

Road to CDP

Maximize business value from CDP tech investment

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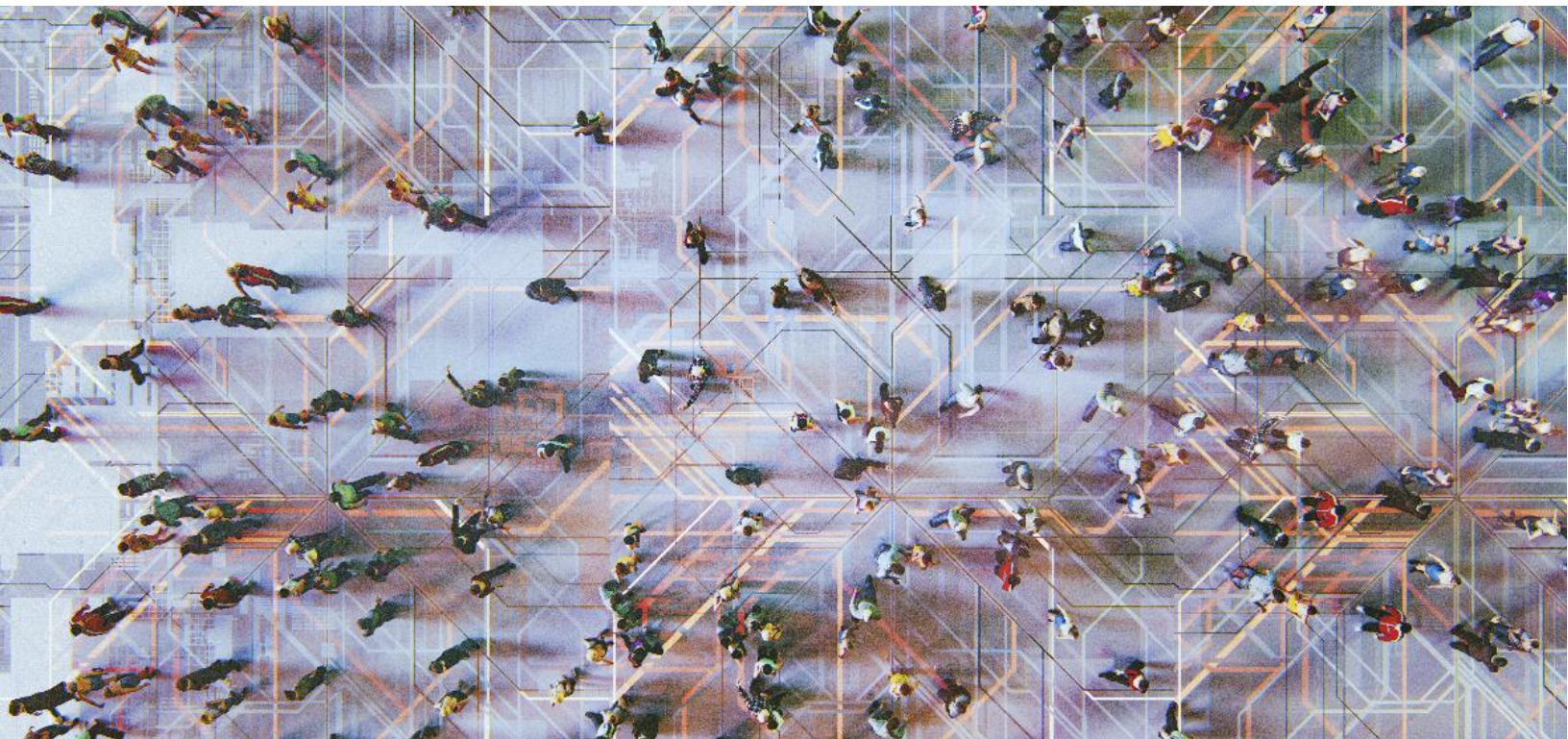
What is a CDP?

A specific MarTech category has been getting a lot of attention recently: it is called Customer Data Platform.

The experience that customers are facing today is more fragmented than ever. Companies are communicating with their customers on their website, on socials, via email or using mobile apps. At the same time, customers are interacting with companies' support teams via the help desk or via live chat, and shopping has become a hybrid experience – taking place both in store and online. The amount of communication channels and customer engagement data is so high that it has become extremely difficult for companies to coordinate all of this and provide a seamless customer experience.

Nowadays, it is quite common to see customers being addressed with wrong communications due to inconsistency or siloed data, which may result in customers being unsatisfied or even abandoning the brand altogether. The more reliable data companies have access to, the less likely these type of events will occur.

Does your organization have a lot of data spread over different systems? Does your organization have a siloed structure which does not allow for an optimal use of data across departments? Is the quality of data generally lacking? If your answer to these questions is yes, then that's where the CDP technology could come into play. This article will give you some guidance on how to assess your current maturity level, which will then help you understand whether or not you are ready to benefit from the full potential of CDP.



So what is a CDP?

There's a lot of misconception about what a CDP is, so let's try to give some clarity. A customer data platform is a tool that helps you bring all your data together, provide reliable data to each department, leverage a unique database containing the so-called *golden record*, and benefit from business intelligence capabilities for decisioning and delivering on multiple connected channels and platforms. The platform allows:



Data Collection

Collect and unify customer data from multiple systems and sources. E.g., website, mobile apps, help desk, CRM, Marketing tool, etc.



Data Governance

Validate and transform data; turn data clean and accurate to provide a highly relevant and personalized experience to customers.



Data Processing and Consolidation

Combine information to create a unified profile of your customer, the so-called *golden record*. Bringing data into one consistent and unique place makes it easier to follow protocols and PII rules.



Data Decisioning

Combine your data with Artificial Intelligence and learn how to make faster decisions such as how to best communicate with your customers and serve them the right content, at the right time, on the right channel.



Data Activation

Take action on data, whether it is pushing them to the CRM for your sales department to use, or to the marketing tool for your marketing and advertising communications.

Road to CDP

Interest in CDPs is growing fast. This is clearly shown in Google search results on “Customer Data Platforms”, where we see a steep increase rate over the past 5 years (ref. Google Trends). But why this trend? The answer is quite straightforward. Data collection is more fragmented than ever, due to the enormous amount of data we have access to with current technologies, and companies are trying to find ways to cope with this. The CDP interest is not expected to decline anytime soon. In July 2022, the customer data platform industry stood at an estimate of two billion U.S dollars, up 25 percent from the value reported a year earlier (ref. Statista.com)

This means that businesses need to invest more and more in order to keep their systems up and running. In fact, having bad data would result in the loss of customers and therefore have negative business impact. Having a CDP solves these problems and allows businesses to improve the business decisions, the speed, the delivery and ultimately also the customer experience.

Although CDPs have gained attention in the market, there is still plenty of misinterpretation about its true potential. Let’s walk you through the most common misconceptions:

Only for marketing



Misconception: CDPs are only for marketing.

Not correct: CDPs are most commonly connected to data warehouses for analytics purposes, but also marketing tools and CRM systems.

Big businesses & big tech stacks



Misconception: CDPs are only for big businesses with big tech stacks.

Not correct: CDPs are adopted by companies both big and small. In general, companies who are adopting are trying to unify customer journeys, no matter how big or small they are.

Hyped Technology



Misconception: CDPs are another hyped technology, not notably different from its predecessors.

Not correct: CDPs have been placed in the peak of inflated expectations in the Gartner’s research. In other words, we are expecting this technology to do more than what it is currently capable of.

Privacy Paradox



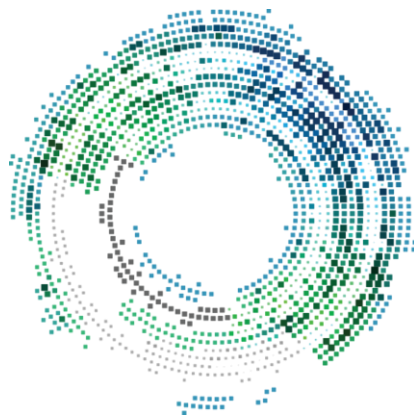
Misconception: CDPs are the next tool that will collect too much data & breach privacy.

Not correct: At first glance it may appear that it could contribute to data privacy problems, but in reality this tool brings a solution to the problem. It is up to the CDP vendors to educate the market accordingly.

CDP Maturity Level

In order to leverage the full potential of a real-time CDP, you need to ensure to have reached the right maturity level. Ask yourself whether you have the right data sources, skills, capabilities and delivery channels at hand.

Let's start by having a look at the prerequisites for a CDP and what this means for your business. We divided our maturity assessment model over the following 3 areas: Data, Decisioning & Delivery.



Data: Before you can make an optimal use of a CDP, you need to have access to your customers' data (online / offline and across 1st, 2nd & 3rd party data) by collecting, sharing, partnering or buying it. Make sure to centralize your data in a unified data model. A CDP always operates from your 1st party data and augments it with 2nd and 3rd party data.

A single place with a 360 view of your customer will improve your insights. On the other hand, a lack of 1st party data will reduce the impact of the technology. Data quality is of the utmost importance as it will affect the decisions of your CDP later on.

Maximized 1st party data ownership and insight is paramount.

Decisioning: A CDP can provide business intelligence and insights to target the right customers, at the right time with the most relevant message, through the right channel. But it can only do so within the context that is provided. This means that a CDP will optimize for known content and channels. Direct feedback will allow for faster analysis, decision making and optimizations. Make sure to get a clear overview of all your customer touchpoints across channels and platforms. Finding out what your audience is doing and what channels perform best will help you to achieve your goal. Do not solely focus on singular channel impressions and click-through-rate metrics. Ultimately, the aim is to find out which content, channel or tactic brings the highest conversion and continuously optimize your decisioning to boost conversion.

A historical build-up of data and experience in reaching the customer with various content, channels and tactics is required to both feed and audit any future automated decisioning.

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Delivery: Connect marketing and ad technologies to your CDP, to enable an omnichannel customer experience and deliver personalized, real-time content at each journey touchpoint. A CDP will perform at its best when multiple channels and platforms are in use. Make use of, or build up your expertise in terms of personalization. Start with some simple email or campaign personalizations by adding personalized text or images within an email.

Continue with web personalization (banners, text, images, videos) which is adapted based on the profile of your customers. Organize social media efforts internally to keep control and directly monitor campaign results. Reclaim your media and other advertising data as your own, even if agencies execute, in order to get real-time insights on the performance of your ads. This also enables you to have a better control on your budget spend.

Make use of conversational search and chat services to directly answer questions and redirect your customers to relevant content. Finally, benefit from optimization algorithms and artificial intelligence to deliver personalized messages on 1st and 3rd party platforms.

To deliver your content efficiently, a mastery in A/B testing, personalization, interactive content, ad delivery & optimization, dynamic content and automated campaign triggers is needed.



Road to CDP

Once you have gained experience with these different prerequisites, you are ready to take full advantage of a CDP, after which you can further expand. Consider the following options to enhance your CDP's functionalities:



Complex Identity resolution using a unique ID: a unique ID across channels will allow for the matching of an exponential amount of 1st party data with 2nd and 3rd party data resulting in a full 360 view of the customer.



Connection with a **decision engine**: leveraging a connection with a decision engine will allow you to get automated insights and next best content items.



Machine Learning & Artificial Intelligence: use the collected data and customer profiles to learn how to best communicate with your customers and serve them the right content, at the right time, on the right channel without any manual intervention from a marketer.

In their marketing activities, organizations experiment with different channels which are generally used in silos. However, it is proven that the most efficient way to do marketing is a multichannel approach, and CDP is a strong asset to ensure that your data is available, under control and allowing for a greater use. Shift to first-party data to increase knowledge of your customers. Test out different personalization, advertising and social media approaches to make informed decisions. Combining experimentation with measurement and improvements will set you up for success.

Ask yourself the following questions to assess how mature your organization is for a CDP

Decisioning

- What does your organization structure look like?
- Level of data-driven decisioning: Do you already use data to make business decisions?
- Is your data analysis managed in house or by an agency?
- Do you make use of specific dashboards/ KPIs?
- Do you have any data analytics tools in place?
- Do you have a clear view on all your customer touchpoints across channels and platforms?
- Do you collect any customer feedback?

Data

- How many sources of data have you been using?
- What kind of data sources/types do you use?
- Do you use 1st party data? What about 2nd and 3rd party data?
- Do you have your data under control?
- What is the quality of your data?
- What is your data governance process ?
- Is your data compliant? (GDPR)

Delivery

- How many digital marketing channels are you leveraging?
- How do you execute your campaigns? Based on external data? Owned data? Single-channel or multi-channel?
- What type of personalization have you already used? (email, web, social, language...)
- Do you make use of custom audiences?
- Do you make use of retargeting?

If you are facing challenges in your organization related to data collection, data quality or data unification, and you are excited about the possibility to add business intelligence capabilities and real-time delivery across multiple channels, answering these questions will be a first step to help you understand your maturity level and assess if you are ready to take the most out of a CDP technology investment.

Do you still need further guidance?

At Deloitte, we want to support our clients to navigate through this transformation. This is how we have addressed other companies' questions:

- > **Step 1 - Imagine** - where we assess the current situation, imagine and shape the future based on business objectives and growth needs. The assessment aims to define the level of maturity within the organization and plan ahead how to further develop with a clear strategy in mind.
- > **Step 2 - Deliver** - where we rapidly translate the strategy into impactful and tangible results through a concrete implementation of requirements in the organization application ecosystem.
- > **Step 3 - Run** - where we scale out the solution to the broader business and ensure stability and sustainability together with a gradual adoption of the delivered capabilities.

If you are asking yourself whether you need a CDP, you probably find yourself in a position where your current technology stack does not fully satisfy and does not provide the business value you expect. Start evaluating your business cases, identify where your gaps are and see if a CDP is the solution to your challenges.

OUR TEAMS ARE READY TO SUPPORT YOUR TRANSFORMATION



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