10 QUESTIONS TO ASK A CDP VENDOR

Redpoint

A customer data platform (CDP) is a marketing technology system that gathers customer data from multiple sources, creates a unified customer profile, and uses the results to guide marketing, predictive analytics and customer-facing functions across multiple channels. According to Gartner, the chief purpose of a CDP is to support marketing and customer experience (CX) use cases by unifying a company's customer data from marketing and other channels. $\longrightarrow$

The CDP Institute defines a CDP as packaged software that creates a persistent, unified customer database that is accessible to other systems. It distinguishes a CDP from a data warehouse or data lake because it is usually bought and controlled by business users (mostly marketers)

A CDP creates a unified view of each customer by ingesting data from multiple systems, linking information related to each customer and storing this information to track customer behavior over time. Data stored in the CDP is then used by other systems for analysis and to manage customer interactions. The CDP restructures the data, adds calculated values and shares the results in formats other systems can accept. These features distinguish the CDP from other systems that work primarily with their own data, store limited details for limited periods, do not maintain a permanent database or systems that directly interact with customers.

Redpoint Global likewise defines a CDP as software that creates a unified profile for each customer, integrating all that is knowable about that customer, and making the unified profile accessible to any technology across the enterprise.

Redpoint further identifies a CDP as having these core capabilities:

Ingesting all messy customer data and fixing it

Resolving identities at individual and relationship levels

Empowering marketers and CX leaders to visualize customer data, build reusable segments without code, and activate it in different channels and CX programs to easily solve for use cases in the cadence of the customer

Why Do Companies Need a CDP?

Organizations across all industry verticals invest in CDPs to ignite and monetize their customer data, creating unified customer profiles that drive revenue through personalized customer experiences (CX). According to Gartner, a personalized CX drives 66 percent of customer loyalty—more than price and brand combined—and that 80 percent of customers prefer to buy from brands that offer a personalized experience.

In a 2023 CDP Institute survey, of the organizations that have deployed a CDP, 80% say it delivers "significant value[1]."

A CDP gives marketers and other business users of customer data insight into their customer base at the individual customer level. A CDP that creates a unified profile from all data sources provides a brand with a full history of a customer's interactions, behaviors, sentiment, transactions and identifiers, knowledge that is key to personalizing the customer experience across the entire customer lifecycle.

To effectively monetize customer data, a unified customer profile must be accurate, up-to-date and trustworthy. Marketers and users of the profile across the enterprise must have confidence that the underlying data has been vetted, i.e., that data quality processes have been completed and that disparate identifiers across multiple sources have been reconciled using advanced identity resolution techniques.

With comprehensive data quality and accurate identity resolution as the cornerstones of a robust, enterprise-grade CDP, here are the 10 questions you should ask CDP vendors to ensure their platform meets those standards in creating a unified customer profile that will help your business monetize customer data:

1. What kinds of databases does the customer data platform directly integrate with?

CDPs are database-agnostic and take an open garden approach to handling data. This means they should be able to function equally well with Hadoop, NoSQL, Snowflake and traditional data warehouse technologies to solve for the widest range of use cases.

2. Does the CDP accept data from both online and offline sources?

The function of a CDP is to provide a fully unified view of the customer. Real customer data platforms are able to ingest data from every solution in the marketing stack, without limitation. A true CDP should also accept data from online sources just as easily as offline sources in order to create a holistic customer view.

3. Is identity resolution transparent & tunable?

Identity resolution—the process through which individual customer identities are searched, analyzed, and linked across disparate data sources—is a key facet of learning all that is knowable about a customer. Some CDPs treat the identity stitching process as a black box, i.e., their match, merge processes are inflexible and do not offer visibility into why records were or were not matched, merged or split. Other CDPs offer tunable identity resolution, which in addition to offering full visibility into the identity stitching process also offer marketers and business users the opportunity to adjust resolution levels at the individual and household levels, even across multiple use cases.

The global customer data platform (CDP) market size surpassed $4.8 billion in 2022 and is anticipated to reach $19.7 billion by 2027[2].

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4. How is the CDP accessible across the enterprise?

Customer data platforms are not IT-only solutions. They're meant to make it easier for marketers and other business users to access perfectly cleansed customer data when they need it—in real time, without IT assistance and without having to write code. A CDP should have bidirectional connectors to any end system or interface to support any use case requiring perfected data through a unified customer profile. The list should include a real-time personalization engine, product recommendation engines, CRM and eCommerce platforms, email service providers, SMS, social, push, onboarding, Content/WCS, Analytics, Survey and additional types of touchpoints and channels adopted by your customers. Also, a CDP should be able to interact indirectly with additional sources or destinations via your organization's system infrastructure. This may include Files, cloud buckets, databases or data warehouses, message queues/buses, and real time/event caches.

5. Is data structuring and data quality handled in-line and in an automated way?

A robust, complete CDP will structure data at ingestion. When governance tools and data quality processes are embedded at the point of ingestion, data will be fit for purpose, resulting in highly accurate identity resolution and a deep customer understanding. This will also save your organization from creating downstream "data debt," requiring data recipients to cleanse, normalize, or organize data multiple times with inconsistent results.

6. Can the CDP handle all use cases in the cadence of the customer?

Customer journeys are increasingly compressed, and are often real time. While not every customer interaction will require a real time response, many do. Real-time interaction is not a universal CDP feature, and a real-time access interface through an API is not the same as a real-time update to an underlying record. Yet to interact at the cadence of the customer across all physical and digital touch-points, real-time aggregation calculations in the creation of a unified customer profile are indispensable.

7. Does the CDP offer both native and external AI and machine learning in-line with processes?

AI and machine learning are key components of any enterprise-grade CDP, helping marketers build, use and optimize analytical models—at scale—to easily support business and marketing goals. In-line, self-training models help marketers more precisely segment audiences along any data or analytic attribute—including higher or lower propensities for specific actions—simplifying and automating the process of determining next-best offers, recommendations and other next-best actions at any point in a customer journey.

Externally, a CDP should support organizations using AI to improve productivity, speed innovation, identify new insights or perform complex tasks related to customers, audiences or campaigns. Generative AI, for example, can be embedded into marketing processes, with the caveat that AI is not a magic bullet. Optimizing AI use cases requires trusted, high-quality data—particularly as AI expands into high value use cases. A CDP should ensure the completion of data quality processes as a core capability.

One think to look for as far as how a CDP handles machine learning is whether you need to use the CDP's pre-built models or whether the CDP also adopts a "bring your own model/analytics" (BYOM/BYOA) approach for calculating, assembling and/or scoring profiles and responses as part of cam-paigns and interactions. The BYOM approach allows for greater flexibility for creating and deploying segments and splits and for making real time decisions and responses in interactive channels. BYOM recognizes that organizations may already have one or many Data Science teams developing models and methods for experimenting and improving Customer Experience using AI and machine learning.

8.

Does the CDP effectively handle journey orchestration?

Journey orchestration, while not a core CDP function, provides marketers with a single point of operational control across the entire data lifecycle, from ingestion and building of the unified profile to real-time decisions in the cadence of a customer across simple to complex journeys.

Journey orchestration becomes important if, instead of just passing off a unified profile to a personalization engine on a single channel that does not require real time (ESP, etc.), the goal is instead to deliver a next-best action in the cadence of the customer—including real time—across an omnichannel customer journey. Journey orchestration capabilities also make it easier to test campaign performance, with results automatically fed back into the platform in a closed feedback loop for continual CX improvements at the individual customer level and at scale.

9.

Does the CDP offer depth in data observability to ensure data is fit for purpose?

Visualization tools allow marketers and business users of customer data in a CDP to see the processes and result of bringing data together to create a unified customer profile. Through graphs, charts, Venn diagrams, etc., data observability lets a user know if data is fit for its intended purpose. It enables continual monitoring of incoming data, matching, merging and other identity resolution processes, giving marketers trust and confidence in the veracity of the unified profile. Data observability lets marketers know whether the outcomes or interactions with customers will work as intended. If there is an issue with the data or the processes involved with creating the unified profile, data observability shows where the problem originates and supports quality improvements.

10.

Does the CDP empower marketers to segment audiences with no code required?

Ultimately, marketers want to get at their customer data to easily create segments that can be activated in any number of ways. Creating those segments with easy to use, visual software is a key to shortening campaign and journey creation cycle time for marketers. They should not have to code in SQL or other tools to create segments they need to drive personalized CX.

Redpoint Meets You Where You Are

If you're ready to invest in and implement a customer data platform, it's probably because you're ready to build unified customer profiles without having to dismantle your current data structures, and you want the ability to easily add data to enhance those customer profiles.

Regardless of your maturity level, organizational skill set, or your desired CX or marketing use case, the Redpoint CDP meets you where you are—handling any use case and helping you grow your marketing capabilities. The Redpoint CDP empowers marketers to easily achieve high ROI through data-driven personalized CX. Redpoint unifies customer data from any source, fixes the data with automated data quality and identity resolution, generates a relevant, timely and always-updated unified customer profile, and makes that profile accessible across the enterprise.

With the best data quality and the deepest segmentation in a no-code environment, Redpoint delivers any marketing or CX use case for driving customer acquisition, engagement, loyalty and retention with hyper-personalized customer experiences delivered in the context and cadence of the customer to yield tangible revenue growth at the lowest TCO.

If you are ready to learn more about why Redpoint is the most complete and robust CDP, able to meet any use case and solve your unique business challenges, reach us at redpointglobal.com.

[1] https://martech.org/are-marketers-cooling-on-cdps/

[2] https://www.marketsandmarkets.com/Market-Reports/customer-data-platform-market-94223554.html

About Redpoint Global

Redpoint helps innovative companies ignite the full potential of data to drive superior customer experiences across the enterprise. The Redpoint CDP creates the most complete, timely and accurate unified customer profile to power any business use case, using industry-leading data quality and identity resolution combined with dynamic, no-code segmentation and activation. Marketers and CX leaders rely on Redpoint to fuel hyper-personalized experiences that yield tangible ROI in customer acquisition, engagement, loyalty and retention. **To learn more, visit redpointglobal.com.**

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