The Customer Intelligence Mosaic

Using Customer Data Platforms to create superior customer modeling and messaging across every touchpoint

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VP, Marketing Technology

In Summary /

Imagine meeting your customers' greatest needs: airtight data privacy, genuine personalization, and ultra-responsive online experiences. Does your marketing technology help deliver them? Today, most marketing tools amass troves of data but struggle to make the information matter. Third-party cookies are disappearing, the disparate parts don't fit into a whole, and marketers cannot create a complete picture of the people they serve.

With a single source of truth, the vision takes shape. As the next evolution of marketing technology, Customer Data Platforms (CDPs) collect and unify first-party data, creating complete, coherent views of your customers—weaving the elements into an intelligent mosaic. Companies embracing CDPs will eliminate data blind spots and enable superior customer modeling and messaging. Read this report to learn how CDPs can help your business improve data collection, safeguard privacy, and drive personalization through next-level customer profiles and segments.

Hero
DIGITAL

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ABOUT MIKE WALLGREN

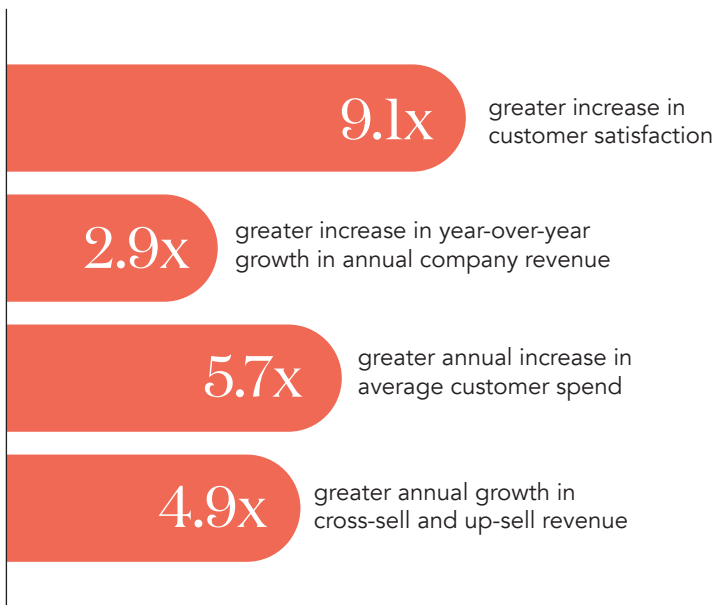VP, Marketing Technology at Hero Digital

Mike leads Marketing Technology at Hero Digital. His team helps clients build, employ, and optimize tech stacks while aligning them with benchmark marketing processes. A whole-hearted advocate of data-driven practices, his specialties include demand generation strategy, marketing automation, systems design and management, and business process optimization.

What is a Customer Data Platform?

LET'S START WITH THE BASICS

Customer Data Platforms (CDPs) collect and unify first-party data, creating complete, coherent views of your customers—weaving the elements into an intelligent mosaic. They shepherd that data along expedient paths, enabling superior customer modeling and optimizing the timing and targeting of marketing messaging. As central hubs of operation accessible across your enterprise, they create more winning customer interactions by eliminating data blind spots.

9.1x greater increase in customer satisfaction

2.9x greater increase in year-over-year growth in annual company revenue

5.7x greater annual increase in average customer spend

4.9x greater annual growth in cross-sell and up-sell revenue

In concrete terms, CDPs can yield significant growth in business outcomes. A 2020 Segment marketing survey shows that CDPs can create a 9.1-times greater increase in customer satisfaction and a nearly five-fold greater annual growth in cross-sell and upsell revenue compared to traditional customer data systems, among other benefits.[1]

It's important to remember that CDPs are relatively new. Their uncharted potential is sky-high.

1   Hero Signals Repository, Segment, Oct. 2020

The single source of truth

To gather the data they need, marketers use the tools they have: automation platforms, customer relationship management systems, data warehouses and lakes, and others. While these are useful, each is often siloed from the other, leaving us in the half-dark.

> "In a world where first-party relationships and data are essential for digital leaders, being able to bring data across assets, behaviors, and customers into a single view is necessary to drive the right outcomes."
>
> **ALEX ATZBERGER**
> CEO, Optimizely

Data lakes, for example, store oceans of raw data, but often at impenetrable depths. Outside behavioral information and account intelligence may fill the gaps, but outside teams usually control the inputs and data flows.

CONSIDER THIS: *How easily can you pull customer purchase history or contract information for cross-selling in actionable formats?*

Today, the pressure is on to provide customers with airtight data privacy, authentic personalization, and ultra-responsive online experiences. Delivering these promises is easier said than done. Most marketing tools amass troves of data but struggle to make the information matter. Third-party cookies are disappearing, the disparate parts don't fit into a whole, and marketers cannot create a complete picture of the people they serve.

Marketers operating with CDPs as a single source of truth will chart the path forward, creating beautiful customer interactions with fewer blind spots.

Of course, there are other ways to unify data and centralize operations, but CDPs are the most sophisticated. Their ease of use is peerless—and just the beginning.
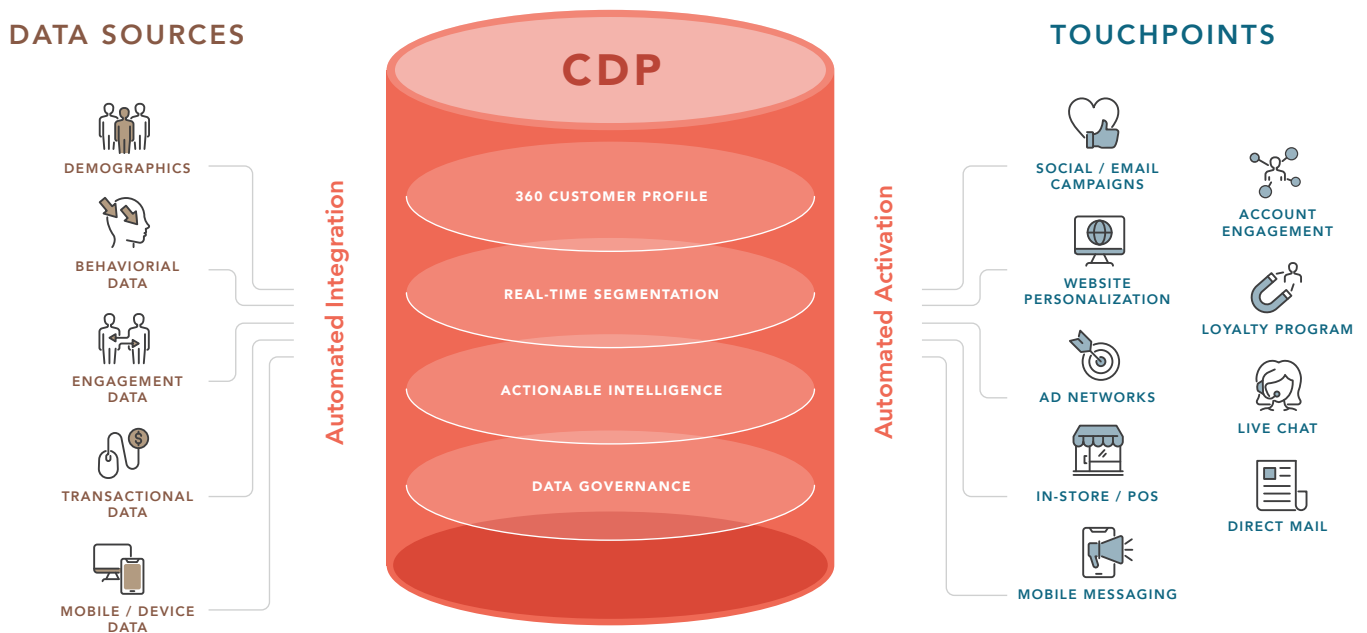
LET'S TAKE A CLOSER LOOK

The evolution of marketing technology

You say you want a revolution. Well, you know, it's already here. Consider your tech stack. Most likely, your marketing automation platform and Customer Relationship Management (CRM) system link via two-way synchs, communicating with each other and other parts of your organization. Other tools may link to one or both of these systems. In this multi-hub setup, all the pieces push information to data warehouses or lakes for reporting.

The next phase of marketing technology replaces the multi-hub environment with a more capable central hub. In this new arrangement, the CDP is the conduit for all marketing endeavors, with CRMs, automation platforms, and other tools becoming destinations for CDP data. No tool replaces another, and each performs the same functions.

DATA SOURCES

- DEMOGRAPHICS
- BEHAVIORIAL DATA
- ENGAGEMENT DATA
- TRANSACTIONAL DATA
- MOBILE / DEVICE DATA

Automated Integration

CDP
- 360 CUSTOMER PROFILE
- REAL-TIME SEGMENTATION
- ACTIONABLE INTELLIGENCE
- DATA GOVERNANCE

Automated Activation

TOUCHPOINTS

- SOCIAL / EMAIL CAMPAIGNS
- WEBSITE PERSONALIZATION
- AD NETWORKS
- IN-STORE / POS
- MOBILE MESSAGING
- ACCOUNT ENGAGEMENT
- LOYALTY PROGRAM
- LIVE CHAT
- DIRECT MAIL

But these setups are clearly more than mere data conduits and storage mechanisms. The CDP interface empowers marketers to create actionable audience segments based on behavioral, psychographic, and demographic data.

Benefits beyond centralization

You might ask yourself, *what are the benefits beyond centralization?* First, the CDP offers a wide-angle view over more data than older, siloed systems. From this perch, you can survey every part of the organizational kingdom, top-down. But there are many more benefits, from first-class data integration to customer-journey activation and creative personalization. When it comes to data, we can summarize the benefits with four words: ingestion, unification, segmentation, and activation.

HERE ARE THE DETAILS

Ingestion

CDPs gather data from digital experiences and external sources. Digital experiences include activities from websites, mobile apps, and connected devices. External sources can be CRM platforms, ad platforms, marketing automation platforms, or offline databases.

Unification

Data from multiple sources form unified profiles. Data points present across all sources—such as emails or phone numbers—serve as profile IDs. AI, ML, and other tools join multiple records into one profile using deterministic or probabilistic identity resolution.

Segmentation

Tools define audience segments based on ML-, AI-, or manually-set rules—including predictive scoring. Most CDPs can add or remove users from segments and audiences, directly weighing user actions. Personalization develops in real-time.

Activation

Once the data assigns users to audiences, you can use it for secondary online or offline marketing enterprises. Think email or SMS campaigns, social media campaigns, mobile push notifications, A/B/MVT tests, print campaigns, and in-store points of sale.

Assessing your level of data maturity

Brilliant customer experiences require gold-standard data integrated throughout the marketing enterprise. Once we break down the levels of data maturity and establish where your organization fits among them, the task becomes easier to envision. We can also identify your CDP needs based on your data maturity level.

The levels focus on four data dimensions: first, definition and integration; second, your tech stacks and marketing tools; third, ownership, strategy, and business goals; and fourth, segmentation and the power to gather valuable insight.

DATA MATURITY LEVEL

Developing Emerging Strategic Leading
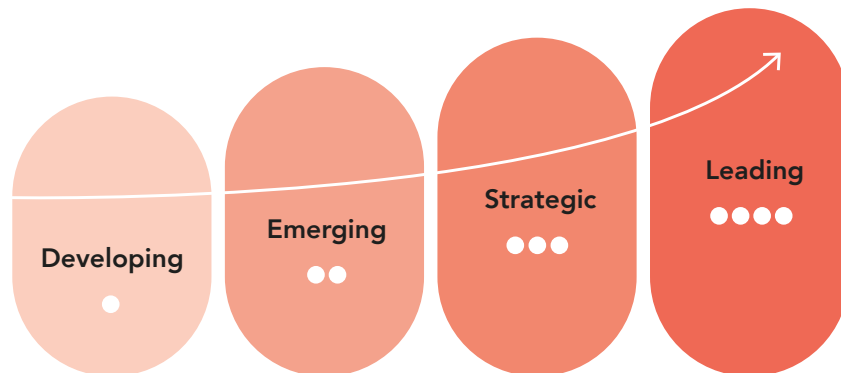
Where does your organization fit?

● **DEVELOPING COMPANIES** have siloed data fragmented between systems, with limited governance and policy strategies. They have large marketing and CX data gaps relative to needs. Overall, the organization is siloed, without data strategy stakeholders. There is basic analytics reporting with limited data usage.

●● **EMERGING COMPANIES** have centralized data collection, with established policy and governance strategies. Use case definition is limited. A martech integration roadmap is in place, with connected systems across base platforms. Data strategy is centrally owned, with links to the broader organization. Basic segmentation and attribution of analytics data make accurate ROI calculations. Some non-analytics data sources, such as CRMs, inform analysis; some CX optimization is based on analytics insights.

●●● **STRATEGIC COMPANIES** have largely integrated platforms and data sources, with some gaps. They have a centralized, single-source data store, clear governance policies, and articulated marketing and CX use cases. A connected martech stack has room for optimization with established customer profiles. The CDP is the lynchpin platform. Ownership of data strategy and tactics aligns with business goals. The CDP ingests first-party and digital experience data. Existing use cases guide segmentation with some CX personalization and activation.

●●●● **LEADING COMPANIES** have well-defined data collection and governance policies, with CX and marketing use cases consistently updated and refined. They have a robust, integrated martech stack and customer profiles enriched through external datasets. AI and ML tools contribute to insights. The organization is democratized, where data is not just for analysts. Analysts and AI/ML insights generate new use cases and segments. CX personalization scales on all channels.

Embracing trust, privacy, and data rights

Privacy is an online marketing imperative. According to Pew Research, 81 percent of the public believes that the potential risks of data collection outweigh the benefits.[2] People consent to exchange their data for agreed-upon services. In return, they expect integrity, transparency, and trust.

92%

of marketers consider a CDP important to their privacy and compliance efforts.

2022 Treasure Data State of the CDP Report

However, managing customer personal data is more complex than in days past.

Recent legal frameworks have reshaped personal data management. The European Union General Data Protection Regulation (GDPR) limits personal data use, requires consent opt-outs, and outlaws consent "bundles." The California Consumer Privacy Act (CCPA) and the following Privacy Rights Act of 2020 (CPRA) limit the use of precise geolocation, private communications, and some health information.

The good news is that CDPs streamline privacy and consent management. With the right CDP, businesses have mission-critical integrated compliance controls and more visibility over how data is accessed, processed, moved, and stored. Moreover, unified profiles can act as single sources of truth, simplifying the tracking and management of privacy controls and permissions across the business.

A. Preparing for the cookieless future

With cookies and augmentation services disappearing, brands have less information about user behavior. Marketing techniques such as ad targeting and multi-

2   https://www.pewresearch.org/internet/2019/11/15/americans-and-privacy-concerned-confused-and-feeling-lack-of-control-over-their-personal-information

touch attribution models are less reliable. In this environment, first-party data becomes mission-critical.

However, only organizations with leading-edge marketing technology can effectively harness *and* govern that first-party data. With rules baked in across the enterprise, CDPs maximize first-party data collection and empower businesses to tell customers exactly how they safeguard their privacy—even in ways that exceed standard regulations.

B. Managing data consent and governance

To meet governance standards, businesses are usually required to "lock down" data warehouses. Healthcare and Financial Services firms, for example, have precise regulations about customer data usage and storage. The U.S. Health Insurance Portability and Accountability Act (HIPAA) prohibits healthcare providers from sharing personal health information (PHI) without consent *and using or saving that information outside HIPAA-compliant environments*. Healthcare organizations are careful to stay within regulations and often draw limits that are more conservative than the actual guidelines.

ORGANIZATIONS CAN USE CDPs TO:

★ Set governance standards

★ Manage first-party opt-ins

★ Create access policies

★ Manage permissions for PII or business-sensitive information

★ Audit logs to ensure policy compliance

★ Hide sensitive data when appropriate

Building the perfect customer

Everyone talks about personalization, but what does it mean?

For customers, it means genuine help and meaningful online experiences. For marketing operations and technical teams, it means the nuts and bolts of data activation. Both of these require high levels of effort.

Onboarding experiences, for example, are often generic. But what if we could personalize them based on account types, granular demographics, sign-up questionnaire answers, and purchase histories? Suddenly, we're engaging with the perfect customer—a human being with stated needs and wishes.

HEALTH & WELLNESS PERSONALIZATION
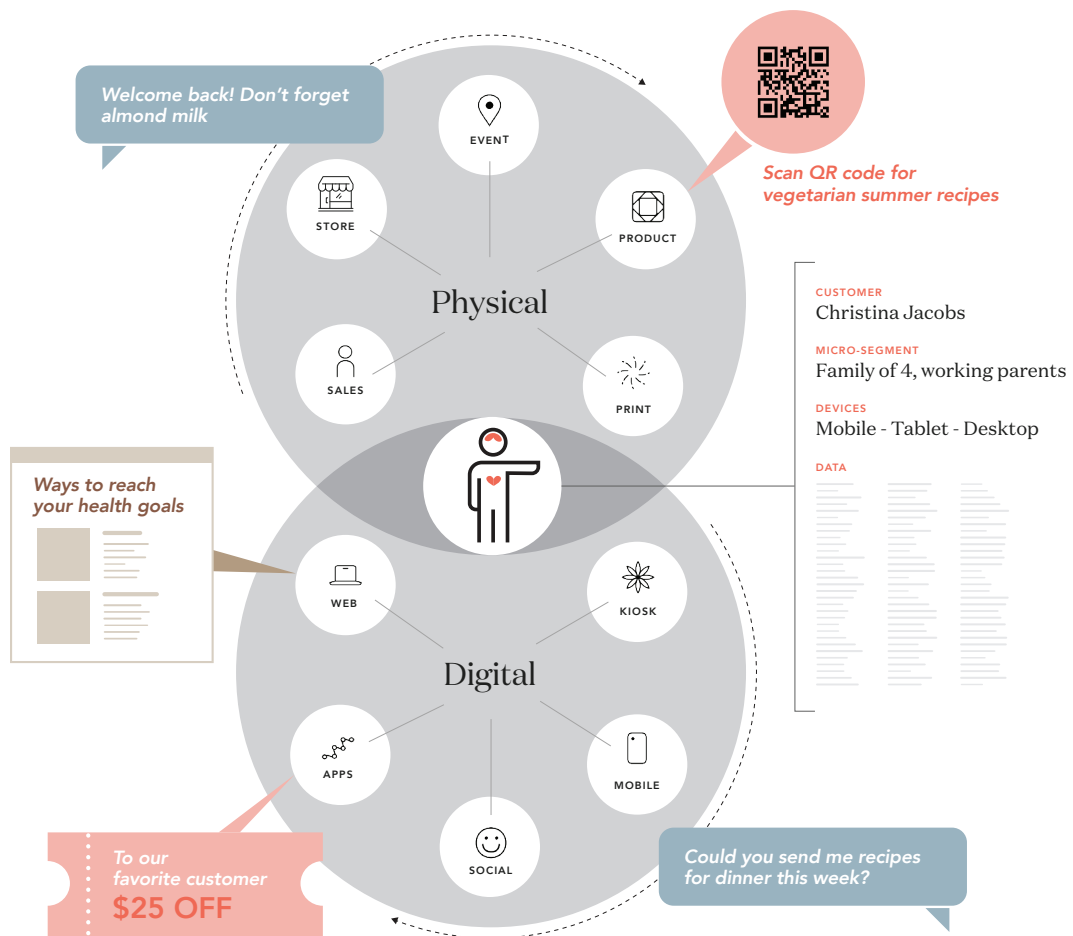
CDPs drive this type of meaningful personalization. They move beyond tracking customer click-throughs and integrate all multichannel communications, from direct mail, ads, pushes, and texts to website and in-portal experiences. They also drive consistent messaging by tracking communication channels, timings, and responses.

With our established approach, we can help you create your perfect customers. First, we bring your data collection sources together in one scalable platform. Even in regulated industries, we integrate digital experiences with API-first techniques to deliver real-time customer profiles and segments. Then, we activate personalization with defined testing strategies and continually optimize them to meet performance indicators.

Take action:
How to get started

Once you have a clear picture of your customer's needs, it's much easier to interact with them in productive, meaningful ways. Of course, their needs evolve as trends, technology, and market conditions change—making it even more important to have a marketing technology system that can create a holistic guiding vision.

It's also important to remember that, however sophisticated, CDPs are tools. The goal over the horizon, our lodestar, must be understanding customers and acting to meet their needs. That is our laser focus.

Now that we've demonstrated the benefits of CDPs, let's examine how we implement them. While the following guidelines aren't comprehensive, they give a sense of the detail, consideration, and rigor of our approach.

THE FIRST STEP IS TO LOOK AT OUR IMPLEMENTATION MODEL

Our implementation model for clients

DEFINE

Identify high-level objectives and develop a shared understanding of the project grounded in research and insights.

- Meet with client to talk requirements and goals
- Analyze existing site for baseline data and use cases
- Determine all relevant data sources and destinations
- Define KPIs for marketing goals
- Document requirements and get client approval

DESIGN

The Data Solution Design. Solve requirements, identify sources, and define destinations and activation.

- Identify data sources
- Define customer segments
- Define data destinations and activation with campaign details
- Detail onsite personalization content
- Document data design and get client approval

DEVELOP

Audit and integrate tech. Set up admin and UI with onsite event tracking, secure connections, audience segments, and destinations.

- Audit tech and evalute provider
- Implement and integrate tech
- Set up CDP platform admin and UI
- Set up onsite event tracking
- Connect data sources and create segments and destinations

DEPLOY

Deploy the CDP with data monitoring and KPI reviews. Celebrate!

- QA data ingestion, destinations, segments, and personalization
- Move CDP to production
- QA in production
- Monitor inflows and outflows
- Review data against KPIs

TAKE ACTION

A. Define, Design, Develop, Deploy

We use a Define, Design, Develop, Deploy model. Once committed, we help select data sources and destinations for your determined use cases. Then, we guide you on what quickly becomes a multi-step journey. While there's a robust stand-up phase, setting up a CDP with Hero is an iterative process.

For example, you might want to access new data sources with new audience segments and destinations each time you define a new use case.

We also create a cross-functional responsibilities matrix for stakeholders across your organization, align use cases with benchmark objectives, and provide detailed descriptions and success criteria for your use cases. The process is adaptive, collaborative, and self-correcting, allowing for smooth sailing and quicker returns on investment.

LET'S RECAP HERO'S APPROACH

★ **Iterative journey for quicker ROI**

★ **Outline CX goals and objectives**

★ **Define cross-functional roles and responsibilities**

★ **Set data sources and activation channels**

★ **Configure custom connections via API development if needed**

★ **Align use cases with short, medium, and long-term objectives**

★ **For each use case, provide:**
- A detailed description
- Desired benefits
- Segmentation criteria
- Required data inputs
- Required data outputs
- Personalization criteria
- Key Performance Indicators

TAKE ACTION

B. Use case essentials

Setting up a CDP can be straightforward—but isn't as easy as replacing one set of systems for another. If your organization has many disparate systems collecting and storing customer data, reeling them into one centralized, actionable database can seem daunting.

Once you have prioritized use cases, it's time to determine data sources and activation channels. In some cases, we can configure connections based on out-of-the-box integrations inherent in the platform. If they're not available, we can create custom connections via API development.

To simplify, we can break down the potential use cases, envisioning the specific situations where CDPs can help your business.

Hero can empower your marketing operations in the following ways:

★ **Unifying customer data across business units**

★ **Website personalization**

★ **Next best product recommendation**

★ **Omnichannel nurture programs**

With an established approach, our teams can help build business cases, create data segmentation criteria, and set up linked data sources and activation channels. We can also conduct a thorough assessment of your current marketing database and data architecture, ensuring that we can segment and target the right audiences.

TAKE A CLOSER LOOK AT OUR USE CASE OUTLINE

USE CASE Unify customer data across business units

Justification: Drive cross-sell and upsell opportunities.

Segmentation criteria	Data sources	Activation channels
• Demographics • Purchase history	• CRM • Ecommerce platform • Financials/order management	• Marketing automation/ESP • SMS comms • Customer portal

USE CASE Website personalization

Justification: Personalization based on user behavior and demographics

Segmentation criteria	Data sources	Activation channels
• Demographics • Interests • Purchase history	• CRM • Financials/order management • Web analytics	• Website via CMS

USE CASE Next-best-product recommendations

Justification: Recommend new products via purchase history

Segmentation criteria	Data sources	Activation channels
• Demographics • Purchase history	• CRM • Ecommerce platform • Financials/order management	• Marketing automation/ESP • SMS comms • Customer portal

USE CASE Omnichannel nurture programs

Justification: Unify customer and prospect communications across channels

Segmentation criteria	Data sources	Activation channels
• Demographics • Interests • Purchase history • Response behavior	• CRM • Marketing automation/ESP • Web analytics • Ecommerce platform • Financials/order management	• Marketing automation/ESP • SMS comms • Paid media

TAKE ACTION

C. Responsibilities Matrix

Technology is only as good as the people operating it—at least for now. While CDPs centralize your tech, setting up clear team responsibilities is crucial for developing successful customer data gathering and personalization. To start on the right foot and build a strong foundation, we align teams with tasks for implementation. The responsibilities are thought-through—from defining detailed technical require-ments with integrations and data segments to activating campaigns and monitor-ing performance.

OUR RESPONSIBILITIES MATRIX SHOWS THE SETUP AT A HIGH LEVEL

TASK	TEAM
• Use case collection and documentation	MARKETING STRATEGY MARKETING OPERATIONS
• Detailed data requirements with integrations	MARKETING OPERATIONS DATA INSIGHTS
• Detailed technical requirements with integrations	MARKETING TECHNOLOGY DATA ENGINEERING IT/DEVELOPMENT
• Integrations for data inputs and data outputs	DATA ENGINEERING MARKETING TECHNOLOGY API DEVELOPMENT
• Segmentation analysis and build-out	MARKETING OPERATIONS MARKETING TECHNOLOGY
• Campaign activation with personalization	MARKETING OPERATIONS MARKETING TECHNOLOGY LEAD GENERATION
• Campaign performance monitoring and optimization	DATA INSIGHTS

Shape your customer intelligence vision

Thank you for reading about Customer Data Platforms and the evolution of marketing technology. My goal has been to clearly outline the frontline developments in marketing technology and the game-changing benefits of CDPs—by mastering them, we can create a future where your organization thrives.

Hero can jumpstart your CDP journey by helping to build business cases, define data segments, set up data sources and activation channels, and more. Consider the following questions to determine what your business needs.

THINK ABOUT HOW USING A CDP MIGHT CHANGE YOUR ANSWERS

★ **How easily can I pull customer purchase history or contract information for cross-selling in actionable formats?**

★ **How smoothly can my organization adapt to new data governance regulations like the GDPR and CCPA?**

★ **Does my business deliver genuine help and meaningful online experiences via personalization?**

Building blocks to maximize your value

Hero Digital creates **HUMAN SYSTEMS**—a connected suite of innovative, seamless experiences, powered with technology and data to serve human needs and ignite business growth.

FULLY SUPPORTED AND OPTIMIZED WITH OUR PREMIER TECHNOLOGY PARTNERS

Adobe	Optimizely	TEALIUM
TREASURE DATA	ACQUIA	salesforce

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