What is a Customer Data Platform?

Take your business to the next level with a CDP
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Introduction
Introduction

You’ve heard the buzz. You’ve heard the letters CDP bandied about. Maybe your boss asked you if your company needs a CDP. Maybe you’re a boss wondering the same thing.

We’re here to give you all the info you need. This e-book is a comprehensive guide to understanding customer data platforms and exactly how they are designed to help businesses like yours grow in 2021.

Let’s get started.
What Exactly is a Customer Data Platform?
What exactly Is a customer data platform?

A Customer Data Platform (CDP) is a type of software. Specifically, it’s a kind of database software: one that creates **persistent, unified records of all your customers, their attributes, and their data**. A good CDP should both easily integrate with your existing data and allow for easy retrieval of the data it stores.

A CDP builds a **complete picture of your customers on an individual level**. It collects first party customer data (transactional, behavioral, demographic) from a multitude of sources and systems, and links that information to the customer that created it.

This creates a 360-degree customer profile, also called a single customer view, which can then be **used by third party tools or built-in marketing automation tools** to execute marketing activities and analyze their performance.
CDP Characteristics

• Ready-to-Use Solution
  All customer data is neatly organized and available for immediate use. Some technical resources are required to set up and maintain the CDP, but it does not require a high level of technical skill compared to a traditional data warehouse.

• Single Customer View
  Data collected and organized with a CDP is visualized through individual data profiles for each user. This 360-degree view of the customer is possible due to the fact that all customer data is located in one central location.

• Customer Data Unification
  Inconsistent data from multiple online and offline sources is combined to create a unified single customer view.

• Accessible Data for Third Parties
  Data contained within a CDP is ready for use in third party systems focused on adtech and campaign delivery.
CDP Skill Requirements

Unlike some other database software programs, a CDP is a tool built mainly for marketers. That doesn’t necessarily mean that a CDP can be operated without any technical support. To get the most out of a CDP, an organization will typically need these three roles:

- **Marketer:** a person who understands the market and can suggest business-tailored use cases for the CDP.

- **IT Person:** someone to help support the marketer during the implementation phase of the CDP, and can help manage tasks like using webhooks, deploying recommendations on the web, setting up emailing, and helping with integrations. Knowledge of HTML, CSS, and Javascript is also helpful for building powerful weblayers.

- **Analytical Person:** a person that knows how to work with data, knows what to track in custom dashboards, how to analyze A/B test, and can report results to the marketing team.

These don’t have to be three separate people, but for maximum value from a CDP you’ll need all those skills.
What is the History of Customer Data Platforms?
What Is the History of Customer Data Platforms?

Managing customer data is nothing new. From handwritten filing cards and massive independent mainframes to modern cloud-based solutions, the search for the best tool has been going strong for decades. Modern computing power has significantly increased the pace of progress, allowing for more and more useful tools.

Online customer relationship management (CRM) software was introduced in the 90’s, and allowed companies to manage their interactions with both current and potential customers. These platforms could also perform data analysis that could help drive retention and sales. While useful, these tools had some limitations: they only managed data for registered clients, and they only used predefined first party data.

Things changed in the 2000’s with the rise of data management platforms (DMPs). These were aimed towards advertisers and helped with the planning and execution of media campaigns. Unlike CRMs, DMPs worked with second and third party data, and could segment anonymous IDs.
The customer data platform (CDP) was introduced a few years back, as a reaction to the demand for an improved customer experience and omni-channel marketing initiatives. Older tools, while useful for their purposes, had created data silos. CRM data was one thing, DMP data was another – and marketers weren’t able to productively use all the data the company had access to.

CDPs solved this problem by offering a unified customer view that gathers a company’s first party data (and to some extent, second and third party data) into a single, comprehensive platform. A major advantage of CDPs is their ability to store extremely granular first-party data, such as events on a website.
Why is Customer Data Important?
Why is Customer Data Important?

Today’s customers expect a lot from companies. They’ve experienced good personalized service, and if you want to keep their business, you need to provide it. A consistent customer experience across channels, appropriate recommendations, tailored communications: for today’s customers these are necessary.

Not many companies can actually deliver these experiences. But if you can’t meet customers’ heightened expectations, you have a problem. If customers think you don’t care about them, they’ll take their business somewhere else – and they won’t be coming back. The fight to win those customers back will be much more difficult than getting their business in the first place.

This is why it’s so crucial to have well-maintained, accessible, and insightful customer data. And now, a good CDP makes that possible. It’s only a matter of getting the right data.
What Kind of Customer Data Does a CDP Work With?
What Kind of Customer Data Does a CDP Work With?

The sheer volume and speed of digital data is hard to comprehend, and overwhelms traditional database software. A CDP, however, is purpose-built to manage this flow of data.

The most reliable way for a CDPs to collect this type of data is via their own SDK, but most CDPs can also ingest data from other systems via JSON or batch ETL transfers.
The types of data a CDP can work with include:

- **Events:** behavioral data that arises from a user’s actions in a session on a website, in an app, or on a mobile browser.

- **Customer attributes:** including names, addresses, contact details, birthdays, etc. Advanced CDPs can also store machine-learning powered predictions, such as likelihood to purchase.

- **Transactional data:** purchases, returns, and other info from e-commerce or POS systems.

- **Campaign metrics:** engagement, reach, impressions, and other metrics from campaigns.

- **Customer service data:** live chat data, number and length of interactions, frequency, NPS scores, other data from CRM systems.
What Makes a Customer Data Platform Different from DMP and CRM?
What Makes a Customer Data Platform Different from DMP and CRM?

When comparing data gathering software, it’s easy to get overwhelmed. There’s a sea of similar acronyms, product descriptions that look almost the same, and lots of claims about which program best suits your needs.

You might have come across customer relationship software (CRM), customer data platforms (CDPs) and data management platforms (DMP). While their capabilities might sound similar, it’s important to understand the distinctions between them so you can evaluate vendors and choose the right product for your business needs.
What is a Customer Data Platform?

CDP vs DMP vs CRM: Table Explained

- **Holistic Customer Data**: Does the platform combine customer data from all available sources (behavioral, demographic, personal, transactional, device, etc)?

- **Lasting Customer Profiles**: Does the platform retain customer data for a long period of time?

- **Packaged System**: Can the platform exist as a ready-to-use piece of software?
- **Real-time Capability:** Does the platform update data in real-time, allowing for quick reactions to changes?

- **Open Platform:** Is it simple to get data into the platform? Is it easy to share data from the platform with other services?

- **Cross-channel Personalization:** Does the platform allow for the personalization of messages across different customer touchpoints?

- **Only Anonymized Data:** DMPs by design work with anonymized customer data. CRMs and CDPs work with identified customers, and allow for granularized views of individual customers.

- **Identity Resolution:** Does the platform allow you to connect the behavior of anonymous visitors with known customers after they have given their consent? Does the platform recognize customers across devices?

- **Data priority - First Party:** Does the platform primarily deal with data from 1st party sources?

- **Data priority - Third Party:** Does the platform primarily deal with data from 3rd party sources?

- **Requires IT Support:** Does day-to-day operation of the software require support from IT?
Customer Data Platform
Types and Usage
Customer Data Platform Types and Usage

The Customer Data Platform market has matured, leading to a number of different providers. These providers are differentiated based on their target market and their intended use cases. Let’s take a look at some of the differences.

**Standalone CDP vs Customer Data & Experience Platform (CDXP)**

A key distinction among CDP vendors is whether they provide a product which is only a CDP, or a CDP plus other capabilities. It’s crucial to understand what your vendor is providing, because this distinction can cause large differences in how your business uses the CDP.
Standalone CDP
Standalone CDP

A standalone CDP is exactly what it sounds like: a customer data platform without extra capabilities. It ingests all of a company’s first party data and uses that to build complete pictures of all of your customers (also known as a single customer view). Usually a standalone CDP will offer analytics capabilities, allowing for granular segmentations of your audience. This data is accessible for use by other systems, but the standalone CDP cannot execute campaigns. It needs the help of dedicated tools that can make use of the comprehensive data it collects. For companies that already have campaign execution tools, a standalone CDP might make sense. But companies that lack those capabilities might want to consider a CDXP.

Standalone CDP (Visualization):
Customer Data & Experience Platform (CDXP)

A Customer Data and Experience Platform (CDXP) is the next generation of the CDP. It combines all the benefits of a Standalone CDP with an experience cloud, creating a single, powerful, customer-centric marketing platform.

A CDXP gives marketers the complete toolset they need for creating incredible customer experiences, by bringing together AI-driven marketing automation, real-time analytics, and UX optimization with a best-in-class CDP.

A CDXP simplifies workflows and increases productivity by collecting frequently used tools into one integrated interface. But a CDXP is also flexible, and can fit into your existing tech stack. It molds around what you already have and fills gaps, creating the perfect solution for your company.
CDXP = CDP + ESP + UX + AI

Powered by Customer-Centric Analytics
Key Benefits Of CDXP:

- Provides a foundation for a 360-degree customer view
- Makes customer-loyalty-driven decision making possible
- More precise targeting and higher-quality interactions with customers
- Allows for meaningful analysis of marketing initiatives across different channels
- Enables agile responses to changes in the market or customer preferences

Customer Data & Experience Platform (Visualization):
Difference Between Enterprise-Grade CDP and Small Business CDPs
Difference Between Enterprise-Grade CDP and Small Business CDPs

There are multiple CDP providers out there, each with differing purposes and capabilities. A key consideration when choosing a CDP is the intended scale of the software. Is it built for small businesses? Or is it a full-fledged enterprise solution? There are some key points to remember when answering that question.
Scalability. Enterprise-level companies need to work with massive amounts of data. That data can change quickly, and for a CDP to be useful, it needs to respond to those changes quickly and accurately. This means that a CDP needs to be built for scale from the very beginning – it needs a scalable architecture.

Flexibility. No two companies are the same. For enterprise-level companies, a plug-and-play type solution will almost never be suitable for the unique needs of a company – therefore flexibility in a CDP is a must-have. A CDP must be able to ingest a company’s data from all its unique sources, as well as interface successfully with the platforms the company uses to function.

Integrity. A CDP needs to be trusted with the sensitive data of the company that uses it – and that can mean data for millions of customers. This requires rigorous security protocols and a dedication to privacy. These need to be core values of the CDP provider if they are to be trusted with customer data.
How to Use a Customer Data Platform?
How to Use a Customer Data Platform? (Key Use Cases)

The large number of CDP vendors on the market can be overwhelming. When choosing a vendor, it can be helpful to consider the list of use cases you hope to accomplish with the help of CDP. While it’s important to have high-level goals (improve the customer experience, foster loyalty), you also need to know how a CDP can help you achieve those goals through lower-level use cases.

We’ve collected what we believe to be some of the most important use cases below.
Use Cases:

1. **Online to Offline Connection**

Merge online and offline activities in order to create an accurate customer profile. Identify customers from online activities when they enter a brick and mortar store.

2. **Customer Segmentation & Personalization**

Segment customers according to their behavior (RFM, LTV prediction) and subsequently deliver a personalized, omni-channel experience throughout the entire customer lifecycle.

Further Reading: [Customer Segmentation: Options Marketers Should Know](#)

3. **Predictive Customer Scoring**

Enrich your customer profiles with predictive data (probability of purchase, churn, visit, email open).

Further Reading: [The Latest Predictive Marketing Techniques to Boost Your E-Commerce!](#)

4. **Smart Behavioral Retargeting & Lookalike Advertising**

Integration with Facebook Ads, Google Ads, Analytics & Doubleclick enables you to leverage insights from
Bloomreach to run powerful acquisition & retention (lookalike) campaigns outside of your website.

Further Reading: Advanced Remarketing Explained: Enriched Retargeting Strategy

5. Product Recommendations

Create and use different recommendation models such as “similar products” or “customers also bought” and deliver the best shopping experience to drive engagement, increase brand loyalty, and sell, up-sell, or cross-sell your products or services.

Further Reading: The Leading Product Recommendation Methods For E-Commerce

6. Conversion Rate Optimization & A/B Testing

Quickly transform the appearance of your pages. Use our smart website overlays (pop-ups), or send cart abandonment emails to increase your ROI. Create different designs and determine which variant performs better with the automatic A/B testing feature.

Further Reading: 14 E-Commerce Personalization Tactics to Dominate Your Competition!
7. Omni-Channel Automation

Guide your customers through their entire lifecycle with personalized and timely messages sent to their preferred channel, significantly enhancing your opportunities to both acquire and keep a loyal customer.

Further Reading: How to Foster Customer Loyalty Through Omni-Channel Communication

8. Email Deliverability Enhancement

Increase email open rates. Thanks to an AI-powered algorithm, you can determine the ideal distribution time for each user based on their email opening habits, and reach them at this optimal hour.

Further Reading: Improve Your Email Deliverability With These 10 Proven Tactics

9. Reviews Optimization

Get better and more online reviews from your customers through personalized omni-channel communication and NPS survey analysis.
How Can a CDP Improve Customer Lifetime Value and Foster Customer Loyalty?
How Can a CDP Improve Customer Lifetime Value and Foster Customer Loyalty?

The most effective way to foster customer loyalty is to give your customers exactly what they’re looking for: a consistent, high-quality, and personalized experience. Customer data platforms make it possible to deliver these experiences at scale, personalizing the journey of each customer. CDPs enable loyalty-building strategies by solving the problem of fragmented, siloed data. They arrange customer data in a way that makes personalization at scale possible (though personalization tools themselves are not always part of a CDP).
If your data is siloed, you can’t create a consistent experience for your customers. Without that central data hub, you can’t provide the omni-channel experience customers expect, with up-to-date interactions regardless of which channel the customer communicates through.

Further Reading: The Importance of Customer Lifetime Value (CLV) in Marketing
How Long Does It Take to Implement a Customer Data Platform?
How Long Does It Take to Implement a Customer Data Platform?

The short answer? It depends. A very rough estimate would be in the neighborhood of 4-12 weeks.

The long answer? Without knowing the details of your organization and business needs, there’s no one-size-fits-all answer to this question. A few things you’ll need to take into consideration:
- **Integration complexity** - how many tools will you need to integrate with?

- **CDP output requirements** - what will you need from the CDP?

- **Current state of your data** - data cleansing can lead to a longer implementation

- **Unique business rules**

- **Identity merging needs** - siloed data can lead to a single customer having multiple profiles across different platforms, and merging these profiles takes time

- **Level of detail in data attributes**
Implementation Steps

Let’s walk through the steps of implementing a customer data platform. We’ll also look at the differences between implementing a Standalone CDP and CDP with built-in campaign execution and analytics capabilities (CDXP).

The 3 Necessary Stages To Implementing A CD(X)P

1. **PLAN**
   Use Cases, Event Mapping, Customer IDs & Attributes Definition
   - Project Scope Creation
   - Tracking Document Creation

2. **EXECUTE**
   Start using your CDP/CDXP to power insightful analytics and marketing automation.

3. **INTEGRATE**
   - Data Analytics & Campaign Execution
   - Tracking Document Creation
   - Project Scope Creation
   - Customer IDs & Attributes Tracking

4. **CDXPs**
   - Offers some advantages here. Thanks to an all-in-one solution, marketers can expect:
     - One User Interface
     - Unified Technology
     - Bidirectional Data Flow
     - Easy Omni-Channel Orchestration
     - Real-Time Response

5. **Note:**
   - If you want to keep some of your existing 3rd party tools, you can integrate them with the CDXP, just like a Standalone CDP.
INTEGRATE
CDP Core Deployment

CDP Initialization
Customer IDs & Attributes Tracking
Events Tracking
Data Imports

Standalone CDP
CDXP

Integration of 3rd Party Tools
No 3rd Party Tools Integration Needed

Email Marketing Platform
Omni-Channel Marketing Platform
Web-Optimization Platform
Recommendation Platform
Predictive Analytics Platform
Analytics Platform

CDXPs don’t require any integration with analytics and execution tools, since those capabilities are part of a Customer Data & Experience Platform. As soon as the CDXP is integrated, you can begin analyzing data and executing automated marketing campaigns.

Note: If you want to keep some of your existing 3rd party tools, you can integrate them with the CDXP, just like a Standalone CDP.
3 EXECUTE

Data Analytics & Campaign Execution

Start using your CDP/CDXP to power insightful analytics and marketing automation.

Because a Standalone CDP was not built together with your analytics and execution platforms, marketers can expect the following:

- Many User Interfaces
- Different Technologies
- Unidirectional Data Flow
- Less Smooth Omni-Channel Orchestration
- Delays In Response
A **CDXP** offers some advantages here. Thanks to an all-in-one solution, marketers can expect:

- One User Interface
- Unified Technology
- Bidirectional Data Flow
- Easy Omni-Channel Orchestration
- Real-Time Response

### 3 Execution Phase

You've finished initializing your CDP, you've set up customer identifiers and event tracking, you've integrated all your tools and platforms...now you can start using your CDP/CDXP to power insightful analytics and marketing automation.
Every business that wants the benefits of a CDP will have different requirements, goals, and structure – so it’s impossible to give a precise answer to how long the implementation process will take.

Nevertheless, most businesses can expect to go through a similar set of steps when implementing a CDP.
Planning Phase

All the necessary groundwork for integrating a CDP needs to be taken care of before any technical work can begin. Some necessary parts of this stage include:

**Project scope creation:** describe business goals, use cases, step-by-step integration and implementation.

**Tracking document creation:** describe customer attributes, consents and custom events to be tracked.

Integration Phase (CDP Integration)

**CDP Initialization:** This is the process of connecting the CDP to your online & offline data sources, allowing you to identify your customers and analyze their actions. With Bloomreach, this is very simple: just paste a snippet of code into the header of your website. Other solutions might look quite different.

**Customer IDs & Attributes Tracking:** After initializing the CDP, set up customer IDs and attributes tracking for the information you’ve decided to collect. This data is helpful for segmenting your audience, triggering campaigns, sending personalized information, and more.
**Events Tracking:** Follow and get insight into customer behavior by tracking purchases, clicks, returns, browsing behavior, and more. Connect this to a customer’s unique identifier to build complete pictures of each customer.

**Data Imports:** Connect all your existing data (customer data, event data, product catalogs) to your new platform.

- Customer Feed and consents import from 3rd party tools
- Product Feed import

**Integration Phase (Third Party Tools Integration)**

**Standalone CDP**

If you are using a Standalone CDP, you will want to integrate it with your other tools and platforms so you can make the most of its capabilities. Consider which of the below platforms you want to use. They will each need to be integrated with the CDP.

- ESP Integration
- Business Intelligence Platform
- Web Optimization Platform
• Recommendation Platform
• Predictive Analytics Platform
• Advertising Platform
• Mobile Marketing Platform

These integrations are unnecessary with a Customer Data & Experience Platform, since analytics and marketing automation abilities are part of CDXP.

**Customer Data & Experience Platform (CDXP)**

No Integration Needed!

CDXPs don’t require any integration with analytics and execution tools, since those capabilities are part of a Customer Data & Experience Platform. As soon as the CDXP is integrated, you can begin analyzing data and executing automated marketing campaigns.

Note: If you want to keep some of your existing 3rd-party tools, you can integrate them with the CDXP, just like a standalone CDP.
Choosing a CDP
Execution Phase

You’ve finished initializing your CDP, you’ve set up customer identifiers and event tracking, you’ve integrated all your tools and platforms...now you can start using your CDP/CDXP to power insightful analytics and marketing automation.

Standalone CDP (integrated with third party analytics and marketing platforms)

Because a standalone CDP was not built together with your analytics and execution platforms, you can expect the following:

- Many User Interfaces
- Different Technologies
- Unidirectional Data Flow
- Difficult Omni-Channel Orchestration
- Delays in Response
Customer Data & Experience Platform (CDXP)

A CDXP offers some advantages here. Thanks to an all-in-one solution, marketers can expect:

- **One User Interface**
- **Unified Technology**
- **Bidirectional Data Flow**
- **Easy Omni-Channel Orchestration**
- **Real-Time Response**
Why Bloomreach is the right choice for your CDP
Choosing a CDP

After you’ve decided that a CDP is the right tool for your business, you’ve got to decide which vendor to choose. The number of possible vendors might make the choice seem overwhelming, so it’s important to have a plan for your buying process.

Each company will have different requirements and use cases, but some parts of the buying process should look the same for most businesses.

Further Reading: Learn How to Choose & Implement a Customer Data Platform

First, you need to define your use cases. How do you plan to use a CDP? Do you want a CDP with execution layers and personalization capabilities (CDXP)? Or do you just need identity resolution and customer segmentation (Standalone CDP)? Answering this question will help you better understand your requirements.

Once you’ve done that, you can start to match your requirements to potential vendors. Can they handle the use cases that you require? This allows you to create a short-list of candidates.
Next, **evaluate the vendors** you’ve selected. Ask them to demonstrate their platform executing a use case that you require, instead of relying on a canned demo that only showcases the best that platform has to offer. This will show you if a potential solution is right for you or not.

Finally, you can **make your decision**. This might involve an RFP or a pilot project to make sure that the solution you’ve chosen actually meets your needs. If it has, congratulations! You’re ready to start taking advantage of all a CDP has to offer.
Why Bloomreach is the right choice for your CDP

Bloomreach’s CDXP is scalable, flexible, and secure. It has been an industry-leading CDP since 2015. All parts of the platform are built to work together, which means faster integrations, smoother operations, and better results.

Watch this short video of Bloomreach’s main CDXP features and learn how it enables you to use in-depth customer intelligence contained in a unified single customer view, delivering personalized experiences that are relevant and unified across all channels and devices.
About Bloomreach

Bloomreach is the leader in commerce experience™. It’s flagship product, brX, is the only digital experience platform built specifically for brands, retailers and B2B companies who want to grow their revenue online while delivering each of their customers a premium, personalized commerce experience. brX combines content management capabilities with market-leading commerce-specific, AI-driven search, merchandising and personalization in one flexible, API-first next generation platform.

Bloomreach serves over 500 global brands including:

- Bosch
- M&S
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