CDP Reality Check

Setting the record straight on common CDP misconceptions

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Introduction

Most marketers understand they must deliver exceptional customer experiences (CX) to maximize the success of their campaigns. But, there can still be a lot of confusion about the tools that will help them get there. Along with the sprawling list of martech solutions, there is no shortage of opinions and misconceptions in need of dispelling.

This e-book aims to correct some common misunderstandings about a popular magnet for some of those myths: the customer data platform (CDP). The software is mission-critical for data-driven marketers who want to mature in their CX abilities through advanced segmentation, cross-channel targeting, and personalization — all while complying with data privacy regulations.

What's Holding Organizations Back From Executing Their CX Goals?

The roadmap to CX maturity can start with simple plans to become more customer-centric.

A basic approach, which would include the ability to send emails to contacts stored in a customer relationship management (CRM) system, would be typical here.
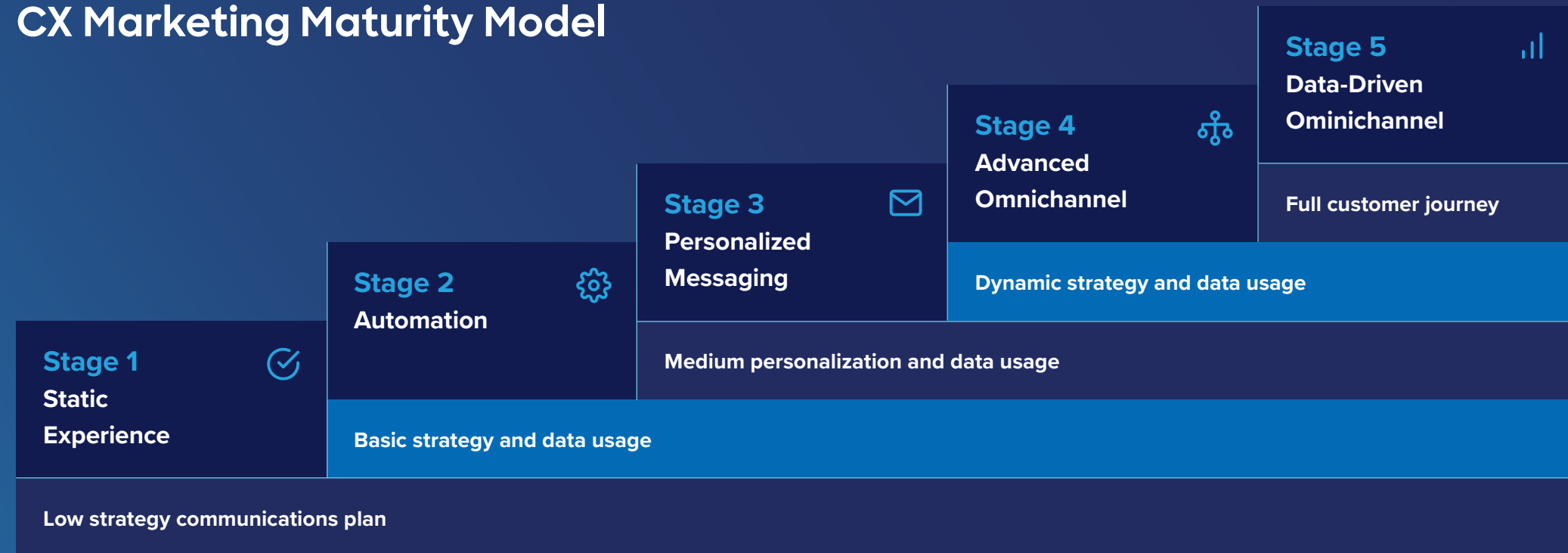
Further along the way, marketers become more sophisticated

in their segmenting and targeting across channels with personalized messages.

The goal is to reach a stage where you can deliver a dynamic, data-driven omnichannel experience across the full customer journey.

CX Marketing Maturity Model

Stage 5
Data-Driven
Ominichannel

Stage 4
Advanced
Omnichannel

Full customer journey

Stage 3
Personalized
Messaging

Dynamic strategy and data usage

Stage 2
Automation

Medium personalization and data usage

Stage 1
Static
Experience

Basic strategy and data usage

Low strategy communications plan

Easy to say, but hard to accomplish, right? Well, here are five common reasons many organizations struggle to deliver a great customer experience.

Data is siloed.

Data is siloed in multiple solutions like a CRM, e-commerce engine, email service provider, and marketing automation platform.

Lack of a 360-degree customer view.

Marketers have incomplete views of customers, making it challenging to generate actionable insights about customer behavior and preferences.

Personalization is not easy.

Personalizing experiences and consistent brand messaging across marketing touchpoints is difficult.

Reporting is incomplete or unreliable.

Organizations lack real-time insights, struggle to prove ROI on campaigns, and aren't able to generate holistic reports and dashboards.

Data privacy rules aren't easy to comply with.

Many organizations find it difficult to comply with ever-changing data privacy and security laws.

A CDP can solve for all of these pain points.

It can:

- **Unify structured and unstructured customer data from a broad array of online and offline channels and systems. A CDP can pull together zero-, first-, and third-party data but works mostly with the data that companies collect themselves.**

- **Standardize, cleanse, validate, stitch, and deduplicate data to produce a single source of truth about known, partially identified, and unknown customers.**

- **Update customer data in real time.**

- **Orchestrate data for action across channels to enable personalized experiences.**

- **Aggregate and generate trustworthy insights from customer data that can inform future strategies and performance.**

- **Help marketers manage communication preferences in a compliant way.**

Structured data

Unstructured data

CDP

Unified customer view
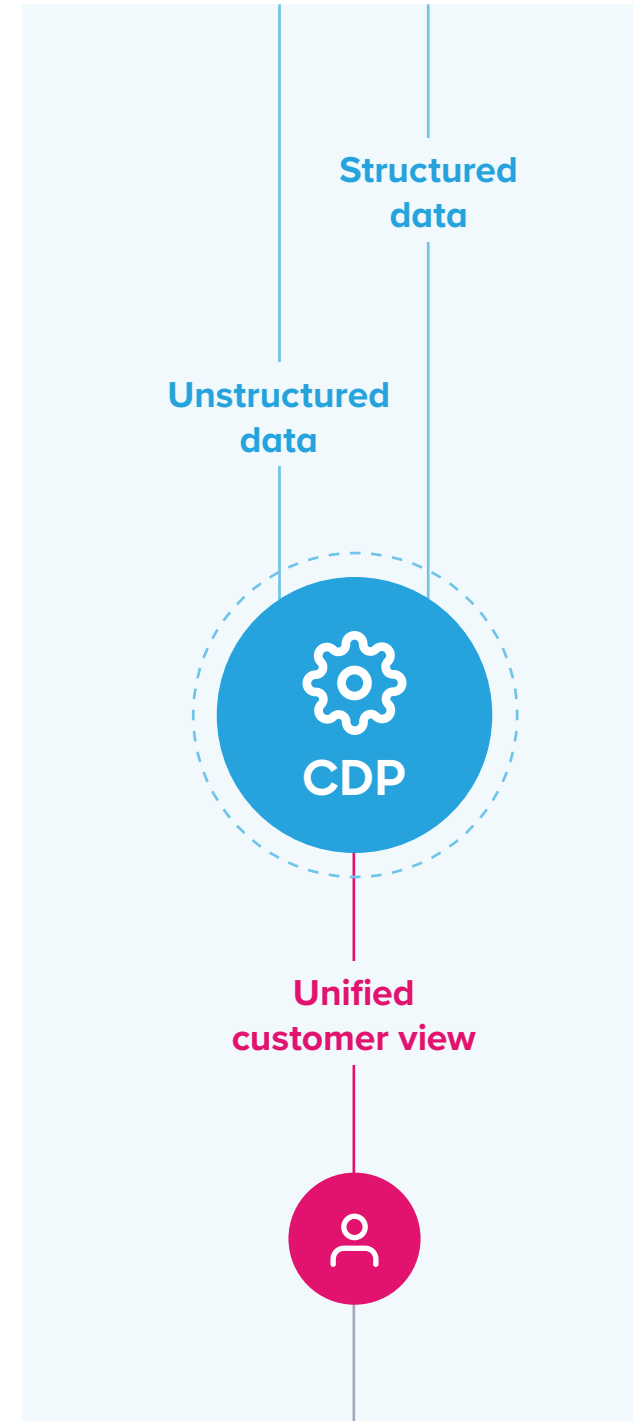
CDPs are gaining traction among marketers.

52% of surveyed marketers said their organization has adopted a CDP in the last 18 months.

Source: "Create Engaging Customer Experiences. Launch Faster. CX Trends Report," Acquia, September 2022

While we see that a CDP can be a real game-changer for organizations that want to deliver better experiences for their audiences, misunderstandings persist. Let's explore a few of the most common myths.

CDP Reality Check

Myth #1: If You Have a Data Lake, You Don't Need a CDP

Reality check: A CDP enables marketers to gain actionable insights faster and more easily.

On the plus side, data lakes can be excellent data management tools to store, process, and secure structured, semistructured, and unstructured data in native formats without processing or size limits. These centralized repositories are generally IT-owned tools that house all of an organization's raw data. There may be inventory and forecasting data that sits alongside marketing data, for instance.

Typically, data lakes don't have a user interface — but that's not the only reason this technology scores low on the marketer-friendly scale.

Unlike CDPs, data lakes don't provide a unified view of customers, offer analytics about its stored data, update in real time or near-real time, or actually let users *do anything* with the data. You can't use a data lake to generate a list of customers for an email campaign with a specific promotion, for example. You can't automatically segment your audience based on certain criteria to personalize your website. If you're a marketer who wants to glean those kinds of analytical insights from a data lake, you'd likely need to put in a request to your IT department, then wait patiently for the results.

However, while data lakes do have limitations as standalone tools for marketers, they can typically integrate and interoperate with a CDP. In fact, many organizations connect a data lake with their CDP to support their marketing intelligence efforts.

Myth #2: You Don't Need a CDP If You Have a Marketing Automation Platform

Reality check: A CDP can produce a rich and accurate customer profile, which a marketing automation platform cannot.

Marketing automation platforms can't stitch together customer data housed in multiple sources like e-commerce, CRM, and loyalty systems. Those lingering knowledge gaps can skew segmenting efforts and depress overall marketing effectiveness.

For example, a customer who hasn't been opening a retailer's emails may look like an inactive contact to its marketing automation platform. But what if that same customer went into the retailer's store and used a loyalty card? Will they look like an active contact only within the loyalty system?

How does that help a marketer trying to gauge response and plan better campaigns?

The ability to combine data from those two systems and others would offer the retailer a more reliable view of this VIP customer that can inform personalization efforts across channels.

It's also important to note that CDPs can *integrate* with marketing automation platforms. In fact, while you can combine CDPs with any number of CX solutions, marketing automation is by far the most common type of system integration.

Myth #3: Combining Existing Tools Is Better Than Buying a CDP

Reality check: Marketers can deliver best-in-class omnichannel experiences more effectively and efficiently with a CDP from a quality vendor.

This is a form of the classic "build or buy" dilemma a company might face. Certainly, constructing a CDP using homegrown resources — like a data lake, CRM, email service provider, personalization system, marketing automation platform, or e-commerce system — can be tempting for organizations with a large IT staff. Some companies may even have an ambitious technologist on staff who believes the process will be pretty easy to achieve.

However, assembling even a basic CDP-like tool can be expensive – both initially and over time. It requires development teams to build out and maintain multiple components that include:

- **The ability to deduplicate and combine all data related to each customer into a unified customer profile**

- **Connectors to all source systems and databases**

- **The ability to clean, organize, and manage the quality of customer data**

- **The ability to segment customers based on demographic and behavioral characteristics, most commonly via a user-friendly interface**

- **A persistent identity graph that links personal identifiers to each customer**

- **Connectors to all relevant analytics, marketing, sales, and operational systems**

On the other hand, an out-of-the-box solution will come with a broad array of standard connectors. In addition, the vendor may be able to build additional connectors or customizations for you if required. The CDP will also automatically load, clean, transform, and store customer data. A pre-built solution can ultimately streamline your martech stack.

Myth #4: You Need Vast Expertise to Leverage Machine Learning and Predictive Modeling

Reality check: Leveraging these capabilities is not as complicated or time-consuming as many people expect.

CDPs that are powered by machine learning (ML), a subset of artificial intelligence (AI), can recognize patterns in large volumes of data and make intelligent predictions. They can build models that help predict the likelihood of visitors to engage, convert, or churn, for example. Marketers can use these kinds of valuable insights to target the right customers with the right offers.

You actually don't need many technical skills to execute these enhanced analytical capabilities. In fact, predicting buying behavior and recommending products are some of the first tasks that new CDP owners typically ask their software to perform.

89%

of marketers say their organization's CDP utilizes artificial intelligence or machine learning.

Source: "Create Engaging Customer Experiences. Launch Faster. CX Trends Report," Acquia, September 2022

Myth #5: You Must Immediately Deploy All the Capabilities of a CDP

Reality check: Marketers can start with small wins and scale up.

A CDP can certainly be a powerful solution for your CX. But that doesn't necessarily mean it must require many resources. In fact, even for an organization with plans to maximize all the benefits of a CDP, it pays to start small.

One of the first steps is to get your data *into* the solution so that you can actually see how *your data* looks in it. By then you should be able to see, for example, how multiple customer profiles get resolved into one via identity resolution or how data models are applied to show you which customers to target for your next campaign.

The faster you start unifying and activating your company's data, the better decisions you'll be able to make about how to run your business.

When you implement a CDP using an iterative approach, you can focus on leveraging just those features and data sources that align with the level of CX maturity you want to achieve at first. You can dive deeper over time as you hit initial goals and boost your level of comfort with the tool.

Myth #6: CDP Implementation Projects Are Too Long and Complex

Reality check: Serious vendors provide ample guidance and assistance to implement a CDP.

A prospective CDP customer may form this view early on in their research process. Many business professionals already have so much going on that the idea of taking on an implementation project might seem impossible.

The truth is, any serious vendor will offer practical guidance on how to implement their CDP solution without putting a huge drain on other company resources.

The better ones will have a professional services team who will view *your* success as *their* success – and the best will have ecosystem partners who specialize in CDP implementation and onboarding.

To implement your own CDP you can start small, follow the lead of professional services experts, then increasingly take ownership of features and capabilities as your team gains more confidence using them.

Myth #7: A CDP Makes It Harder to Protect Customer Data

Reality check: A CDP makes it easier to comply with evolving customer data regulations.

A CDP isn't just another place where customer data resides. You may be surprised to learn that one of the biggest benefits of CDPs is their ability to support compliance with data privacy standards.

As a centralized customer database, a CDP can help you quickly identify which systems house a customer's data, like a marketing automation platform or CRM. That knowledge eases efforts to safeguard customer

data and, if necessary, comply with a customer's request to erase their personally identifiable information.

Acquia CDP Proves To Be a Good Fit for J.Crew

As the operator of 123 J.Crew retail stores, 153 Madewell stores, 200 J.Crew Factory stores, plus jcrew.com, jcrewfactory.com, and madewell.com, J.Crew generates an enviable amount of customer data.

Yet, its ability to quickly take action on customer insights both in-store and online had been limited by its legacy marketing service provider (MSP).

Migrating to Acquia CDP has given J.Crew fresh efficiencies and capabilities — and has made the marketing team more self-reliant. Here are some examples:

- J.Crew can receive a daily refresh of customer transactional and engagement data for campaigns and reports. That data previously refreshed once a month.

- The marketing team can create ad hoc audience lists for targeted marketing actions and push them to email and social platforms within minutes. Doing so used to require lengthy notice to the MSP or specialized SQL query development by J.Crew's data analysts.

- The team can pull queries to track transactional behavior of any defined customer cohort within 20 minutes. In the past, it was a manual process with heavy dependency on the customer insights team and long delays in getting behavior trends due to bottlenecks in data availability.

- Acquia CDP's machine learning models provide the retailer with daily customer scores on numerous models, including "likelihood to buy" and "likelihood to pay full price."

Leveraging Acquia CDP has led to measurable performance improvements for J.Crew's marketing campaigns. For example, the retailer can pull email segmentation lists based on customers' site behavior to ensure relevant content is hitting their inboxes. This segmentation has led to an increase in open and click rates in emails.

In one campaign, J.Crew sent a personalized email to customers who had purchased or browsed cashmere in the last 365 days versus its "business-as-usual" (BAU) audience.

The cashmere audience saw double-digit lifts over the BAU audience in average order value (AOV), conversion rates, open rates, and click rates.

Although the cashmere audience represented 10% of the full circulation, it drove almost 50% of the total demand.

Acquia CDP Shines for Sun & Ski Sports

Sun & Ski Sports, a specialty outdoor retailer that sells online and has more than 30 physical stores, once struggled with customer segmentation and targeting. That changed when the company invested in Acquia CDP.

Sun & Ski Sports can now aggregate customer data from various sources in one place. That ability has helped it provide customers with welcomed information they can use to make informed

buying decisions. The company can utilize a customer's in-store purchase information to determine whether direct mail outreach would be relevant to them, for instance. The marketing team can also consider someone's email engagement to refine the ads that person sees on social media.

In addition, Acquia CDP builds custom machine learning segments. Those help Sun & Ski Sports recognize subtle

trends in customers' brand interactions and pinpoint the shoppers with the highest conversion potential.

Using the CDP to improve customer targeting has enabled Sun & Ski Sports to increase engagement rates and ROI.

The Results

1,500%

increase in direct mail response rate

1,100%

improvement in incremental net profit per name on direct mail pieces

200%

increase in paid social clickthrough rate

25%

reduction in cost per click for paid social efforts

CDP Reality Check

Organizations Seeking To Boost Their Personalized CX Need a CDP

We've cleared up the biggest misconceptions about CDPs and have surfaced the most advantageous benefits. Now you can see why this enterprise software is so essential for organizations that seek to use real-time analytical insights to power CX success.

CDPs accelerate time to value for organizations of all sizes and enable marketing teams to be more agile and self-sufficient.

The bottom line is this: If your organization has ambitions to achieve more than basic segmentation and minimal

automation to drive personalized marketing communications, **it's no myth that implementing a CDP would be a game-changing decision.**

What is the business impact of Acquia CDP?

Acquia CDP can be used alone or paired with content management in a composable digital experience platform (DXP) to deliver highly personalized experiences.

The solution, which has been certified by the CDP Institute and has robust machine learning capabilities, unifies customer data from multiple sources into a single, persistent customer ID, and powers 1:1 segmentation at scale.

In a Forrester study evaluating the total costs and benefits across four organizations using Acquia CDP, the market research company found that

implementing Acquia CDP resulted in an ROI of 589% over three years. The 2021 report, which was commissioned by Acquia, also found that the investment required to implement Acquia CDP was returned in fewer than six months. Forrester also reported that Acquia CDP increases operational efficiency and boosts revenue through a wide range of metrics. These include:

- **Increasing return on ad spend**

- **Reducing the cost per acquisition**

- **Boosting conversion**

- **Lifting loyalty and retention**

- **Maximizing lifetime value**

See how Acquia CDP can help your organization advance your CX maturity.

Request a demo today
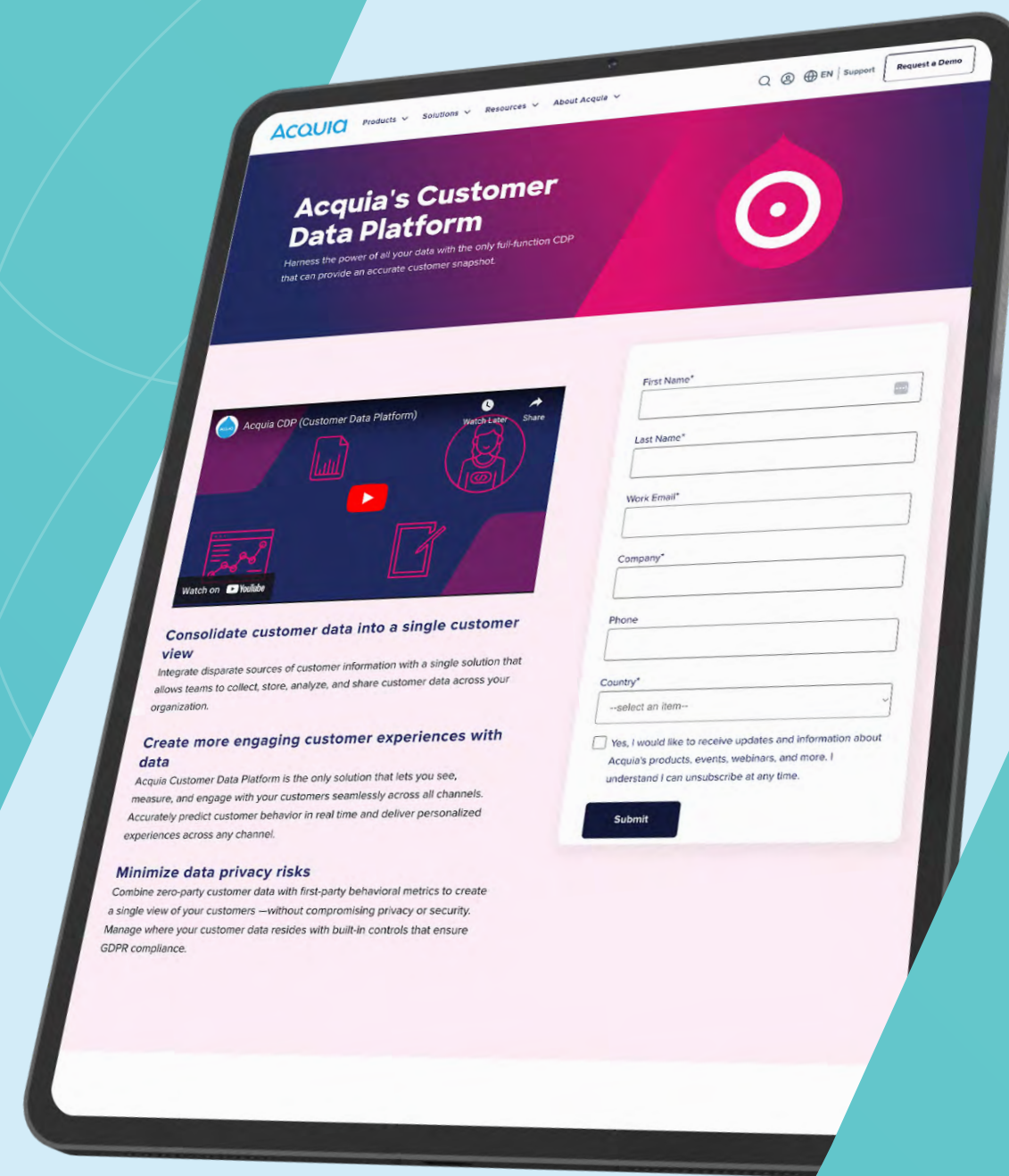
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About Acquia

Acquia empowers the world's most ambitious brands to create digital customer experiences that matter. With open source Drupal at its core, the Acquia Digital Experience Platform (DXP) enables marketers, developers, and IT operations teams at thousands of global organizations to rapidly compose and deploy digital products and services that engage customers, enhance conversions, and help businesses stand out.