The Customer Data Platform “is an important concept and represents one of the few fundamental changes in marketing technology in the past decade, because it shifts control of the customer database from IT to the marketers. That’s hugely important because IT could never keep up with marketing’s needs, while marketing at least has a chance of keeping up with itself.”

David Raab, Raab Associates
Marketing’s new ‘Innovation Trigger’

Nothing good ever comes from silos, except maybe grain storage. The same applies to marketing.

Organizations that engage in silo’d marketing approaches often deliver disjointed and ineffective marketing experiences. The left hand doesn’t know what the right hand is doing, resulting in things like consumers being targeted for items they have already purchased or clearly have no interest in. Marketers have done their best, but have struggled to overcome the explosive growth in marketing technologies and a corresponding increase in fragmented data sources.

Connecting these elements, however, is fundamental to modern marketing success and one of the main reasons behind the growth of a new type of platform, the customer data platform (CDP), which has received a whirlwind of recognition in the past year. The platform was recently named an “innovation trigger” by Gartner Research in its Hype Cycle for Digital Marketing & Advertising, 2016. In addition, a new vendor-based association, the Customer Data Platform Institute, is hailing the platform as the "new foundation of modern marketing.”

Editor’s Note:

We get it, you’re busy, but you still want great information. That’s why we created this 15-minute guide. Our goal: give you the big picture on Customer Data Platforms in a crisp 15 minutes, depending on your reading speed of course. We hope you enjoy this guide. See you at the end.
What is a CDP?

According to Gartner, “a customer data platform (CDP) is an integrated customer database managed by marketers that unifies a company’s customer data from marketing, sales and service channels to enable customer modeling and drive customer experience.”

The CDP is grounded in the collection of first-party customer data and profiles—a “single source of truth” about your customers—that can be activated across existing marketing applications to help fuel real-time personalized action and insight. The CDP excels at solving many of the core problems that bedevil modern marketers: stitching visitor IDs across channels and devices, collecting offsite data as first-party to the brand, creating and distributing unified profiles, and preventing data leakage to name a few. Perhaps most important is that CDPs enable complete data ownership and control, which is key for understanding true marketing and advertising performance and orchestrating the most relevant engagements. With the rapidly evolving technology landscape, CDPs provide the perfect unifying foundation for any enterprise digital marketing operation – now and into the future.

"CDPs will only become more powerful, especially in terms of managing more types of data (video, devices, mobile apps, locations) and matching more types of customer identifiers (moving beyond e-mail addresses and cookie IDs to mobile device IDs), as well as ‘things’ such as smart cars and thermostats," said David Raab, founder of the CDP Institute.
Key components of a CDP

A CDP is one unified platform, comprised of several applications that each deliver key functionality. They include:

**Enterprise tag management**
Tag management systems (TMS) form the anchor of a CDP, enabling turnkey integration with hundreds of third-party technologies, and, more importantly, allowing for the creation of a “data layer,” a virtual repository that unifies and standardizes data across multiple applications. An enterprise-class TMS also needs to include mobile app tagging and content optimization capabilities as well.

**Omni-channel data collection**
A CDP needs to collect as much customer interaction data as possible, including onsite sources (websites and mobile apps), offsite sources (digital advertising, email, social and IoT devices) and offline systems, such as CRM, POS and loyalty programs. All of this needs to be collected as first-party to the brand to ensure maximum visibility and performance.

**Customer profile creation and management**
With the raw data in hand, creating and managing actionable customer profiles is a key next step. These unified profiles, which need to be properly “stitched” across devices to ensure identity resolution, can then be distributed to marketing execution systems (via the TMS) for real-time action. Leveraging these profiles can create a powerful ‘network effect’ across technologies.

**Privacy and security**
Comprehensive capabilities for identifying privacy risk and controlling data leakage are paramount to the functionality of any CDP. This needs to include the ability to shut off unauthorized website trackers that live outside of a TMS. A CDP should also provide extensive data governance capabilities, as well as flexible opt-out controls for consumers so organizations can contend with evolving privacy regulations.
What is first-party data anyway?

At its simplest, first-party data is data the brand owns because of direct interaction with customers. It’s typically the highest quality and most accurate, yielding the highest visibility and ROI. By comparison, third-party data is considered less accurate, and can often be purchased from an external source. According to research from Opentracker, a web tracking company, less than 5 percent of first-party cookies are blocked by users, whereas north of 40 percent of third-party cookies are routinely blocked. A CDP supports first-party data strategies and ownership better than any other platform hands down.
Core benefits of a CDP

A customer data platform is tailor-made to meet the evolving—and increasingly challenging—needs of modern enterprise marketers and advertisers. Here are six core benefits:

A unified customer view
Seamlessly stitch disparate customer data sources together through a common key to create, maintain and act on a single source of truth.

Improved digital ad effectiveness
Enable intelligent frequency capping, detailed attribution and optimal media mix modeling by getting real-time visibility and ownership of every digital ad impression.

Enhanced personalization
Drive first-visit and real-time personalized experiences across the customer journey using existing marketing technology investments. Create a powerful network effect across your applications.

Mobile app optimization
Easily deploy third-party analytics and adjust content on the fly without ever having to recompile the app or re-submit it through an app store for approval.

Enhanced cross-channel analytics
Get trusted, first-party analysis of the customer journey across any channel or device to create data-driven customer experiences that optimize revenue and drive loyalty over time.

Stopping data leakage
Identify privacy risks and easily stop third-party vendors from passing customer data to other parties through the unauthorized “piggybacking” of additional tags.
Customer profiles containing digital interaction history are the key to driving personalized marketing actions. But how is it possible to identify visitors across devices? With conventional data collection, a user who switches between a tablet and smartphone, for example, becomes two different consumers. The key to overcoming this problem is cross-device visitor ID stitching, which involves establishing a common key or set of unique identifiers. Then when a known desktop user takes an action on mobile—for example, giving their email address or authenticating through a social integration—their profiles are combined into a single, updated profile. This is at the heart of driving the omni-channel experience.
Three types of CDPs

While CDPs purport to do the same thing – unify and distribute first-party data – most vendors started in one of three categories, according to David Raab, of the CDP Institute. They include:

1. Tag management systems that consolidate the data captured by tags placed on web pages. This occurs through a single tag that passes data to different target systems. These vendors have expanded their capabilities to include other online and offline data sources and to retain the data they capture in persistent data stores.

2. Campaign and personalization systems that use customer data to select marketing messages for delivery by web pages, emails, call centers and other channels. These vendors have expanded their data capture and consolidation capabilities and made their databases accessible to other systems.

3. Customer data solutions that were designed to make customer segments or analytical data sets available to other applications. These have effectively been CDPs from the start, although some have switched from IT to marketing as their intended primary user.

Our Take
The classifications make sense as they reflect the three core capabilities of a CDP: collect data, segment and enrich it, and then distribute it for action. Most CDP vendors play in all three boxes, but were initially designed to solve only one area well, before adding capabilities in the other categories. TMS-based CDPs provide the best approach given their native reach into the digital ecosystem, via hundreds of turnkey tag integrations, and their ability to collect, standardize and unify disparate data sources.
DMP and CDP: What’s the difference?

The line between DMPs and CDPs has become increasingly blurred and confusing. It shouldn’t be.

DMPs were introduced to leverage data in buying ads to acquire new customers. DMPs mostly use third-party data to help advertisers buy segments based on demographics, interests and other audience attributes. The CDP, on the other hand, specializes in collecting, owning and leveraging first-party data across marketing technologies. Whereas DMPs are primarily focused on ad tech use cases at the top of the marketing funnel, the CDP is focused on driving conversion and engagement in the middle of the funnel. A CDP, in fact, can help power and accelerate DMP initiatives.

CDP + DMP: Covering the full spectrum of customer lifecycle interactions
CDP success stories

A CDP can help brands implement a modern marketing strategy that accelerates revenue growth, improves customer experiences and reduces costs. Here are some real-world success stories.

**TD Bank**
Reduced page load time by 50 percent and improved marketing attribution by using CDP capabilities to speed deployments and enhance multi-channel attribution.

**Ovative/Group**
More than doubled online to in-store match rates to 35 percent for a major retailer, helping them quantify the value of their digital advertising.

**vivint.**
Accelerated the deployment of mobile app analytics to help streamline app navigation and design.

**United**
Achieved an eight-digit ROI within 10 months by unifying fragmented data sources to gain a holistic view of the customer and activate real-time personalization.

**Dell**
Improved targeting for cross-channel promotions by collecting customer interaction data across all digital touchpoints, including loading behavioral data from offsite sources.

**Intuit**
Saw an immediate 30 percent increase in business performance by using CDP capabilities to boost site performance and drive better user experiences across its digital properties.
“For marketers using multiple point execution tools, the CDP provides the connective tissue between and among them to integrate the marketing stack and enable orchestration across the web, mobile, email, social and so forth.”

“Innovation Insight for Understanding Customer Data Platforms,” Gartner Research
Are you ready for a CDP?

Are you still marketing in silos? Is your IT staff mired in back-office data integration projects? Are you still not tracking mobile app behavior and usage? Here are seven sure-fire signs you need a CDP:

1. Your IT department gives you an estimate of three to four months to deploy your new enterprise analytics solution globally.

2. You realize you are among the 57 percent of marketers who admit they do not have any mobile app analytics in place, preventing you from optimizing app experiences.¹

3. You have little to no faith in the reports that advertisers are giving to you about your multi-million digital advertising spend.

4. You are unable to create a unified customer view due to the inability to collect offsite customer interactions, as well as stitch profiles across devices.

5. You have no easy way to control whether your tags are exposing customer data, potentially violating consumer privacy preferences and creating legal and security threats to your organization.

6. You have reluctantly abandoned your omni-channel marketing strategy and are still engaged in silo’d marketing practices.

7. You do not truly own your data, instead letting a DMP or another party control your most valuable asset.

¹ Source: Forrester Research
Data: The new hub of digital marketing

The last few years have seen the build-up of “marketing clouds,” i.e., large vendors offering a suite of SaaS-based applications and services.

But no one “marketing cloud” can be everything to every marketer, and integrating with best-of-breed point solutions can be difficult. As a result, the industry is quickly recognizing the emergence of first-party based data platforms, like CDPs, as the new center of digital marketing operations.

These new data hubs not only provide a rich source of first-party data and profiles, but the intelligence to orchestrate actions across technologies based on historical action and up-to-the-second behaviors. The CDP can also ingest a new wave of Internet of Things (IoT) data, and are the perfect data foundation for creating new strategies around machine learning and artificial intelligence.

For many years, marketing has been stuck in silo’d approaches, resulting in disjointed experiences. By breaking down barriers and enabling data ownership, the CDP is creating a new generation of more timely, relevant and profitable interactions.
Editor’s Note:

You did it. You made it through some great content in less than 15 minutes—we hope. Thank you for reading. If you haven’t already, please be sure to download our 15-Minute Guide to Tag Management.
Ensighten enables global brands to simplify the management of their data and technology investments so they can orchestrate smarter interactions across touch points. Ensighten’s leading customer data platform delivers enterprise tag management; robust profile creation and management; and powerful omni-channel data collection capabilities that bridge customer behavior information from web, mobile, digital advertising, Internet of Things (IoT) and offline sources. Using Ensighten, organizations can leverage rich, first-party customer data and profiles to fuel personalization and enhanced insight using their existing technology investments. Ensighten delivers industry best privacy and security safeguards, unparalleled scale and performance, and the deep integration with the broader digital marketing eco-system. Select customers include CDW, Hearst Corp., The Home Depot, Microsoft, State Farm, United Airlines and T-Mobile. Ensighten is headquartered in San Jose with offices in London, Sydney and San Diego.

Phone: (650) 241-3343   |   Email: info@ensighten.com   |   Twitter: @ensighten   |   www.ensighten.com