CDP CUSTOMER DATA PLATFORM INSTITUTE

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Driving Revenue with a B2B Customer Data Platform

The Ultimate Guide

Contents

The Rise of Customer Data

The median number of data sources used by marketers is predicted to increase by 50%

Reports predict that the median number of data sources used by marketing organizations will grow from ten to fifteen. It's easy to forget that it wasn't so long ago that most marketers had little or no customer data at all. Viewed from this longer perspective, marketers have already been scrambling for years to keep up data from new channels and systems.

Even if the changes stopped tomorrow, most companies would have considerable catching up to do. In fact, just 30% in that same report were completely satisfied with their ability to use customer data to create more relevant experiences and only 28% could create a shared, single customer view.

Customer Data Platforms (CDPs) are specialized systems to assemble and activate customer data.

The pace of change is just one reason that B2B marketers have fallen behind in using their data. Organizational silos, limited budgets, shortage of time and lack of staff skills all contribute, as does a lack of alignment between Sales and Marketing. B2B marketers in particular have also faced the paradoxical disadvantage of already having powerful marketing automation and CRM systems that seemed like the natural solutions to the data challenge. It has taken years of failed attempts to find that while those platforms are very good at many things, assembling unified customer data is not among them.

Consumer marketers, with longer experience managing customer data in a more complex environment, realized several years ago that they needed specialized system to assemble and activate their customer data. These systems, called Customer Data Platforms (CDPs), are designed specifically for this purpose. Business marketers have recently taken note and begun to adopt CDPs for their own needs.

This paper will describe business marketers' customer data requirements and explore how CDPs can meet them.

Reasons Marketers Have Fallen Behind in Using Their Data:

- Rapid change
- Organizational silos
- Limited budgets
- Time shortage
- Staff lacks skills
- Lack of alignment between Sales and Marketing

B2B Data Requirements

Any marketer working in B2B today can easily reel off a list of B2B data challenges. Likely items include:

Multi-Level Data Model

Business marketers and salespeople must track both individuals and organizations. At a minimum, this requires a data model with account and contact levels. More sophisticated approaches track relationships such as business ownership, reporting hierarchies within a business, membership and roles in buying teams, and individual personas.

Capturing these and making them easily available for analytics andmessage selection takes sophisticated technology that isn't required for most consumer marketing situations.

Third-Party Data

Most B2B marketers sell to a limited and well-defined universe of potential buyers. This allows them to specify their targets in advance and then purchase data about those targets such as contacts, company attributes, technologies used, and intent-indicating behaviors.

Although such data is widely available, efficiently incorporating it into a company's marketing and sales systems can be a challenge.

Data Quality

Business data changes more rapidly than consumer data as people change positions, roles, and employers and as companies change products, programs, and organizational structures. Many changes are not captured at all in company systems; others may be recorded for operational purposes without being identified to marketing systems as a change.

Third-party data can often be integrated to help with data quality but in some cases may itself contain obsolete or incorrect information. All of these factors require special features in B2B customer data systems to ensure they have the most accurate and complete information possible.

Identity Resolution

B2B systems often contain multiple identifiers for the same individual due to use of both personal and business devices, email accounts, physical addresses, communication networks, customer accounts, and more. Similarly, organizations often have multiple names, addresses, and identifiers that must be linked to remove duplicates and establish relationships. In addition, business marketers must connect individuals to organizations and update these connections as individuals change jobs.

All of these tasks require specialized techniques and often rely on third-party data tol make connections that would be missed using only a company's own data.

Journey Tracking

Many business purchases involve lengthy purchase cycles and multi-member buying teams. Tracking buyers through the customer journey requires aggregating individual-level information to the account, buying team, or company level to get a complete view of the situation. This often reveals patterns that would not be visible looking separately at each individual.

Beyond data aggregating, journey tracking often involves complex rules, predictive models, and intent signals to properly classify the current stage of each buying team and to identify the right actions to take in each situation.

Specialized Analytics

B2B marketers rely heavily on advanced analytics for lead scoring, opportunity identification, behavior-based alerts, intent analysis, content recommendations, journey stage and funnel analysis, buyer role classification, and measures such as coverage, awareness, engagement, reach, and impact.

B2B customer data systems must gather the information needed for these analytics and either execute the analyses themselves or expose the data to external analytics systems. Often they must do both.

Integration with CRM and Marketing Automation

B2B marketing and sales departments are heavily reliant on marketing automation and CRM systems. These are important data sources for the customer database and important consumers of the customer database contents. As a result, marketers require deep synchronization between the customer database and these other systems, with sophisticated features to ensure that data is shared quickly without introducing errors or violating usage rules. This integration extends beyond basic company and contact objects to sales and service, interactions, purchase history, product usage, competitive information, and more. This data must be exposed in each system without creating unacceptable processing costs, often by allowing users to view it in the original system rather than copying it.

Synchronization between CRM and marketing automation systems should include:

Basic company and contact object

Sales and service history

Interactions

Purchase history

Product usage

Competitive information

Why Existing Systems Fall Short

B2B data requirements are clearly complex. But so are requirements for CRM, marketing automation, and other systems that B2B marketers have successfully deployed. The real question is why those other systems haven't met B2B marketers' needs.

The simple answer is those systems were built for different purposes.

CRM Systems

These are primarily designed to help sales and service staff interact directly with individual customers and prospects, in person, on the phone, or by email and messaging. This requires a technical approach that can quickly find and update data on one customer at a time—specifically, a highly structured data models with limited data volumes, which is easy to search and maintain. This is quite different from the approach needed to gather and analyze data from many different systems, which will often be in unknown or frequently changing formats and may come in huge volumes.

Additionally, these systems work primarily with data that their users have gathered directly from customers or prospects, so are limited in scope. What's more, this kind of static data quickly deteriorates as people change jobs, positions, responsibilities and so on.

Designed to:

Help staff interact directly with customers and prospects.

Drawbacks:

Scope of data is limited and isn't always current.

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B2B Marketing Automation Systems

These were originally designed to send bulk email campaigns to names from the CRM system, leading to single-level data models that use email address as the primary customer identifier. Some of these constraints have been eliminated in today's most advanced marketing automation products but the legacy of simplistic data structures remains. Abilities to ingest data from many sources in many formats, store complete details in a queryable format, manage data quality, do identity resolution, and share the stored data are extremely limited. Only some systems provide connectors for third-party data or do specialized analytics.

DMPs

Data management platforms (DMPs) are even more specialized than CRM and marketing automation. They are designed to quickly retrieve advertising audiences and share them with ad buying systems. This requires yet another data structure that is optimized for fast selection and list generation: this generally has an identifier, such as a cookie ID, with a long string of attribute tags attached. This cannot efficiently store large volumes of details—such as individual transactions or details of website visits.

In addition, many DMPs do not store personally identifiable information for privacy reasons, even though such information is a critical part of any customer record. Some DMP vendors have expanded their scope,typically by adding auxiliary data structures that can store more details and personal data. But even those systems rarely have the multi-level data model, data quality, identity resolution, and analytics features needed for an effective B2B customer database.

Designed to:

Send bulk email campaigns to people in the CRM system.

Drawbacks:

Often have a simplistic data structure.

Designed to:

Identify audiences and share them with ad buying systems.

Drawbacks:

Inefficient at storing large volumes of data and many cannot store certain types of data for privacy reasons.

Why It Matters

At this point, marketers who are already overwhelmed by the number of new technologies may ask whether a unified customer database is worth the pain of adding yet another system. It's a fair question. The answer ultimately comes down to what will be possible with the new system that won't be possible without it.

Some common B2B use cases for a unified customer database include:

Expanded Data Access

Many organizations have rich data sources that they own but can't make available to marketers because the source system isn't designed for data sharing. This often applies to legacy operational systems that don't have APIs or queryable databases.

Access may also be denied to real time systems, such as customer service or order processing, whose operators fear that direct access for marketing purposes would slow performance or possibly disrupt update functions. Both types of systems may be able to produce an extract file but this itself is useful only if marketers have a system that can ingest that file and make it available. This is the role of the customer database.

Some legacy databases are unable to share data effectively with other systems.

Add Third-Party Data

The unified database is also the obvious place to incorporate third-party data that can enrich existing records or add new ones. Although such data could be added to any source system, loading it directly into the customer database makes it easier to share it with all other systems which respecting any contractual or regulatory limits on how it can be used.

Unified Analytics

Even systems that marketers can already access are of limited value if their data is viewed in isolation. A customer database that combines separate sources into a unified customer view gives marketers a complete picture of each customer, at the moment and over time. This supports important analyses such as customer journey tracking, cross-sell opportunities, customer value calculations, and churn risk identification. These are only possible when data from different sources is combined. Outputs of such analyses can be fed directly to marketing and sales systems to improve program design and generate new revenue.

Improved Data

The customer database can produce a "golden record" or "single source of truth" that contains the best information about each customer and prospect. This ensures the customer is addressed consistently and correctly across different channels —thus reducing the perennial problem of Sales-Marketing misalignment. It also gives each system more complete data, so any decisions made within that system about customer treatments are as appropriate as possible.

Match rates are also the highest if the third-party data is loaded into the central customer database, since the central database contains all available identifiers.

Unifying data sources supports analyses such as customer journey tracking, cross-sell opportunities, and churn risk identification.

A CDP can produce a single source of truth, giving you the most accurate customer data.

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Customer Data Platforms Fill the Gap

We've seen that a unified customer database is a valuable tool and that existing B2B systems don't support it. This opens the door to a specialized solution: the Customer Data Platform.

Here's why the CDP can do what other systems cannot:

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CDP is designed as a central customer database

This is really the key point: the CDP was designed from scratch to build a unified customer database and deploys the technologies that make this possible. It's not just a matter of intent: the technologies used by CDP, such as NoSQL data stores and API-based architectures, are themselves relatively new, so it wouldn't have been possible to build CDPs in the past even if a designer had tried. But what matters today is that those technologies do exist and CDP developers have adopted them for this purpose.

CDP vendors are experts

B2B CDP vendors are specialists in B2B customer data. This is important because of the specialized requirements we've listed above. Working with experts gives each client the advantage of the vendor's previous experience, enabling the vendor to help the client build a successful database quickly and to use that database effectively over time.

CDP has many specialized customer database functions

B2B CDPs have the multi-level data model, data quality, identity resolution, analytics, and data synchronization features needed for B2B operations. These are combined in a single, prebuilt package, making it vastly simpler to deploy the CDP than to build a comparable customer database from scratch. Similarly, B2B CDPs have prebuilt connectors for common B2B data sources and execution systems. This further reduces the time, cost, and effort needed to put a unified customer database in place.

CDP often provides third-party data

Many B2B CDP vendors create their own company and individual databases. These are often generated from a combination of the vendor's own research and by integrated data from other providers. The vendors can easily make this data available to their clients as part of the CDP deployment, again speeding time to value. Vendors who offer advanced analytics such as prospect identification and lead scoring are especially well positioned to use this data as part of their standard offerings.

CDP connects many systems

CRM and marketing automation platforms are designed primarily to work with data they generate internally. If they were the only systems that marketers had, then they could serve as the unified customer database. Indeed, their vendors would very much like to provide that database because that would make it much harder for their clients to switch to a different product. But today's marketers have many systems that contain useful data and they don't want to lose the freedom of adopting whichever combination of products they want.

So it makes great sense to have a separate customer database system that has no bias in favor of working with particular applications. In fact, the CDP enhances that freedom by storing customer history outside of individual applications, so marketers can switch to new applications without worrying about losing their data.

Conclusion

Existing systems no longer meet their B2B marketers' needs for a unified customer database. Customer Data Platforms offer a solution: packaged software that is purpose-built to solve the customer data problem. B2B marketers have lagged their consumer marketing counterparts in adopting CDPs, mostly because it seemed that other B2B systems would suffice. Now that experience has shown this is not the case, they should move rapidly to explore CDPs as an effective, ready-made solution.

Interested in learning more about driving revenue with Leadspace?

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About the CDP Institute

The Customer Data Platform Institute educates marketers and marketing technologists about customer data management. The mission of the Institute is to provide vendor-neutral information about issues, methods, and technologies for creating unified, persistent customer databases. Activities include publishing of educational materials, news about industry developments, creation of best practice guides and benchmarks, a directory of industry vendors, and consulting on related issues. The Institute is focused on Customer Data Platforms, defined as "a marketer-controlled system that maintains a unified, persistent customer database which is accessible to external systems." The Institute is managed by Raab Associates Inc., a consultancy specializing in marketing technology and analysis. Raab Associates defined Customer Data Platforms as a category in 2013. Funding is provided by a consortium of CDP vendors.

For more information, visit www.cdpinstitute.org

About Leadspace

Leadspace is the first AI-driven B2B Customer Data Platform (CDP).

Leadspace gives B2B Sales and Marketing teams a single, complete source of truth about their customers and prospects so they can focus on growing sales faster through more engaging, relevant interactions, instead of spending inordinate amounts of time managing data.

For more information visit www.leadspace.com