



# The Ultimate Guide to **Customer Data Platforms**



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# What Is a Customer Data Platform?

A customer data platform (CDP) is software that combines customer data from multiple sources to create a single, organized database with complete information about every interaction a customer has ever had with your company. This data can be segmented, analyzed, and utilized in many permutations to create targeted marketing campaigns. What's more, a CDP can be integrated to work with any existing tools you use, such as email marketing software or a CMS. This makes it possible to personalize your customer's experience throughout the lifecycle of their interaction with your brand.

## How does a Customer Data Platform work?

A CDP works by synthesizing multiple data points such as their history, social media profiles and demographics, then compiling them into a usable customer profile for targeted marketing campaigns. [This prevents data siloing](#). CDPs are useful for several reasons, including but not limited to:

- Identity resolution: unifying user history across devices and channels.
- Trait and audience building: synthesizing data into audiences, and personas for each user, analyzing any intent to purchase behind each user's activity and integrating that information into the user profile.
- Activation: creating personalized, real-time outbound messaging to audience segments.

CDPs allow marketers to build audience segments or groups with specific traits or experiences in common. A sample segment could be people under age 30, those with abandoned carts (meaning they didn't follow through on their intended purchases) or those who purchased a specific sale item. You can even take it a step further and measure their intent to purchase based on their past activities.

## What's the difference between a CDP, a DMP, and a CRM?

DMP stands for data management platform and CRM stands for customer relationship management. All of these - DMPs, CDPs, and CRMs - are part of a three-step funnel.

DMPs are the advertising stage, or the top of the funnel. DMPs manage large, anonymized data sets that are purchased from a data seller and use that data for targeted advertising. These data sellers collect data on their users, anonymize it, and sell it to advertisers who then run targeted ads.

CDPs use a combination of third-party data and first-party data combined with user research and intent to give a more rich, personalized experience.

CRMs help businesses organize and manage customer-facing interactions once they are converted. For example, any calls or chats the clients have with customer service would be logged in a CRM. But CRMs don't collect any behavioral data on how customers interact with your company.



## What data does a Customer Data Platform use?

CDPs primarily use first-party data, meaning data collected by a company with consent for the sole purpose of [marketing that company's product](#). The CDPs filter this data through a process called customer data integration to make it into a usable format for marketing teams. ([Read more about how to use CDPs for personalized marketing here](#)). But most companies don't track every single metric that this data provides. They will pick the metrics that are most relevant to their purposes and focus on those.

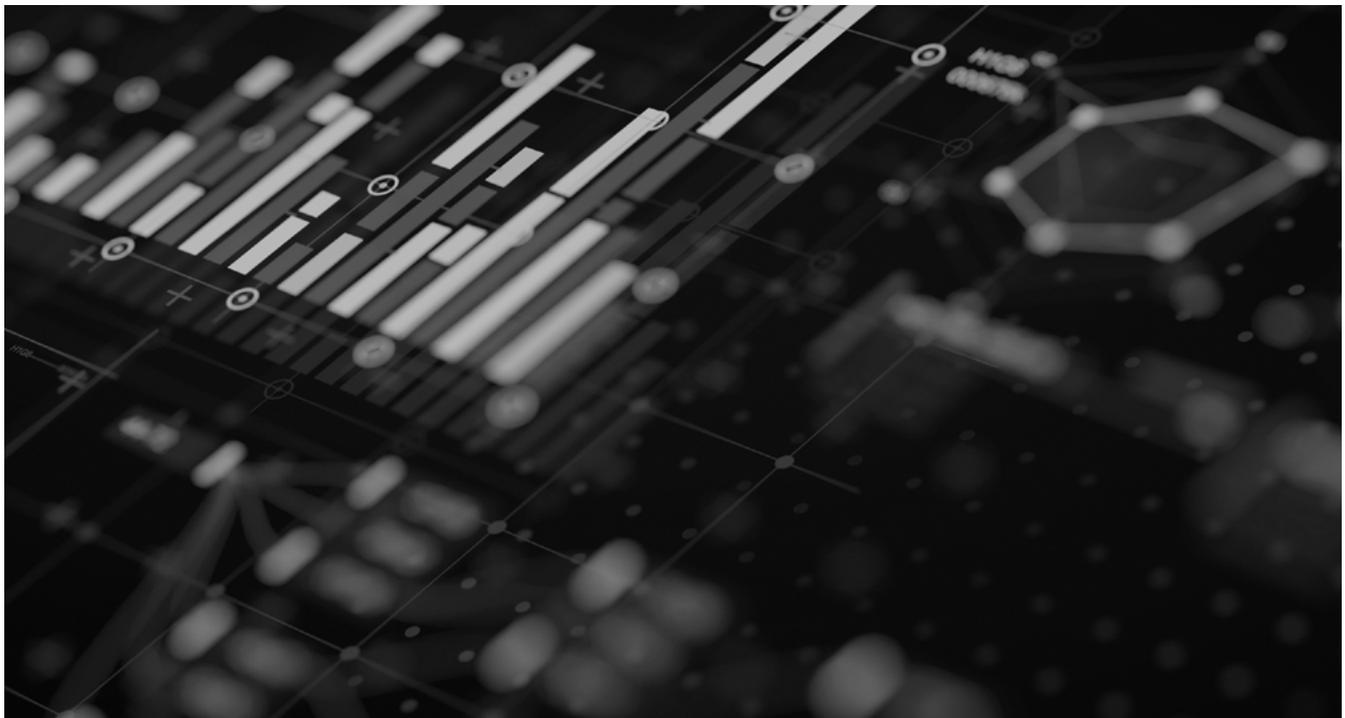
## How is the data a CDP collects different from third-party data?

Third-party data can be tied to a customer, but doesn't have to be. Third-party data relates directly to products. For example, if a bank wants to sell business loans, areas of interest are collected by browser data, collateral, or email interactions vs. anonymous data (income level, guesses about what products they are interested in or geographic data), but we don't know their intent.

CDP data can be tied to a record if they become a customer. "[Golden records](#)" are one packet of information about a customer that combines everything known about them from all of a company's possible data sources, making it the Holy Grail of that customer's info.

## How will the stricter laws around data privacy affect my company's customer data collection?

CDP companies handle a lot of this for you. They are guiding you to only collect in ways that meet current laws so you don't have to worry about doing it yourself. The great thing about CDPs is they adjust as needed to accommodate future [laws](#).





# What Are the Advantages of a Customer Data Platform?

## Better organization

CDPs make it much easier for you to manage your data and organize it in different ways. You will need a data tracking plan and a data governance strategy to set things up in a way that works for you. But once you do, you'll spend much less time [corralling data](#) and more time analyzing it and putting it to work.

## More granular customer analytics

CDPs make it easier to get thorough customer analytics, giving you a greater ROI on your marketing efforts. You can zero in on which parts of certain marketing campaigns are bringing in the most conversions and use these granular data points to make improvements to your products.

## Improved data protection

CDPs limit the amount of customer data you're collecting in the first place, so there's less of it to keep track of and secure. The laws surrounding customer data privacy are different in each state, and a CDP can help you manage your customers' data privacy in accordance with the legislation in effect in your company's state.

## Increased ROI

CDPs allow for granular customization and audience segmentation so that your company can spend less money on more targeted, successful campaigns. You won't be selling products or services your customers aren't interested in because you'll know their buying behavior and their interaction history. You can get relevant information out faster to customers by automating processes that once took precious man-hours.



# How Do I Choose a CDP?

## How do I know if I need a Customer Data Platform?

Companies that have a wide variety of products and audiences really benefit from the data synthesis a customer data platform provides. They can segment audiences and campaigns into different workflows while customizing messaging.

## How do I know which CDP is right for me?

When choosing a customer data platform for your company, it comes down to a few things:

- Your reason for needing a CDP
- The level of customization you require
- Which systems you want to integrate with (CMS, CRM, DMP, etc.)
- Your budget

Here are some questions to ask when you're choosing a CDP:

1. Who in the company will be interacting with the CDP?
2. Why are you looking for a CDP, and how do you want to use it?
3. What tools will you be using in conjunction with the CDP? For example, analytics tools, advertising tools, customer success tools, business intelligence tools and data warehouse tools.
4. What do you need your CDP to do for you?
5. Which vendors can give you the best value CDP?
6. What is the cost-benefit analysis of using a CDP?





# How Engine Room Can Help

Engine Room experts can seamlessly integrate a customer data platform with your other marketing technologies - that's the only way to make the investment worth it. Engine Room will organize, plan and execute the CDP integration and installation, software selection, maintenance, measurement and optimization.

[Contact us today for a free consultation.](#)

## About Engine Room

### **WE DESIGN, BUILD, AND SECURE DIGITAL MARKETING SOLUTIONS**

At our core, we're seasoned technologists with decades of experience building complex solutions of the highest quality. We code, we test, and we tweak until everything is airtight. This leads us to security, the other half of our bread and butter. We take it seriously and build it into everything we do. It's never an afterthought, and it's always rock solid. We could talk all day about what we do. But we'd rather show you.

