Why Considering a CDP? Five Key Drivers To Insert a CDP In Your Landscape

intouch365

Customer Data Platforms (CDP's) are upcoming, and are often called the shiny new thing in marketing technology. But why are they rising and what is the driver underneath?

In our last whitepaper (click here to download) we already elaborated on the onmi-channel trend and it's impact on complicating consistent customer experience and why consistent and personalised journeys are important. In this article we deep dive in how a CDP can add value to your organisation's customer experience and customer journey's.

What is a CDP?

The main purpose of a CDP is to consolidate and unify customer data sourcing from fragmented data silo's over the organisation to:

- Build holistic customer profiles
- Harness deep insights
- Understand ones customers
- Personalise and automate processes
- Drive unique experiences

A CDP prominently serves to help organisation making better use of the data they collect via multiple channels. The various channels that organisations insert in their landscapes often are well developed to generate vast amounts of data. At the same time the emerging of multiple applications over the customer journey landscape results into a fragmented data landscape. CDP's have the potential to provide tremendous value through the integration of disparate data systems and to obtain holistic views of customers and prospects.

Last but not as important, they provide the unique capability to utilise these insights to drive customer interaction through a variety of customer channels. This is an important feature diversifying a CDP from other technologies like a data lake, that is best suited for storage of high loads of data, and reporting tools that build dashboards and insights on aggregated data.

But what does a CDP add to an organisations engagement stack that's already occupied with other *experience* toolings? We listed five key value drivers of erecting a CDP in your organisation's engagement strategy.

1. Discover the unknown

At its core, a CDP strives to build bridges and connect existing silo's allowing organisations to recognise truly unique customers across multiple channels and interaction touchpoints. Same customers that were maintained over different databases are then for the first time seen as unique clients consolidating unique attributes.

Most commonly behavioural data, transactional data and demographic data are collected via different sources and stored in siloed databases. A CDP allows organisations however to discover who their customers really are and, what characteristics, what preferences and what interests they possess. Inserting a CDP allows many companies to discover for the first time how many customers they really own.

More developed CDP's allow for *fuzzy matching*. This is a powerful technique that consolidates customer data by applying flexible accuracy levels for matching keys and that helps filtering out common typo's in data entry. By playing with accuracy a CDP would be able to match jane.doe@intouch365.nl with janedoe@intouch365.nl. Trying out more flexible accuracy would for

example result into a match of jena.doe@intouch365.nl or even with doe.jane@intouch365.nl. End users can play with accuracy levels to see how data matches evolve by applying more flexible or more strict accuracy rules and how these matches meet their confidence regarding truly same customers.

2. Enrich your data

It has been said yet that CDP's allow for data consolidation and customer unification over fragmented customer data sources. Another tremendous value is the ability to connect your customer data with external resources. This way you have a unique chance to discover insights of your customers that you were not able to generate by your own information resources.

2.1 Enrich data with geographic or demographic statistics

Through a CDP organisations have the chance to enrich data they collected themselves with externally owned data. An easy example is the possibility to leverage national geographical and demographical statistics holding characteristics that companies commonly would not collect via their own channels like level of income and education or cultural background. National and European institutes of statistics make this data available and their information can easily be matched with customer profiles based on place and postal code.

2.2 A crystal ball of relationship insights

Some CDP's go one step beyond and even predict on common interests of customer profiles. Microsoft's CDP called Dynamics 365 Customer Insights for example offers the possibility to leverage thorough insights collected via users of LinkedIn, Bing, Edge and Twitter with your own customer profiles. This allows you to predict interests of your audience on brands and industries and so you achieve unique insights that an organisation would not have been able to discover with its own information. On top of these 'external' insights an organisation can build tailored segments and automate processes.

2.3 Predict the unknown

Even though companies aim to gather customer profiles as complete as possible with the data collected through various channels, it is nearly impossible to solely own 100% complete profiles. Some profiles own characteristics that other profiles don't own. Stronger CDP's provide out of the box AI capabilities to predict missing characteristics of profiles in the customer database. They do so based upon similar profiles in that same database that do own the missing information. Similar techniques enable to find *look-a-like* profiles in the database for customers that represent a high value for the organisation or another common characteristic.

3. Infuse AI and transform from reactive to proactive trigger-based

Traditional customer experience platforms support trigger based actions and processes directed at their audiences. Many platforms offer campaign builders that allow for journeys and automated actions based on an action from the customer side.

CDP's revolutionise this approach and introduce predicted based triggers. An example is the power to build predictive models that forecast drop-out of clients based on customer behaviour and touchpoints in the past. As soon as a single profile reaches a threshold score the model triggers a

signal that enables for automated actions towards either the customer directly or to a company's representative to respond to this churn-risk.

AI capabilities allow to bring the right focus too. Gathering high quantities of touchpoints and leads makes it often impossible to set the right priorities because of an overload of information. Based on smart models CDP's can help predict which leads are most likely to turn into customers based on historical information allowing sales to follow up leads in the right order.

Making smart use of patterns and information AI capabilities within CDP's also introduce the capability for more relevant communications by introducing product and service suggestions and predictions of interests or preferences. This way both marketers, services and sales representatives offer unique value over customer conversations.

4. Benefit at all levels of the organisation

A common misunderstanding is that CDP's exist for the sole purpose of marketers. CDP's indeed focus to add value to the customer journey and to drive personalisation. However customer experience is not something that is only delivered via marketing teams. Customer experience should be lived at all levels of the organisation and so also prominently by customer service, sales and relationship management.

An essential feature of a CDP is its ability to infuse insights and processes with other line of business apps so different teams within the organisation gain valuable advantages. Derived insights are easily shared with customer service representatives, sales and relationship management across their business apps supporting them to have better and on-spot conversations contributing to consistent customer journey's.

5. Achieve autonomy

Many *data-driven* or *data science* tools are either too advanced for the end user within the business or either they lack thorough intelligence as they are too simple. A good CDP is distinguished by combining both data science capabilities and user friendliness to make end users less dependent on external data scientists and give them the power to operate autonomously.

An ideal CDP can be seen as a user friendly interface over different data-silo's. This interface allows to connect the data sources, to define your own customer segments, to build your own processes and define your own automated actions. The CDP prevents the generated insights from being stored within another new data-silo but gives access to the insights to the end user within the organisation.

In fact, it brings the best of both worlds together providing powerful and effective collaboration between a data-scientist and the marketer or business analyst. The end user has the power to build his or her own profiles, choosing keys to match customers. But also they can get started building their own customer measures and KPI's with out of the box functionality. In case they demand more robust or deeply tailored models they can reach out to a data scientist preparing a customised AI model their specific needs. Then, the end-user has the power to connect to the model and run the model over its own customer profiles using it to optimise processes or improve customer experience.
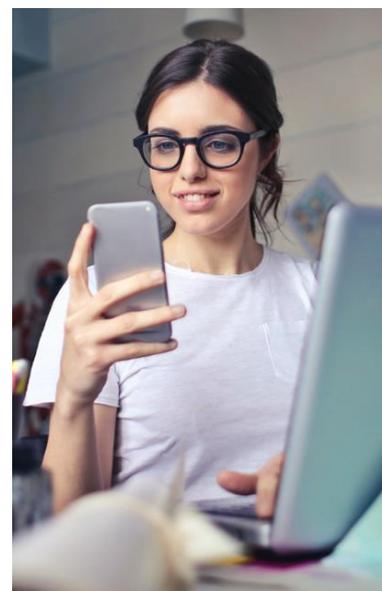
A well-positioned CDP so gives business analysts and marketers the power to harness insights for their own use and to design their own processes, define their own automated actions and to build unique segmentations autonomously without being dependent on external data scientists.

The above five points mentioned above are just a selection of some values that companies can benefit from when choosing for a CDP in their landscape. As the CDP industry is still in upwards development CDP applications and their functionalities will rapidly expand in the near future. However already today, with the ever increasing demand and urge for personalisation, CDP's offer great value to build efficient processes and unique customer experiences.

About Intouch365

Intouch365 is the trusted advisor that guides organisations to innovate and to grow by bringing data and technology fully to life. By breaking down data silos we empower every organisation to unify and understand its customer data to harness insights that power personalised experiences and processes.

Intouch365 is a niche player exclusively focusing on consultancy on smart insights and customer centricity solutions. We deliver data driven solutions and support organisations to excel with our passion for technology. We focus on self-service tools that give end-users the authority to reach their goals in customer centricity and experience.

AUTHOR

MARIJN VAN HAPEREN

MARIJNVANHAPEREN@INTOUCH365.NL
+31(0)6 45 94 61 76
WWW.INTOUCH365.NL

Intouch365 is official partner of the CDP Institute.