



5 TIPS FOR IMPLEMENTING A CUSTOMER DATA PLATFORM

Invest in the solution that best fits your business needs, enables you to break data silos, scale personalized campaigns, and more.



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THE RISE OF CUSTOMER DATA PLATFORMS AND WHY MARKETERS ARE INVESTING IN THEM

As first-party customer data continues to proliferate amid the explosion of devices and touchpoints over the last decade, companies have struggled to store and analyze siloed troves of data effectively to provide actionable insights to CMOs and their teams.

As a result, customer data platforms that consolidate and activate known customer information have become ubiquitous. About 78% of marketing organizations have a customer data platform already or are developing one, according to Forbes.¹

Most customer data platforms offer similar core functionality. First, they ingest first-party customer data from dozens or even hundreds of sources in real time, including identifiers such as emails or device IDs as well as demographic or psychographic information. Second, they consolidate profiles on an individual basis, tying attributes to identities. Finally, they enable marketers to segment and share these profiles with marketing systems to personalize the content of email campaigns, digital ads, and other channels.

In this ebook, we explore how marketers can launch and operate a customer data platform successfully, with a focus on how to:

- **Identify your organization's priority early in the process, whether that's making ad spend more efficient, increasing your marketing team's productivity, reducing engineering costs, or accelerating insights**
- **Understand whether you should build your own solution or buy an out-of-the-box one**
- **Ensure you invest in the right feature set for your business needs**
- **Push your customer data across dozens of marketing channels**
- **Invest in machine learning to drive your customer data platform strategy forward**



KEY DEFINITIONS

Customer data platform sounds similar to the names of other commonly used marketing technology (MarTech) systems.

Here's a quick primer to understand the differences between the systems:

CUSTOMER DATA PLATFORM:

A customer data platform's main purpose is to activate known audiences in different marketing channels. This platform has prebuilt connections to marketing systems, including email, ecommerce, and digital ad platforms, which allow marketers to use first-party data to personalize the experience delivered to specific individuals. As the category has evolved in the past five years, customer data platforms have emerged that also offer functionality in adjacent workflows such as reporting, data ingestion, identity management, orchestration, and other capabilities.

DATA MANAGEMENT PLATFORM (DMP):

A DMP is used to target ads to anonymous customer segments more effectively.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM):

A CRM system is used to document transactions and communications with customers and prospects and often needs to be updated manually. It's primarily used by salespeople to manage their pipeline. In marketing, a CRM system may be used to refer information to a database marketing team that uses email and other channels to market to known customers.

CLOUD DATA PLATFORM:

This is a single platform that provides secure and governed access to all data, enables teams to work on common data sets without resource contention or performance degradation, and supports many workloads, from data lake, to data engineering, to data science. Snowflake Cloud Data Platform is the only solution that is available on three major clouds, empowering users to discover, instantly share, collaborate, and get value from their organization's data quicker than ever before. Marketing organizations can either build their own customer data platform on top of a cloud data platform, or they can buy an out-of-the-box customer data platform from providers such as Segment, Simon, and AgilOne.

HOW DOES A CUSTOMER DATA PLATFORM FIT IN WITH A CLOUD DATA PLATFORM

MARKETING USE CASES

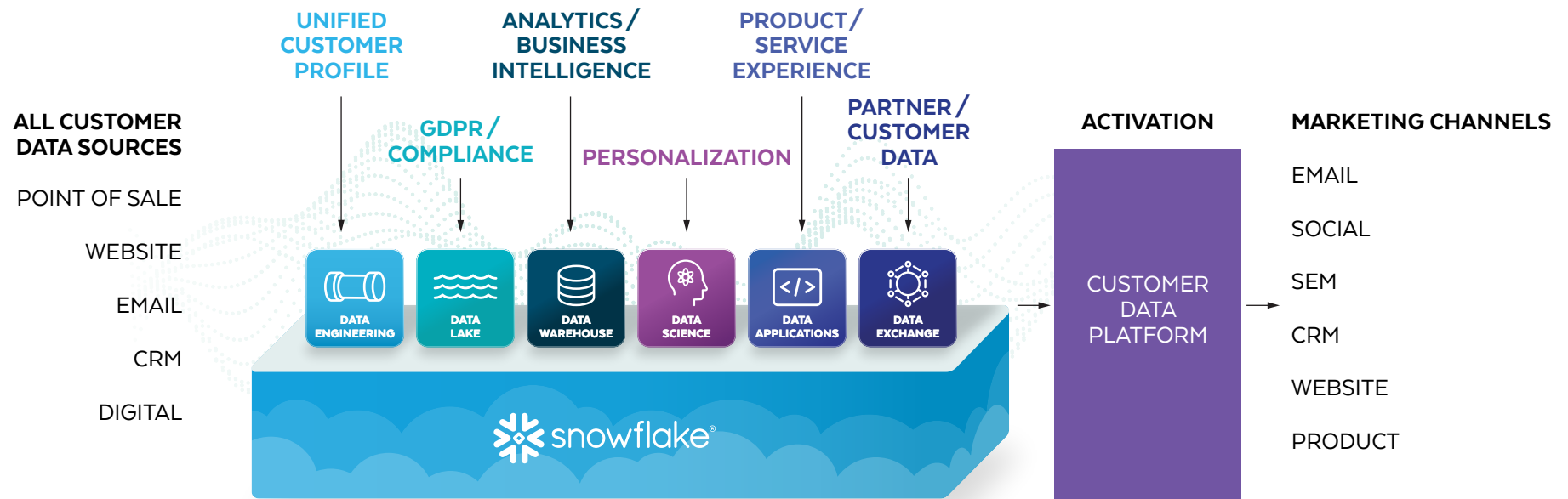


Figure 1: Example of how a customer data platform can be used with a cloud data platform.

5 TIPS FOR IMPLEMENTING A CUSTOMER DATA PLATFORM

On the pages that follow are five tips for determining the best way to implement a customer data platform.

TIP #1. IDENTIFY YOUR COMPANY'S PRIMARY GOAL FOR PERSONALIZATION

Customer data platforms run the gamut in terms of functionality and features. It's important to start your search for the best-fit system with a strong understanding of your organization's priorities—and to make sure your wider team is aligned on the business objectives a customer data platform can help achieve.

Here are the four primary benefits customer data platforms can provide:

DRIVE INCREMENTAL REVENUE AND MAKE AD SPEND MORE EFFICIENT THROUGH PERSONALIZATION

Well-executed personalization initiatives can lead to significant jumps in loyalty, retention and, ultimately, customer lifetime value. They can also make ad spend more efficient through improvements in targeting.

According to Harvard Business Review, personalization can reduce acquisition costs by up to 50%, boost revenues by 5% to 15%, and increase the efficiency of marketing spend by 10% to 30%.² Companies working with Snowflake have achieved over \$100 million in incremental revenue from their personalization initiatives.

INCREASE MARKETING TEAM PRODUCTIVITY

Your marketing team may currently spend substantial time waiting for insights or doing manual work uploading customer lists to test hypotheses for new campaigns. That's because they're usually reliant on the IT team to pull relevant information and modify the data that is sent to marketing channels.

Some customer data platforms aim to give marketers real-time access to data without requiring them to submit an IT ticket. Marketing teams that deploy customer data platforms can dramatically accelerate their test-and-learn cycles, since campaign KPIs become available much more quickly—in a matter of minutes, not days. For example, one marketer using Snowflake has gone from producing only four versions of a campaign annually to producing hundreds.



REDUCE ENGINEERING COSTS

Many marketing organizations rely on their company's engineers to build and maintain data pipelines for dozens of channels (for example, Google, Facebook, and email platforms) in order to obtain a 360-degree view of customers for personalization initiatives. The work of transforming raw data to make it usable for downstream purposes is tedious and time-consuming—and a far cry from the type of high-impact problem solving that interests most top-tier engineering talent. Many customer data platforms have data ingestion capabilities for some data sources, which can do away with the need for data pipelines to be built and maintained internally.

To put the potential upside in perspective, half of the marketers using Snowflake have over 20 sources of customer data. When you account for the cost of engineering time, maintaining a data pipeline for each channel would be extremely expensive.

SURFACE AND ACCELERATE INSIGHTS

Customer data is often siloed, which is problematic when marketers try to obtain the sought-after 360-degree view of customers. Purchase data, website traffic data, email and mobile app data, paid media data, and loyalty program data might all be stored in different places, making it difficult to track and analyze customer journeys. Although a 360-degree view can be achieved without a customer data platform, some pieces of software have built-in reports that small marketing teams may prefer to use instead of building their own business intelligence capabilities.

Whether reporting capabilities are provided by a business intelligence tool or by a customer data platform with out-of-the-box reports, companies need access to faster, more accurate reporting that leads to better decision-making. Specifically, they need to be able to gauge how campaigns are performing with granular audiences, identify underperforming segments, and quickly adjust the copy or creative as needed. Snowflake customers who have unified all their data in Snowflake are running reports 60 times faster than they were able to historically, which powers real-time campaign optimization.



TIP #2. CONSIDER THE ADVANTAGES AND DISADVANTAGES OF BUILDING AND BUYING

Buying an off-the-shelf solution has the considerable advantage of making it quick and easy to start gaining insights into areas such as email marketing. This advantage often makes buying ideal for smaller businesses whose needs are relatively simple. Conversely, building a custom customer data platform solution requires more lead time and significant engineering resources, but the higher upfront cost may have a bigger payoff.

Also, a purchased customer data platform can turn into a data silo. It's important to remember that first-party customer data is vital for a variety of functions in your company, not just for activating data for personalized campaigns. Data scientists and analysts require customer data to run attribution models and perform ad hoc analyses, while product development teams need it to inform products and services. Seamless, scalable data sharing across business units is only realistic with a custom solution that's built on top of your cloud data platform.

The complexity of a company's customer data can also make an out-of-the-box customer data platform solution untenable. In a recent Snowflake survey of marketers, 20% of respondents report having over 50 sources of customer data; it would be unrealistic to expect a purchased solution to be configured to ingest data from all of them. But if a customer data platform solution were built on top of a company's data warehouse, all of the data sources would be present there.

It's unlikely that your customer data platform will hold the golden record of your customer data. Instead, it is likely to be the platform that activates that data into your marketing channels.

TIP #3. DETERMINE WHICH CUSTOMER DATA PLATFORM STRATEGY FITS YOUR BUSINESS NEEDS

The decision of whether to build your own customer data platform or buy an out-of-the-box solution depends to some extent on the size of your company and the complexity of your customer information, as discussed in the previous section. The solution you choose will also be contingent on your business priorities, which determine the feature sets that should be prioritized.

If reducing the burden on your engineering team is the top priority, for example, then data ingestion and marketing channel connectivity capabilities are important for your customer data platform solution. And since data ingestion capabilities are readily available in most purchased solutions, it might make sense to buy a solution that can complement your internal data ingestion capabilities.

The following Figure 2 (pages 9 and 10) shows the correlation between six core features of customer data platforms and business outcomes, as well as between those features and the ease of building versus buying:

CORE FEATURES	PERSONALIZATION	MARKETING TEAM PRODUCTIVITY	ENGINEERING PRODUCTIVITY	ACCELERATED DECISIONS
Data Ingestion	•	•	●	•
Identity Management	•	•	●	•
Data Management	●	•	●	•
Reporting	•	●	•	●
Orchestration	●	●	●	●
Marketing Channel Connectivity	●	●	●	●



CORE FEATURES	COST TO BUILD	EASE OF PARTNERING	BUILD/BUY
Data Ingestion	Med	High	Buy
Identity Management	Low	Low	Build
Data Management	Med	Low	Build
Reporting	Low	Low	Build
Orchestration	High	Med	Buy
Marketing Channel Connectivity	Med	Med	Buy

Figure 2: How core features correlate with business outcomes for built or purchased customer data platforms.



TIP #4. PUSH DATA TO MARKETING CHANNELS FOR PERSONALIZATION AT SCALE

By pushing data out to marketing channels, customer data platforms enable marketers to send personalized content, offers, and experiences to granular audiences. To make that happen seamlessly, you need to find a way to connect customer data to your email platform, Facebook, and other customer touchpoints.

If you opt to buy an out-of-the-box customer data platform solution, you can leverage one with prebuilt connectors to platforms such as Google, Facebook, and popular email systems. Then, once you create a segment (for example, high-value customers), it will be kept up to date across email, digital ads, and other channels even as its underlying composition changes.

Conversely, if you're building your own solution, you need to design a system for syncing data from your data warehouse to your various marketing channels. This comes with great flexibility and power, but a higher integration cost. For example, personalizing emails requires syncing hundreds of values from a company's data warehouse to its email platform every night or even as frequently as every few minutes. Some marketers achieve this by structuring tables that can easily be read and synced to other systems.



TIP #5. UNDERSTAND HOW MACHINE LEARNING CAN SCALE YOUR PERSONALIZATION EFFORTS

Machine learning (ML) technology can advance your personalization initiative in several important ways, informing decisions about media spend, channel mix, merchandising, and customer experience.

Many out-of-the-box customer data platforms leverage built-in ML models, which are powered by structured data sets that virtually every marketer has, such as email touchpoints. In that example, a marketer could determine the propensity of specific audiences to open an email as well as an email campaign's expected open rate and click-through rate.

If companies want to uncover insights into areas that are more unique to their business, an investment in proprietary ML models becomes necessary. The good news is the potential upside is extremely high. Companies can harness predictive analytics to do things such as identify look-alike segments with the attributes of high-value customers and target ads and offers to them, or identify existing customers at risk of churn and proactively improve their experience.

They can also dramatically improve product recommendations on their websites, apps, and other touchpoints by using affinity scoring models to gauge what people are likely to be interested in based on what they've looked at in the past. (Since the content surfaced will be fresh and different, this tactic can drive much higher engagement than retargeting.)

It's probably no coincidence that top-performing companies are more than twice as likely (28% versus 12%) to already use AI and ML for marketing, according to Adobe and Econsultancy.³



NEXT STEPS

With the help of a customer data platform, the promise of personalization at scale is now achievable. This means marketers can deliver tailored content, experiences, and offers to thousands or even millions of individuals.

But before rushing to launch a customer data platform, it's important to think strategically about implementation and the results you're hoping to achieve. We recommend doing this in five steps:

- Be clear about the primary reason why your organization needs a customer data platform in the first place. Is it to drive incremental revenue, increase your marketing team's productivity, reduce the burden on your engineers, or accelerate insights? Your answer to this will dictate how you set up and implement your customer data platform.
- Understand that a customer data platform can sometimes turn into another data silo and determine whether yours should be custom-built.
- Understand which feature sets are critical for the business objectives you're optimizing for and build your solution or buy a solution accordingly.
- Plan for how to push your customer data across your marketing channels to start personalizing content and campaigns.
- Determine whether your organization needs to develop proprietary ML technology or whether you can leverage built-in models from out-of-the-box solutions to accomplish your goals.

If you design your customer data platform thoughtfully, your ROI from it will be significant, and aligning your required feature sets to those business objectives will guide the best path forward.



ABOUT SNOWFLAKE

Snowflake's cloud data platform shatters the barriers that prevent organizations from unleashing the true value from their data. Thousands of customers deploy Snowflake to advance their businesses beyond what was once possible by deriving all the insights from all their data by all their business users. Snowflake equips organizations with a single, integrated platform that offers the only data warehouse built for any cloud; instant, secure, and governed access to their entire network of data; and a core architecture to enable many types of data workloads, including a single platform for developing modern data applications. Snowflake: Data without limits. Find out more at snowflake.com



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CITATIONS

¹ "The Rise of the Customer Data Platform and What It Means to Businesses." bit.ly/3bpRDqh

² "How Marketers Can Personalize at Scale." bit.ly/2RsnAlf

³ "2018 Digital Trends." adobe.ly/2WRzmgh