

The CDP Report 2023



Contents

- 1 The Customer Data Platform Report 2023
- 4 Methodology
- 6 Key Findings
- 8 Businesses Get Smart with their Data
- 10 SaaS Snapshot: The Fastest Growing Apps of 2022
- 13 Data Warehouses Expand into Customer Engagement
- 16 Operational Efficiency Takes Priority for Businesses
- 18 Trust and Transparency are Key to Data Privacy
- 21 The Top 10 Apps on the Twilio Segment Platform
- 23 E-Commerce Surges Despite Economic Climate
- 25 Most Popular Apps by Category
- 30 Recommended Reading

Welcome to the fourth annual Customer Data Platform Report, a first-hand look into how customer data is powering customer engagement around the world.

To say a lot has changed over the last year would be an understatement.

Rising inflation and macroeconomic uncertainty have emerged as tangible threats across the globe. As the days of “growth at all costs” come to an end, businesses are becoming laser-focused on operational efficiency, which is having downstream effects on how they collect and process customer data.

In tandem, the CDP has become a cornerstone of the modern technology stack as the volume and complexity of customer data continues to soar exponentially.

But now, with data volume at an all-time high, our report shows companies are striving to do even more with their data. A CDP has moved beyond data collection and into activation. In the past year, we witnessed businesses seeking to do more with their customer data platforms – from creating a 360-degree view of their customers across touchpoints, to powering sophisticated machine learning algorithms.

“Doing more” with a customer data platform is just one of the secular trends we’ve observed from how our customers are using our platform, but that’s just scratching the surface.

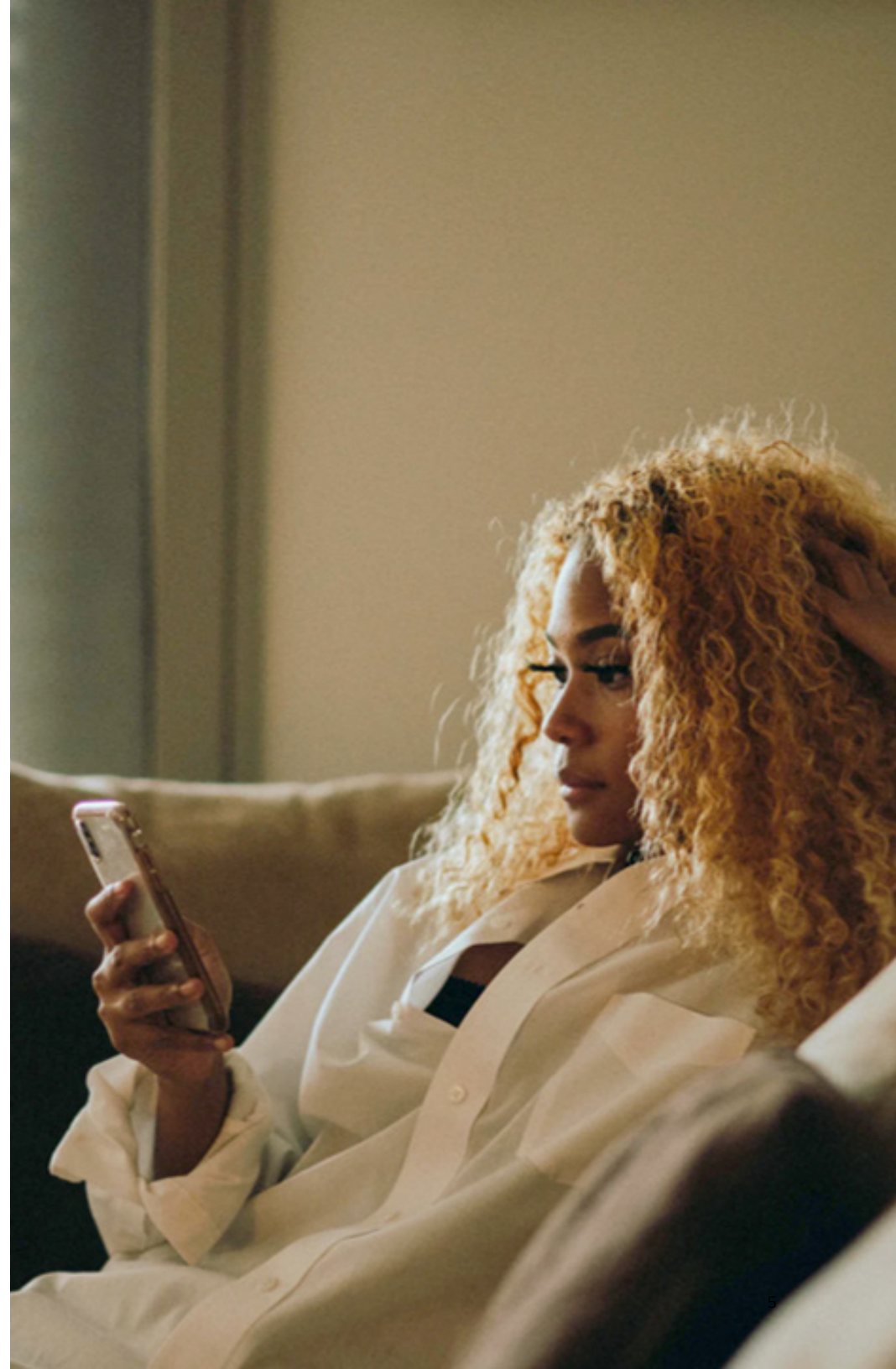
From the rise of data warehouses, to the return to a consolidated tech stack, this aggregated, anonymized data gives us a window into how customer data is powering our daily lives, and helps us make some informed predictions about what’s on the horizon.



Methodology



- The data is sourced from the anonymized, aggregated usage behavior of Twilio Segment's customers, during the period of 11/01/2021 to 11/01/2022.
- We have only included tools that have active integrations in the Twilio Segment catalog, as of 11/01/2022.
- Categories are based on whether or not they are in the Twilio Segment catalog with that category tag.
- The data is based on the number of customers using each destination/source, rather than the number of workspaces. In some cases, a customer may have multiple Twilio Segment workspaces.



Key Findings

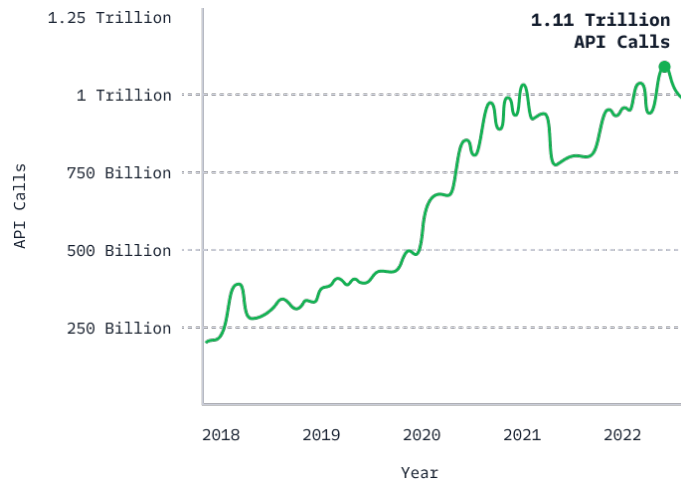


1. As customer data volume soars, businesses are getting more efficient about what data is collected
2. Point solutions are among the fastest-growing apps on the Twilio Segment platform
3. Data warehouses are the second most popular destination in 2022
4. Consumers are asking for more transparency and respect for their personal data
5. Organizations are streamlining their tech stacks to eliminate ineffective or redundant tools



Businesses Get Smart with their Data

API Calls on the Twilio Segment Platform by Year



Throughout the pandemic we saw exponential growth in data volume and we've continued to observe steady growth throughout the past 12 months.

Last August alone, Twilio Segment processed 1.11 trillion API calls, the highest ever recorded in a single calendar month on our platform.

Nonetheless, it is important to note that higher data volume does not necessarily result in more growth for businesses. Over the past 12 months, we've seen our customers get smarter about which data is collected, a reflection of the economic circumstances businesses now find themselves in.

For example, an enterprise customer of Twilio Segment recently approached us to help audit their Segment workspace. Despite being relatively mature in their approach to customer data management, we uncovered that they were tracking hundreds of repeat events and sending data to multiple redundant destinations. By making two simple changes to their workspace, the customer saved 1.6 billion API calls per month, saving them valuable time and money.

We recently published a [study](#) that outlined how the “growth at all costs” mentality is coming to an end, and it's clear businesses are applying this mentality to their data architecture too. It confirms a shift away from “vanity metrics” – high-volume data that looks impressive, but doesn't relate back to meaningful business goals or KPIs.

As we head into 2023, we predict businesses will continue to get more efficient and intelligent with their customer data by prioritizing business outcomes over volume.

“Twilio Segment has really allowed us to unlock a lot of rapid growth. At Shipt, we were able to get a user-level view of the marketing journey, understand what marketing touchpoints customers interacted with, and which ad platforms were really driving value for us. Twilio Segment enabled us to better spend our marketing dollars and increase conversions, enabling our marketing team to make better decisions for the company.”

Andrew Orso
VP of Data Science at Shipt

SaaS Snapshot: The Fastest Growing Apps of 2022

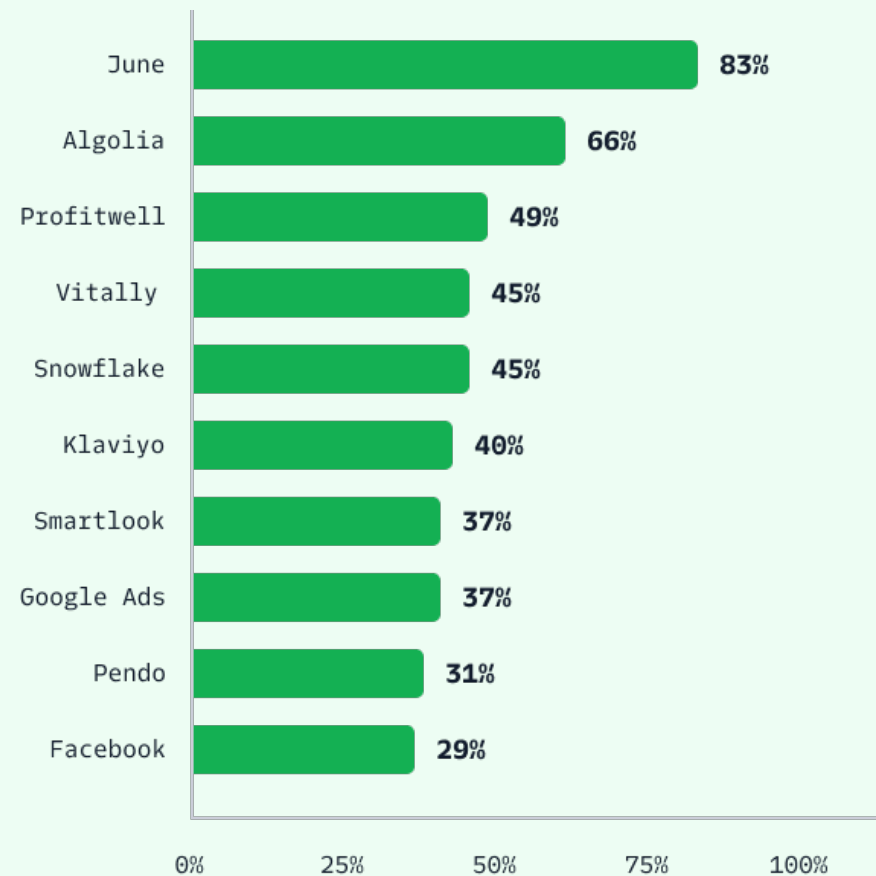
Point solutions are the fastest growing apps on the Twilio Segment platform

Aside from collecting data from all digital touchpoints, Twilio Segment helps our customers connect that data to over 400 different apps.

As such, we're able to gather unique insight into how the market is evolving for analytics, marketing, and growth teams.

While some tools in our catalog are household names, others were launched in just the last few years. They are all united, however, by a deep appreciation for the customer experience and impressive levels of digital adoption.

Fastest Growing Apps on the Twilio Segment Platform



*YoY% growth in customers with an integration to app

In years past, this list consisted almost entirely of enterprise SaaS tools. As leaders in their respective categories, it follows that companies like Google, Facebook, and Snowflake continue to see growing adoption among our customer base year over year.

This year saw an interesting departure.

[June](#) – a product analytics company founded in 2020 – is the fastest growing app on the Twilio Segment platform in 2022 with 83% YoY growth.

Within the top five, we can see other point solutions like [Algolia](#) (66% YoY growth), a search and discovery platform, alongside customer success software like [Vitaly](#) (45% YoY growth).

So what can we learn?

Firstly, this tells us that despite economic uncertainty and frozen or dwindling budgets, there's still a lot of opportunity for products that fill specific, business-critical needs.

Secondly, this illustrates an interesting counterpoint to the age-old point solutions vs. consolidated platform debate. In times gone by, it was (perhaps rightly) argued that the integration overheads involved in setting up point solutions meant businesses had a strong preference for all-in-one suites.

However, the reality isn't so black and white. API-driven, open platforms like Segment have driven integration costs to near-zero, meaning that someone can quite easily run multiple point solutions alongside a consolidated platform (such as Twilio), all while having the same real-time data powering both.

The debate is no longer between the specialized capabilities of a point solution vs. the simplicity of a consolidated platform. You can have both.

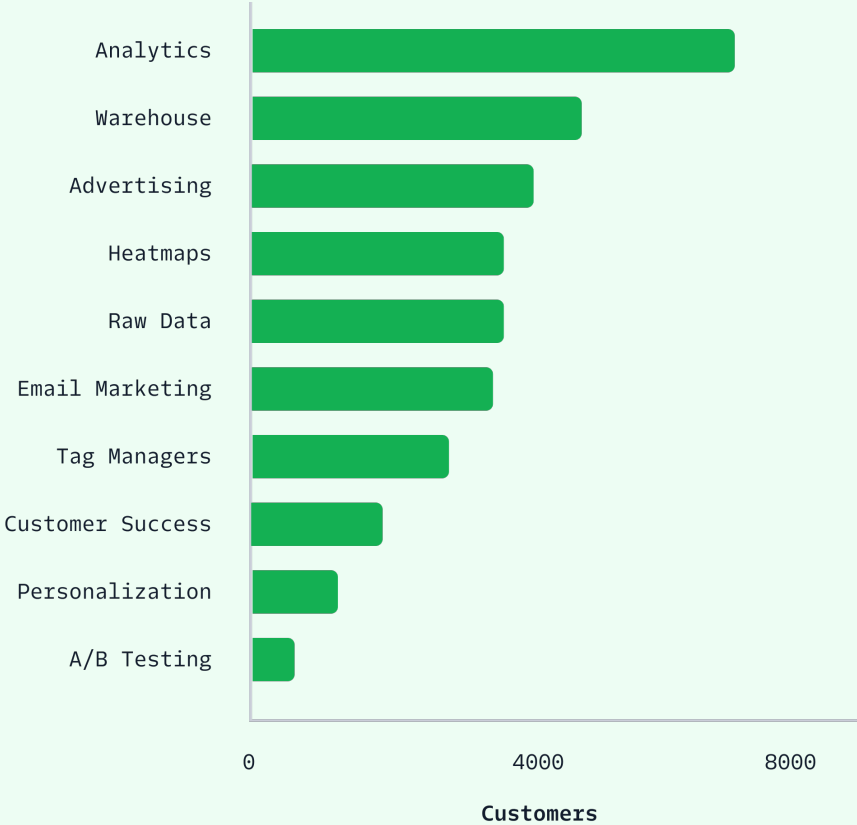
Data Warehouses Expand into Customer Engagement

Data warehouses are now the second most popular destination on the Twilio Segment platform

Last year, our report showed explosive demand for advertising apps on the Segment platform, as it rose to become the second most popular app category. This year, while the numbers show a close race, warehouses have retaken the silver medal from advertising as the second most popular category on our platform.

As a matter of fact, 53% of Twilio Segment customers now connect to a warehouse destination.

Most Popular App Categories on The Twilio Segment Platform



*Number of customers with integration to app in the category

As we've described before, the rapid acceleration in volume and complexity of customer data has created a need for tools to help businesses manage that data.

With a cloud warehouse, companies have ultimate flexibility in how they store and later query data.

Yet, setting up and maintaining a data warehouse without a tool like Twilio Segment can be difficult, as non-technical teams are forced to rely heavily on data engineers to query, filter, and forward data on their behalf. This can lead to an operational bottleneck or “stale” data by the time it reaches the point of activation.

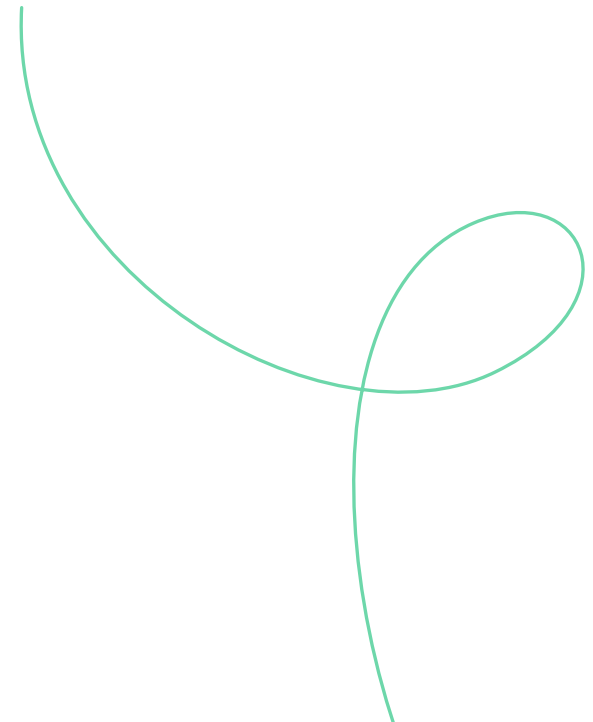
Having a CDP run alongside your data warehouse is essential to ensure that non-technical teams have access to real-time data, without engineering dependency.

Additionally, a CDP offers direct integrations with a vast ecosystem of tools for marketing, analytics, advertising, customer service, and other functions (a capability unavailable through data warehouse solutions without engineering support).

In tandem, we're seeing increased demand from technical teams to experiment with running more sophisticated, business-focused use cases – such as marketing attribution, churn prediction, and machine learning – directly in the warehouse itself.

Two new Twilio Segment features – Profiles Sync and Reverse ETL, currently available in public beta – enable our customers to sync rich profiles and other valuable data stored in their data warehouses to all of the business-critical tools they rely on to engage customers and personalize experiences.

By allowing engineers and data analysts to port their hyper-tailored audiences (created in their CDP) to their domain of choice (the data warehouse), we expect to see continued strength in this category.



Operational Efficiency Takes Priority for Businesses

In response to macroeconomic tailwinds, businesses are streamlining their tech stacks. According to our recent Growth Report, 57% of marketing leaders surveyed said their company is spending money on ineffective tools they don't need.

As teams weigh which tools are redundant vs. mission-critical, they are prioritizing products that fulfill more than one use case and are flexible enough to help them grow into the future.

To date, many of our customers leverage multi-channel marketing solutions as destinations while Twilio Segment's customer data platform provides the robust, real-time customer data required to complement these tools.

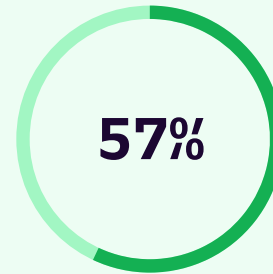
There are several legacy all-in-one or "stitched-together" solutions available today, but they often fall short in meeting the needs of marketing teams as they create closed silos that don't scale.

Twilio Engage, on the other hand, empowers organizations with the data infrastructure, tools, and automation to engage customers across all channels from a single, extensible platform.

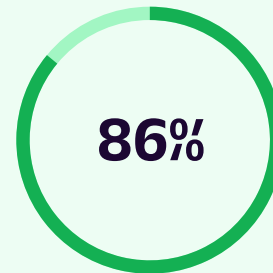
Built with a native CDP, native email and SMS¹, as well as 400+ out-of-the-box integrations, Twilio Engage enables businesses to save time to execution by orchestrating and activating personalized messaging campaigns in one centralized place.

The writing has been on the wall regarding consolidation for years, but now businesses of any size can streamline their technology stacks, eliminate redundant tools, and grow more efficiently.

¹ Native email and SMS are currently only available with Twilio Engage in US, LATAM, and APAC.



Over half (57%) of respondents say their company is spending money on ineffective tools they don't need.



86% of respondents want technology that gives them more control and flexibility when communicating with customers.

"Source: The Growth Report 2022 by Twilio Segment"

"With Twilio Engage, we are able to do the work of three or four different tools, all in one centralized platform. We are able to bring transactional conversation and personalized marketing messages all into Twilio Engage for more efficiency."

Jordan Dietch
Director of Product at CraftJack

**Trust and Transparency
are Key to Data Privacy**

Twilio Segment successfully processed 23.4 million user deletion requests in compliance with data privacy regulations in 2022

Headline-grabbing data breaches and global regulations have pushed privacy to the forefront of consumer awareness, giving businesses worldwide the opportunity to rethink their practices around customer data.

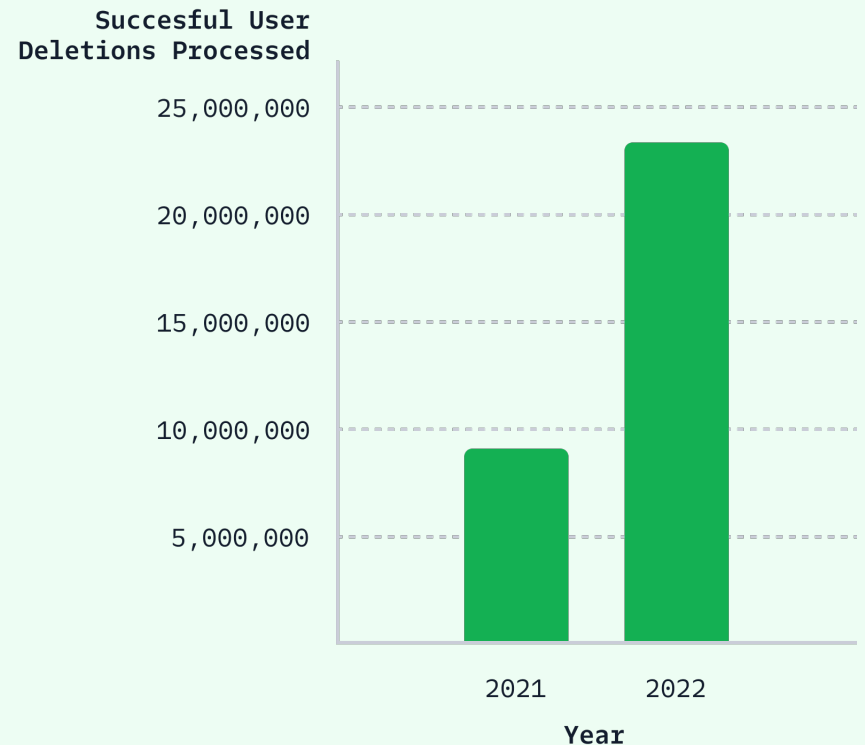
In addition to the growing global legislation around data privacy and security, browsers and operating systems are taking matters into their own hands, issuing anti-tracking initiatives that put more control into consumers' hands.

Apple, for instance, [launched a recent iOS update](#) which includes an “App Privacy Report” to help users better understand what information their apps collect, and how it's used. Similarly, Google announced this year that they are enacting [new privacy restrictions](#) that will cut tracking across apps on Android devices.

If anything, one trend has become extremely clear: consumers are asking for more transparency and respect for their personal data.

In response, businesses have adopted the privacy features available in Twilio Segment in ever increasing numbers, specifically features that allow them to process user deletion requests for personal data in compliance with data privacy regulations like GDPR, Schrems II, or CCPA.

Successful User Deletions Processed on the Twilio Segment Platform by Year



To give you some quick background, here's how it works:

- A customer gets a notice from one of their users to delete or halt collection of their user data
- The customer sends Segment a given user ID for one of their users
- Based on (1), the customer can suppress new data from being collected for that user ID, delete existing data, or both
- We purge and/or suppress that user's data from our internal systems, the customer's data warehouse, and forward it along to all GDPR, Schrems, or CCPA supported integrations

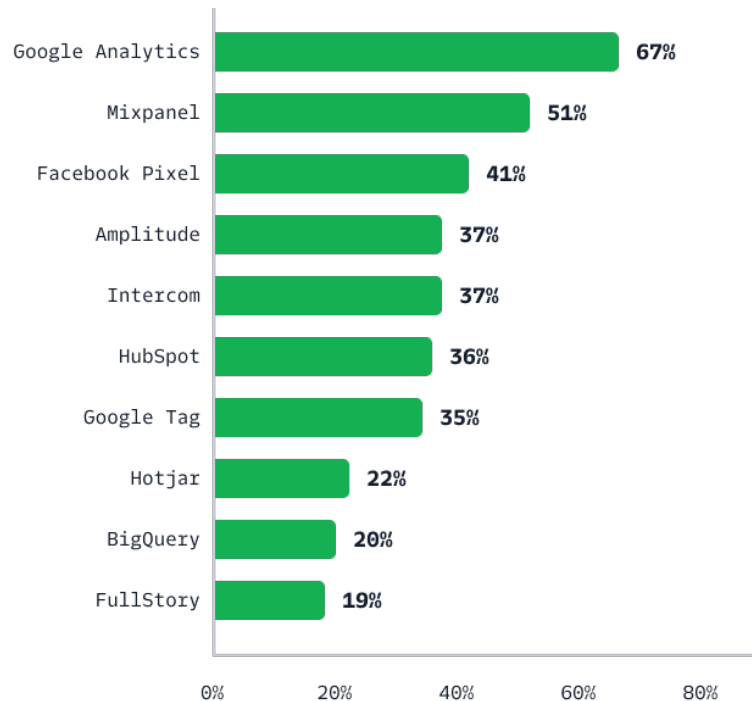
Looking at the data, it's evident that our customers have been committed to their ongoing efforts to uphold user privacy. In 2022, we successfully processed over 23 million user deletion requests on the Twilio Segment platform, a 69% increase over last year.

“With third-party cookies going away, it's very important for us to have our first-party data centralized in one location because that means that we have control of the data and the people who we want to actually reach. Twilio Segment is helping Box reach sustainable growth through its impact on our cost to acquire new contacts (CaC). We have seen a 70% decrease in CaC by using our own first-party data in paid media.”

Tess Mercer
VP of Digital at BOX

The Top 10 Apps on the Twilio Segment Platform

Most Popular Apps on the Twilio Segment Platform



*% of customers with an integration to app

Death, taxes, and...analytics? For the third year running, analytics tools dominate the most popular apps on our platform.

In spite of macroeconomic circumstances, it's clear businesses aren't willing to compromise on understanding their customers deeply.

With 28.1 million users, it's no surprise that Google Analytics is the most widely used tool on the list. Despite this, other analytics providers like

[Mixpanel](#) aren't far behind, offering unique features for businesses to explore their data with different capabilities.

Comparatively, we've also observed a slight decline in customer usage for Google Analytics (-5%) and Facebook Pixel (-3%) year-over-year.

Why is this the case?

One contributing factor is Google's [recent announcement](#) that Universal Analytics (GA) will sunset by July 2023. The replacement, Google Analytics 4 (GA4), promises to capture more advanced analytics but comes with a steep price – reimplementing analytics across your current tech stack.

Naturally, some businesses are seeking alternatives to avoid the weeks – if not months – of engineering resources required to re-instrument and migrate to GA4.

As for Facebook Pixel, we can look at headwinds such as the deprecation of third-party cookies to explain the drop in its usage.

Without third-party tracking, advertisers have been forced to embrace first-party data – data provided directly by end users – to improve their relationships with customers and hone in on the information that best connects their customers and products.

Moving down the list, Google's BigQuery has entered the top ten for the first time, reinforcing the growth of data warehouses on the platform. We anticipate this trend will continue as a growing percentage of customers deploy cloud warehouse solutions alongside a CDP to fully activate the power of their data.

E-Commerce Surges Despite Economic Climate

If you've spent the last year living anywhere (other than under a rock), it's been hard to miss the signs of economic recession on the horizon. Rising interest rates, sky-high inflation, and a volatile stock market have led many to believe that a "Black Swan" event might be ahead of us.

In spite of this, consumer spending has remained remarkably resilient. Despite the circumstances, Black Friday online sales [topped \\$9 billion](#) – a new record for 2022. Led by retail spending on electronics, overall online sales were up 2.3% year-over-year.

More digital engagement means more customer data, so we turned to our own platform data to see if these trends were borne out. During the weekend of Black Friday (and Cyber Monday) the Twilio Segment's platform reached record highs for API usage calls, with 138 billion API calls processed over the course of the weekend.

Although we can't say what this means for the broader economic climate, one thing is clear – e-commerce is here to stay and retailers are turning to CDPs to make sense of record data volume.

Because traditional retail companies primarily use customer and product data to analyze sales trends or inform logistics, many lack the technology to manage real-time personalization of the customer experience like digitally-native competitors.

The bottom line is that retail companies that don't offer personalized and data-informed digital experiences are at significant risk of disruption. Consumers will simply vote with their wallets and choose the brands that do offer exceptional experiences.

138 billion API calls passed through the Twilio Segment Platform over Black Friday weekend

“So our focus right now with Twilio Segment is really trying to focus on omnichannel personalization at scale. We have aligned our retail customer experiences with e-commerce channels. By leveraging Twilio Segment and our first-party data, we've seen a 20% decrease in our customer acquisition cost and an 11% increase in our return on ad spend on Facebook ads.”

Max Lagresle
Associate Director of Digital at Veronica Beard

Most Popular Apps by Category

Drilling down further into individual categories, we can see the most popular tools where businesses are activating their customer data.

A/B Testing

#1 - Optimizely

[Optimizely](#) is the most popular tool for A/B testing on the Twilio Segment platform with a full suite of tools allowing businesses to orchestrate, and experiment at scale.

That said, [Visual Web Optimizer](#), (VWO) is a close runner-up. Recently, it's evolved its A/B testing software into what it calls an "[Experience Optimization Platform](#)". It currently offers a host of user-research features like heatmaps, surveys, and website experience targeting.

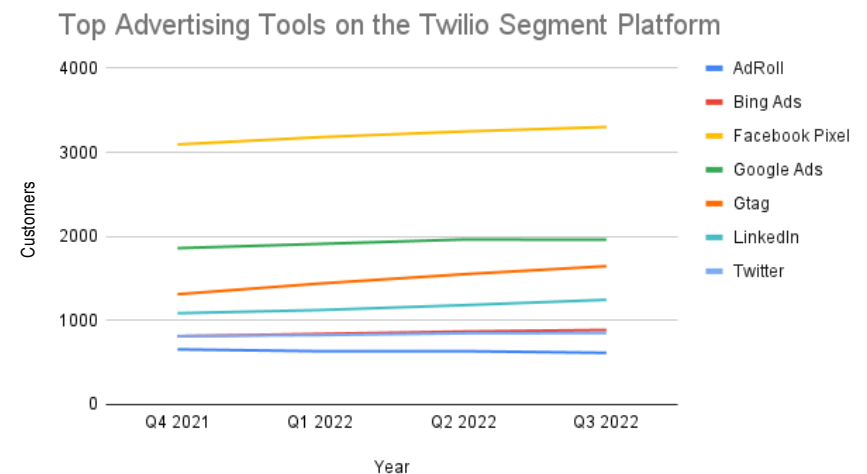
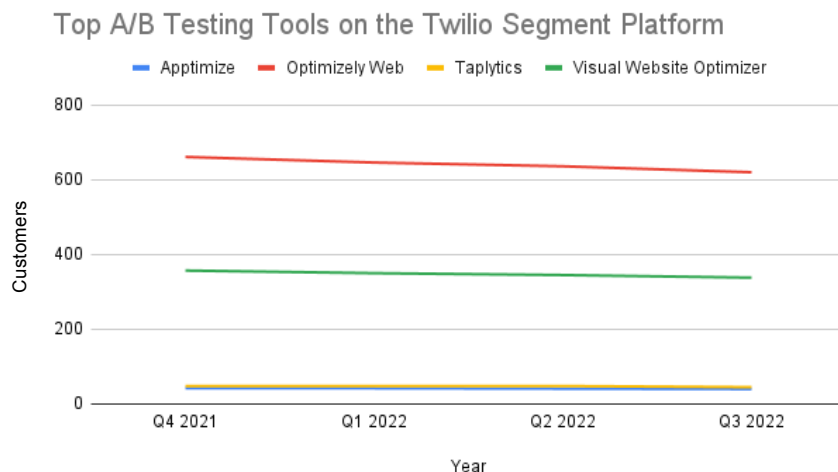
Advertising

#1 - Facebook Pixel

[Facebook Pixel](#) leads the pack for advertising tools in 2022.

Facebook is closely followed by Google Ads, which also saw broad adoption amongst Segment's customer base.

Although the two platforms are often positioned as competitors, for Segment's customer base it's not an either-or situation. Our data shows customers using a broad range of advertising tools, and many companies leverage the strengths of both Google and Facebook in concert to achieve maximum advertising visibility.



Analytics

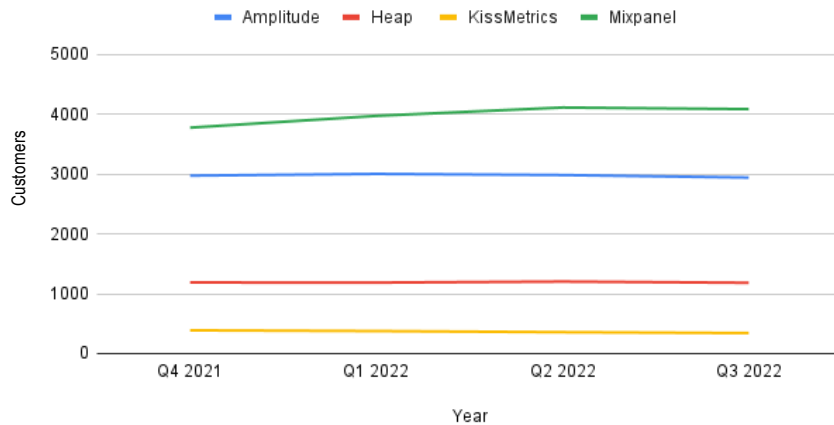
#1 - Mixpanel

Leading analytics platform, [Mixpanel](#), takes the top spot for the first time this year.

Offering capabilities different from industry standards like Google Analytics, Mixpanel excels at helping companies dive into their data with actionable insights.

As we head into 2023, it remains to be seen if runners-up Amplitude and Heap can close the gap in the analytics category.

Top Analytics Tools on the Twilio Segment Platform



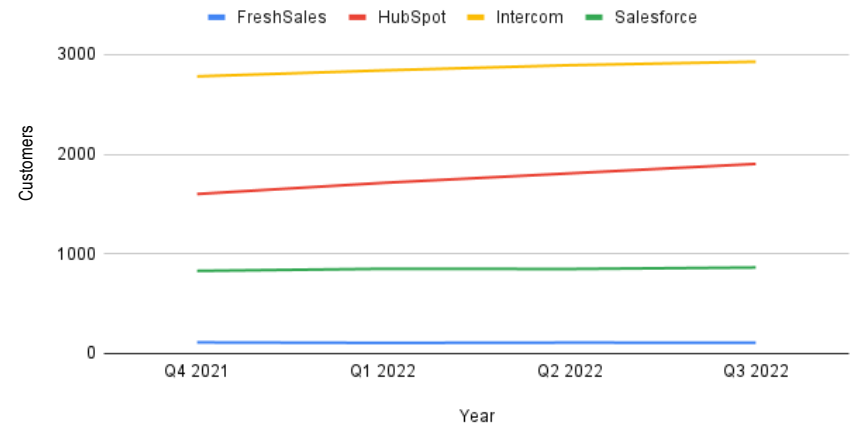
CRM

#1 - Intercom

As the top CRM on our platform, [Intercom](#) connects sales, marketing, and support to deliver more powerful customer communications that reach audiences where they are – continuously and at enterprise scale.

Although Salesforce has been a long-time industry go-to, it sits at a surprisingly modest third spot for CRMs on the Twilio Segment platform. HubSpot, which straddles the line between customer service management and customer relationship management, is the second most popular CRM solution.

Top CRM Tools on the Twilio Segment Platform

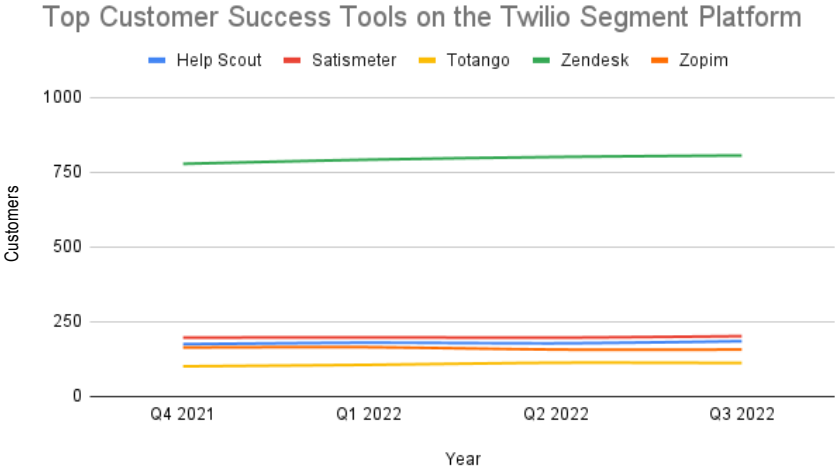


Customer Success

#1 - Zendesk

[Zendesk](#), a solution designed to increase speed and efficiency of support teams while raising customer satisfaction, is the top customer success tool of 2022.

As an all-in-one suite of products, Zendesk is popular amongst enterprise customers, but its growth amongst SMBs is just as impressive, and has kept other customer success tools like Help Scout, Gainsight, and SatisMeter at bay.

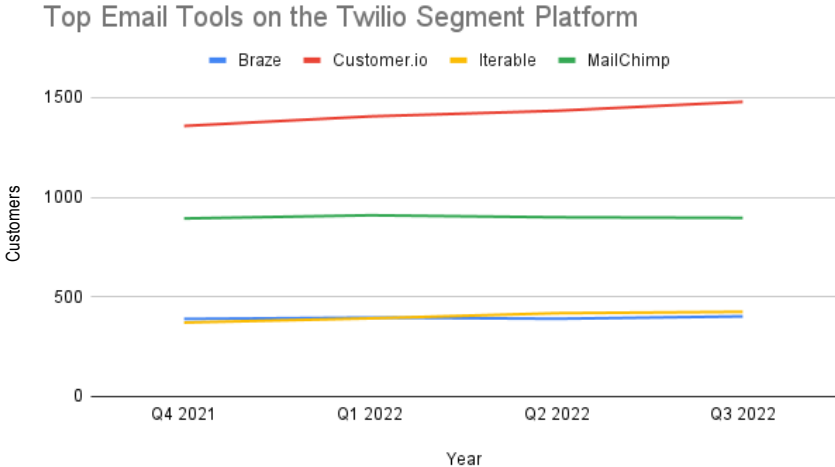


Email

#1 - Customer.io

[Customer.io](#) edged out [Mailchimp](#) this year as the leading email solution on our platform.

Throughout 2022, the two companies battled it out for the top spot in the email marketing category. Both of these tools target SMB businesses, and benefit from a self-service motion that helps drive broad adoption amongst smaller startups.



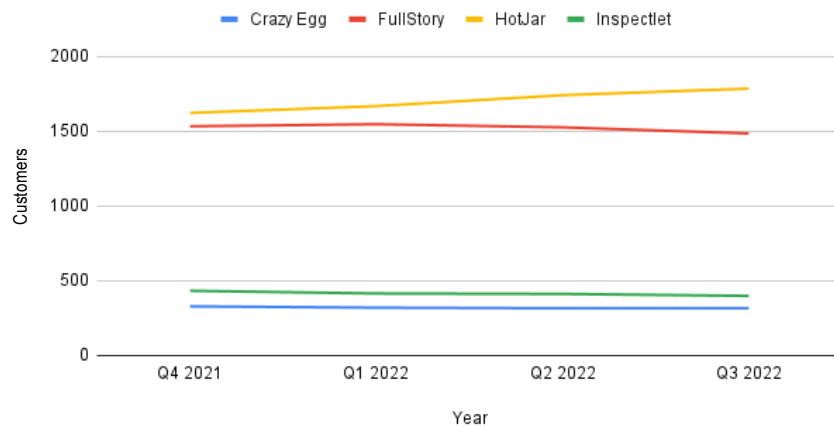
Screen Recording

#1 - Hotjar

[Hotjar](#) secured a narrow victory over [FullStory](#) to take first place in the screen recording category.

With a continued focus on the customer experience in 2022, screen recording and heatmaps have maintained a place within the top 5 most popular categories on the Twilio Segment platform.

Top Screen Recording Tools on the Twilio Segment Platform



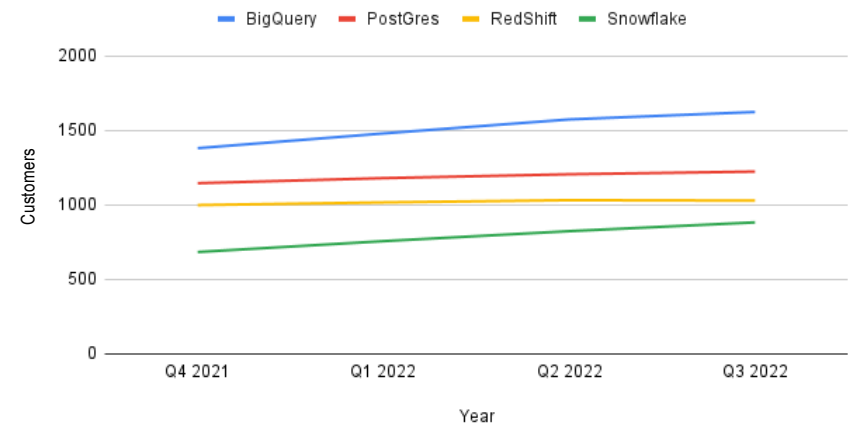
Warehouses

#1 - BigQuery

[BigQuery](#) takes the top spot in the data warehouses category on the Twilio Segment platform for 2022.

Powered by the Google cloud, features like machine learning and real-time analytics undoubtedly make BigQuery popular among Twilio Segment customers.

Top Warehouses on the Twilio Segment Platform



Want to learn more about customer data platforms?

See why 25,000+ customers use Twilio Segment's CDP to collect, clean, and control customer data at scale.

[Request a demo](#)



Recommended Reading

15 Ways to Use Data to Engage Your Customers

This guide shares 15 different ways you can use Segment and Twilio to make your customer engagement more intelligent across every channel.

[Find out more](#)

Customer Acquisition Cost (CAC): A Guide for 2023

In this guide, we share the CAC formula and explain how to calculate it. We also look at what makes a “good” CAC, how to determine an LTV:CAC ratio, and what steps you can take to improve both metrics for long-term success.

[Find out more](#)

Digital Advertising in the Cookieless World

Learn how to deliver personalized and more transparent experiences in the absence of third-party cookies.

[Find out more](#)



Thanks for reading

If you would like to learn more about what Twilio can do for your business, please [contact the Segment sales team](#).