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Thought Leadership Paper
Commissioned By Oracle

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Getting Customer Data Management Right

How Firms Leverage Customer Data To Deliver
Better Customer Experiences And Win



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Only 11% of firms can effectively use a wide variety of data types in a unified customer profile.



Firms that use CDPs effectively are 2.5x more likely to have increased customer lifetime values.

Executive Summary

Data is a fundamental page in the marketer playbook. As the volume and sophistication of customer data continue to expand, marketers face the challenge of transforming it into useful information that builds trust in the brand. In doing so, leading firms deliver the hyperpersonalized experiences that drive customer engagement and loyalty.

In August 2019, Oracle commissioned Forrester Consulting to evaluate the market maturity of customer data unification. Forrester conducted an online survey of 337 marketing and advertising professionals in North America and Europe who are responsible for customer data, marketing analytics, or marketing/advertising technology. We found that while many firms have customer data platforms, their ability to use unified customer profiles to personalize experiences, provide a consistent experience across channels, and generally improve customer lifetime value and other business outcomes as a result varies widely from firm to firm.

KEY FINDINGS

- › **Most firms have a version of a customer data platform (CDP) but are not using it to its fullest capabilities.** Only 11% of firms effectively use a wide variety of data types in a unified customer profile; these same leading firms are 2.5 times more likely to increase customer lifetime values as a result of unified data management.
- › **Marketers have an opportunity to improve their organizations' customer data practices.** Leveraging third-party solutions, earning key stakeholder buy-in, and collaborating closely with data professionals are key elements to successful implementation.
- › **Firms with better unified customer profiles experience better business results.** Leading firms that effectively leverage unified customer profiles are more likely to experience revenue growth, increased profitability, and higher customer lifetime values.

TERMINOLOGY

For the purposes of this study, customer data platforms (CDPs) are marketing technologies that centralize customer data from multiple sources and make it available to systems of insight and engagement.

Customer Profiles Support Marketers On Key Priorities

With the help of customer data platforms, marketers use unified customer profiles to deliver on critical marketing priorities and achieve superior customer experiences. In surveying 337 marketing and advertising decision makers, we found that:

- › **Unified customer profiles deliver on marketing priorities.** Decision makers indicated that unified customer profiles deliver on a number of top priorities (see Figure 1). Customer profiles support customer-focused operational priorities like improving the use of data and analytics, personalization, and content marketing — as well as customer-focused business priorities like aligning brand promise with CX and developing new products/services. Marketers see the value of investing in technology that wrangles the massive amounts of customer data generated each day to continuously optimize customer interactions.
- › **Customer engagement data is critical to achieve superior customer experience.** Seventy-five percent of respondents indicated that the ability to improve the experience of their customers is a critical or important objective when it comes to the use of customer

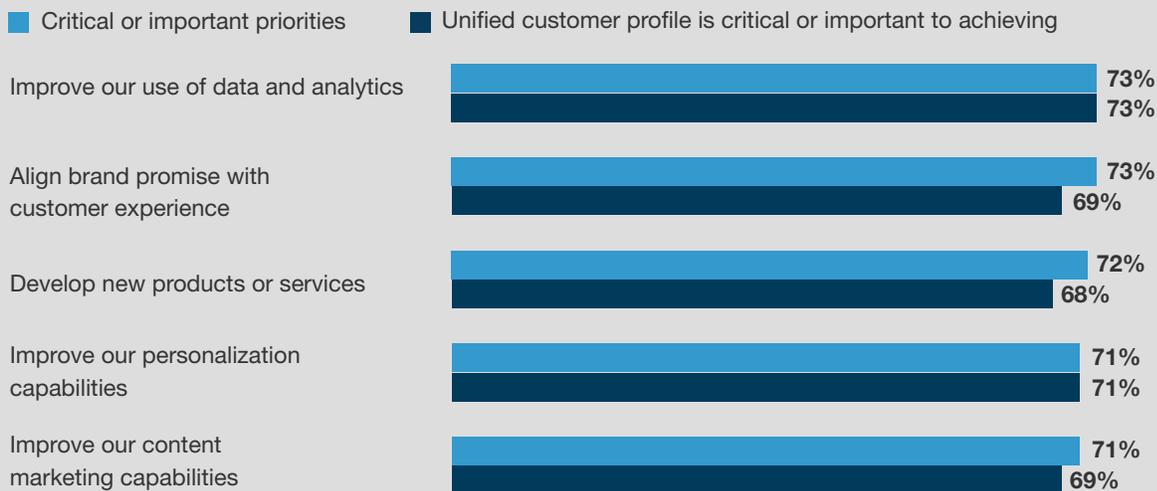


71% say a unified customer profile is important or critical to personalization.

Figure 1

“To what extent are the following initiatives likely to be an important priority for your firm’s marketing organization over the next 12 months?” and “How important is having a single, unified customer profile to achieve the following priorities?”

(Showing top five marketing priorities)



Base: 337 director level and above in marketing or advertising roles responsible for customer data, marketing analytics, or marketing/advertising technology

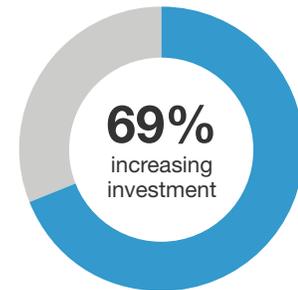
Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

engagement data; customer engagement and personalization are similarly important (see Figure 2). As modern buyers expect more personalized experiences tailored to them, the ability to effectively leverage customer engagement data is shifting from “nice-to-have” to table stakes.

- › **CDP users expect their customer data management solution to support the entire customer lifecycle.** From initial customer acquisition to deeper understanding for retention, firms want to leverage customer analytics across the entire buyer journey, from known to unknown customers (see Figure 2). A tailored, personalized experience is key not only to attract attention in crowded markets, but also to keep customers loyal.
- › **Firms are increasing investment in customer data management.** Survey respondents indicated that CDPs are a growing component of their overall customer data management strategies, which also includes data management platforms (DMPs), customer relationship management (CRM) and marketing databases, customer profiles and digital intelligence, and data warehouses and data lakes. Sixty-nine percent of respondents expect to increase CDP investment at their organizations over the next two years; one-quarter expect it to grow by more than 5% (see Figure 3). With growing amounts of customer data and a need to make that data available to systems of insight and engagement, it is not surprising that firms are investing more deeply in customer data management; the level of spending only makes it that much more critical to get CDP implementation right.

Figure 3

“How do you expect the investment in customer data platforms to change in two years?”



25% - Increase by more than 5%
44% - Increase between 0 and 5%
29% - Remain flat
2% - Decrease

Base: 337 director level and above in marketing or advertising roles responsible for customer data, marketing analytics, or marketing/advertising technology
Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

Most Firms Struggle To Reap CDP Benefits, But Leading Firms Realize Key Business Results

Our survey explored how various firms are using their CDPs, and we found that while nearly nine in 10 (89%) say they have a CDP, individual firms vary greatly in how effectively they are able to leverage unified customer profiles to achieve business results. When asked what benefits users have realized from unified data management, respondents cited increased functional effectiveness (e.g., advertising, marketing, or sales) and increased channel effectiveness (e.g., email, mobile, web, social media) as the top two benefits. Because these two benefits are still localized, rather than integrated across functions or channels, this finding suggests that firms still have work to do to effectively leverage their CDPs.

Based on the results of our survey, we conducted a maturity assessment to identify how effective various companies are at leveraging a wide range of data types within unified customer profiles (see Figure 4). We assigned each respondent



Figure 2

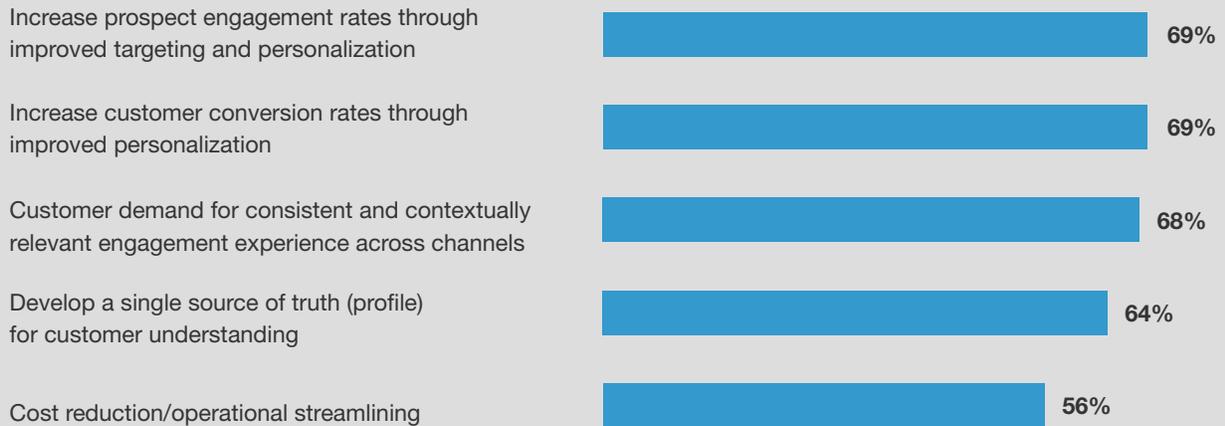
“How important are the following objectives to your organization when it comes to the use of customer engagement data?”

(Showing top six responses rated “Important” or “Critical”)



75% find improving customer experience to be a critical or important objective for customer engagement data.

“You indicated you currently have a unified customer data management solution. What drove you to adopt this technology?”*



Base: 337 and *301 director level and above in marketing or advertising roles responsible for customer data, marketing analytics, or marketing/advertising technology

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

a score between 0 and 45 based on how many types of data their firm tracks at the customer level, as well as their assessment of how effectively their firm merges those data types into a single unified customer profile. We found the bottom 22% classified as emerging (score of 0 to 15), the middle 67% classified as scaling (score of 16 to 30), and the top 11% classified as leading (score of 31 to 45).

Our analysis revealed that compared to emerging and scaling firms, leading firms that effectively leverage unified customer profiles are (see Figure 5):

- › **More purposeful in leveraging their marketing technology investments.** Leading firms are 3.3 times more likely than emerging firms to significantly increase martech budgets in the next 12 months. Leading firms also intend to use their CDPs at higher rates across all marketing use cases.
- › **More effective at measurement.** Leaders are more likely to measure across multiple marketing metrics categories, and they have a notably higher focus on business and digital metrics. Interestingly, customer metrics like customer lifetime value, customer satisfaction, and revenue per customer are in the bottom one or two categories for measurement across all maturity segments, suggesting that firms across the board need help with defining and measuring against customer metrics.
- › **More committed to customer obsession.** Leading firms are 1.4 times more likely to recognize driving customer centricity as an important or critical priority in the next 12 months. They are also



CDP users cite increased effectiveness of specific functions and channels as the top two benefits of unified data management — indicating remaining gaps in supporting holistic customer experiences.

Figure 4
Customer Profile Maturity Model Overview



Base: 337 director level and above in marketing or advertising roles
 Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

focused on leveraging customer engagement data to do just that: They are more likely than emerging firms to invest in customer engagement data management that builds long-term loyalty (2x) and provides insight to predict customer behavior (2x).

- › **More focused on delivering highly personalized, targeted campaigns.** Leaders are 2.3 times more likely than emerging firms to personalize customer interactions with contextually relevant content, and they also more greatly emphasize targeted ads and personalized nurture campaigns. This finding is not surprising, as “today’s empowered customers feel entitled to contextually relevant experiences.”¹
- › **More likely to prioritize an omnichannel strategy.** Leaders are 2.5 times more likely than emerging firms to prioritize seamless cross-channel customer experiences, and they also place critical emphasis on creating a single unified customer profile across channels and devices. Leaders are 1.3 times more likely than emerging and scaling firms to have realized the ability to scale consistent, relevant customer engagement and experience across touchpoints and channels.
- › **More successful in driving top- and bottom-line business outcomes.** Leading firms are 7.9 times more likely to see a revenue increase of more than 10% year to year compared to emerging firms. They are also 2.6 times more likely than emerging companies to see increased business results, such as profitability, as a result of their unified data management. Finally, they are 2.5 times more likely to enjoy benefits like increased customer lifetime values.

Marketers can help their firms achieve broader customer analytics maturity by working with their business technology counterparts on key competencies for rich customer insights — namely, 1) strategy to position customer analytics for insights-driven decision making; 2) structure of the customer analytics team to either build skills in-house or develop successful external partnerships; 3) data quality, quantity, and integration; 4) analytics tied to business and financial metrics; 5) process to generate, disseminate, and apply customer analytics insights; and 6) technology to produce, distribute, and activate analytics².

Emerging And Scaling Firms Must Find A Path Forward For Effective Customer Data Management

As firms continue to develop more personalized experiences, investing in unified customer profiles and leveraging them to their full potential are critical requirements to stay competitive. We found that firms can streamline the road to adopting this technology by:

- › **Alleviating complexity by leveraging experts.** Complexity topped the list of barriers for respondents who are not interested in using a CDP (see Figure 6). One way to mitigate complexity is to leverage the unified customer data platform of a third-party vendor. Leading firms



Leading firms are 3.3x more likely than emerging firms to anticipate significant increases in their martech budgets next year.

These investments pay off in faster revenue growth, increased customer lifetime value, and increased differentiation.

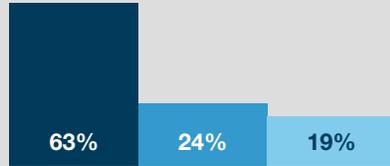
Figure 5

Leaders In Unified Customer Profile Management Make Customer-Centric Investments That Drive Business Outcomes

LEADING **SCALING** **EMERGING**

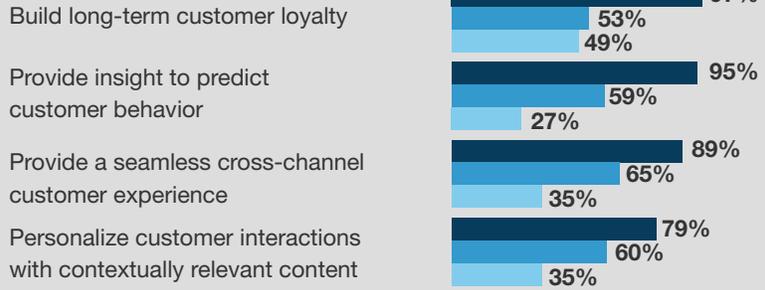
Tech investments, customer-centric goals, and strong metrics drive leading firms' customer data initiatives.

Marketing technology budget

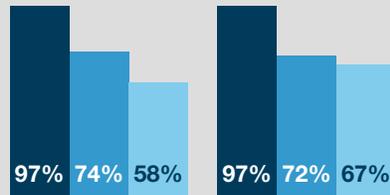


Expect significant increase in the next 12 months

Customer engagement data objectives



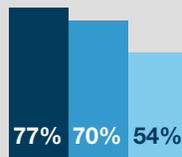
Marketing metrics tracked



Business metrics

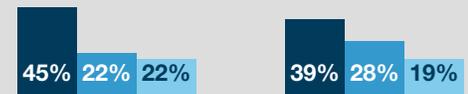
Digital metrics

Marketing priorities



Driving customer centrality is important or critical

Critical use cases for customer data

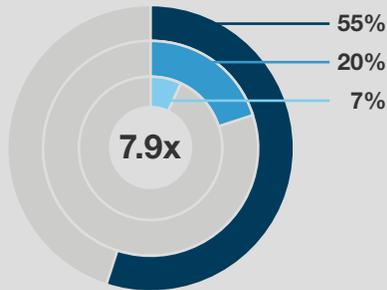


Increase acquisition through targeted ads

Create a single profile across channels/devices

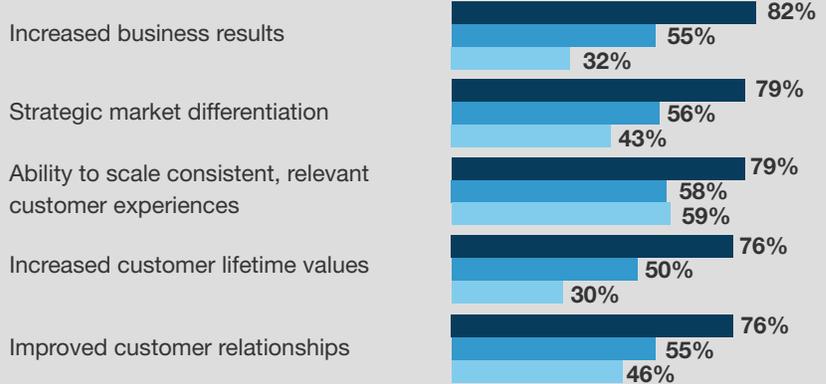
These differentiators help leaders realize more benefits and drive stronger business outcomes.

Double-digit revenue growth



7.9x more likely to increase revenue by more than 10%

Benefits realized from unified data management



Base: 301 to 337 director level and above in marketing or advertising roles (N = 37 to 226 per segment)
 Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

are 3.2 times more likely than emerging firms to have implemented a third-party cloud-based CDP solution as part of their customer data strategies.

- › **Garnering executive sponsorship for CDP initiatives.** Sixty-four percent of non-CDP users indicated that lack of executive support is a major barrier to implementing a CDP (see Figure 6). Putting the data house in order is no small feat; it requires time and investment to get unified customer profiles up and running. Executive support is critical to ensure the initiative lives through initial implementation to realize the full benefits of the technology.
- › **Coordinating closely between marketing and data management functions.** Respondents whose firms have already implemented CDPs revealed that top implementation challenges often were tied to breakdowns between silos (see Figure 7). Firms can address challenges like identifying disparate data sets (55%), resolving identities across different data sources (53%), and keeping customer profiles refreshed and up to date (51%) with tight coordination between marketing and other functions responsible for data management.

Figure 6

“Which of the following indicate why your organization does not plan to use a CDP?”

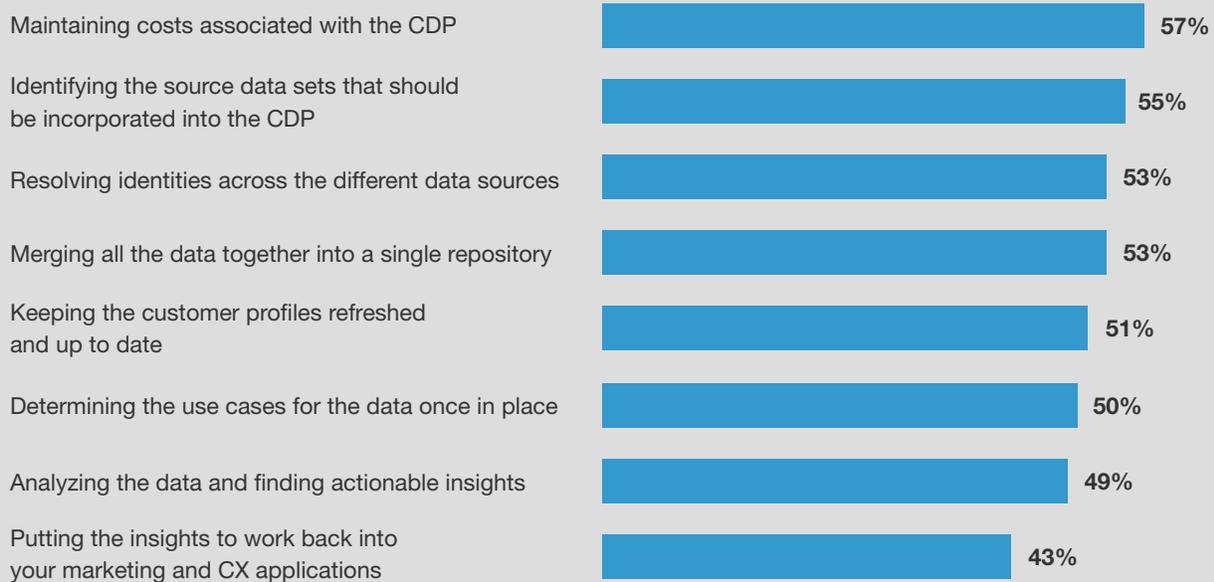


Base: 36 director level and above in marketing or advertising roles at organizations not planning to use a CDP
 Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

Figure 7

“In thinking about how your organization implements and operates its current unified customer data management solution, which of the following were challenges your firm encountered?”

(Select all that apply)



Base: 337 director level and above in marketing or advertising roles
 Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

Key Recommendations

A holistic customer data management strategy is a prerequisite for delivering experiences that are valuable for customers and profitable for the brand. Customer data management technologies are therefore critical business technology investments. Within a firm's marketing technology ecosystem, customer data management investments like CDPs enable marketers to integrate engagement data, build unified customer profiles, and deliver personalized experiences. Getting it right can yield significant business dividends, but marketers struggle with inherent data complexities. Forrester's survey of 337 marketing and advertising decision makers yielded several important recommendations to help marketers overcome customer data management challenges:



Don't conflate your strategy with a platform. Organizations invest in various customer data management technologies, including CDPs, as part of their enterprise customer data management strategies. It is critical to understand the capabilities of a CDP and how to integrate it seamlessly as a requisite component within your business technology ecosystem. Remember that your customer data management strategy is more holistic than any one technology category, and it spans the entire customer experience spectrum, including sales and commerce, marketing, and services.



Collaborate across business and technology functions, with leadership buy-in. A successful customer data management strategy involves multiple stakeholders and will require collaboration across marketing, other business functions, and IT experts responsible for data science, enterprise architecture, and technology implementations. Firms see higher returns on their customer data management investments when marketers align technology solutions, cross-enterprise requirements, and business objectives that are supported by the executive team.



Pinpoint useful data sources and invest in identity resolution. You can only truly personalize experiences for customers you recognize and understand. Look for data sources that enable you to append additional insights to customer profiles using identity parameters. Embrace data discovery techniques to associate affinities, attitudes, sentiment, and context with demographic and behavioral profiles. Don't underestimate the complexity of data integration and profile aggregation; look to vendors with customer data management expertise to support your efforts.



Enrich customer profiles with actionable intelligence. Effective CDPs consolidate multiple types of customer data from disparate sources into a centrally managed repository. Marketers looking to deliver more personalized customer experiences must identify gaps in their customer data management strategies and design digital touchpoints to capture missing data elements. Don't collect data just for the sake of it; understand how each data point will contribute to a deeper understanding of how the brand can serve customer needs.



Build trusted relationships based on value exchanges. It is critical to be open about collecting data to establish trust with customers and meet evolving expectations (and regulations) for privacy and security. Consider the kind of customer data that can be captured in one touchpoint for creating experiences in others, and clearly explain to the customer why you are collecting the data and how you intend to use it. Focus on customer experiences that will deliver value in the moments that matter to individual customers, versus superficial personalization.



Define and track customer-centric metrics. It is obviously critical to understand marketing's contribution to business results like revenue and profitability. It is equally important to understand how customer engagement via digital channels contributes to interactions and transactions. But to become truly customer obsessed, organizations must pivot to customer metrics that focus on improving customer experiences to drive long-term loyalty, higher lifetime value, and sustainable competitive differentiation.

Appendix A: Methodology

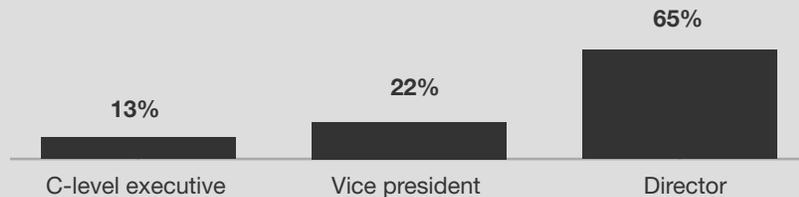
In this study, Forrester conducted an online survey of 337 professionals in North America and Europe who are responsible for customer data, marketing analytics, or marketing/advertising technology. Survey participants included decision makers at the director level and above in marketing or advertising roles. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in August 2019 and was completed in September 2019.

Appendix B: Demographics/Data

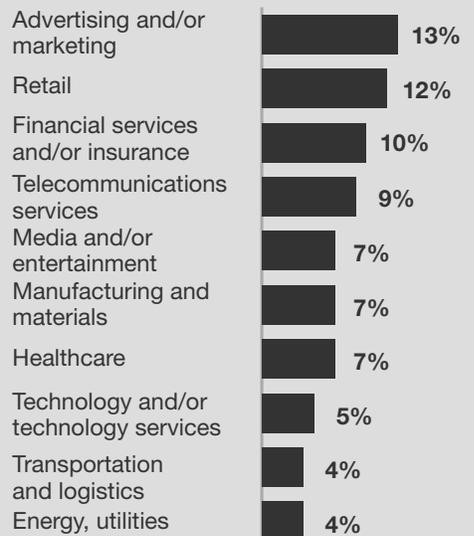
REGION



RESPONDENT LEVEL



INDUSTRY (TOP 10 SHOWN)



Base: 337 director level and above in marketing or advertising roles

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, September 2019

Appendix C : Related Research

“How To Build A Moments-Based Marketing Ecosystem,” Forrester Research, Inc., September 13, 2019.

“Measure Your Digital Intelligence Maturity,” Forrester Research, Inc., March 21, 2019.

“Evaluate Your Data And Information Management Maturity,” Forrester Research, Inc., January 16, 2019.

“Customer Data Platforms Offer A Compelling Solution To B2B Data Challenges,” Forrester Research, Inc., July 9, 2019.

Appendix D: Endnotes

¹ Source: “Now Tech: Cross-Channel Campaign Management, Q2 2019,” Forrester Research, Inc., May 17, 2019.

² Source: “Gauge Your Customer Analytics Maturity,” Forrester Research, Inc., September 6, 2019.

