

MANTHAN'S HANDBOOK ON CUSTOMER DATA PLATFORMS

Everything a retail marketer needs to know
about Customer Data Platforms



This handbook will help you assess if you need a Customer Data Platform (CDP), what use cases and outcomes it can enable for retailers and how you can measure the ROI from this new technology



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Problems a Customer Data Platform solves for Retailers

If “Old wine in a new bottle” is your reaction when you come across the term CDP, you’re not alone. The concept is not new, but past months have seen a fresh articulation of its benefits and guiding principles.

The vision is to put the customer at the centre of business, and at the centre of enterprise data. By setting up the core infrastructure and inter-relationships, actionable insights are generated that can be directly consumed by business stakeholders. While there is no formal definition of a CDP, it is essential it unifies a company's customer data across channels and enables marketers with basic analytics capabilities.

Before you are evaluating this category of marketing technology, assess your business goals and must-have use cases. If any of the below is your requirement, a CDP is what you need.

1. Combine offline and online customer data from various channels and across functions
2. Provide direct access to granular and up-to-date customer data to business users
3. Build a data driven customer engagement strategy
4. Create granular customer micro-segments
5. Provide consistent omnichannel experience to customers
6. Make relevant recommendations and deliver 1-1 personalization to customers
7. Engage customers across their multi-channel path to purchase
8. Capitalize on marketing opportunities through real-time messages
9. Optimize marketing spend and attribute accurately
10. Avoid goof-ups in customer outreach and suppress unnecessary communications

Consumers will expect ‘radical personalization’ soon, and without the right tools it will be hard to deliver on these expectations even for nuanced B2C marketers.



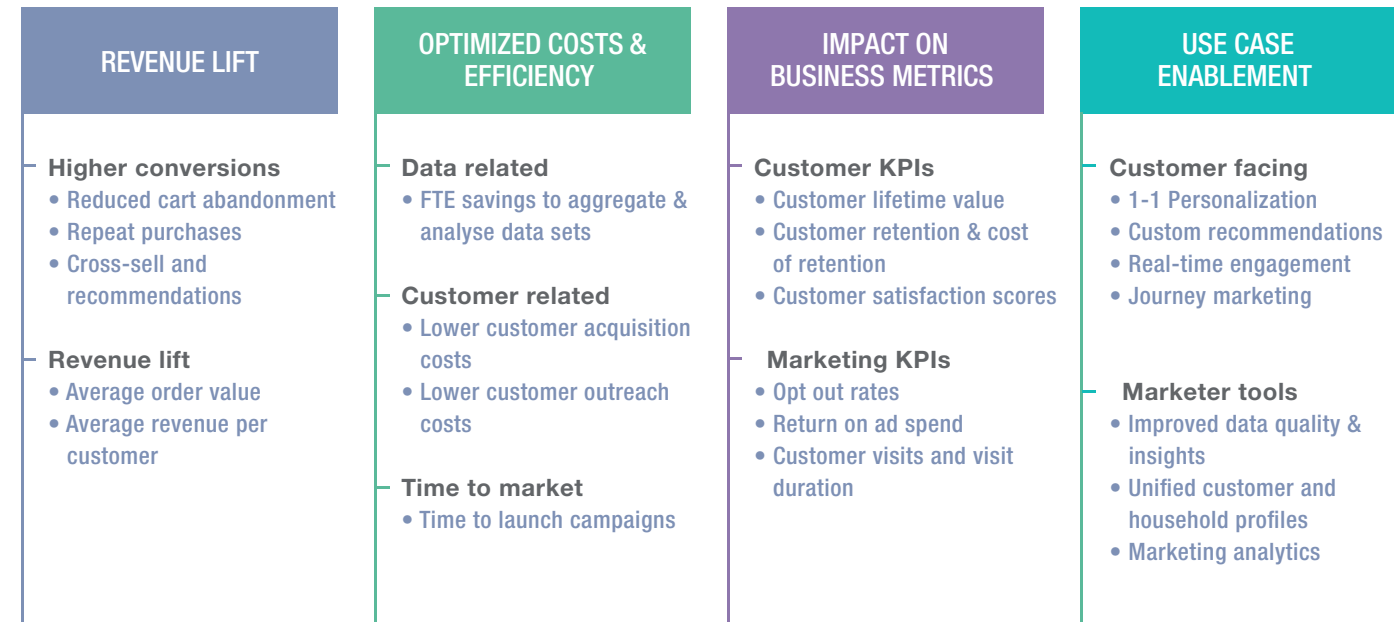
The term Customer Data Platform was coined in 2013 by David Raab, founder of the CDP Institute. Interestingly, Manthan launched Customer360 in 2012, just a year before David coined the term. The core tenets were strikingly similar to David’s thinking.

Measuring the ROI from a Customer Data Platform

Returns from technology investments are hard to measure. In making the business case for a CDP, CMOs should pick the blend of outcomes that work for their needs.

A CDP's performance should be measured through a combination of its monetary impact, efficiency gains it brings, and business KPIs it helps attain.

These are the four important categories for defining the success of a CDP in retail



In the long-term, customer data can provide strategic advantage to business – marketers can interact with customers in a consistent, context-rich way that cultivates genuine loyalty and creates barriers to entry for others

Build or buy a Customer Data Platform? And which one?

Just like the right wine pairing can make a meal perfect, an industry-specific CDP can address retail organization's unique needs.

It is understandable if you are grappling with the build vs. buy conundrum. If marketing and technology teams can come together and define what they need, describe the exact requirements and specifications, have a services partner or an in-house team who can deliver to the requirements, build is a path to consider. You will still have to wait for 6 to 12 months to get access to the solution. You also need substantial budgets, right skills to execute, mechanisms to deal with scope creeps and manage vendors.

A pre-packaged CDP that is crafted for an industry offers the best of both worlds - quick time to value of a 'plug and play' solution and custom-fit of a bespoke solution. The time and costs involved for upkeep are much lower, and there are no harsh surprises.

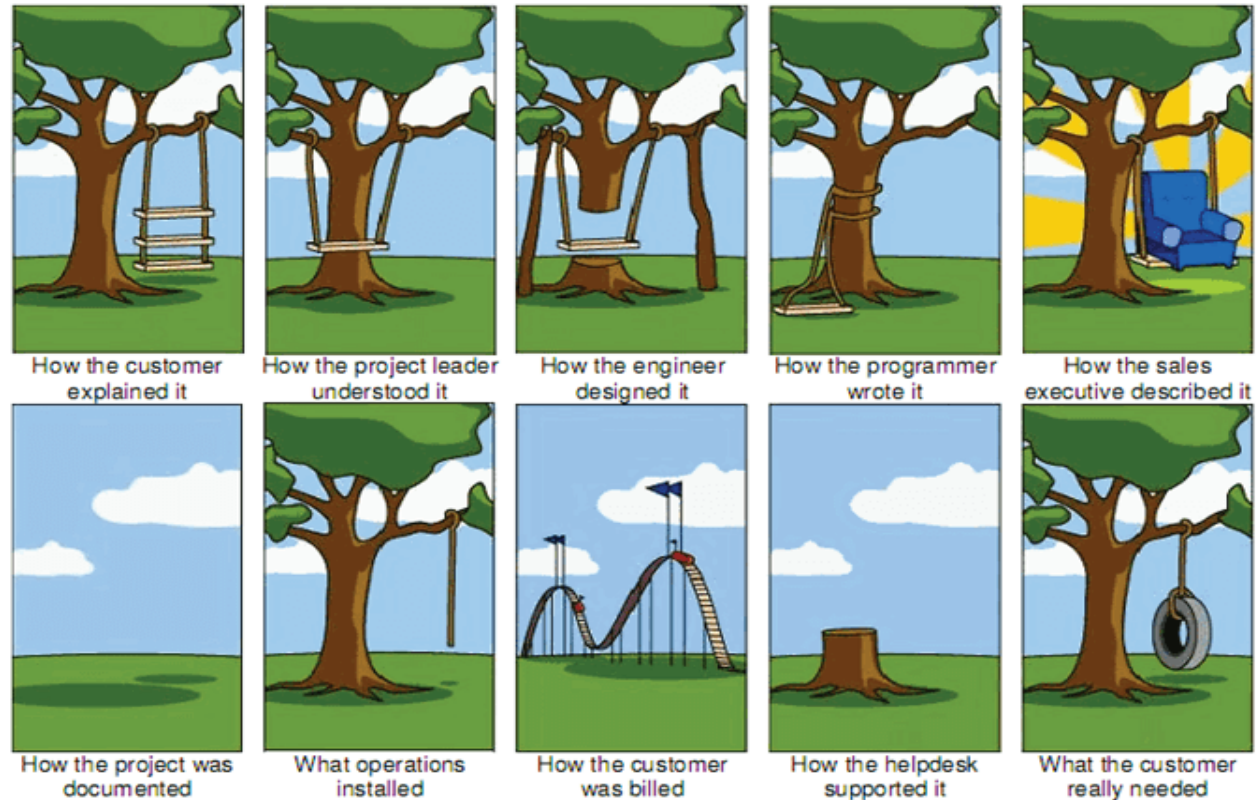


Fig i. How a large scale IT project plays out

How is a CDP different from other marketing platforms and databases?

There are three overlapping technologies that frequently confuse buyers, so let's set the record straight.

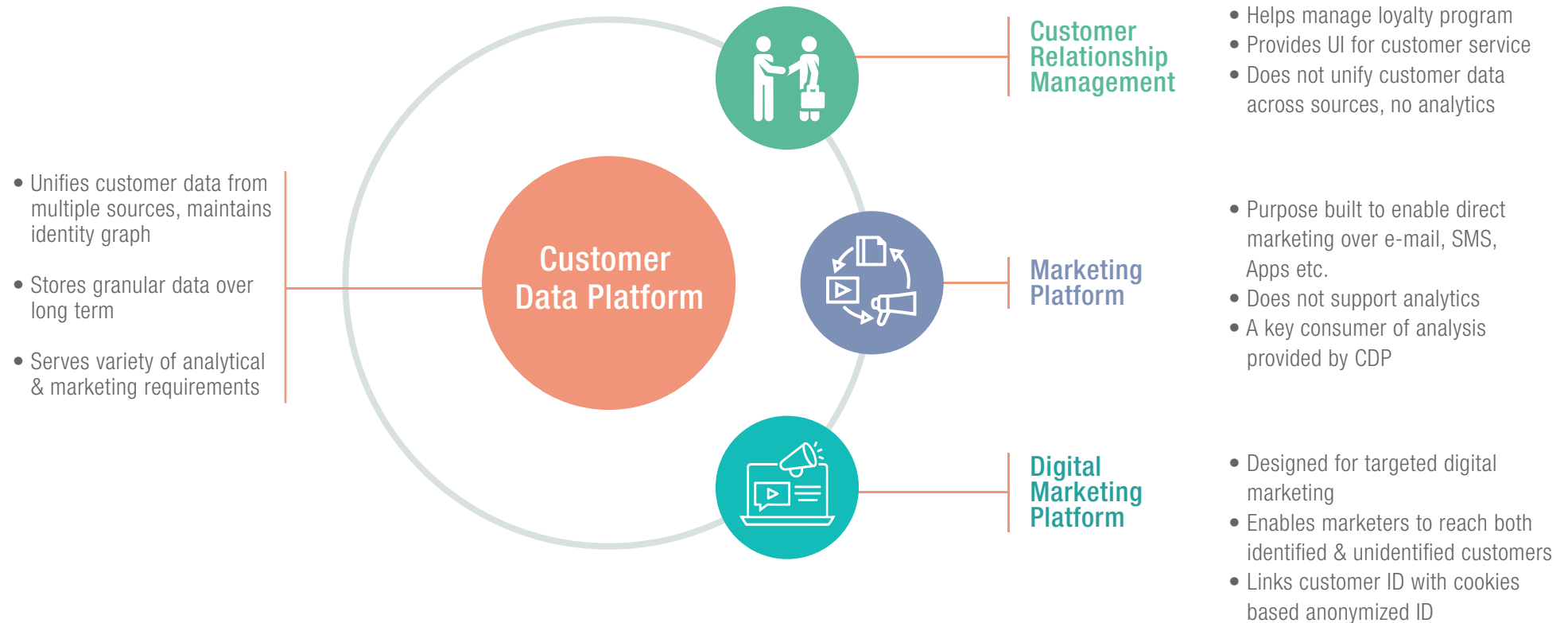


Fig ii. How a Customer Data Platform differs from other marketing systems and customer databases

Manthan's view of CDP

We define CDP as the core data infrastructure that can ingest, manage and serve data. More value-added CDPs have analytical or data science capabilities: segmentation, look-alike predictions, data exploration, micro-segmentation and self-service analytics. These capabilities make it a complete customer analytics solution.

A CDP links data-sets using any available common identifier such as email ID, phone, loyalty card ID, e-commerce login etc. It can also link the behavior retrospectively; for instance, if an e-commerce visitor is identified in the 5th visit when she completes the transaction, her browsing behavior for the previous visits are also mapped ensuring that any insights are not lost.

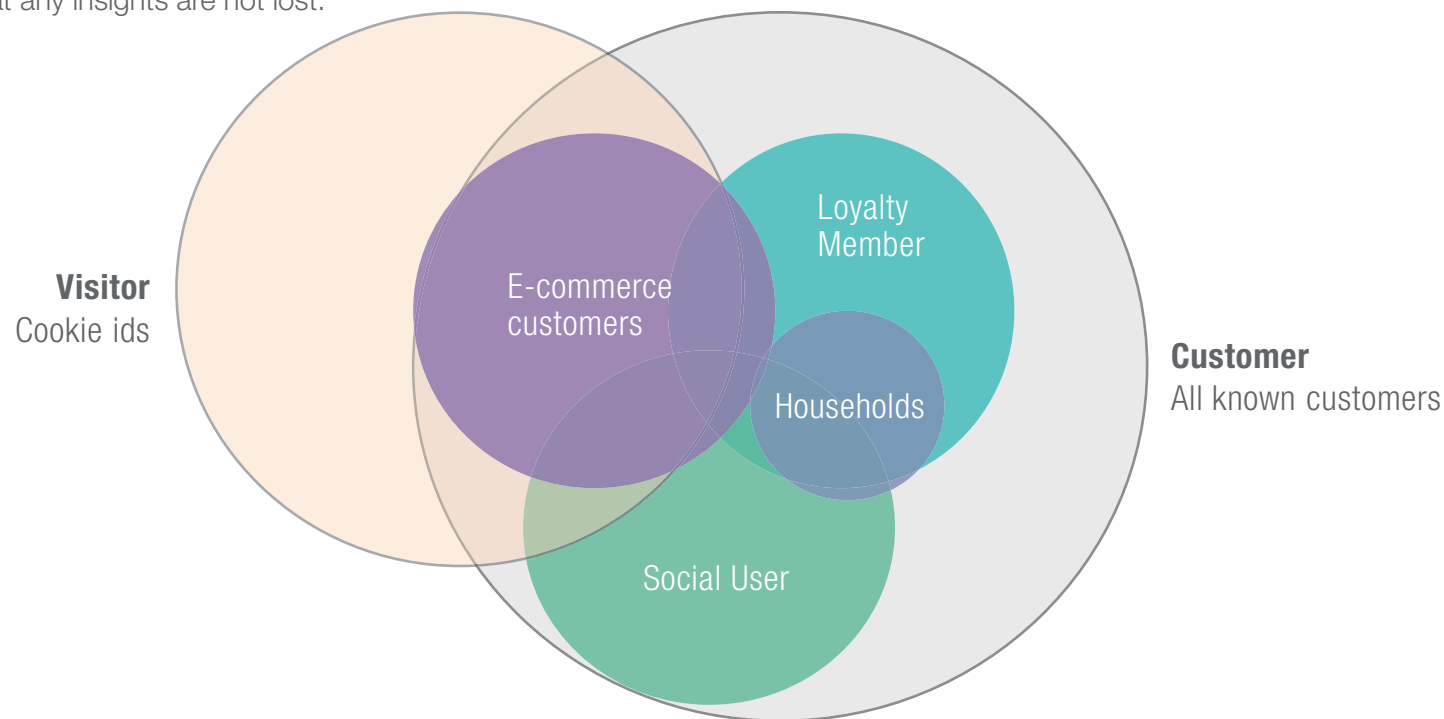


Fig iii. Golden Record that connects customer interactions across all channels and retrospectively

"In essence a Customer Data Platform can integrate data from multiple channels, de-dupe and clean the information and stitch it together for a unified view of customer that tells you who they are, what they like and how they buy"

A CDP must serve three key functions

I. Data ingestion

Conceptually, there are 3 types of data.

The identity – who is the customer and her identify graph across sources such as CRM, sales, customer service, ecommerce, mobile apps, marketing channels.

The stimulus – Actions that you as business are taking such as running campaigns, sending offers etc. CDP should allow you to include enterprise data sources – campaign history, product masters, offers, click-stream, etc.

The response – Customer response to the stimulus. E.g. your email generates responses such as opens, clicks, unsubscribe; ecommerce generates click stream & transactions.

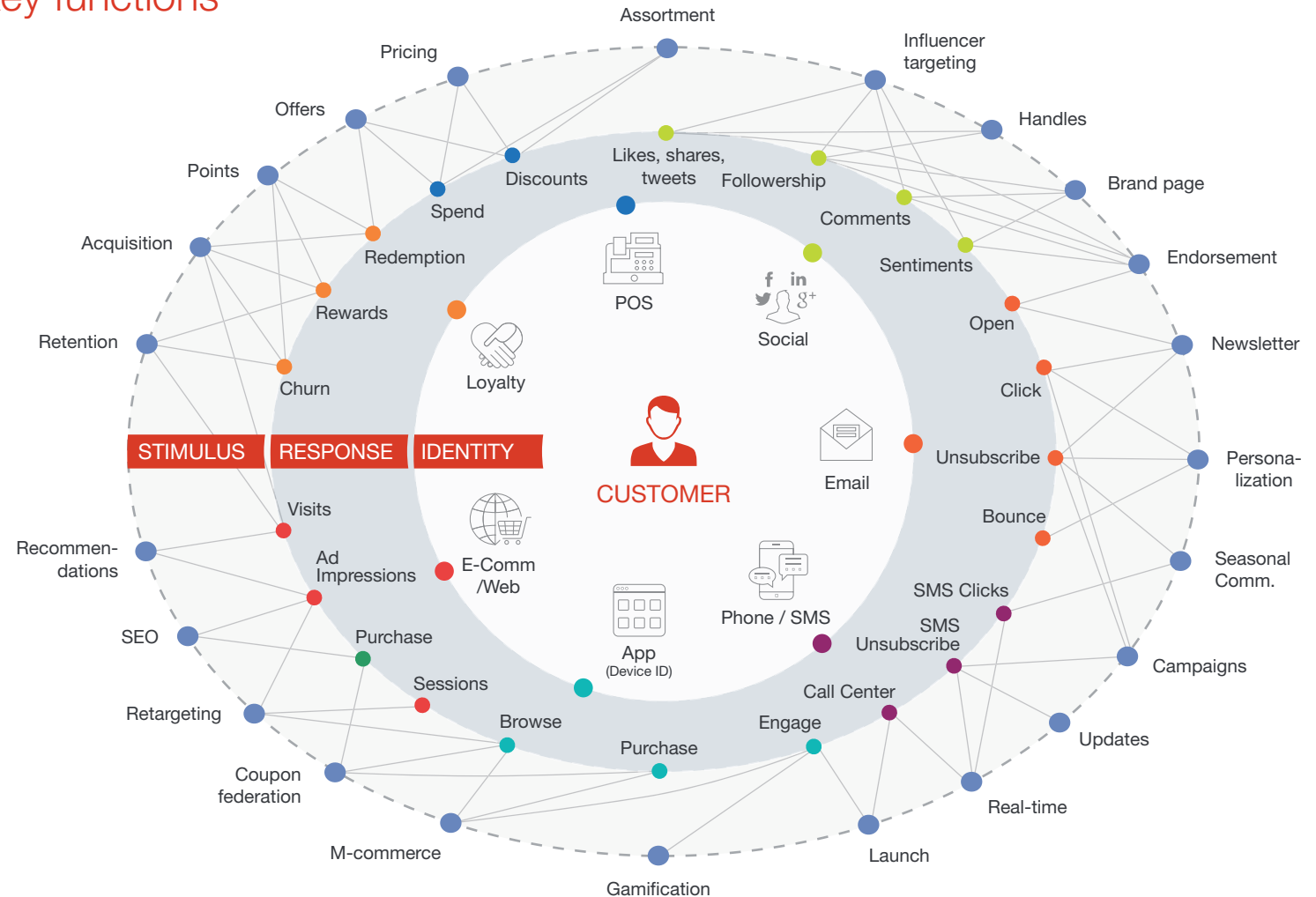


Fig iv. Conceptual view of Manthan Customer Data Platform

II. Data management

How the data is managed has a bearing on what use-cases it can serve. Not all data is created equal and each user group needs data in a different manner. Data coming into the system gets organized as follows:

Raw data is stored in a low cost storage, from where it flows into the **transformed data zone** after undergoing quality checks. A sub-set of this move to business storage, enabling use cases such as micro-segmentation. For example, customers who spent over \$100 on clothing for girls aged 5-8 years, but have not transacted for 2 months. The most frequently used data is managed in the **in-memory storage**, which enables easy search and self-service analysis.

The data needed to personalize in **real-time** such as customer journey actions must be stored in an to guarantee millisecond response

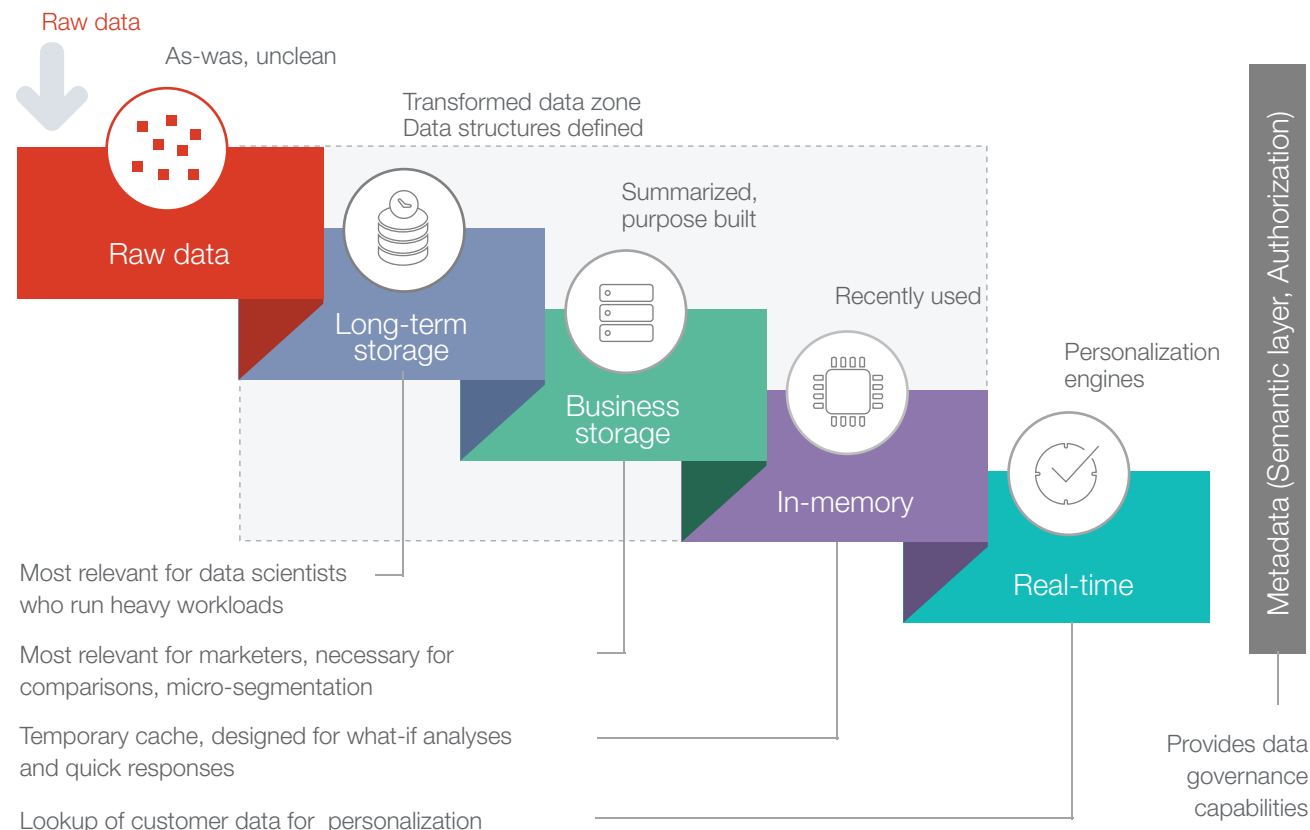


Fig v. CDP meets data management needs of each user group

Building such a data infrastructure from scratch is time prohibitive and risky. CDP providers with a data model optimized for retail bring huge value by getting the infrastructure up quickly.

Manthan CDP has over 2,000 measures and dimensions, with well-articulated glossary of terms. It understands the granularity of data requested and automatically decides the data mart best suited to respond to the request

III. Data serving

CDP serves the data to various applications, and it must be business user driven, not requiring any coding skills to work with. To drive adoption, you need business-user friendly nomenclature and a consistent definition of metrics across user groups.

User group	Use-cases
Campaign managers, Customer journey planners, Customer experience team	<ul style="list-style-type: none"> • Personalization • Real-time targeting • Omni-channel customer journey • Recommendations • Clienteling solutions
Business analysts, CRM analysts	<ul style="list-style-type: none"> • Track marketing ROI • Understand customer preferences • Plan new campaigns • Churn risk scoring • Deciding target segments
Data scientists	<ul style="list-style-type: none"> • Build analytical models • Identify long term trends • Complex scenario analysis and optimization

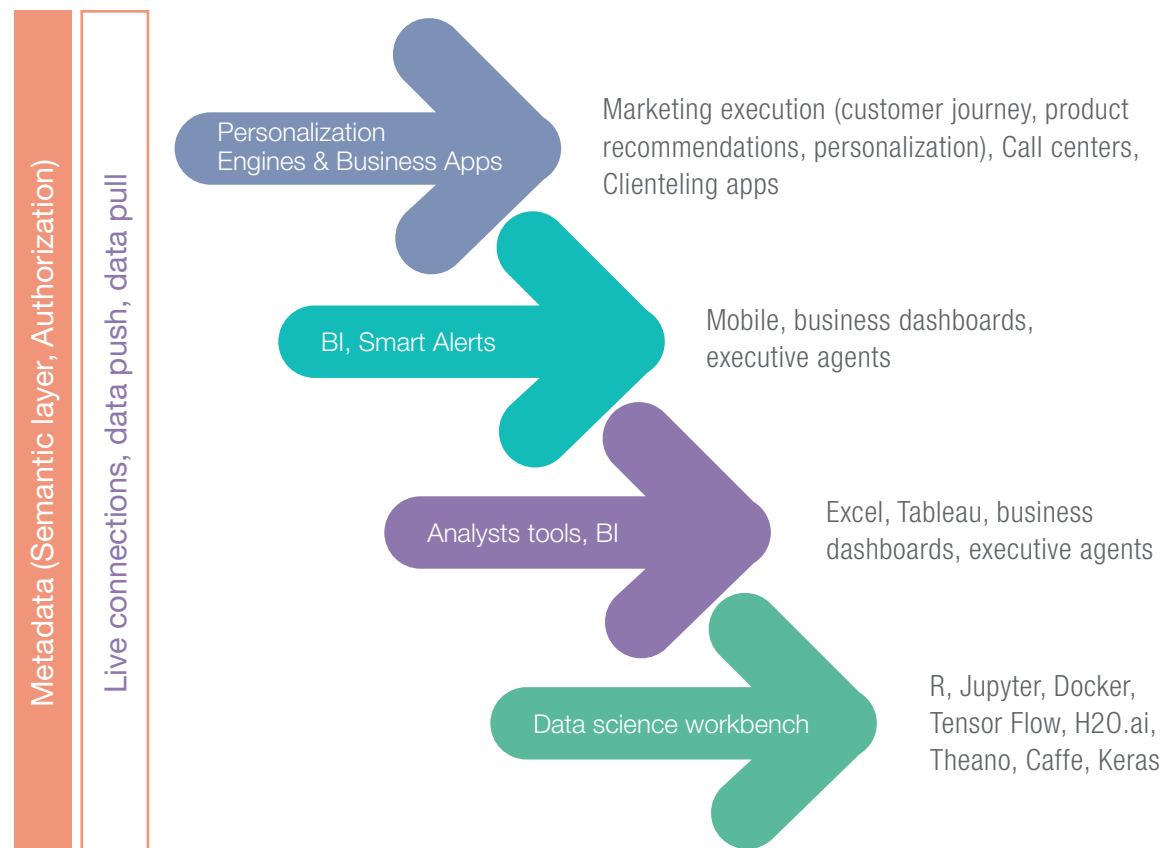


Fig vi. Sample data interfaces supported by a CDP

So, should you get one?

Any B2C organization that aspires to engage consumers in a consistent and personalized manner needs a CDP - to make aggregated customer data accessible to all. **If your business has a high repeat purchase rate, you require a CDP.** It is therefore critical for industries such as grocery, fashion, departmental stores, hypermarkets, restaurants, entertainment, banking, telecom, etc.

On the other hand, businesses with low frequency, or no repeat customers depend on new customer acquisition to drive revenue, hence a CDP might not be as critical. Such industries include bridal wear, new car sales, furniture, white goods etc.

Everyone appreciates good wine; and every business that wants to become customer-centric should get a CDP!

What the retailer achieved:



Personalization
across channels



Reduction in email
unsubscribes



Lift in transaction
rates among at-risk
customers

Fast fashion retailer in US increased sales and controlled churn with Manthan CDP and Analytics

The retailer with 250+ stores and over 8 mn customers was looking to revitalize customer engagement across all engagement channels including in-store, e-commerce and mobile.

Customer Asks

1. Improve cross-sell from existing customer base
2. Reduce customer churn
3. Contain e-mail unsubscribes

The Solution

1. **Single view of the customer:** Aggregated and managed data from various sources to create a marketer-ready, unified view of the customer
2. **E-mails with customized communication:** Engaged customers with targeted, relevant communication based on their journey
3. **Cross-sell revenue from existing customers:** Retained high value customers, growing their basket size through context-based product recommendations and promotions they value
4. **Cost savings and optimized marketing:** Automation of manual work, deployment of A/B testing and unifying data into meaningful dashboards that support decision making



ABOUT US

Manthan is a leading cloud analytics company that has pioneered analytical applications for consumer-facing businesses. We excel in the application of decision sciences, advanced math, and artificial intelligence and have a restless ability to invent and bring ideas to life. Headquartered in Bangalore with offices in Santa Clara, London, Dubai, Mexico City, Singapore and Manila, Manthan's current client footprint spans 22 countries. Leading investment firms like Norwest Venture Partners, Temasek Holdings, and Eight Roads (Fidelity International Limited) feature on Manthan's board. **For more information, go to www.manthan.com**