Simon

#CDP

CDP Buyers Guide

CDPs are confusing. We're not the first to try to parse the wacky world of customer data platforms. But we are the first to turn that parsing into a simultaneously useful and entertaining read.

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Note to buyers

A brief why-to before our meaty how-to.

Even as you read this, you don't want more marketing technology.

Marketers want technology like sick people want medicine. They don't *want medicine* (read: tech); they just want things to work correctly, without pain or friction.

So in 2015, when the Customer Data Platform (CDP) hit the scene, promising marketing-made-easy with first-hand access to clean data, it was as cool as keto. Tons of companies have since raised their hands to claim the title of CDP.
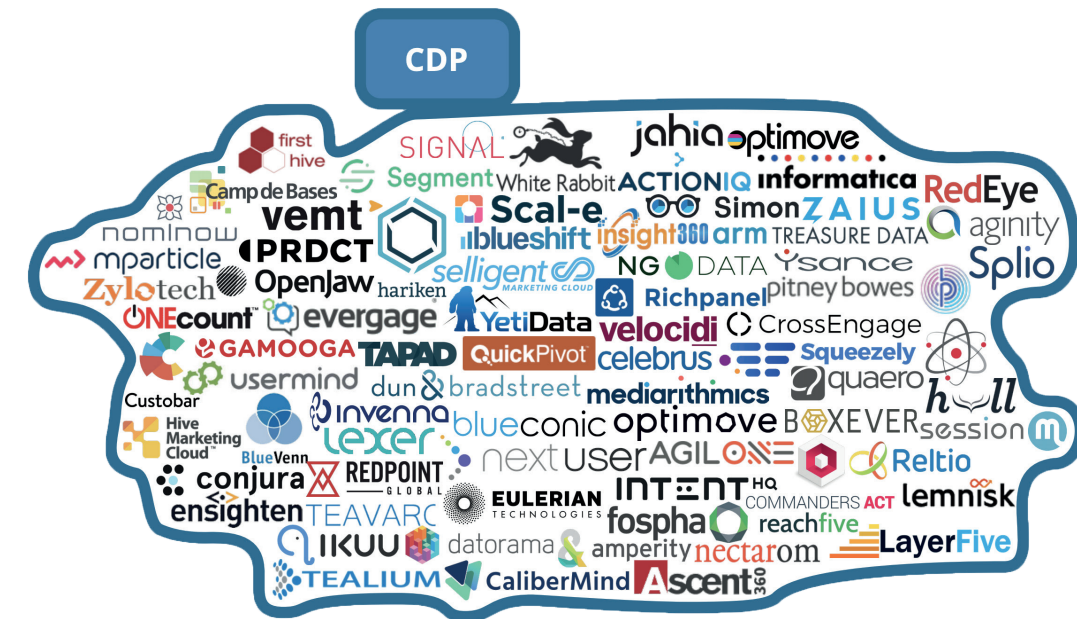
Whenever a hot new tech category emerges, the number of companies *claiming* to fit the category spikes. While these companies hustle to fit a narrow, commentariat-defined category, they're often less focused on solving specific, dire use cases.

For this reason, this CDP Buyer's Guide will focus on the real-world use cases that are most valuable to marketers looking to both gain data-driven insights and put them to immediate use while reducing their dependence on in-house tech resources.

In this guide, we will:

1. Define the capabilities of a CDP
2. Illustrate the value a CDP can offer your business
3. Provide tools for choosing the right solution for your business

What is a customer data platform?

In which we describe the Platonic Ideal of the CDP and its four core capabilities.

A customer data platform (CDP) is a marketing and CX technology intended to unify a company's customer data across online and offline sources. This capability's end goal is to allow marketers to independently use data for modeling, segmentation, targeting, testing, and other marketing functions.

A CDP connects and improves the performance and efficiency of your marketing stack. A good CDP is like an orchestra conductor — a brilliant, capable musician overseeing a carefully selected group (e.g., best-of-breed point solutions and multichannel marketing hubs like Salesforce, Adobe, or Oracle) to create something greater than the sum of its parts.

Just as a conductor must have an impeccable sense of tone and rhythm, in-depth knowledge of music, and immaculate attention to detail, a CDP has its own set of minimum requirements. It doesn't need to be able to play all the instruments, but it must have the skills to guide them all.

CDPs initially offered four core intersectional functions. Since 2015, many claimants to the CDP throne have grown out use cases and capabilities, some of which are truly useful and some of which are like putting racing stripes on a minivan.

The Core Four are:
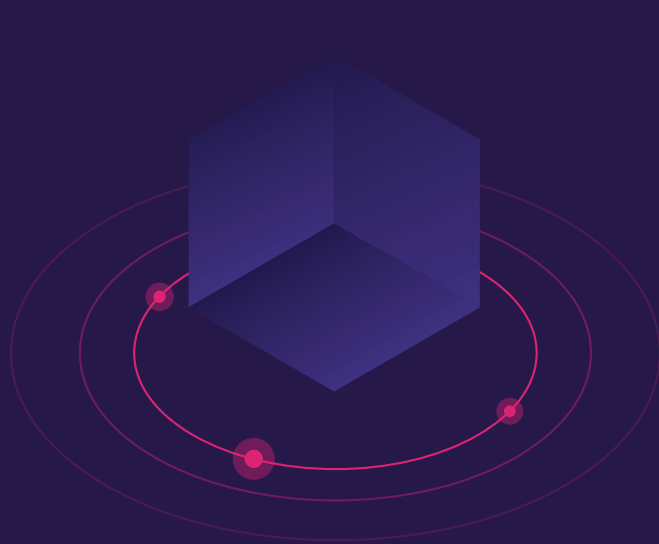
Data collection
One of a customer *data* platform's critical capabilities is gathering, standardizing, and validating data from across all online and offline sources.

Profile unification
As a *customer* data platform, the next step after bringing together data from across sources is deduplicating and consolidating customer data, so you have a single, optimally informative profile for each customer.
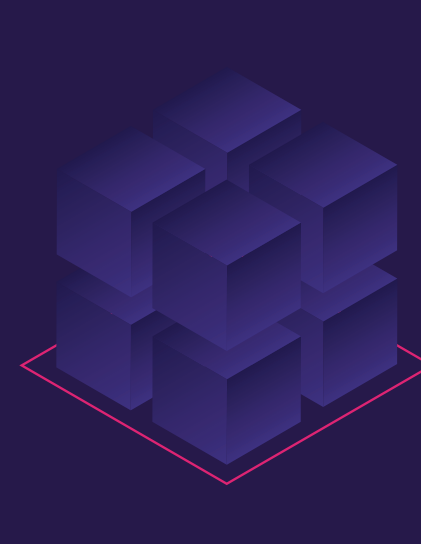
Segmentation
The first two capabilities are only necessary insofar as they enable self-serve marketing activities. Consolidated customer profiles allow marketers to build custom segments from a single platform to get increasingly personal and granular in communications.
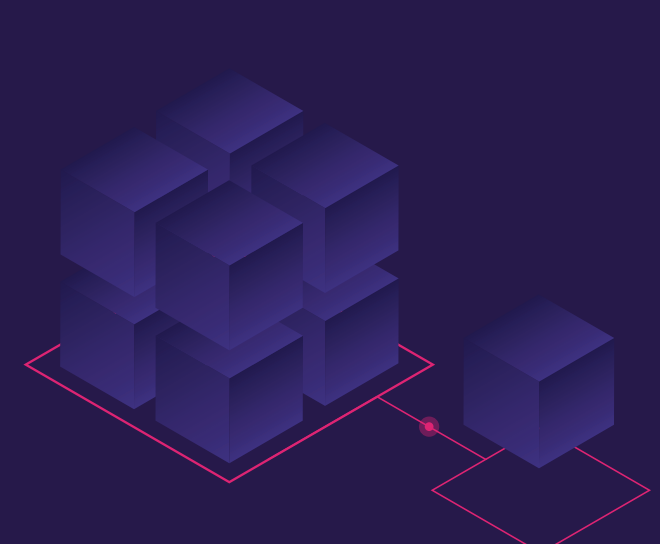
Activation
The last core capability allows marketers to make immediate, seamless use of segmentation by integrating with end channels, like ESPs or advertising platforms, to create and deploy personalized experiences.

Combining these capabilities into a single, accessible HQ for marketers and CX professionals shortens the path from idea to execution, and execution to measurement, that can automatically feed into the next idea and the subsequent undertaking.

Why is it necessary to understand customer data?

Four ways getting a handle on your customer data will help you thrive in the digital era.
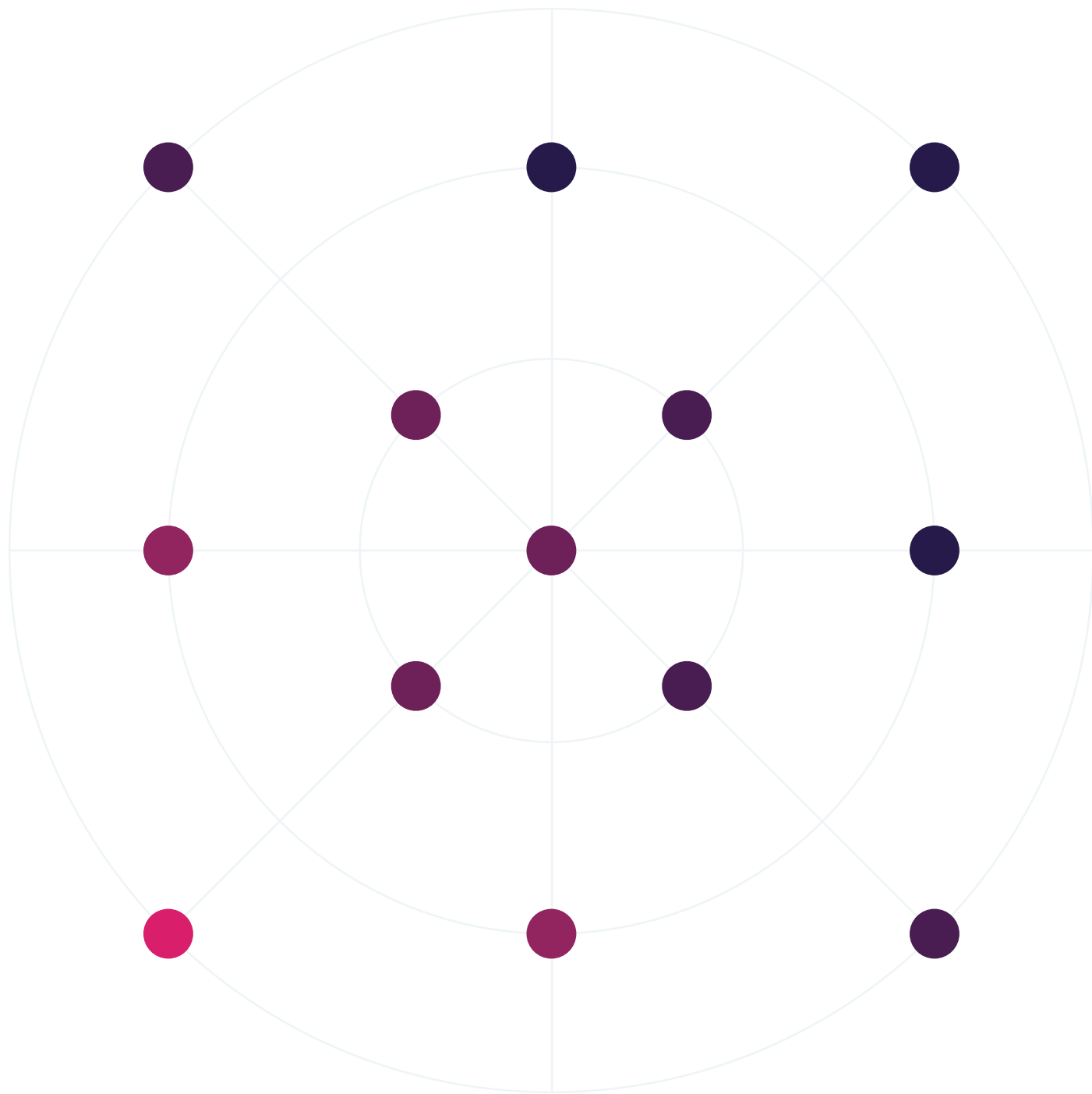
Reason #1: Meeting expectations

We're in a relationship-driven economy. Whenever a large-enough brand improves upon a particular aspect of its relationship with customers, every brand is then accountable to new, higher standards.

Zappos did this with customer service. Amazon did this with shipping speeds and price transparency. Netflix and Spotify have done this with personalization. Every brand must live up to the highest standards of every aspect of the business, lest you risk disappointment, churn, and revenue loss.

CDPs make it easier to connect the dots between customer events and overall behavior to better strategize and deliver experiences at customer expectations.

Reason #2: Maintaining emotional connections

Centralized, accessible customer data is the only way to make informed decisions about serving each customer.

When someone clicks an ad or sees a commercial or buys a product, they implicitly suspend their disbelief. At that moment, they're not interacting with a complex, global company that employs hundreds of thousands of people across time zones and even continents. No. They're satisfying an emotional connection to the solution you provide to their problem. This feeling of personal connection is mission-critical to bringing in new customers and keeping existing customers loyal.

Suppose everything you know about a customer isn't pulled together to create the fullest possible view. In that case, the disconnect will eventually come out in one (or possibly many more) of your communication channels. And when that happens, the spell breaks. Not only are those customers dissatisfied; they feel betrayed.

Elizabeth Jones
New York, NY

ejones@work.com

Liz E. Jonze
Brooklyn, NY

hipsterqueen@zmail.com

Betty Jones
Scranton, PA

babycakes85@millennialmail.com

Beth Erin Jones
Scarsdale, NY

elizabethj@work.com

Reason #3: Increasing ROI across marketing

When your siloed data don't communicate, and you can't get a full view of the customer, you will inevitably waste spend targeting campaigns to the wrong people.

For instance, customer acquisition costs typically suck up the lion's share of media budget. Without real-time communication between a conversion event, dynamic segmentation tools, and end-channel orchestration, you could be pushing pricey top-of-funnel ads on an audience of new customers or recently churned customers.

On the other end of the cost-saving spectrum, seamless customer data makes it much easier to measure campaign-, channel-, or medium-specific ROI so you can flex spend up or down accordingly.

Reason #4: Built-in compliance with data privacy regulations

Because CDPs handle massive amounts of PII and other customer data, their technology and security practices must be certified as compliant with privacy laws. A considerable part of compliance is having complete knowledge of your data, sources, and destinations. This consolidation lets users verify, modify, or delete their profiles.

Without a CDP coordinating your vortex of data, you risk non-compliance. If a user modifies their account, those changes might not reflect in your adtech automation, your ESP, or customer service. Siloed or disorganized data directly causes instances of noncompliance. CDPs simplify your data intake and end channel coordination and simplify staying on the law's right side.

What should a CDP do?

A CDP should enable you to see through the Matrix so you can better relate to your customers. But how?

Let's forget data collection and segmentation and all of that for a moment. Instead, let's take a First Principles view of marketing through a parable about selling wine:

Elaine owns a wine shop. Jerry is one of her best customers. Their interactions go like this:

Elaine listens: Jerry always tells her what regions and varietals he's interested in, what he liked about his previous wines, and what he ate with them.

Elaine thinks: Over time, she's learned his wine preferences. She knows his eating habits and how his wife's tastes compare to his. She compares her current stock to what she knows about Jerry so she can make the proper recommendations.

Elaine speaks: She gives her recommendations in a way she knows will resonate with Jerry. She knows Jerry is most interested in obscure varietals and winemaking processes, so she knows not only what to recommend, but how to talk about her recommendations to most pique his interest. For another customer — let's call him Newman — Elaine might suggest the same wine but instead emphasize the vintner's biography and the local terroir.

The basis of Elaine's relationships with her customers — like all one-to-one relationships — is **listening**, **thinking**, and **speaking**.

But Elaine's business explodes. She launches a massive ecommerce wine store, where she sells to not only Jerry, Newman, George, and Kramer, but hundreds of thousands of winos. Her business is still wine, but she wants to keep her business model around human relationships that comprise listening, thinking, and speaking.

In the above anecdote, Elaine could easily gather and make sense of Jerry's customer context while creating a great experience and building a relationship. But operating intimately at scale is something that very few businesses can attain.

So as you decide if you want a CDP and what you want out of it, we would like to align on the following diagnosis. The pain that marketers feel is that — with the demands placed on them and the tools at their disposal — they cannot possibly build trusted relationships at scale.

If you're going to tackle this problem with technology, the tools you use must help you:

Listen

Discern a signal from the data noise.

Think

Understand the signal and consider the next-best-action.

Speak

Communicate in an effective and personal way.

THINKING

Understanding

Curating

Connecting

LISTENING

SPEAKING

Conversing
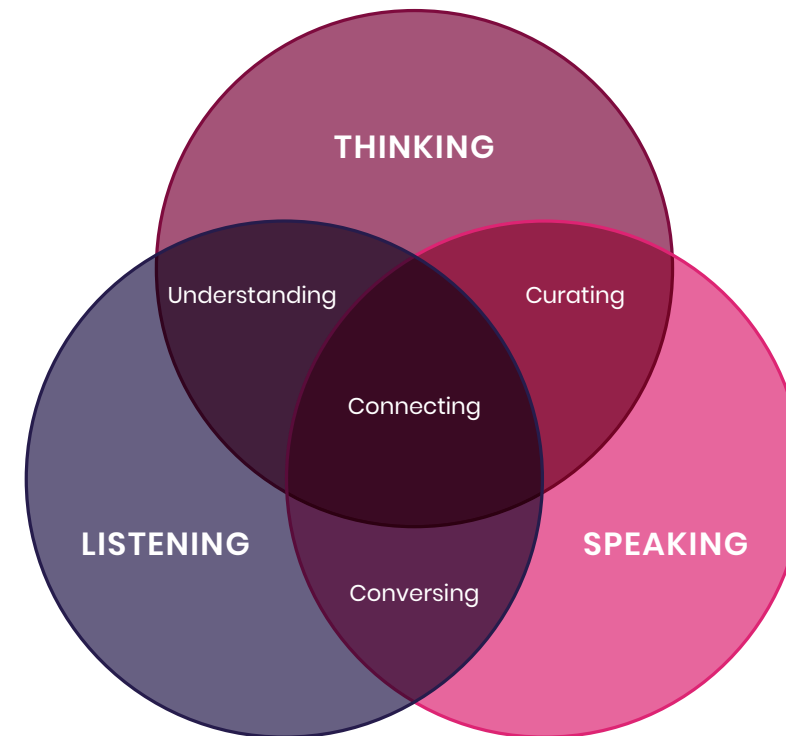
Legacy marketing technologies were purpose-built with — if any — just one of the above in mind. They may have tacked some functionality from another domain. An email service provider (ESP) may build analytics capabilities. A multi-channel marketing hub (MMH) may add some machine learning. But no single vendor has solved for every facet of the customer experience.

Each step in the CDP's workflow should guide the user toward driving value with a full view of the customer, critical insights around opportunity sizing, and profoundly embedded support for experimentation.

Technology can only achieve this by aggregating all customer data across any data source, then providing a smooth, intuitive interface for acting on that data to target and personalize. These abilities allow marketers to orchestrate customer experiences in and across channels and provide rich insights on customer behavior and campaign performance.

But the martech marketplace is crowded. It's difficult enough to sift through CDPs, but what about all the other promising technologies?

Chapter 4 of "The Definitive Guide to Customer Data Platforms" will highlight other prominent martech solutions and how they differ from CDPs.

How do CDPs differ from other marketing tools?

Or "How do I know I'm not making redundant investments?"

Do you ever find yourself wondering where the marketers were when they were naming martech solutions?

Each solution is generally referred to by an acronym for words that feel computer-generated. It can be challenging to grasp the unique value propositions (UVP) (see what I did there?) and each category's overlapping capabilities.

So now we present a brief-as-we-can-manage, shallow dive into how not to confuse CDPs with other acronyms. In case you already have one of the below solutions, we'll also highlight how a solid CDP can collaborate with and amplify functionality through seamless integration.
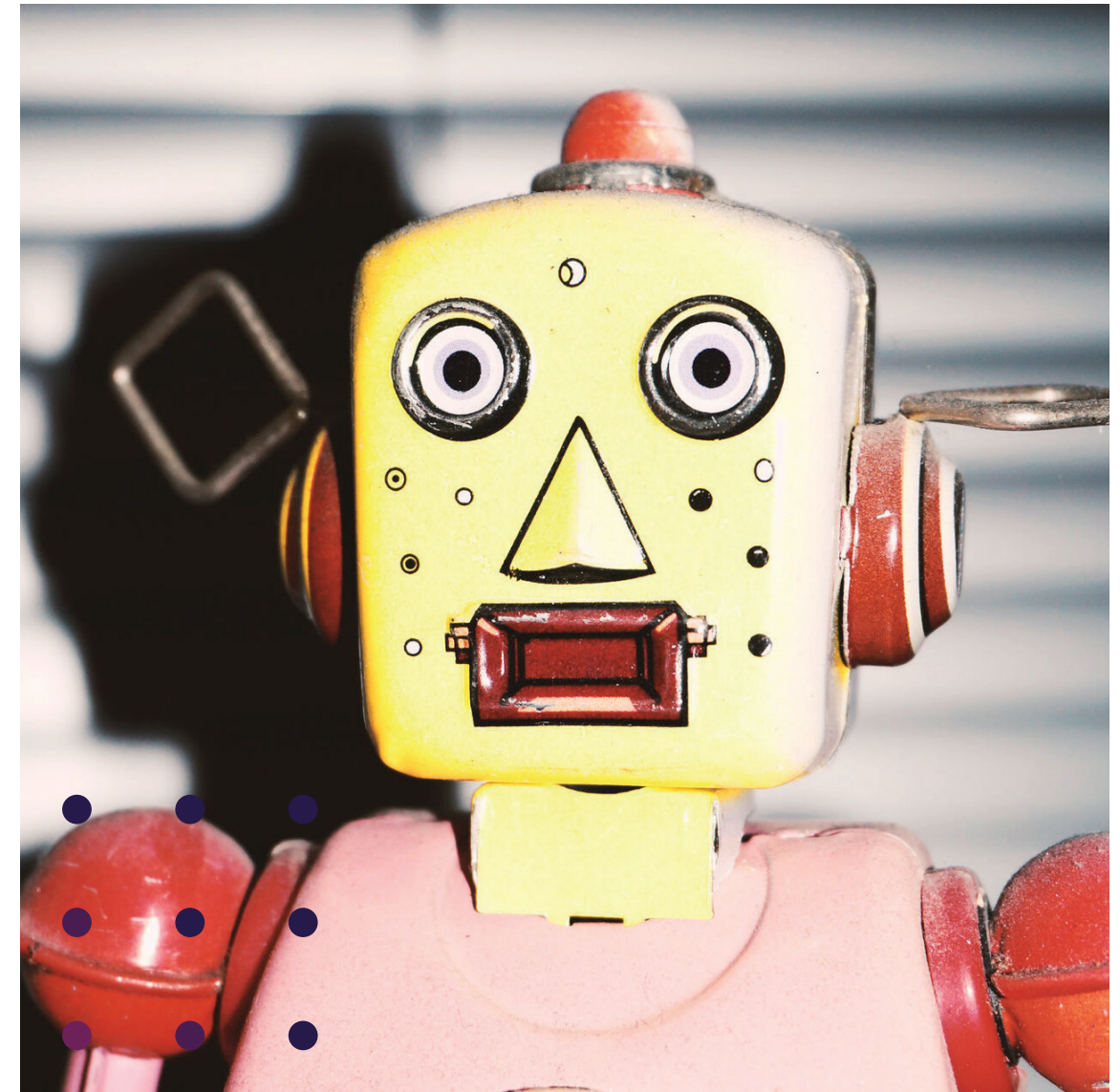
Data Management Platforms (DMP)

How they differ

While DMPs can play a role in centralizing and organizing customer data to make it usable, they have a more narrow focus on anonymized third-party data specifically for managing paid digital advertising and marketing platforms. CDPs focus on first-party data that can use personally identifiable information (PII) for marketing functions.

How they work together

CDPs can push audiences with customer PII (name, email, phone, etc.) to DMPs to pass to demand-side partners (advertisers). If customers click on any downstream advertisements, a CDP will ingest that data for further segmentation and analysis.

Customer Relationship Management Tools (CRM)

How they differ

CRM tools were designed for sales and services to track direct customer interactions (e.g., purchases and customer service communications). While CRM tools have their strengths, they lack the necessary capabilities for being useful to marketing: integration with data sources is difficult; CRM tools are limited to basic automation; and use cases tee up to manual outreach, disconnected from adtech and other large-scale marketing efforts.

How they work together

CDPs can push audiences to CRM tools for downstream management. CDPs can also ingest data from CRM tools to support audience segmentation and personalization.

Multi-Channel Marketing Hubs (MMH)

How they differ

Most Multichannel Marketing Hubs (MMH) — aka marketing clouds — offer data orchestration and actionability elements. But these systems specialize in managing and deploying marketing campaigns to end channels, like email, social media, or SMS. MMHs can't match a CDP's ability to unify data across the marketing tech stack. Legacy MMHs rely on batched FTP-based data integration. Newer MMHs rely solely on an event-based data model, which doesn't support complex manual aggregations of customer properties with all new events/attributes.

How they work together

CDPs can push audiences to MMHs to trigger downstream messages (email, SMS, push, etc.). CDPs can also ingest data from MMH tools to support audience segmentation and personalization. In many situations, a CDP can replace a lot of data and campaign orchestration that an MMH owns, but a CDP still relies on end channels to push messages. Clients moving from an MMH to a CDP can purchase best-of-breed, inexpensive end channels, while the CDP manages data centralization, segmentation, personalization, experimentation, and campaign orchestration.

Digital Personalization Engines (DPE)

How they differ
A DPE is a tech solution that identifies the best user experience for an individual and alters the online experience through visual presentation, recommendations, or triggered messaging. DPEs also pass insights along to the overseeing teams, who take action on personalization trends.

How they work together
CDPs can sync audiences to DPE tools for downstream management. For example, CDPs can sync audiences with a high LTV, and downstream DPE tools will show different content to those high-LTV customers.

Master Data Management Platforms (MDM)

How they differ
Master Data Management falls strictly in the domain of database management and IT to manage, consolidate, and optimize all critical data within an organization. Creating this master record aims for accuracy, consistency, and reliability across the full spectrum of business data — including business finances, company suppliers, pipeline, etc. In other words, it's information overload for any marketer. A CDP focuses on customer data and keeps marketers in the driver's seat.

How they work together
CDPs can ingest cleansed and verified customer data from MDM tools. CDPs can also perform last-mile transformations on customer data and support identity resolution.

Data Lake

How they differ
A data lake is a centralized repository for storing all your structured and unstructured data at any scale. If you are not a trained data-handler (IT professional, data scientist, database administrator, etc.), data lakes are scary, complicated places, and you should steer clear.

How they work together
CDPs can share all customer data to a client's data lake. In some situations, a CDP can also manage a customer's data lake as a service (DLaaS).

What outcomes should a CDP enable?

AKA, How will a CDP make me the MVP at my next QBR?

Increase operational efficiency

The bottleneck between marketing and their technical counterparts in IT, data science, and engineering is very real. When consumer attention spans are reduced to "the speed of the feed," filing a ticket for a custom segment can feel like writing a letter to Santa Claus. A CDP democratizes this kind of critical customer intelligence so marketers can focus on marketing, not waiting to get around to marketing. The democratized data a CDP offers frees up IT's bandwidth so they can focus on tracking and modeling new data points, building new data science models, and enhancing attribution models.

Increase revenue generation

The more democratized customer data becomes across the marketing program, the better you will know your customers. The speed at which new campaigns can be tested and deployed allows teams to do more and be more granularly personal, which generates more revenue. The more insight into customer preferences and behavior you have, the better your decision-making will achieve business-level objectives like growing customer loyalty, increasing retention, AOV, LTV, purchase frequency, and customer acquisition.

Reduce media spend

On average, media spend generally accounts for one-third of all marketing costs. With the right data ingestion, analysis, and incorporation in place, suppression lists can update automatically. Simultaneously, you can also increase ROAS with more fine-tuned retargeting audiences, focusing spend on contacts that are unreachable through owned channels and those that actually convert when served paid media. Built-in testing capabilities that feed your segmentation and overall customer intelligence can quickly help in optimizing campaigns and assessing ROI across your media landscape.

Streamline technology costs

With a Smart Hub CDP (more on that in the next chapter), you can reduce overall marketing technology spend. Focus on getting the most out of every capability in your current stack or eliminate excess spend on solutions with redundant functionality. By being tech agnostic, you have the flexibility to assemble your plug-and-play dream team or to optimize your workflows around the strengths of suboptimal tech solutions with which you're momentarily stuck.

Optimize workflows

When your team has a home base from which they can operate the entire stack, the manual work of marketing becomes intuitive, a natural extension of thinking. Constantly switching between different technologies for different pieces of the workflow puzzle is cognitively draining and an underestimated waste of resources.

Are there different types of CDP?

And what are the market trends affecting the CDP landscape?

With the number of CDPs exceeding 100 by some counts, the category has suffered from ill-defined specifics and boundaries around capabilities and outcomes.

The key themes, patterns, and questions that have emerged in conversations with business leaders across industries confirm no formal definition of a CDP.

To help better understand the CDP landscape, we will outline the key market trends underlying the industry and the resulting subcategories of CDPs that have emerged as a result:

Market trends that affect the CDP landscape

DTC is king
Direct to Consumer brands are winning and are providing an elevated customer experience, raising the bar on what all brands need to deliver if they want to remain competitive.

Scale and flexibility required
Organizations approaching a practical and modern cross-channel digital strategy have recognized the need for a data environment that is both channel-agnostic and able to handle significant data scale and complexity for diverse and unstructured data sets.

Omnichannel > customer experience
Businesses can no longer strive to simply execute messaging in "every channel" as an end goal. Instead, successful marketers consider their communication strategy with customers and view the channels as a vehicle to communicate effectively.

The walled gardens are winning
The dominance of Google, Amazon, and Facebook's identity graphs and the decline of the third-party cookie drive a broad shift in targeting strategies. Advertisers are shifting their focus from buying cookie-based audiences on the open web to targeting individual customers.

GDPR and data collection
Regulatory initiatives and consumer sentiment driving such regulations have driven advertisers to focus more heavily on first-party data collection and be more strategic in its use.

In summary:

1. Successful brands are developing a closer relationship with their customers. **2.** That relationship is increasingly data-driven.

3. The data requirements and sources to support these relationships are expanding in scope.

The CDP as a solution to evolving needs

Some CDPs trace their origins to the dawn of the internet and digital advertising, while many are purpose-built to address the emerging needs and capabilities addressed above. As a result, the CDP space is an amalgam of different technologies, with varied origin stories and value propositions colliding at the intersection of data and marketing.

As marketing technology systems have felt pressure to become increasingly data-flexible, many non-CDP businesses have partially entered the CDP space or started marketing themselves as CDPs. Traditional marketing technology systems are fighting an uphill battle to build and/or acquire integrated CDP functionality for marketing.

These businesses can broadly be categorized into four buckets:

- Utility CDPs
- "Tag Manager" CDPs
- Marketing Clouds (not actually a CDP)
- Marketing Orchestration CDPs

DATA STREAMING

- Data Warehouse
- Web/App
- Point of Sale
- CRM / Loyalty
- Order Management
- Inventory / Product Catalog
- Third-Party
- BI / Data Science
- DMP / Ad Data
- Customer Support

WORKFLOW

- Integration
- Identity Resolution
- Segmentation
- Campaign Workflow
- Campaign Design
- Insights
- Reporting
- Predictive / AI

DELIVERY

- Email
- SMS
- Push
- Custom Audience
- Display Ads
- Web
- App
- Customer Support

MARKETING ORCHESTRATION CDPS
UTILITY CDPS
TAG MANAGERS
MARKETING CLOUDS

The Utility CDP

Origin Story

The Utility CDP coincided with the rise of "Data" as a function within enterprise organizational structures. These CDPs arose as a reaction to DMPs — specifically that CDPs flexibly ingest raw data and apply schema-on-read rather than using a fixed schema-on-write like the DMPs.

Utility CDPs offer database storage solutions or sit on top of existing databases and power data utility workflows. These solutions may provide on-premise options and may not even have a user interface.

Utility CDPs excel at customer record management and integration into legacy databases. Many provide flexible "snap-on" API connectors out into a host of systems. These systems are built to de-duplicate customer records, create a marketing database or data store, and handle the complexities of relational data required for marketing and analytics. Some of these solutions suffer limitations around the use of real-time data for marketing use cases.

Today's Goal

Utility CDPs are endeavoring to create more powerful marketing capabilities to move closer to revenue. As such, Utility CDPs are increasingly offering data science solutions and services, and some are investing in marketing workflow capabilities. "Identity Resolution" is a newer term frequently repurposed for capabilities such as fuzzy matching, database cleanup, and probabilistic cross-device targeting, which is an area in which some Utility CDPs excel.

Best For

- Companies with "old data" or those seeking to get value out of customer records in legacy databases
- Companies set on their marketing tech stack, looking for enhanced data capabilities
- IT teams, or teams well-resourced by IT

The Tag Manager

Origin Story

Tag managers were born during the rise of adtech with the desire to sync cookies and a host of associated web tags. Tag managers focused on the operational need to add and remove third-party pixels on a website and sync event streams into marketing and advertising platforms.

Over time, these companies worked to capture first-party authentication data and append it to CRM records, moving from the website into a more data-oriented architecture. These businesses are primarily focused on web and app data and anonymous customer records.

Tag managers generally sell to technical and product teams who want to quickly integrate data from one place to another at a low cost. They excel at a narrow scope of functionality with a massive scale.

Today's Goal

Some tag managers offer — or are beginning to offer — segmentation and some basic marketing workflow. These businesses are building both toward data and marketing. They aim to increase their realm of available data beyond websites and apps while creating value through a marketer-friendly UI.

Because these companies have massive install bases and are viewed as essential utilities for product and technology teams, they stand a chance of expanding their capabilities within existing clients. Tag Manager CDPs frequently exist in addition to the other types of CDPs discussed here.

Best For

- Broadly, everyone
- Businesses with lots of web/app traffic
- Technical teams/buyers

The Marketing Cloud

Origin Story

Marketing clouds were born in an era where sophistication (e.g., segmentation, testing, orchestration) lived in delivery systems (e.g., ESPs, DMPs, CRM tools). As a result, SaaS juggernauts went on a buying spree of technologies they could build into all-in-one marketing clouds.

Many businesses formerly branded as ESPs have branded themselves as "multi-channel messaging platforms" or even CDPs. Losing market share to Salesforce, Oracle, or Adobe's multi-purpose "clouds" has been another driver behind the branding shift.

Separately, "new age marketing clouds" have emerged, touting their multi-channel capabilities and better user interfaces. Many of these businesses were born outside the email channel as app, push, or SMS targeting vendors. They have since expanded their scope through bolt-on delivery integrations and white-labeling. These businesses are built to win in the marketing cloud space, basically for any business that doesn't require a built-in DMP (i.e., almost any non-media business).

The challenge with marketing clouds when it comes to capturing CDP market share is that their underlying data model struggles to handle the nuances and complexities of modern data environments (e.g., real-time, data science, relational data, scale, etc.). Further, they rely on APIs/SDKs, which puts the burden on IT teams to conform data to a specific schema and can't scale well.

Today's Story

Marketing clouds are increasingly under pressure to deliver on the breadth of channels in which marketers want to engage their customers and the data demands of the modern enterprise.

It'll be interesting to see what happens to this space as businesses continue to focus on centralizing data capabilities and increasingly view message delivery (once the remit of marketing clouds) as commoditized. Marketing clouds exist outside of the CDP realm and often exist alongside a Tag Manager CDP, a Utility CDP, or both.

Best For
- Teams who are well-supported by IT resources
- Businesses with advanced marketing orchestration requirements
- Businesses with existing data/CDP infrastructure supporting data requirements

The Marketing Orchestration/Smart Hub CDP

Origin Story

Marketing Orchestration CDPs (aka Smart Hubs) are born out of marketing clouds' inability to deliver against needs in the ever-changing data environment. In some cases, these businesses started as Utility CDPs and invested more heavily in marketing workflow or started as marketing clouds, but are architected on a different data infrastructure. They offer Utility CDP elements around consolidating data across businesses and generally focus on known customers. Their main limitations lie on both ends of the data-to-marketing spectrum: they don't have all the features of a marketing cloud or a Utility CDP but offer 80% of the middle of the spectrum.

Today's Story

Marketing Orchestration CDPs will usually integrate into a Tag Manager CDP to access real-time or anonymous customer data. These CDPs excel at marketing workflow and may even look mostly like using a fully-fledged marketing cloud. They may also offer predictive capabilities.

Given their capabilities and offerings, Marketing Orchestration/Smart Hub CDPs should be evaluated as a replacement to outdated CRM technology and bolt-on to (or potentially even a substitute for) marketing cloud solutions.

Best For

- Marketers desiring data-rich environments for campaign orchestrations
- Teams looking to cut down on IT/engineering support burden
- Businesses with nuanced/complex data and use cases

Conclusion

The CDP vertical is fraught with buzzwords and feature creep — much like the broader marketing technology space where thousands of businesses claim to be a "true 1:1 omnichannel solution for marketers at scale."

To better understand both where CDP companies fit within the space and which CDP is the best match for a given business — in addition to the high-level categorization above — teams should start with applications, business value, and use cases to work backward into technical requirements. This seems intuitive, but many teams are still trying to conform their CDP evaluation criteria into pre-existing requirements for CRM tools, database applications, etc.

It will be interesting to see how the space evolves (and it certainly will expand) over the coming years.

Ultimately, there's significant value to businesses in making investments relative to CDPs. Still, it's essential that the evaluation approach be outcomes-driven and that teams can cut through the buzz.

Choosing the right solution for your business

10 essential considerations for assessing if a CDP is right for you

These are ten essential considerations of assessing if a CDP is the right fit for your business.

Integrations

The process of establishing an account and the data necessary to execute marketing campaigns.

After a one-year contract comes up for renewal, you might have found that the world's best point solution doesn't fit your use cases. Flexible iteration of your stack is essential to remaining not only competitive but relevant. Easy, seamless integration is critical to keeping pace.

Migrations

Changing the data in an account, whether by adding, removing, or updating data.

Change is constant for any company. If you're undertaking a digital transformation, change is even more central. When the business evolves, so too must the data, so choosing technology that enables seamless, continuous migration is crucial.

Operability

A property of the overall system, how often it is available functioning correctly versus malfunctioning or offline.

Your marketing operations depend on your martech solutions' uptime. Suppose you pick a vendor with poor operations. You'll quickly witness the ripple effect of broken data to service downtime to your marketing team's inefficiencies to missed opportunities in your marketing program. Exceptional organizations know when traffic spikes are coming — like Black Friday or Cyber Monday — and preemptively scale their systems accordingly.

This also includes quality assurance measures to ensure that data is accurate and complete and indicating to someone when it is not.

Quality assurance for marketing data comes down to two things:

1. Using the most authoritative and accurate data available to power campaigns
2. Robust safeguards for detection and remediation for when data isn't accurate to prevent negative effects downstream

Just as data migration is a continuous process, so must be the quality assurance of that data. Martech that "gets" data has multi-layered data interaction built-in so marketers can understand what's going on with their data, build intuition around patterns and cadence of change, and dig in to fix issues when they inevitably arise.
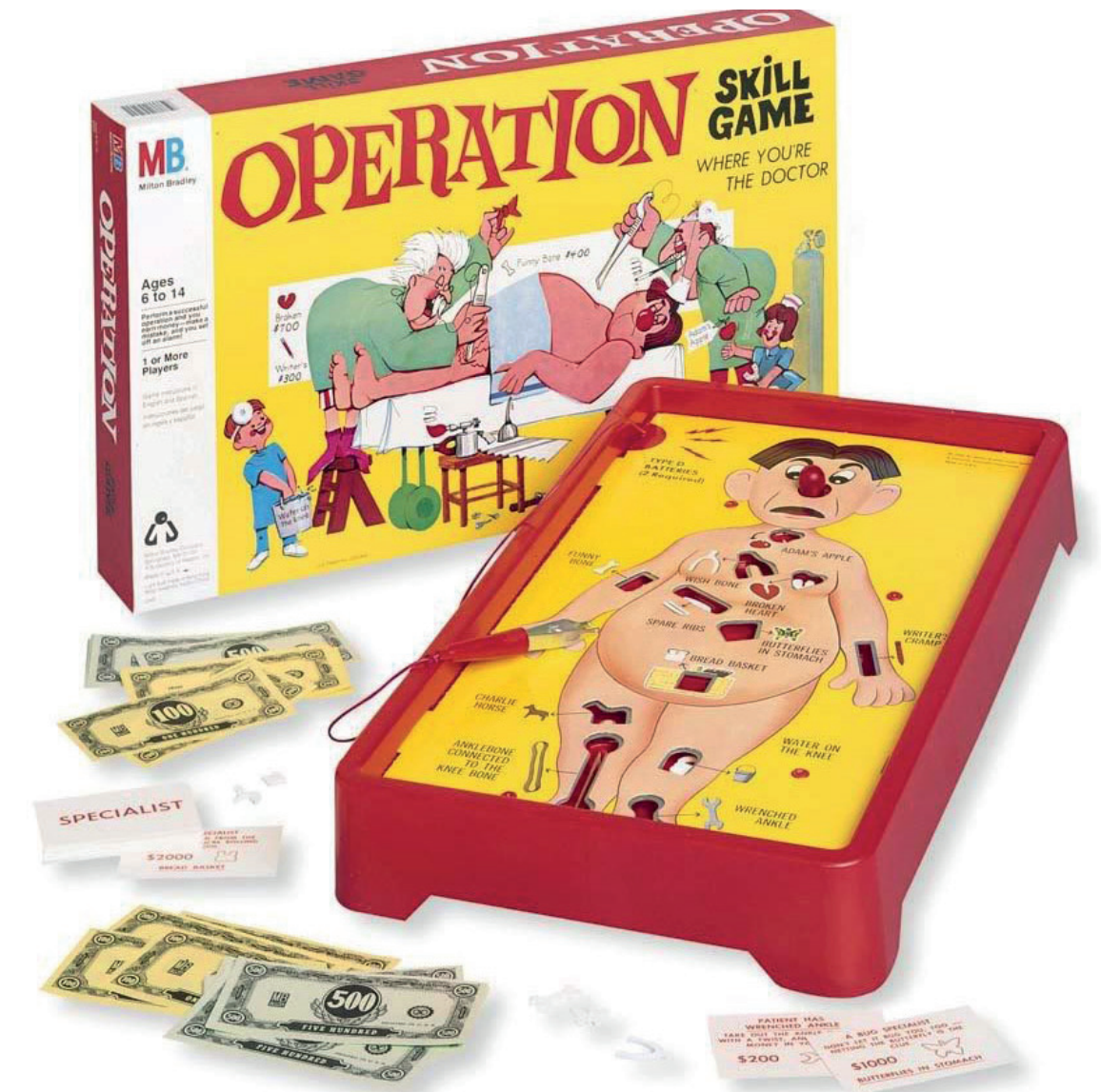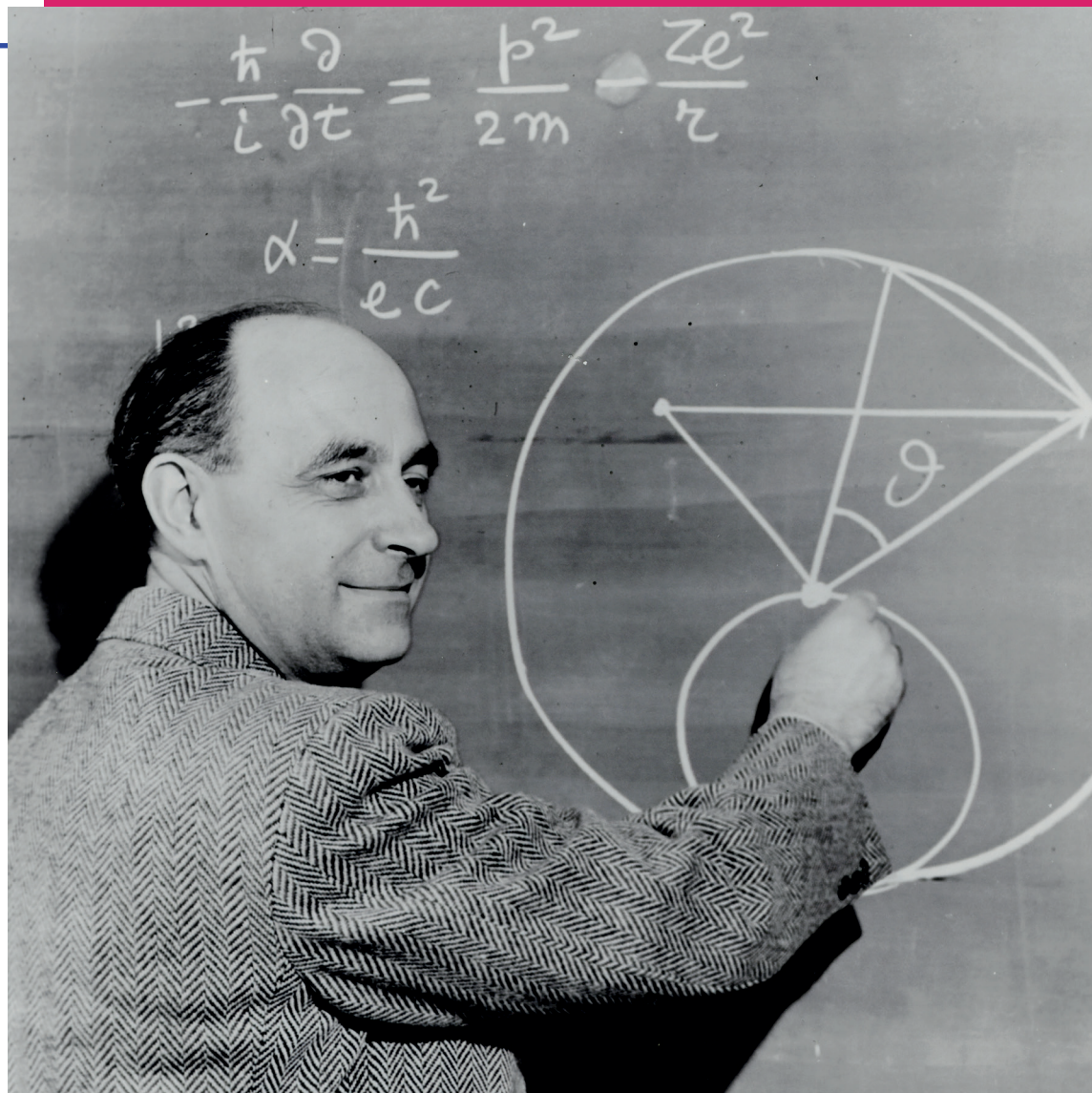
Modeling & Metadata

Describes the internal structure of data after ingestion for storage and downstream use.

Choose your data models carefully — they must serve a purpose toward a desired downstream outcome. The model needs to help with ingesting data, segmentation, targeting, content, reporting, etc. The data items must be consistently available to you across the stack.

There will be times when you must help the solution understand the semantics behind your data. Providing this as metadata annotating your underlying data model allows general-purpose marketing tools to be brought to bear on your bespoke data model.

Customer targeting & segmentation ownership

Manipulating and combining data on the way in to produce enriched, derived, or aggregated data for downstream use then building audiences for targeting marketing campaigns

Great customer experiences require detailed personalization, which comes from fine-grained data. Take, for example, an ecommerce campaign that segments first purchases by category. If the orders table doesn't include this information, it must be appended from the product catalog.

The exploration and understanding of target audiences cannot be a function of your data engineering teams. It has to go into the marketers' hands. After all, marketers will ultimately define and execute campaigns over the segments. The key is to enable data engineers to quickly and easily get data into the system while empowering marketers to build intuition and experiment with slicing and dicing audiences.

If marketers wait 2 weeks for the data team to come back with a new segment they're interested in, only to find it contains 5 users, you are not effectively unlocking the potential of your data.

Content & personalization

The use of personalized attributes of contacts, and potentially joining in additional data, like that from a product catalog, to produce content and copy for marketing messaging

The days of spray and pray are over. Every time one company improves its personalization, the bar raises for every company. Many things fall under the umbrella of "personalization." The first thing that pops into your mind is probably product recommendations. Personalization can also include triggered content flows, automatically adjusting email cadence to suit average open rates, and geo-located promotional offers.

Experimentation

Running controlled tests that can measure the lift for marketing variants across dimensions, including timing, channels, content, etc.

Marketing is about influencing behaviors. Experimentation is the cleanest way of measuring attribution and, ultimately, causality. Experimentation solutions must work across all communication channels if you are going to test the full customer experience holistically.

Insights & reporting

Data analysis in the form of standing reports that indicate marketing campaign operations and performance and exploratory tools for understanding factors driving those outcomes.

You cannot manage what you cannot measure. The truism has never been more valid than in business technology, with so much money on the line. There's little to no point in testing if results cannot be easily interpreted, ingested, and incorporated into the never-ending quest for optimization.
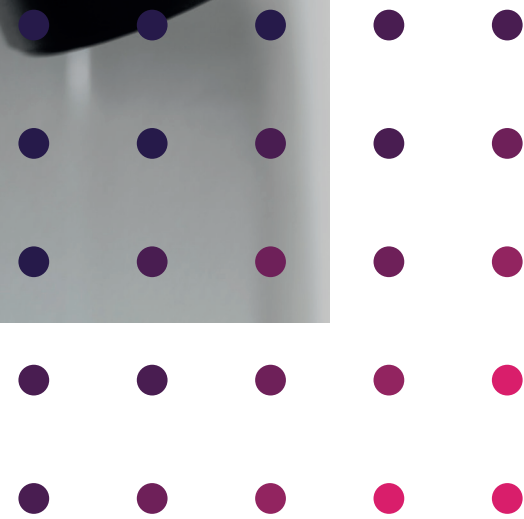
What does a CDP in my future look like?

What are the biggest gains in operational efficiency and transparency?

Segmentation

Think of all the exciting tests you could run if segmentation weren't slow and inconvenient. Such testable segments might include:

1 Customers who purchased yesterday and called into customer service with a complaint.

2 Women who purchased two weeks ago and have browsed an adjacent product category in the past hour.

3 Men who purchased one month ago and opened either an email or a push promo since their purchase.

Who will convert most quickly? Who converts most reliably? This and similar tests could inorm your overall ollow-up cadence and significantly impact revenue, loyalty, and LTV.

So you put in a ticket to IT, and eventually, they get around to it. Still, once you get your segments set up and ready for the email blast, the intervals are four days later than you'd planned for (i.e., the first cohort is now women who purchased five days ago) because IT had an overload of requests.

That's tolerable, but then you notice that Cohort 1 is only 5 people, Cohort 2 is 35, and Cohort 3 is 156, which hardly sets you up for a statistically significant test.

Your instincts are good, but it will take far too long to validate them because of outdated processes.

With a CDP, segmenting your customers should be self-service and intuitive. Suppose you have an idea for testing cohorts or segments against each other. You have the speed and flexibility to finesse the parameters to get the right sample size and distribution, yielding significant results, and the insight necessary to drive increased value.

Dynamic personalization

Hello, {{First_Name}}! I hear you'd like to learn more about {{dynamic personalization}}.

With a CDP, you can get much more granular and personal than you can with even your fanciest rules-based ESP settings. While we wanted to give you a Before and After, dynamic personalization without a unified view of the customer can't get much more profound than MM/DD/YYYY triggers "Automated Happy Birthday Discount Email #1."

With a CDP unifying your data and integrating with BI and analytics tools, you can automate around endless parameters. Want to send a fantastic new sweatpants email to everyone who just bought slippers? Done. Want to fill your new Chicago brick and mortar with 18– to 35–year–olds who are also in the upper 20% LTV cohort of your customers by sending them and only them a secret invite to your pre–opening sale? Easy.

Building and making use of custom fields with a CDP should be so intuitive that instead of getting frustrated and impatient with data, your team starts to develop a new creative instinct for inventive targeting.

Orchestration

Often even a great CDP will lack the ability to orchestrate marketing messages and campaigns. Thus, your team members find themselves bottlenecked by tedium, getting their carefully constructed, ever-updated cohorts and segments from the centralized data platform to the necessary end channel.

Problems arise when — as is often the case in any business with a marketing team of more than three people — every channel doesn't fall under the responsibility of an "omnichannel manager." Tedium is a time-suck that saps your employees of their creative energy, disrupts their precious flow states, and makes their jobs harder.

For the customer, a lack of orchestrated messaging will often result in over-messaging, inconsistency, or delivering promotions on CTAs that the customer has already done or unmistakably declined to do (e.g., download your app, opt in to a newsletter). Orchestrating from one place, where the unified customer view is updated in real time, gives the right channel manager the right information at the right time so they can make the right choice.

Single portal

Aligning customer data and end-channel orchestration in a single place gives you something incredibly valuable, something akin to your unified customer view: you get a 360-degree view of your marketing efforts.

In the world before CDPs — in this case, specifically the category of Smart Hub CDPs — massive marketing teams may have had minimal overlap in the platforms where they spent most of their time (save for, in the best of cases, your project management platform). Visibility into ongoing campaigns and projects may be limited to weekly standups.

Having a CDP — especially one that integrates orchestration into its capabilities — means that endless tabs and logins and porting of data or creative assets from hither to yon are all a thing of the past. Your marketing stack can become a marketing ecosystem where visibility and collaboration between disparate marketing functions are straightforward. By their very nature, marketing tools silo team members from each other's workflows. CDPs (again, Smart Hub CDPs) break the silos.

Cross-channel experimentation

This follows from orchestration capabilities and having a single-sign-on portal, but it does not mean that CDPs that offer orchestration can necessarily power cross-channel experimentation.

Imagine you have a significant promotional event coming up, and you need to determine the right mix of email and SMS to drive the most interest. Without a single platform allowing for cross-channel experimentation, how would you do this? You would have to manage holdout groups and control for execution (i.e., timing, messaging, targeting). You would need to ensure there's no unintended overlap between test groups. You would need consistency across segments and the ability to export those segments into end-channels, deploy, then gather and interpret results.

With a CDP that allows for cross-channel experimentation, you can manage end-channel execution from a single platform. You build segment parameters. Statistically significant groups are partitioned off into email-only, SMS-only, email & SMS, and holdout, with results and reporting rolling into that single platform. Not only that, but insight gathered from the tests feed into your customer profiles. If test results show Bob from SMS-only didn't convert, but his profile shows numerous email conversion events, this has a significant impact on how you will choose to communicate with Bob going forward.

How to talk about a CDP within your organization

Just like a great CDP, you should listen, think, and speak.

One of the challenges of acquiring a CDP is that it can be unclear who should own the process. The muddle typically happens between Marketing, IT, and Product but can easily be avoided with the proper process in place.

Step 1: Identify the primary stakeholders and assemble a core buying group.

We've seen different stakeholder groups champion different deals in our own sales processes. If you're reading this and recognize some urgent problem areas within your function that a CDP could address, then take up the mantle and mobilize others to join you in your investigation.

Though marketers are the primary end-users, a CDP addresses problems — and can even kickstart a digital transformation — across your org.

The first step is to identify the stakeholders who will form the core of your buying group. This group will include the would-be platform owner — in this case, most often Marketing — and the functions that would be most closely affected, generally IT and/or Product.

Other stakeholders might include:

1. Data science
2. Analytics
3. Legal
4. Security
5. Procurement

While we can't say who doesn't belong in your buying group, we advise assembling a diverse buying group that comprises the most essential stakeholders. Every voice adds complexity and dysfunction to the decision-making process, which increases the likelihood of a delayed, suboptimal, or abandoned decision.

This doesn't mean you don't take others' concerns and needs into consideration; you just need to contextualize their concerns as existing somewhere further up and lower down on the priority spectrum depending on how close to the day-to-day they will be.

Step 2: Have each stakeholder surface problem areas related to data usability.

Here's an example of what such a list might look like:

Typical problem statements for marketers

1. We struggle to drive incremental revenue through better acquisition, conversion, expansion/growth, loyalty, retention, and reactivation

2. We struggle to access and leverage a complete & actionable 360°-view of the customer for personalization & automation.

3. We are too often bottlenecked by silos across channels & functions, and these silos prevent us from driving customer outcomes holistically.

4. We currently cannot scalably launch new campaigns, run experiments, & optimize the customer experience iteratively without relying on a separate engineering/technology team.

5. We struggle to maximize the value we're getting out of our existing tech ecosystem.

Typical problem statements for product

1. We are too often bottlenecked by functional silos, and these silos prevent us from driving customer outcomes holistically.

2. We struggle to take advantage of the full value of existing investments (including time-to-value)

Typical problem statements for technologists

1. We struggle with focusing on our department's initiatives because of other functions' reliance on engineering, IT, and data for ad hoc or ongoing support

2. We must build the right tech ecosystem for the future with the ability to handle massive scale & deliver critical capabilities (i.e., single customer view, predictive analytics & data science, etc.)

3. Focus technical FTEs on strategic rather than tactical projects (e.g., data centralization, data science, etc.)

4. If we are to prioritize high-leverage internal projects, we must reduce integration pain and level of effort.

Step 3: Look for commonalities of objectives and pain points to build a better argument

Use this as an opportunity to connect cross-functional stakeholders to list out their main objectives.

By writing out and comparing priority lists, you can look for commonalities and potential clashes. From there, you can look at likely pain points in terms of how data fits into the equation.

The lists should next be combined and stack-ranked according to business impact. It's likely Marketing's use cases may appear more urgent, if only because their use cases can be tied more directly to revenue. But problem statements from IT's list likely describe downstream causes to the upstream marketing and product frustrations.

As you review each stakeholder's list, you may see ways they intersect, like how IT is annoyed with challenges around data activation and integration, which are right downstream from product's data latency issues.

Step 4. Look at your tech stack and assess where a CDP would fit. What are the key integration areas?

Map your stack. Create a visual of your current marketing stack to not only ensure full coverage (and limit redundancies) but also to communicate your plans to cross-functional peers.

Customer data is the keystone that holds any marketing program together and should be featured centrally in the stack.

Visualize the marketing stack to ensure full coverage of essential capabilities:
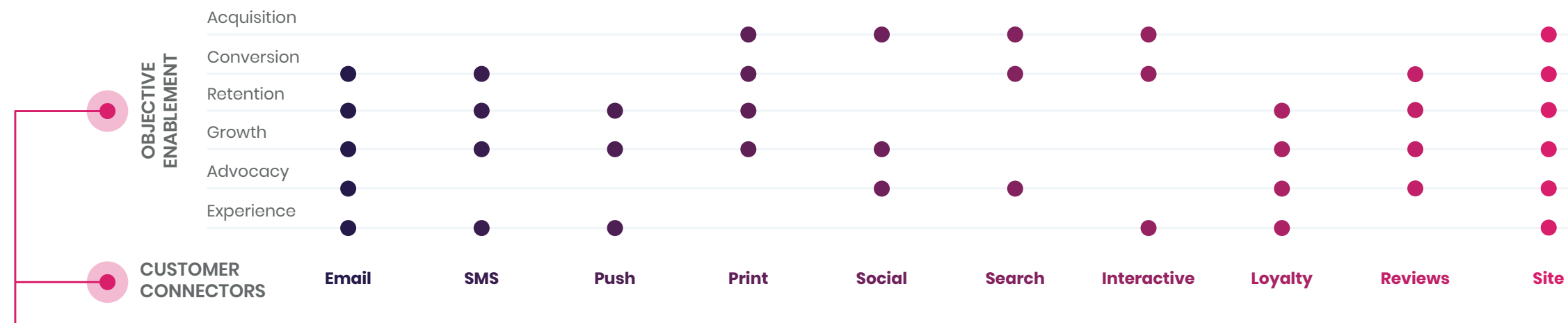
Any tools that enables engagement with our customers should map to objectives to capture traffic-level coverage across customer connecting tools.
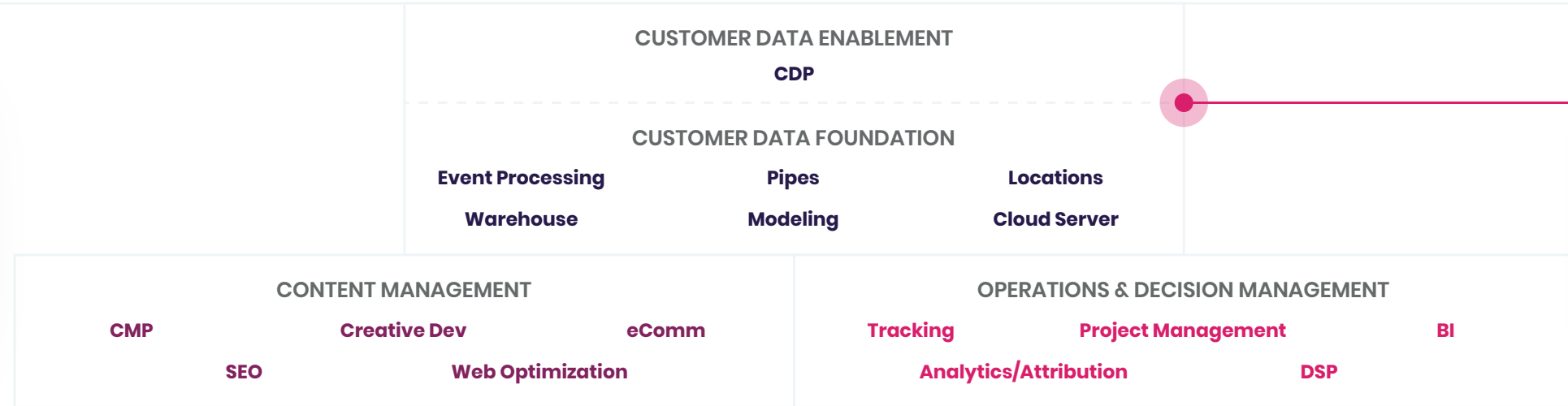
Capture your data foundation as a connector between content management and operations and critical customer connectors. If you do not have a Smart Hub/CDP leave it blank for now,

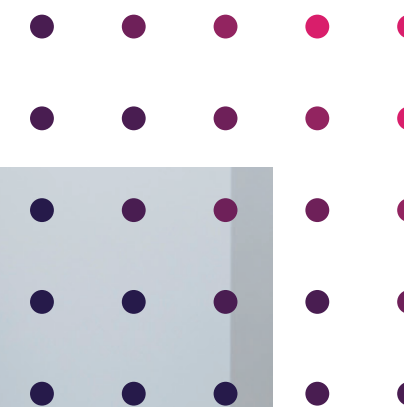# Once you have your stack mapped out, you can more easily answer the following questions:

1 What type of workflow would you like a CDP to support?

2 What does it need to integrate well with?

3 What types of data does it need to be able to collect?

4 What are the requirements around its ability to collect that data?

5 How will it address each function's problem areas?

Step 5. Build a structured set of questions to be prioritized to narrow your CDP options

The most common mistake we notice in the buying process is ignoring the key differences between CDP types. Having listed out your criteria by use case, you should be able to determine the best *kind* of CDP for your needs. Not doing so is setting yourself up for a frustrating apples-to-oranges buying process.

If you went to a car dealership, you wouldn't ask to test drive "transportation." You would go in with an idea of how you would use a vehicle and make a decision based on your criteria. The mother of three starts looking at very different vehicles than the grizzly construction foreman.

In other words, the "exercise" of listing priorities will save time, so you don't find yourself wondering how much lumber you can fit in this seafoam-green Fiat.

Step 6. Run an evaluation of your chosen subcategory

Make a list of vendors from the subcategory that most fit your use cases and run a buying process. Bring ranked problem areas from across functions to CDP vendors to start your assessment. Interview vendors to get a better understanding of the landscape.

Keep in mind that the right CDP should accelerate your tech-stack optimization. It may feel like adding yet another tool, but the point of the hunt is finding the CDP for the long-term play of increasing solution output and/or reducing the total number of solutions in place.
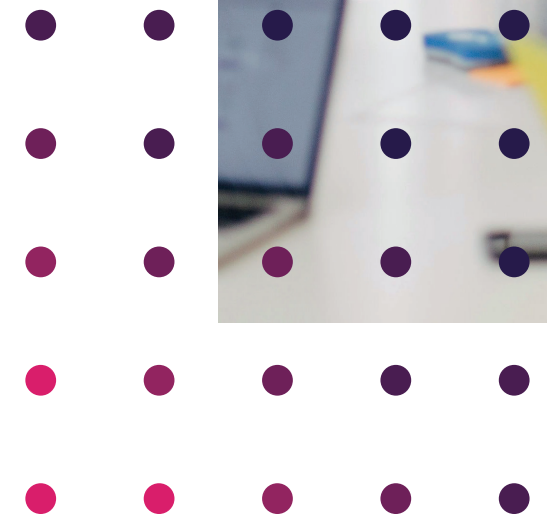
Additional Resources

Additional Resources

Gartner Cool Vendor Report 2020
For so many enterprise brands, customer engagement remains fragmented: data is captured but not usable; channel-specific marketing tools have no visibility into the broader messaging ecosystem; and marketers too often find themselves reliant on the support of engineering teams to accomplish their goals. Our technology solves these problems at enterprise-scale, and we're proud to have been named a Cool Vendor in Multichannel Marketing by Gartner in their 2020 Cool Vendors report.

Seamless Customer Architecture
Marketers are experiencing the emergence of a fundamentally new model for building enterprise martech architecture: a Smart Hub and Spokes Model. In this article, we walk through the different elements of this new architecture, discuss the significant advantages this modern architecture provides, and show how technologists can evolve their stack to meet this new vision.

How do you measure the success of a CDP?
In this article, we describe how marketers can measure the efficacy of a CDP within their organizations. The primary goal of any CDP should be to unify all of your customer data to build comprehensive customer profiles with no context gaps. But there's no direct line from "comprehensive customer profiles" to big fat revenue spikes that you or anyone can gloriously plant a flag in at your next QBR. The truth is that a 360-degree view of the customer is not valuable in itself; its value springs from the possibilities it unlocks.

Turn Your Tech Stack into an Ecosystem:
A Technologist's Guide, Part 1 & Part 2
As a technologist, your job is to build systems and infrastructure to support the business and drive value. This value varies in form, from more efficient processes to improved and/or automated workflows, all to optimize outcomes. But martech stacks — especially for legacy brands — can be miles high and made only taller by the massive gaps between systems and solutions. Each piece must both solve its central problem and connect to, enable, and amplify every other function within the stack. Which is why you don't want a stack — you want an ecosystem.

Simon