



# Customer Data Platform

The Future of Digital Marketing

July 2022



## Introduction

Customer Identity and User Privacy are critical challenges to the digital advertising industry.

Over the last 10 years, the use of high quality data in digital advertising has given marketers a significant advantage to power their media buying throughout the customer lifecycle.

The last couple of years have seen legislative changes, browser and device changes, and growth in data volumes, making it more difficult and expensive to achieve the same marketing success competitively and on budget.

The Customer Data Platform is one of the major technologies being deployed to solve these challenges. If you're thinking about buying a Customer Data Platform (CDP), then you know it's a big decision to make.

You've heard a CDP the only way to truly access and manage your data, but is that really true? Can a CDP really solve your data issues and how will it work with the rest of your tech-stack? These are central questions to address.

CvE is helping advertising brands and publishers to understand the impacts of a cookieless world, create a future, and roll out new solutions so they can meet these changes with confidence and grow out of the pandemic. Furthermore, CvE is evaluating other options from identity graphs, to clean rooms, to ID-free solutions, as well as those solutions proposed by central technology owners, such as Google and Apple.

I hope you find this document useful and enlightening!



*Rob Webster*

Rob Webster

VP Strategy

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# Reimagining the Customer Identity

## The strategic imperative for brands

Today's world is exploding with digital connectivity. Advances in technology have profoundly changed the way in which customers and brands interact with one another. Customers have come to expect that businesses should provide a seamless, fast, convenient, and personalised experience online, with their expectations only set to soar in the future.

The digital revolution has also brought new forms of fraud, identity theft and misuse of personal data. Customers have been ever increasingly concerned about how their data is being used online, resulting in the introduction of government legislation around the world, started by GDPR in Europe, and the more recent privacy focused features adopted by web-browser and device owners. The new legislation and privacy features have made it harder to track and share user data between marketing platforms.

This disruption in the marketing landscape, along with the soon-to-be departed 3rd Party Cookie, has allowed for new opportunities to emerge. To meet the current challenges of Digital Marketing, a new technology is needed to store customer data, connect data sources, and make that data available for media activation, insights, and real-world sales attribution. Enter the Customer Data Platform or CDP.

CDPs can now not only assure customer confidence in how their data is being used, but also enhance the customer experience across all channels of communication to improve brand loyalty. They can make digital marketing smarter, faster, and more relevant to each customer.

With the right CDP solution, brands can segment audiences to create personalised campaigns delivered in real-time across channels, simultaneously tracking attribution and engagement and building lookalike audiences to inform future campaigns. They are beneficial not just for executing advanced campaigns but informing the strategy to build omni-channel experiences.



# Why marketers need to be privacy-First



## Cookies

The 3rd Party cookie has been the backbone of digital advertising for decades. Even though it wasn't perfect, it has offered a unified approach for marketers and technology vendors to match datasets, target audiences and measure campaign performance at significant scale.

The decline of the 3rd Party cookie across the majority of web-browsers means digital marketing requires a new method to manage audience data and still be fully compliant with privacy laws and user preferences.



## Device IDs

Device IDs are mostly used to track events for In-App campaigns and occasionally some advanced Connected TV providers. They have limited application and have not been great at transcending to mobile-web, and therefore they not reliable to bridge the identity of the user across environments.

Apple's recent restrictions on iPhone Device IDs will prohibit use of that person's data without their prior opt-in consent, and this has already started to show consequences across the advertising world.



## Government legislation

The General Data Protection Regulation (or better known as GDPR) is a regulation in EU law on data protection and privacy. It became enforceable from 25 May 2018. Since its introduction, other countries around the world have followed suit and updated their own privacy laws to protect their citizens online.

For most online marketing use-cases and purposes, GDPR primarily requires technologies to request a user's permission before they collect their personal data. Users who choose not to consent will not be tracked, creating gaps in both measurement and targeting capabilities.

# CDP in digital marketing

## What is a CDP?

A Customer Data Platform (CDP) is cloud-based software that collects and unifies first-party customer data from multiple sources to build a single, coherent and complete view of each and every customer. Brands can segment their audiences, and then push their segmented audiences to digital media platforms to target with advertising campaigns.

A CDP keeps customer data in one place, giving brands a 360° view of their customers to implement personalised marketing strategies across multiple channels.

## 4 Stages of a CDP

### #1. Data onboarding

This stage brings together common data sets into one place. Most commonly bringing together website visitor data, customer records (CRM), lead details, app usage (mobile or online TV or other device), offline store or other data, call centre data and partner data.

### #2. Data matching and processing

This stage is about bringing all of the customer data together and making it useful. Mapping often occurs on customer IDs, order IDs and the like. A strong spine of identity and IDs is vital for this process to be effective.

### #3. Data segmentation, enrichment and AI

This stage is all about turning customer data into insight and value using segmentation, data science, and AI modelling. For example, understanding what products each customer is likely to be interested in and building segments based on their behaviour.

### #4. Delivering use cases

This stage is all about activation, which can be syndicating the data with media platforms, personalising websites, and giving a personal touch to each customer email sent. The data can also be pushed to reporting dashboards and provide business intelligence for better decision making.

# Where a CDP fits within the data tech-stack

## Do I need a CDP?

A CDP or CDP-like functionality is recommended for any company dealing with large volumes of customer data for marketing purposes. For some companies this can be handled by their existing IT systems and CRM platforms. There are also some companies that store low volumes of customer data and have primitive uses of it for marketing purposes that will have less of a need for complex and expensive enterprise solutions.

As companies' customer data use becomes more advanced, they will increasingly need CDP functionality, whether that comes from a CDP supplier or a custom technology setup.

## CDPs compared to DMPs and CRMs

The major difference between a CDP and a DMP (Data Management Platform) is that a CDP wherever possible wants to tie data back to customer records and identifiers such as email address, phone number. DMPs by contrast will to restrict personal data for privacy preservation and only deal with pseudonymised data – online IDs, cookies and such - which are steadily becoming obsolete.

CRM (Customer Relationship Management) platforms store customer data, but they are more sales management systems rather than advanced data platforms that look to bring datasets together for advanced matching, segmentation, and ultimately media syndication.

CRM	DMP	CDP
Personal Data	Cookies and Anonymised IDs	Personal Data & Transparent IDs
Single ID per Customer	Multiple IDs per User	Single ID per Customer & User
Manual Data Input	Automated Data Input	Automated Data Input
Single Data Source	Multiple Data Sources	Multiple Data Sources
Long-term Data Storage	Short-term Data Storage (90 Days)	Long-term Data Storage
No Data Optimisation	Optimises Campaign Targeting	Optimises Customer Lifecycle
Single-Channel Sales Management	Limited Multi-Channel Advertising	Omni-Channel Marketing

# What types of datasets does a CDP manage

## Understanding different datasets

A CDP's function is to onboard different datasets from multiple sources, unify the data under a single Customer ID and make it available for Digital Marketing purposes. Here is an example of some of the data a CDP can onboard, segment and activate in media.

### Personal Data

- ▶ Customer name
- ▶ Residential address
- ▶ Email address
- ▶ Date of birth
- ▶ Telephone numbers
- ▶ Login details
- ▶ Government issued ID (driver's license number, passport number)
- ▶ Bank details (bank account number, credit/debit card number)

### Demographic Data

- ▶ Age
- ▶ Gender
- ▶ Education
- ▶ Earning capacity
- ▶ Household income
- ▶ Size of residential home
- ▶ Number of cars owned

### Transactional Data

- ▶ Products purchased
- ▶ Purchase history
- ▶ Relevant products
- ▶ Related product categories
- ▶ Average spend levels
- ▶ Recency
- ▶ Loyalty factor

### Engagement Data

- ▶ Social media engagement rates
- ▶ Video view count
- ▶ Campaign conversion rates
- ▶ Website traffic
- ▶ Email open rates and click-through rates
- ▶ Content keywords read
- ▶ Invite acceptance rates
- ▶ Ad clicks and conversions
- ▶ Gated content downloads

### Behavioural Data

- ▶ Duration a customer stays on a webpage
- ▶ How frequently a customer orders a product
- ▶ What hours of the day is the customer more prone to visit a website
- ▶ Average customer spend
- ▶ Which days of the week is the customer least active

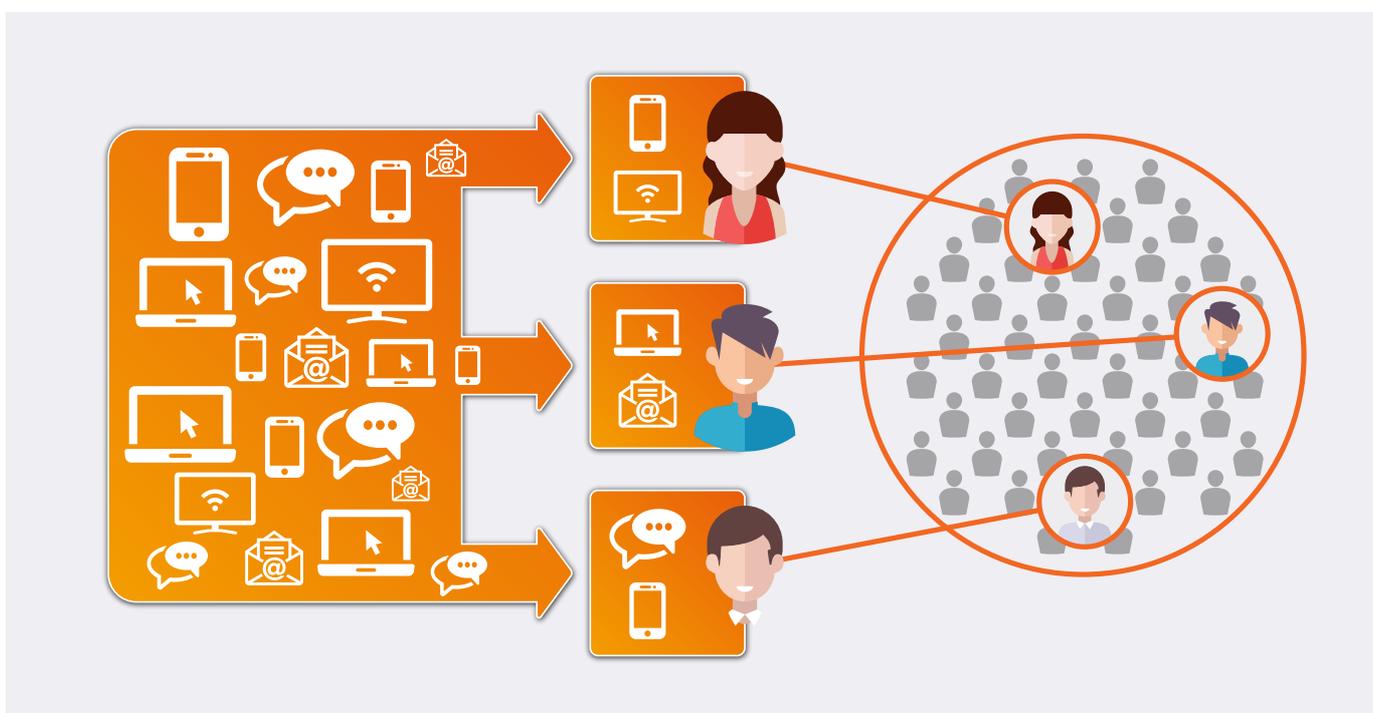
### Market Research Data

- ▶ Customer satisfaction
- ▶ Opinions on a certain product or service
- ▶ Customer sentiments
- ▶ Attitude toward physical traits
- ▶ Customer pain points
- ▶ Likes and dislikes toward a certain product or messaging

# The two methods used to match customer data

## Expanding match rates while maintaining accuracy

A CDP will ingest data from multiple sources. Identity Graphs (which may map to a CDP) match each source under a single unified ID that can be recognised across channels and devices. There should be no two IDs for the same customer or user. Within identity graphs there are two methodologies to match data sources: **Deterministic** and **Probabilistic**.



**Deterministic** data matching uses real people-based data, where the customer has provided an email address, telephone number, or other PII data. This is often collected when a user has logged in to a website or app. Cookies and Device IDs are another form of identifier. Identity Graphs can drop real-time cookies on the browser or capture mobile device IDs as the customer identifies themselves on their website/app. This method of authenticating the online ID against the offline identifier help link both online and offline behaviours.

**Probabilistic** data matching uses data modelling to identify consumers. By leveraging attributes like IP address, device type, location and operating system, Identity Graphs can create a statistical model to connect different identifiers to the same profile or aggregate profiles together within a segment. Often, they will also use a deterministic data set to validate their probabilistic graph to improve their accuracy. Probabilistic identity graphs often offer much greater reach/recall, but it isn't as precise as deterministic methods.

# How CDPs apply customer data

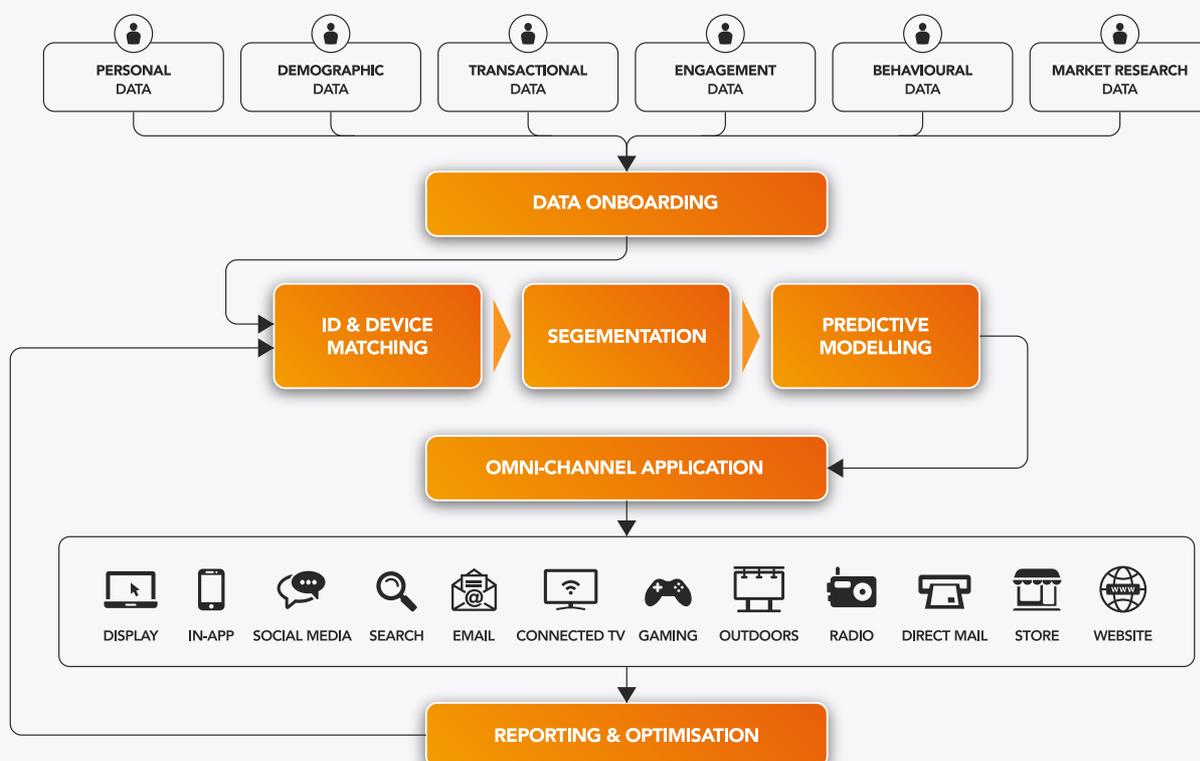
## From onboarding customer data to media activation

Once the data has been onboarded and the customer IDs have been matched, the data is available for segmentation. Customers can be defined by a near unlimited set of dimensions and then uploaded into multiple media platforms for personalised targeting with advertising. Since the Customer IDs are the same in each platform, brands can see who and where they are marketing for a complete omni-channel marketing customer experience.

As the marketing campaign begins to deliver, the performance data is fed back into the CDP for a complete 360° view of attribution for each customer segment.

The CDP allows brands to refine their audiences and predictive models while the campaign is still in flight. The value to brands is an ever-optimising set of customer segments for message, products and media that can be refined on-the-fly.

CDPs also stores data for as long as you like. The historical record allows marketers to understand how the company is evolving, and look back at what worked and why it worked over several years.



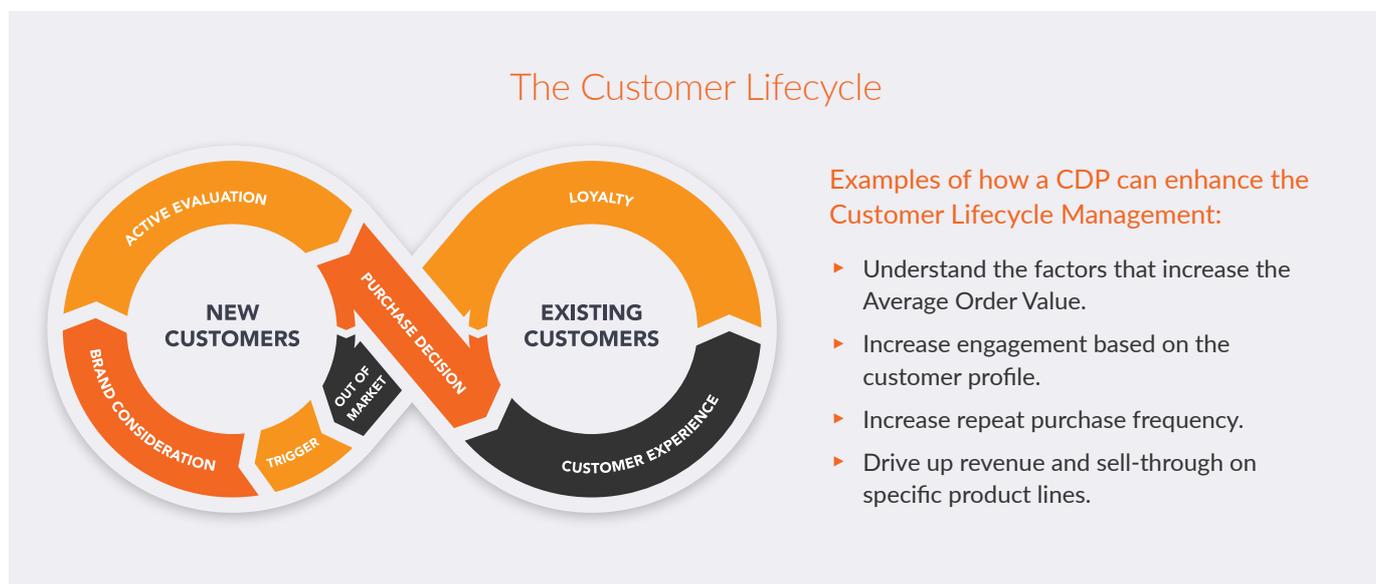
# How CDPs optimise the customer lifecycle

## What is customer lifecycle management

Customer Lifecycle Management is a marketing methodology used to identify when prospective customers are becoming aware of a product, attempts to influence their purchasing decisions, and encourages them to become a loyal customer of the brand.

It utilises multiple sources of data, marketing processes, and value-added services to build a complete understanding of the iterative phases from customer acquisition, to retention, to cross- and upselling, and lapsed customer win-back. Marketers can then calculate the value of each customer to the business across the Customer Lifecycle.

In order to implement a full Customer Lifecycle to meet marketing objectives, marketers need a unified platform that provides for a single customer view across all marketing activities and interactions to measure the impact and brand association at every stage of the lifecycle.



## Improving Customer Experience and Loyalty

As a CDP connects data across each stage of the Customer Lifecycle, it is the perfect tool for marketers to understand when, why and how customers engage with their brand and its products to improve performance across all marketing channels. As customers are constantly moving between segments and customer journeys, marketers need to have a platform to fully manage this process.

# The value of Customer Data Platforms

## Richer data for audience targeting

Many media platforms allow marketers to upload their first-party data to target their customers and audiences. Some channels like search and social are direct uploads, while most display and app platforms require a 3rd party intermediary to translate personally identifiable information (PII) to cookies or device IDs.

However, when customers interact with your brand in real-time - i.e. making a purchase, opening an email, clicking an ad - they flow between the stages of the Customer Lifecycle. CDPs connect all those interactions and historical attributes into a single profile for audience building and making it visible to media platforms. Media channels are then executing campaigns and targeting customers based on the most recent interaction, improving customer experiences and performance metrics.

## Direct media platform integrations

CDPs can provide real-time profile refreshes and updates to media channels because of their direct connections to online tools and marketing platforms. The ability for CDPs to ingest and store data, and then make it available to all major activation platforms is at the core of CDP functionality.

Their direct integrations can activate audiences across all digital channels, from Programmatic Display, Connected TV through to Social and Search campaigns across applications such as Google, Facebook and SnapChat. These direct integrations remove the marketer's dependency on engineering teams to build custom APIs/integrations to individual media platforms, enhance a campaign's speed to market, improve personalisation, and deliver real-time triggers.

## Integrated media orchestration

CDPs are bringing about significant changes breaking down the silos across data, reporting, and marketing channels. By centralising the audience under a single platform, a CDP allows marketers to plan and execute strategies across the omni-channel. Marketers can move from utilising consumer research and best practices to mining valuable customer data in the CDP when building integrated campaigns.

And when a customer opts-out of one channel of communication, it signals the marketer to either increase or decrease marketing in other channels. By utilising the CDP's customer profile options and known behaviours, marketers can hone the ideal marketing channel mix at an individual level in the most effective and cost-efficient way.

# Areas marketers are making a concerted effort to improve

## Focusing on loyalty and engagement

The majority of companies surveyed are currently making concerted efforts to improve customer loyalty and increase the transparency of their data collection activities for their customers. Improving customer loyalty and increasing customer engagement has the highest focus.

Almost half of the respondents are working to increase their opportunities to access customer data, improve their retargeted offers, and use this information to enhance their management of the Customer Lifecycle. All these initiatives point not only to the desire among companies to improve how they acquire and manage customer data but also to how they improve customer lifetime value through data-driven customer relationship management and marketing techniques.

Meanwhile, about one-third of companies are making a concerted effort to improve how they drive existing customers to try new products, how to specialise offers and how to delight their customers with personalised messaging and services.



Source: Worldwide Business Research, CDP Adoption Report 2020

# Areas marketers are making a concerted effort to improve

## Making the most out of Customer Data

The majority of marketers surveyed are planning to use customer data to improve their marketing initiatives beyond contextual elements like the customer’s name or last item purchased in email marketing. CDPs have the potential to produce more effective, real-time results through automated “right time” messaging that is personalised to each customer and where they are in the Lifecycle.

Almost half of respondents say they intend to use customer data to improve how they orchestrate the overall value of the Customer Lifecycle and use data to improve more specific elements of the customer experience, such as omni-channel navigation, digital channel optimisation, website content like personalised landing pages, and product delivery and fulfilment options.

About one-third of respondents plan to use customer data to improve product recommendations for customers, customer service enablement, and improve their personalised marketing campaigns across all channels.



Source: Worldwide Business Research, CDP Adoption Report 2020

# The top 5 use cases for using a CDP



## #1. Onboarding and Automation

CDPs core function is to onboard data from multiple sources and unify it under a single Customer ID for Identity. The ID is then available to be pushed into multiple media platforms for campaign activation as well as personalisation and data science/reporting. This results in greater audience reach for crucial segments.



## #2. Keeping Data Clean and Compliant

CDPs have to do a lot of the heavy lifting to keep the data in check. They help marketers maintain records where there are missing data and allow customers to opt-out of individual marketing channels, informing brands of their preferred methods of communication. This allows marketers to control data flows to be privacy compliant.



## #3. Up-selling Customers

CDPs allow you to send personalised messages to each customer across multiple channels, either on products that are most relevant to them, or notifications when plan limits or proposing upgrade deadlines are approaching. This will result in companies being able to increase the average order value and lifetime customer value.



## #4. Driving New Customers and Leads

CDPs allow you to build segments and lookalikes from all data sources in real-time to generate a list of matching prospects that fit your criteria, and target at different stages along the Lifecycle. This personalisation will be able to recommend the best product or offer to increase conversion rates and new customer acquisition.



## #5. Reporting and Data Science

CDPs store all of the data, including chronologically tracking customer behaviour and interactions with your company. Data is all in one place for Data Science and AI to work its magic. Better insights will drive better decisions in real-time and can be synced to data visualisation tools for BI Reporting.

# CvE methodology

## How we support the Data Transformation

No matter which platform strategy you choose to augment your customers' journeys and experiences, the most important thing to keep in mind is that the customers are in control of when and where they want to communicate with you and your brand. That's why it makes sense to put the customer at the centre of everything you do and start your transformational initiatives with a thorough look at the moments that matter most to them.

Only those companies that manage to bring their business goals in line with what people need can successfully influence customers to build trust, loyalty, and a long-term relationship.

Data-led projects often employ **three major stages**:

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#1. Data-led transformation starts with focusing on the customer

Mapping the Customer Lifecycle will give you a deeper understanding of the moments that matter to your customers and how they interact with your brand. By pinpointing opportunities and challenges within the customer journey, you can have the greatest influence on providing a positive customer experience.

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#2. Complete an assessment of what technology you already have

Most digital marketing initiatives reside in a complex ecosystem of existing legacy technologies, data sources and parallel projects. By taking stock of your current tech-stack, you can identify the delta between what's available and what's needed to fulfil excellent marketing services for your customers

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#3. Prioritise your investments by efficiency and effectiveness

When bringing your strategy to life, we find the most successful teams design a roadmap to make their transformation initiatives sustainable. By tying your technology investments to "moments that matter" for your customers and can be prioritised according to customer benefit and business value.

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## 5 Steps to Success

1

### Assign someone internally to lead your data strategy

It is vital that there be at least one person ideally a group looking to understand and drive the business requirements. For larger organisations this will likely involve representatives from different departments including Marketing, Media, Technology, Data, Legal as well as functional units. Marketing and IT will in most cases be the leading departments for most companies (the Media Team for publishers replacing Marketing).

2

### Consider if you want to bring in external help

Some businesses have the necessary talent within Marketing and IT and external help is not needed. For most businesses, however, it is highly recommended to bring in support. External consultants like CvE will have seen the challenges before and be able to guide around common pitfalls. Technology vendors are very good at explaining their benefits, but hide challenges which external vendors can identify and solve.

3

### Set out your use cases and Business Value KPIs

Arguably the most important task is to document how the CDP will impact your business and drive value. Improving personalisation efforts, increasing customer marketing reach and effectiveness, building lookalikes to drive new customer acquisition, providing a base for data science are high level use cases. Taking the time to define these goals towards overall business value will provide the framework for evaluation and ultimately project success.

4

### Hold a technology RFI

Write a RFI with questions that reflect the use cases, values to the business and KPIs that were decided upon. Typically this involves a long list of questions with written submissions from vendors, followed up with a live session with a shortlist of successful vendors. It may also be that one or more vendors are needed to fulfil the business use cases adequately.

5

### Transition and execution

Once a vendor has been selected a clear plan is needed on how the system will be installed and business value achieved. Crucial amongst this is how the system will integrate with existing technology vendors such as CRM, Analytics, Consent Platforms and others. A clear plan will provide clarity to the different divisions who will likely be involved in the CDPs use – for example Marketing, Media, CRM, IT, Data, Legal, and executive teams.

# Categories to consider for your CDP RFI

## The First Step in the Procurement Process

An RFI, or Request For Information, is a document that asks suppliers for information about the solutions they provide and makes comparing vendors easier. It helps companies to understand what kinds of solutions are available and make a decision on what steps to take next.

These are some categories to consider within your own RFI process:

- 1

**ID Tracking & Privacy**

How does the CDP track customers and remain compliant with privacy laws?
- 2

**Onboarding & Data Matching**

How does the CDP assign an ID to each customer?
- 3

**Media Activation & Targeting**

How does the CDP work with media platforms?
- 4

**Partner Integrations**

What technologies is the CDP connected with?
- 5

**Reporting & Attribution**

How is media buying analysed and reported?
- 6

**Pricing & Service**

What support is offered and what is the fee structure?
- 7

**Tech & Roadmap**

What technology is currently being used and what is being developed?
- 8

**Case Studies**

What other similar businesses use the CDP?



# Contact us to find out how you can upgrade your marketing



Rob Webster

VP Strategy

Email: [rwebster@controlvexposed.com](mailto:rwebster@controlvexposed.com)

Website: [controlvexposed.com](http://controlvexposed.com)