Create a unified brand experience ethically and securely across the complete customer lifecycle by integrating information stored in traditional business silos.

XCENTIUM

EXPLORING THE BUSINESS VALUE OF A CUSTOMER DATA PLATFORM

By now, we have all heard about the fabled 360-Degree view of the customer. There are a few arguments about the value of achieving this goal, but execution remains elusive. Because technology vendors designed customer experience platforms to support a phase of the entire customer lifecycle, 360-degree visibility is a challenge. In the absence of a customer data platform, valuable tools designed to enable marketing, sales, customer service, or loyalty may have the technical flexibility to tell the complete story. Still, other considerations often get in the way.

Limited implementation strategy, integration problems, licensing challenges, or simply a lack of consistent training and enablement often prevent very technically capable tools from rising above their original intent.

Consider one scenario common in the airline industry. A customer leverages social media to publish dissatisfaction with their experience in real-time. Within traditionally siloed business units leveraging different data platforms, it's easy to fumble the response. The person behind the social channel, often in marketing, has no idea who the customer is or what they've purchased. Naturally, this lack of context bewilders and annoys the customer, especially if they are part of a loyalty program.

In this scenario, the airline could have successfully implemented several platforms underpinning different customer lifecycle stages. But suppose the person responding to the customer in a time of need doesn't have access to every one of them, which is very unlikely due to the training, licensing, and authority required for such access. In that case, they are unlikely to succeed in providing a good customer experience.

Achieve a 360-degree view with a customer data platform.

Unlike point solutions, we do not use a Customer Data Platform to solve specific problems for part of the business. Instead, we use it to collect, unify, and enrich customer data stored in other tools, making it easy to segment and manage while providing broad, transparent access to any person in any department. We can't overstate the importance of a unified and enriched customer view because it's no longer a "nice-to-have." In the 21st Century, customers expect companies to know who they are, anticipate their needs, and deliver contextually relevant and personalized experiences. A customer data platform can also offer programmatic hooks to trigger value-adding tactics such as automated content personalization at any stage in the customer's journey with a brand, at-scale.

Typical CDP Features

Here are the most common features of a customer data platform:

Integrated data collection allows you to easily gather information.

Profile unification creates a unified view of the customer.

Identity resolution layers in first- and third-party data to complete the 360-degree view.

Segmentation allows you to slice the customer database on the expanded catalog of facets only available in a CDP and use it to trigger valuable automated experience personalization.

A unified view of the customer might be the most compelling reason to invest in a Customer Data Platform, but there are other benefits to explore.

Other revenue-generating benefits of a Customer Data Platform

There are many ways to use a customer data platform to generate additional revenue. Let's reconsider the airline scenario we previously explored, this time assuming the provider has an effectively adopted customer data platform in place.
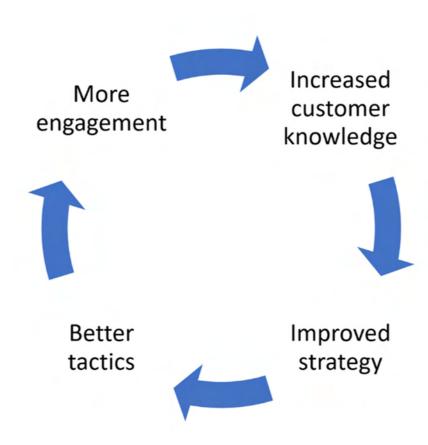
With only the customer's social handle, the service rep can access the customer's loyalty status, purchase history, and current booking information. Armed with this knowledge, they solve the customer's problem (without asking dozens of questions they should know the answer to). This interaction immediately makes the customer feel respected, happy, and valued. Using the time left, the service rep sells them a discounted upgrade, taking advantage of an empty seat in first-class to increase revenue and customer satisfaction at the same time.
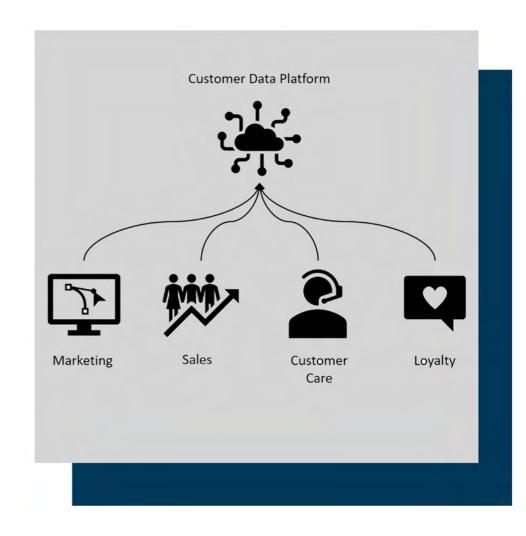
But this is only one example of how improved customer data visibility across the organization can increase revenue while simultaneously improving the customer experience. Audience segment discovery, augmented by a complete understanding of the customer, allows marketing to generate better targeted and contextually relevant campaigns.
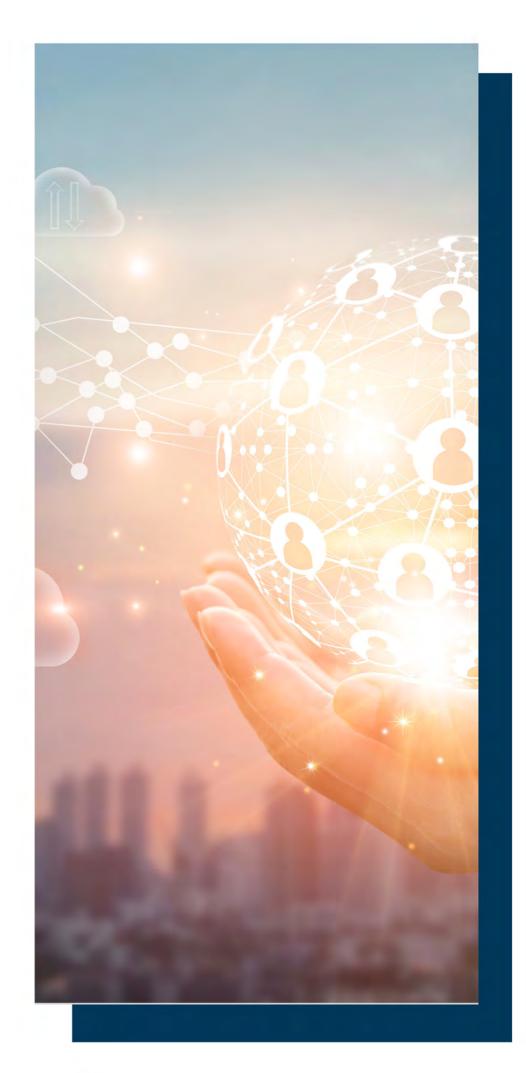
Knowing how someone became a customer allows the business to recruit them more easily into a loyalty program.

More data about customer trends will be helpful for the business to predict needs before they occur and create value-adding products and services.

Developing an obsessive understanding of the customer triggers a virtuous circle that unlocks unlimited opportunities to increase revenue while improving the customer experience. However, when properly integrated, configured, and adopted, a customer data platform can also solve problems that create unnecessary costs.

Cost-saving benefits of a CDP

Centralized customer data management improves data consistency and reduces cost in several ways. For instance, with a unified repository, data storage is less expensive due to cost breaks associated with scale and reduced duplicated data stored in multiple point solutions. However, these savings are incremental compared to the investments in human capital related to maintaining enterprise solutions.

After two decades of helping enterprise organizations through digital transformation, the most consistent mistake we see is a fundamental misunderstanding of the total cost of platform adoption. Business organizations typically understand how to calculate a cost-benefit analysis against capital expenditures but woefully underestimate or ignore the cost of adoption required to recognize any value.

The number of systems an organization manages increases the cost of customization, evangelization, training, community building, and the ongoing measurement of usage and outcomes.

But even when combined, the expense of data storage and platform adoption still only tell part of the cost-saving story associated with a customer data platform. Frankly, one could write a book about the many ways technology proliferation will increase costs, but that would be outside the scope of this post. Instead, let us consider one everyday use case scenario: Marketing performance reports.

Here at XCentium, like most businesses, marketing provides periodic performance reports to help the company make informed decisions. Without a customer data platform, these reports must somehow combine data from disparate sources. All too often, the method for preparing data for analysis comes down to copying and pasting data from different tools into one or more spreadsheets.

To tell a story that attributes revenue to specific tactics, this includes, at a minimum:

- A customer relationship management platform
- One or more social media platforms
- One or more email platforms
- One or more paid advertising platforms
- A marketing automation platform
- A website analytics tool
- One or more digital commerce channels
- An accounting solution

With a customer data platform, the task of collecting, integrating, and preparing data is done once and then carefully improved over time. This efficiency makes analysis and reporting more accessible and less time-consuming. It also mitigates the risk of costly mistakes by reducing data variability, copy-paste errors, and other common data-integration problems.

Finally, and perhaps the least obvious benefit is data ownership. A customer data platform can save organizations money over the long haul by increasing their negotiating power with individual platform vendors. An organization can store its customer information separately in its data lake using a customer data platform. Avoiding vendor lock-in creates the freedom to abandon a point solution quickly and easily if contract terms become unfavorable.

Data ownership also gives the organization far more agency in protecting the privacy of their customers, mitigating the risk of costly leaks. Data protection is a top priority for a good reason. Beyond staying ahead of shifting regulatory concerns, a customer data breach will create high costs in terms of litigation and brand reputation.

The average cost of a customer data breach in the U.S. is $8.64 million.

Ponemon Institute's 2020 "Cost of a Data Breach Study"

Inside Sitecore CDP

Sitecore CDP consumes and activates behavioral data from all channels to create a unified source of customer intelligence for your digital ecosystem. Behavioral data is blended with enterprise customer data to surface insights and power targeting, segmentation, and audience delivery to your marketing, commerce, and CX tech stack.

Sitecore CDP is a cloud solution optimized to operate in real-time. Deploying it to a website is quick and easy with a simple JavaScript tag. Integration with any channel, or data source, is achieved via secure and well-documented APIs.

XCentium is the 2021 Sitecore Partner of the Year for North America and a certified Platinum partner with extensive training on Sitecore CDP. If you have questions about how Sitecore CDP will create value for your organization, we'd love to connect. Don't hesitate to get in touch with us for a no-cost/no-commitment consultation.