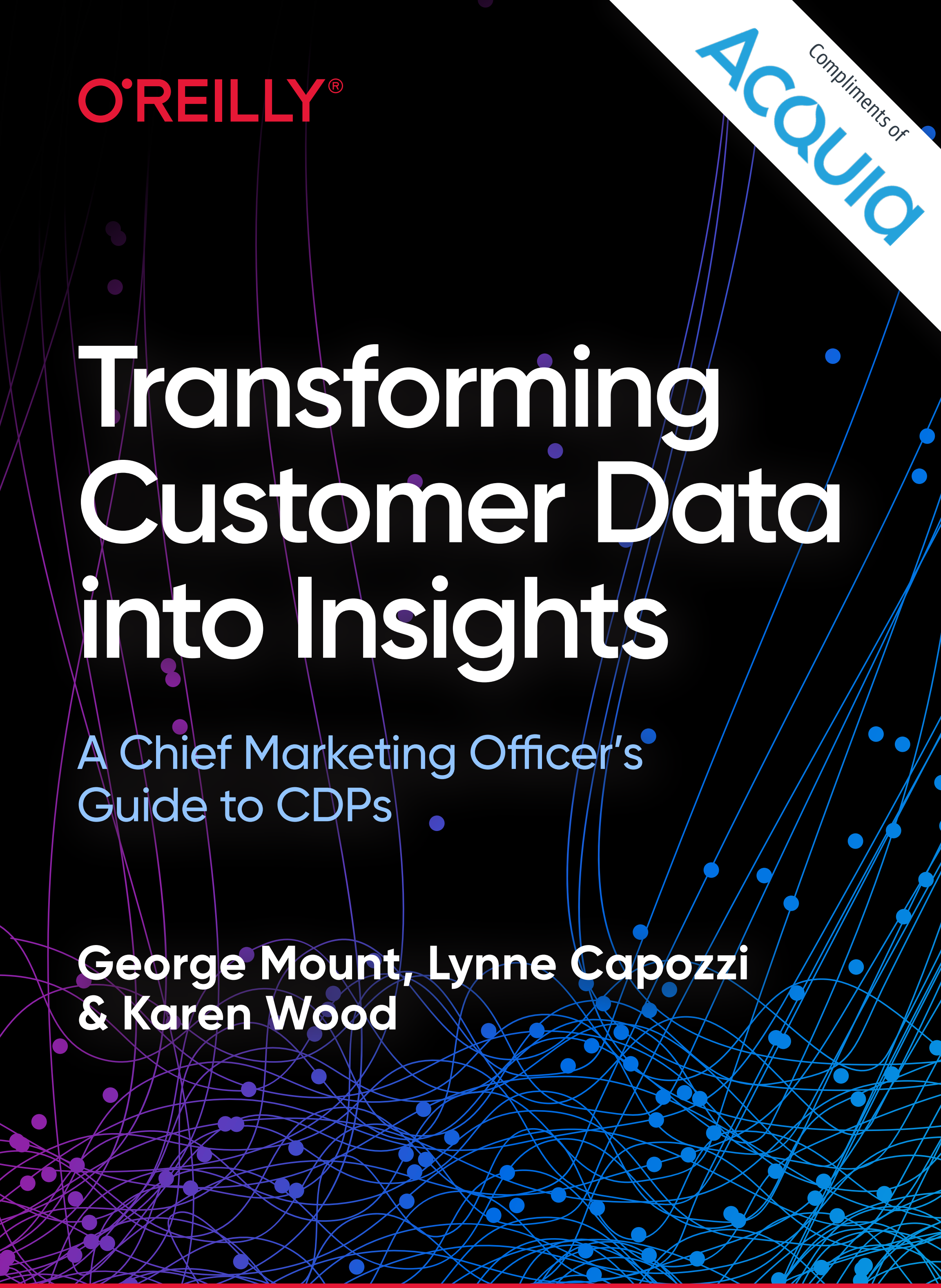

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Transforming Customer Data into Insights

A Chief Marketing Officer's Guide to CDPs

George Mount, Lynne Capozzi & Karen Wood

REPORT

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George Mount, Lynne Capozzi, and Karen Wood

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Transforming Customer Data into Insights

by George Mount, Lynne Capozzi, and Karen Wood

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Preface

Chances are that in the last 12 months, you've purchased an order online and picked it up at the store. Perhaps it was even brought curbside to you. If you're like many consumers, you've done this more in recent times than ever before. Financial services firm Cowen estimated that 25% of US consumers will have tried curbside pickup by 2020, now a $30–35 billion annual market. Of course, the COVID-19 pandemic played a large part in such a massive shift. But it may be accurate to label this and related trends not so much as a shift as an acceleration in how customers expect to engage with brands. Digital Commerce 360, an online retail media outlet, found in August 2020 that 39% of consumers polled planned to continue using curbside throughout the year, indicating this is a lasting trend.

Providing safe and convenient purchase and pickup options during a pandemic is just one example of engaging with customers under unique circumstances. This personalized approach can't be overlooked in today's marketplace: research advisory Gartner reports that two-thirds of companies now report they are competing on customer experience, up from just 36% back in 2010. In this report, you will learn more about the factors contributing to this jump, such as consumer interaction with a growing number of devices and channels, and how marketers have adapted.

Brands today must initiate and sustain meaningful relationships with consumers, catering to their unique behaviors and interests, across a variety of channels. Traditionally, marketing data and marketing strategies have existed in silos within individual channels. Store or call center representatives are not able to tailor their customer interactions based on email marketing segments. Even the buy-online, pick-up-in-store efforts previously detailed require an integration of ecommerce and in-store data sources that can't be taken for granted.

To provide a consistent customer experience, organizations must be able to integrate and act on this variety of data. Research consultancy McKinsey reports that brands that leverage customer behavioral insights outperform peers by 85% in sales growth and more than 25% in gross margin. Siloed and unintegrated data and marketing stand in the way of providing the right messages and offers to customers at the right time.

In this report, you'll learn about the origins of providing customer-centric, data-driven marketing and how to deliver it today. First, in Chapter 1, you'll learn in a few case studies how organizations have adapted to providing a customer-first experience. Chapters 2 and 3 provide an overview of the challenges marketers have faced and the technology solutions they've found, culminating in the customer data platform (CDP).

The ultimate goal of a CDP is to provide a personalized, customer-centric experience; each organization is at a different point in that journey. Chapter 4 provides practical tips for aligning people, processes, and tools for a successful CDP implementation. Chapter 5 follows with a framework for assessing your organization's data-driven marketing maturity, and hence its capability to put customers first. Finally, Chapter 6 offers some closing thoughts and recommendations.

CHAPTER 1

Introduction and Case Studies

Delivering a unified, personalized customer experience across channels is desired, if difficult, for today's marketers. In this chapter, you'll learn about how three organizations have become leaders in this pursuit.

Lululemon

Lululemon, a Canadian athletic apparel retailer, operates 460 stores worldwide, along with an ecommerce site. As part of the retailer's strategy, each store is given large autonomy to serve as a community hub. For example, then-CEO Christine Day told *Fortune* in 2012 that store managers are free to customize the store's layout and color scheme; they are also given a budget to give to charities, local auctions, and other events.

Free yoga classes are also offered in stores weekly. This rich community involvement generated a rich amount of customer loyalty—and data. But its use was limited to the regional community; in-store and ecommerce data were disconnected, offering a fragmented experience to customers.

To solve this problem, Lululemon integrated myriad sources of data—ranging from customer profiles to transactions to web data—and processed it in real time to deliver the right experience at the right time to customers. As a result, Lululemon can now, for example, gather information about a customer's attendance at their local store's yoga class. Based on this information, they can target that customer with customized campaigns and offers through multiple channels like email, direct mail, and in-person experiences.

By crafting a personal experience from customer data that works across multiple channels, Lululemon experienced a 50% increase in site visits and a 10–15% increase in baseline revenue from digital marketing campaigns.

Moosejaw

Moosejaw is a Michigan-based recreation apparel and gear retailer operating 11 locations, along with an online presence. As a boutique retailer, Moosejaw needed a way to stand out from lower-priced ecommerce competition. Sending emails that offered heavy discounts to largely undifferentiated customer segments was eroding both margins and the brand's customer experience.

Using machine learning algorithms on unified online and in-store customer data, Moosejaw analyzed patterns in customer purchase behavior and used the results to develop more targeted segments. As a result, company revenue per email increased by 9%, while customer acquisition costs dropped by 10%. Email continues to provide 20–30% year-over-year growth for the retailer.

In Moosejaw's stores, sales associates carry point of sales (POS) software with them on a mobile device. With this, they can order out-of-stock or online-only items for customers, which are delivered to customers for free. They can also complete sales transactions right on the floor with the devices, sparing customers from waiting in line at a sales terminal.

Moosejaw's CEO Eoin Comerford tells *Retail Info Systems* that the mobile POS is a celebrated technology among the floor staff: "They like that it enables them to engage directly with customers without a bulky cash wrap getting in the way."

Arçelik

Delivering a unified customer experience doesn't just pay off for outdoor and athletic retailers: take Arçelik, for example. A Turkish multinational household appliances manufacturer, Arçelik operates across independent dealers, authorized service providers, and company-owned stores and service centers. Due to this variety of endpoints, the manufacturer had limited visibility into past customer interactions.

Arçelik worked to create a unified customer profile across data from any endpoint, including call centers, social media, POS systems, and more. As a result, 250 million disintegrated customer records were transformed into 60 million unified, actionable entities. Arçelik could then integrate this data into a call script tool, allowing for better personalization from the call center. As a result, conversion rates from the call center have reached 24%, and SMS conversions have improved by as much as six times.

This chapter profiled how three organizations aligned not just their marketing technology but their larger marketing strategy to deliver a more personalized and unified customer experience—and reaped big rewards. How can your organization do the same? Maybe some of these elements, such as segmented email lists or personalized advertisements, sound familiar. Synchronizing a personalized message across channels and customer phases, however, might be less so.

Chapters 2 and 3 will provide a more generalized view of the marketing landscape over the past several decades and the advance of marketing technologies culminating in the CDP. You will see how the CDP can be used to augment the features of customer relationship management (CRM) and, more recently, data management platform (DMP) programs.

CHAPTER 2

Classic Data Problems, Classic Marketing Tools

In Chapter 1, you learned about how organizations of various sizes and industries benefited by adopting a more personalized, customer-centric approach to marketing. Later chapters will address the technological and cultural forces needed to make such a shift.

This chapter serves as a primer on marketing approaches that have preceded CDPs, most of which have used technology to learn about and respond to individual customers. You will see that these systems have evolved from offering static, one-way customer communication to continuously personalized and customer-informed ones.

Mass and Direct Response Marketing

Marketers adopted a variety of media to communicate with customers in the 20th century, starting with mass marketing and moving to more personalized direct response:

Mass marketing

For the majority of the 20th century, the predominant marketing tool was mass media. The goal here was to publicize a brand to as many people as possible in a single event. Customers encountered these campaigns via television ads, billboards, and other media, where ads could be placed secondary to their main objectives.

Marketer Seth Godin coined this practice "interruption marketing" in his 1999 book *Permission Marketing*.[1] The goal was to build brand loyalty and brand equity with these consumers. But, given the monolithic nature of mass media, it was difficult to determine individual customers' behaviors and journeys.

While mass media is still with us today, it remains a primary lever of only the largest organizations. Moreover, by its nature the success of a mass media campaign is still difficult to track, despite the advances of individually targeted approaches—beginning with direct response.

Direct response marketing

While mass marketing focuses on keeping a large base of customers broadly aware of and loyal to a brand, direct response marketing is designed to elicit immediate responses from individual customers. Direct response marketing can be seen as early as the 1870s, around the time that wildly popular catalogs from Sears, Roebuck and Company became mainstays of the American household (and, even in the case of Sears, selling entire new houses). Direct mail remains a force in marketing, valued at $58.41 billion in 2020. Other common direct response marketing approaches, both offline and online, include the following:

- Internet marketing (online display ads, digital coupons, email marketing)
- Mobile marketing (SMS, mobile banners)
- Direct mail (fliers, catalogs, promotional letters)
- Telemarketing
- Direct response television

While marketers were already collecting and acting on customer data generated by direct response campaigns, digital media and particularly email greatly expanded that scope. The use of this new medium opened up what the next section will call *database-driven marketing*: a progression of tools used to help segment and target customers based on predefined relationships in the data.

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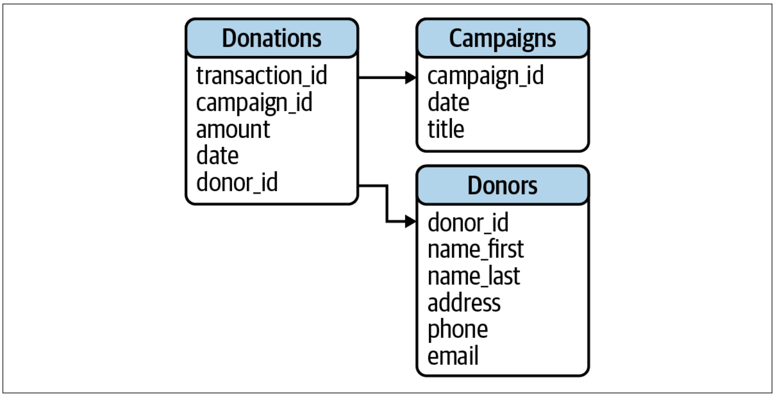
[1] Seth Godin, *Permission Marketing* (New York: Simon and Schuster, 1999).

Database-Driven Marketing

A cumbersome digital messaging system used primarily between academics as it matured in the 1970s, email became a staple of the new consumer internet by the 1990s. By this time, data storage had also graduated from punch cards to tape to disk and beyond.

Using highly structured and predefined rules, data collected from direct response campaigns was stored in a series of tables comprising rows and columns. Relationships between columns in these tables could then be defined to build a *relational database*. The data used to create these segments often consisted of so-called RFM or *recency*, *frequency*, *monetary* data; that is, a focus on transactions rather than a more holistic view of the customer's behavior and preferences.

Figure 2-1 shows what a relational database to store donation information might look like. For example, the `donor_id` column in the `donations` table can be used to look up information about each respective donor due to its relation to the corresponding `donor_id` column in the `donors` table. A segmentation here might be created to, for example, target all patrons who have made an annual donation of at least $100 in the last three years.


Donations
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amount
date
donor_id
Campaigns
campaign_id
date
title
Donors
donor_id
name_first
name_last
address
phone
email

Figure 2-1. Example of a relational database to track campaign performance

A new field of *database marketing*, coined by Robert Shaw and Merlin Stone in a 1988 book of the same name,[2] emerged as an improved form of direct marketing given these advances in data storage. In particular, database marketers used structured query language (SQL)—the traditional programming language used to interact with relational databases—to generate customer lists. Using conditional and other rule-based criteria, the database marketer could create segments of customers and then send targeted emails to those segments.

Figure 2-2 shows how database marketing works.

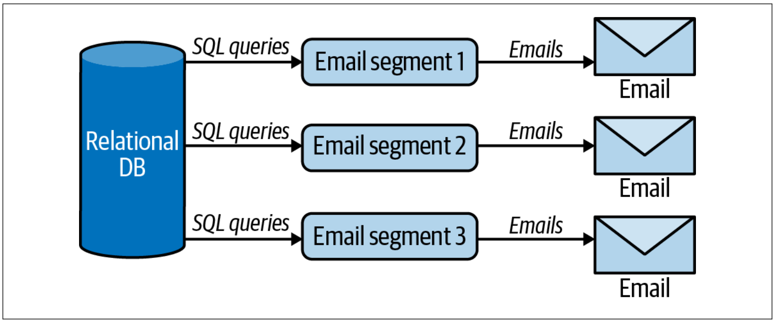

Figure 2-2. How database marketing works to email segmented customers

Some of the technologies to come out of this era of marketing include the data warehouse, the customer relationship management system, and the data management platform:

Data warehouses

The problem with segmenting customers from an individual database is that it offers only a single engagement channel to analyze: in the case of database marketing, email. In Chapter 3, you will learn about the explosion of customer engagement channels in the 21st century. But even in the 20th, customers were engaging with brands with far more than just email, including some of the media highlighted in the previous section.

In contrast to a relational database, a *data warehouse* can store and merge data from multiple sources. Like the relational database, it depends on predefined structures and relations between sources to do so. The data warehouse offers a relatively more comprehensive view of the customer than a single marketing database.

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[2] Robert Shaw and Merlin Stone, *Database Marketing* (Aldershot, UK: Gower, 1988).

Early data warehouses were still primarily designed for and implemented by technical users and not the marketing team itself. Over time, some data warehouse tools such as MicroStrategy and, later, Snowflake have come to include more user-friendly features for data analysis, such as point-and-click dashboard and report-building. That said, the data warehouse as a general architecture was not developed as an explicitly marketing-driven tool.

Eventually, however, some dedicated tools for *marketing automation* began to streamline the distribution and measurement of campaign-related tasks and workflows. This became a specialty of customer relationship management software.

Customer relationship management (CRM)

Database marketing is designed foremost to send specific email campaigns to segmented customers. On the other hand, a CRM system is meant to manage customer relationships through the entire life cycle. Salesforce defines a CRM as "a technology for managing all your company's relationships and interactions with customers and potential customers…A CRM system helps companies stay connected to customers, streamline processes, and improve profitability."

Data management platform (DMP)

As customers began to spend more time online, marketers sought to target them with segmented offers and messages just as they had been able to do with email. The DMP was created to do this and achieved its goal largely through browser cookies. When consumers accept cookies on their browser, information about their behavior across the web is collected by the DMP.

These user profiles are considered "pseudonymous"—not instantly recognizable, but not systemically anonymized either. An anonymous view of an individual customer is enriched with external third-party data as that customer's behavior is made visible through their browser cookie. These profiles are leveraged to find similar profiles on third-party advertising sites.

Using these pseudonymous personas, the DMP can segment and target to presumed customers.

Facebook is a well-known example of a DMP: data is collected about users, and advertisers can use it to target Facebook users with ads.

"Walled Garden" Marketing

Facebook, Google, and Amazon are known as "walled garden" marketing platforms. These giant technology providers have rich login and customer data from massive user bases; external marketers can use this as third-party data for advertising. It's a huge market: research firm eMarketer estimates that 70% of US digital ad dollars ended up with one of these three technology giants in 2020.

However, for reasons ranging from competitive to legal, these firms don't share data at the level outside marketers seek to provide a more personalized customer experience. These services allow segmented ads to large audiences, but marketers are limited to what they can provide inside the platform; hence the "walled garden" expression. Marketers also have limited control over how and when their content is delivered to users and how performance metrics are calculated and reported.

Marketers may similarly experience fenced-off access to customers and their data with monolithic marketing platforms such as Oracle, Salesforce, and Adobe. While such platforms offer integrated services for personalized experiences, it can come at the expense of curtailed brand control and evaluation of those experiences.

These walled garden platforms will likely continue serving as major advertising channels but, due to their closed-ecosystem nature, have a limited role for organizations to provide data-driven personalization at the customer level.

The Benefits and Disadvantages of Database-Driven Marketing

Largely starting with email, database-driven marketing opened new doors for customer engagement. At the same time, challenges remained in providing truly customer-centric marketing:

Opt in

In theory, the premise of email marketing is that consumers provide their email willingly in exchange for some perceived value. Regulations such as CAN-SPAM in the US and GDPR in Europe ensures that consumers are able to unsubscribe and opt out of emails. This means that the premise of email should be on permission, rather than interruption, marketing.

Mass personalization

Through segmentation of databases and a CRM-charted customer path, organizations began to be able to provide unique offers, messages, and content to individuals. This personalization is determined by rules-based and marketer-driven criteria.

Siloed data, inconsistent experiences

While data warehouses and CRMs help to unify disparate sources of data, none do so with individual customer identity and experience in mind. For example, a customer may purchase an item at the store, only to be emailed with an offer or message to buy the same item a few days later. Customers expect that an organization can act from a single repository of data and knowledge about them, but this isn't the case when customer data remains siloed across systems.

Slow and cumbersome data usage

To maintain segments and track customer journeys, the marketing systems discussed so far rely on predefined data relationships and backward-facing data. Customers may benefit from some personalization, but this is based on aggregates of similar individuals' past behavior rather than real-time tracking of current wants and needs.

Since the early days of direct response, marketers have constructed a whole new playbook for crafting unique customer experiences, so different than traditional mass media. That said, currently popular approaches to database-driven marketing haven't gone far enough in putting the customer experience first. In Chapter 3, you will learn about additional challenges that marketers have faced more recently in doing so and the potential that customer data platforms (CDPs) have in overcoming these struggles.

CHAPTER 3

Meeting Modern Data Challenges with a CDP

How many electronic devices have you used today? Perhaps you checked your phone after waking up, worked from your desktop or laptop, and interacted with a chatbot on a website you visited during a break—all in the space of one morning. To provide a unified brand experience—which customers now expect—marketing technologies must identify and synchronize all of these devices. At the same time, there's a good chance that as you read the news you learned about another ethical or security concern about organizations' use of customer data. How can the seemingly contradictory wishes or personalization and privacy be reconciled?

In Chapter 2, you learned about direct marketing as an alternative to mass media, and the progression of tools from database marketing to customer relationship management and customer data management platforms. Here you will learn about the four essential facets of the CDP, and how the CDP emerged to address new developments in technology, privacy, and regulation. Figure 3-1 shows this history and progression of marketing technologies.

As Figure 3-1 suggests, it's best not to think of each new technology as completely supplanting the other but instead as being additional slices of an overall marketing stack.

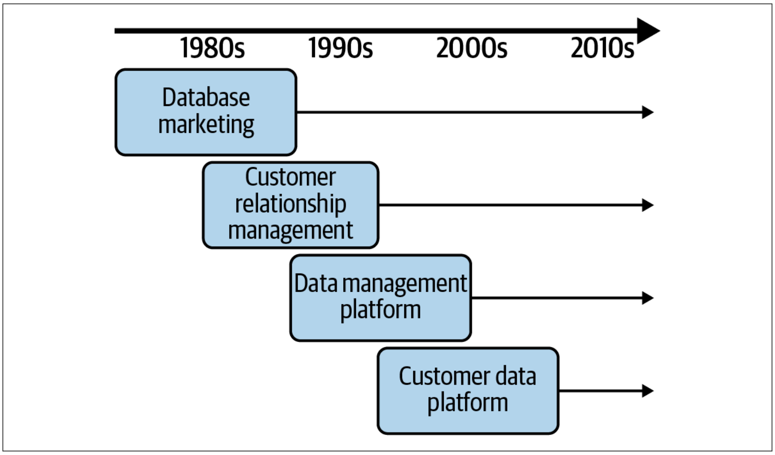

Figure 3-1. The history and progression of marketing technologies

NOTE

A CDP doesn't necessarily replace existing marketing technologies like a CRM or DMP; instead, it's used to integrate these and other data sources in creating a unified source of customer data.

While each has its purpose, the CDP is the only marketing technology that is designed around an identifiable customer and is meant to holistically enhance the customer experience. Given changes in technology, privacy, and customer behavior, these attributes make the CDP an essential slice of the marketing stack.

The New Challenges of Marketing

Sending one-time campaigns to large segments of customers via email or other static channels was a breakthrough in the 1990s. But marketers in the 2020s are encountering whole new sets of challenges and opportunities to deliver a customer-centric approach, and older marketing technologies just aren't up to the task. These forces are described in the following sections.

Increasing Volume, Variety, and Velocity of Data

While the term "Big Data" to describe the explosion in data reached its apogee in the mid-2010s (research firm Gartner famously declared it passed the top of its famous "Hype Cycle" in 2014), there's no question that something dramatic happened in the generation and collection of data in the last 20 years. Customer data available to marketers was no exception.

The World Economic Forum estimates that by 2025, 463 exabytes of data will be created each day globally. From email to web searches to social media posts, much of this content is created by individual consumers. Compare this to the limited engagement channels that customers had a few decades ago to communicate with brands.

To accompany this surge in volume of data is an increase in variety, not just in media but in devices. At the turn of the 20th century, just over one in two US households had one desktop computer. By 2014, more than 90% of US households had at least three connected devices, and not just desktop computers—from laptops to mobile phones to tablets, consumers are consuming and generating more data from more sources.

Cross-Device Identity Management

Cross-device identity management (CDIM) technology is used to integrate customer data across this growing variety of devices and platforms. CDIM solutions are broadly characterized as either using deterministic or probabilistic methods to do so. Deterministic data links across devices using certain login or subscription data. For example, an explicit device connection is established when the same login credentials on a mobile phone are used on a desktop.

That said, there's nothing to prevent multiple users and logins from using the same device, for example, so this method is less clean than it may appear. This type of data is also most likely generated from large tech platforms like Facebook or Google, which, as "walled gardens," are of limited benefit to marketers for reasons explained in Chapter 2.

Probabilistic methods, by contrast, use statistical methods to implicitly link devices based on data ranging from logins to locations to browser usage and more. While this may take more guesswork than deterministic methods, it can also incorporate a wider range of sources that are openly available to most marketers.

Finally, today's consumer-generated data moves faster than ever: consider the always-on nature of social media versus engaging with a brand via telephone or mail. As data moves faster, it often also loses value or relevance faster. This is especially the case for connected devices such as the Internet of Things (IoT), which generate data in real time that is meant to be acted on just as quickly. For example, the best time for an individual to know about when their order is ready for pickup or when to follow up with a potential lead is immediately—not hours or days later.

Figure 3-2 shows the growing sources of data that marketers must integrate to deliver a customer-centric approach.

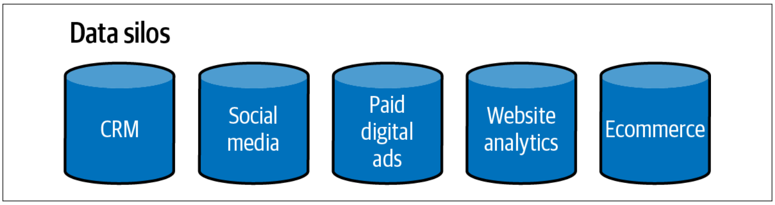

Figure 3-2. Potential data silos of customer data to integrate

This explosion of data is only set to continue: networking and telecommunications giant Cisco predicts there will be 29.3 billion networked devices by 2023, up from 18.4 billion in 2018. What's more, information services provider IHS Markit predicts there will be 125 connected IoT devices by 2030.

Earlier marketing technologies were not designed to handle the size and scope of today's data. Remember that in Chapter 2 you learned that relational databases and data warehouses are meant to handle well-structured and predefined data, such as transactional or demographic information. These architectures struggle to accommodate diverse and unstructured data such as tweets or images. Databases and data warehouses also tend to extract and load this data on a predefined basis, such as daily or weekly. That means they often fail to capitalize on the *velocity* of data.

Omnichannel Engagement and Attribution

As we discussed in Chapter 2, earlier direct marketing approaches focused largely on email, with other channels like social media and brick-and-mortar offering separate, unintegrated touchpoints. This is known as a multichannel marketing approach. Customers may have received some personalization from them, but each channel was largely *independent* in its campaigns. For example, a customer may be given a website address on a shopping bag in attempt at cross-channel promotion, while physical stores and ecommerce remained two disconnected touchpoints for the customer.

By contrast, an *omnichannel* strategy is designed to offer customers a unified experience across all channels. For example, in an omnichannel approach a customer is able to shop for products online, then pick them up at the store. Figure 3-3 shows the difference between multichannel and omnichannel marketing.

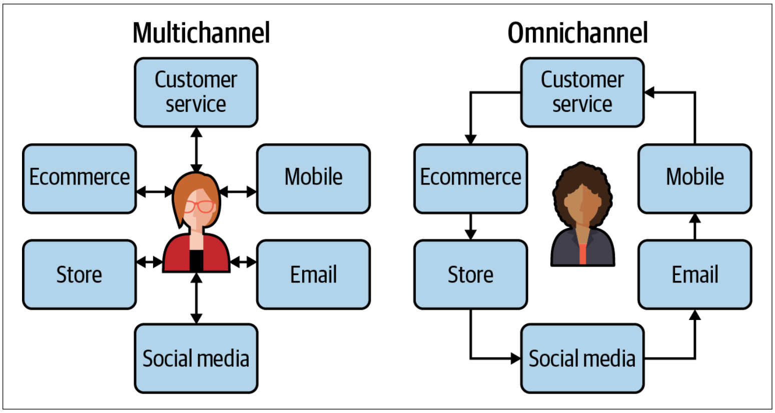

Figure 3-3. Multichannel versus omnichannel marketing

Earlier marketing technologies aren't designed to accommodate for this growth in number and variety of devices and channels. Database marketing primarily focused on offering customers a fixed offer via email (for example, informing of a promotion valid either online or in stores, often not both).

A DMP may engage in multichannel advertising. But that is only one part of the customer experience, and not truly omnichannel to begin with; there's a difference between engaging with a social media account about a recent order that associates at a local store then follow up on. Moreover, these advertisements are not truly personalized but delivered based on anonymous and pseudonymous data.

A CRM is primarily meant to facilitate a sales team's engagement with customers and potential customers. It is not designed to unify how a customer interacts with a brand across its physical and digital imprints.

There are many risks to not adopting a multichannel approach in today's marketing landscape. If marketing teams and advertising budgets, for example, are siloed in separate customer engagements, there will be duplicated efforts, campaign inefficiency, and wasted resources. Customers will get frustrated, as they feel they are given "split personalities" across different channels of the same organization.

An omnichannel approach also facilitates marketing attribution. Consumers today go through a near-infinite variety of channels and touchpoints before making a purchase. Without an omnichannel approach, it's nearly impossible to integrate and track how these various touchpoints lead to a conversion.

Customer-Directed Experiences

More broadly, the explosion in devices, data, and channels signals a new way in which consumers interact with brands. With new technology and sources of information, consumers choose when to engage with brands and why. A fixed customer journey doesn't conform to the new role of brands as a source of on-demand data and information to its customers.

Rather than focusing on converting and communicating with top-of-funnel leads, as CRMs and DMPs tend to do, the CMP delivers the right services to customers when and where they ask for it. For example, a CMP can augment traditional CRMs and DMPs with chat-based customer service and omnichannel support, such as the ability to return to a store an item that was purchased online. Through these technologies, organizations can create personalized touchpoints based on a costumer's individual circumstances and preferences. This has the benefit of keeping the customer informed and engaged throughout their journey rather than focused on converting leads at the top of funnel through advertising.

Personalized Data and the End of Cookies

Of course, to provide individualized experiences, organizations must draw from individualized data. In Chapter 2, you learned about the origins of direct response marketing and the ways in which organizations have historically gathered customer-level data. A dominant tool for the last two decades has been the browser cookie. This technology has met its limitations in offering a truly customer-centric experience for a few reasons. First, cookies aren't purely personalized but rather pseudonymous data sources. They also have limited value past the acquisition phase of the customer journey, as they are primarily used to serve targeted advertisements to segments of users.

Moreover, consumers have reached a tipping point with this marketing strategy: marketing consultancy Cheetah Digital found that 41% of US consumers delete cookies regularly and 30% have installed an ad blocker. According to management consultancy Deloitte, with the average website placing 12.4 cookies on a browser and reporting data to 3.9 third-party domains as of January 2020, it's more than understandable that consumers are wary of this tactic. Giving up privacy and personal information simply to be met with the same series of advertisements as they browse the web is no longer an adequate or permissible exchange.

Moreover, changes to browsers and the web itself signal a move away from the cookie's dominance. For example, browsers Firefox and Safari now block third-party cookies by default. Google's Chrome browser is set to do the same by 2023. In their post explaining the decision, Google wrote: "Users are demanding greater privacy—including transparency, choice and control over how their data is used—and it's clear the web ecosystem needs to evolve to meet these increasing demands."

The web seems to be bracing for this shift: global cookie tracker webcookies.org now finds that, as of April 2021, the average website now sets 5 cookies on average and reports to 1.1 third-party domains compared to 12.4 and 3.9 in January 2020, respectively.[1]

With the eventual demise of cookies and their ultimate failure to provide a holistic customer experience, marketers are examining how best to gather, analyze, and act on personalized data. Because it's gathered at the individual level, this type of data inherently includes *personally identifiable information* (PII): information that can be linked to a specific individual. Figure 3-4 illustrates possible sources of PII; these can range from demographics to location to medical information and more.

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[1] *https://webcookies.org*, accessed July 29, 2021.

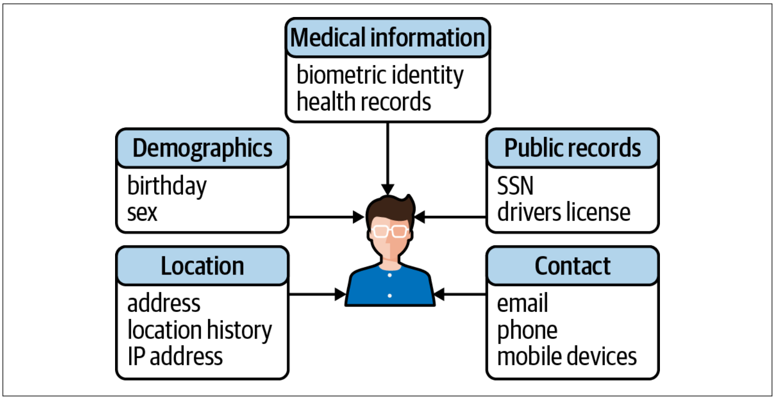
Medical information
biometric identity
health records
Demographics
birthday
sex
Public records
SSN
drivers license
Location
address
location history
IP address
Contact
email
phone
mobile devices

Figure 3-4. Potential sources of PII

PII presents a number of logistical and ethical challenges for organizations. First, as we've discussed, data comes from an ever-increasing variety of sources. The same individual could easily use a different name or email address at one source or another. It takes considerable computing power to construct a clean profile for each individual across these disparate, dirty sources.

Perhaps even more critical is the need to keep this information safe and transparent. Consumers have revealed a preference for personalized brand experiences and understand what is needed to deliver it: the consulting firm Accenture found that 83% of retail consumers are happy to passively share personal data if it allows brands to create a better experience for them. At the same time, these consumers have experienced enough selling and use of their personal data across organizations to be wary of providing the PII that enables this personalized experience, a phenomenon that researchers refer to as the "privacy paradox."

Organizations can resolve this paradox through transparency, security, and results. For example, Salesforce has found that 92% of customers are more likely to trust businesses with their data when they are given control over what is collected about them. Moreover, if customers can't see that their data is actually being used to provide a personalized experience, they may question how or why it's being collected in the first place.

Because cookies transfer data across third parties, there's no guarantee of keeping PII secure. Consumers aren't able to choose or request that certain data not be kept about them. But abandoning cookies for only first-party collection methods doesn't negate these privacy concerns entirely.

Cookies or not, regulators have caught onto the continued demand for consumers to control how their data is collected and used. For example, the European Union (EU)'s General Data Protection Regulation (GDPR) establishes guidelines for the collection and processing of data about individuals who reside in the EU. Under the GDPR, website visitors must be notified about what data the site collects and explicitly consent to it. The California Consumer Privacy Act (CCPA) establishes similar guidelines about the PII gathered from citizens of the state of California.

The Seven Principles of GDPR

The second chapter of the GDPR lists seven principles related to the proper use of individual data. The full text can be read on the European Commission's website; a summary follows. It is understood that these principles inform the spirit by which organizations should collect, process, and use individual data:

1. Data must be processed *lawfully and transparently*. There must be straightforward, informed consent.
2. The data must be collected for *specific and defined* purposes, and the organization must explain those purposes to affected individuals.
3. Only personal data that is necessary to fulfill that purpose should be processed; the rest should be deleted. This is known as *data minimization*.
4. Data should be kept *accurate* and up to date.
5. Data that is collected and stored must be used in ways that are *compatible* with the original purpose.
6. Personal data is stored for no longer than necessary to fulfill its original purpose. This is known as *storage limitation*.
7. The organization must implement safeguards to keep data secure. This is known as the data's *integrity and confidentiality*.

The Four Elements of a CDP

Earlier technologies like CRMs and DMPs still have their place in the marketing stack. But from an explosion in the variety, volume, and velocity of data to the demand for personalized, omnichannel experiences to the end of browser cookies and the need for transparently collected and reliably cleaned PII, many organizations need a new system for building customer-centric marketing.

Marketing technology consultant David Raab developed the concept of a customer data platform (CDP) over a series of blog posts in 2013 and later went on to found the vendor-neutral CDP Institute, also developing the first definition of the term. By 2020, the CDP Institute identified 133 CDP vendors and estimated annual industry revenue at $1.3 billion. While it's clear that it's a nascent, growing marketing technology segment, there's still an emerging consensus about what constitutes a CDP. After all, this chapter mentioned earlier that a CDP should augment rather than replace older technologies like a CRM.

What this does *not* mean is that a CRM and CDP are interchangeable, and marketers should be able to delineate the two. This hasn't always been clear: for example, Salesforce executives Martin Kihn and Christopher O'Hara memorably recall in their 2020 book *Customer Data Platforms* that in one survey, 62% of marketing technology professionals reported using Salesforce's CDP before the company had one on the market.[2]

As a young technology, best practices in adoption and implementation of a CDP are forming. You will learn more about them in Chapter 4. For now, let's focus on what is essential from a CDP to meet the requirements for modern, customer-centric marketing, as discussed earlier in the chapter. The research and advisory firm Gartner has identified four such facets that a technology must feature to function as a CDP: data collection, profile unification, segmentation, and activation.

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[2] Martin Kihn and Christopher O'Hara, *Customer Data Platforms* (Hoboken, NJ: Wiley, 2020).

Data Collection

Earlier sections of this chapter discussed the wide variety of devices and channels with which customers and brands engage. CDPs must not only be able to capture this data, but process and serve it quickly to account for its velocity. Chapter 4 will touch on some of the technologies needed to accommodate for this, such as Hadoop clusters and application programming interfaces (APIs).

Profile Unification

A CDP must also integrate this disparate data into a "golden record" or "single source of truth" for each customer, based on their PII. The basic task of profile unification is illustrated in Figure 3-5. Notice that in this example, two different email addresses are provided. A CDP must be able to integrate this divergent, even possibly conflicting, customer data.

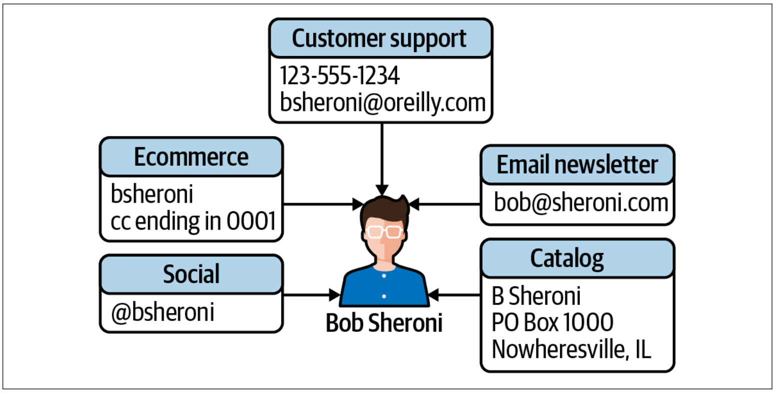
Customer support
123-555-1234
bsheroni@oreilly.com
Ecommerce
bsheroni
cc ending in 0001
Email newsletter
bob@sheroni.com
Social
@bsheroni
Catalog
B Sheroni
PO Box 1000
Nowheresville, IL
Bob Sheroni

Figure 3-5. Profile unification

Profile unification is logistically and computationally demanding. A CDP which unifies this data based on exact matches alone risks discarding huge numbers of customer profiles. Many CDPs use sophisticated statistical models to match disparate pieces of PII based on probabilistic evidence.

Identity Resolution

An earlier note in this chapter explained the difference between deterministic and probabilistic methods in CDIM. *Identity resolution* more generally is used to integrate identifiers from all devices, platforms, and channels to create a unified customer profile. Research advisory Forrester defines identity resolution as "the process of integrating identifiers across available touchpoints and devices with behavior, transaction, and contextual information into a cohesive and addressable consumer profile for marketing analysis, orchestration, and delivery." Similarly to CDIM, deterministic or probabilistic methods can be used in the process of identity resolution.

Segmentation

Customer segmentation is nothing new: in Chapter 2 you learned how database marketers wrote SQL queries to identify segments based on response to previous emails. The CDP serves to unify and simplify how marketers perform this segmentation. With all customer data integrated into a customer-level record, segments can be defined using information ranging from media engagement to purchase data to call center interaction data.

Activation

Finally, the CDP should facilitate driving customers to action through brand interaction. Done right, this goes far beyond the targeted advertisements of DMPs: customers should be driven to action by an omnichannel, cross-journey experience. For example, CDP activation looks like ecommerce showing users different offerings based on their last in-store or online purchases. Or it could be a call center and social media representatives using a particular script based on the identified needs of the customer's segment.

CDPs and Customer-Centric Marketing

The CDP Institute reported that the number of CDP vendors increased by 35% in 2020. How can marketers navigate this landscape? Gartner's four facets offer one framework for evaluating whether a technology meets the requirements to serve as a CDP. But still, these features merely constitute the *means* of what a CDP does. Its ultimate end is to break down traditional marketing silos and establish customer-centric marketing.

Consumers today are looking for contextually relevant and highly personalized engagement across all touchpoints and channels. They are willing to have trusted brands work with their data in exchange for these experiences, so long as it is done transparently. Ultimately, the CDP offers a marked shift from “interruption marketing to “permission marketing.”

The technological benefits of a CDP are one thing. But how do you actually implement this tool in your organization so that it’s used successfully? To go further, how do you measure that success? In Chapter 4, you will learn about the people, processes, and technologies required to adopt a CDP and how to evaluate it. Then in Chapter 5, you will assess your organization’s marketing maturity and the marketing technology right for you.

CHAPTER 4

CDP Implementation: Aligning People, Processes, and Tools

Have you ever heard the expression "Everyone is now a marketer"? There's some truth to this saying, at least as it relates to CDP implementation: to be successful means aligning values and incentives across teams, from the C-suite to frontline staff. CDPs also rely on cutting-edge technologies and business processes, which often deviate from traditional practices.

In Chapter 3, you learned about the new demands for creating customer-centric marketing and the opportunity for brands to do so with a CDP. But no technology implementation is just about technology: it takes an alignment of people, processes, and tools. Organizations overlook this distinction at their peril: a survey of over 1,700 C-suite executives collected by consultancy McKinsey found that integration of advanced technologies stands a 45% chance of delivering less profit than expected, while the likelihood of surpassing profit expectations stands at just 10%. In this chapter, you'll see how to ensure a successful CDP adoption and how to measure that success.

Aligning the C-Suite

Traditionally, the adoption of a new marketing technology rested with IT and, of course, marketing. A CDP adoption and subsequent shift of marketing to a customer-centric approach, however, needs organization-wide recognition, which even touches the C-suite. If a company has decided it wants to be customer-first, a CDP implementation works best if it's a top-down directive where all stakeholders involved with customer data agree it's important.

Even leaders of areas who ultimately won't use the CDP, such as human resources or finance, should be informed early that a CDP will be implemented and how it will be evaluated. As you'll see later in this chapter, some traditional key performance indicators (KPIs) for marketing are no longer the right fit for a CDP-equipped organization, so transparency is required to make the change.

The C-suite may also not just need to be aligned but augmented to successfully adopt a CDP. For example, a leader such as a chief experience officer or chief customer officer may be needed to oversee and coordinate not just the CDP but customer-centric marketing as a whole. In fact, Gartner has reported that 90% of organizations now have some C-level role equivalent to a chief experience officer or chief customer officer.

Establishing Ownership: Marketing, IT, and Analytics

Previous marketing technologies took advanced technical abilities such as manually writing database queries to create and extract segments. This was often performed with the support of IT by marketing researchers. By contrast, a CDP is built to lower the barrier to entry for powering data-driven marketing and personalization. So what role does IT play in the CDP as opposed to marketing?

Typically, a marketing department holds the budget for a CDP as its primary user. This is not to say that IT, as an organization's typical standard-bearer for the collection and processing of data, does not play a part in its implementation. IT must be informed and buy into the benefits of a CDP for the same reasons as the C-suite: customer-first marketing is an organization-wide shift.

Logistically, a CDP's features such as integration of PII and activation across channels mean less technical intervention by IT. These tasks might have been extremely time-consuming or even impossible for the savviest engineers to conduct. Perhaps, paradoxically, it is with this burden of tedious technical work lifted that IT may be needed more than before to partner closely with marketing: to deliver a customer-first experience across the brand.

Many customer-centric organizations adopt cross-functional teams structured around the customer journey, combining resources and talent across the organization to optimize each part of that journey. These teams include not just professionals from marketing or IT, but also those from analytics and data science to help measure and monitor the team's efforts. Organizing cross-functional teams ensures that objectives are shared across functions and that all efforts are ultimately for the sake of the customer.

CDP Project Roles

While broad buy-in is necessary, some roles will play a more active part in a CDP's implementation. The CMO should provide overall leadership and project prioritization and define what success looks like. The CIO also provides leadership for integrating systems and lending support where needed.

Because the CDP is a product of the digital world, marketing leaders in ecommerce, content marketing, or email are likely to be more active in the rollout than others. Finally, a CDP implementation takes heavy involvement from engineers to integrate and map the manifold data sources. This may also affect the architecture of digital offerings like websites and mobile applications, so those product leaders should expect to be involved.

Aligning Frontline Staff

Delivering a customer-first experience requires alignment across the organization, from the C-suite to frontline staff. Advisory firm Gallup has found that nearly 85% of employees worldwide are not engaged at work. This disengagement is especially frequent among frontline staff, who often hear about organization initiatives last or not at all; frontline software firm Yoobic found that 34% of frontline workers felt disconnected from HQ.

Frontline staff must be actively trained and encouraged to provide personalized customer experiences; their incentives must be aligned with this mission. For example, instead of seeing a customer complete a transaction online rather than in-store as a loss to their store's earnings or commissions, frontline staff must be encouraged and rewarded for sharing this capability to interested customers. Ultimately, this approach should be designed to benefit both the customer and the organization at large, not just a siloed individual or team staff.

Use of the same data at the frontline as in the rest of the organization means a consistent delivery of experiences, a primary aim of omnichannel marketing. Moosejaw, featured in Chapter 1, provides an excellent example of empowering frontline staff to provide a personalized, omnichannel experience to customers.

What Powers a CDP and Why Does It Matter?

In Chapter 2, you learned about the relational database and the data warehouse as foundational information architectures for database marketing and other early digital direct marketing efforts. The CDP also relies on some core technologies, such as data lakes and APIs. MLOps and continuous AI integration are also used to coordinate the real-time collection of data and delivery of digital experiences to customers.

Data lakes

Data warehouses collect and process data in predefined and prestructured form at regular intervals. By contrast, a data lake takes data as is, from any possible source, in either a batch or streaming process. This structure accommodates that variety and velocity of modern customer data as detailed in Chapter 2. But a data lake in itself is not a CDP, as it is primarily an infrastructure for collecting and storing data. It does not perform the four tasks defined by Gartner as constituting a CDP: data collection, profile unification, segmentation, and activation. The data lake is best seen as a complementary or supporting technology to a CDP.

APIs

Creating an omnichannel experience requires quick and flexible transfer of data across channels and devices: in-store data must be available for email campaigns, social media, call centers, and so forth. An API can be used to standardize and facilitate this sending and receiving of data across platforms and devices. APIs provide a standard set of protocols for end users to *request* data. This request is taken by the API to backend data sources, and a *response* is then delivered. CDPs typically use this technology to orchestrate the many data sources and endpoints involved in its production. Figure 4-1 shows how an API works.

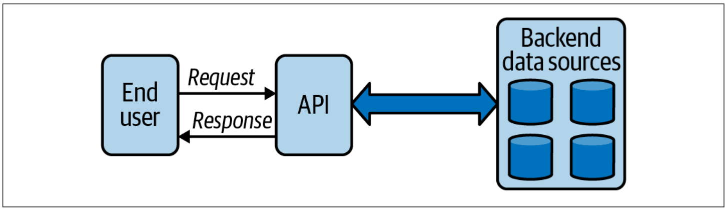

Figure 4-1. How an API works

MLOps

In traditional database marketing, developers wrote static database queries to define segments, then manually implemented them into campaigns. With a CDP, data is used across channels to create personalized experiences based on recent or even real-time data. Rather than draw segments from predefined rules, a CDP can use machine learning to deploy algorithms that improve segmentation and personalization over time without being explicitly programmed to do so. This is a less discrete product life cycle for campaign and personalization management than static database queries. The field of ModelOps or MLOps has taken shape to monitor and deploy these algorithms.

Measuring CDP Success

In Chapter 2, among other approaches, you learned about mass marketing and DMPs. While the latter is a direct marketing tactic, it shares with mass marketing an emphasis on filling the top of the traditional sales funnel with a large quantity of potential customers. With this goal, reach and impressions have historically been a primary marketing metric, as converting a large number of new leads was a primary objective. Marketers would spend exorbitant amounts on digital advertising to acquire new customers, and maybe that customer would come and convert and buy once and you'd never see them again. The marketers would then have to spend more money on digital advertising to acquire a new customer. You're always feeding the top of that funnel.

By contrast, a goal of the CDP is to predict and deliver on what customers are looking for in a brand over their lifetimes, not just at the awareness stage. That means different KPIs are needed to measure a CDP's success. Organizations have long known that retaining, upselling, and cross-selling current customers is the quickest way to increase the top line, but they may not have had effective ways to deliver on this strategy in a digital context. The CDP gives marketers the tool to do this in a way that other marketing systems have not. That makes customer lifetime value an important metric to track for the CDP-enabled organization. Related revenue-based metrics include average order value and return on ad spend: again, the organization is focused less on attracting the largest base of potential customers and more on helping existing ones. The real value of the CDP is not just acquisition but loyalty and retention.

An organization's operational efficiencies should also improve under a CDP, as marketing, IT, and analytics professionals spend less time writing time-consuming database queries and more monitoring AI-powered customer experiences in real time. The time to launch campaigns and related initiatives, then, should fall dramatically under a CDP. Marketers and other customer analysts are able to spend more time analyzing and acting on the data than on processing and preparing it. When reports are accessible across your organization, or even sent automatically, you can do a lot of things much more quickly.

Moreover, because the CDP has integrated customer data collection, processing, and implementation in one infrastructure, total IT spending may even fall as fewer niche marketing tools are needed.

In this chapter, you learned how to align people, processes, and tools to ensure a CDP is implemented successfully—given the organization is at a sufficient maturity level, which will be defined in Chapter 5. Chapter 6 offers some final takeaways and recommendations for providing a unified customer experience.

CHAPTER 5

Where Are You in Data-Driven Marketing Maturity?

Do you feel that your marketing efforts are disconnected? Perhaps you move from one email campaign to the next, not incorporating these results into a unified experience. Maybe you serve a targeted ad on social media and see decent conversion, but you fail to provide matching offers to that customer across different channels. These scenarios reflect early stages on the path to data-driven marketing maturity; here you will learn how to move from providing touchpoints, then to journeys, then finally to experiences.

This report is about helping your organization become more customer-centric in its marketing, primarily through the adoption of CDPs. CDPs give marketers a direct line of sight into their data so they can see how their customers' behaviors are changing in real time and adjust their strategies to keep them engaged. When data is scattered between multiple systems without a central source of truth, it often leads to disjointed, repeated, or confusing brand interactions. Those brands that aren't making the most of this data to target and engage different segments of their audience will miss the mark and frustrate potential customers.

Chapter 3 discussed the role of the CDP in collecting and deploying data to enable personalized customer experiences. In this chapter, an explanation is provided as to why customer-centric marketing is necessarily data-driven marketing.

Customer-Driven Means Data-Driven

The Preface reported that a Salesforce survey found that 66% of consumers now expect companies to understand their needs and expectations. Meeting this expectation can only be done by gathering customer data across touchpoints and activating it when and where customers demand. This delivery is difficult or impossible to do when marketing systems, teams, and channels are not sharing information. And customers notice: the same Salesforce survey found that while 76% of customers expect consistent interactions across departments, 54% feel that sales, service, and marketing teams don't share information.

Not only are customers spending more time online, but they're also engaging with more digital channels. Therefore, organizations are gathering more data on customer preferences and activities. Consumers expect brands to use this data in smart ways to provide frictionless experiences. The customer data platform is the key to unifying that data, personalizing the customer journey, and delivering on customer expectations.

To personalize each customer's experience so that marketing is no longer campaign-driven but customer-driven means to unify and align customer data in delivering that experience. Like any fundamental organization shift, the adoption of customer-centric marketing takes a realignment of various elements in an organization over time. A data-driven marketing maturity model serves as a guide and benchmark in this journey.

Data-Driven Maturity Model

According to software development author and speaker Martin Fowler, a maturity model is a "tool that helps people assess the current effectiveness of a person or group and supports figuring out what capabilities they need to acquire next in order to improve their performance." Table 5-1 provides three stages of an organization's use of data in delivering a personalized customer experience.

Table 5-1. Three stages of marketing maturity assessed using people, processes, tools, and channels

Category	Stage 1 Touchpoints	Stage 2 Journeys	Stage 3 Experiences
People	Technical experts needed to collect and use data	Marketing team has greater autonomy to work with data with relatively less technical expertise needed	Cross-functional teams across IT, marketing, and analytics with various expertise levels
Processes	Manual extracts to email, single-channel	Data can be circulated across channels using automation and pseudonymous customer details	Customer-specific data rapidly processed and combined with AI for micro-targeted and customer-specific offers
Tools	Database marketing, relational databases, data warehouse	Customer relationship management, data management platform	Customer data platform, APIs, data lake
Channel engagement	Single	Multi	Omni

This maturity is assessed using four facets:

People
: Who is able to use data in crafting the customer experience? What level of expertise is needed to do so?

Tools
: What information technology systems are used to collect customer data?

Processes
: How are experiences delivered to customers, and to what extent are they personalized?

Channels
: By which channels are personalized experiences delivered to customers, and to what extent are they integrated?

A fuller profile of each maturity stage follows:

Stage 1: Touchpoints
: At this stage of data-driven marketing maturity, the focus is largely on individual touchpoints. Campaigns are planned in discrete monthly or quarterly increments and executed one at a time.

  Chapter 2 discussed some of the earlier technologies used to segment customers, such as writing SQL queries from relational databases. This is a time-consuming process that takes a fair amount of technical expertise. By writing a rules-based program using conditional logic or similar techniques, broad segments are created based on past behavior, demographics, and so forth.

Single-channel activation is the norm in this stage, often through email. While a customer may get a somewhat tailored offer in their inbox, it's unlikely that store or call center representatives have that data to unify the customer experience. Due to this lack of integration, a customer may even purchase an item in the store one day, only to find an email with an offer for that product the next.

Stage 2: Journeys

In this stage, marketers have greater data-backed ability to determine where in the funnel or journey a customer is and then match with the right offer or message. For example, in-store and online data may be synchronized to an elementary degree so that a customer isn't served with an email for a product they just purchased.

This is part of a wider marketing integration and automation: for example, a website may suggest customer add-on items that have traditionally sold with what's in the customer's shopping cart. Using these tools makes it quicker and easier to establish more targeted customer segments and provide them offers across various channels. With data from various sources stored in a data warehouse or a data lake and presented to end users in dashboards and business intelligence (BI) platforms, the barrier to delivering data-driven marketing is lowered.

Customer engagement at this channel may be multichannel while perhaps not omnichannel; this is especially so at the advertising and acquisition points of the customer journey. For example, the use of cookies and data management platforms, as reviewed in Chapter 2, let the same ad be shown to customers on both social media and email.

This is conducted, however, with possibly pseudonymous data. True customer-level data is not available to provide a more integrated customer journey. For example, customers may not be able to begin a purchase via one channel and complete it using another; buy-online and pickup-in-store are common applications here.

Stage 3: Experiences

At this stage, customer data has been unified into a single profile. Due to the complexity of reconciling customer data, the organization has invested heavily in technology (such as adopting a CDP) and has restructured to support the use of this data. For example, rather than work in discrete departments, cross-functional teams are constructed to optimize each touchpoint of the customer experience at this stage.

With this integrated profile that can handle the volume, variety, and velocity of customer data, organizations at this stage can deliver the right message or offer in real time, often using machine learning and artificial intelligence. Rather than predefined, rules-based segments, wholly personalized experiences can be offered to customers.

For example, an organization could offer a product that predicts when a customer is out of their product, and send recommendations to the customer on what to buy now and what will be needed soon. This takes a confluence of data sources such as customer order history, surveys, and perhaps even embedded device data, along with statistical methods or algorithms to predict inventory and deliver messages at the right time and place.

Products like this move the customer experience from multichannel to omnichannel. Regardless of the stage of the journey or channels engaged in, customers can expect a seamless, personalized experience. This experience is supported by an alignment of the organization's people, processes, and tools.

Now it's your turn to profile your organization's maturity in using data to deliver personalized experiences. Take a look back at Table 5-1: which stage does your organization most resemble along each of the four facets? Wherever it is, keep in mind that Martin Fowler's definition of a maturity model, introduced earlier in this chapter, requires that one help organizations figure out "what capabilities they need to acquire next in order to improve their performance."

If your organization can deliver unique customer experiences using the people, processes, tools, and channels detailed in Stage 2 (or Stage 3, if it hasn't already), it is best suited to adopt a CDP. Chapter 4 discusses that implementation in further detail.

CHAPTER 6

Takeaways and Conclusion

While Chapter 4 discussed how to align people, processes, and tools for a successful CDP implementation, you learned in Chapter 5 that not all organizations have reached a sufficient level of marketing maturity to benefit from a CDP. This final chapter of the report starts with recommendations for advancing toward a more data-driven, customer-first marketing strategy—regardless of maturity or technology used. It closes with a brief overview of what you've learned and where to go from here.

Achieving a Unified Customer Experience: Recommendations

As has been stressed throughout the report, a change in marketing is more than just a change in technology. A successful move to a unified customer experience takes strong cultural realignments. This section offers recommendations for providing more customer-centered marketing, regardless of current data-driven marketing maturity:

Adopt an agile mindset

Chapter 4 briefly discussed MLOps as a practice of continuously deploying, integrating, and adapting machine learning algorithms to power customer personalization. This field borrows heavily from the agile software development framework, which was popularized by the 2001 *Manifesto for Agile Software Development*. Agile software development emphasizes collaboration between cross-functional teams and continuous product improvement and iteration. This is to be contrasted with traditional, so-called *waterfall* software development, where software is built and delivered in discrete stages of the life cycle with little iteration.

While agile can be used in any implementation or project, adapting a CDP is especially suited to the practice. As mentioned in Chapter 4, it's best to operate cross-functionally across IT, marketing, and analytics to deliver a unified customer experience. And while a CDP is designed to integrate any type of customer data, agile practices suggest starting small and iterating. It's constantly iterative.

The key here is not to try to boil the ocean. Even if you start with only a few data sources, there's still a lot of value in your CDP. You can then add data sources as you grow and evolve the program. You might think of it as a "crawl-walk-run" approach. You can use Agile methods to iterate and constantly improve on delivering a unified customer experience through your processes and tools:

Adopt a culture of data literacy

For reasons explained in Chapter 5, customer-first marketing must necessarily be data-driven marketing. Individuals across the organization must be comfortable collecting, analyzing, and reporting on data to drive customer experiences. But many may be wary of these tasks: a 2020 report from consultancy Accenture and software company Qlik found that only 21% of employees report feeling confident in their data literacy skills.

Establishing formalized analytics training programs and communities of practice for all roles and levels serves to promote and institutionalize data literacy in an organization. With this shared knowledge basis, cross-functional teams are better able to use data together to deliver superior customer experiences. This article in *McKinsey Quarterly* illustrates examples of organizations who have benefited from establishing an "analytics academy" to help educate and prepare individuals across the workforce for AI-infused marketing analytics and personalization.

Build a culture of experimentation

As organizations advance their data-driven marketing maturity, they tend to move from monolithic, single-channel campaigns to microtargeted, omnichannel ones. In the same spirit of agile development, leaders must be comfortable with releasing minimally viable marketing offerings into production and iterating over time given resources and needs. At the same time, a faster learning rate means a faster failure rate, so culturally the organization should be comfortable with these advantages and disadvantages of business experimentation. Data-driven marketing maturity also means that data is no longer left to the experts, so decisions can no longer be left to the "highest-paid person's opinion." Everyone in the organization should feel empowered to speak freely and make their case through data and experimentation.

Communicate directly with customers

When it comes to marketing campaigns, experimentation can only work with rapid and frequent feedback from customers. This feedback can be both quantitative and qualitative, in the form of customer satisfaction, product surveys, and more. User testing tools can also validate and gather early data on new features.

Regardless of the instrument's use, customer-first organizations must make it easy for customers to get in touch. This means making it easy to find resources such as a contact page, frequently asked questions, or a telephone number to call. Many organizations have begun to use chat or chatbot features to lower the barrier and cost of providing quick customer communication touchpoints.

Augment customer communication with artificial intelligence

As in the use of chatbots, being customer-centric doesn't necessarily mean providing human interaction at every touchpoint. Artificial intelligence can be used as a frictionless medium to handle common customer service procedures or gather information about a case before passing it to a human representative. Customer experience consultancy Servion predicts that by 2025, three quarters of customer service interactions will be driven by AI-powered tools like chatbots and voice command.

Emphasize retention

Chapter 4 pointed out that when an organization adopts a CDP, its marketing metrics should emphasize long-term retention

> over onetime conversions. This approach can be followed by any organization looking to put the customer experience first.
>
> The late Tony Hsieh, CEO of Zappos, offered a master class here. The online shoe retailer famously placed no time limits on how long call center representatives spend with customers. The company even posted on its blog details about a phone call that lasted over 10 hours. In a video included with the post, Zappos employee Steven Weinstein explained that while the sale was completed quickly on the call, he stayed on the line to speak with the customer about everything from food to travel.
>
> To many organizations, the call center is an expense to be minimized and outsourced. A 10-hour phone call would have no place in this environment. Writing in *Harvard Business Review*, Hsieh explained the unique Zappos policy like this: "A lot of people may think it's strange that an internet company would be so focused on the telephone, when only about 5% of our sales happen by phone. But we've found that on average, our customers telephone us at least once at some point, and if we handle the call well, we have an opportunity to create an emotional impact and a lasting memory."
>
> Hsieh understood that in an omnichannel context, each customer has their own journey. While long sales calls with customers may be expensive, they are relative to the high cost of constantly acquiring and converting short-lived leads. Continuing on this strategy, Hsieh wrote: "Our philosophy has been that most of the money we might ordinarily have spent on advertising should be invested in customer service, so that our customers will do the marketing for us through word of mouth."
>
> It's well known that retaining a customer is less expensive and more beneficial than landing a new one. Consider how you can align your marketing strategies and metrics around that truism.

Direct response marketing has come a long way since the same Sears, Roebuck and Company catalog landed on every doorstep. Powered by a proliferation in devices and channels, today's consumers interact with brands in unique ways—and expect brands to offer personalized experiences based on those touchpoints. Earlier marketing technologies, like customer relationship management and digital marketing platform systems, tended to focus on specific engagement points and channels, often at the customer acquisition and conversion stages. While still valuable technologies, the customer data platform adds to the marketing stack by unifying customer data across platforms and touchpoints. This aids in personalization of experiences, and ultimately, retention.

Regardless of the tools used, however, every organization must chart its course on the road toward being customer first. By assessing your organization's current maturity in Chapter 5 and adopting the practices listed in Chapter 6, you will be on your way to designing a customer-first organization.

About the Authors

George Mount is the founder and CEO of Stringfest Analytics, a consulting firm specializing in analytics education. He has worked with leading bootcamps, learning platforms, and practice organizations to help individuals excel at analytics. He speaks regularly on the topic, blogs about it at *stringfestanalytics.com*, and is the author of *Advancing into Analytics* (O'Reilly, 2021).

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Lynne Capozzi is Acquia's chief marketing officer. She oversees all global marketing functions including digital marketing, demand generation, operations, regional and field marketing, customer and partner marketing, events, vertical strategy, analyst relations, and content and corporate communications.

Lynne is one of Acquia's boomerang stories, first serving as Acquia CMO in 2009. Lynne left Acquia in 2011 to pursue her nonprofit work full-time. She returned to Acquia in late 2016 to lead the marketing organization into its next stage of growth.

Prior to her experience at Acquia, Lynne held various marketing leadership roles in the technology space. She served as CMO at JackBe, an enterprise mashup software company for real-time intelligence applications that was acquired by Software AG. Before that, Lynne was CMO at Systinet, which was acquired by Mercury Interactive. Prior to that, Lynne was a VP at Lotus Development, which was later acquired by IBM.

Outside of her work at Acquia, Lynne is on the board of directors at the Boston Children's Hospital Trust and runs a nonprofit through the hospital.

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