

2024 CDP Market Guide



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The State of Customer Data Platforms

Customer Data Platforms have emerged as a key element of a brands' marketing stack - but not all CDPs are created equal.

The core promise of the CDP is to bring together your customer data for a complete view of the customer. But in 2023, we saw CDP categories evolve, with their capabilities expanded to meet the changing demands of the market and environment.

To date, there are several different kinds of CDPs - platforms with different strengths aiming to solve different parts of the customer data puzzle. But

when every CDP seems to say the same things, it's important to unpeel the strengths and weaknesses that will make or break your customer experience and business goals.

In this guide, we'll break down the CDP market, review key elements of each category and discuss the trends that will shape the CDP landscape in 2024.

How the CDP Market Will Evolve in 2024

1. Composable CDPs. In 2023, we saw the Composable CDP solidify its place in the market as the solution built to evolve with each brands' data and customer experience strategy. With flexibility baked into the architecture of the Composable CDP, we'll continue to see these solutions dominate the martech scene with clear benefits for both data and customer experience leaders.

2. Evolving Priorities. In Gartner's annual survey of CIOs, they discovered that 45% of CIOs are driving a shift to co-own digital leadership with Customer Experience teams - bringing business and technical teams together in the ownership of marketing technology. With that, we'll see a shift in priorities for adoption - data leaders will seek solutions that provide choice through a flexible, open infrastructure. With composable technology providing an answer to that need, we saw skeptics embrace it and adoption to continue to gain traction throughout 2023. Momentum won't slow down in 2024, with budgets moving closer and closer to technical teams as they become more familiar with the opportunity.

3. Acquisition and Advertising Use Cases. We'll also see CDPs begin to take more responsibility for acquisition-focused use cases that are nearly obsolete with third-party cookies finally seeing the door.

Advertising is becoming more and more reliant on a first-party foundation provided by CDPs for more control, cleaner data, and more respect of privacy. This is already happening with DMPs getting replaced by CDPs, Data Clean Rooms becoming more prevalent, the rise of first-party data collection (CDI) vendors like Snowplow and Metarouter, and data onboarding vendors like LiveRamp becoming redundant and struggling to stay relevant with high onboarding costs.

4. Generative AI. Another massive trend we'll see manifest in marketing technology this year is the adoption of Generative AI, with enterprise brands looking to unlock efficiency and performance for their businesses.

As brands rush to adopt GenAi, they will need the right data foundation and right context to succeed - building their own products and services around customized models. LLMs will need to be trained on an enterprise's own data and context to operate effectively. With the business context of an enterprise's own customer data through CDPs like ActionIQ, models will become rich and effective - and with the hyper-targeting capabilities of CDPs, the efforts of those models won't be wasted with ineffectual activation efforts.

The Composable Approach

The composable approach offers brands a pathway to the best of what CDPs can offer while maximizing existing workflows and architectural investments.

✓ PROS

- Best-of-breed functionality
- Highest levels of data security
- Fulfills diverse organizational needs

✗ CONS

- Requires in-house Data Warehouse / Data Lake strategy
- Newer market with fewer options

What is a Composable CDP?

Traditional CDP offerings typically come with “Bundled” infrastructure and applications, in which the vendor has to create one or more copies of the necessary customer data in order to perform the analysis and activation in the CDP. While still effective for many use cases, Bundled CDPs quickly become duplicative when companies invest in their own data infrastructure - often in the course of centralizing data across the enterprise. In addition, when data is copied from internal infrastructure to “Bundled” CDP infrastructure, it creates additional costs and security risks as copies of the data are maintained outside of the company’s own security network.

According to Gartner Predicts 2024: Machine Customers, GenAI for CX, Composable DXP, by 2026 at least 70% of organizations will be mandated to acquire Composable Digital Experience Platform (DXP) technologies, as opposed to monolithic suites, compared to 50% in 2023 — for agile, best-of-breed stacks that move with the future.

A Composable CDP has capabilities that eliminate the need to store copies of data when activating it across business applications. There are numerous benefits in eliminating copies across the data stack, which is what Composable platforms enable, including:

Less copies and lower complexity. With a Composable CDP, there is no need to manage divergent data models, no data inconsistency across different systems, etc.

Lower costs. With all (or nearly all) processing and storage happening in one platform, customers can take advantage of volume pricing and economies of scale.

Better security. In a Composable CDP model, the CDP persists no data and the customer can cut off access to PII data at will. In contrast, with multiple copies of customer data across many vendors, it becomes harder to track and control customer data access.

Faster deployments. A Composable CDP can be up and running in minutes: all it takes to get started is to grant and configure access to the Data Warehouse. In contrast, deploying a Bundled CDP is always more time consuming and can take 10x more time to deploy new data and use cases versus the Composable approach.

There are also downsides of Composable CDPs, including:

- Lack of true real-time capabilities, since all processing goes to the Data Warehouse which at best will attempt a micro-batching approach to real time (still slower than true real time).
- All data needs to be present in the Data Warehouse; if any data is missing, they have to go through IT to be loaded in the Data Warehouse which, depending on the organization, can cause delays.
- Inability to implement certain use cases such as using the CDP for anonymous and acquisition use cases, which rely on real-time data feeds directly from the website.

ActionIQ is unique in offering a Hybrid approach that provides a 100% native Composable CDP architecture, but with the ability to use a Bundled approach only as needed. The choice is fully up to the user of the ActionIQ CDP, offering unparalleled flexibility and power for Enterprise deployments.

Cloud data companies such as Databricks, Snowflake, Teradata, Google BigQuery and Amazon Redshift are teaming up with CDPs to enable organizations to unbundle their technology stacks and embrace composability.

“Partnerships such as the one between Databricks and ActionIQ enable IT to centralize customer data and create their own source of truth while still democratizing access to that data across business partners. This Composable approach combines the advantages of the security and scalability of modern cloud solutions with the benefits to revenue growth, operational efficiency and improved CX created by CDPs.”




Steve Sobel

Global Industry Leader for Communications, Media & Entertainment at Databricks.



To learn more about how Databricks and ActionIQ are delivering a next-generation CDP solution, check out our [joint solution brief](#).

According to the Andreessen Horowitz [category-defining post](#) on Composable CDPs, the following three criteria need to hold true for a CDP to be truly Composable.

CHARACTERISTICS	DESCRIPTION
 Zero-copy architecture	Zero-copy architecture avoids duplication of data and associated costs and security risks by allowing compute on data to be performed in place within a company’s own data infrastructure. This design enables companies to leverage their existing data storage and processing resources, rather than copying data to external systems or vendors.
 No-code	In order for Composable CDPs to benefit the IT organization, it needs to enable marketers to self-serve data and insights. As such, Composable CDPs must offer an interface into the data warehouse that does not require SQL. The CDP should be able to act as a translation layer between a drag-and-drop UI and SQL that will run on the data warehouse.
 Warehouse agnostic	Things change, and the Composable CDP should not be tied to a single data warehouse or storage system and should work with any type of data storage system. This is important because it allows the system to be more flexible and adaptable based on client use cases. It’s not always the case that all data in an enterprise is centralized on a single place.

Who Should Adopt a Composable CDP?

GOOD FIT

- Brands who are heavily invested in centralizing data in a Data Warehouse
- Brands with a strong customer 360 initiative and limited business impact
- Brands in highly regulated industries
- Brands that need deep functionality and complex use cases

POOR FIT

- Brands with limited existing infrastructure investment
- Brands with critical tech gaps that are easier to be addressed with a single solution (Bundled CDP)

Reverse ETL vs Composable CDPs

There is a lot of confusion around Reverse ETL tools and for good reason.

The founding vision of Reverse ETL tools had little to do with CDP. Instead, Reverse ETL tools were created to simplify and automate ETL. In simple terms, Reverse ETL is a simple way to automate data movement from A (usually the Data Warehouse) to B (different tools including MarTech tools). At their core, they are much more similar to

traditional ETL tools (Forward or Reverse) than to CDPs.

The main similarity between ETL and Composable CDPs is that they both use the Data Warehouse for storage and processing. Reverse ETL tools started with a very specific focus versus CDPs, which is summarized in the following table:

	ETL APPROACH	CDP APPROACH
Goal	Automate data movement from Data Warehouse to Activation Channels	Targeting, Personalization, Customer Intelligence and AI, Orchestrating Customer Experience and Journeys
Buyer	IT	IT or Marketing
User	Engineers, specifically analytics or Data Engineering, usually the same team or adjacent to the Data Warehouse team	Marketing is the end user because they own the customer experience and customer-related budgets. IT is a key user that helps deploy and configure the CDP
Product DNA	A single interface for business and tech users. Expose as much complexity as possible for engineers	Separate UI into business and technical; hide most complexity from business users; expose it for technical users
Approach to Customer Success	Product-led Growth, which really means success is left up to the customer	Bring a mature services and solutions team to ensure customer success across different teams and departments
Market focus	Started SMB and mid-market; few departmental ETL use cases in large Enterprises	Focused on Enterprise-wide deployments from day one

As we see, these two categories are very different. So then why the confusion?

2023 was the “Year of the Pivot” for Reverse ETL platforms. After claiming for several years that “CDPs are dead” and the infamous post [“Friends don’t let friends buy a CDP”](#), they realized that Reverse ETL is a feature, not a product, and all traditional CDP functionality is critical for Enterprise environments. As such, they performed a 180 degree turn and are now trying to catch up with a massive amount of CDP functionality they are missing, being five to seven years behind mature CDPs.

Reverse ETL tools are great for the original use case: automating the movement of data from A to B for data engineers in small/mid-size tech companies. Rebuilding such a solution as an Enterprise CDP product may be too big of a challenge for any vendor so we recommend caution for buyers that need to support a mixed technology/ business organization or have Enterprise scale.




The Composable Market





If the Composable approach is the right one for your business, use the table below to start understanding your options for providers that can support true Composability:

Native Composable Vendors

VENDOR	STARTED AS	MARKET SUCCESS	COMMENTS
 ActionIQ	CDP	Enterprise	Vendors leading the way in the composable market are enabling enterprises to invest in their cloud data warehouses as the source of truth for data. In order to do so, they must have query pushdown capabilities with data warehouses, thereby removing the need to move data.
 Census	Reverse ETL	Mid-Market	
 hightouch	Reverse ETL	Mid-Market	Failure to do this means the vendor will be operating on a copy of data, creating additional costs due to the operational effort and cloud costs incurred when moving data – not to mention the additional security risk created by having another copy of data in the cloud.
 rudderstack	Reverse ETL / Tag / Events Manager	Mid-Market	

Bundled (positioning as Composable or Zero ETL)

VENDOR	STARTED AS	MARKET SUCCESS	COMMENTS
 salesforce	ESP	Enterprise & Mid-Market	<p>Salesforce’s Data Cloud is Salesforce’s 5th attempt in 5 years to build a CDP. It is positioned as a data integration play for Salesforce data. It has no proven business self-service UI and no ability to use the customer’s data warehouse for storage and processing, so it doesn’t qualify as Composable.</p> <p>Salesforce claims Zero ETL however that is just another way to copy and load data; in fact, multiple copies of Customer Data are required for Salesforce to enable the many different marketing cloud apps to work.</p>

VENDOR	STARTED AS	MARKET SUCCESS	COMMENTS
 Simon	ESP for eCommerce Sites	Mid-Market	Simon Data uses Snowflake in the backend, however that is not the same as using the customer's Snowflake for storage and processing (Data Sharing, which is a different way to Copy/Load data), hence it doesn't qualify as Composable. It also has limited partnerships and capabilities with any platform other than Snowflake.
 mparticle	Mobile SDK Management	Enterprise	mParticle started as a way to capture data from mobile apps, like Tag Managers capture data from websites. CDP functionality was added later.
 Lytics	CDP	Enterprise & Mid-Market	Lytics claims Composability however that requires hand-written SQL code and is not usable by business/UI users, hence it fails the Composable CDP definition.
 Segment	Tag Management	Mid-Market	Segment started as a tag management solution for mid-market tech companies. It does not have robust CDP functionality and has no Composable architecture, i.e. it cannot leverage historical customer data in the Data Warehouse.

Try Composable On For Size With a Proof of Concept

ActionIQ maps to existing data sources like Databricks or Snowflake, making setup a breeze. Try it in our no-cost, zero-risk POC.

Reach out to see if you qualify.

The Bundled Approach

The bundled approach offers enterprise and midmarket brands a means to fulfill critical marketing use cases, although mature IT organizations want more flexibility and control.

✓ PROS

- Effective at key personalization & CX use cases
- Designed for business usability first

✗ CONS

- Can be duplicative with other cloud data stack capabilities
- Data copies are required

What is a Bundled CDP?

A Bundled CDP is a traditional all-in-one solution defined by industry analyst CDP Institute as “packaged software that creates a persistent, unified customer database that is accessible to other systems.”

These solutions combine infrastructure capabilities with business applications and aim to provide an end-to-end solution for collecting, unifying, segmenting, orchestrating and activating customer data.

For organizations who have made limited infrastructure investments or have significant gaps in any of the above areas, Bundled CDPs can be a

strong choice to deliver time-to-value and support business-critical use cases leveraging customer data.

The potential downside of this approach is that when major investments in data collection, unification, and analytics have been made, a Bundled CDP will be duplicative to parts of the existing stack. In addition, because a Bundled CDP requires operating on a copy of data, it creates additional costs due to operational effort and cloud costs incurred when moving data – not to mention the additional security risk created by having another copy of data in the cloud.

Who Should Adopt a Bundled CDP?

👍 GOOD FIT

- Brands looking to accelerate data access to business teams with minimal effort
- Brands with limited investments in CX architecture
- Organizations with multiple brands of varying martech sophistication

👎 POOR FIT

- Brands with mature tech stacks and deep infrastructural investments
- Environments that aim to centralize their Customer 360 data in the Data Warehouse / Lakehouse
- Organizations seeking maximum data security, e.g in regulated industries






The Bundled CDP Market

Two factors are most important when categorizing bundled CDPs: what they were built to do and who they were designed for.

By understanding the original purpose of different offerings - and who their users were intended to be - you can determine both their core outcomes and their usefulness for your organization. For example, a tool designed to help IT teams unify

customer profiles will prioritize the configuration of data flows at the expense of marketer-friendly segmentation and experience orchestration.

With this in mind, Bundled CDPs can be sorted into three categories: Customer Data Infrastructure (CDI), Customer 360 and Data Activation and Orchestration or Core CDPs.

TYPE	VENDOR	WHAT THEY ARE	STRENGTHS AND WEAKNESSES
Customer Data Infrastructure (CDI)	 Segment  mparticle  TEALIUM	Tag (or mobile/SDK) Managers, focused on managing javascript/SDK tags, and routing customer events to 3rd parties. Segment and Tealium were in the Tag Management category for many years; the 'm' in mParticle stands for mobile	<p>Strengths</p> <ul style="list-style-type: none"> Collecting web and mobile/SDK customer event data Web governance (GDPR, CCPA) Real-time activation of web and mobile events to 3rd party channels <p>Weaknesses</p> <ul style="list-style-type: none"> Difficulty leveraging Enterprise data not collected by the CDIs or historical customer data No ability to integrate customer data from multiple enterprise sources Limited audiencing and omni-channel journeys Very limited ability to leverage large amounts of historical customer data Being IT solutions at their core, their business UI is weak and has limited functionality
Customer 360	 Amperity &  TREASURE DATA	Customer 360 CDP vendors, also known at times as Data Integration CDPs or Master Data Management (MDM) solutions, started as databases that integrate data and resolve identities	<p>Strengths</p> <ul style="list-style-type: none"> Connecting data from multiple sources Identity resolution algorithms Engaging with IT on large data integration projects

TYPE	VENDOR	WHAT THEY ARE	STRENGTHS AND WEAKNESSES
		<p>In the modern world of cloud data warehouses, Customer 360 CDPs are increasingly competitive with warehouse-centric architectures</p>	<p>Weaknesses</p> <ul style="list-style-type: none"> • Limited business-user functionality • Lacking mature orchestration capabilities • Limited or no real-time capabilities • No Composable architecture
Data		Experience orchestration	<p>Strengths</p> <ul style="list-style-type: none"> • Increasingly competing with Cloud Data Warehouse-centric architectures • Data and IT-focused
Activation and Orchestration	  	<p>CDPs built to scale personalized experiences across all online and offline touchpoints using customers' full profile histories</p>	<p>Strengths</p> <ul style="list-style-type: none"> • Accessing historical data from Enterprise data sources • Best-in-class Audiencing, Journeys, Orchestration • Marketer-friendly UI, separate from the IT-friendly part of the product • Acquisition use cases in addition to 'traditional' CDP use cases • Composable architecture (for ActionIQ only) <p>Weaknesses</p> <ul style="list-style-type: none"> • Large data integration projects • For the mid-market vendors, limited ability to handle enterprise data scale and complexity • Generally limited ability to capture web data directly unless they've invested in or partnered with a CDI or tag

The Marketing Cloud Approach

The marketing cloud approach is a tempting choice for enterprises looking to minimize the number of vendors in their stack, but it doesn't unlock the business value of customer data like other approaches will.

✓ PROS

- Limits number of unique vendors in stack
- Improves interoperability of cloud solutions

✗ CONS

- Not standalone CDPs without heavy existing investments
- Creates vendor lock-in
- Fails to deliver best-of-breed capabilities of other CDPs
- Reliant on technical resources and designed for technical users
- Incremental licensing creates high total cost of ownership

What is a Marketing Cloud CDP?

Marketing Cloud CDPs – such as those offered by Salesforce, Adobe and Oracle – are platforms designed to compile data from point solutions within a cloud portfolio and create a single view of the customer. Typically, these CDPs are intended for use by IT departments and are geared towards enterprise organizations that have already invested heavily in other point solutions within the marketing cloud.

These platforms often behave like walled gardens, discouraging users from exporting customer data to non-marketing cloud tools and may enforce limits on the amount of data they can export. Using these CDPs for tasks beyond data management may also require licensing additional products and potentially multiple SKUs.

While some Marketing Cloud CDPs are effective in supporting certain use cases – for example, real-time web personalization or multi-channel campaign delivery and dashboarding – they often have stringent data formatting requirements and disjointed architectures that hinder their ability to deliver marketing speed, accuracy, and scale.

Overall, these CDPs can be useful tools for certain organizations, but their limitations may make them unsuitable for most. Brands considering a Marketing Cloud CDP should carefully evaluate their needs and the potential costs and limitations of these platforms before making a decision.

The Hidden Cost of a Marketing Cloud CDP

Some Marketing Cloud CDPs are being offered at low introductory prices. Even though that may be compelling, it can lead to significant costs and pain as early as a few months into deployment. Here are the key reasons this can happen:

1. The reason these products are offered at a discount in the first place is there are significant gaps. These gaps at the very least will prolong deployment and time to value (since they have to be mitigated through professional services and custom development) and at worst they may be the reason real value is never realized.
2. The need significant additional professional services means that early deployment milestones are missed over and over again, and costs balloon as the CDP project goes from being software/platform-first to being Professional Services first.
3. Even though services may (with enough time and money) cover some of the gaps, it almost never becomes a self-service capability for the business. Meaning that services are not just a deployment compromise, but becomes an ongoing dependency every time a new campaign or CX strategy needs to be launched.
4. Marketing Cloud CDPs primarily aim to enable vendor lock-in. These CDPs only integrate well with products from the same marketing cloud. This means that as soon as a customer deploys a Marketing Cloud CDP, they are now locked into that cloud and have given up any optionality.
5. Vendor lock in also means that all pricing power is given to the Marketing Cloud vendor; customers have little recourse if the vendor decides to raise prices or push sub-part products.
6. The Customer Experience space is evolving very quickly, with customers engaging with new channels every year; lack of a 'best of breed' option means the Marketing Cloud vendor's stack is always at least a few years behind from where the consumer is, creating a lot of stress for marketers looking to engage with those consumers where they are.

Who Should Adopt a Marketing Cloud CDP?



GOOD FIT

- Brands with large to unlimited budgets
- Buyers with significant job security that can withstand constant delays and budget overruns
- Organizations that have no option to bring in new vendors





POOR FIT

- Brands looking for fast time-to-value and ROI
- Organizations with limited budget and resources
- Organizations looking to avoid potential security risks through repeated data copyings
- Organizations utilizing several non-cloud technology providers




The Marketing Cloud CDP Market

Enterprises evaluating a Marketing Cloud CDP will only give serious consideration to the solution offered by the Cloud vendor they have a deep relationship with. Use the table below to understand which Cloud vendors have an offering worth testing.

★ Leaders

VENDORS	DESCRIPTION
 	<p>These Marketing Clouds built their portfolios primarily through vendor acquisition, but they began in-house development on CDP products after demand rose for such solutions. The sophistication of their CDPs varies, but all fall well short of democratizing customer data across every business team and application.</p> <p>Adobe has an edge on maturity over alternative Marketing Clouds, with a focus on supporting real-time data flows. Salesforce has touted multiple CDP-like products, some focused on web personalization and others on audience segmentation.</p> <p>Deploying a Marketing Cloud CDP may appear to be the easy choice. But analysts and clients warn that deploying one is often costly, effort-intensive and generates questionable ROI. We caution brands evaluating Marketing Cloud CDPs to ask these vendors to “show” and not “tell” advertised functionalities.</p>

🔧 Aspirants

VENDORS	DESCRIPTION
  	<p>These vendors started more recently in a specific part of the stack – such as SMS channel delivery in Twilio’s case – and expanded over time into the CDP market with a mix of acquisition and in-house built solutions.</p> <p>Their CDP strategy takes inspiration from the big marketing cloud suite vendors, and as such they face similar challenges of integrating and developing products originally not meant to work with each other.</p>

Embrace Choice and Empower Your Team With the Right CDP

With so many options available, enterprise brands must cut through the noise to make the right choice - but you and your team should be empowered by this choice. Take stock of where you are today, how you can drive alignment with your customer experience and data teams, and map the primary use cases you want to launch and scale.

But remember: Collecting and analyzing customer data isn't valuable if you can only take limited action on it.

Whether you buy or build the technology that powers your customer experience strategy, the ability to operationalize customer data into personalized experiences is crucial.

If you want to deliver compelling CX to the right person at the right time and place, make sure your business teams can access and activate complete customer insights for each moment - with ease.

Incremental revenue, operational efficiency and customer loyalty all depend on your ability to leverage your customer data. Choose a CDP that has the enterprise-grade scalability, flexibility and connectivity you need to provide superior customer experiences and evolve those experiences. Select a CDP that gives you the opportunity to explore their platform through a Proof of Concept, and think twice about those options that don't offer the opportunity.





ActionIQ is a new kind of customer data platform for enterprise brands who want to grow faster and deliver meaningful experiences for their customers. Enterprise brands like Albertsons, Atlassian, Bloomberg, DoorDash, HP, and many more use ActionIQ to drive growth through extraordinary customer experiences.

[Get in touch](#) with our experts to learn more.

