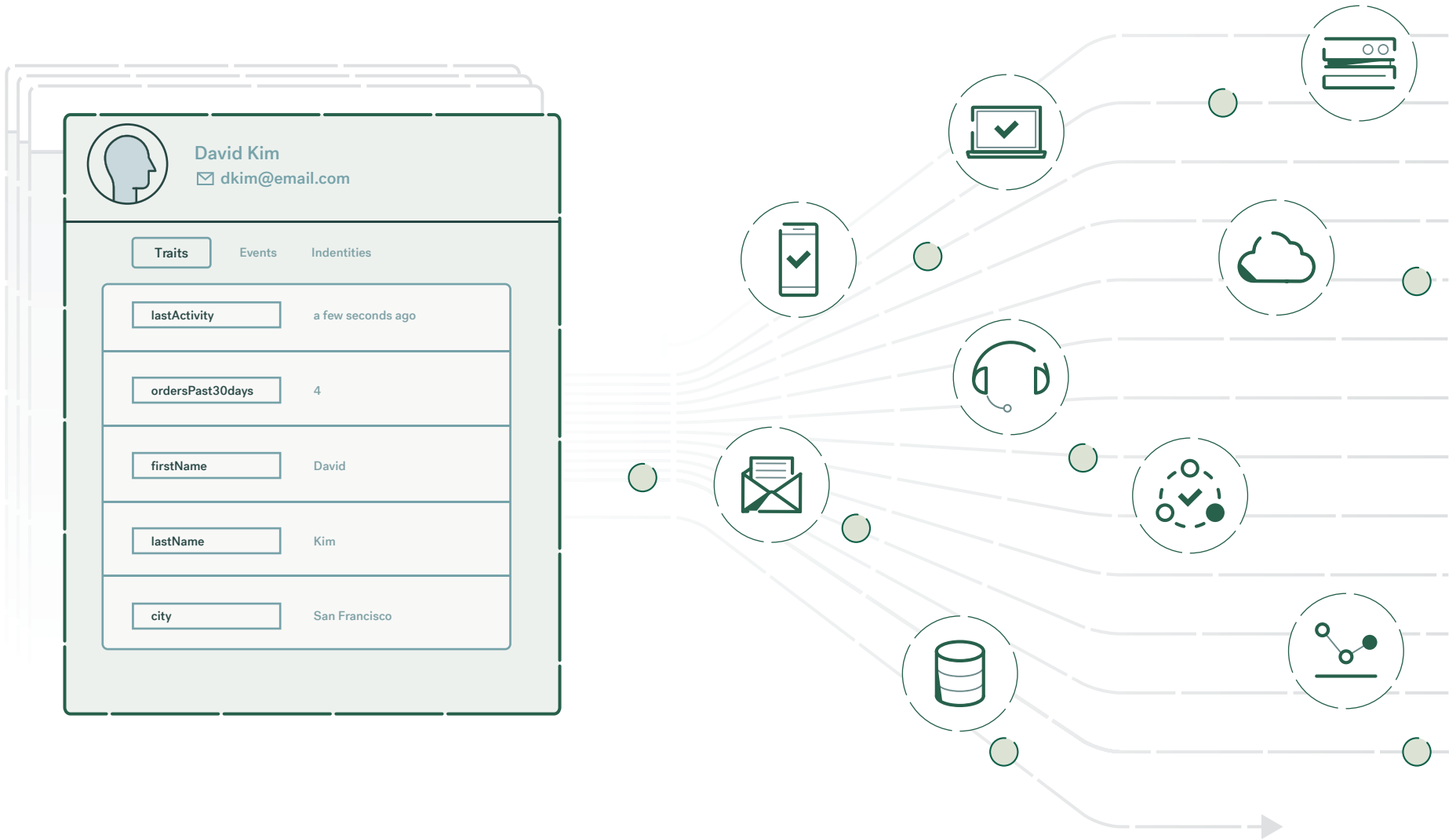


Customer Data Platform

Buyer's Guide



OVERVIEW

Until recently, the easiest way to answer “what is a Customer Data Platform?” was to list a slew of related acronyms to highlight what a CDP isn’t. A Customer Data Platform is not a Data Management Platform (DMP), Digital Experience Platform (DEP), Customer Relationship Management (CRM), or Tag Management System (TMS). While highlighting what a CDP isn’t may be helpful, you shouldn’t need a Ph.D. in marketing technologies just to learn what, in fact, a Customer Data Platform actually is.



Rest assured that you’re not alone in trying to understand what a Customer Data Platform is. In the last year, the number of vendors in the industry has doubled,¹ and Gartner client inquiries on the topic have quadrupled.²

This guide will not only help you understand what a Customer Data Platform is, but it will also highlight:

- **Why you should use a Customer Data Platform**
- **When is the right time to invest in a Customer Data Platform**
- **How to find the right Customer Data Platform for your business**

Best of all, you only need to remember a single acronym to use this guide: Customer Data Platform (CDP).

¹ Customer Data Platform Institute, *2018 CDP Industry Update*

² Gartner, *A Marketer's Guide to What Is — and Isn't — a Customer Data Platform*

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What is a Customer Data Platform?

Four common elements of a CDP

Based on research from Gartner, the CDP Institute, and customer discussions, there are four common elements that all true CDPs must offer. This will likely change as the industry evolves, but here is the leading definition of Customer Data Platform today:

A **Customer Data Platform** is a system that enables you to

- **Collect** data from every customer touch point,
- **Unify** profiles and store customer data in one place,
- **Segment** customers into meaningful audiences, and
- **Activate** customer data and audiences in tools needed to drive personalization and revenue.

With over 80 companies claiming to be Customer Data Platforms, it's important to have a clear definition of what a Customer Data Platform is so you can accurately evaluate and categorize different vendors.

Why use a Customer Data Platform?

Your customers interact with your brand in a variety of places. In a single day, a customer may discover your business through an ad on Facebook, download your app to browse products, and then decide to purchase something on their laptop later that night.

This valuable data is siloed in disparate tools, making it difficult to understand exactly who your customers are and what motivates their actions. A Customer Data Platform aggregates and unifies data across every touch point, so you can understand how each part of the customer journey impacts revenue.

By taking a unified approach to data collection, your engineering team can save months of time spent integrating each marketing and analytics technology separately. Once your data is unified, you can use a CDP to build actionable segments to personalize every customer interaction. By creating target audiences with a CDP instead of your end tools, you can keep your segmentation rules and messaging consistent across channels.



Infrastructure for your customer data

Instead of a standalone analytics tool or marketing technology, think of a Customer Data Platform as the foundation or infrastructure for your customer data. Your CDP should make your tools, and the teams that use them, even better. Here's how:

- **Trust that your data is consistent in every tool**
Get your teams on the same page with standard data tracking that feeds all of your integrations and tools.
- **Understand every customer touch point**
Centralize siloed data from your email, payment, CRM systems, and more into a single platform for analysis.
- **Adopt new marketing technology quickly**
Empower business teams with the flexibility to use new vendors right away, rather than waiting for long integration projects.
- **Focus engineers on your core product**
Use a single platform for data collection and distribution, so you can focus your engineering resources on your core product.

When is the right time to invest in a Customer Data Platform?

If you're still not sure, here are a few signs that your company would benefit from investing in a Customer Data Platform:

- You want to consolidate all customer data into a single place
- You're searching for a granular understanding of your customers
- You're thinking about switching analytics or marketing vendors
- You want to personalize customer experiences across all of your channels

How do you find the right Customer Data Platform?

Once you've decided to invest in a Customer Data Platform, your next step is to find the right CDP for your business requirements. Here are nine criteria to consider:

- Omni-channel data collection
- High-quality data integrations
- Accurate profile unification
- Custom audience segmentation
- Advanced data controls
- Proven reliability and company trajectory
- Rigorous security and privacy practices
- Raw data access
- Cross-functional utility

Omni-channel data collection

Your Customer Data Platform should enable you to collect data from every channel and platform where customers engage with your business. This includes your owned platforms like your website and mobile apps. It also includes your advertising channels, as well as your email, CRM, and payments systems. Most importantly, your CDP should enable you to collect customer data from your servers for greater reliability and accuracy.

WHY THIS MATTERS

A Customer Data Platform is most useful when it enables you to capture complete customer data from wherever your customers interact with your brand.



WHAT TO LOOK FOR

Your CDP should enable you to collect first-party data from the following sources:



Website

Javascript or other website tagging option



Mobile

iOS, Android, AMP, etc.



Servers

NET, Clojure, Go, Java, Node.js, PHP, Pixels, Python, Ruby, etc.



CRM systems

Salesforce, HubSpot, etc.



Payments systems

Stripe, Amazon Payments, etc.



Attribution platforms

AppsFlyer, Adjust, Kochava, Tune, etc.



Email systems

MailChimp, SendGrid, Marketo, etc.



Advertising campaigns

Facebook, Google AdWords, etc.



Help desk systems

Zendesk, Salesforce Service Cloud, etc.

High-quality data integrations

Your CDP should serve as the technology layer between your digital properties and customer data tools. This means a CDP should enable you to collect a master set of customer data and then activate that data in the tools your team relies on. The promise of a CDP is only realized if it's easy for you to get these new tools set up.

WHY THIS MATTERS

A core competency of a CDP is the ability to easily route data to the tools you use. Once setup, your CDP should allow you to easily turn on and off new integrations – think of your CDP as the last integration you ever have to do.



WHAT TO LOOK FOR

When it comes to evaluating a CDP's integrations, quality and ease of use are just as important as quantity. Make sure your CDP offers the following:

- The ability to turn on new integrations without needing to add duplicative tracking code or SDKs
- A short setup flow and comprehensive documentation per integration, so you can get up and running with new tools faster
- An extensive integration catalog across a diverse set of categories (analytics, advertising, email, etc.)
- Server-side integration components so you can remove code from your applications

Accurate profile unification

Your Customer Data Platform should be customer-centric and provide you with a single view of each customer across all of your touch points. This means it can accurately unify a customer's identity across different channels into a single profile. These profiles should be high fidelity enough to deliver tailored messaging across in-app, email, advertising, and push notification channels.

WHY THIS MATTERS

You need a unified customer profile to understand the entire customer journey and accurately build audiences to drive personalization. If your CDP matches on “fuzzy” data, you can only send ads and not email or push notifications based on user profiles. Consumers expect that you accurately understand their history when you communicate via these channels.



WHAT TO LOOK FOR

Your CDP should unify customer data without any manual input. Here are key features to look for:

- Unification across all data sources: web, mobile, servers, and more
- Historical data storage so your customer profiles can become more complete over time
- Deterministic matching for more accurate unification (probabilistic matching can be less reliable)
- An API to programmatically access customer profiles and personalize your on-site and in-app experience

Custom audience segmentation

CDPs are uniquely situated to create custom audiences based on any customer data you have collected. Your CDP should make it easy to activate these audiences across your advertising networks, marketing tools, and owned applications.

WHY THIS MATTERS

Without a centralized audience manager, most marketing teams don't refresh their segments, overspend on advertising, and send irrelevant emails. If you are interested in driving personalization, make sure your CDP can synthesize raw data into traits and actions for each customer.



WHAT TO LOOK FOR

If you plan on using your CDP for audience segmentation, here is what you should look for:

- An interface that enables you to create and manage segments based on customer attributes or behavior
- The ability to enrich customer profiles with custom attributes to enable one-to-one personalization
- Audience integrations that enable you to activate your audiences for cross-channel personalization
- The ability to compute segments based on historical data

Advanced data controls

Not every integration needs to receive every piece of data. Your CDP should make it easy for you to control and visualize what data is sent to which integrations and data warehouses. Many CDPs also offer data replay, which is a feature for backfilling historical data into new tools or warehouses.

WHY THIS MATTERS

Data-driven decision making is only possible when you have clean and accurate data. With fine-tuned controls, you can also save money on other software contracts by only sending the data you need.



WHAT TO LOOK FOR

In addition to making it easy to understand where you're collecting data from and where you're routing it to, make sure your CDP offers the following features:

- Data filters to send customer data to specific integrations without updating your code
- The ability to block, or disable, events without making changes to your implementation
- A visual schema to manage your data from a single UI
- Historical data replay to backfill historical data into new tools or recover data when other tools experience downtime

Proven reliability and company trajectory

As the single point of collection for customer data, make sure your CDP offers battle-tested reliability features to ensure data deliverability and durability. It's also important to invest in a CDP that's not only going to be around for the long haul, but that will also grow and scale with your company.

WHY THIS MATTERS

As the infrastructure for your customer data, it is critical that your CDP invests in features to protect against data loss.



WHAT TO LOOK FOR

Your CDP should offer the following reliability features:

- 99%+ data delivery rate (most CDPs offer a public status page)
- A proven track record of supporting sustained bursts of traffic
- Fault tolerant libraries that batch, de-duplicate, and retry messages, so you never lose any data
- Partner API monitoring with data backfill (replay) capabilities for when end-tools experience downtime

Here are positive signs that a CDP has a solid trajectory:

- **A strong engineering team with continuous investment in engineering and product**
Check out the “careers” page on a vendor’s website for insight into its hiring plan
- **A growing customer roster with reputable brands you trust**
Most vendors include this on their website, or you can use [Datanyze](#) for information on market share
- **Reputable investors and board members**
It’s a good sign if investors from earlier rounds continue to invest in the company

Rigorous security and privacy practices

Customer data can be a liability if not properly secured through all of the systems where you use it. As a result, your CDP must take the responsibility of managing your data seriously and invest heavily in security.

WHY THIS MATTERS

A single data breach exposes your company to legal and financial risks. More importantly, you risk damaging your customers' trust if you don't take adequate steps to protect their privacy.



WHAT TO LOOK FOR

Your CDP should take a holistic approach to security and privacy. This means the platform provides the following:

- Data encryption over the Internet and at rest
- Regular internal and external security evaluations
- Role-based permissions, including read-only access
- Single sign-on (SSO) and two-factor authentication
- Data privacy features to enable GDPR compliance (user data deletion, suppression, etc.)

Raw data access

Your CDP should make it easy for you to access your raw data at any time. This lets you use data in the tools and systems you need to answer any question about your customers. Without a CDP offering these systems, it's likely your team will duplicate customer data infrastructure internally.

WHY THIS MATTERS

The first-party data you collect with a CDP should be thought of as a competitive advantage, and raw data access ensures you can leverage this advantage. Raw data is often used for advanced marketing attribution and product analytics, as well as machine learning applications.

WHAT TO LOOK FOR

For easy access to your data, make sure your CDP offers the following:

- Raw data integrations, like Amazon S3 or Webhooks for building internal systems on top of your customer data
- Data warehouse integrations, like Redshift, BigQuery, Postgres, or Snowflake for advanced analysis
- A schema that's optimized for analytics and dynamically updated based on your tracking
- Custom syncing schedule to choose how frequently you want to refresh your data

Cross-functional utility

Customer Data Platforms should offer features and support use cases that are valuable to a diverse set of stakeholders. When selecting a CDP, make sure that it benefits your marketing, engineering, product, and analytics teams.

WHY THIS MATTERS

Your Customer Data Platform shouldn't be thought of as a resource for just one team.

WHAT TO LOOK FOR

Make sure your CDP has the following features to benefit these teams:

Marketing

- A simple user interface to enable integrations and create or manage audience segmentation
- Integrations for advertising, deep linking, email, personalization, and push notifications
- Data sources to collect data from advertising, email, and mobile platforms

Engineering

- Debugging tools to make sure data is tracked correctly
- Open-source libraries and integrations for transparency you can trust
- Easy implementation with straightforward libraries and documentation

Product

- Lightweight SDKs and server-side integrations to remove duplicative tracking code and improve performance
- In-app announcement, A/B testing, funnel analytics, and survey integrations
- Data warehousing integrations for advanced analytics

Analytics

- Turnkey data warehouse integrations with a fully managed schema
- Out-of-the-box analytics integrations to set up self-service metrics for business stakeholders
- A wide array of data sources, including web, mobile, server, CRM, help desk, and payments, to analyze the complete customer journey

Learn how Segment stacks up

Whether you're just starting to explore Customer Data Platforms or you are ready to evaluate potential vendors, we're here to help.

We'd be happy to share what makes Segment unique and how we stack up against these criteria. Drop us a line at segment.com/demo.

ABOUT SEGMENT

Segment provides the customer data infrastructure that businesses use to put their customers first. With Segment, companies can collect, unify, and connect their first-party data to over 200 marketing, analytics, and data warehousing tools. Today, over 19,000 companies across 71 countries use Segment, from fast-growing businesses such as Atlassian, Bonobos, and Instacart to some of the world's largest organizations like Levi's, Intuit, and Time. Segment enables these companies to achieve a common understanding of their users and make customer-centric decisions.



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