

# A CUSTOMER DATA PLATFORM IS THE CORE OF A MULTICHANNEL MARKETING HUB



## INTRODUCTION

Are marketers absurd? They keep buying more software even though they're not making full use of the systems they already have. There are over 8,000 marketing tools available today.

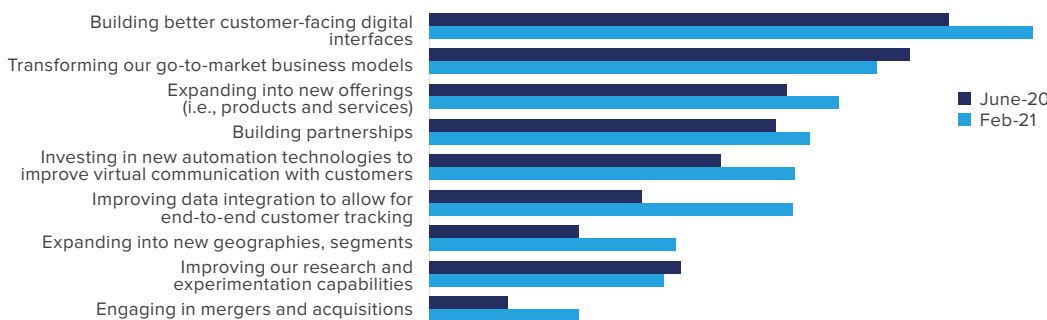
The obsession that's driving marketers' purchases is a healthy one: striving to deliver the best possible experience to their customers. In fact, one of the hottest categories right now is multichannel marketing hubs, exactly because marketers hope that unifying their technology stack will make it easier to deliver cohesive customer experiences. But savvy marketers know that even the shiniest new system won't necessarily solve their problems. So they rightly ask the next logical question: how can you ensure whatever technology you buy really delivers on its promises?

We believe an important part of the answer is to pair their unified marketing hub with unified customer data. Without a steady source of quality data, even the best marketing hub will sputter and fail like an engine that's run out of fuel. If maintaining the flow of that data relies on a jury-rigged combination of disparate systems, it won't be sustainable in the long run. So a smoothly functioning customer data platform (CDP) is essential to every marketing hub.

If that all makes sense to you, just skip the next two sections and read our advice on what to look for in a CDP. If you need just a bit more evidence, consider this: The CMO Survey from Duke University Fuqua School of Business found that building customer-facing systems received more new resources than any other marketing activity during the past year and improved customer data integration was the fastest-growing activity.

Still not convinced? Then please read on.

Considering marketing opportunities, what activities have you shifted resources to during the pandemic? (check all that apply)



The CMO Survey, February 2021, Duke University Fuqua School of Business

## REPORT AUTHORED BY THE CDP INSTITUTE

### Take-aways:

- Unified marketing hubs need a predictable source of quality data
- The CDP acts as this source
- Putting the CDP at the center of the marketing hub helps marketers deliver coordinated, consistent and optimal messages to each customer

## TRADITIONAL MARKETING HUBS: PROMISE AND REALITY

It's no longer news that today's customers want a seamless, convenient, cross-channel brand experience. While that experience includes much more than marketing messages, it's still true that poor marketing can damage the overall relationship.

But what, exactly, constitutes poor marketing? Too-frequent messages are high on the list, along with irrelevant and impersonal content. Less intuitive to many marketers is the fine line between personalizing product recommendations and bothering their customers with suggestions based on data they didn't necessarily choose to share. On the other hand, personalized discounts and special offers are most welcome, especially when they're delivered in the customer's channel of choice. So is anything that improves the purchase experience itself, such as better search, faster ordering, free shipping, flexible delivery and pickup options, and easy returns.

While marketers may share the responsibility of the actual purchase experience with the e-commerce or IT teams, they control how that experience is described in their messaging. This is where a more subtle, benefits-oriented personalization creeps back into their agenda: just as it was always important to know which products each customer would find most attractive, it's now important to know which aspects of the service experience they'll find most appealing. It's really no different from the "right offer to the right customer at the right time" mantra they've always chanted, except the "offer" extends to more dimensions than product and price.

This is where the traditional multichannel marketing hub returns to the spotlight. The promise of that hub was always to identify the best personalized message for each customer and to deliver it in the best channel at the right time. While the contents of the message may be a bit different than originally intended, the mechanics of delivering it are the same. In particular, the hub needs to provide tools for marketers to create their messages, match the right message with each customer and orchestrate delivery of those messages across channels.

**The process is inherently centralized: the whole point of the marketing hub is for the same system to define and select messages for all channels so each customer receives a coordinated, consistent and optimized treatment.** In a world moving toward everything being custom, where each person wants to choose their own path and have their own unique life experiences, there is an implicit demand for brands to meet this expectation. Thus, marketing hubs need to be centralized and have an architecture that's open, flexible, connected and fast to meet the expectations of both marketers and customers.

Sadly, this is also where many marketing hubs fall short. Some are really single-channel systems, often with roots in email marketing, that have expanded a bit but still don't cover the full set of marketing and advertising channels. Others have grown by acquisition, expanding the range of channels they support but remaining essentially separate products. Technically, this means each has its own customer database, which in most cases will contain only a partial view of each individual. There may or may not be a shared customer ID that enables the systems to synchronize their data. Each component is also likely to have its own segmentation, campaign definition and content creation tools. Defining campaigns that truly integrate customer experiences across all channels is virtually impossible in this situation.

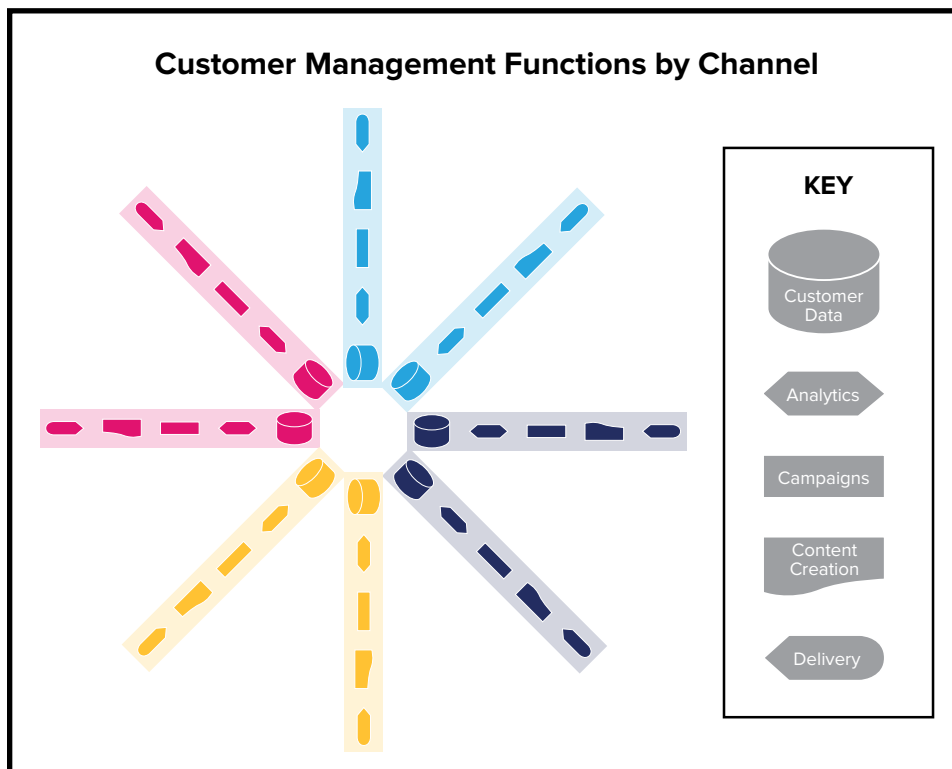
To put it more bluntly: a multichannel marketing hub is only as good as the unified customer database that powers it.



## UNIFICATION IS THE KEY

It's clear that a collection of self-contained, disconnected systems is extremely difficult to synchronize. It's also clear that a single system that provides all functions will be inherently coordinated. But many companies shy away from doing everything in one system, concerned about vendor lock-in and worried that some portions of the system may not fully meet their needs. These companies look for a middle ground where some functions are unified but others remain separate. This raises the question: which functions should be combined?

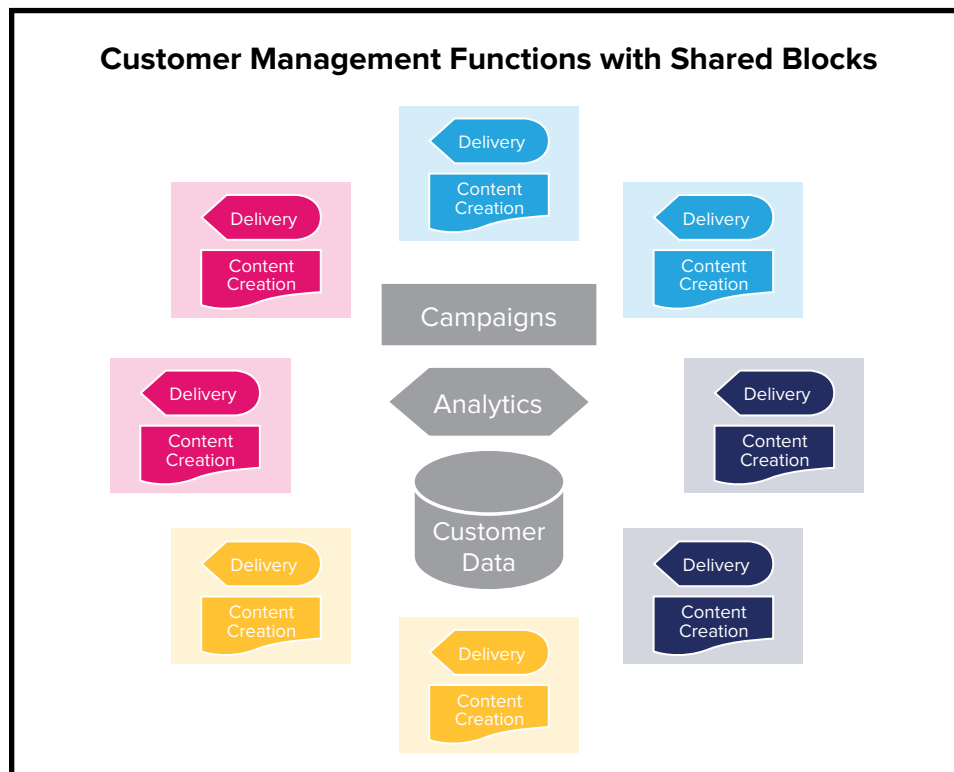
One way to address this question is to imagine the customer management functions as a sequence of tasks. These include customer data management, analytics, campaigns (including campaign design, individual-level message selection and orchestration), content creation and message delivery.



Each task might be handled separately for each channel or in a single system shared by all channels. A reasonable set of choices would be:

- Customer data should be assembled in a shared, unified customer database or platform (CDP). This ensures that marketing applications are all using the same data and enables the company to concentrate its efforts on making the shared database as complete and current as possible.
- Analytical functions may be divided among different analytical systems for response prediction, segmentation, product recommendations and so on. But any given function should be performed just once with the results shared across all channels. This means analytical systems should be shared, not separate for each delivery system.
- Campaign orchestration is inherently centralized, since its purpose is to coordinate customer treatments across channels and over time. This requires a unified customer view and message selection logic. Where the central orchestration system ends and the individual delivery systems begin is not entirely clear, since some functions could be handled in either place.
- Content creation is channel-specific and tied tightly to delivery systems. Orchestration may require a global catalog of all available content in the form of a content repository tied in with a content management system. Ideally there should be no-code or low-code authoring tools available and role-based access management to aid the content creation and custom curation process for each channel.
- Delivery systems are inherently decentralized, since each channel has its own requirements. These requirements can be very demanding, especially at high volumes, so it's often important to have a “best of breed” delivery system for each channel.

This creates a modest number of building blocks: one customer data system, one orchestration system, several analytical systems and several content creation-plus-delivery combinations.



The next question is which (if any) of these building blocks should be part of the same system, and which should remain separate. These choices are guided by two principles:

- Integration is still hard. Modern, API- and services-based architectures and fleets of prebuilt connectors make it easier to connect different systems than it used to be. This approach does provide a set of digital services that can be assembled and delivered quickly and easily. But almost any company will need to configure and maintain custom connectors over time. While unified systems also need maintenance, it's fair to assume that managing one unified system is less work than maintaining connections among several separate systems, especially if the single system is designed to be architecturally composable.
- Functions that share many data elements and processes are the best candidates for combination. These will require the most work to connect and adjust as changes occur. They will also have the highest overlap in user interface features, creating the greatest redundancy and potential confusion as users switch between systems to perform different tasks on the same data or to adjust different elements of the same process.

One way to assess these connections is to follow the core process of selecting customer messages. This begins with customer data, used to select an audience or read a single customer profile. The data is then analyzed to define segments and build predictive models. These either feed data back into the CDP or push results directly into an orchestration engine that determines which customers receive which messages. The messages, including both customer data and content, are then sent to delivery systems for execution. Responses to messages feed back into the CDP, closing the loop.

Let's start with delivery channels and work backwards through this process, looking at how each of the major components connects to the others.

## Delivery channels

There are multiple delivery channels (email, social, direct mail, etc.), each with its own collection of channel-specific content. So it makes sense for delivery and content systems in each channel to be closely linked or entirely integrated, but for the channels themselves to remain separate.

## Content

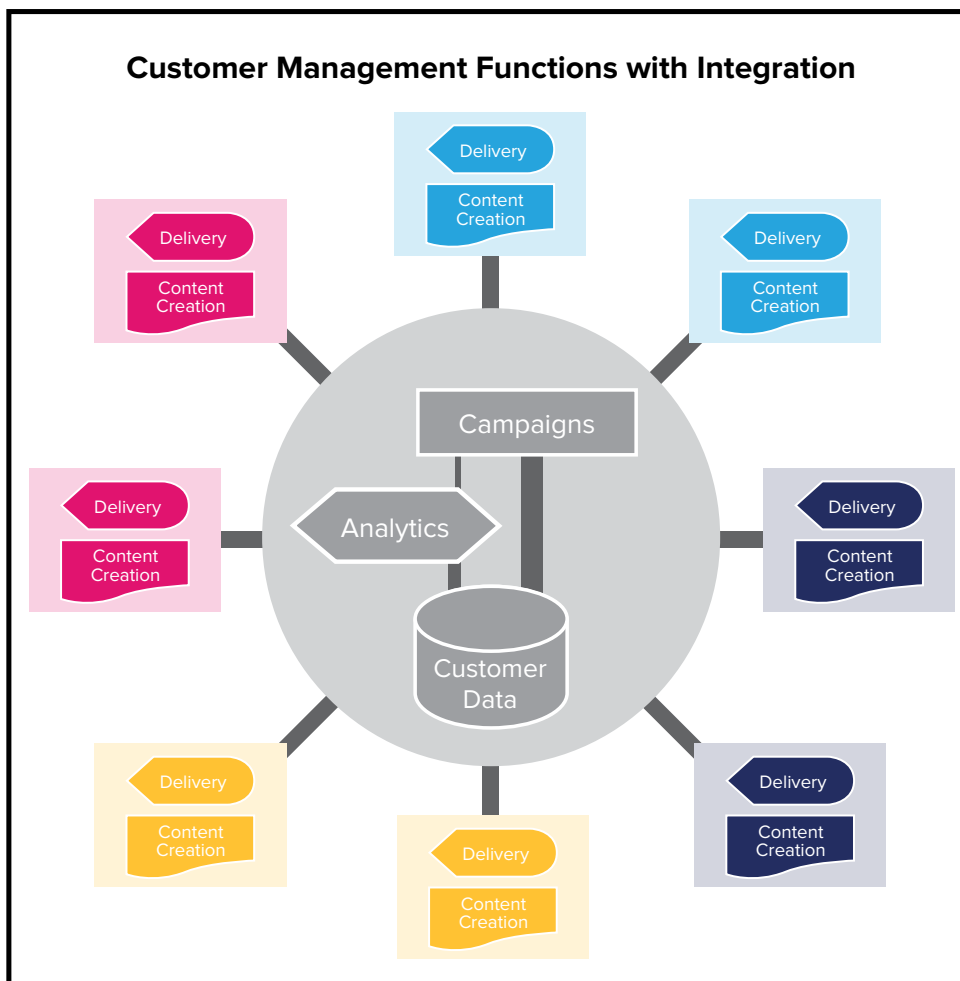
Each delivery system is connected to a shared campaign orchestration system. This is a limited connection: the orchestration system simply sends the customer data needed for message delivery. This data includes a delivery address, such as email address or phone number, and may be supplemented with personalization data, such as name and segment. It also needs to have a connection to content, which might be the actual content itself or an indicator that tells the delivery system how to find the content it needs. The large number of limited connections suggests the orchestration system can reasonably remain separate from the delivery systems.

## Orchestration

Campaign orchestration includes complex processes to select customers and messages. This requires direct access to a large volume and variety of customer data, with real-time response if orchestration covers real-time interactions. This implies a tight connection or full integration between the orchestration and customer data components.

## Analytics

Analytics also requires large amounts of customer data, although sometimes the data can move in batches rather than real time. Analytics might be directly connected to orchestration in real time for applications such as website recommendations, but other analytical processes such as segment assignment might be managed by posting the results to the customer data system instead. In practice, this suggests that some analytics functions are best directly integrated with the customer data system while others could be integrated with the orchestration system and still others left to run independently.



This leads to a single system that combines customer data, most analytics and campaign orchestration, attached to separate delivery systems. The advantages of a CDP-driven system over disconnected channel systems, fractured marketing hubs or separate data, analytics and campaign systems are clear: more complete data, reduced integration cost, easier response to change and consistent customer experience. The CDP Institute calls this configuration a “Campaign CDP” and the market largely agrees that it’s often the best solution: Institute data shows that Campaign CDPs constitute about 70% of the industry. (ref: [CDP Institute Industry Update Report, January 2021.](#))



## WHAT TO LOOK FOR

**The chief argument against unified systems is that the individual components may not be as good as what can be bought separately.** This applies to the campaign CDPs as well: there's no guarantee that the customer data, analytics and campaign features will be adequate for your company's needs. But that's not a reason to abandon the possible benefits. Rather, it's a reason to look carefully to find a system whose features do fit your requirements.

Some of the key features to look for include:

### Core CDP capabilities

Any CDP, at least according to the CDP Institute, needs to load data from all sources, retain all loaded details, store the data as long as the customer needs it, create unified customer profiles, easily share the profiles with other systems and respond in real time to events and profile requests. Products aspiring to CDP status often fall short on one or more of these dimensions. Buyers need to pay particular attention to the ability to load offline data and not just capture website traffic; ability to accommodate inputs beyond the system's core data model; and access to profiles without creating a file extract. Bear in mind that a customer database that can only include data generated within a marketing hub and can only be used by the hub's own components is far from a true CDP.

### Identity management

Identity resolution isn't necessarily built into a CDP, but it does have to be part of your unified solution. This "matching" finds identifiers that relate to the same person, whether based on exact match of identifiers from two different sources, stitching together identifiers such as linking a device to an email opened on that device, recognizing variations of the same postal address, or looking at patterns such as devices frequently used in the same time and place. Identity management also goes beyond matching to tracking the same person over time, even if they add or drop particular identifiers like email address; rebuilding connections between identifiers when new information appears; and creating "golden records" that share the best version of a customer's personal information. Some CDPs perform these functions for themselves while others have connections with external specialist systems. The approach matters less than ensuring you have a sound solution: accurate identity management lies at the core of CDP success. Either approach can work, although external integration for identity management raises the same issues of added complexity and maintenance as it does for other functions.

### Customer analytics

Marketers need tools that let them analyze their customer data for themselves, as well as make the data available to technologists and data scientists. Self-service analytical tools enable marketers to get answers quickly, digest the results and ask a follow-on question in minutes, rather than waiting for hours or days for a specialist to provide each answer. This makes the company more nimble and frees the specialists to work on problems that only they can solve.

### **Machine learning**

Advanced customer engagement increasingly depends on predictive models to find the right segments, select the right messages and pick the right channel. Automated model building, in the form of machine learning, is often the only way for marketers to create all the models they need. Customers have been through cycles of building or buying something to fix a specific problem, but they need a sustainable approach so they don't have to re-architect everything in the next 24 months, again. So, look for systems that make it easy to set up new models, can build different types of models, let you ensure the model is using appropriate data, make model results easily available to other parts of the system and report on model performance.

### **Campaigns and orchestration**

This encompasses creation of outbound campaigns, such as email and advertising; real-time interactions, such as website, app and call center personalization; and orchestration of campaigns across channels and over time. Each is a complex topic where you may have specific needs. You'll likely want a system that provides both built-in orchestration and campaign tools and an option to integrate with third-party orchestration and campaign systems. Be sure to find a system that's easy to learn and use, and is flexible enough to adapt to what's next.

### **Results measurement**

Campaigns that span multiple channels are especially difficult to evaluate because activities in one channel may trigger results in another. Look for a system with reports that combine results across channels and support methods beyond simplistic first- and last-touch attribution. Recognize that you'll likely need reporting on individuals, segments, campaigns, contents, products and other dimensions. You'll want to run formal tests with control groups and a/b splits to get meaningful results of incremental campaign impact.

### **Automated, real-time optimization**

Modern customer engagement programs include a wide range of variables to optimize: text, images, offers, channel, timing and more. Only an automated solution can begin to test the many possible combinations to find the best result. Look for a system that can set up, run, evaluate and implement optimization tests with minimum human labor but still present results in ways that let marketers understand what's happened and extract insights that can improve future efforts.

### **Content integration**

While content creation is tightly bound with channel-specific delivery systems, the campaign system needs enough visibility into the content catalog to know what messages are available to send. Solutions range from creating one piece of content that supports multiple formats to sending general instructions that let the delivery system pick the content for itself. Find a system whose approach makes sense for your business, taking into account your channels, products, business processes and organization. Look for integration with leading digital experience platforms in general, and with whatever systems you're using in particular.

## **THE SHAPE OF SUCCESS**

As the name itself implies, a marketing hub is intended to provide a central core of features that are surrounded by separate channel systems. Yet **the unified center in today's marketing hubs is often missing, making marketing hubs little more than a wheel built from disconnected spokes.** A proper solution is held together by tightly integrated customer database, analysis and campaign orchestration functions that connect with delivery and content systems for different channels. **Marketers planning to acquire or replace a marketing hub should look for a true hub with a solid CDP core that will give them years of service as they roll into the future.**