

## Customer Data Platform (CDP), it's a keeper

From flirting with your customer to successful seduction and a happily ever after in consumer businesses



# Loving me means knowing who I am

Studies show that the majority of customers in consumer businesses are willing to pay extra for better customer experience. Studies also show that the number one reason for a customer to ditch your business is that you've been indifferent or giving them the cold shoulder. What's worse, you may have ghosted your customer altogether - or vice versa!

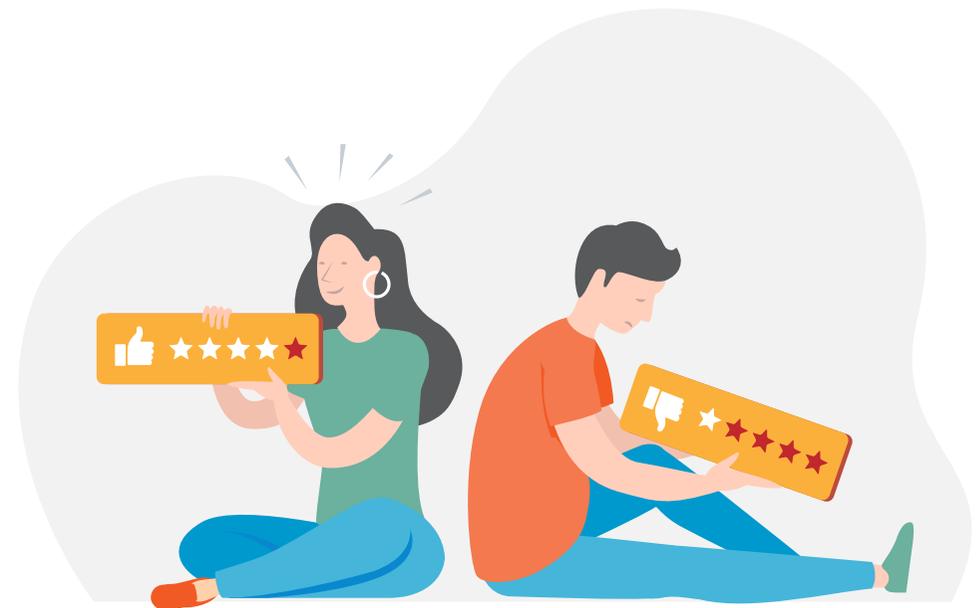
## Customer service that makes your customers fall in love with your brand includes:

1. Quick response (for instance to an email or in chat)
2. Knowing who your customer is
3. Fixing your mistakes
4. Going the extra mile
5. Thinking long term, i.e. anticipating the life cycle of the whole relationship

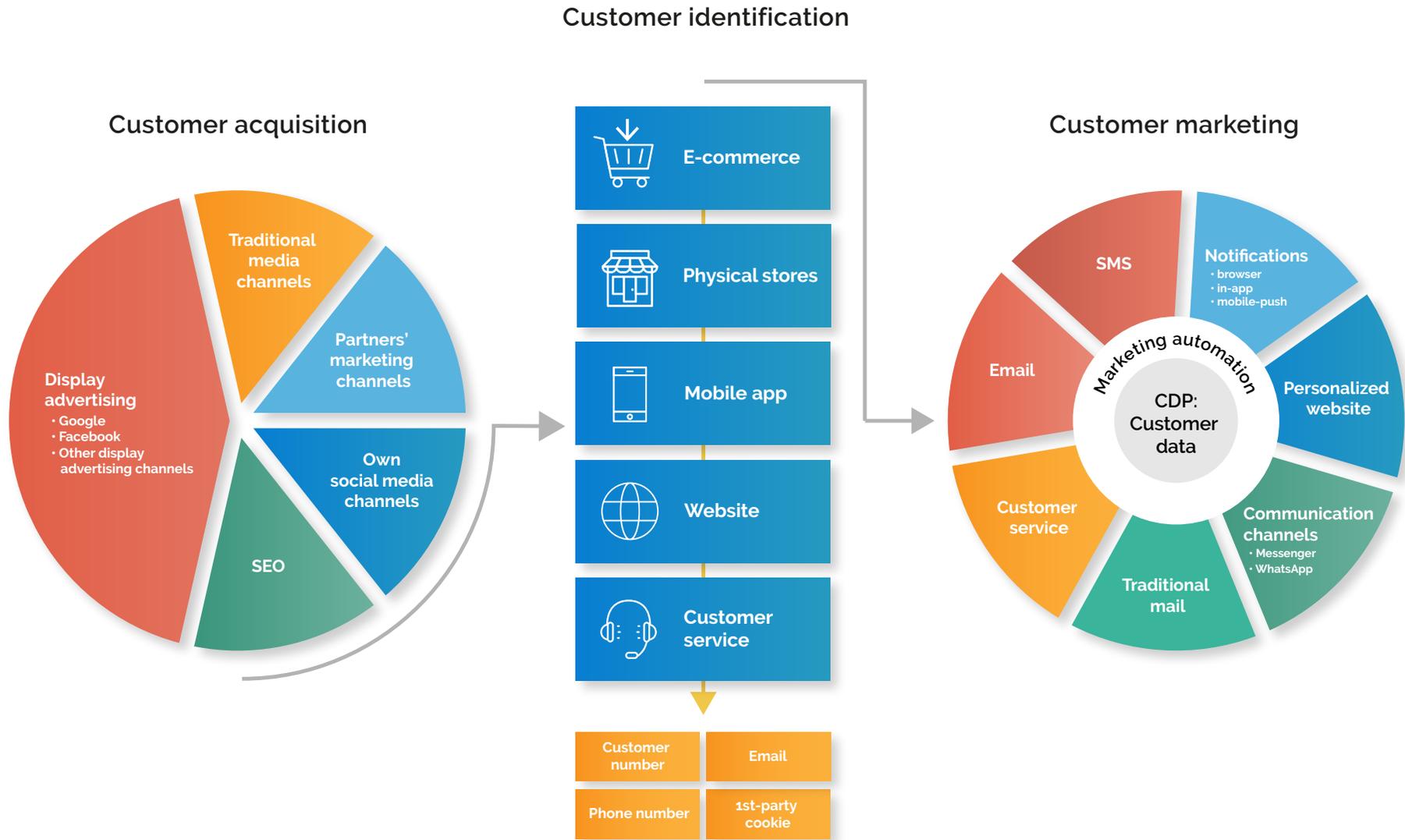
**This white paper is all about number 2, knowing your customer.** It is about knowing who your customer is in order to really take

care of the other four ways in which to woo customers so competitively that your competitors never had a chance. Your quick response is more personal, when you know who you are responding to. There is a custom-made fix, but only if you know who it is for. Knowing your customer lets you know how long the extra mile should be. And, of course, how long you will be in bed together.

You got it, didn't you? We are saying that knowing your customer is key to your success. The key to really knowing who is who behind the name or the customer ID, is a Customer Data Platform (CDP).



# Marketing with a CDP



## First dates first, but with whom?

Lead generation is like being on Tinder. Nine out of ten of your potential customers will swipe left. And if you cannot identify who swept right, you risk losing the customer before you can even properly introduce yourself.

Today's multi- and omnichannel consumer businesses are data-driven. As they should be, since we are gathering data from every possible source - or at least we should be! However, as long as we have data without the possibility to identify its subject, data remains just data. It is not actionable.

Customer data is great, but only if you can effectively access and use it. More often than not customer data is being collected into various separate systems and silos. The marketing department, sales, and customer services all have their own systems in place. Customer data should be handled with the relationship's whole lifecycle in mind, since customer data keeps accumulating with every transaction and touch point. It is this accumulated customer data that brings more and more meaning for your customer with every new encounter.

What's interesting is that no purchase is needed for seemingly random customer data to become identified customer data. You



**Customer Data Platform (CDP)** is a software that unifies the customer data into one place. It collects data from all channels and devices and 'edits' or 'merges' this data into one unified and actionable customer profile - in real time! Traditional media, display ads (Google Ads, Facebook Ads, Display networks), search engine optimization (SEO), your business' own social media channels, affiliate marketing, etc. all generate traffic that can be turned into **leads**.

User identification is key in being effectively able to utilise customer data within the CDP. Custobar has many methods for identifying the customer both in the website and in the physical location/store. In

physical locations, the customer can be identified by Custobar's mobile loyalty card or even a debit/credit card. After **customer identification**, the customer becomes known. S/he is no longer just an anonymous user profile.

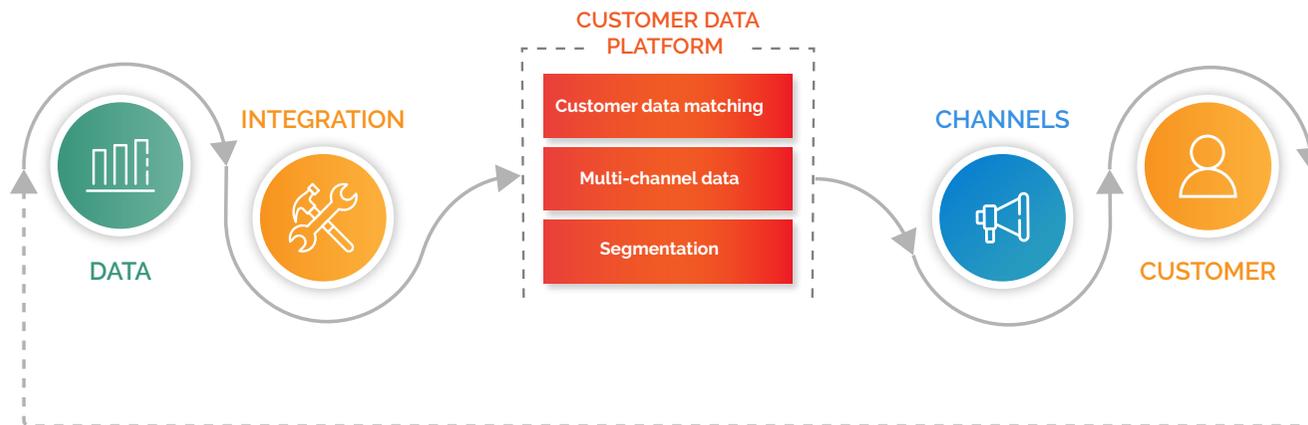
**Actionable data** means that the identified customer data is made available for all customer touch points and related systems. These include different martech systems, your webstore, customer service/call centers, and so on. Because the Custobar CDP knows who the customer is that the data represents, all marketing campaigns can be customer-centric and personalized for a specific customer.

**Marketing automation** is part of the Custobar CDP making it easy to utilize all customer data for personalising content. Emails, SMS messages, notifications (browser, in-app and Push), web personalization, direct mail and messaging can all be targeted specifically and to the point. Call centers and staff in stores, restaurants, barbershops and other physical locations will always know who they are dealing with, what particular needs and interests this customer has. Customer data is also easily available for **segmentation and building audiences** to ensure your **customer engagement**.

may woo your potential customers on your website, via an email or a mobile app, by display advertising, or in your physical locations.

It is of the utmost importance, though, to **identify your customer as early as possible** and to acquire **consent for collecting and using customer data**. It will have a positive impact on customer experience and make it more personal. So, the minute you get a first-party cookie, you know **who** you could end up having a hot date with.

A customer can be identified in various ways. However, getting their email and phone number is paramount for enabling a multichannel customer engagement.



## Where's the cookie?



Cookies are used to track website visitors, to improve user experience, and to collect data for third parties, such as display advertising companies. Actually, they have been gathering data from websites quite freely using third-party cookies. Companies may not always even know what data has been collected from their websites.

Safari and Firefox started to restrict third-party cookie usage in 2013. Google announced that Chrome browsers will also restrict their use by 2022. Marketers that rely on robust data for online advertising, pop-up ads, and pinpointed audience-targeting strategies, need to seriously consider alternative ways to deliver data to their third-party partners.

Blocking third-party cookies is largely due to the European GDPR, the CCPA in the state of California, and a globally rising concern about privacy. Users are provided with better transparency with the choice of being able to decide what data they permit to be collected. With the launch of Apple's iOS14, the same phenomenon is permeating mobile apps in app stores.

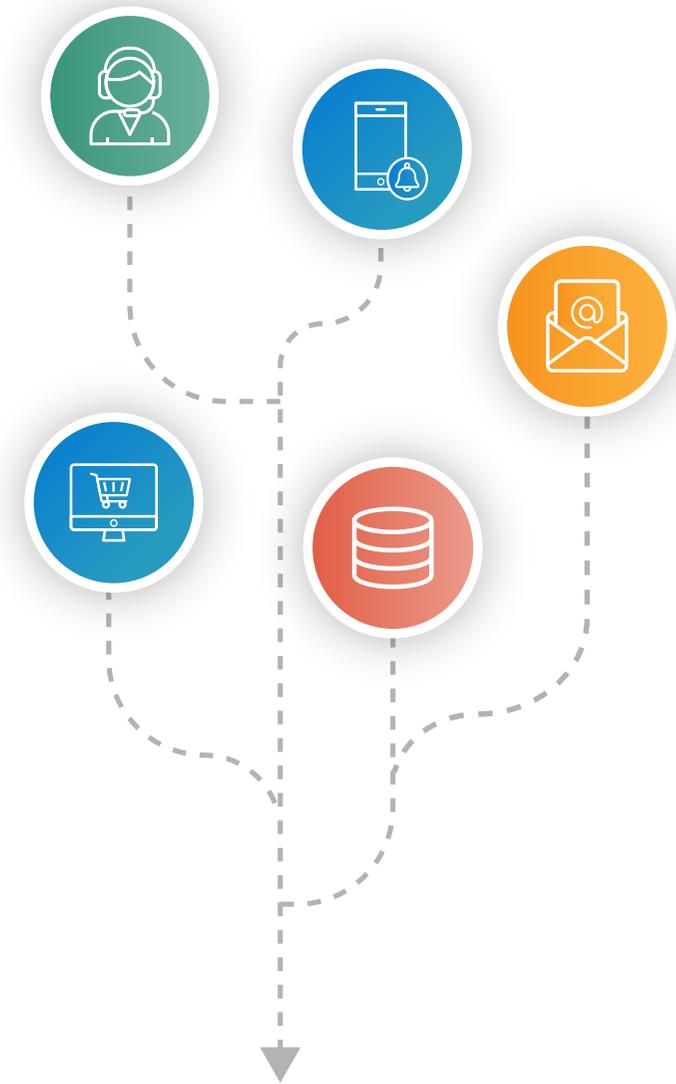
With the blocking of third-party cookies, third parties, advertisers and display channels can no longer get data the way they have been before. For instance, Facebook will need to get the data some other way, and that new way is through an integration with a CDP tool like Custobar's. Additional benefit for the marketer is that you can now decide which data you want to make available for third parties.

## Let's look at an example.

Our business has a website, a webstore, and dozens of brick and mortar shops. We, also, have **the number one pain point in dealing with customer data** so common to other companies as well: **how to get all customer data from all various touch points integrated into one system**. It is quite typical that customer data is scattered into different systems and softwares, such as an ERP, email marketing, customer service systems, etc. In other words, **the pain point is having one software or system that can**

- collect customer data from all its sources,
- match the collected data into a single customer profile,
- make the customer data both easily available and actionable, and
- provide all this in real time.

In our example, **we are in pains to change our two separate customer data systems into just one**. The two that we have in our example are a Point of sale (POS) system in our stores and the customer data system that is inbuilt into our website. Our customer has been browsing our selection of curtains online. In order to get a better idea of the colors and



A Customer Data Platform is the only platform that always merges all customer data from all touch points into one and the same customer profile.

designs in real life, they visit one of our stores. While there, they do not buy anything, but they join our loyal customer program to get notifications of clearances and special offers. They will also receive a coupon to their email as an incentive to make a purchase online.

Now our point of sale system has data on this particular customer. Next, the same customer makes a purchase from our webstore using their coupon. At this point, our website also creates a customer profile for the same customer. Even if the customer makes the purchase without registering, our webstore customer data system will still receive customer information, such as name, address and email address. These are all actionable pieces of information.

Without **a CDP that can integrate these two encounters into one unified customer profile**, our customer is going to be getting mixed messages from us. Marketing emails may be sent twice to the same customer, or they could be offered the same curtains via display ads or social media marketing that they already purchased from one of our stores. One way to avoid customer data duplicates would be to combine the customer information that

is in the ERP and eCommerce. However, that project is going to cost us some 30 000 euros on the webstore end, and around 50 000 euros on the ERP end. Since **the Custobar CDP already has many eCommerce integrations**, our business would be wise to utilize them. It would only take a few hours of configuration to get data going to and from our website/webstore and ERP in our stores via modern and well documented APIs. Easy peasy, cost effective, and a much more likely way to take our customer from random and potentially unsuccessful dates to the next level, serial dating.

Even if there is a lot of customer data from old customers that has been accumulating over several years, doing the integration is worthwhile, since it includes downloading all of that history data as well. **The more we know about a customer's behaviour, interests and purchase history, the better we can be at attracting their business.**



## Software-off: CDP versus other acronyms (ERP, CRM and DMP)

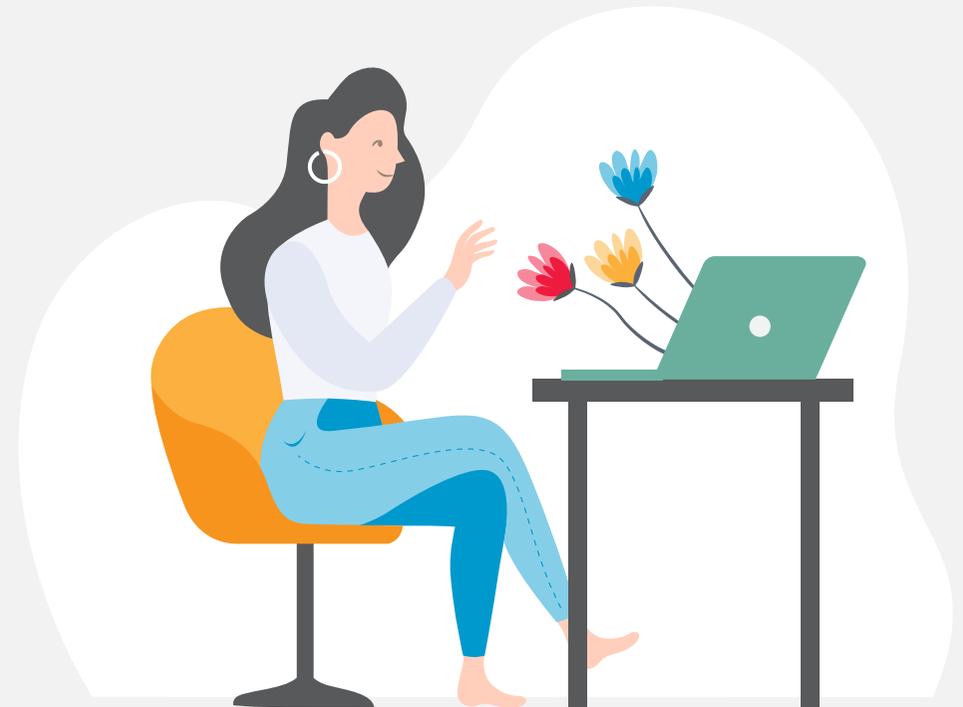
Customer data and marketing automation related acronyms can be confusing, indeed. We listed the candidates and compared them with CDP.

Note! a CDP may not substitute one or all of the other systems discussed below. The attention here should be directed to the differences among the various martech systems out there.

### CDP vs. ERP

ERP comes from Enterprise Resource Planning. ERP systems are integrated management of main business processes such as order fulfillment, delivery/logistics and warehouse management. The purpose of ERP systems is to automate processes/workflows and minimize mistakes.

An ERP contains customer data, but usually only related to the order and delivery processes. To be more concrete, they contain customer information like name, billing address and delivery address. The main difference to CDPs is that ERP systems are not designed to store large amounts of customer touch point data like browsing data from the website or mobile app. The purpose of the ERP system is to guarantee efficient order and delivery processes, not to provide a full view of a single customer in order to improve customer experience in different channels.





### CDP vs. CRM

Customer relationship management (CRM) systems are widely used systems, but mostly in B2B businesses. They are not that common in B2C / consumer businesses. If a CRM system is in place in a B2C company, there might be some overlap with CDP tools. However, CRMs are limited in scope compared to CDPs.

CRM systems are customer registries that engage with customers on the basis of historical and general customer data. They are built to create persistent customer profiles. A CDP, on the other hand, is able to connect all types and sources of customer data, internal and external, from online and offline sources, structured or unstructured, batch or streaming. This makes for a much more comprehensive customer view and understanding. Whereas CRMs can't ingest huge volumes of data, a CDP is built for both receiving and managing vast amounts of data and making it actionable in real time.

If we bring this paper's romance analogy into the comparison between a CDP and a CRM, the latter is like taking your old highschool sweetheart to a date after some twenty years and expecting them to be the same person they were at 16. Were the CDP to do the dating, they would have been keeping up with everything that's been going on in the life of that one-time teenage crush.

### CDP vs. DMP

There is a strange marriage between a DMP and a CDP. DMP stands for data management platform. It is a unifying platform that collects, organizes, and activates first-, second-, and third-party audience data from any source. So far it sounds deceptively similar to a CDP, right? However, whereas a CDP knows who the customer is that the data links with, a DMP does not. All data in a data management platform is based on anonymous customer profiles. All data in a Customer Data Platform is for the most part known and identified.

DMP is a system that is quickly becoming obsolete. This major shift is due to the death of the third-party cookie. A DMP is (third-party) cookie dependent. This imposes significant restrictions on the data, since none of it deals with customer data that is identified.



## 360° customer profile: it takes a CDP

Before diving into how data is handled to and from a CDP, we need to take a look at the type of data there is available. In other words, let's take a look at all the different categories of data sources.

**Customer / profile data.** The basis of this data is contact information, such as name, address, email and phone number. Another important aspect is a list of consents from the customer. Consents may include permission to receive different types of email messages, SMS messages and push notifications, but also consent to use customer data as the basis for targeting the customer in third-party channels, like Facebook and Google. Customer/profile data may also include psychographic data points with details about lifestyle, preferences, context and personality.

**Purchase / order data.** Ecommerce systems, as well as point of sales (POS) transactions, generate purchase, order and renewal data and dates. The data that administration and sales systems generate also includes references to the customer and products in the purchase.

**Behavioural data: browsing data from web and mobile app and impressions.** Browsing data is collected with a (first-party) cookie on the website or webstore.

**Behavioural data** helps us understand the customer's interests and intents in buying. Mobile app behaviour is also invaluable when available. Impression data can be any communication channel where the customer transactions are available. Some examples are email opens and clicks, SMS deliveries, as well as campaign clicks.

**Customer service data.** Customer service and call centers also accumulate a lot of customer data, when the customer is being served over the phone or via email or chat. It is worthwhile to bring this data, such as the reason and the priority of the customer touch point, into the CDP in detail. Any other customer transaction/exchange (touch point) that creates a digital impression, is also important to record and store into the CDP. Examples of these are customer feedback and a customer's partaking in a competition.

**Enriched customer data.** This was already briefly mentioned above (psychographic data). However, enriched data can be a number of different types of data. It may be AI-built predictive models, enriching data from customer surveys, or getting additional data from other external sources. In some countries, there is a lot of enriched data available about consumers. This may include their probable income level, family size, or even the kind of car the customer is driving.

**Product data.** This is not actual customer data, but this is tightly connected to customer transactions. Product data consists of everything from product category, type and brand information to stock levels and pricing. This data is used for making purchase and browsing data more relevant and actionable for segmentation. This data is also, for example, behind how AI calculates product recommendations.

**Store / channel data.** This data helps map conversions from different sources and tells store buying behavior, e.g. what physical store the customer uses the most, etc.

The thing about a CDP is that it connects and combines customer data from all these different data sources and from all touch points that are part of a customer's journey. Many systems discussed in this white paper have claimed to act as a customer data hub and to provide a single, 360° customer view/profile. Still, only a CDP actually does it.

## The old in-out, in-out. CDP as the best not-so-secret lover to data-driven marketing

It is now clear to us that **many different categories of customer data is pulled from multiple sources into a CDP, which then cleans, combines and structures this data into a single customer profile. In real time.**

Technically data is pulled in in every available format and technical method. Data is then transformed, filtered, and standardized. For instance, telephone numbers are made uniform. A customer's omnichannel data is matched from different channels. Or unmatched, when needed. There is a strong demand for real-time data to make customer data actionable as soon as our

understanding of the customer increases, with every event and transaction. Since the customer might contact you a second time within seconds through another channel, **it is of utmost importance that the customer data is always up to date to ensure a seamless customer experience.**

With real-time data, any changes or updates in your customer's profile can be done instantly. Data is pushed out from the Customer Data Platform as a webhook, or it may be downloaded from the Custobar CDP. Data transporting is done in JSON, CSV or XML formats. And again, changes in data are filtered and transformed in order to remain standardized and uniform.

Today, data is increasingly migrated via standardized one-click integrations that remove the need for traditional integration projects. **Up-to-date interfaces (APIs) and data security management enable data to move easily and yet safely between various channels and systems.** The days of downloading and uploading customer lists in .csv files or Excel sheets are finally over! All this is vital also for Custobar's product development strategy.

## So, now that you have all this data, what are you going to do with it?

You now know quite a lot about your customer. With every transaction and touch point, you are enriching that knowledge. It is all there, in the CDP, waiting to be acted upon.

There are several ways to **utilize your customer data and to make it actionable.** You can create customer segments and audiences to customize your marketing messages to hit the targets. You can enrich it using AI. You can push the data via integrations and APIs to third-party systems and applications. You can target your display ads in several various ways, with custom audiences in Facebook Ads, and customer matches in Google Ads. You can take segmenting to its ultimate limit with personalization making your customer segment a segment of one.

And then there is the whole marketing automation aspect of customer data. CDP is the tool that makes marketing automation shine. With the Custobar CDP, you don't even need a separate marketing automation tool - it's already included! The Custobar CDP enables you to trigger messages to all relevant channels where you can get engaged with your customer, such as email, SMS, push notifications and targeted display ads.



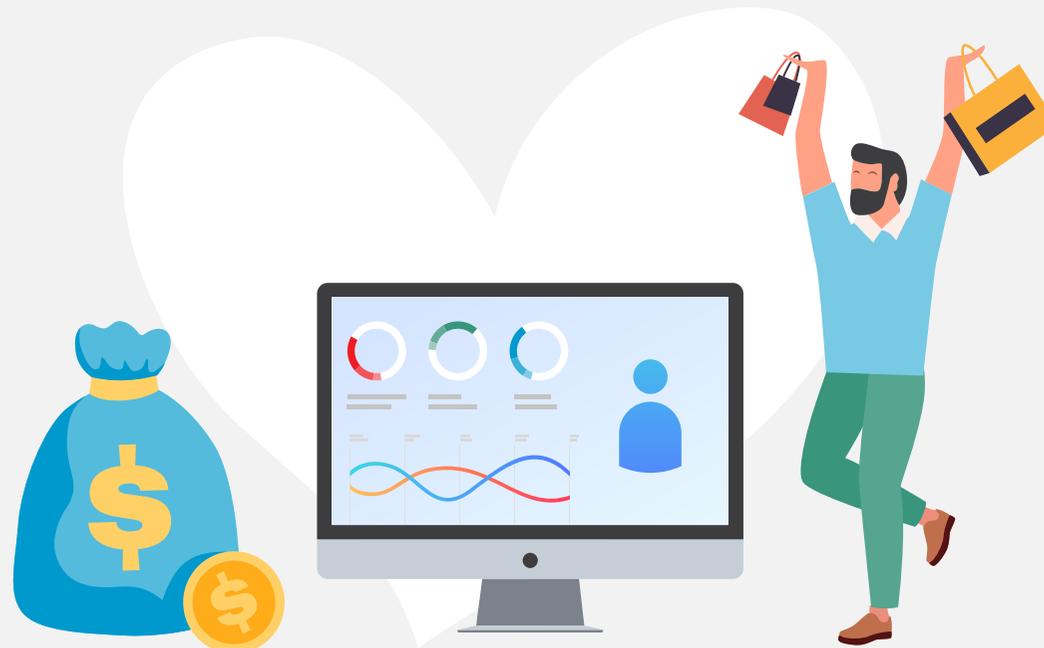
## CDP ♥ your customer

Our customers expect personalized and engaging customer service, both on-line and in physical locations. They anticipate excellence at all touch points, since you already know so much about them, presumably. They should be able to ask a salesperson at a store, when their webstore purchase is expected to arrive. If your salesperson is able to see that the customer has transactionally visited your eCommerce site, your customer service will be up to par.

## Your business ♥ CDP

With a CDP, you have not just a one central, isolated customer profile, but ready-made integrations and interfaces to third-party systems, channels and applications. Data can be pushed to where and how it is needed.

Of course, there is a lot of insight to be gathered from real-time customer data from all categories of sources and channels. You can identify your high-value customers, woo your new customers in just the right way, and see which of your customers you can keep seducing and how exactly to go about it. Working with a CDP is almost like having a crystal ball. Seeing the whole customer journey gives you invaluable insights into your customer's future actions. You will have the best idea of what offer to promote next and which is the best channel in which to execute the campaign.



## AI ♥ CDP

AI and CDP can make surprising bedmates. In fact, a CDP can be highly valuable in AI development projects, quite literally.

Implementing AI into data is only possible when the data itself is of the highest quality. Typically the most laborious part of any AI development project is to gather the data into one place and into a workable format. Let's say that you have an AI project with the budget of 50 000 euros. More often than not 40 000 euros is spent on standardizing and unifying data and collecting it into one place. If there is already a CDP in use, the data is readily collected and actionable. The budget can then be spent on the actual outcome of the project.

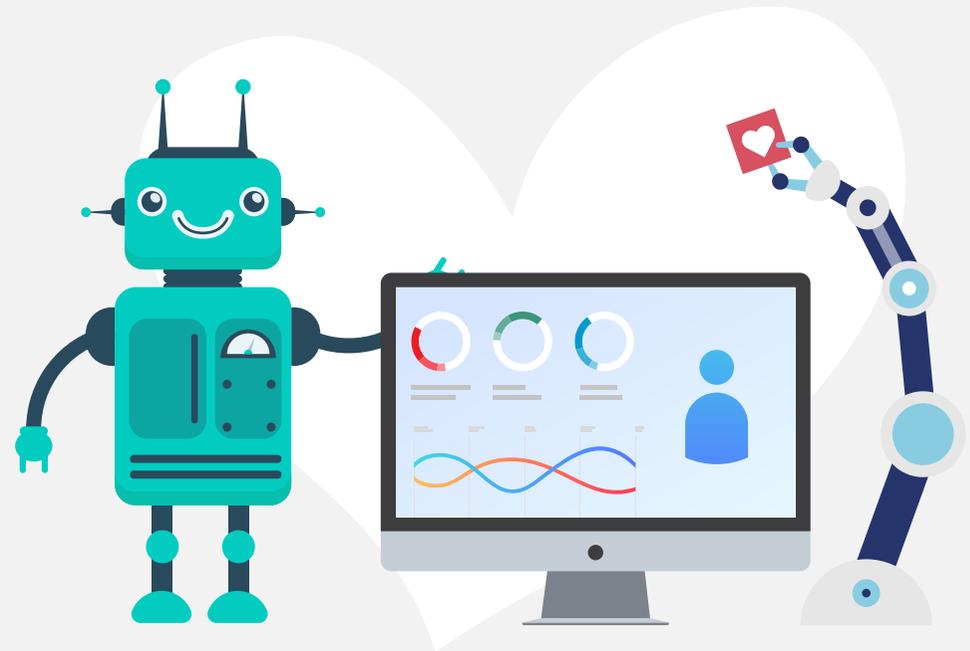
Whatever and whenever artificial intelligence is needed for data, your best starting point is with a CDP in place.

## Marketing automation ♥ CDP

Marketing automation and a CDP is not an either-or question. It seems to be very common to debate over whether you need a CDP or a marketing automation tool/system, or if they should maybe co-exist as the perfect combination.

Well, the Custobar CDP includes a marketing automation system. It is our professional opinion that rarely if ever is there any foundation for two separate systems, one of which is a CDP and the other marketing automation.

Let me elaborate: Marketing automation requires all the data that is available in a CDP. Marketing automation impression data needs then to be migrated back to the CDP, anyway. Why, then, have two separate systems if you can have them both in one and the same system?



## CDP loves your business and your customer. Are you in love with CDP yet?

If your customer data is scattered over various different data storing systems, you are working overtime in trying to utilize that data. Furthermore, your customer is not getting the love from you that they deserve. The whole point in gathering all customer data from all various channels and touch points into one database is to **be relevant to your customer and to produce the best customer experience possible.**

Businesses and organizations are on the verge of radical transformations. It is not enough to know your customer behind the data in an intimate and personal manner to stay ahead of your competition. One single, unified, 360 degree, real-time customer view is only efficient to the max in environments in which typical hierarchical sales silos are dismantled. If you make sure that all of the CDP data is at the fingertips of all of the relevant parties in your organization, then you know that your customer is truly being satisfied. **Data-driven marketing is, after all, building a first-class customer experience to last throughout the whole of a customer relationship's lifecycle.**

Are you building lasting relationships with your customers? Does the customer service experience you provide feel like a one-night stand or a marriage proposal? We will guide you every step of the way from your first tentative dates with your customer to a long-lasting happily ever after. To find out more, [watch a demo here.](#)



**Tatu Kuivalahti**

*CEO Custobar*

## About Custobar

Custobar is a Customer Data Platform (CDP) and marketing automation tool that combines data from all customer touch points: purchases from both online store and the physical locations, browsing data, mobile app transactions, customer service tickets etc. Custobar offers the easiest user interface in the market for business users to understand their customer behaviour and build marketing automations. Custobar also provides comprehensive and real-time integration APIs for agile integration with other systems.

Custobar was founded in 2014. The company is based in Helsinki. Custobar's unique sales and marketing platform is already in use in more than 11 countries across Europe and the US by retailers and B2C service providers / consumer businesses.



# Custobar

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