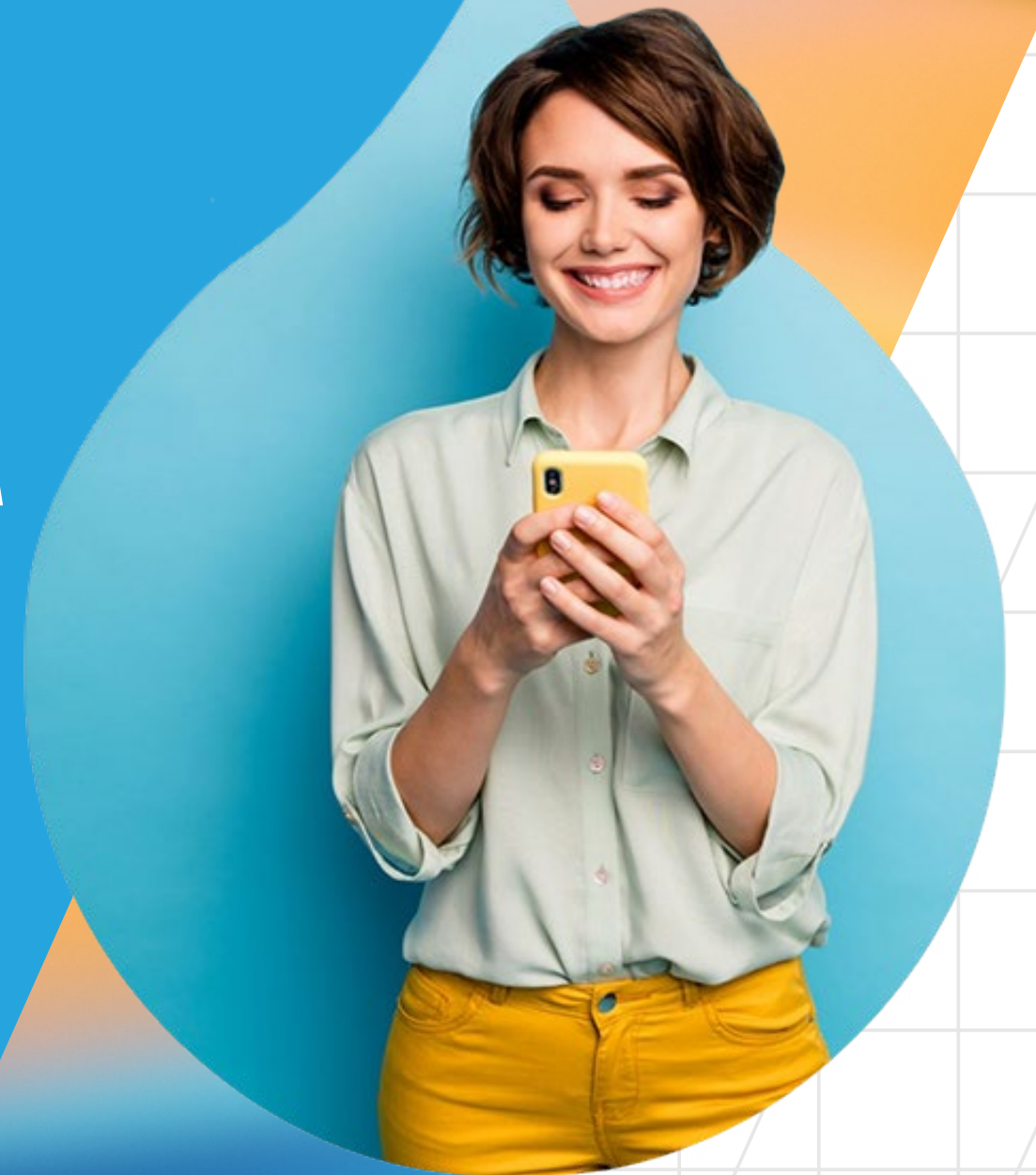


**Acquia**  
EXPERIENCE DIGITAL FREEDOM

# ***CUSTOMER DATA PLATFORMS 101***

**Everything You Need to Know**



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# EXECUTIVE SUMMARY

## What CDPs are and the capabilities they should offer

Marketing is all about data. But pulling together customer data from all relevant sources, creating unified, regularly updated customer profiles and then using this customer data to achieve a range of business goals is challenging.

Customer data platforms (CDPs) are solutions that allow you to collect data, unify customer profiles, understand your customer segments and put your data to work. While organizations often rely on other solutions to manage their customer data – CRMs, DMPs, MSPs and data lakes – CDPs offer far more functionality and tangible benefits than these solutions.

When selecting a CDP, organizations have to pay special attention to the capabilities it offers. Specifically, organizations will get more out of their CDP when it unifies ALL available customer data, when it offers machine learning and data

modeling features that make customer data actionable, when it provides meaningful reporting and when it ensures consistent data quality.

When evaluating the numerous CDP options available today, it's also important to consider data analytics capabilities and ease of integration with the full range of tools and channels marketers depend on.



**SECTION 01**

***THE PROBLEM  
OF SILOED  
CUSTOMER DATA***

**Disjointed Data Will Hurt  
Your Brand**





**OF MARKETERS SAY THAT  
THEIR CUSTOMER DATA  
LIVES IN UNCONNECTED SILOS**

## **CUSTOMER DATA MUST BE UNIFIED**

**83% of marketers** say that their customer data lives in unconnected silos, with data from different channels and systems stored in separate servers, clouds and databases scattered across multiple departments.

When customer data is locked up in your CRM, your customer support systems, your e-commerce platform and so on, you can't do anything meaningful with it. Siloed data inevitably becomes outdated and inaccurate. When you use it for analysis and make marketing decisions with it, the decisions won't be optimal and customer personalization won't be as deep and comprehensive as it should.

As a result, your brand and your bottom line suffer. According to [The Northridge Group's State of Customer Service Experience 2019 report](#), 72% of consumers are likely to switch brands after just one bad customer experience. And it doesn't stop there – 86% of them will then tell others about the bad experience, and negative social media posts can quickly proliferate.

To prevent such scenarios, you need to unify in one system all customer data so that teams can access, understand and act on it. Only then can you generate accurate insights, properly segment your audience and, most important of all, personalize your efforts so that they become truly relevant to the individual customer.



**SECTION 02**

**WHAT IS A  
CUSTOMER DATA  
PLATFORM (CDP)?**

**CDPs 101: Definition and  
Capabilities**







Companies need a deep, holistic view of their customers. To achieve that, they need a solution that can both pull together zero-, first- and third-party data as well as perform sophisticated analysis on this data. The solution best suited for that job is a customer data platform.

### **CDP BASICS**

A CDP is a marketer-controlled system capable of unifying customer data, whatever the source, and creating a single view of the customer. CDPs also provide deep analytical insights that are easy for non-technical people to understand, and orchestrate data for action across channels. For organizations trying to create personalized customer experiences, CDPs organize and enable analysis of all the data required, including:

- / Demographics**
- / Geography**
- / Device preference**
- / Channel preference**
- / Purchase history**
- / Most recent browsing and/or email behavior**
- / Customer service history**
- / Lifetime value**
- / Propensity to engage**
- / Likelihood to buy**
- / Next best product recommendation**
- / Next best channel**
- / Likelihood to churn**

With a single source of truth based on detailed and illuminating customer insights, you can optimize your marketing efforts and personalize customer interactions. That's the power of a CDP.



**SECTION 03**

**WHAT CAN  
A CDP DO?**

The Power of a CDP







While customer data platforms may vary on specific functionality, every true CDP will offer the following:

**/ Data collection**

Aggregating all customer data from all sources in a single, persistent data store.

**/ Profile unification**

Unifying all customer data to create a complete, unique profile of each customer.

**/ Segmentation**

Defining customer segments based on purchases, spending level, pages visited, channels used, estimated future value and other customer data.

**/ Activation**

Making customer data actionable across marketing campaigns while keeping the data continuously updated.

**/ Analytical insights**

Analyzing customer data to better understand customer behavior and make optimal business decisions.

In addition to unifying and storing your customer data, a CDP should also feature powerful tools such as artificial intelligence (AI) and machine learning (ML) for analyzing this data. A CDP should also be able to share data with any external business intelligence (BI) tools you might be using.

By leveraging AI and ML, brands gain deeper insights into who their customers are and how they behave. This enables the delivery of consistent, relevant messages across all customer channels. It also allows brands to intelligently predict what promotions, offers and incentives individual customers are most likely to respond to, thus improving the efficiency of marketing operations along with the overall customer experience.



**SECTION 04**

***BENEFITS  
OF A CDP***

**Understanding Customers  
Yields Many Competitive  
Advantages**







Working with a 360-degree view of the customer based on data from all relevant sources gives brands many competitive advantages:

#### ***Gain more customers***

It improves customer acquisition efforts and allows companies to grow market share in a rapidly changing competitive environment.

#### ***Retain more customers***

It reduces customer churn while driving higher levels of customer retention and loyalty, increasing customer lifetime value and profitability.

#### ***Optimize customer experiences***

It provides previously hidden insight into the relationship between online and offline experiences, into the real impact of sales, promotions and in-store events as well as into customer behavior more broadly. All this information leads to optimized customer experiences and business growth.



**SECTION 05**

**HOW A CDP  
DIFFERS FROM  
OTHER DATA  
SOLUTIONS**

CRMs, DMPs, MSPs and  
Data Lakes vs. CDPs







## Although the capabilities sometimes overlap, here's how to tell the difference between a CDP and other technologies.

### **CRM**

CRM stands for “customer relationship management” and CRMs are used to manage interactions with customers and potential customers. Generally, CRMs serve as a critical tool for sales and primarily contain customer data related to sales and marketing activities.

Unlike CDPs, CRMs were not designed to facilitate personalized customer experiences. They are limited with regard to how many channels and data sources they can interact with. A traditional CRM can't, for example, pull in information from a customer service solution or a social media tracking system nor can it deliver relevant content to diverse channels across the customer lifecycle.

Customer data does live in CRM systems, but customer data also lives in your email solution, your personalization engine, your social sign-in provider, your e-commerce system, your product review system and so on. A typical CRM doesn't have access to any of these systems let alone the important data they contain.

The modern CDP arose as a response to these limitations. CRMs were just too limiting to meet marketing use cases and they couldn't provide analytical insights. Enterprises needed “analytical CRMs” that could access and incorporate customer data from any online or offline source. The CDP was born.





## **DMP**

Data management platforms (DMPs) and CDPs both allow companies to develop a more robust view of the customer. But while each type of platform collects and applies customer data to marketing initiatives, they are not the same thing, and marketers should understand the difference.

DMPs were originally built to support advertising use cases, relying on anonymous third-party or cookie-based data for ad targeting. Based on this capability, DMPs can help with advertising-based engagement strategies. And not too long ago, it was common for marketers to go all-in on DMPs. However, many marketers are now questioning the wisdom of a DMP approach due to the ongoing evolution of consumer data privacy regulations. More importantly, customer engagement today is about much more than digital ads.

CDPs unify and use all data, including first-, second- and third-party data, to create 360-degree profiles of users who have interacted with the brand across all channels. For this reason, many marketers enhance their DMP-based campaigns with the comprehensive data provided by a CDP.



## **MSP**

Marketing service providers (MSPs) are third-party vendors that provide a range of marketing-related services, including technology hosting, customer analytics, e-marketing and web advertising.

MSPs are the old guard of omnichannel customer data management. Before the advent of CDPs, most marketers used MSPs to house their database of customer profiles, transactions, products and campaign history. However, most MSPs can't provide real-time updates to customer data, don't collect behavioral data and can't easily connect to other systems.

As a result, MSPs come with a number of drawbacks:

### **Waiting for data**

MSPs directly manage their clients' first-party data, so data requests must go through the MSP. These requests are typically handled on a case-by-case basis causing lengthy wait times for accessing data and hindering the marketer's ability to fully leverage customer data for personalized engagement.

### **Lack of agility**

MSPs create custom solutions for specific use cases at specific moments in time. As needs change, MSPs respond by building new custom systems. This places limitations on how fast and how effectively a brand can re-envision its marketing strategy; any changes a brand wants to implement involve a long and arduous process.

### **Higher costs**

MSPs typically become more expensive based on the level of customization required. One-off requests – such as new data pulls, new reports or new integrations – typically incur additional charges. This keeps the TCO high, especially as brands grow and evolve.

CDPs, by contrast, offer an agile, real-time environment that can easily manage massive data sets. With CDPs, brands can stay nimble and increase time to value on marketing initiatives while controlling costs. For many brands, the question of switching from an MSP to a CDP is

a matter of when, not if. Brands that make the switch do so for one or more of these reasons:

- They need direct access to their data.**
- They prefer a platform-based approach to managing customer data.**
- They require expertise in both digital and offline marketing.**
- They are looking to future-proof operations.**
- They want to lower TCO on marketing investments.**



## **DATA LAKES**

Many organizations already keep their data in data lakes. A data lake holds raw, unstructured data until it is needed for business purposes. While this can be a useful repository for data, it does not solve the challenge of marketers needing to directly access, analyze or activate data.

There are always more channels and technologies being integrated into IT ecosystems, so data lakes are constantly being filled with emerging data sources. The data remains dirty, and profile duplicates are allowed to co-exist. Also, it can take years for IT to build a data lake, and marketers should consider the opportunity costs of this approach. While a data lake is one of many data sources that can feed into a CDP, it is not a substitute for a CDP.





**SECTION 06**

**CHOOSING A  
CUSTOMER DATA  
PLATFORM**

The Most Important  
Questions to Ask





## Not All CDPs Are Created Equal

Brands working across multiple channels, relying on multiple sources of data and maintaining multiple points of interaction with customers need a CDP. Unfortunately, not all CDPs are created equal.

Many vendors call their platforms “CDPs,” but their solutions only offer a fraction of the capabilities a CDP should provide. For this reason, you will find CDPs that focus on certain marketing categories (e.g., CDPs rooted in tag management, CDPs rooted in web personalization, etc.). When CDPs are purpose-built in this way, their feature set is unnecessarily limited.

Enterprise CDPs need to go well beyond these specialized use cases. Brands looking for an enterprise-grade CDP should ask these questions:

### ***Does it unify all data, online and offline, to create a comprehensive customer profile?***

Customer data is generated across multiple digital and physical channels. Events, call centers, retail locations, the website, email, mobile apps, social channels and more all produce the data that comprise a customer’s identity. An enterprise CDP must be able to capture and unify all this data.

### ***Does it include machine learning and data modeling to make customer data actionable?***

Integrating customer data is one thing, but making that data actionable and enabling personalized engagement is another. Many CDPs focus on data integration but drop the ball when it comes to making the data actionable across marketing campaigns. And keeping data continuously updated to fuel marketing campaigns in real time? Most CDPs don’t even attempt this.

An enterprise CDP should serve as a configurable intelligence layer that marketers can apply across their engagement ecosystem. And it should offer advanced machine learning to power genuine, one-to-one customer relationships.

### ***Does it provide robust reporting?***

Marketers should be able to drill into customer data at both the single profile level and in aggregate across all customers and segments. Many CDPs offer very limited or no reporting and analytics capabilities, making it difficult for data-driven marketers to understand how to most effectively reach and engage their audiences.

Marketers should choose an enterprise CDP with built-in, comprehensive reporting and analytics features. These capabilities enable a deep understanding of customer behavior patterns, guiding effective segmentation and campaign design. Your CDP should also allow for interactive queries, where data scientists can use their preferred BI tools to fully access and share CDP data.





### ***Does it ensure data quality and identity resolution?***

A CDP should offer comprehensive data cleansing, deduping, standardization and enhancement of omnichannel customer data profiles. These profiles should be updated continuously and accessible for every type of customer campaign and engagement.

Some CDPs don't offer any data quality features and others have only very limited data quality capabilities. When choosing an enterprise CDP, marketers should insist on only the highest standards of data quality and identity resolution.

### ***ACQUIA CDP DOES IT ALL***

Acquia CDP is the most flexible and full-featured enterprise CDP on the market and the top choice for brands across all verticals. A truly configurable, agile platform, Acquia CDP future-proofs your business, supports your brand as market conditions and customer behaviors change and continuously meets your brand's evolving needs and requirements.



# ***UNLEASH THE POWER OF A CDP***

Now that you know what a CDP is, learn how to use it to gain the most competitive advantages by reading this next e-book.

***GET THE E-BOOK ▶***



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## **ABOUT ACQUIA**

Acquia is the open digital experience platform that enables organizations to build, host, analyze and communicate with their customers at scale through websites and digital applications. As the trusted open source leader, we use adaptive intelligence to produce better business outcomes for CX leaders.

