The Benefits of a Real-Time Customer Data Platform (CDP)

Learn How CDPs Deliver the Experiences Customers Want and the Business Results You Need
From Silos to a Single View

As consumers were given new ways to interact with companies—rather than just in stores—the relationship between brand and consumer fundamentally changed. Consumers could now visit a website and make a decision without ever talking to someone, or they could comparison shop across the globe, increasing the number of companies competing to retain their loyal customers.

The promise of a single view of the customer—the remedy to the fractured customer experience—has been around for as long as e-commerce split the customer experience in two, but attaining it has been a nearly impossible task.

More than any of the technology that came before it, CDPs develop a single, meaningful view of the customer in a timely manner. In the good times and the bad, understanding the customer is a fundamental necessity. CDPs take a holistic approach to the customer experience through data. As more technologies play a role in the customer experience, the more pressing the need for a Customer Data Platform will be. Before CDPs, much of that investment was the time and labor it took to create bespoke solutions—solutions that required lots of love to keep their integrations up and running. Today, building and maintaining the dozens of connections and integrations required to gain a single view of the customer is untenable for most organizations.

Though CDPs are the newer kids on the block, they address the fundamental hurdle to the single view of the customer. With each new touchpoint in the customer journey, a new silo of data is created—unless companies invest in the data foundation underpinning those tools. That’s why CDPs are here to stay; they unify the customer journey at the level of data and they deliver long-term value to each of the groups responsible for the parts of that journey.

So, let’s dive into what they really are and why they may be right for your company.

**INSIGHT**

$15 million

The cost of poor data quality on average for companies annually, according to Gartner.

“With each new touchpoint in the customer journey, a new silo of data is created—unless companies invest in the data foundation underpinning those tools.”
The Benefits of a Customer Data Platform

**Deliver a Single View of the Customer**
CDPs unify first and third-party data sources to form a comprehensive 360-view of your customer across devices and channels, making that data available to your other tech and across the business.

**Tear Down the Data Silos**
The value of customer data extends across a business. CDPs give teams the ability to access and leverage customer data across departments accurately and effectively.

**Enable Operational Efficiency and Business Agility**
CDPs enable businesses to build and connect a tech stack that adapts to the ever-changing consumer behavior with turnkey integrations, saving hours of integration work. Audiences and business rules are set up centrally and can be applied across various technologies saving huge amounts of time and money.

**Impact Marketing and Customer Experience**
Customers are using more channels and devices than ever before while demanding exceptional and relevant experiences. With a comprehensive set of customer data, CDPs fuel multi and cross-channel marketing with comprehensive, trusted data.

**Put the Customer at the Center**
In order to enact customer-centered marketing, you must know your customers. CDPs equip you to manage your customer relationships and market with your audience in mind.

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**According to Gartner**
processing a single data subject request (to comply with CCPA or GDPR) costs (on average) $1,406 per request, ultimately costing an average of $140k-$275k for every million consumer records on hand.

"CDPs unify first and third-party data sources to form a comprehensive 360-view of your customer across devices and channels."
Our Definition of a Customer Data Platform

The Customer Data Platform industry is an evolving space. There are over 100 vendors with varied offerings: some were purpose-built, some were built through acquisitions, and some are part of larger marketing clouds. That’s why you’ll find a lot of different definitions of what the technology is, and you’ll discover a lot of overlapping value propositions achieved by wildly different means. This has made it challenging for buyers to get a clear sense of the industry.

Oftentimes, the definition of a Customer Data Platform from analysts like Forrester, Gartner, or the CDP Institute have to provide a definition that ends up being the lowest common denominator.

Take, for example, Forrester’s definition of a Customer Data Platform: A CDP centralizes customer data from multiple sources and makes it available to systems of insight and engagement.

It’s an incredibly vague definition, but that’s not the analysts’ faults; the definition has to be vague in order to accommodate the diversity in the industry.

The CDP Institute, which defines a Customer Data Platform as “a packaged software that creates a persistent, unified customer database that is accessible to other systems” suffers from a similar need for vagueness. Why are we spending so much time on the (lack of a) definition for a CDP? Taking a macro approach of the industry shows just how important it is for you and your team to know what you need to achieve with your customer data before you get into requests for proposals and proofs of concepts.

There’s a wealth of possibilities that come from unifying customer data in real time, and a simple definition masks that potential.

Based on these definitions, you’d be forgiven for thinking a CDP is merely another type of structured database, and it may tempt crafty IT teams to try to build it in house. So let’s talk about what we think a CDP should be.

Here’s our definition of a Customer Data Platform: A CDP is a technology that collects data in a governed way from sources like web, mobile, in store, call center, and IoT, unifies it to create accurate customer profiles in real time, then makes it accessible to and actionable for other tools and technology.

A Customer Data Platform offers a balance of speed and agility— unifying customer data into profiles in real time— and stability— providing a single source of truth for your customer engagement tools.

At Tealium, we’ve built what we refer to as a Data-First, vendor-neutral Customer Data Platform. We call it this because it focuses on the data first and foremost (how it is collected, unified, and then accessed through other tools). It is common for organizations to change aspects of their marketing stack, so it’s important to evaluate solutions that can collect data from a variety of touch points.

So, what else differentiates a data-first CDP?
With these functionalities at the core of the Customer Data Platform, companies can create a brand that’s more trusted by their customers, develop the agility they need to adapt to new trends and technologies and push their teams to new heights by removing many time-consuming hurdles.

These things don’t happen all at once, though; a CDP allows companies to improve over time as they expand into new use cases and bring together new teams. Unlike technologies that work in a silo, investing time and effort into a CDP generates more value as your customer profiles and insights become more robust over time.

In the end, what matters is how you define what a Customer Data Platform means for your team and your customers.

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**Data-First CDPs Excel in the Following Areas**

- **Vendor-neutral data ingestion**
  The capability to take in data of any type from any source. Necessary for a single view of the customer that brings the physical and digital worlds together.

- **Identity resolution**
  The capability to automatically tie different identifiers from different sessions, channels, and touchpoints together to a single visitor ID. Critical for any single view of the customer initiative.

- **Real-time functionality**
  The capability to activate data in real time by automatically triggering campaign modifications or other events. This is important to improve your customer experience initiatives, as it doesn’t restrict customer touchpoints to rigid journeys.

- **Ability to predict outcomes**
  Machine learning capabilities are the future of marketing technology; having them in your CDP enables all of your customer engagement touchpoints with unified predictive insights, instead of machine learning silos.

- **Privacy and consent management**
  The capability to govern the flow of customer data through all of your systems. Critical for regulatory compliance efforts.

- **Unified audience management**
  The capability to define audiences from a single place that is then disseminated across the entire tech stack. This is critical for improving the value of your current technology and optimizing marketing spend.
Insights into the CDP Marketplace

Not all CDPs are made equal
Tealium found that over 50% of organizations said their CDP lacked basic capabilities like the ability to ingest data from any channel. There are many CDP offerings that don’t have critical CDP capabilities. It’s important for prospective buyers to understand what CDPs can do and what capabilities they need before buying. Never assume parity.

Better buy-in is necessary
The biggest challenge when it came to implementing a CDP is getting buy-in from other departments. The scope (and value) of a CDP spans from marketing to data/analytics to IT and privacy teams. As we’ll discuss later, it’s critical for CDP buyers to understand the unique value the technology delivers to different stakeholders to ensure you can get buy-in early on.

Even happy customers are looking for more
When asked, 86% of respondents admitted to being satisfied with their CDP provider. And yet, over half also admitted that they planned to switch their CDP within the next year. Good enough isn’t always good enough, when it comes to critical infrastructure like the CDP.

Governance and privacy are the future
Tealium found that 21%—the second most popular response—saw improved data governance as the top improvement they’d like to see in their current CDP. Relatedly, 61% believe CDPs will be absolutely essential for complying with data regulations by 2025. Getting control over the flow of customer data across your organization is a crucial, if undervalued, benefit of the CDP.

With such a wide variety of CDP offerings available, it can be helpful to understand the experience of others who have already started using a CDP. Tealium sought to understand the CDP market better in a recent research study, the “2020 State of the CDP Report.” Here are some of the findings relevant for anyone educating themselves before buying a CDP.

Sportsbet, an online betting and entertainment company, saw a 10-15% uplift in reach by integrating their CDP with their CRM.
If it’s not clear yet, CDPs are not a “standalone” technology. They rely heavily on integrations with numerous technologies to be successful; in turn, they make those technologies more impactful as well. This supergroup of technologies and strategies is what we call the Customer Data Supply Chain; this is how companies tame the tangled web of data silos that make up the customer journey.

As you can see in the diagram entitled “The Customer Data Supply Chain,” the Customer Data Platform sits at the center of the supply chain. You’re likely doing all of these things already, but with a Customer Data Platform at the center, you can turn what you’re doing today into a simple, coordinated strategy with customer data.
Let’s Take a Look at Each Stage Individually

01 Collect
The Customer Data Supply Chain begins with the points of collection because you need to have data to feed into the CDP. This includes your client-side collection (through Tag Management Systems) and server-side collection (APIs); sources can include your website, in-store point-of-sale systems, Customer Record Management systems, call center, in-store, mobile and app data.

02 Standardize
The old adage of “garbage in, garbage out” holds for the Customer Data Platform. Every company needs to have its own business rules to uniformly define the disparate data sources. Many tech vendors provide their own ways to standardize data, but relying on third-party data definitions means your company has less control over your customer data.

03 Transform and enrich
A single piece of data from a single system does not provide a complete picture of the customer; in the transform and enrich stage, all of the data you’ve collected is brought together and aligned with individual customer profiles. From there, those profiles can be managed through audiences before being distributed to customer experience endpoints. On top of that, any consent preferences tied to the customer profile is integrated at this step, meaning those settings don’t need to be established at every activation point.

04 Integrate
Most companies have dozens of tools that make up the customer experience—from Email Service Providers to Facebook. APIs and integrations help turn the Customer Data Platform into a single source of truth for all of these tools, updating them in real time with the same information.

05 Activate
With data standardized, unified in customer profiles, and organized into audiences, companies can activate cross-channel campaigns and power BI tools with confidence. One of the main benefits of activating all of your customer experience endpoints as part of a Customer Data Supply Chain is that the profiles are continuously becoming better. The more engagement you get through your activation channels, the more data you have to collect and inform your individual customer profiles and audiences.

The amount of revenue an average company loses due to bad data.

12%
How to Overcome the Top Four Data Quality Practice Challenges, Gartner, 2018

The percent of companies unable to get value from a new system or technology due to data quality problems.

33%
2020 Global Data Management Research, Experian, 2020
Proving the Value of a CDP

Understanding the Customer Data Supply Chain will help you assess your pathway to value with a Customer Data Platform. As you can see in this hypothetical timeline, each stage of the Customer Data Supply Chain needs to be addressed during the proof-of-concept or during deployment. But even before setting up your Data Layer, the pathway begins with the initial use cases your company wants to get out of a Customer Data Platform. Your foundational use cases will help you prove initial return on investment and will set up a foundation for the value-driving use cases to come.

Learn more about whether a CDP is right for you by scheduling a meeting with us.
Tealium connects customer data—spanning web, mobile, offline, and IoT devices—so brands can connect with their customers. Tealium’s turnkey integration ecosystem supports over 1,200 client-side and server-side vendors and technologies, empowering brands to create a unified, real-time customer data infrastructure. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data management solutions that make customer data more valuable, actionable, and secure. More than 1,000 businesses worldwide trust Tealium to power their customer data strategies.

For more information, visit www.tealium.com.