

The background of the entire page is a complex, abstract digital network. It features numerous glowing blue and purple lines that connect various nodes, some of which are represented by stylized human figures. The overall effect is one of a dynamic, interconnected digital ecosystem. The background has a blue-to-purple gradient, with the purple being more prominent in the upper half and the blue in the lower half.

Harnessing Customer Data Platforms

The Key to Customer-Centric Success

2025



Harnessing Customer Data Platforms: The Key to Customer-Centric Success

Foreword

In the fast-paced digital environment, businesses face the dual challenge of managing vast amounts of data while meeting the increasing demand for hyper-personalized customer experiences. Within this context, Customer Data Platforms (CDPs) have emerged as a pivotal technology, enabling organizations to harness the power of their data across disparate sources. We'll uncover a comprehensive understanding of what a CDP is and how it works, including how it can unify and organize different types and sources of data for marketing, enhance data activation, and improve decision-making.

As the MarTech landscape expands, the need for a robust and scalable customer data management solution has never been more critical. A well-implemented CDP aggregates and unifies customer data from various channels, ensuring it is accessible and actionable in real-time. This capability allows marketers to craft tailored, timely, and relevant communications, delivering superior customer experiences. Additionally, understanding how a CDP fits into the broader data and marketing technological ecosystem and recognizing its benefits, including its impact on ROI, is essential. By exploring leading practices, real-world use cases, and strategic considerations, businesses can deploy a CDP that aligns with their goals.

Entering a new era in customer intelligence, the intersection of data and technology can unlock unprecedented value. This white paper serves as both a guide and a source of inspiration for businesses embarking on their CDP journey. Leveraging the insights contained herein will equip organizations to navigate the complexities of technology and data integration, setting the stage for sustained growth and competitive advantage. Explore the future of customer data management through a comprehensive lens, preparing your organization for lasting success.



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Laying The Foundations for Customer Data Platforms (CDPs)

Organizations are embracing opportunities to enhance their marketing strategies, elevate customer engagement and achieve impressive returns on investment (ROI). Customer Data Platforms (CDPs) have emerged as a powerful solution to meet these evolving business needs. They empower organizations and their marketing teams to connect seamlessly and effectively with customers at every touchpoint.

By integrating customer data into a centralized view and connecting to the rest of the technological ecosystem, CDPs enable more informed decision-making, help personalization, optimize marketing efforts, and streamline operations. Ultimately, CDPs lead to an exceptional customer experience, fostering loyalty and satisfaction. Embracing CDPs not only enables efficient marketing strategies but also paves the way for meaningful connections with customers, driving success in today's competitive landscape.

What we will cover

- › Understanding what a CDP is and how it works
- › How a CDP can unify and organize the different types and sources of data for marketing
- › Understanding the CDP's capabilities for data activation and better decision making
- › How a CDP fits into your technological ecosystem
- › What are the benefits of a CDP and its impact on ROI

We will provide you with tips on how to get started...

Determining if a **CDP is right** for your organization and **key considerations to keep top-of-mind**

Building a **strong business case** and determining the **ROI** behind a CDP implementation

A step-by-step guide on **selecting the right CDP** for your organization.

We will share inspiring success stories of organizations that have transformed challenges into opportunities.

Join us as we explore the positive outcomes that can arise from embracing a CDP strategy!

Back to Basics: Understanding Customer Data Platforms

While marketers can manually gather data from all of their organization’s sources and create a picture of who their customers are, the task and volume of data can be daunting and lead to significant inefficiencies. It is common for organizations to mention that they have too much data, often siloed, and they do not know how to generate insights that will inform business decisions, optimize their efforts and ultimately drive growth. Here is where Customer Data Platforms (CDP) come into play.

A CDP is a centralized system that collects, stores, and manages all types of customer data, in real time and from various sources to create a unified customer profile. This unified view is used by organizations to better understand their customers, optimize their marketing strategies, and measure the effectiveness of their initiatives.

How it works

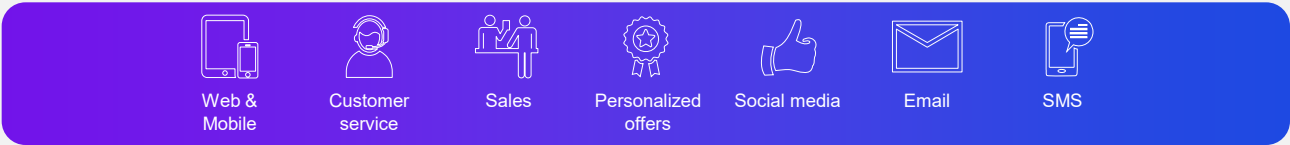
1 The CDP collects all types of customer data, from multiple sources, often in real time.



2 It then unifies the data to obtain:



3 In order to dynamically optimize, personalize and adjust marketing efforts to deliver a better customer experience.



From Data Collection to Activation: Understanding CDP Capabilities

Customer Data Platforms (CDPs) are designed to centralize customer data from various sources, providing a unified view of the customer. Below are some common capabilities of CDPs that illustrate their value to businesses. Note that not all capabilities listed are full scale for each CDP and one size does not fit all.

47%

of CDP functions are used by organizations that adopted the solution in 2023, according to Gartner.¹



Data Collection and Integration

CDPs use a combination of server-side tags and out-of-the-box integrations to capture and transmit data across a connected ecosystem.



Unified Customer Profiles

CDPs offer a reliable source for all unified marketing data needs, including demographic, behavioral and transactional data. Data is aggregated into profiles using advanced identity resolution capabilities.



Predictive and Analytical Modeling

CDPs leverage Machine Learning and AI to easily build robust analysis and attribution models. They can offer ready-to-use templates and models for rapid intelligence and response.



Dynamic Segmentation

CDPs facilitate the creation of dynamic, multi-dimensional segments that update in real time and can be transmitted to systems such as advertising networks or other marketing tools.



Campaign Orchestration and Personalization

CDPs make it possible to personalize and optimize user interactions across all (usually digital) contact points.

¹Source: Gartner, Critical Capabilities for Customer Data Platforms, February 19, 2024

Debunking Common Misconceptions: Marketing Technologies You May Still Need

Over time, organizations have built, developed and added to their marketing technology (MarTech) ecosystems, increasing their complexity which teams then need to learn to manage. These ecosystems are as varied as they come and are composed of many different platforms that each have a role to play.

It is a common misconception that implementing a CDP will replace the need for other marketing technologies, such as CRMs or marketing automation tools. In fact, CDPs work best when integrated with these systems--enhancing their capabilities and providing a more comprehensive view of customer interactions.

Examples of marketing technologies you may still need along with your CDP

• Web Analysis

CDPs focus their analysis on customer research rather than Web interaction analysis. Tools such as Google and Adobe Analytics remain indispensable for a complete analysis.

• Campaign Management

A CDP neither stores nor distributes messages. It acts as a data source for these systems and can trigger real-time actions to feed the appropriate system.

• Database

A CDP is not intended to host all the company's data. EDWs, MDMs, Data Lakes and other data sources remain necessary, with the CDP becoming a component of the data ecosystem.

• Content Management System (CMS)

A CDP does not eliminate the need for a CMS to store and organize content. It can integrate directly with a CMS, giving it the ability to personalize your content in real time.

• Segmentation & Analysis Tools

They are still needed for in-depth modeling. The model scores produced by these tools can be fed back into the CDP to improve the customer experience.

Maximizing the Benefits of Your Marketing and Technology Investments

CDPs have now become a key focus for marketing, data, and technology teams, as they bridge gaps on important topics across all departments of an organization.

The implementation and use of a Customer Data Platform (CDP) can be highly successful when there is a strong understanding of business needs and customer strategies, as well as a strong consensus across teams on what the expected outcomes should look like.

Organizations that have successfully implemented a CDP in their marketing operations have seen some significant gains.

Gain **deeper insights** from your data to make **more informed decisions**

➤ **Increase engagement, sales, and customer experience**

➤ **Generate ROI & increase operational efficiency**

Increase your conversion rate

Optimized customer journeys resulting in higher conversion rates:

- Companies using CDPs recorded **conversion rates 2.5 times higher**.¹

Increase ROI and savings

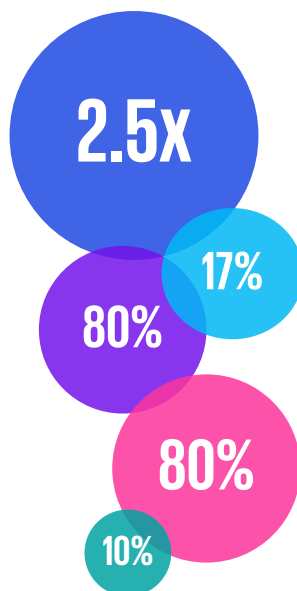
Positive ROI due to reduced technological debt and improved marketing efficiency:

- Over 50% of marketers achieved a ROI within six months, and **80% of them saw a positive ROI within a year**.³

Enhance operational efficiency

Reduce data silos and simplify integrations, reducing IT dependency:

- Companies using CDPs saw a **10% reduction in the time-to-market** of their campaigns.⁵



Know your customers better

Holistic view of customers and understanding of how to increase customer lifetime value:

- Companies using CDPs achieve **17% higher customer lifetime value (CLV)**.²

Create customized tactics

Unified view of customer data & enhanced segmentation capabilities that enable personalization:

- **80% of consumers are more likely to make a purchase** when brands offer personalized experiences.⁴

Getting Started: Is a CDP Right for Your Business?

While CDPs offer clear benefits for managing customer data, organizations that consider integrating CDPs in their technological ecosystem must address certain **key considerations** before deciding which solution to choose, if any.

Privacy

Ensure the CDP complies with regulations, data anonymization and user consent.

Integration complexity

Consider a phased approach and scale up as you learn.

Tech

Partner with experts, train your team and use the CDP as an aid, not a crutch, for decision making.

Cost

Evaluate the total cost of ownership and set objectives to manage the growth of data.

Suitability

Conduct a needs assessment, evaluate vendors and set test periods.

Data

Establish data governance to maintain data integrity and select a flexible architecture to adapt to new data types and sources.

Key questions we can help you answer

Strategy

Can we **meet our customer intelligence objectives** without it?

Can a CRM **replace** it?

When does an organization **need** it?

Which **areas of an organization** actually use a CDP?

Which **organizations similar to ours** use CDPs?

Architecture & Integration

Can we create **dynamic audiences** without a CDP?

Does **identity resolution** necessarily involve a CDP?

How do you **implement a CDP** in campaigns? Email? CRM?

How **flexible** is a CDP in terms of **integration** with other technologies like AI and ML?

Operations

Who is generally responsible for **managing the governance and operation** of a CDP?

What processes are in place for **real-time data management**, structured and unstructured data management, and data quality assurance?

What **security measures** are in place to protect CDP data?

Building Your Business Case and Maximizing Your Return On Investment

Building a business case for a Customer Data Platform (CDP) involves demonstrating its value to the organization. Your business case should include the following sections:

Objectives

What specific business problems is your organization trying to solve with a CDP? The objectives should focus on improving customer insights, enhancing marketing and operational efficiencies, personalization, etc.

Current pain points

What are some current issues faced by our organization that would be solved with a CDP? These often include data silos, which hinder the ability to access and analyze customer data effectively, and inefficient marketing practices that fail to leverage available data for targeted campaigns.

Projected benefits

What are the financial and operational impacts and how can they be measured? This includes projecting increases in revenue and cost savings that can be achieved through improved customer engagement and more efficient marketing strategies.

Costs

What are the different costs related to the CDP? This should encompass software expenses, integration costs, and additional resources required for a successful rollout.

Timeline

How long will it take to deploy and achieve results? The timeline should account for various project phases, from planning and data integration to deployment and optimization.

Risks

What are the risks of this technology? Data integration and quality issues, security and privacy concerns, and scalability are some examples of where CDP implementations can go wrong.

A well-structured business case will help stakeholders understand the need and value of implementing a CDP, with transparency being key in indicating financial impacts, timeframe, and associated risks.

Selecting the Right CDP for Your Organization in Four Simple Steps

Once organizations have built their business case and secured approval from key stakeholders, adopting a phased approach is crucial for the successful implementation of a Customer Data Platform (CDP).

This method not only ensures that the selected CDP aligns with the organization's strategic vision but also facilitates a smoother transition and integration into existing systems. Here is a more detailed exploration of this approach:

Selecting a CDP in four steps

01

Preparation

Identify all elements required to evaluate and select a supplier for the CDP solution. This stage aligns all the needs of the various stakeholders involved in the implementation and use of the chosen solution.

02

Exploration

Determine the type of CDP that best matches the needs identified in the preparation stage to identify a list of potential suppliers.

An overview of the two different CDP types is provided in this section.

03

Evaluation

Examine the CDP solutions proposed by the suppliers identified in the exploration stage to determine which one best meets the company's specific needs and merits testing in a pilot project.

04

Proof of Concept & Decision

Test the selected CDP solution in a real-life environment to assess its performance and suitability for the company's specific needs, so that an informed decision can be made on the choice of CDP.

01 Preparation

Key activities

- Identify key business groups and stakeholders
- Define and prioritize CDP use cases
- Outline requirements to support use cases
- Draft and finalize evaluation criteria (e.g., capabilities, security, support, roadmap)
- Develop a business case (as needed)

Risks and Mitigations

Strategy and vision

- Clarify the expectations of the various stakeholders with regard to the ownership and use of the CDP
- Break down use cases into strategic categories (attract, retain and cross / up sell) which will infer which data sources to prioritize. Examples of use cases include customer segmentation, cross-channel marketing, retention strategies, etc.
- Develop an in-depth data strategy for the governance of the CDP's data sources, identified taxonomy standards and monitoring plans that will provide reliable data / information

Time to value

- Identify use cases that quickly demonstrate the platform's return on investment (ROI)
- Prioritize use cases according to business objectives
- Deploy by iteration and define KPIs for each use case

Key Considerations

- What user data exists and what models are used (e.g., CLV, NBA)?
- What is the data architecture and what tools / technologies are in place?
- What security, architecture, compliance and governance rules are in place for consent and privacy?
- What strategy is in place (or anticipated) for identity resolution?
- Is the ability to deliver real-time personalization critical to the marketing strategy?
- What types of targeting, audiences and segmentation are used in marketing?
- What is the desired level of personalization, and on which communication channels?
- What are the technological components of the advertising ecosystem (AdTech)?
- What will be the inputs and outputs of centralized customer data (CRM, ad servers, etc.)?

Key activities

- Get familiar with CDP types, benefits and challenges
- Review CDP types against use cases, identify priorities and define approach
- Research top CDP vendors
- Draft initial vendor shortlist, schedule meetings and demos
- Send RFIs/RFPs to vendors

Risks and Mitigations

Lack of understanding of the different types of CDPs, their benefits and challenges

- Research and learn more about the different types of CDPs, their benefits and challenges
- Consult an expert in the field if necessary

Non-exhaustive vendor shortlist

- Identify a systematic and rigorous process for establishing the vendor shortlist. This includes consulting several sources of information and obtaining several opinions.

A brief overview of the different CDP types (packaged and composable) has been provided on the following page to help get you started

Key Considerations

- What are the different types of CDPs on the market and how do they meet your needs?
- What is the ability of each type of CDP to assess and adapt to future business needs?
- Is the existing architecture already “composable”?
- Can the out-of-the-box functionalities of traditional solutions meet your needs and use cases?
- Based on the use cases identified in the preparation phase, what type of CDP best meets your needs?
- Who are the potential vendors for the type of CDP we need?
- What is the reputation and reliability of each CDP vendor on the market?
- What is the feedback from existing customers for each CDP vendor?



Zooming-In: CDPs Currently Offered on the Market

The two types of CDPs available on the market are Packaged and Modern Data Stacks. Both types serve the critical functions of a CDP, but they cater to different organizational needs and capabilities.

Packaged

Pre-built / ready-to-use solution that offers a comprehensive suite of features.

These platforms typically come with user-friendly interfaces and require minimal technical expertise, making them accessible for businesses of all sizes.

Key characteristics

- + Easy to use for those without technology or development expertise.
- + Generally rapid implementation and deployment.
- Not very flexible / limited to what comes “out of the box”: little customization possible and may not meet all the use cases of a company with a complex architecture and advanced models.

Modern Data Stack (Composable)

Highly customizable solution that allows for more flexibility.

These platforms consist of a combination of best-of-breed tools and technologies that allow organizations to build their own data infrastructure. This solution often requires more technical knowledge but offers greater scalability and adaptability, enabling businesses to advance their data strategies.

Key characteristics

- + High customizability (statistical models, underlying data warehouse types, connection to existing systems).
- + Capacity for continuous evolution, independent of the release of new platform editions.
- + Complex and potentially more expensive to operate. Preparation, implementation, testing and operation require experts to deliver a solution that delivers its full potential.

Key activities

- Review vendor responses
- Refine vendor shortlist
- Conduct follow-up sessions with and request customer references from top vendors
- Conduct in-depth evaluation of shortlisted CDPs against use cases, requirements and evaluation criteria

Risks and Mitigations

Scalability

- Ensure increased capacity for data warehousing and applications
- Mitigate data quality issues in current systems
- Ensure the creation of new use cases

Analytical capabilities

- Determine analysis requirements and customer data needed for analysis and optimization
- Determine whether the solution should have built-in analytical capabilities, or whether data will be exported and analyzed in another system

Key Considerations

- How can we effectively review vendor responses?
- What criteria should we use to refine the list of potential vendors?
- How should we organize follow-up sessions with the best vendors?
- What information should we request from vendors when requesting references?
- How should we carry out an in-depth evaluation of CDPs in terms of use cases, requirements and evaluation criteria?

Key activities

- Define POC objectives, identify pilot use case, and build and execute implementation plan
- Consolidate evaluation findings and select CDP for MVP
- Finalize and socialize CDP selection

Risks and Mitigations

POC objectives for the MVP

- Identify POC objectives aligned with business requirements so that they are specific, measurable, achievable, relevant and time-bound (SMART)

Resource allocation and expertise

- Identify or train staff so that they have the technical skills required to use CDP
- Choose a solution with a low-code/no-code interface if experts are not available

Change management

- Communicate the impact of the choice of solution to the various stakeholders involved
- Establish and implement a training program adapted to the stakeholders (management, teams, etc.)

Key Considerations

- How can we define the objectives and measures of success for the POC in a clear and measurable way?
- What are the key elements to consider when developing the implementation plan?
- How should we execute the implementation plan to ensure its success?
- How do we finalize and effectively communicate the selection of the CDP?

If the selection is conclusive, this phase is the first iteration of priority use case deployment and sets the stage for its evolution

Learning From Those Who Got It Right

Business Challenges

Many organizations are faced with challenges that are easily relatable regardless of the industry in which they operate.



Overcoming limitation of **legacy data, MarTech & siloed databases**



Inaccurate capture & synchronization of **data**



Ambitious growth & profitability **objectives not sustained** by existing MarTech



Difficulty **reporting on** marketing performance **efforts**

Key Success Factors

Collaboration to establish the **near and long-term vision** of the customer experience

Analysis and documentation of **prioritized requirements and use cases** across the organization's business units

Develop a **future state MarTech roadmap** and architecture to **integrate a CDP** into the client's ecosystem

Manage **multi-vendor program** planning including contracting, procurement, risk and privacy

Manage the CDP **implementation** and support both the **PMO** and **change management**

Successful CDP implementations **empower organizations to make data-driven decisions** that **align with their strategic goals**.

The **insights gained** from a well-implemented CDP can serve as a **critical differentiator**, enabling them to **stay ahead of the competition**.

Positive Outcomes from Successful CDP Implementations

KPMG has collaborated with many clients across various industries in selecting and implementing the right CDP for their business needs. Below are a few examples of outcomes that resulted from the successful implementation of a CDP.



Outcome #1

- Improved engagement with customers in real time, leveraging personalization capabilities across channels and automation features of the CDP.

Enabling holistic traceability of customer interactions across every touchpoint in the customer journey provides increased visibility into efficacy or marketing initiatives.



Outcome #2

- Creation of a single view of the customer for segmentation, personalization, and analytics.

Leveraging the single view of customer messaging could be launched cross-channel and contribute positively to the digital consumer experience.



Outcome #3

- Optimized existing data collection mechanisms and development of a strategy to centralize future state digital data with a Customer Data Platform.

Enabled cross channel digital interactions to drive lead nurturing and customer engagement.

Taking Action

As organizations reflect on their next steps in selecting a CDP, there are some key readiness factors that should be considered:

- › The organization's data and goals
- › Existing MarTech ecosystem and technology infrastructure
- › Data quality and ability to integrate various data sources
- › Organizational readiness

The KPMG team works with its clients undertaking a digital transformation in many ways, including:

Data strategy and governance structure	Implementation and program management
Needs analysis and business case for a future state	Change management and integration management
Vendor selection and due diligence	Monitoring of program performance

If you have any questions about how our team can help determine if a CDP is right for your organization and how our teams can collaborate, please do not hesitate to contact our leadership team.

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