IDC MarketScape: Worldwide Retail and CPG Customer Data Platform 2022 Vendor Assessment

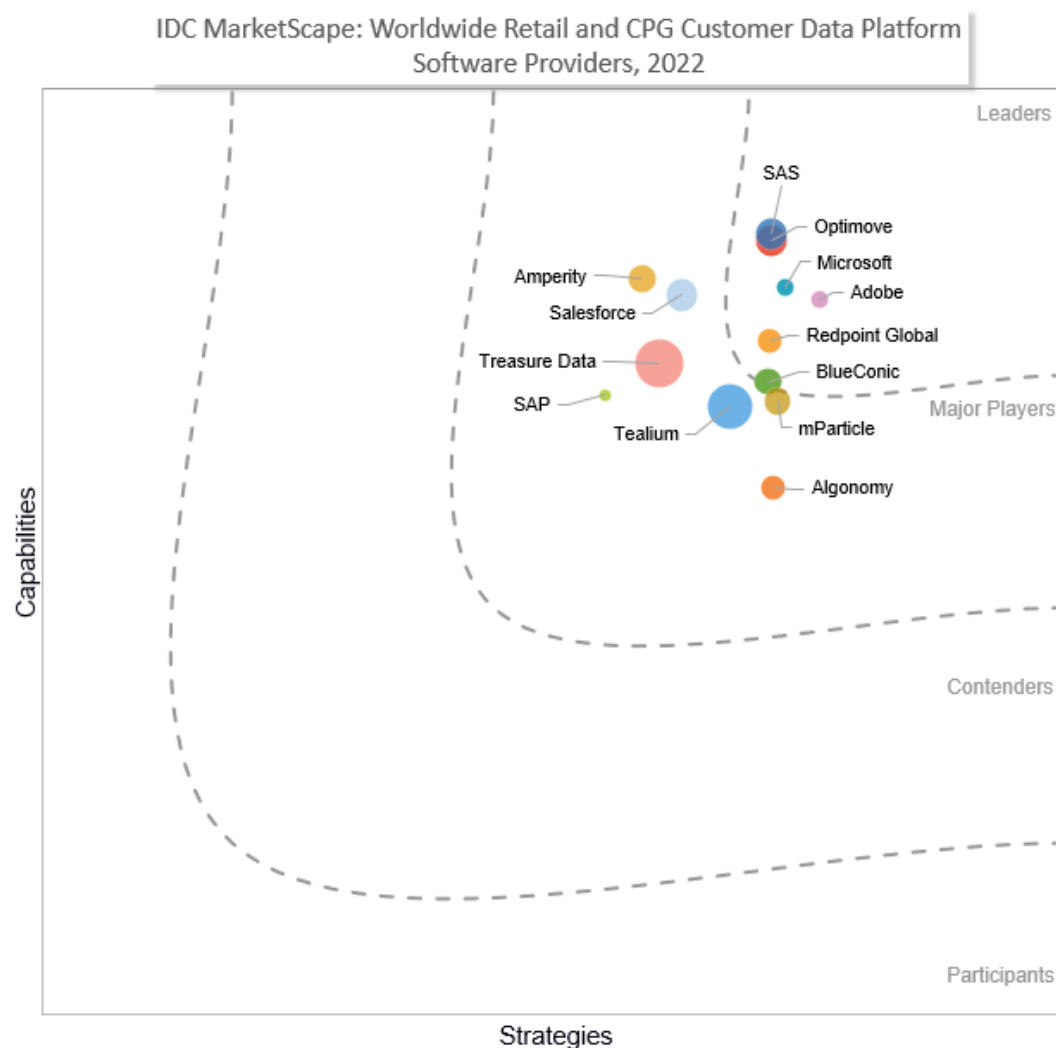Ornella Urso   Filippo Battaini   Giulio Raffaele

THIS IDC MARKETSCAPE EXCERPT FEATURES ADOBE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Retail and CPG Customer Data Platform Vendor Assessment

Source: IDC, 2022

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Retail and CPG Customer Data Platform 2022 Vendor Assessment (Doc # US47506221). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1 and 2.

IDC OPINION

Data sharing, for a better CX. IDC predicts that "by 2024, 25% of the customer data utilized to drive personalized experiences and improve omni-channel merchandising, marketing, and service intelligence will be sourced from shared customer data hubs" (*IDC FutureScape: Worldwide Retail 2022 Predictions* – IDC #US47249621, October 2021). For marketing and customer experience strategy leaders, robust customer data is critical. Increasingly, retailers, vendors, and industry stakeholders are turning to collaborative platforms and shared customer data hubs to source rich data and insights. In the past, collaboration and data sharing across industry stakeholders was more of an analytical arms race between retailers and their suppliers. Each party had a different view of data, varied insights, and competing perspectives of what was in the best interests of the consumer. A more collaborative approach with shared customer data hubs requires not just a technology upgrade, but also a cultural shift. Across organizations, industry partners will need to be more comfortable with the transparency that is required and the trust that is necessary to identify opportunities for mutual benefit.

Increasing attention toward CDPs. More and more retailers and consumer packaged goods (CPG) companies are considering and planning to invest in customer data platforms (CDPs). A CDP enables enterprises to aggregate, analyze, and activate real-time customer data from multiple sources. It automates data connections; extracts, transforms, and loads processes; stores data persistently; and leverages artificial intelligence (AI) and machine learning (ML) analytics. As a result, a CDP is an essential part of an enterprise customer data ecosystem (see *IDC PlanScape: Customer Data Platform for Retail Customer Experience and Commerce* – IDC #US42174518, February 2021).

IDC's point of view on retail and CPG. In the consumer industry, breaking down data silos and compliance with security standards and regulations are among the top challenges when implementing CX processes.

Reimagining customer data management in the age of personalization is key to building long-term customer value through loyalty and trust:

- Customers are increasingly aware of how consumer companies collect and use their personal data, and their expectations in terms of rewards and personalization have increased over time. However, they want increased levels of personalization while asking to retain their privacy. At the same time, collaboration on sharing customer data between retailers, CPG, and brand companies is important, with 39% of retailers already working on it. Moreover, both retailers and CPG companies see clear benefits in fostering this type of collaboration. According to IDC's *Global Retail Core Business Processes and Applications Survey*, 2021, 44% and 45% of retailers see more alignment of promotional cadences with customer demand and increasing accuracy of customer experience personalization, respectively. Leveraging specific CDP functions to collect, process, and analyze first-, second-, and third-party data have become an important and urgent priority for retailers and CPG companies that have developed or are developing a business-to-consumer (B2C) or direct-to-consumer (D2C) strategies.

- Compliance with current data privacy and security regulations is, therefore, a fundamental step that retailers should consider to effectively prevent the misuse of customer data and their identity management. Retail organizations that don't manage customer consent and data privacy will struggle in securing the end-to-end customer journey and in ensuring compliance

and confidentiality. Focusing on identity management organizations can secure customers' data, avoiding data breaches and delivering personalized experiences.

Leveraging AI and ML analytics to personalize and contextualize customer experience in real time. Retailers and CPG companies collect different customer data from sales transactions and historical data from several customer and enterprise interfaces. They can also access operational data from production, inventory, and supply chain data. B2C and D2C companies need to ingest, process, and analyze huge amounts of data to optimize customer experience continuity across interactions. Leveraging AI and ML analytics is, therefore, foundational for retailers; CPG companies and brands need to continually enhance their transparent, trusted, and intuitive decisioning, while improving customer satisfaction, customer retention, customer lifetime value, and ultimately, increasing customer loyalty. Moreover, AI and ML analytics need to be embedded – across interfaces and applications – into retail- and customer-experience-specific use cases, such as social marketing, loyalty programs, 360-degree connected customer data management, privacy management, customer life-cycle engagement, voice of customer, external customer data, and analysis.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

In this IDC MarketScape, IDC Retail Insights assesses the capabilities and strategies of popular enterprise software vendors and specialty CDP providers in serving the needs of retail and CPG companies and brands worldwide across industry segments (food and nonfood retail). Vendors will be evaluated according to their success in designing, developing, installing, configuring, and maintaining the evolution of a complete customer data platform (Figure 2) serving retailers. The target platform that is taken as a reference includes all of the core capabilities that enable customer experience differentiation and seamless commerce, customer loyalty, and marketing automation, along with the required operational efficiencies for profitability and business model agility. The core components of the platform are:

- **Data layer**. On one hand, customer information comes from multiple interfaces, such as mobile apps, website, wearable or augmented/virtual reality (AR/VR) devices, connected stores, robotics, employees and store associates, connected products, and Internet-of-Things (IoT) devices. On the other hand, unknown and regulatory data can be directly shared by the customer (through a loyalty program subscription, privacy and regulatory compliance policies' acceptance, etc.) and/or by connected products (through sensors and vocal assistants), as well as within the organization. This, more specifically, would be possible through an interconnected and dynamic inventory system and/or externally sharing data between peers, suppliers, and technology providers.

- **Analytics layer**. From the data layer, data is aggregated and analyzed by AI and ML analytics. These remain foundational for data processing and the scalability of the platform. Predictive analytics enable retailers to anticipate potential market trends and changes in customer behavior.

- **Activation layer**. Finally, the activation layer requires the involvement and coordination of retail organizations' business units to share and deliver hyper-personalized content to customers across multiple interfaces. All three layers are fully embedded into an identity management architecture that captures and secures each customer consent moment in considering regulatory compliance and personal privacy.

The customer data platform for retail and CPG relies on a cloud-first architecture (with possibility of on-premises or public, private, hybrid cloud delivery when necessary) and provides development services and API-based integration with enterprise services and consumer services. At the same time, it leverages artificial intelligence, machine learning, or an advanced analytics foundation.

To be included in this report, IDC Retail Insights analysts stipulated that vendors should meet the following minimum criteria:

- The vendor should have a worldwide coverage. The provider demonstrates evidence of strong market penetration through direct presence and knowledge of U.S., EMEA, and APAC business contexts. The provider must support global retailers in its activities and expansion across mature and emerging markets, across both ecommerce and brick-and-mortar stores.

- The software provider must have relevant experience in retail and CPG industries in the broadest possible set of industry processes and segments. Providers with no relevant experience will not be included. Only software and specialty CDP providers are considered for this assessment.

- The vendor has to support clients in designing, developing, installing, configuring, and maintaining the systems, applications, or platforms that run the business. It needs to deliver software solutions (and hardware, when available) regarding the core components of the customer data platform (data layer, analytics layer, and activation layer). At the same time, the vendor needs to provide the following capabilities and related services (identity management architecture, single view of the customer data, integration, customer experience services, intelligent marketing analytics capabilities, other technical requirements related to speed and scalability, connectivity, architecture, and operational costs). The provider must be able to deliver the platform as a cloud-first solution (with possibility to deliver on-premises or as public, private or hybrid cloud when necessary). The vendor also has the capability to provide AI foundations embedded in its CDP's core capabilities.

- The provider can fulfill or enrich its portfolio of capabilities through proven collaborations with external partners. In such cases, the provider must demonstrate its active role in supporting the client as well during the delivery of the services provided by its partners.

ADVICE FOR TECHNOLOGY BUYERS

A CDP helps retailers and CPG companies to scale livestream engagement and contextual personalization at speed and scale. The implementation of a unified data hub enables enterprises to gather and organize customer data in real time across and over different customer (and enterprise) interfaces. It is, therefore, important for retailers and CPG companies to maximize the value from investments in resources on integrating customer and enterprise data across the portfolio of applications.

Designing, planning, implementing, and executing a customer data platform is a collaborative approach. As a collaborative process, CDPs require not only a mere technology upgrade, but also a cultural shift. This means:

- Involving all major stakeholders across an organization's functions, from marketing to the IT department. This means merchandising and marketing should work with the head of customer experience (CX), chief privacy officer, chief digital officer (CDO), as well as with the chief innovation officer (CIO) and chief technology officer (CTO) to align data analysis more effectively with profitability goals.

- Fostering existing and new collaborations between peers, suppliers/vendors, and retail and CPG industry stakeholders. Data sharing is the result of an interconnected and dynamic inventory system and can also involve external partners such as peers, suppliers, and technology providers. Second- and third-party data that retail organizations receive and access externally through dynamic partner ecosystems (peers, suppliers, IT vendors, etc.), are part of CDPs' data layers and constitute a solid base of retailers' data services.

- Engage customers and invite them to join your data-sharing hub. As customer relationships with brands became more fluid by acting across different interfaces, retailers and CPG companies can create different consent moments. Customers, therefore, can decide at any time the type and amount of data to share with brands, in compliance with existing regulations.

Also, IDC Retail Insights recommends retail and CPG organizations to scrutinize and select technology partners that have a deep understanding of underlying business challenges they are currently facing, not just the technology solution.

Finally, retailers and CPG companies should use this report to support their software and specialty CDP provider selection evaluation process and:

- Get an independent first assessment on vendors' capabilities on retail- and CPG-specific business needs
- Narrow down the list of companies they might partner with or request proposals from
- Leverage criteria in this report to shape their own individual selection evaluation processes

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and opportunities.

Adobe

After a thorough evaluation of Adobe's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2022 IDC MarketScape for worldwide retail and CPG customer data platform.

Historically, Adobe has specialized in software for the creation and publication of creative content. Over time, the multinational public company has grown to become one of the most diversified software organizations globally. The company was founded in 1982 and is headquartered in San Jose, California.

Adobe's CDP product — Adobe Real-Time CDP — was launched in 2019, and it aggregates data and content into a single platform and facilitates integration with other parts of the Adobe CX solution portfolio and third-party platforms to create a system of delivery across the customer journey. The platform has AI/ML foundations that enables users to automate processes, offers workflows, dashboards, democratized AI/ML, sources, data governance, real-time customer profiles, and integrated activation destinations.

Adobe's capabilities include Data Collaboration and Segment Match to strengthen customer data sharing and collaboration across different company brands and divisions and between CDP customers, business-to-business (B2B), and B2C hybrid use cases to enable a single offering for managing B2B and B2C customers' profiles, useful for D2C business models, and Edge Segmentation, to enable real-time personalization based on the most recent customers' activity in addition to profile data.

Quick facts about Adobe:

- **Employees**. Over 24,000
- **Geographic reach**. Focusing on North and South America, Europe, and APAC
- **Cloud**. Single tenant, multitenant, and cloud native
- **Pricing model**. Subscription- and consumption-based licensing models
- **Partner ecosystem**. Has an extensive global partner community with some of the world's largest systems integrators, consultancies, and agencies

Highlights of Adobe's distinctive retail and CPG CDP capabilities:

- **Retail- and-CPG specific capabilities**. Adobe's Real-Time CDP directly supports retail and CPG brand use cases through features such as XDM Industry Data Model for Retail, which provides mechanisms to standardize CX data and support CX management through industry data models specific to retail. This enables users to quickly load and normalize data into Adobe Real-Time CDP for insight and activation use cases. The platform also offers Customer AI, an AI service that enables users to generate predictions about customer behavior.
- **Identity management and data privacy**. Adobe Real-Time CDP natively supports customers' identity and privacy through Adobe Experience Platform Identity Service and Privacy Service, which enable users to stitch together customer IDs to verify and examine identity relationships. Adobe also offers identity partnerships for additional capabilities such as data cleansing. Application programming interfaces (APIs) and user interface (UI) access enable users to manage customer data requests, such as access or delete personal information.
- **Complementary offering**. Adobes Real-Time CDP is complementary to other Adobe Experience Cloud (AEC) applications, which enable retailers and brands to personalize experiences and content delivered as well as measure and optimize the level of customer experience. Adobe Commerce (formerly Magento Commerce) integrates with AEC to enable companies to offer customers personalized commerce experiences.

Strengths

- Many of Adobe's largest and most strategic customers are retail and CPG companies. The company developed strategic functionalities that directly support use cases specifically for retail and CPG companies.
- Adobe's CDP includes capabilities that are important for future retail and CPG operations, including B2B and B2C hybrid use cases for the expanding D2C business model, and Edge Segmentation, to enable hyper-local personalization capabilities. Adobe's CDP is well-positioned to support evolving data management practices and more mature use cases.

Challenges

- Adobe is focusing on organic expansion of its retail- and CPG-related capabilities rather than on acquisitions. Given how fast the market is developing, company acquisitions could enable faster embedment of new capabilities that could become important for retailers and CPG companies.
- According to customer feedback, user experience (UX) for marketers – in terms of prebuilt AI use cases algorithms – is satisfactory. There might be scope for improvement in terms of UX. Being an enterprise-grade product, Adobe's platform can be perceived as complex by marketers.

Consider Adobe When

Adobe offers a solid CDP product for retailers and CPG companies that are looking for industry-specific use cases and a broad range of complementary offerings. The platform is particularly suitable for large retail and CPG enterprises with significant CX requirements and that need global services and support.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the

company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

Vendor footprint, depicted by the size of the bubble, is based on IDC Retail Insights' best estimates of the vendor revenue on a global basis for software related to the Retail and CPG Customer Data Platform.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores – and ultimately vendor positions on the IDC MarketScape – on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

In this IDC MarketScape, IDC Retail Insights assesses the capabilities and strategies of popular enterprise software vendors and specialty CDP providers in serving the specific needs of retail and CPG companies and brands worldwide across industry segments (food and nonfood retail). Vendors will be evaluated according to their success in designing, developing, installing, configuring, and maintaining the evolution of a complete customer data platform serving retailers. The target platform that is taken as a reference includes all of the core capabilities that enable customer experience differentiation and seamless commerce, customer loyalty, and marketing automation, along with the required operational efficiencies for profitability and business model agility.

According to IDC's *Retail Core Processes and Applications Survey*, 2021, 53% of retailers have already implemented customer data management applications, resulting in increased revenue growth for 63% and profitability for 59% of retailers that adopted such solutions. Compliance with current data privacy and security regulations is a fundamental step that retailers and brands should consider to effectively prevent the misuse of customer data and their identity management. Organizations that do not manage customer consent and data privacy will struggle in securing the end-to-end customer journey and in ensuring compliance and confidentiality.

Moreover, customer experience services remain a priority for retailers that plan to invest in platform-enabling capabilities over the next 12 to 24 months. CX services enable the discovery of the customer context, real-time customer journey personalization (including loyalty), and customer interface enablement across voice, image, text, and AR. Companies can dynamically collect data from several consumer interfaces and data sets, aggregating and transforming them by leveraging AI and delivering real-time contextual experiences. Therefore, having more customer data (both direct and contextual) and the adequate technology to appropriately employ that data helps retailers meet customer needs more effectively.

FIGURE 2

IDC Retail Customer Data Platform Architecture
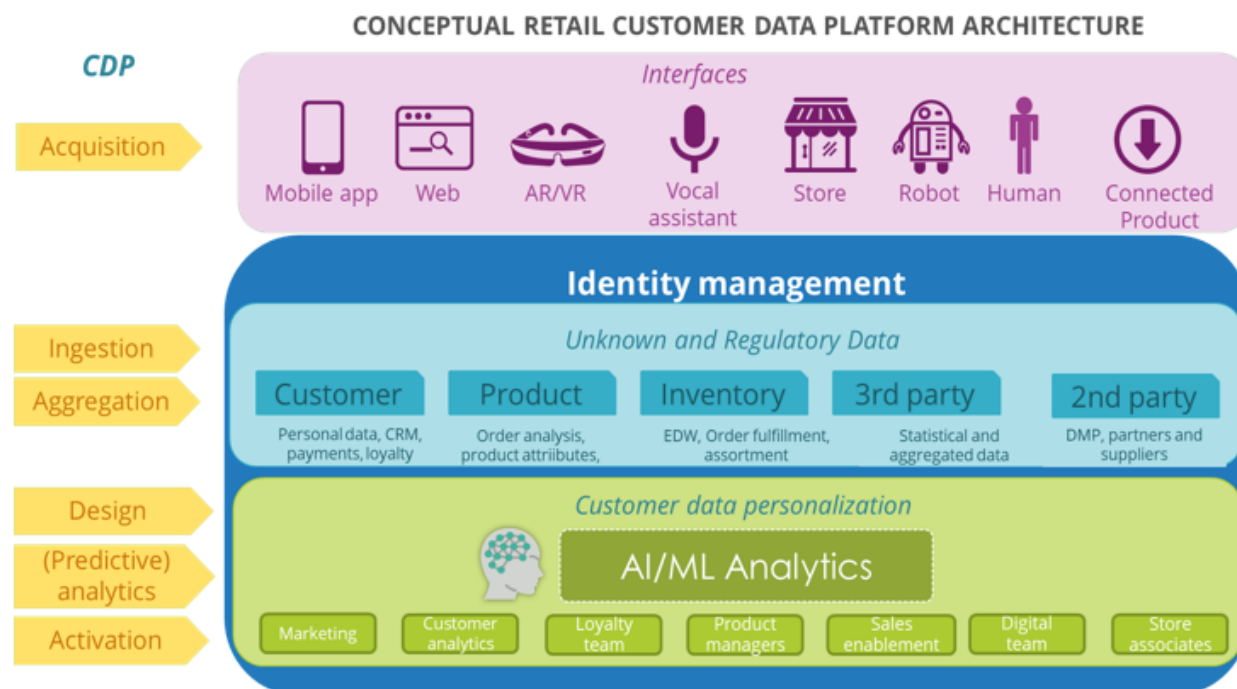
Source: IDC, 2022

LEARN MORE

Related Research

- *Top Trends of the Holiday Shopping Season: A Collection of Case Studies* (IDC #EUR148589221, December 2021)
- *Persisting Complexities of Omni-Channel Commerce and Their Effect on Retail Customer Experience* (IDC #EUR148359021, November 2021)
- *IDC FutureScape: Worldwide Retail 2022 Predictions* (IDC #US47249621, October 2021)
- *IDC PlanScape: Customer Data Platform for Retail Customer Experience and Commerce* (IDC #US42174518, February 2021)

Synopsis

This IDC MarketScape assesses the capabilities and strategies of popular enterprise software vendors and specialty customer data platform (CDP) providers in serving the needs of retail and CPG companies and brands worldwide across industry segments (food and nonfood retail). Vendors are evaluated according to their success in designing, developing, installing, configuring, and maintaining the evolution of complete customer data platforms serving retailers. The target platform that is taken as a reference includes all of the core capabilities that enable customer experience differentiation and seamless commerce, customer loyalty, and marketing automation, along with the required operational efficiencies for profitability and business model agility.

"Consumer companies need to constantly deal with customers' data privacy and identity management as well as personalize livestream and immersive customer experiences," said Ornella Urso, senior research analyst, IDC Retail Insights. "Software vendors and CDP providers are rapidly evolving their customer data platform strategies and capabilities, enabling retailers and CPG companies to improve real-time experiences through the power of connecting data, people, and processes."

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.

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