EVOLUTION OF THE MARKETER'S TOOLKIT

Navigating the DMP and CDP landscape

CONTENTS

LONDON RESEARCH

ABOUT LONDON RESEARCH

London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences. We are based in London, but our approach and outlook are very much international. We work predominantly, but not exclusively, with marketing technology (martech) vendors and agencies seeking to tell a compelling story based on robust research and insightful data points.

As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

For more information, visit https://londonresearch.com

Adobe

ABOUT ADOBE

As a leader in customer experience management, Adobe offers marketers the tools they need to achieve a single view of customers so they can deliver personalised experiences to web, mobile and people-based environments like call centres. As a key component of customer experience management, our data management platform (DMP) and real-time customer data platform (CDP) supercharge modern marketing. Driving the next wave of competitive advantage, we can help you to evolve your audience strategy by truly knowing your customers' behaviours and preferences.

Learn more about our DMP, Adobe Audience Manager

Learn more about our Real-Time Customer Data Platform

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Executive summary

More than ever, enterprise organisations need a 360-degree view of their customers to deliver the kind of high-quality, consistent customer experience that's the cornerstone of business success in the 21st century.

They need to be able to deliver relevant, targeted marketing communications at every point in the customer journey, through every channel the customer might choose to use, at scale and, increasingly, in real time. The result has been an explosion in marketing and advertising technology, but the key to its effectiveness remains the data that fuels it. That's why data management tools have emerged to become such a crucial part of a marketer's toolkit.

The data management platform (DMP) has evolved significantly from a tactical tool used exclusively in the display advertising arena to a more strategic technology at the heart of customer intelligence.

> " Companies are starting to look towards an overarching audience strategy, bringing together advertising and marketing data to acquire and activate customers.

Companies like Sky started off using their DMPs to pull together data from an array of touchpoints across the organisation and externally, which can then be used to create actionable audience segments and improve the efficiency and effectiveness of programmatic media buying.

At the same time, the growing importance of customer-centric marketing and the increased expectations of consumers have driven the development of the customer data platform (CDP), which pulls together first-party customer data from across the organisation, creating user profiles that can be used as the basis for the personalisation of marketing communications.

A number of factors will affect an organisation's decision about which data management tool or tools best meets its needs. For example, a company that is primarily engaged in building long-term one-to-one relationships with its customers will be more likely to choose a CDP, while one that advertises heavily online but has no direct relationship with its customers is more likely to favour a DMP. It can also be a question of maturity; a company might start with a DMP for customer acquisition, as Vodafone did (see case study, page 11). Then, as it moves from segmentation targeting to personalisation, it might add a CDP (or CDP functionality), as adobe.com has (case study, page 9). Certainly, as technology develops and the need for a unified customer view becomes increasingly important, it'll be vital to understand the nuances of these two tools.

Looking further ahead, companies are starting to look towards an overarching audience strategy, bringing together advertising and marketing data to acquire and activate customers. This is leading to the emergence of tools that can deliver the functionality of both a DMP and a CDP, delivering insights to the rest of the company's martech and adtech stack in real time and stitching together the entire customer experience.

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Customer experience and data management

Improving the quality of the customer experience is the biggest opportunity for businesses today. Delivering that improvement depends on having the right data and the right tools to process it.
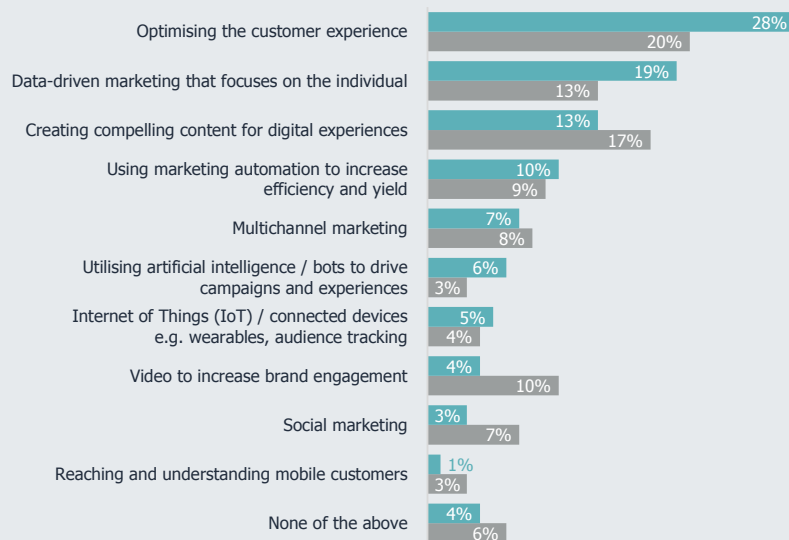
One of the most significant challenges facing businesses today – and one of their most exciting opportunities – is that of meeting the growing expectations of customers.

Of course, companies have always said they put the customer first, but what that means has been changed irreversibly by the internet. Consumers are now more demanding and more fickle than ever before. They measure their every online brand experience against the best in the world. They expect those experiences to be personalised and to recognise the history of their interactions with

the brand, across all channels. They expect them to be delivered seamlessly on whatever device they happen to be using at the time. And if the experience doesn't happen in milliseconds, those fickle consumers will click away to another brand.

If that sounds like science fiction, you don't have to take our word for it. According to Econsultancy's 2020 Digital Trends report, published in association with Adobe, both larger and smaller organisations regard optimising the customer experience as the single most exciting opportunity for the year ahead (*Figure 1*).

FIGURE 1
Which one area is the single most exciting opportunity for your organisation in 2020? (larger versus smaller organisations)

Source: Econsultancy/Adobe 2020 Digital Trends

	Large	SMBs
Optimising the customer experience	28%	20%
Data-driven marketing that focuses on the individual	19%	13%
Creating compelling content for digital experiences	13%	17%
Using marketing automation to increase efficiency and yield	10%	9%
Multichannel marketing	7%	8%
Utilising artificial intelligence / bots to drive campaigns and experiences	6%	3%
Internet of Things (IoT) / connected devices e.g. wearables, audience tracking	5%	4%
Video to increase brand engagement	4%	10%
Social marketing	3%	7%
Reaching and understanding mobile customers	1%	3%
None of the above	4%	6%

● Large organisations (>£150m)
● SMBs (>£150m)

Companies regard customer experience optimisation as the single most exciting opportunity for 2020.

> There's masses of marketing technology out there promising to make your life as a marketer easier, and to make your budget go further.

The common perception is that the key to delivering a great customer experience is data – but that's only half right. Sure, you need data as your starting point, but unless you can bring it together and use it to understand your customers, where they are, what they want, their history with you, how you should be talking to them and about what, it's just a bunch of 0s and 1s with no actionable insights.

Equally, looking at things the other way, there's masses of marketing technology out there (from 7,040 vendors, according to the Chief Marketing Technologist Blog by Scott Brinker) promising to make your life as a marketer easier, and to make your budget go further. But unless you can provide that tech with the data it needs, in the form it requires, at the very point in time when the customer is interacting with you, it's not going to deliver business value.

This is where data management tools come in. They take all the information about customers that your company collects across all its various touchpoints (and those of its partners), organise it in one place, and turn it into comprehensive marketing profiles so you can deliver the experiences that you need to, and that your customers crave.

What's more, in our post-GDPR world, companies must also be able to show customers what data they hold on them on demand. Data management tools make fulfilling that requirement simple and straightforward.

So, this guide sets out to do three things:

1. Explain, in a non-technical way, what DMPs and CDPs do, what benefits they can bring to a business, and what they will be able to do in the future – separately and together.

2. Highlight the organisational and operational issues you need to consider when buying and installing a DMP or CDP.

3. Suggest some questions you should ask yourself – and your potential suppliers – during the purchase process.

2

DMPs vs. CDPs: What they are and why marketers need them

Data management tools are crucial to delivering great customer experiences. But the two types explored in this report – DMPs and CDPs – come from different roots and have different capabilities.

Marketing teams want to deliver great customer experiences that will attract new customers, grow the value of current customers, and improve the return on their marketing investment. The best way to achieve those goals is through rich customer data. However, it's often difficult for marketers to access datasets from disparate technologies and silos across the business, and to then organise that data into profiles and segments that can form the basis of targeting and personalising the customer experience. This is where data management tools – DMPs and CDPs – come in.

The evolution of the DMP

The DMP is the more established of the two technologies, emerging as part of the growth of programmatic advertising. As more and more ad buying was automated, demand-side and supply-side platforms (DSPs and SSPs) were developed to handle the two sides of the deal. DSPs told the advertising exchanges – where the deals actually happen – what audience attributes the advertiser wanted to buy. SSPs told the exchanges what attributes publishers had to sell.

So, the first role of the DMP was to bring together behavioural data to increase the efficiency and effectiveness of media buying, supporting either the buy- or the sell-side platform. First-party audience and campaign data from the business was augmented with second-party data from media partners (their first-party data) and anonymous behavioural or intent data bought from third parties.

"The biggest initial use case [for the DMP] was the media efficiency gain, where we aren't wasting paid impressions to sell Sky to existing customers. The ability to identify those people and exclude them from any prospect activity did not just drive efficiency but also led to improved brand metrics. Being able to identify our customers online wherever they are also enabled us to customise their digital experience."

Sandy Ghuman, former Audience Targeting Capabilities Consultant, Sky Digital Decisioning

Since then, the function of the DMP has grown to encompass building a single view of customers based on all this data, and to segment the resulting profiles to enable better targeting, initially for online advertising, but increasingly for other marketing and enterprise technologies too.

"We're working towards a formalised segmentation structure, which would address every stage of the funnel and go beyond using the DMP on a campaign-by-campaign basis. It would give us an understanding of our relationship with the consumer at any one time. Once we've finalised the formalised structure, we can run an audience-first strategy."

Adam Ingram, Senior Performance Marketing Manager, Subscription and Registration, The Telegraph

Indeed, one of the key developments of recent years has been the concept of the data ecosystem, the network of marketing tools that use the outputs of the DMP as the basis for their own activities. Crucial within that is the coupling of the DMP and analytics, so that the data and analytics team can draw on the most up-to-date information.

The emergence of the CDP

A recent development in the marketplace has been the emergence of the CDP.

While CDPs come in different shapes and sizes, with vendors from a variety of backgrounds such as tag and data management now offering the technology, they can broadly be described as marketing systems that unify a company's customer data from marketing and other channels to help optimise the timing and targeting of messages and offers. They can be seen as a modern version of the established CRM system, working with personal attribute data such as name, age, gender and previous buying behaviour with the company.

The differences between a CDP and a DMP

While there is some overlap of CDP and DMP functionality in terms of their ability to aggregate data and then to facilitate segmentation and personalisation as part of a more coherent cross-channel experience, there are also some crucial differences between them.

The first is in the way the two technologies are used. DMPs are used for new customer acquisition, audience prospecting, and to build reach. Many of Adobe's customers, for example, currently use its DMP, Adobe Audience Manager, to find similar audiences through lookalike modelling.

In contrast, a CDP builds unified, persistent individual profiles from sensitive data about existing customers. These profiles can be used to provide one-to-one personalised customer experiences across all known channels and devices. This means CDPs are excellent for use cases around growing customer or account lifetime value, such as retargeting email campaigns or personalised web experiences.

A crucial distinction between existing CRM systems and CDPs is that CDPs operate in real time, enabling automated marketing communications in real time, based on the customer's profile and where they are in their journey to purchase.

The second difference is their primary source of data. While DMPs have historically built profiles of anonymous audience members using second- and third-party data, CDPs have been targeted at businesses that have a database of opted-in customers, and use CRM data as the basis of their targeting.

As well as harnessing the second- and third-party data that is typically outside the scope of a customer data platform, a modern enterprise-level DMP can ingest the first-party (including CRM) data that CDPs support, or take in. In fact, despite the strong heritage DMPs have in third-party data, they are now sometimes used without third-party data.

DMPs and CDPs are not mutually exclusive. The decision between whether your organisation should invest in a DMP, a CDP or both, should be made based on your organisation's access to customer data and its business needs. In addition, the growing desire among companies for an overarching audience strategy that takes in everyone interacting with the business, whether anonymous or identified, is leading to the integration of the DMP and CDP functions into a single tool (see *Section 4*).
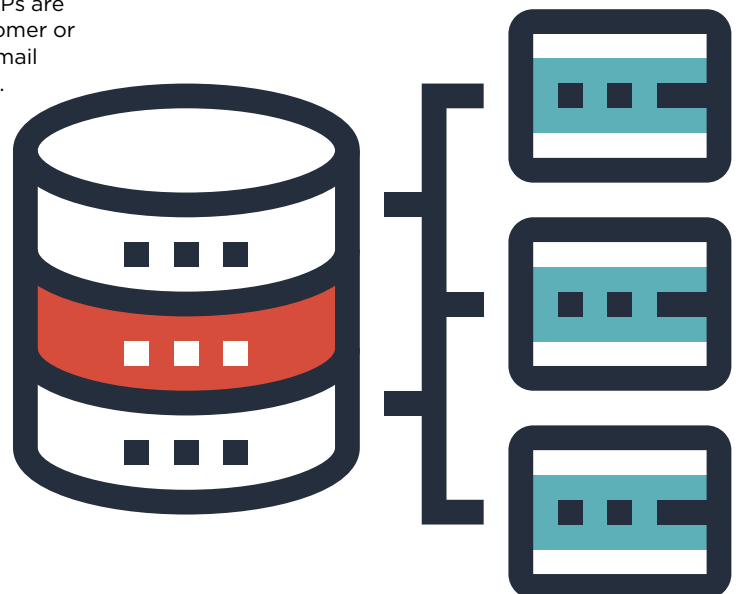
Case Study
Adobe.com

Adobe.com is Adobe's principal point of contact with its customers. It's where people go to find out more about Adobe's products and sign up for them.

The site's ecommerce team began using Adobe's DMP – Audience Manager – in 2014, as part of Adobe's transition from selling its software through resellers to making it available on subscription.

Part of that transition, which began in 2011, involved a massive increase in advertising spend through digital channels. In 2013, that spend was brought in-house, rather than going through agencies, and the following year Audience Manager was introduced to help prove ROI and improve efficiency. It also made marketing efforts more effective, as the ability to define consistent audience segments made messaging more consistent, leading to better customer experience and improved conversion rates.

But once these acquisition activities had resulted in a large subscriber base, a new business case started to emerge. To drive recurring revenue, the ecommerce team had to look at customer success and retention.

This, in turn, drove the adoption of Adobe RT-CDP built on Adobe Experience Platform, an experience management platform with continuous intelligence and open architecture, to work with the company's DMP, to allow one-to-one communications with customers. Adobe Experience Platform allows the team to stitch together online and offline profiles, and to develop a more sophisticated understanding of its audience, according to Petar Karafezov, Director of Ecommerce at Adobe:

"We used to think about prospects and customers. Then we added in triallists – people who are almost customers. Then the model evolved further to add lapsed customers as prospects, versus triallists and brand new customers. Then we added in mobile, because mobile customers behave completely differently to desktop customers. We've become much more sophisticated in how we think about all these groups. We're now able to predict the group most likely to churn, and prioritise our marketing efforts towards them."

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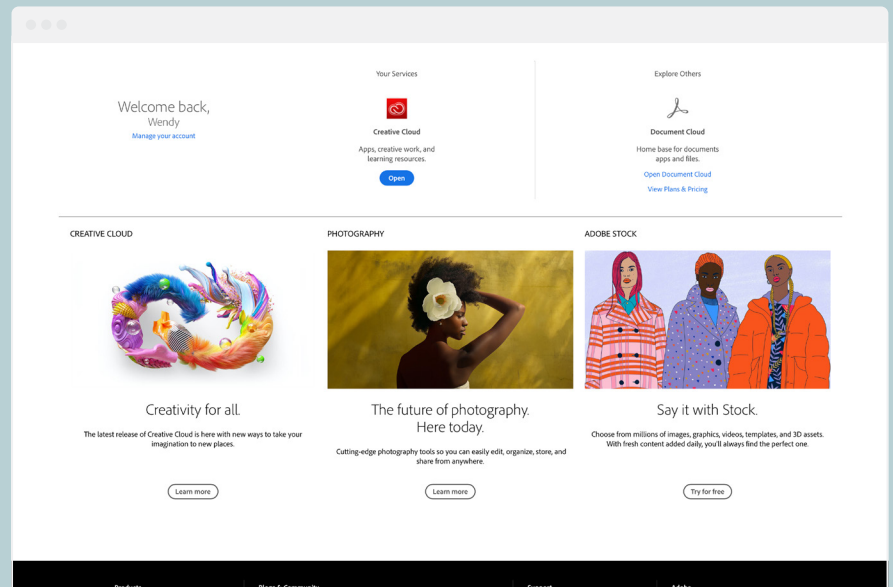
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Integrating data management tools into your business

DMPs and CDPs need to be properly integrated across organisational departments for maximum benefit. Irrespective of who leads the implementation project, IT involvement is crucial for success.

If you're thinking of investing in a DMP or CDP, you might think that the important issues to consider are around data and technology, but that's only half the story. Organisational issues are just as crucial to success.

> *"Deploying technology doesn't guarantee business benefits on its own – your organisation needs to be ready. The technology can only be as efficient as the organisation allows it to be."*
>
> **Petar Karafezov, Director of Ecommerce, Adobe**

The first step is to decide on the use case that the new technology is intended to address, and to establish how ROI will be measured. This is particularly important when the installation is a pilot or proof of concept. For example, the initial driver for UK broadcaster Sky adopting a DMP was to make its media buying more efficient, while outdoor clothing and equipment retailer A.S.Adventure wanted to build a single view of its customers and use that as the basis for segmentation.

The next thing to consider is the quality of your data. DMPs and CDPs are powerful tools for turning raw data into information that the business can use, but that information will only ever be as good as the data on which it's based. It is therefore absolutely imperative that any business considering buying data management tools also reviews what data it collects and how it's collected. Otherwise the tools will simply be containers for data that does absolutely nothing of value for your business.

The third step is to make sure you can get hold of all the data from across the business. This is as much a management question as a technology one, since it involves breaking down silos and making sure departments understand the goals of the business overall, rather than just working to their own KPIs. If this process is already under way, investing in a DMP or CDP can help, since the capital expenditure involved usually means board-level sign-off, and therefore considerable executive pressure to show results.

Who's in charge?

It's vital to appoint a key stakeholder to run any DMP or CDP project as head of a cross-departmental team because, by their very nature, these tools can't function in isolation. On the input side, the head of the project needs to know – or find out – where all the company's data is held, and to make sure it's fed into the tool or tools. They need to know which of the organisation's partners – such as media agencies – hold data, and to make sure that data is also brought on board.

The project head must understand not only how your company's tools work, but also how the company operates, including its goals and procedures, to configure the DMP or CDP properly to match its needs.

On the output side, they need to understand the rest of the company's martech suite, to make sure any tool works seamlessly with all the other technologies being used. The project head also needs to know what outputs need to go back to the company's partners, to power programmatic media buying, for example. All of this requires a formidable blend of technical understanding, business acumen and political skill.

Where this person comes from will also be influenced by the existing structure of the company. For example, because Sky chose to implement a DMP to improve the efficiency of its media buying, the project was initially led by the digital marketing team. Once it was up and running, responsibility moved to the insight and decision science team, although the digital, commercial and marketing teams remain stakeholders.

Conversely, A.S.Adventure's decision to adopt a DMP was taken by the ecommerce and IT teams because the company wanted to build a single view of its customers. Then, as the implementation progressed, the CRM, marketing and sales teams all became involved.

Breaking down silos

The cross-departmental nature of this process can lead to another, perhaps unexpected, benefit of a DMP. They can be powerful tools in helping to break down silos within the organisation. Indeed, some experts go further than that, suggesting that as all businesses respond to the shift in power towards consumers by becoming data-driven, data management tools will become the basis of the entire business, with companies organising their structure, people and processes around them, rather than trying to fit the technology into existing structures.

Case Study
Vodafone

Telecoms giant Vodafone uses the DMP from Adobe – Audience Manager – in 21 markets, serving 450 million customers plus prospects.

As with many other organisations, the primary use case for the technology was to drive personalised experiences across all their owned and paid media digital channels. According to Will Harmer, Vodafone's Global Product Owner of Digital Marketing, there were two main objectives. The first was acquisition, and in particular ensuring the most efficient use of marketing spend to acquire new customers. The second was to use the data Vodafone held on its existing customers to deliver them a better experience.

"If you go and talk to our markets, those two use cases have driven many millions of pounds worth of value," Harmer said.

Vodafone also widely uses the DMP for owned media, using the data to make sure that when a customer comes to the Vodafone website, they see relevant content to get the best experience possible.

Beyond that, the company is exploring the use cases for a CDP. It's looking at bringing data from back-end systems to front-end systems more efficiently. It's also seeing significant changes in how publishers are handling identity, with the continuing rise of non-cookie-based walled gardens. This will have a major impact on the roles of the DMP and CDP.
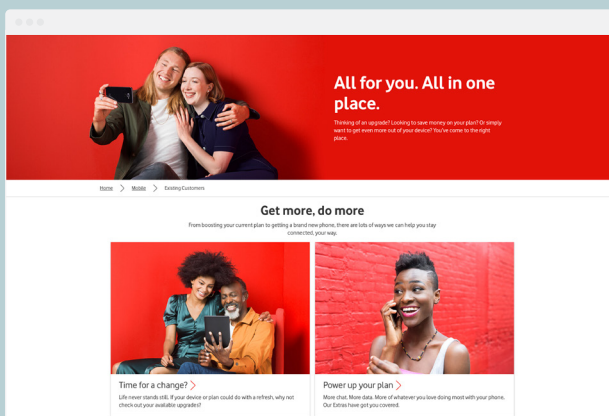
"There are a lot of benefits to holding customer data close to the channels in a CDP. We want real-time modelling, we want to deliver experiences that respond to our customers in real time. That's where the CDP really plays. What the DMP adds over the top is the ability for us to talk to our third-party partners in a really efficient way," Harmer said.

The relationship between marketing and IT

The other organisational question raised by the adoption of any data management tool centres on the relationship between marketing and IT. In most businesses, the drive to invest in marketing technology will come from the CMO, who will have a clear idea of the benefits on offer to their department. Indeed, Gartner reported in 2016 that CMO spending on technology had all but equalled that by the CIO.

However, data management platforms must be integrated with the rest of the organisation's technology to deliver benefits. They must be able to pull data collected by all the other relevant systems in the organisation – not just adtech and martech – and increasingly be able to deliver aggregated data to users and systems across the business.

Three recommendations for long-term strategy

Petar Karafezov, Director of Ecommerce at Adobe, outlined the three most important things to think about when developing a strategy for data management tools:

1 **Don't overbuild.**

Organisational adoption and adaptation of processes takes a long time, as do training and agreement over budgets to execute against the depth of the possible use cases. Even from a planning perspective, if it turns out you need extra budget, you have to wait until the budgeting cycles catch up. Be clear about what your top three use cases are, solve them first and link them to the customer problems they are addressing.

2 **Solve for scale.**

Use maths and science to scale and automate what you're doing – predictive models and machine learning are important as organisations can't rely on the human touch in everything.

3 **Prioritise privacy and customer choice.**

The fact that we're able to stitch together customer data and see the end-to-end customer journey means that corganisations have a lot more responsibility to their customers. With evolving GDPR and other legal standards worldwide, this needs to be at the heart of every project.

From an IT perspective, marketing is only one user of the data that a data management tool pulls together. IT will see little point in building or supporting a platform that only supports one of a number of users. For example, one appealing aspect of a real-time CDP for both IT and marketing is its ability to continuously update customer profiles. For IT, this makes it possible to resolve customer identity issues since any system can access a consistent customer profile in real time. Call centres, for example, have access to richer information, such as what a customer was looking at online before calling. This data enables them to deliver a better experience for the customer.

At the same time, marketing teams benefit because they gain insights into the actions customers have recently taken on- or offline. This additional knowledge gives them the ability to run relevant and timely retargeting campaigns, for example, or to serve up compelling offers in real time.

This question of integration has become more important for DMPs as they've evolved from their roots in digital advertising to ingest first-, second- and third-party data, and bridge between anonymous and authenticated data. This has brought the technology from its isolated role on the edge of the business into the heart of attempts to provide better experiences throughout the customer journey. CDPs, of course, started there.

Privacy post-GDPR

The other aspect of an organisation's activity where audience management tools have a big part to play is in compliance with the General Data Protection Regulation (GDPR). One of the key requirements of the regulation is that companies must show consumers what data they hold about them on request. If all the company's data is held in different places, this becomes a hugely time-consuming exercise. The first function of a data management tool – to consolidate a company's data in one place – simplifies the process dramatically.

But these tools can also help companies manage how their data is shared, and how it can be used, not just internally but with external partners as well. They can keep track of how the data was collected and the permissions granted by the people it was collected from. This means that when marketers want to know which customer segments to target with new campaigns or offers, the tool can tell them not only who to contact, but also whether they have permission to contact them at all.

However, it's important to remember that GDPR covers the type of data you use and how it's collected, stored and used, not the platform you use for those tasks. So, while a data management tool will help you with GDPR compliance, just having one won't make you compliant by itself.

4

The future of DMPs and CDPs

Integration of DMP and CDP functions, and the further implementation of artificial intelligence, are the key areas for businesses looking beyond the current use of data management tools.

Artificial intelligence (AI) represents the future of data management. The technology is being introduced to help data management tools look for patterns of behaviour within the data that can then be used as the basis for better audience segmentation and smarter lookalike modelling. It also allows marketing segments, which used to be seen as static, to be changed and updated as the underlying data changes.

The promise of AI is to enable real-time prescriptive analytics. Analytics used to be purely descriptive; explaining what happened as a result of a particular action, such as a marketing campaign. It is now increasingly predictive; able to say what is most likely to happen as a result of an action. The goal is to deliver the ability to say what the next best action is for a marketer at each point on a consumer's journey, to move them closer to the final desired action. Because this needs to happen across multiple channels, in real time, at scale, it can only be delivered by machines.

FIGURE 2
Is your organisation using or planning to use artificial intelligence (AI) in 2020?

Source: Econsultancy/Adobe 2020 Digital Trends
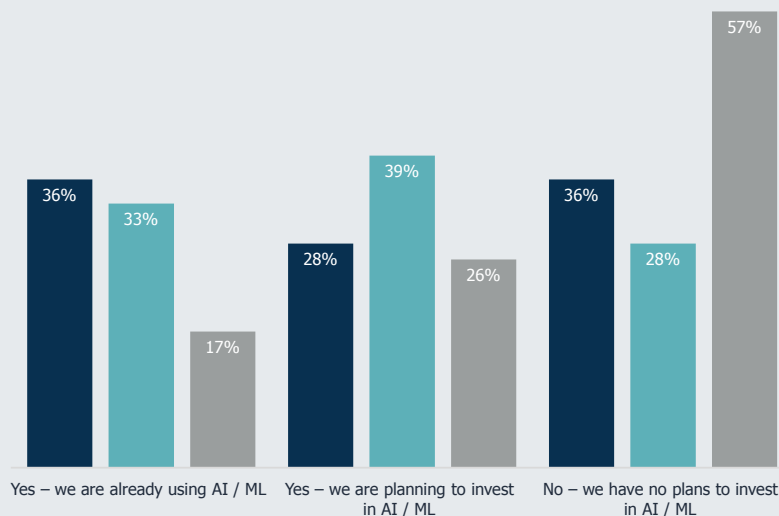
Customer experience (CX) leaders are most likely to say they are already using artificial intelligence and machine learning (AI/ML).

- ● CX leaders
- ● Large organisations (>£150m)
- ● Mainstream

Yes – we are already using AI / ML: 36%, 33%, 17%
Yes – we are planning to invest in AI / ML: 28%, 39%, 26%
No – we have no plans to invest in AI / ML: 36%, 28%, 57%

For this to happen, the AI needs to be able to access data fast enough to enable the instantaneous delivery of marcoms. An advantage of the profile-based approach of DMPs and CDPs is that all the data is brought together in one place and updated in real time, enabling AI to work its magic.

The rise of the robots

AI is being adopted rapidly by companies looking for the next competitive edge. The 2020 Digital Trends report revealed that implementing AI is a high priority for a majority of CX leaders and large companies (*Figure 2*).

Fuelling the machines

The use of AI also raises the question of resourcing. It's all very well to be able to say what the next best action should be, but the marketing department then has to be able to take that action for the insight to be worth anything. As personalisation becomes more precise and segments become smaller, the number of them increases, placing ever-heavier demands on the creative and production teams. One of the key challenges for businesses going forward will be to find the creative resource to match the level of insight being delivered by AI-driven analytics.

Integration is the future

At the moment, the core functionality of both the DMP and the CDP is clear. The DMP pulls together cookie-based, third-party data to improve the efficiency and effectiveness of digital advertising in real time. The CDP uses personally identifiable information (PII) to create customer profiles that can be segmented to improve the personalisation of marketing messaging.

Put another way, the CDP tells you who your customer is, the DMP tells you where they are right now. The CDP is martech. The DMP is adtech.

As a result, use cases exist for both tools, and there are clear reasons for businesses to pick one or the other. A company that does little online advertising and is primarily concerned with building and maintaining one-to-one relationships with its customers – a big-ticket B2B company, for example – is likely to find a CDP more suitable. A business that has little contact with customers but advertises heavily – for example an FMCG/CPG brand selling through retailers – would be more likely to choose a DMP.

Right now, a CDP should be seen as a complementary technology that can help to inform DMP activation across channels, but not necessarily offering the same ability to connect with other parts of the marketing and ad technology ecosystem in real time. Clearly though, technological developments and customer trends are blurring the lines between the two technologies.

Modern DMPs are increasingly capable of working with first- and second-party data, while the need to create a coherent, consistent customer experience across all touchpoints requires the linking of advertising and marketing. Companies are starting to think about content in terms of attribution, and applying learnings from the DMP within the CDP, and vice versa. For example, a brand might personalise the content on its site to visitors depending on the ads they clicked on to bring them to the site.

All this leads to the point where companies will need an overarching audience strategy based on recognition of people coming into contact with them, whether they're known or unknown. This means building audience profiles either anonymously or using PII, using them to acquire and activate customers, and then updating them constantly as a result of every interaction with the business. This requirement to integrate advertising and marketing data is likely to result in the merger of DMP and CDP technologies in the future.
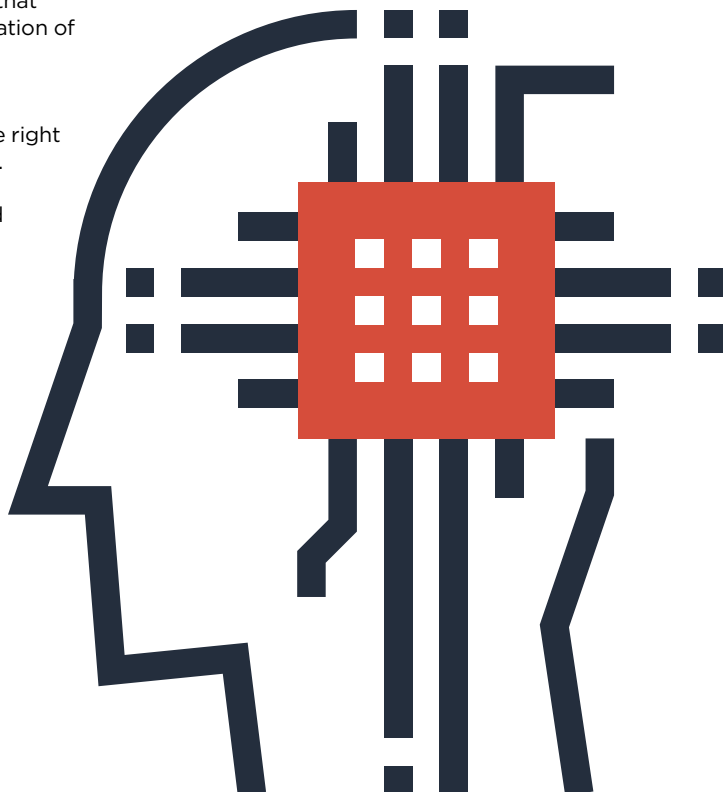
5

Data management tools – making the right decision

Questions that companies should ask before implementing data management tools and how to choose a potential vendor.

There are broadly two ways businesses approach investing in marketing and advertising technology. The first – and more common – is by identifying a specific use case for which a particular tool is the best solution. Success in this area then leads both to the use of more of the tool's capabilities and to its wider adoption across the business. The second approach is more top-down, where a business decides digital transformation is a strategic imperative and invests in the tech stack required to make that transformation happen.

Because DMPs have their roots in online advertising, they have historically been more likely to be detached from the rest of the business, working as they do with third-party cookie-based data. This has made it possible for them to be adopted as point solutions with little impact on the rest of the business. However, as they have evolved to handle other types of data, and to use that data to inform other marketing activities, they have become more strategic and have required greater integration with the rest of the organisation's systems.

CDPs, of course, start from this strategic role. Since their function is to pull customer data from across the business and stitch it together, integration with the rest of the martech stack is vital from day one. For this reason, they are much less likely to be introduced to address a specific business use case.

However, there are certain common considerations you should address when you start thinking about investing in a data management tool:

1. Readiness

- Do you have the culture and processes in place to adopt the new ways of working required by a data management tool? If not, is there willingness to change the existing culture and structure?

- Do you have access to the data that the tool will require? Is that data collected, processed and stored in ways that will allow it to be used by the new tool, and is it of sufficient quality to make the tool's outputs useful? Remember: Garbage In, Garbage Out.

2. Resources

- Does your IT department have the skills and capacity to perform the integrations required for the tool to deliver value against your use case?

- If you're planning to use the tool to improve targeting, does your marketing team have the capability to create the number of different messages implied by the degree of personalisation? If you're unable to personalise the messaging to match the level of segmentation delivered by the tool, then you won't be taking full advantage of it.

3. Business focus

- As we saw in a previous section, DMPs are usually used initially for ad targeting and media buying, and are based on behavioural data. If your business is more focused on first-party data, a CDP might be more appropriate, although the two technologies are converging.

4. Speed

- How quickly will you need your data management tool to ingest and activate data?

- Do you need to respond to customers in real time, as in online advertising, or more slowly, as in lead nurturing?

Questions to ask potential vendors

There are some key questions you should ask any
potential technology vendor:

1. Scalability

Will the technology scale to meet your needs in the future?

2. Training

How much training will be needed across the organisation to
make sure you get the most out of the tool, and how much
support is available from the supplier in that training?

3. Reporting

Will the tool produce reports that allow everyone in the
business to understand what's going on, not just the analytics
team?

4. Integration

How easy is it to integrate the tool with any other martech
products that you use or may want to use, from both the
same supplier and others?

5. Future-proofing

What does the supplier's roadmap for their product look like,
and does it match your company's goals and ambitions?

6. Data governance

Do your tools give you confidence that you can manage
consumer privacy and system security in a compliant manner?

6

Conclusion

Companies thinking about investing in data management tools need to consider the cultural and organisational questions just as much as the technological issues.

Twenty-first century business is defined by the growing power of the consumer. Companies are increasingly led by their customers and, by extension, the data footprint of those customers.

That, in turn, means that the structures – and infrastructure – on which companies have been based for the past 50 years are breaking down. If you want to personalise messages to a customer, or a group of customers, you need to know as much about them as possible. That's a challenging task at best, but it's made all but impossible if different pieces of data about those customers are held in different places around the company.

This is why data management tools are increasingly seen as a core strategic underpinning of the business. By pulling data from across your company and stitching it together, they create a single view of your customers based on all their interactions with you. And they use all those profiles to build marketing segments that allow the rest of your martech stack to deliver a coherent and consistent customer experience.

Used properly, these tools will not just revolutionise your customers' experience. They will also change your company's structure. As they begin to consolidate data from across all the different departmental silos in one place, they require those silos to be

broken down – or at least cracked. As they organise that data into customer profiles, they encourage the business to see the customer as the fundamental unit of information, rather than the click, the like or even the sale. And because they see the world through a customer-focused lens, they erase the channel-based approach that persists in most companies.

The result should be an organisation that not only capitalises on current consumer expectations, but is better equipped to respond to the ways those expectations might change in the future.
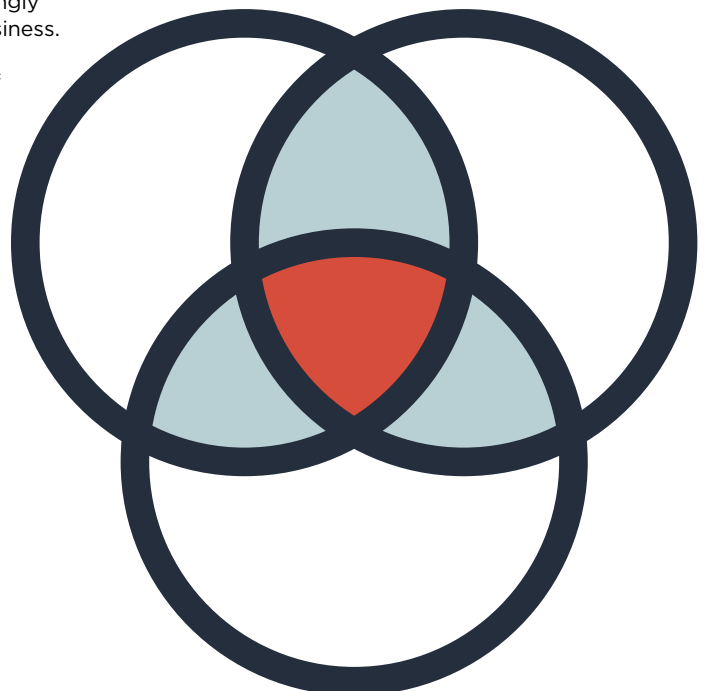
Glossary

Adtech

Short for advertising technology. This is the software that manages the automated buying and selling of digital media – increasingly including TV and outdoor as well as online – otherwise known as programmatic trading.

AI

Artificial Intelligence; computer systems that can perform tasks previously restricted to humans.

CDP

Customer Data Platform; a data management tool that pulls together first-party customer information from multiple sources across the business to allow the creation of persistent consumer profiles for segmentation and targeting. CDPs traditionally focus on personally identifiable information (PII) like a customer's email address, street address and phone number.

CX

Customer Experience; the sum total of the customers' interaction with a brand at every touchpoint.

DMP

Data Management Platform; a data management tool that pulls together and integrates data from multiple sources across the business and its partners, providing a single view of the customer to inform marketing communications. Although historically based on pseudonymous third-party data used for media buying, the latest DMPs are also able to handle first-party data.

DSP/SSP

Demand-Side Platform/Supply-Side Platform; the technologies on either side of the automation of media buying. The DSP handles which impressions advertisers want to buy, the SSP which impressions publishers have to sell.

GIGO

Garbage In, Garbage Out; a phrase originating from the early days of the computer industry to illustrate that the quality of the outputs of a system can only ever be as good as the quality of the inputs.

Hashing

A way of making data easier to index and retrieve – and also encrypting it – by using fixed-length character strings to represent those of different lengths. For example, names could be replaced by a fixed-length code.

Machine Learning

The algorithms that support making machines more intelligent.

Martech

Short for marketing technology; the software that automates marketing processes. A company's collection of marketing technology is known as a 'stack', since some technologies are conceived of as sitting on top of each other, using the outputs of the layer below as their inputs.

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