The Enterprise Marketer's Guide to Customer Data Platforms

ZEOTAP CDP

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Introduction

Today's customer journeys are more complex than ever.

The majority of shoppers follow a zig-zagging path through a wealth of touchpoints, both online and offline. They might stumble across a company's social media post, which directs them to a blog, before finally landing on the eCommerce site or visiting the business in-store. Customers have high expectations from the brands they engage with, and expect personalisation across all touch points; in fact, Salesforce reports that <u>80% of customers value the brand experience as much as the products themselves.</u>

With such unpredictable journeys, how can businesses keep track of their customers? And how can they deliver personalised experiences across an ever-expanding set of touchpoints?

The answer: a Customer Data Platform (CDP).

At a high level, CDPs offer a broad range of benefits, including:

- Delivering unified views of customers and their interactions across every touchpoint
- Maintaining strict compliance and privacy standards in the handling of customer data

Creating the ability to act on customer data to deliver personalised experiences across every marketing and service channel

But beyond these benefits are a world of critical challenges and considerations to address before committing to a CDP. To name a few:

- Does your business need a CDP?
- If so, do you have a thorough understanding of how a CDP works?
- What specific challenges is your team aiming to solve with a CDP?
- How do you choose the right CDP for your business?

In this guide we'll take an in-depth look at the many layers of a Customer Data Platform: including what it is (and isn't), the range and complexity of the data sources that power it, and the most important capabilities you should look for when weighing your options.

80% of customers value the brand experience as much as the products themselves.

Deciding if you need a CDP

What is a Customer Data Platform?

CDPs are a type of software that aggregate customer data collected from a variety of sources, structure it into central customer profiles, and then allow that data to be accessed by other pieces of software.

CDPs build these customer profiles by combining data from a variety of stores across different data types, including first, second and third-party sources. That means that they can collect and organise data from your CRM, DMP, data lakes or warehouses, websites or mobile apps, and/or POS systems.

With these profiles created, users can then create audience segments (sometimes even based on machine learning), and activate them across other channels such as paid media, SMS marketing, customer service tools and even website personalisation.

The end result is the ability to not only manage data in a compliant and structured way, but also to be able to efficiently deliver targeted, personalised experiences at scale across the whole of the customer journey.

Why an Enterprise Marketer needs one

Not sure whether a CDP is a good choice for you? If any one of these resonates with you, it's worth investigating.

Breaking down customer data silos

In a business, customer data is typically held and organised by different departments – for example, customer service, sales and marketing. Because all three of those departments need different information to complete their tasks, the individual collections of data grow into separate silos that become fragmented and may use different taxonomies.

For example, the customer service department may have information about a customer, such as their recent queries, whilst the marketing department may have contextual information on the same customer, such as their purchasing habits. By failing to marry this information due to data existing in different silos, a 360-degree view of a customer becomes increasingly difficult to construct.

Aside from being an organisational nightmare, this has a direct impact on the customer. For example, a customer who has recently submitted a complaint to customer services might still be targeted by marketing emails asking for referrals. Or a customer who's recently made a purchase might continue to be retargeted with ads for the product they just bought.

This failure to to build a holistic customer view, as well as the lack of efficiency and transparency that data silos create, has a measurable impact on core business metrics such as:

- **ROI on acquisition campaigns**
  Existing customers aren't excluded from acquisition campaigns, leading to a waste of budget

- **Customer lifetime value**
  Identifying and acting on key upsell opportunities is challenging

- **Churn and attrition rates**
  It becomes nearly impossible to understand and act on churn signals

☆ How a CDP addresses this challenge

CDPs aggregate and organise customer data collected from a variety of sources, structuring it into individualised and central customer profiles also often referred to as a 'single customer view'. This data can then be actioned across the whole stack: for example, connecting a customer's journey on marketing channels to their customer experience records.

Delivering personalisation at scale

Personalisation across the full customer journey is vital as a table-stakes expectation for a competitive customer experience. However, creating rewarding customer experiences with personalised touchpoints along the user journey is easier said than done.

☆ How a CDP addresses this challenge

A good CDP not only creates a single customer view to enable accurate personalisation based on the 'full customer picture', but integrates with your full marketing stack in order to deliver personalised experiences based on this data in real-time. For example, triggering emails from your ESP based on a customer's recent in-store transaction.

Inconsistent customer data compliance

Ever since the introduction of new customer data regulations like GDPR, marketers have been faced with a huge challenge in how they capture, store and use customer data in a way that doesn't fall foul of the law.

The problem is that the 'consent journey' is just as complex as the customer journey. Consent can be captured in multiple ways across multiple channels, consent preferences may differ based on those different communication types and channels, and may be subject to different regulations depending on geography.

Without a unified way of viewing customer consent, meeting the compliance needs for processing and activating through marketing becomes a minefield, and inhibits scalable marketing and personalisation.

☆ How a CDP addresses this challenge

Important: not every CDP is equipped to solve this challenge, as most are created for North America (where data compliance regulations are considerably more relaxed). However, good CDPs will have consent mastering (the ability to unify cross-channel consent preferences for an individual) and consent orchestration (the ability to scalably reflect consent in activating data) built-in.

Third-party cookie deprecation

Google dropped a bombshell on the advertising industry when it announced it would "phase out support" for third-party cookies on Google Chrome by the end of 2024, effectively killing them.

To contextualise: third-party cookies help advertisers track user activity across their web travels in order to better target them with relevant ads. With their demise, addressability— the ability to identify and connect with individual users, regardless of the platform they're on—will become much more difficult.

☆ How a CDP addresses this challenge

While marketers will have to find lots of different solutions to fill the void left by third-party cookies, one of the most important solutions is in building a consented first-party data asset - and that's exactly what a CDP does. A **good** CDP will also make sure that this can be connected to Universal IDs (see below) to make these profiles addressable across ad inventory.

> **With the eventual demise of the third-party cookie, addressability will become much more difficult for marketers, publishers and advertisers to interact with customers on a digital scale.**

What's in a universal ID?

Universal IDs provide a shared, persistent identifier to trace the user across the supply chain without the clunkiness of cookie syncing or the platform risk of operating system IDs. Simultaneously, from a marketer's perspective, they share some of the best characteristics of existing methods: the democratic nature of third-party cookies (where every cookie is essentially equal) and the simplicity of Mobile Ad IDs.

How other Enterprise Marketers use a CDP

Defining what a CDP can do is like saying 'how long is a piece of string?'. So if you're deciding whether a CDP is right for you, it might help to understand how other marketers in your situation are using theirs.

On the next page are the top ten problems that CDPs are most commonly used to solve.

	Challenge	Solution
Creating a single customer view	Data silos have a lasting negative impact on the end-quality of a customer's experience – and your businesses' day-to-day operations.	The CDP unifies customer data from all sources into a single, 360° customer view.
Enhancing digital services	Navigating the tide of digital transformation means creating new digital services at speed in order to meet customer expectations for 'always on' engagement. But making these work together is a challenge.	The CDP acts as an 'API of APIs', meaning that a new service (like an app) only has to be integrated into the CDP in order for data to flow back-and-forth seamlessly with the rest of the stack.
Safeguarding user consent	Regulations around customer consent for data processing and usage are more complex than ever. It's pivotal for anyone using customer data to have complete confidence that their systems are reflecting consent – and doing so easily and scalably.	The CDP (if engineered for European compliance standards) will master and orchestrate individual consent choices from end-to-end.
Achieving multi-channel personalisation	Delivering multi-channel personalised experiences requires a foundation of unified customer data, enabling smarter segmentation and the ability to easily identify and target across any channel.	The CDP not only creates a single customer view of a customer's journey across multiple touchpoints, but allows that data to be activated in real-time across channels, creating a personalised journey.
Reducing churn and attrition	Good acquisition with poor retention is a zero-sum game.	A CDP with machine-learning can identify attrition signals, then allowing you to react at scale with messages and offers that increase retention.
Delivering data-driven marketing	With the huge shifts towards digital channels over recent years causing increasing competition for impressions and tougher conditions for ROI, marketing success hinges more and more on an ability to use data to not just target, but model.	A CDP with machine-learning enables marketers to not just create, but activate, models of data such as churn propensity or lookalike audiences.
Increasing return on paid acquisition	As CPAs rise, it gets harder and harder to drive strong ROI from paid acquisition campaigns.	A CDP helps create and activate more accurate targeting (and exclusion) audiences to maximise return.
Increasing website conversion rates	Customers interact with more than just your website - a high-converting experience needs to reflect this.	The CDP creates a unified view of different interactions, so marketers can deliver website personalisation that takes the bigger picture into account, engaging visitors with more relevant content.
Driving upsell and cross-sell opportunities	When timed correctly, customers can be introduced to new products that increase order value. Done poorly, however, and these attempts can negatively harm conversions and brand perception.	The CDP enables you to activate upsell campaigns based on a full picture of the customer, delivering accurate timing and messaging.
Ad targeting in a cookieless future	The deprecation of third-party cookies puts a strain on advertisers' ability to offer targeted ads that appeal to consumers and generate return.	A CDP is the key to creating a strong first-party data asset that can then be activated across the programmatic space through Universal IDs, delivering high accuracy.

How do CDPs work

The data sources that power a CDP

CDPs collect a wealth of data from different sources and platforms including event-based data and transactional data.

Commonly, the data that enters a CDP can be categorised into 4 main types

1. **Identity Data**

   Identity data makes up the foundation of each customer profile in a CDP. Identity data enables businesses to identify customers from each other, creating single customer profiles without producing replicas. Identity data as a whole covers information like:

   - First and last names
   - Demographics like age and gender (descriptive data)
   - Locations such as addresses, cities, countries
   - Contact information like phone numbers and email addresses
   - Social platform information, like Instagram or Twitter handles or LinkedIn addresses
   - Professional details, such as job title and company
   - Company account details, like business-specific user IDs or account numbers

2. Descriptive Data

Descriptive data layers onto identity data, expanding it to produce a more comprehensive picture of a customer. Descriptive data categories will vary depending on the industry in which the business is in.

For example, children's toy sellers would likely collect information about how many young children are in their customers' families, whereas a sports apparel ecommerce store may collect information about a customers' gym membership

Descriptive data usually includes information regarding :

- Careers, like employers, industry, income, and job descriptions
- Lifestyles, like the type of home, pet or vehicle
- Families, like the number of household members
- Hobbies, like memberships or subscriptions

3. Quantitative Data

Quantitative data gives businesses more information regarding how customers interact with them through actions like click-throughs, their reactions to things like discounts, or their transactions.

Quantitative data will include information like:

- Transactional, like the type or number of purchased or returned products, abandoned carts, or order dates
- Communicational, like email opens, click-throughs and responses
- Online activity, such as the number of website visits, click-throughs, product views, and social media engagements
- Customer service access, like query details, help initiation dates and service representative details

4. Qualitative Data

Qualitative data is a type of data that layers contextual information into customer profiles because it can give a customer profile a 'personality'. This is because qualitative data collects information about attitudes, beliefs, motivations, opinions and values.

To that end, qualitative data will collect information regarding:

- Consumer motivation, regarding how the customer found the business, why they chose to purchase and why a particular product over others

- Personal opinion, which could give insight into how a consumer rates the product, customer service or business

- Personal attitudes and preferences, like a consumer's favourite colour or material

Comparing platforms: CDP vs DMP

Customer Data Platforms (CDPs) and Data Management Platforms (DMPs) are often pitted against one another. Some marketers presume that they should pick one at the expense of the other because it's needless or impossible to use both.

The reality is that this is far from the truth. In an ironic twist, it's their similarities that cause the most confusion. Both Customer Data Platforms (CDPs) and Data Management Platforms (DMPs) use data to build and create various target audiences for marketers. However, there are four main differences that separate CDPs and DMPs:

1. **Data use**
   CDPs and DMPs both require data to work, but the data types they use vary considerably. CDPs primarily use first-party data (data collected by the business) and a small amount of second party data (data collected by another company and then sold or shared to another non-competitive company).

   DMPs, on the other hand, rely primarily on third-party data—information collected from a variety of external sources by a company with no direct relation to the user whose data is collected—as well as a bit of second-party data.

2. **Customer identities**
   The most significant difference between CDPs and DMPs is how they use customer identities, otherwise known as Personally Identifiable Information (PII). PII is personal data that can be used as identifiers to track a user's specific actions, for example, a full name, phone number or email address.

   As mentioned above, CDPs need to identify their audience to create the most accurate audiences possible, and therefore rely on PII collection to operate effectively. DMPs do not collect PII because they only use anonymised datasets. So whilst a DMP will collect data on its anonymous users, it will not identify them as a CDP does.

   Because of their ability to personally identify their audiences, it's therefore of paramount importance that CDPs are privacy-first, and that businesses using CDPs display opt-in and collection preferences, as well as options for a user to remove or delete their data.

3. Data retention

Another significant difference between CDPs and DMPs is the length of time in which each one retains data.

CDPs retain data for long periods and let their users set specific time limits on the length of time each customer's data is held. The reason behind CDPs holding data for a larger length of time is because they become more effective when they have collated more data. For example, a CDP could identify a store's most valuable customers by assessing their transaction data across a season or a year. This then helps the store identify and reward those customers to retain them and potentially boost their lifetime value (LTV).

On the other hand, DMPs are used most effectively when they have stored data across shorter periods - for example, 30, 60 or 90 days. Because there is no need to identify customers, companies using DMP data can act according to trends or interests as they happen.

For example, a holiday booking company may use a DMP if it wants to advertise to those who have expressed an interest in travelling in the last month to capitalise on the interest. If the company was to wait and use data that was a year to two years old, circumstances and interests could have changed, rendering their advertising ineffective.

4. Cookie usage

CDPs and DMPs both handle the use of cookies in different ways.

DMPs typically rely on third-party cookies (which, as we previously covered, are a dying breed), to get their data. A DMP will either collect third-party cookies from the websites signed up to its service, or it will obtain them from third-party data vendors whose data it purchases. However, once third-party cookies are blocked, the tracking stops: this harms the effectiveness of the DMP because reduced tracking means that the advertising associated with the data will begin to become less targeted.

CDPs, on the other hand, are non-reliant on cookies, but instead must focus on the consent of data as it is not anonymised.

Choosing the right CDP for you

The ultimate CDP shopping list: 10 considerations for success

There are a number of different CDP providers out there, so once you decide to invest you'll need to make sure you're choosing the right one for your business. Here are 10 criteria to weigh your decisions up against:

1. **Extensive data integrations**

   The right CDP should serve as the layer of technology that unites all of your martech and adtech stack. This means the CDP you choose must allow you to ingest customer data from wherever it's held, activate that data wherever it's needed, and repeat this process on an ongoing basis.

   ### 💡 Expert tip

   Zeotap's integrations with industry-leading tools allow you to ingest and active data easily across martech and adtech ecosystems.

2. **Accurate identity resolution**

   A Customer Data Platform must be able to accurately unify customer identities - without it, the single customer view can't be created and many functions of the CDP are rendered obsolete.

3. **Custom audience segmentation**

   If your goal is to drive personalisation with your customer data platform (CDP), make sure that you can create custom audiences based off of any datapoints. Your audience can then be used across multiple channels like email, social media ad campaigns or even within apps themselves through deep linking features, which allow users a seamless transition between platforms.

4. Machine learning-powered segmentation

Marketers have long known that traditional rule-based segmentation can lead to inefficiencies and wasted spend. However, the ability to generate machine-learned audiences has long required support from Data Science specialists. This support has been difficult to access for many marketers, and impossible for others.

To maximise time and effort, consider a CDP that offers the ability to create machine-learned segments without the help of a Data Scientist.

Expert tip

Learn how Zeotap's Predictive Audiences feature reduces the process and difficulty of creating and activating machine learned segments to move away from traditional rule-based segmentation.

5. Rigorous security and privacy compliance

Especially in the more stringent privacy environment of Europe, it's vital that your Customer Data Platform is completely watertight when it comes to privacy and security standards. Look for international privacy and security certifications, such as ISO 27001, ISO27017, ISO27018, CSA Star and GDPR Seal.

Achieving customer intelligence in a Privacy-first world

Zeotap CDP is built for the demanding privacy standards of Europe, such as GDPR. With most CDPs originating in the USA, where data regulations are not as much of a concern, Zeotap's products have certified privacy compliance and are designed around consent.

6. Consent 'baked in'

The landscape of consent (and marketing preferences) is complex. Customers can consent to different things, across different channels and on different devices, and all these preferences need to be reflected as a single set of preferences. This is only the start of the challenge – these preferences then need to be accurately reflected across different types of marketing activity on different channels.

When searching for a CDP, look for its ability to not only master (unify) consent, but its ability to apply consent orchestration in the activation of your data. Involve your Data Protection Officer (DPO) early.

	Anonymous website visitor	Logged in app user	Store visitor
Channel			
Customer ID	Cookies: 1234	User ID: 4567 Mobile ID: 348676749849 Email: jane.doe@gmail.com	User ID: 4567
Consent Purposes	Cookie Tracking: **YES** Enrichment: **YES** Digital Marketing: **YES** Email Marketing: **YES** Phone Marketing: **NO**	Cookie Tracking: **YES** Enrichment: **YES** Digital Marketing: **YES** Email Marketing: **YES** Phone Marketing: **NO**	Cookie Tracking: **YES** Enrichment: **YES** Digital Marketing: **YES** Email Marketing: **YES** Phone Marketing: **YES**
Unification			

💡 Did you know?

Zeotap's Consent Orchestration feature allows for easier storage and reflection of consent across the entire customer journey.

7.   Data controls

Data-driven decision making is only possible when you have clean and accurate data. A CDP should come with fine-tuned controls that make it easy for you to control and visualise what data is sent to which integrations and warehouses.

8.   Audience addressability in a cookieless future

With third-party cookie deprecation scheduled to happen in 2024, the time is now to start looking for alternatives to safeguard the future of identity audience addressability.

Most CDPs have yet to offer a proper and sustainable universal ID capability, so when doing your research, look into whether the CDP offers a universal ID solution that contains these four main attributes:

- Independence, meaning the solution does not rely on cookies, MAIDs or other platform identifiers
- Easily adoption, meaning it can work as a standalone first-party identity layer as well as in conjunction with other solutions
- Interoperability, meaning it is available to connect with all other universal ID solutions
- Compliance, with consent traceability baked into every universal ID record and ensured data protection via tokenisation.

In the news

In June 2021, Zeotap launched its integration with Google Customer Match to drive addressability in a post-cookie world.

9. **Third-Party identity resolution**

    When most Customer Data Platforms refer to 'identity resolution', they only refer to first-party data. This limits a business from going beyond its own data set to offer better personalisation and audience targeting.

    With identity-driven personalisation regarded as one of the <u>top trends in identity resolution</u>, consider a CDP that is actually able to identify unauthenticated visitors
    and bring third-party identity into the picture.

10. **Third-party data enrichment**

    Sometimes, your first-party data simply isn't enough - particularly if it's incomplete or inaccurate. Enter: third-party data enrichment. This is a solution that can turn the information you have into an accurate profile of your customers by way of fully-consented third-party data. When shopping for a CDP, consider one that helps complete the 360-degree customer view with third-party data enrichment baked in.

Choosing the right Customer Data Platform for you (in 5 steps)

Finding the right CDP for your company is not a decision that should be taken lightly.

After all, your CDP has access to sensitive customer data, unifying it from several different departments and delivering it to multiple areas of the business. Making a decision is a process that can therefore get complicated by nature - to make it simpler (without making mistakes), follow these guidelines:

1. **Assemble your buying team**
   While the decision is yours, you'll need to involve other stakeholders. This is because the data the CDP will be handling is from different departments within your company, so it's important for everyone to agree on what type of service they need and how much access they'll have.

   - Consider the having representation from the following:
   - Data Protection (DPO) or Legal (to ensure compliance is up to code)
   - Sales (their CRM platform may store customer information to be brought into the CDP)
   - Customer Experience (they also use tools that handle customer data)

2. Define all your challenges

If you want to know what CDP is best for your business, think first about how the system will be used. Defining your challenges (or use cases) ahead of time will help you find the right solution. In addition to the use cases we outlined in an earlier section, examples could include:

- Decreasing abandonment rates
- Increasing engagement with loyalty programmes
- Identifying and prioritising high-value customers

Take some time to think about what you want your CDP to accomplish and then talk with other stakeholders for their input. Once these ideal use cases are identified, evaluating vendors becomes a lot easier.

3. Know what integrations you need

Next, make a list of all tools used (e.g., website software, CRM systems like Salesforce, realtime live chat with Zendesk) before making any decisions on which pieces should be included in the new project.

- Businesses most often start with:
- An analytics tools like Google Analytics
- An advertising tool like Facebook Ad Manager
- CRMs
- Customer success and/or live chat tools like Intercom
- Business intelligence tools
- Data warehouses

Once you've identified the particular integrations your CDP will need, make sure the ones you are looking at have those functionalities built in. If it doesn't, learn how quickly new integrations can be created.

4. Define your other requirements

A CDP can manage and consolidate data, but you will also have a need for how the information will play into other aspects of your business like analytics or insights.

This is why it's so important to define requirements in full. These may not seem necessary at first, but without thinking about them ahead of time, you could find yourself running into bigger challenges down the road.

Not sure what your requirements are or which ones you should consider?

Here are some common examples:

- **One requirement for Business A's CDP** is to assist with GDPR and CCPA compliance. To that end, Business A will need a CDP that enables them to either delete customer data when requested or suppress data collection - a requirement of both GDPR and CCPA agreements.

- **One requirement for Business B's CD**P is that it must help the business receive a comprehensive view of their customer journeys. To fulfil that requirement, Business B will need to ensure the CDP they're evaluating has identity resolution, or 360-degree view capabilities that help to identify customers across varying channels and platforms.

- **One requirement for Business C's CDP** is that it needs to have enhanced and regimented security. In order to reach that, the CDP they're evaluating must have a credible, independent security certification which ensures the CDP is continuously monitoring and upgrading their security practices.

5. Flag support considerations

As with any new platform, it's important to evaluate the level of support you'll receive should a technical issue or question arise. A CDP with all the 'bells and whistles' may come short when it comes to post-integration support, and you don't want to be left scrounging for solutions (and spending additional time and money in the process) to fix any issues.

Before committing to a CDP, do your research regarding your chosen platform's Service Level Agreement (SLA) regarding support and get a clear understanding of the responsibilities that fall under the platform's support team.

The final step is making your decision by getting a full demo to see how your potential CDP works in real life. Once you find one that works seamlessly and meets your needs, congratulations! You'll be on your way to taking advantage of the many benefits that a Customer Data Platform has to offer.

ZEOTAP

Founded in 2014, Zeotap's mission is to help brands monetise customer data in a privacy-first Europe. Today, Zeotap owns three data solutions.

ZEOTAP CDP   **ZEOTAP** Data   **ZEOTAP** ID+

Zeotap CDP is the easy, secure and impactful Customer Data Platform that empowers brands to integrate, unify, segment and orchestrate customer data. **Zeotap Data** delivers quality targeting at scale by enabling the activation of 2,500 tried-and-tested Champion Segments across 100+ programmatic and social platforms. **Zeotap ID+** is a universal marketing ID initiative that paves the way for addressability in the cookieless future.

Zeotap works with the world's top brands including **Virgin Media O2**, **Amazon**, and **Audi**.

Privacy and Security is in our DNA

Designed in Germany and developed for stringent European regulation

TRUSTED PRIVACY **P** EU data protection ePrivacyseal   CISSP®   Certified Information Privacy Professional **CIPP** iapp   Certified Information Privacy Technologist **CIPT** iapp   Information Security Management **ISO 27001** Certified   STAR LEVEL TWO: THIRD-PARTY AUDIT **STAR LEVEL TWO** SECURITY TRUST ASSURANCE & RISK

Industry Recognitions

2019 WINNER THE ADEXCHANGER AWARDS	ADWEEK	CDP CUSTOMER DATA PLATFORM INSTITUTE	G2 Leader WINTER 2023	Gartner COOL VENDOR 2020	campaign TECH AWARDS WINNER
Best Data Enabling Technology **ADEXCHANGER**	Best in 1P Data Integration **ADWEEK READERS' CHOICE**	Certified CDP **CDP INSTITUTE**	Leader **G2**	Cool Vendor in Advertising **GARTNER**	Tech Pioneer of the Year **CAMPAIGN TECH AWARDS**

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