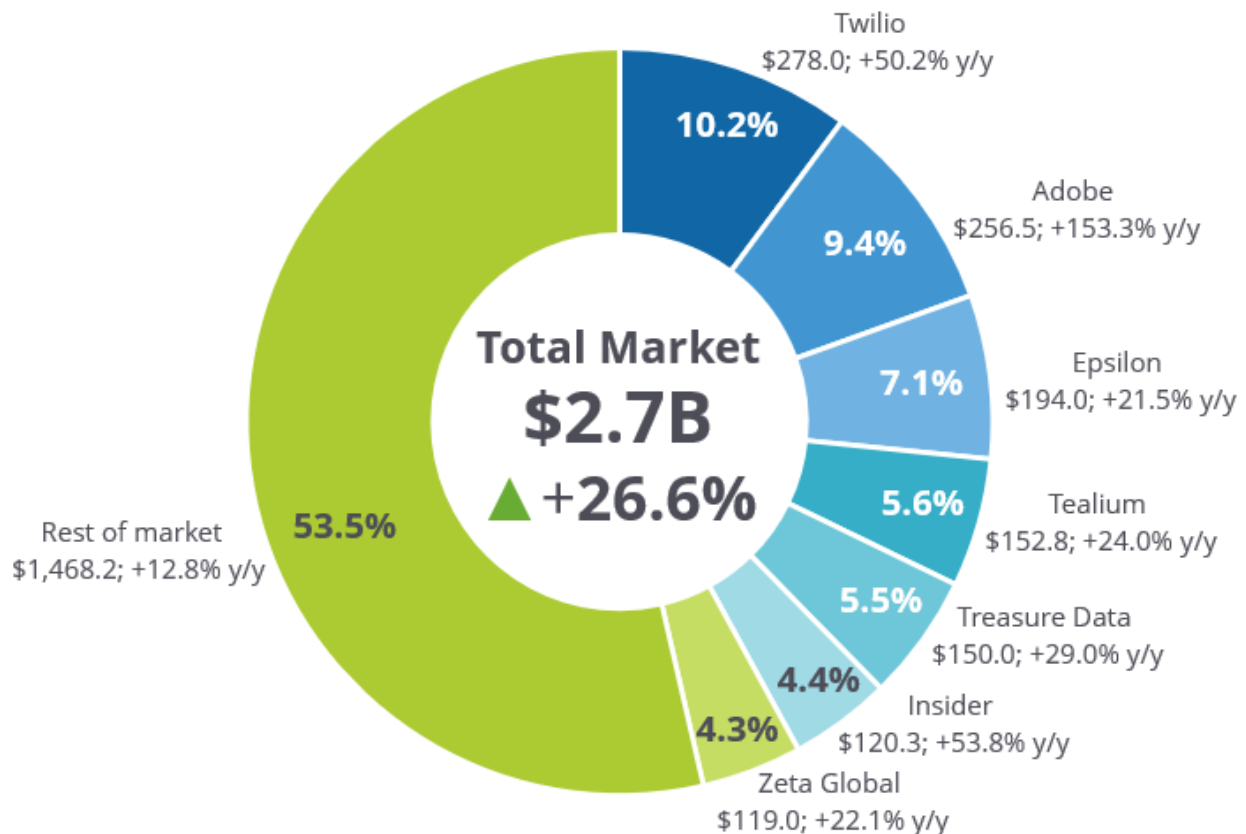
David Wallace

THIS IDC MARKET SHARE EXCERPT FEATURES TWILIO

IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Customer Data Platform Applications Software 2022 Share Snapshot

Note: 2022 Share (%), Revenue ($M), and Growth (%)

Source: IDC, 2023

The content for this excerpt was taken directly from IDC Market Share: Worldwide Customer Data Platform Applications Software Market Shares, 2022: Continued CDP Growth to $2.7 Billion Proves Value of Unified Data for CX and Digital Business (Doc # US50861023). All or parts of the following sections are included in this excerpt: Executive Summary, Market Share, Who Shaped the Year, Market Context, Appendix and Learn More. Also included are Figures 1, 2, 3, 4 and 5 and Tables 1 and 2.

EXECUTIVE SUMMARY

The worldwide customer data platform (CDP) software market grew 26.6% to $2.7 billion in 2022. Future growth drivers include the continued adoption of digital business practices, connected front-office/customer experience (CX) management, personalization and engagement capabilities, CDPs for "X," data privacy and consent, data clean rooms, composability, and the impact of generative AI.

Digital Business Adoption Continues

IDC defines a digital business as one where value creation is based and dependent on the use of digital technologies, from how processes are run to the products, services, and experiences provided. In three recent global surveys (IDC's *Future Enterprise Resiliency and Spending Survey, Waves 1-3*, conducted from January to April 2023), responses are split 50/50 between firms that are leaders (mostly or all digital) and followers (somewhat or not digital). IDC's August 2022 *Worldwide C-Suite Tech Survey* identified that improving customer-focused digital experiences ranked number 1 of 12 selections. Investing in big data and analytics ranked number 4. Participants also chose the most important emerging technologies for all C-suite functions to adopt — the top response was data management and analytics technologies, which include CDPs.

Connected Front-Office Architecture

Delivering consistent excellence in omni-channel CX begins with all customer data unified in the CDP, as the unified customer profile provides the basis for Customer 360. Achieving true excellence from the customer's perspective depends on the brand's ability to ensure that all customer-facing front-office (and some back-office) teams and their applications use a consistent set of services using the unified data to interact with customers across every team in every interaction. IDC recommends that firms implement the customer experience orchestration services (CX-OS) architecture (see Figure 2). Integrated cloud platforms are often considered to address this need as it may mean less integration effort while addressing concerns about vendor proliferation and operating costs.

This architecture is critical to enabling every customer interaction to enhance every other interaction regardless of how, where, when, and why it takes place or who conducts it. Data is the only resource in the enterprise that is fast and scalable enough to keep pace with customers as they engage with different departments and systems that can be many degrees of separation technically and organizationally.

FIGURE 2

Connected Clouds and Customer Experience Orchestration Services

Source: IDC, June 2023

Other CDP Growth Drivers

There are many drivers that will deliver more value to CDP buyers and enable continued growth in the CDP market:

- **Personalization and engagement:** CDP vendors continue to innovate up from the data layer and can provide alternatives to individual martech tools or applications within a marketing cloud. AI for marketing uses including real-time personalization and internally developed direct activation to digital engagement channels (email, chat, text, social media, voice, etc.) are available from CDP vendors. CDP vendors also have customer journey orchestration products that can deliver the next best interaction in the context of the customers' expectations and needs and in their preferred communication channel, including same-page personalization.

- **CDPs for "X":** CDP vendors have focused on specific industries including retail and financial services but are adding other industries including healthcare. Each industry includes industry-focused data models, required data privacy capabilities (HIPAA for healthcare), and accelerators for rapid implementation. Some vendors also focus on CDPs for specific teams within a firm like sales, service, and marketing. Vendors are also investing more in go to market (GTM), including adding industry principals with domain expertise for sales enablement.

- **Data privacy and consent:** CDPs are recognized for their capabilities in this area that will continue to be at the top of the agenda for customers and CDP buyer executives. CDP vendors are adding more privacy capabilities as regulations expand in geographies beyond European Union (EU) with GDPR and California with CCPA/CCRA. HIPAA-compliant CDPs are becoming more numerous.

- **Data clean rooms:** With deprecation of third-party cookies, firms are more focused on the analysis of second-party, non-PII data to expand to new audiences that are adjacent to their existing customers. CDP vendors are offering data clean rooms that provide a secure capability to collaborate with another firm to analyze and enrich shared customer attributes,

build marketing audiences that may have similar customers, and discover these audiences while protecting privacy and ownership.

- **Composability:** Composability in the CDP market is most often discussed in the context of partnerships with cloud data warehouse providers (Snowflake, etc.). Reverse ETL technology is used by CDP vendors to build audiences and segments virtually with data residing in the warehouse. In some of these implementations, CDP buyers may not need full CDP functionality, leading CDP vendors to offer more modular configurations.

- **Generative AI:** CDP vendors have been announcing generative AI capabilities since the start of 2023. Most show prompt-based user interfaces (UIs) that enable marketers to describe (or select) a use case, optimize it with AI recommendations, watch the AI run the click-based UI and, when ready, launch into production. CDP vendors are building use case libraries for common activities that may be both horizontal and vertical specific.

Synopsis

This IDC study presents the market shares of the top vendors in the worldwide customer data platform applications software market valued at $2.7 billion in 2022.

"CDP adoption continues to increase as global enterprise brands and other firms have found that unified customer profiles and other CDP technologies can deliver significant business outcomes and most importantly raise the bar on customer experience," said David Wallace, research director, Customer Data and Analytics at IDC. "In challenging economic times, brands must stay even closer to their customers' needs to preserve relationships and continue to grow revenue by delivering empathic experiences that create trust and loyalty. CDPs are the foundation on which to build a common set of customer orchestration operating services that cut across all customer-facing teams, enabling them to work from a unified and constantly updated data repository."

ADVICE FOR TECHNOLOGY SUPPLIERS

- **Increase go-to-market innovation:** Increasing GTM investments in deeper industry and/or functional business area knowledge can be an important differentiator for vendor interactions with potential clients when technical capabilities are similar. Vendors with subject matter experts (SMEs), combined with in-depth sales enablement content and training, can help sales more precisely position the value of the product to a wider audience of personas that can become supporters for the CDP.

- **Incorporate usability innovations:** Incorporating generative AI into the CDP user interface can deliver improved business value to customers in two ways. First, common use cases for personas in marketing and other front-office operations are being "packaged" with embedded generative AI to make business processes (e.g., launch a new personalized campaign for a new segment surfaced by AI) faster with insight and automation build into the prompts along with humans in the loop to add their value. Second, prompt-based UIs will soon become the default for CDPs and other martech tools as users see and feel the personal productivity advantage over traditional UIs.

- **Manage customer data relationships:** Vendors should acknowledge that while compliance is an operational requirement, it is not a differentiator. Going above and beyond compliance requires infrastructure that can apply nuanced consent parameters to individual elements of a customer record. Marketers need to leverage that infrastructure as part of the customer experience and measure customer sentiment with respect to data practices. Vendors that

enable brands to set higher standards and customer expectations will deliver a competitive advantage.

- **Optimize data value:** While data is one of an enterprise's most valuable assets, the problem of how to measure that value remains unresolved. The untapped potential of enterprise data for driving new capacity, efficiency, and value should be thought of as "innovation debt." CDPs open a greenfield to build in data intelligence capabilities that provide insight into which customer data sources, events, attributes, and so forth are being used most effectively and which are not. The number of valuable data attributes will vary widely depending on the organizational metrics used to measure customer satisfaction, from perhaps 100 or less in brands driven by NPS to 25,000 or more in brands driven by customer lifetime value (CLTV). Whatever the number, measuring the value is the first step toward being able to assign and optimize data value based on utilization.

- **Create new customer-centric metrics for data:** Ironically, customer data is rarely measured in ways that are relevant to customers. Data volume, accuracy, completeness, freshness, and other metrics are not customer-centric measures and thereby do nothing to change the way brands think about, care for, and treat customer data. New metrics are needed to help move organizational mindsets from purely internal operational efficiency to protecting and respecting customer rights. Measures include percentage of data sourced directly from customers with their informed consent, activation rates by event and attribute per profile, rights requests and resolution times, customer access and controls over their data, and the number of consent moments embedded in the customer journey. The end-state vision is for an end customer (B2C, B2B, and DTC) to receive a message from the brand that may say, "Sharing your data as a premier customer with us saved you X minutes/hours and Y dollars last month," which could be followed by some gift of value since it also saved money for the brand.

- **Consider personalization and privacy as I/O functions:** Personalization is typically treated as an outcome in the form of unique offers, content, pricing, and so forth. However, personalization from the customer's point of view is an ongoing cycle of inputs and outputs. Every click and every data disclosure have consequences. Some of which might be welcome, and some of which might be perceived as intrusive. Technology vendors need to enable more holistic privacy and personalization capabilities in data collection and activation. Transparency, fairness, and explanatory practices in data collection are key, and vendors should encourage, aid, and abet brands to think about how to weave consent into the customer journeys.

- **Articulate data safety as brand equity:** Privacy and compliance are market requirements for all customer data-related technology and practices. This should include sophisticated consent management, identity resolution, and personalization. Brands need to articulate how their data technology stack, privacy policies, and customer-centric culture differentiate their data relationships with customers. CDP vendors must add technology and dashboards to surface the answers to these questions for their clients.

- **Simplify and automate data ecosystems:** Vendors need to help buyers understand how to optimize their data infrastructure investments according to the volume, variation, velocity of their data, and the analytics use cases they perform on it. How a global B2C brand constructs a data ecosystem will be very different from that of a financial services company or manufacturer. How much of what data needs to be moved, which data management and analytics jobs require expandable workload management, and ways in which data can be automatically transformed and prepared for analytics all require detailed planning. This is becoming a much higher priority with larger enterprises that are adopting enterprise cloud data warehouses, which brings up the questions of data duplication and cloud storage costs rather

than customer-focused questions like: "How many milliseconds does it take for us to deliver an interaction message to a mobile customer in-app that increases their trust and loyalty?"

- **Drive AI-based innovation:** Most people have a very departmental view of the data available to support their decisions. As a result, it is critical to educate employees how data from outside their department might improve the accuracy of the models they use to make decisions. Generative AI can help with this as it can be used to help users find data most relevant to a specific use case from across the firm, subject to privacy and consent requirements.

MARKET SHARE

Table 1 displays 2020-2022 worldwide revenue and 2022 growth and market share for customer data platform applications software. The analysis includes year-over-year (YoY) revenue growth for 2021-2022 and 2022 market shares for the top 20 firms in the market.

TABLE 1

Worldwide Customer Data Platform Applications Software Revenue by Vendor, 2020-2022 ($M)

|	2020	2021	2022	2022 Share (%)	2021–2022 Growth (%)
Twilio	135.9	185.1	278.0	10.2	50.2
Adobe*	NA	101.3	256.5	9.4	153.3
Epsilon*	NA	159.7	194.0	7.1	21.5
Tealium	89.0	123.2	152.8	5.6	24.0
Treasure Data	104.0	116.3	150.0	5.5	29.0
Insider	63.3	78.2	120.3	4.4	53.8
Zeta Global	41.9	97.5	119.0	4.3	22.1
Salesforce Inc.*	NA	75.0	99.3	3.6	32.4
Bloomreach	30.9	53.8	70.0	2.6	30.2
Microsoft*	NA	44.6	67.5	2.5	51.5
Other	867.4	1128.3	1231.4	45.0%	9.1%
Total	1332.4	2163.0	2738.8	100	26.6%

* Vendor revenue is included in "other" for 2020 market share document.

Source: IDC, 2023

Figure 3 shows total 2022 CDP revenue share by region.

FIGURE 3

Worldwide Customer Data Platform Applications Software Revenue Share by Region, 2022
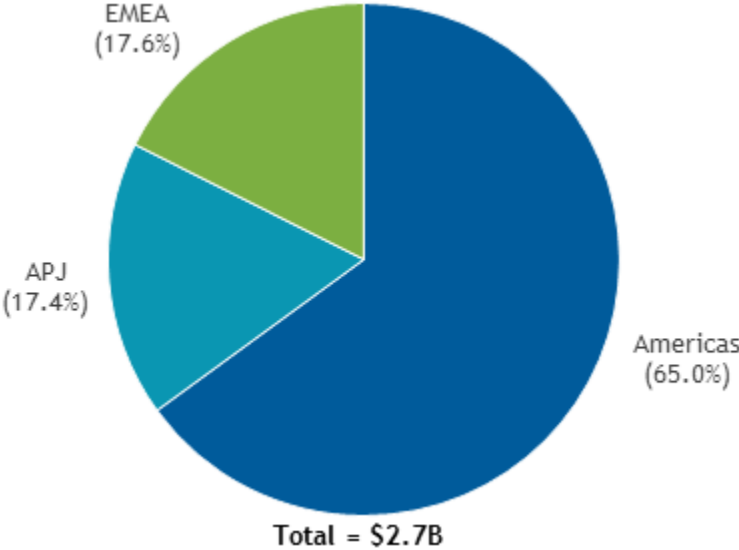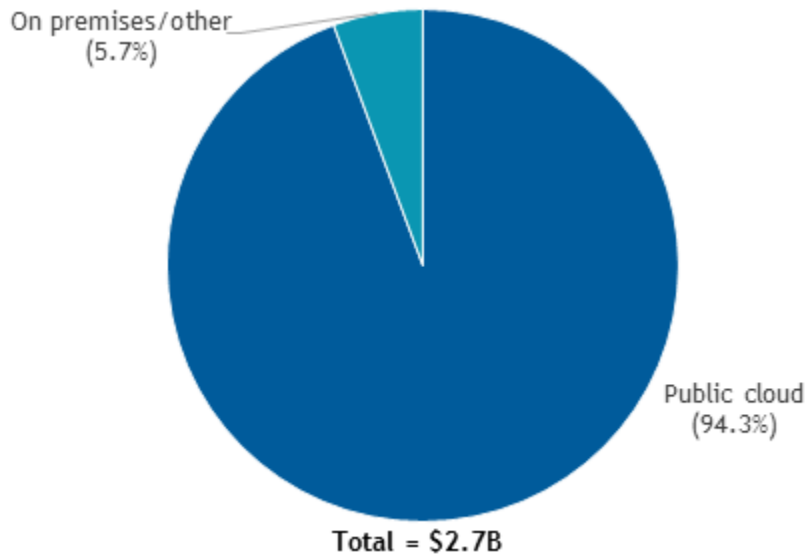

Source: IDC, June 2023

Figure 4 shows total 2022 CDP revenue by cloud and other deployment types.

FIGURE 4

Worldwide Customer Data Platform Applications Software Revenue Share by Deployment Type, 2022

Source: IDC, June 2023

WHO SHAPED THE YEAR

This excerpt was prepared for Twilio but also included the following vendors: Adobe, Epsilon, Tealium, Treasure Data, Insider and others.

The growth story of the CDP market continued in 2022 with healthy 26.6% growth from 2021 to $2.7 billion. IDC believes that this growth occurred in part because brands continue to move to digital business models that depend on technologies including CDPs as the unified source of customer data. IDC believes the CDP market will continue to grow as the full adoption of digital business models remains in the future for one-half of the total market (digital followers) from our research described herein. More brands are also adopting CDPs for other front-office and enterprise use cases beyond marketing that will also enable continued growth.

The growth story in 2022 also includes the continued growth of SaaS marketing cloud and data service providers that first surfaced in the 2021 market share document. Their CDPs have now been in market for several years, and with increasing product capabilities and flexible data models for multiple GTM models, these vendors are much better aligned with the requirements of their primary global enterprise customer base. The long-standing pure-play CDP vendors are also part of the story, growing significantly both from new customers and from additional capabilities in the analytics and activation pillars of the CDP architecture that helped them expand within existing customers. More AI (predictive and generative), journey orchestration, and activation/engagement features have been announced by many CDP vendors.

The final market development for 2022 is the continued growth at the top tiers of the CDP market. The quartile of the top 20 firms grew at an average of 38.1%. While growth of this segment slowed from 43% in 2021, 2022 growth is 1.76x the average forecast market growth with average revenue growing by 36% from 2021 to $101 million and almost three-fourths (73.8%) of the total market. The quartile of the next 20 firms had stellar growth at an average of 48.1%, which is 2.23x the average forecast market growth with average revenue growing by 8%, however market share decreased by 19% from 2021 to 14.6% of the total market (see Table 2).

TABLE 2

Worldwide Customer Data Platform Applications Software Revenue — Quartile Analysis, 2022

	Average Revenue ($)	2021–2022 Average Growth (%)	2022 Average Share (%)
Top 20 firms	101.0	38.1	73.8
Next 20 firms	20.0	48.1	14.6
Next 20 firms	6.9	1.0	5.0
Next 11 firms	2.3	6.7	0.9
Quartiles average	32.6	23.4	-

Source: IDC, 2023

Highlights of the year focused on firms in the top 20 quartile of the market include:

- **Twilio** continues as the CDP market share leader with faster growth in 2022 than in 2021.

MARKET CONTEXT

Significant Market Developments

The worldwide customer data platform applications software market will grow from $2.7 billion in 2022 to $7.3 billion in 2027 at a compound annual growth rate (CAGR) of 21.6% during the period. Market dynamics include:

- The continued adoption of CDPs by global brands, midmarket, and SME firms, which resulted in market growth above the previous forecast for 2022.
- A lack of M&A activity in 2022, coupled with a significant reduction in venture capital and private equity funding during the second half of the year. This also led firms considering IPOs to postpone them into 2024.
- Announcements through the year by CDP vendors of new capabilities in all three CDP pillars: aggregation (more data privacy, industry-specific data models, and connectors to cloud data warehouses), analytics (additional AI), and activation (journey orchestration and engagement

channels). Vendors also announced CDP enhancements to support non-marketing functions. These capabilities deliver additional value beyond the core value proposition of the CDP, and customers are adopting them as lightweight marketing automation platforms.

▪ **The end of the cookie ecosystem and the flight to zero- and first-party data continuing to drive the CDP market.** Increased adoption of data clean rooms with second-party data is due to brands needing to expand and enrich customer data attributes to build more marketing audiences and segments.

▪ **The value proposition for CDPs continuing to expand beyond marketing to multiple departments in the front- and back offices, adopting the customer experience orchestration services architecture that elevates the CDP to an enterprise customer data repository as discussed previously in this document.**

IDC includes constant currency measures in IDC Market Share documents to provide an indication of overall market developments excluding the effects of fluctuating exchange rates. The U.S. dollar gained value against most other currencies in 2022 over 2021. The 26.6% current currency or "as reported" growth in 2022 translates, when ignoring the impact of exchange rates, to constant currency growth of 30.1%. This is an important distinction as readers of this document digest market developments (see Figure 5).

FIGURE 5

Worldwide Customer Data Platform Applications Software Revenue, 2020–2022: Current Currency and Constant Currency
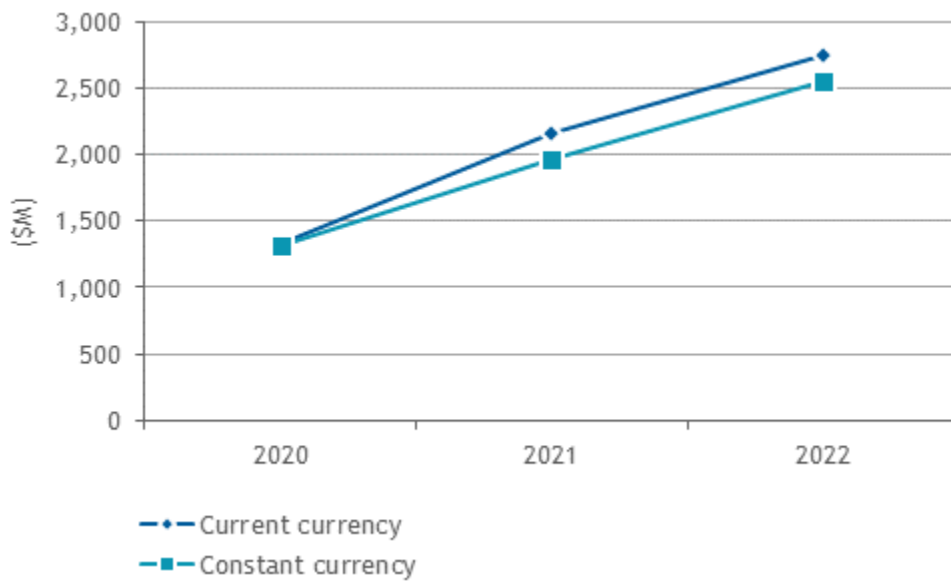
Source: IDC, June 2023

METHODOLOGY

This section provides an overview of the methodology employed by IDC's software analysts for collecting, analyzing, and reporting revenue data for the categories defined by the software taxonomy.

IDC's industry analysts have been measuring and forecasting IT markets for more than 40 years. IDC's software industry analysts have been delivering analysis and prognostications for commercial software markets for more than 25 years.

The market forecast and analysis methodology incorporates information from five different but interrelated sources, as follows:

- **Reported and observed trends and financial activity.** This includes reported revenue data for public companies.

- **IDC's software vendor interviews and surveys.** IDC interviews and/or surveys significant market participants to determine product revenue, revenue demographics, pricing, and other relevant information.

- **Product briefings, press releases, and other publicly available information.** IDC's software analysts around the world meet with hundreds of software vendors each year. These briefings provide an opportunity to review current and future business and product strategies, revenue, shipments, customer bases, target markets, and other key product and competitive information.

- **Vendor financial statements and related filings.** Although many software vendors are privately held and choose to limit financial disclosures, information from publicly held companies provides a significant benchmark for assessing informal market estimates from private companies. IDC also builds detailed information related to private companies through in-depth analyst relationships and maintains an extensive library of financial and corporate information focused on the IT industry. We further maintain detailed revenue by product area model on more than 1,000 worldwide vendors.

- **IDC demand-side research.** This includes interviews with business users of software solutions annually and provides a fifth perspective for assessing competitive performance and market dynamics. Direct conversations with technology buyers provide an invaluable complement to the broader survey-based results.

The data presented in IDC's software studies and pivot tables represents our best estimates based on the previously mentioned data sources as well as reported and observed activity by vendors and further modeling of data that we believe to be true to fill in any information gaps.

The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term commercial software to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. These are counted by IDC as commercial software revenue.

Commercial software revenue excludes service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme. It is the total commercial software revenue that is further allocated to markets, geographic areas, and operating environments. The worldwide software market includes all commercial software revenue across all functional markets or market aggregations. For further details, see *IDC's Worldwide Software Taxonomy, 2023* (IDC #US50513623, April 2023).

Most IDC reports on software will include data on the migration of software products and revenue from traditional on-premises/other software to public cloud services. Note that the public cloud services revenue estimates in the software tracker agree with IDC's revenue estimates for proprietary and open-source intellectual property-based software-as-a-service and platform-as-a-service offerings contained in the Public Cloud Services Tracker. They exclude third-party intellectual property-based SaaS and PaaS offerings.

The data presented in this document is IDC estimates only.

Note: All numbers in this document may not be exact due to rounding.

MARKET DEFINITION

CDP applications software products provide the following baseline functionality:

- Ingest customer data from source repositories using ingestion connectors and store it persistently for activation through AI and analytics.
- Perform ETL/ELT on multiple data formats (including batch, streaming, structured, and unstructured).
- Resolve customer identities across sources, devices, and channels.
- Perform data hygiene functions (deduplication, completeness, freshness, and governance).
- Manage data from first- and/or second- and third-party sources.
- Inherit and maintain data privacy, consent, and governance policies.
- Offer advanced audience analytics and flexible tagging schemas, persona and segmentation models, and personalization (including real-time) capabilities.
- Activate the results of AI models through APIs to engagement channel tools and/or through built-in CDP capabilities to accomplish this.
- Utilize data virtually stored in cloud data warehouses and similar repositories through reverse ETL and related techniques that minimize data movement.

CDP offerings vary in their additional functionality largely due to vertical market and use case specialization as well as the technology heritage of their developers. Some CDPs are more heavily focused on data management functionality, AI/analytics, and data orchestration; others are tuned for B2B, B2C, or DTC. Some are industry specific; others serve SMB versus enterprise segments. Regardless of its general or niche market intent, every CDP should be able to enhance privacy and consent management.

RELATED RESEARCH

- *Worldwide Customer Data Platform Applications Software Forecast, 2023-2027: Market to Continue Fast Pace to $7.3 Billion by 2027* (IDC #US50829723, forthcoming)

- *IDC's Macroeconomic Forecast Assumptions, April 2023* (IDC #US50604423, May 2023)

- *Market Trends for CX Tech Buyers, 2Q23* (IDC #US50623523, May 2023)

- *IDC's Worldwide Software Taxonomy, 2023* (IDC #US50513623, April 2023)

- *Customer Data Platforms: Foundation for the Future of Customer Experience* (IDC #US50491223, March 2023)

- *Worldwide Customer Data Platform Applications Software Forecast, 2022-2026: Market Continues Fast Pace to $5.7+ Billion by 2026* (IDC #US49456122, July 2022)

- *Worldwide Customer Data Platform Market Shares, 2021: Stellar CDP Growth Proves Value of Unified Data for CX* (IDC #US49493722, July 2022)

- *IDC MarketScape: Worldwide Customer Data Platforms Focused on Data and Marketing Operations Users 2022 Vendor Assessment* (IDC #US48858321, March 2022)

- *IDC MarketScape: Worldwide Customer Data Platforms Focused on Front-Office Users 2021-2022 Vendor Assessment* (IDC #US47524621, December 2021)

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
blogs.idc.com
www.idc.com