

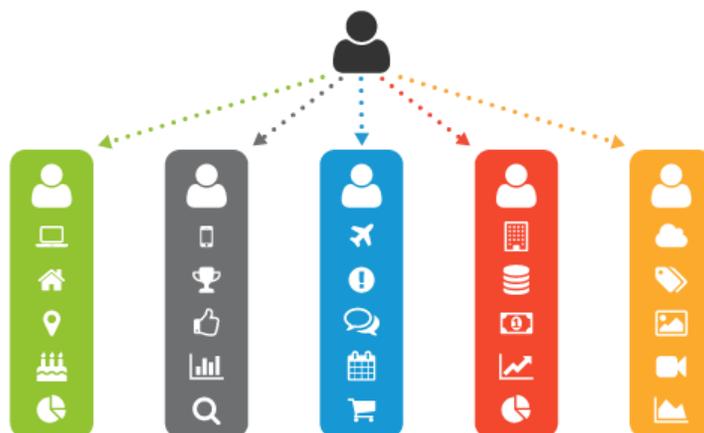
## MARKETING ASSOCIATION WHITEPAPER:

### What is a Customer Data Platform (CDP)? How is it different from a DMP, CRM, Personalisation tool or Marketing Automation platform?

#### The State of Customer Data in 2022

Businesses today are awash in more data than ever before. There's transactional data, demographic data, and virtually infinite amounts of behavioural data. Add it all up and you've got data from anonymous ad impressions to known customer purchases, all the way through to product usage and customer service. Customer data is a superset of all this data put together.

Typically this data is stored in silos, whether organisational or technological, making it very difficult for companies to provide consistent customer experiences across various channels and consumer devices, or to get any actionable insights in a timely manner without expending a lot of resources.



### What is a Customer Data Platform (CDP)?

A CDP at a basic level is packaged software that helps companies solve (the challenge mentioned prior) which is a huge and growing problem: the need for unified, accessible customer data and a single customer view. Like most packaged software, a CDP reduces risk, deploys faster, costs less, and delivers a more powerful solution than custom-built alternatives. With careful planning, a CDP can provide the foundation your brand needs in the years ahead to meet customer expectations for exceptional personalised experiences.



## Key elements of the what makes a CDP are:

- **Packaged software.** The CDP is packaged software, usually bought and controlled by business users, most often in marketing. This distinguishes it from a data warehouse or data lake which is usually custom-built by the corporate IT department. The packaged nature of the system makes it much easier to deploy and change as new needs arise.
- **Single customer view.** The CDP creates a comprehensive view of each customer by capturing data from multiple systems, linking information related to the same customer, and storing the information to track behaviour over time.
- **Accessible to other systems.** Data stored in the CDP can be used by other systems for analysis and to manage customer interactions. The CDP restructures the data, adds calculated values such as trends and model scores, and shares the results in formats that other systems can accept.

## What is a Single Customer View?

**Companies are collecting more data about their customers than ever before.** We have data from multiple sources & channels (web, mobile, app, smart devices, point of sales, etc.), and multiple types: behaviors (how often they visit a website, which pages they spend the most time on, what they like on social media, etc.), transactions (what they've ordered, what they've placed in the cart, how often they order, the average value of their orders, etc.), preferences (what they've subscribed to, what they're interested in), demographics (how old they are, where they live, etc.) and more.

**Because there is so much data coming from so many different sources & types, there are massive disconnections that create a fragmented customer view.** This means that a company doesn't truly know enough about their customers to gain insights and deliver better experiences. As a result, companies end up giving customer experiences that may feel generic, out-of-context, irrelevant, or downright frustrating. Not only that but developers & analysts experience operational inefficiencies as a result. (One example of this is when you receive a retargeted ad right after you've visited a rental car website and have booked a car.)

**A single customer view (~360-degree view, unified profile)** is achieved when all the relevant data about a single customer is connected and unified. With this unified data, a company can better understand who the customers are and their behaviours and create amazing digital experiences.

## How a CDP differs from a CRM, DMP, Marketing Automation or Personalisation tool

While some CDPs may include overlapping functionality, a CDP is not a CRM, DMP, Marketing Automation platform, or personalisation tool...here's how they differ:

- **CRM's** CRMs mostly store customer transaction data. They do not have insight into anonymous user behaviour (often requiring a form fill or purchase), typically are focused on sales data and only have limited integrations to other systems.
- **DMP's** DMPs are cookie-based (which due to Apple's intelligent tracking prevention is becoming increasingly less effective over time), do not create a persistent customer profile and integrations tend to be limited to advertising (not the full customer journey). DMPs are focused on 3rd-party data (data that you buy from outside sources that are not the original collectors of that data), with some limited ability to integrate 1st-party data (information you collect directly from your audience or customers), whereas CDPs have a much heavier focus on 1st-party data.

- **Website Personalisation** While some CDPs have built native execution tools such as website personalisation, this is not a core functionality for the category. This takes focus away from solving the underlying data fragmentation problem that companies in the market are experiencing today.
- **Marketing Automation** Marketing Automation platforms tasked with trying to centralise data often fail, as they were not initially designed to address this problem. Many of the major cloud based marketing automation tools were created in a time where email was the only unique identifier of a person on the internet, with the diaspora and proliferation of mobile devices and in-app experiences this is not the case anymore, so it becomes more important to unify your audiences first using (email, and other identifiers on a CDP for e.g) then activating those audiences with as a higher match rate on said marketing automation platform.

### **Is your brand or business ready?**

A customer data platform, like any technology investment, is not a silver bullet. There are many logistical challenges and resource hurdles to overcome and it requires a carefully considered and thought out process and approach, from running vendor RFPs, to establishing use cases, running data schema audits whilst developing strategy that encompasses activation across adtech and martech platforms. There are often costs associated and internal resource demands required. Outside expertise and consultancies are often brought in alongside vendor onboarding support to help guide a client/brand through this complex journey. Cultural transformation often precedes digital transformation - if your organisation is still fundamentally culturally siloed then data silos may not be the most difficult siloes to break down. It is often good to start extracting and exhausting as much integration and silo-breaking capability from within your existing tech stack as possible, before considering a move to a CDP.

### **How CDP's can solve real world business problems**

CDP's can often solve real world, practical problems and have effective use cases. For example if a national automotive brand implemented a CDP they would be able to pipe real-time offline sales and dealership data to ad platforms, get real time insight that would allow them to interrogate customer behaviour which would help them determine questions such as "Is it better to send a reminder email 7 days after a quote or 21 days?". Solving business problems, answering challenging questions and building a 360 customer view are one of the many ways ROI can be extracted from an initial investment in a CDP.

### **How to effectively evaluate a CDP vendor?**

To properly evaluate the effectiveness of a CDP vendor, it should be measured against six key capabilities:

1. Ingest data from any source
2. Capture full detail of ingested data
3. Store ingested data indefinitely (subject to privacy constraints)
4. Create unified profiles of identified individuals
5. Share data with any system that needs it (preferably natively through the cloud through a well fleshed out native/partner integration ecosystem)
6. Respond in real time to new data and to profile requests

Taken together, these capabilities describe a system that meets the true promise of the CDP. Systems that lack one capability or more will have shortfalls that limit what users can do, often preventing them from supporting important CDP applications.

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