



GUIDE

Customer Data Platforms 101: A Marketer's Guide



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This guide is part of a series of guides and resources to help marketing professionals understand Customer Data Platforms (CDPs) and how they can transform marketing campaigns and customer insight.

Check out our related guides at lytics.com/resources



73% of companies

report that a CDP will be **critical** to their customer experience efforts.¹



The new MarTech stack

If it seems like marketing technology stacks are getting more and more complicated every year, that's because they are. A decade ago, there were 150 MarTech solutions available on the market. In 2016, there were 3,500. As of 2020, the marketing technology landscape featured 8,000 different solutions, despite over 600 going defunct or consolidating!²

With an average company using 137 SaaS applications, it's easy to understand why the customer data platform (CDP) industry is booming. Companies, and in particular marketers, need a way to consolidate customer data, derive insights from it, and then deliver unified, omnichannel marketing experiences to their customers.



¹ *The Customer Data Platform Report – Segment, 2021*

² *Marketing Technology Landscape Supergraphic – Chief Martec, 2020*



If you're not quite clear on what a CDP is, you're not alone. As of 2020, less than half of companies responding to a [CDP Institute](#) survey had deployed or were in process deploying a CDP. In fact, many vendors' CDP offerings have different capabilities, ranging from data ingestion and storage to identity resolution and omni-channel orchestration.

We think the most practical way to define a CDP is by looking at what it should do for marketers.

Here are our criteria. **A CDP should:**



Consolidate data into customer profiles



Help companies comply with data privacy requirements



Make data actionable for marketers



Deliver business results



Personalize marketing for consumers

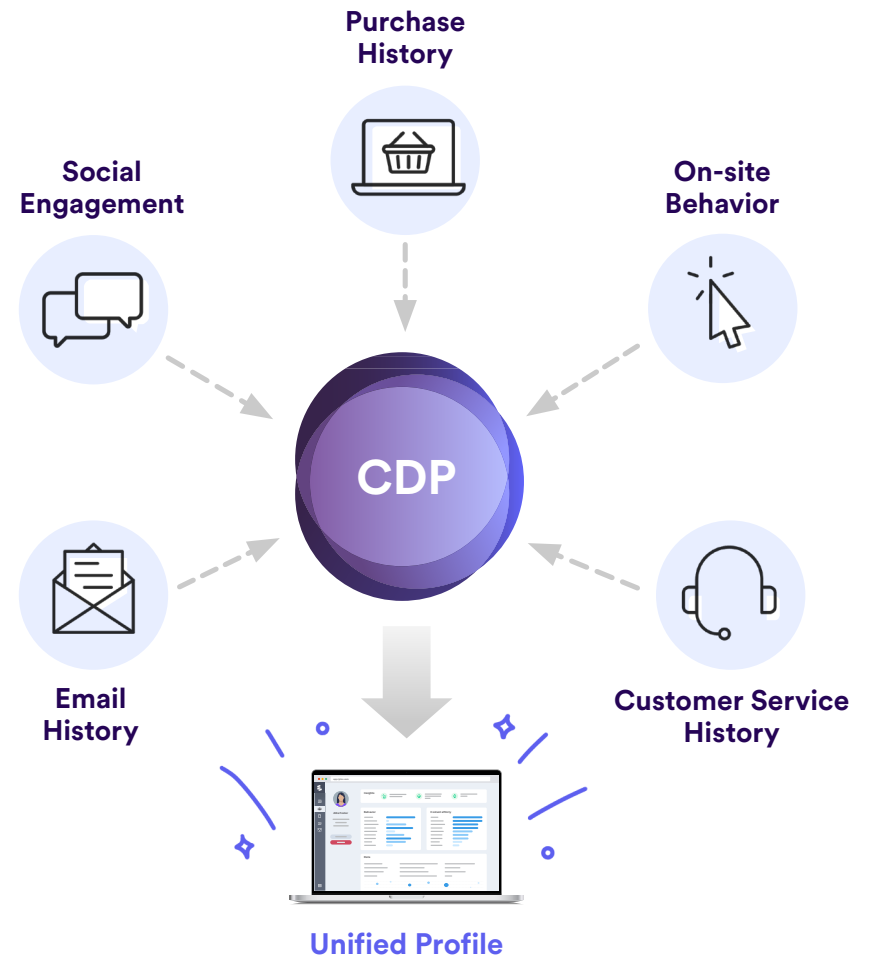
Now let's dig into this functional definition!



CDPs consolidate data

The first task of a CDP is to bring together all the customer data that otherwise exists in disparate technology siloes. It **stores, connects, and unifies customer data to give marketers an up-to-date, holistic view of customers**, no matter how many different devices they use or marketing channels they interact with.

So, if Customer X follows you on social media, has a ticket in with your customer service ticketing system, browses your website, and subscribes by email, all of the data on that customer—their behavior, the kinds of content they like and interact with, the emails they open, the troubleshooting they went through with customer service—is **stored in one place and updated in real time**.



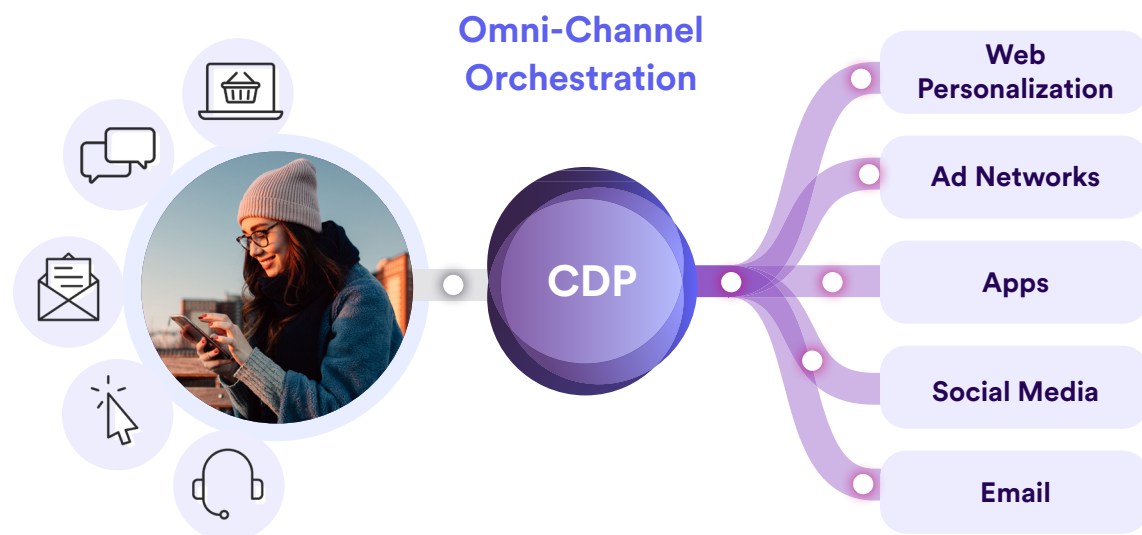
This unified profile is what companies are talking about when they say they want a **360-degree view of their customers**. By having all your customer data in one place, you can better understand their preferences and deliver personalized, relevant marketing messages and experiences.

CDPs make data actionable

Like the proverbial tree falling in a forest, what good is a unified customer profile if you can't act on it? Not much.

Therefore, an effective CDP must integrate with the channels and marketing execution tools you use. It needs to be able to push relevant data and actions back out to marketing tools and channels to improve audience targeting, deliver personalized product and content recommendations, and, ultimately, produce better marketing outcomes.

Gartner recognizes a subcategory of **“Smart Hub”** CDPs that specialize in delivering omni-channel marketing orchestration and personalization. These CDPs allow marketers to use a single interface to execute marketing campaigns across multiple channels including web personalization, ad networks, apps, social media, and email.



CDPs can transform your marketing efforts by bringing customer data from all your sources into a centralized processing hub, allowing automation of complex personalized campaigns to a wide range of channels.



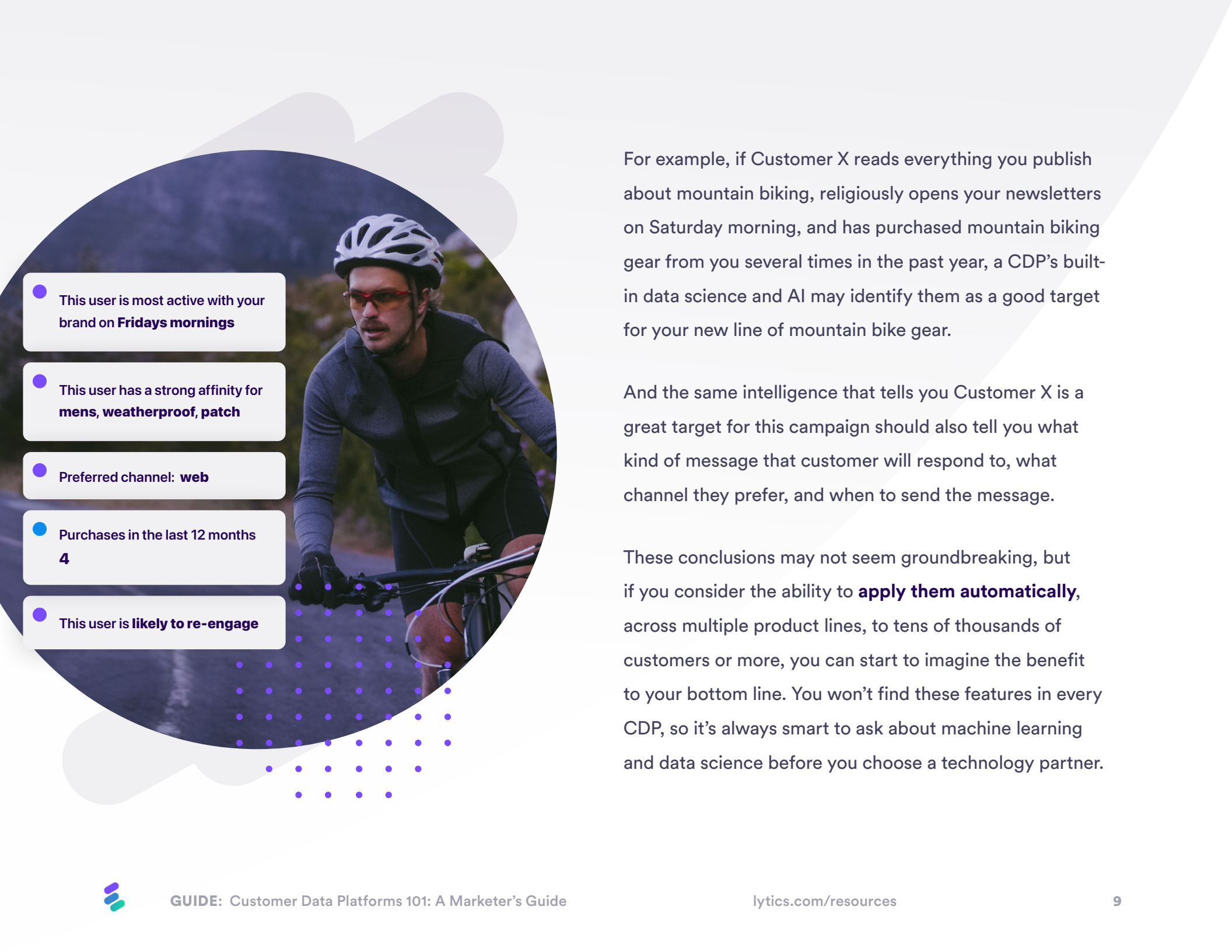
CDPs personalize marketing

CDPs that focus on **decisioning**, the discipline of using formal computational methods to make decisions, take the data in customer profiles one step further. They use built-in data science and artificial intelligence (AI), often in the form of machine learning, to interpret customer behavior, identify similarities between categories of customers, and personalize marketing tactics based on customer behavior and interests.

How do they do it? They use data science and machine learning to determine:

- **Which customer characteristics or behaviors make someone more likely to buy**
- **Which messages, channels, and timing are most likely to drive a purchase**





This user is most active with your brand on **Fridays mornings**

This user has a strong affinity for **mens, weatherproof, patch**

Preferred channel: **web**

Purchases in the last 12 months
4

This user is **likely to re-engage**

For example, if Customer X reads everything you publish about mountain biking, religiously opens your newsletters on Saturday morning, and has purchased mountain biking gear from you several times in the past year, a CDP's built-in data science and AI may identify them as a good target for your new line of mountain bike gear.

And the same intelligence that tells you Customer X is a great target for this campaign should also tell you what kind of message that customer will respond to, what channel they prefer, and when to send the message.

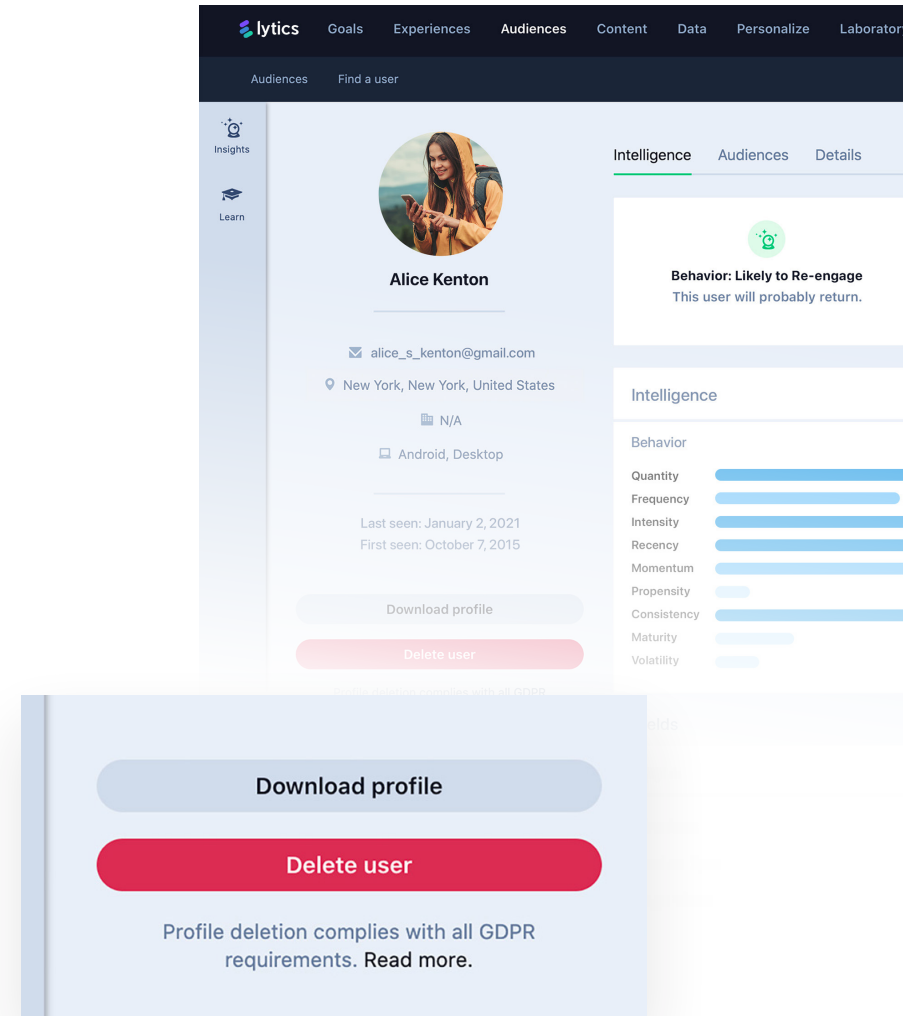
These conclusions may not seem groundbreaking, but if you consider the ability to **apply them automatically**, across multiple product lines, to tens of thousands of customers or more, you can start to imagine the benefit to your bottom line. You won't find these features in every CDP, so it's always smart to ask about machine learning and data science before you choose a technology partner.



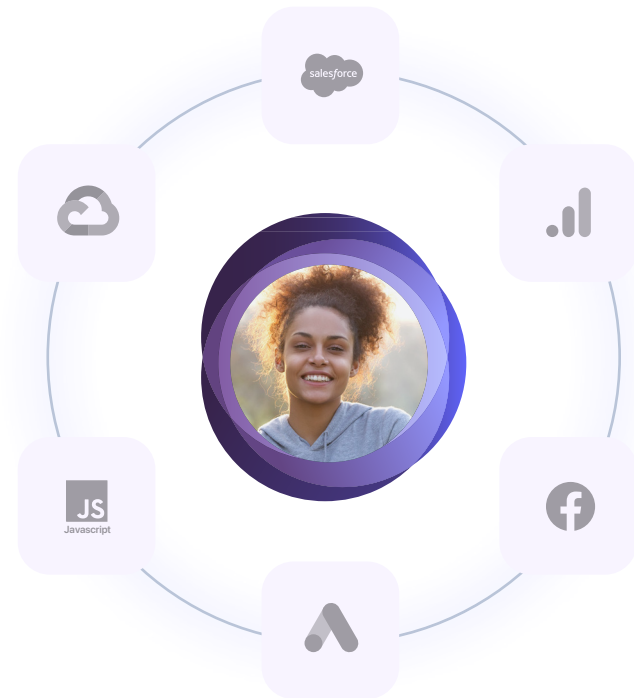
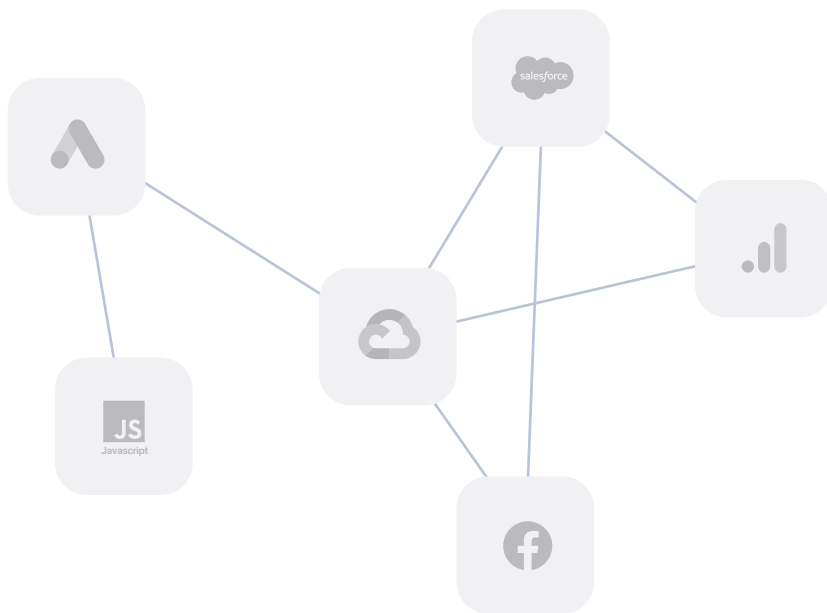
CDPs help companies comply with data privacy regulations

Every year, protecting consumers' privacy rights becomes a bigger priority for companies. Consumer attitudes toward personal information have shifted considerably since 2015. Regulations like GDPR, the CCPA, and CPRA increase organizations' responsibility to protect consumer data.

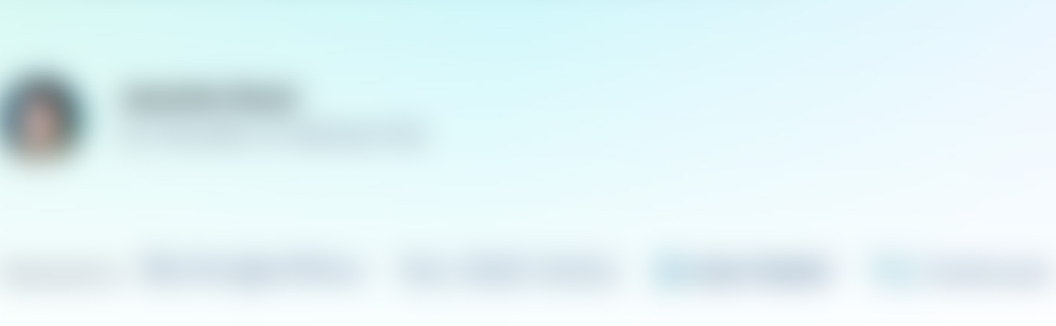
But despite these increasing restrictions on data use, compliance doesn't have to be complicated. The key to compliance is **knowing exactly what data you have, where it comes from, and how it's used—and providing users with access to their data to verify, change, or delete.**



Without a CDP, this is tricky to do. A user who opts out of email may still receive ads on their tablet. A user who requests an edit to their profile with your customer service team might not see that edit reflected in marketing communications. Siloed customer data is, by its very nature, not compliant with these new regulations.



But once you truly centralize your data? **Compliance is simplified.** You know what data you have, where it comes from, and where it goes. Add the right edit and opt-in tools to your MarTech toolbox and suddenly compliance isn't such a tricky problem.



By registering, you agree to the processing of your personal data as described in the [Privacy Statement](#).

Third- vs. first-party data

Technology companies from Mozilla and Apple to Google have taken steps to restrict use of invasive tracking technologies like third-party cookies, calling into the question the viability of third-party data strategies for marketers.

CDPs can help address this concern by allowing companies to build **databases of first-party data**, or data that the company collects from its customers on its own. As long as your customers consent to data collection on your website or in your apps, you can use this data in your marketing programs.



CDPs drive business results

If you're going to add another piece of technology to your already complex MarTech stack, it should make marketing easier, better, and more valuable to the business. And that means it should deliver on key marketing goals.

The right CDP can do that for your business. Whether you're improving product recommendations, increasing subscriptions, or looking to save money and increase conversions with your online advertising, a CDP can deliver measurable results.

Want some examples?

Boosted revenue by 10%

comparis.ch

with personalized web experiences

[Learn more](#)

3x web conversions

Electrolux

with personalized popup modals

[Learn more](#)

**1000x conversations on
Facebook Ads**

 Nestlé PURINA

plus a 90% reduction in CPC!

[Learn more](#)

**10% increase in
clickthrough rate**

haymarket

with personalized content

[Learn more](#)



Are you ready for a CDP?

If your goals include things like:

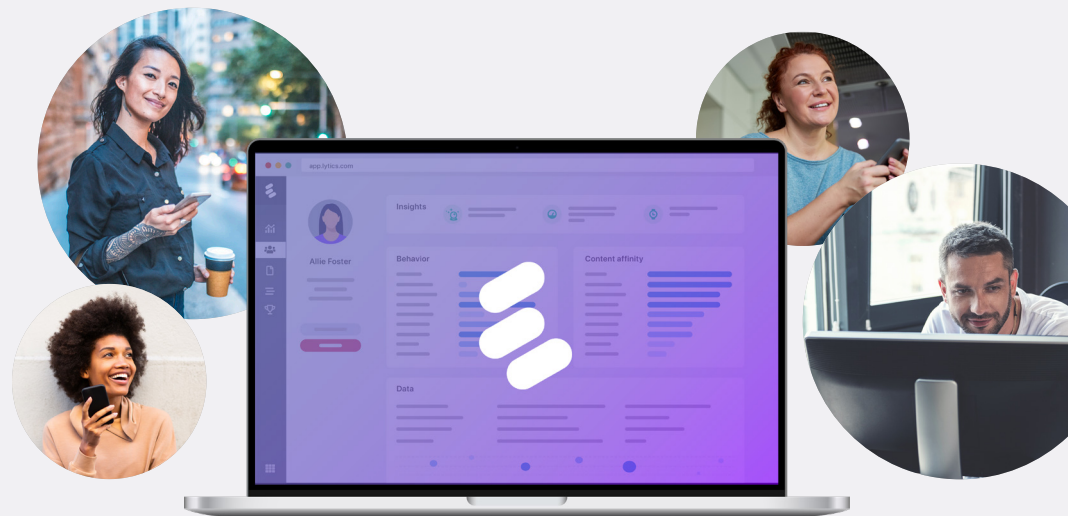
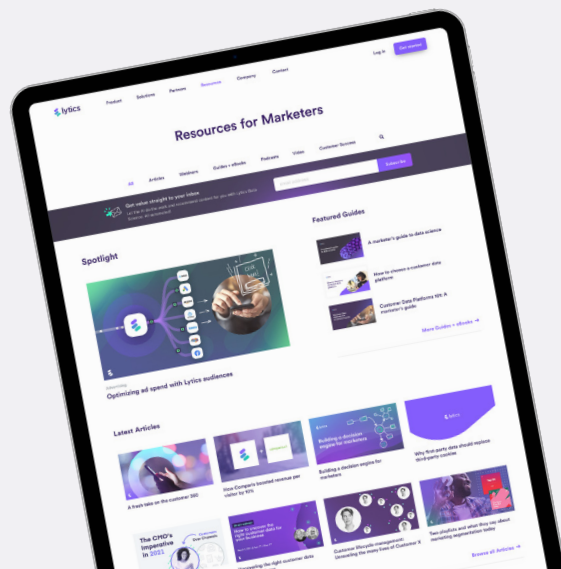
- ✓ Understanding your customers better
- ✓ Delivering personalized marketing experiences
- ✓ Increasing customer lifetime value

... then it's time to get a CDP!

Of all the changes in the economy that happened in the last year, we're sure that one is going to be sticking around. Consumers expect and demand a digital-first, personalized customer experiences—and that's exactly what a CDP helps deliver.

Making the right choice of a CDP involves a lot of factors. You need to **identify the key players** across marketing, IT, and customer experience departments. You need to **integrate your CDP with your data sources** and your marketing execution tools. But most of all, you need a **clear understanding of your business goals** and how you'll use your CDP to achieve them.





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