

Needle in a Data Stack: Why Customer Data Platforms Matter and How to Pick the Right One

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Why Read This Whitepaper

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Customer data platforms (CDPs) have exploded in popularity, with the number of vendors more than [quintupling](#) from 2016–2019. With the average company now using dozens of individual technologies and tools to connect with customers, marketing and digital teams need solutions to help them create a more customer-centric view of their data. CDPs provide a consolidated view of the customer, empowering organizations to scale their efforts in leveraging customer data.

Key Takeaways

The growth in the CDP industry and who is benefiting from it

As more vendors flood to the 5x growing market, organizations are buying into the hype and marketing/digital teams are seeing the benefits of what a CDP can enable in the short term and simplify in the long run.

Core benefits of CDPs and how businesses can get started quickly

Using a *Crawl, Walk, Run* framework, brands can get started and see benefits in as little as 6–8 weeks with the first use cases. They can lay a foundation for ROI and build momentum to encourage bigger and more ambitious projects around data enablement that deliver a signature experience for consumers.

Use cases and how they have helped brands win

From unlocking new customer journey insights and lifting sign-up conversion by 20%, to using geolocation to push discounts and attract customers away from the competition, there are many use cases that CDPs enable and can be heavily recognized with ROI. It's more a case of identifying where to start than where to finish.



A World of Customer Data

The Need for Customer Data

A [Forrester report](#) surveyed 750 marketing decision makers and found that 57% have challenges with data that is siloed and managed by different teams across the organization. Further, only 43% have visibility into platform analytics across both website and apps. In discussions with marketing leaders across various industries, we heard sentiments that reinforced these insights.

What is a CDP?

At a basic level, a CDP is a system that centralizes customer data from all sources and then makes this data available to other systems for marketing campaigns, customer service, and other customer experience initiatives.

CDP Market Growth

According to the [CDP Institute](#), industry revenue is on track for \$1.3 billion in 2020, funding for vendors is set to top \$2.3 billion, and the number of vendors offering a CDP product rose to above 120 from just 23 in 2016.

We're even starting to see major acquisitions in the space, with Twilio recently acquiring CDP platform Segment for \$3.2B USD, to enable Twilio's offerings to have visibility to end-to-end engagement and a single view of the customer journey.

Making the Right CDP Choice

On the surface, all CDPs advertise similar benefits, but under the hood they each offer very different functionality. Businesses should use Myplanet's CDP Choice Framework to identify what platform is best for their needs.

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I have a great view on my marketing activity up to the point of when a prospect becomes a lead but that seems to be where my line of sight stops.

CMO, Amica Senior Lifestyles



The Growth of the Customer Data Platform (CDP)

The Origins of CDPs

As technology was becoming more advanced, companies began using more tools, selling in more channels, and advertising on more platforms. This resulted in brands accumulating reams of new data that business leaders needed to be able to action for their teams. They needed a way to consolidate information and create 360-degree views of how customers were engaging with their brand. CDPs emerged to fill that need.

The term “customer data platform” first appeared in 2013 to describe a new type of software that—unlike other tools that already existed to look at customer information—could offer a single, consolidated view of all customer data in one file. CDPs offered a new, all-in-one approach to managing customer data.

The Importance of CDPs

In a world of increasing customer centricity and an explosion of customer touchpoints, separated data doesn't help companies that need to build a holistic customer experience. Beyond using data to simply understand business patterns, which some products outside of a CDP have helped to do, the data needs to be actionable.

For a brand that has thousands of customers every day and engages with them across dozens of touchpoints in millions of unique interactions, manual actions are simply not scalable. Therein lies the problem: consolidating data so it is both insightful and actionable, but in a scalable way that can reach every customer, requires something more robust.

CDP vs CRM

Customer relationship management (CRM) systems have been hailed as the single source for all customer data. However, while CRMs are adept at handling well-structured attribute data, like logging the date of a call, they're not built to interpret complex behavioural and other unstructured data, like the questions someone asks in support conversations.

By contrast, CDPs are specifically built for marketing and digital use-cases that want to think of data first; they focus exclusively on customer data. They're designed to quickly and seamlessly connect and merge marketing tools and data, and they offer data analysts and data scientists the ability to work with behavioural data and build predictive models.



The 5 Key Benefits of a CDP

1. A single view of a customer that informs action

CDPs enable a unified customer record that joins together disparate strands of data collected from wherever your customers interact with your brand, including websites, mobile apps, social media, email, CRM, payment systems, and more. A CDP can unify static CRM data with real-time website activity (like cart abandonment) to drive a next best action (like setting up an automatic email to the user with a discount code to re-capture the abandoned cart) that has direct impact on revenue.

2. Agility and speed for rapid experimentation

Because CDPs break down data silos, consolidated data is normalized and can be sent to any relevant marketing, sales, or customer success platform. As a result, teams get actionable data that allows them to experiment and innovate rapidly with real customer data. This newfound speed and agility leads to a strong test-and-learn culture with a quick time to value and low, incremental experiment costs.

3. Democratization of data

CDPs consolidate data to make it readable and insightful for all business stakeholders without the need for IT or Analytics teams to provide it. Organizations can democratize data access, putting every employee at the

forefront of data-informed customer decision making.

On the backend, CDP controls over data packaging and distribution empowers increased company-wide compliance with data governance and privacy standards.

4. Increased Marketing and Digital effectiveness

CDPs connect all of your digital assets — from social media ads to emails to web page actions — which helps marketing teams segment audiences more accurately, build better attribution, and target more effectively across multiple channels. And because CDPs consolidate data at the customer level, marketing teams have more visibility into the whole customer journey which can be used for innovative marketing experiments.

5. Increased revenue and retention

With a journey-wide view of the customer, CDP platforms offer insights that let you know when to nudge customers to boost conversions; when to encourage customer sign-ups; when to remarket abandoned carts; and when to encourage repeat purchases from (or suggest upsells to) loyal customers. Customer-centric data also empowers teams to set up look-alike audiences of your best customers and orchestrate experiences that lead to more revenue.

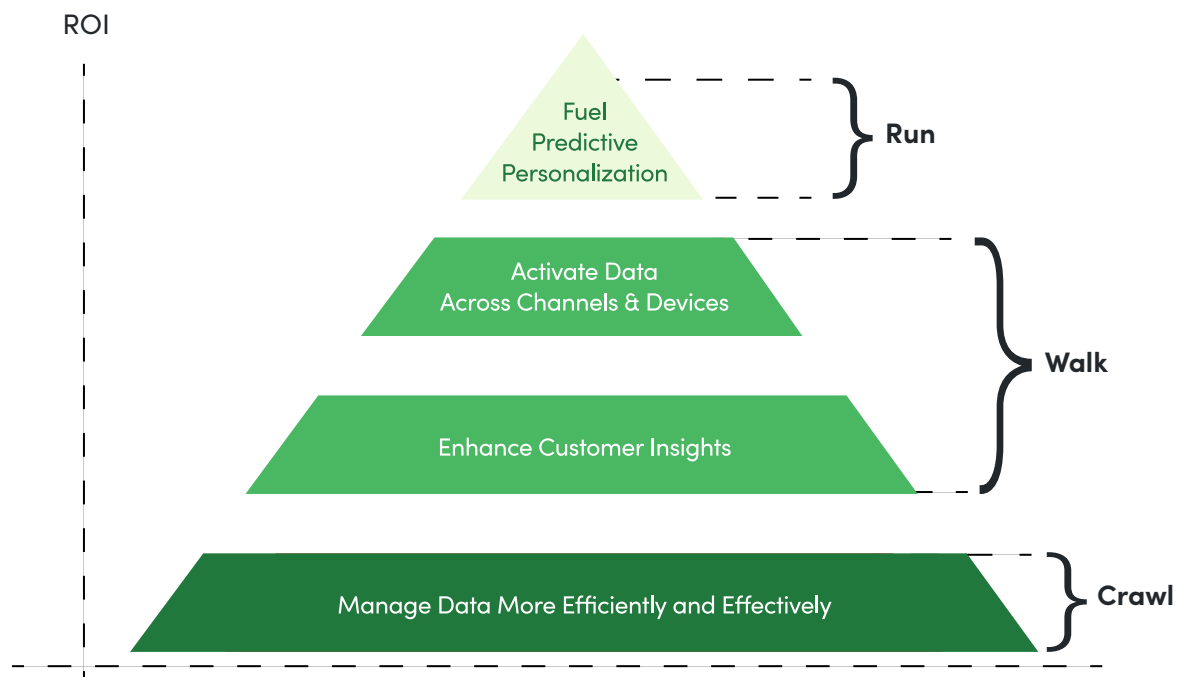


Myplanet's CDP Choice Framework

At Myplanet, we've identified a three-phase framework to help customers identify where they are in the journey or how to get started. Below we have included a sample of a framework summary graph that shows a Crawl, Walk, Run strategy which can then be used to make a CDP purchase decision. [We help our customers define the right strategy based on their use case, needs and priorities.](#)

Levels of Customer Data Maturity

Myplanet's CDP Choice Framework



* Customer Data Maturity Levels Source: MParticle
 * Source: [mParticle's CDP Use-case Guide](#)



Crawl: Data Hygiene

The goal of the *Crawl* stage is to ensure you have a strong customer data foundation, which enables better visibility into customer patterns and journeys. This gives rise to the ability to activate data across multiple channels and devices, thereby improving customer experiences with your business and brand.

Companies in the Crawl stage have disconnected and siloed data. The primary outcome of this stage is a system that can ingest data from static and dynamic sources, cleanse it, deduplicate it, link it to external platforms, and leverage SDKs to build a unified record.

Case study: Postmates

When Postmates, a food delivery app, wanted to learn more about their customer, they focused on consolidating and cleansing data for the entire customer journey. The company used SDK abstraction to better connect customer-level data across more than a dozen systems, resulting in new customer journey insight that led to product testing and improvements. The outcome was a 20% lift in sign-up completions.

Read the full story [here](#).



Walk: Data-informed Decision Making

In the *Walk* stage, companies take the existing data foundation from the Crawl stage and focus on iterations and tests to boost conversion, remarketing efforts, and targeting lookalike audiences. The primary outcome of this stage is to understand how to build higher quality customer journeys that result in more revenue, retention, and new growth opportunities.

Case study: Gilt

Gilt, an ecommerce company that pivoted from flash sales to luxury shopping, wanted to better understand which ads brought in the best customers. The marketing team linked CRM data with attribution vendors to identify the highest-density source of the highest-quality customers across all of their advertising efforts. As a result of this insight, testing and iteration led to a 20% increase in the efficiency of Gilt's advertising efforts.

Read the full story [here](#).



Run: Personalization at Scale

The *Run* stage is where companies can focus on brand differentiation and personalization at scale. This is when companies can leverage team creativity to provide truly unique experiences that customers rave about.

Case study: Burger King

Burger King launched a new consumer app and wanted to drive downloads and app-based purchases. To do this, the company launched the Whopper Detour campaign, which encouraged people to download the app by playing off an existing rivalry with McDonalds.

The company used geo-fencing technology, email notifications, and app push notifications to create a unique experience: if you downloaded the app, every time geo-fencing picked up that you were near (or in) a McDonalds, it would automatically send a coupon to get a Burger King Whopper for one cent. The coupons had to be used in one hour, and the app automatically showed how to get to the nearest Burger King location from the McDonalds the user was at or near. Purchase data was then collected and used for remarketing and encouraging repeat purchases. The campaign skyrocketed the Burger King app from #680 on the App store to #1 and remarketing efforts resulted in a 300% increase in mobile order value.

Read the full story [here](#).



CDP Readiness Assessment

Ask yourself the following questions to assess how ready your company is for a CDP project.

Are you trying to unify your data for a single view of the customer?

If you are trying to consolidate multiple customer data sources and storage locations in your company in order to sustainably and scalably increase efficiency, create a better customer journey, and capture unrealized revenue, a CDP project can help.

Are you marketing on at least two channels, such as web, mobile, social, email, or contact centre?

The more channels you have to reach your customers, the greater benefit you will derive from a CDP that unifies that interaction data into a single customer profile.

Have you identified 2-3 clear user cases where consolidated customer data would provide benefit to your organization?

Clearly defined use cases enable you to measure success easily and demonstrate tangible benefits that can build momentum for your business to build out other use cases. Use cases might be to cleanse and normalize data from different sources, or to increase multivariate test velocity, or to remarket to abandoned carts. Each has its merits and metrics. Find the ones that fit for you.

Can you devote the necessary time over 8-12 weeks?

A CDP project can be done relatively quickly, but it is not a quick fix. The journey starts with goal setting and stakeholder involvement, followed by mapping the current state of your data and developing a harmonized schema and architecture. Only then can you consider implementing a CDP for your use cases. Post-implementation, maturing the CDP project includes on-going optimization for current use cases and building new use cases to test and iterate.

Here is a sample set of activities we typically conduct when considering, activating or optimizing a CDP:

| Question to be answered | Phase | Timeline | Description |
|---|-------------------------------|-------------|---|
| Do we need a CDP? | Workshopping CDPs and data | Half day | Align stakeholder objectives, build a shared business case, and deliver needed information for stakeholder buy-in. |
| Are we ready for a CDP? | Data readiness sprint | 2 weeks | Assess the current state of technology in the business, identifying blockers, assign necessary tasks, and plan for risk mitigation. |
| Where exactly does a CDP fit into our technology architecture? | Data and systems discovery | 2 - 4 weeks | Analyze architecture and data design needs, defining optimal future state. state. |
| How do we activate a CDP for our business and start to see value? | Implementation and activation | 4 - 6 weeks | Implement the solution for minimum viable execution then assess and iterate toward overall roadmap realization. |
| How do we build upon the value of a CDP to continuously benefit the organization? | Optimization | Ongoing | Continually analyze and incrementally improve to ensure maximum efficiency and simplify the path to future roadmap realization. |



All-In on Customer Data

Understanding data from the customer viewpoint is critical for business success. Even if you have no specific customer experience goals, a CDP and customer-centric data view empowers your marketing team to better segment your highest quality customers and more heavily target them with trigger and behaviour-based offers. However, with increased demand from customers for high quality experiences — and their willingness to walk away if they don't get the experience they want — businesses need to pay attention to the entire customer journey.

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We have created an amazing commerce and marketplace experience for our users but we need to improve how we capture and use data, so that we can orchestrate each customer's journey and interactions across our digital touchpoints.

Jay Custard, CDO, Coravin



About Us

Myplanet is a software studio and certified BCorp. Based in Toronto with global studio presence, we're working with the world's most influential organizations to catalyze change across business silos.

Drawing from a range of talents and perspectives, our team brings together data, systems thinking, and curiosity to build next generation experiences. We're tackling mission-critical digital challenges for businesses by taking the millions of moments of interaction they have with customers every day and surfacing key opportunities to engage and connect within those moments.

We're building deep capabilities in data-driven design, AI implementation, and personalization, while forming strong partnerships with leaders in machine learning, hardware development, and IoT platforms. We're shaping the way organizations use technology to deliver context-aware, multi-interface experiences that equip them to meet their business goals.

If you are interested in learning more you can connect with our team at sales@myplanet.com. We've helped all sizes of organizations define a [plan-on-a-page through a half day workshop](#) and identify a strategy to successfully take advantage of CDPs.

The Discovery Process

To put this report together, the Myplanet team interviewed multiple executives and Myplanet partners on the benefits of a CDP and its most relevant use cases. One significant factor emerged: there are over 120 CDP vendors on the market, each claiming to have a comprehensive and 'pure' customer data platform. However, further analysis showed each platform had vastly different capabilities, roadmaps, and limitations.

The key takeaway for business leaders is that choosing a CDP will depend on your specific needs, both short and long term. Unfortunately, the wide variance of features and capabilities in the CDP market means that online reviews and referrals, even from a trusted source, may not lead you toward the right choice. Instead, business leaders need to think critically about their goal outcomes and then look to a CDP that can facilitate those goals. Whether that means conducting research on your own or working with a third party like [Myplanet](#), make sure you're picking the platform that will serve your needs.



Accelerate Your Digital Vision with a Plan-on-a-Page Workshop

Considering implementing a CDP and don't know where to start?

Let our team facilitate a half-day workshop and leave you with a plan-on-a-page for rolling out integrated and orchestrated experiences across your customer journey.

In this workshop we will:

- Showcase the digital experience comparative analysis that we'll conduct in advance for your team
- Review your digital vision, marketing personas, and customer journey to align on the future you envision for your brand
- Participate in design studios to identify opportunities to integrate and orchestrate disjointed silos in the customer journey
- Review your marketing technology ecosystem to identify quick wins for CDP integration
- Generate and prioritize a CDP implementation roadmap to enable scalable change across the entire customer journey

If you are interested, connect with our team at sales@myplanet.com or through our [website](#).



Phil Vlach

Advisor

Phil believes in creating better customer experiences by helping teams envision and assemble solutions that fit their customer-centric objectives, from strategic technology and partner selection to delivery. As an Advisor to Myplanet, Phil has been working with the team on assessing emerging ecommerce technologies such as CDPs, journey orchestration and personalization platforms, and elements of the core stack related to headless commerce.

Authors & Researchers:
Thomas Mulreid & Phil Vlach

Editors:
Leigh Bryant & Stefan Palios

Designer:
Karen Murillo von Boeck



Thomas Mulreid

Account Executive

As part of the Myplanet accounts and offerings team, Thomas brings a unique perspective on using data to enable teams and shape brand experiences. Starting with commerce in Ireland and more recently spending time in the Toronto tech space, he has developed a deep understanding of data-driven platforms and composable commerce. Using this knowledge, Thomas has helped enterprises scale by advising them on the right foundational changes and emerging technologies to leverage.

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252 Adelaide St. E
Toronto, ON M5A 1N1
1.866.232.7456