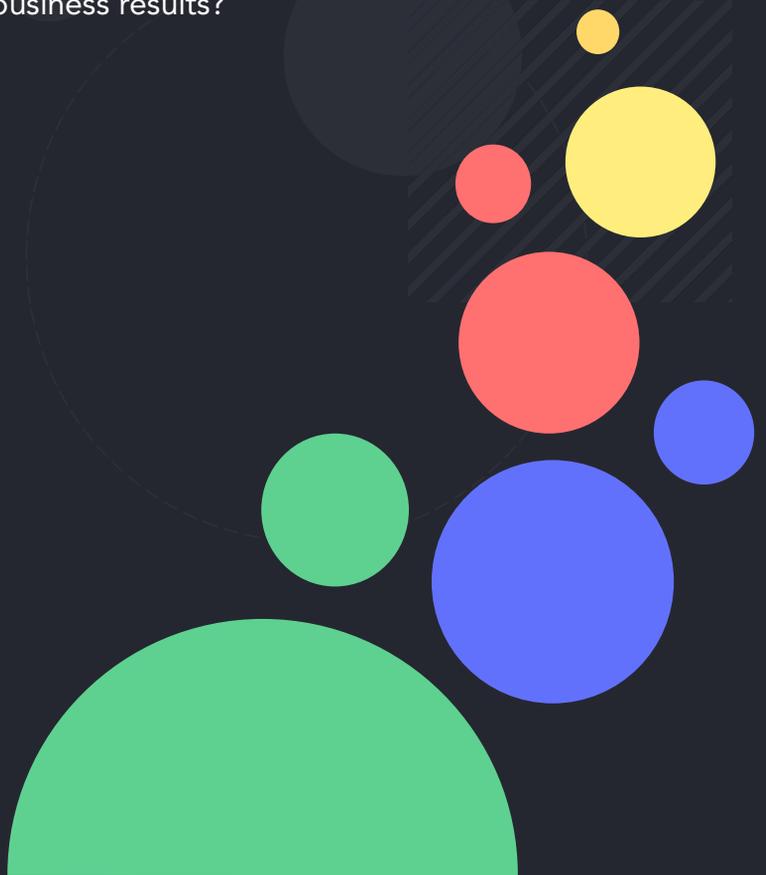


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DataTech Report

DMP + CDP: Friends or foe?

Instead of pitting the two technologies against each other, why not explore the opportunities that can be unlocked by leveraging each of their unique capabilities to achieve powerful KPIs, objectives and business results?





Blurb

This report will delve into the latest trends within marketing data and activation - exploring the depths, evolution, and differences of the Data Management Platform (DMP), and Customer Data Platform (CDP).

With industry headlines posting one technology against the other, its no surprise there's confusion surrounding the benefits of each platform - and which solution should be adopted by whom.

The two technologies are not mutually exclusive. They can work alongside each other in a complimentary manner to support KPIs and business objectives. In fact, we see a handful of marketers and publishers deploying both solutions to achieve with great effect.

So, are the DMP and CDP friends or foe?

Let's take a look.



A note from the **execs**

Question: DMP vs. CDP: Which should you choose?

This is the question asked by so many marketers and publishers today.

Without a concerted effort to dive into the technical details, these two technologies can appear quite similar on paper.

So which one should they choose?

Answer: There is no definitive answer.

Let's imagine the following scenario:

You're a busy CMO, you know you need to do something to consolidate your data because it's being hammered into you by a constant flow of LinkedIn articles, vendors relentlessly vying for your precious attention, and consultancies lobbying for your advisory budgets.

Most recently, you've been pitched to by two separate vendors - one a venerable DMP solution, the other a next-generation CDP.

In one meeting, you're sold the huge opportunity that surrounds the DMP – your relief at the prospect of how your business could change with this smart piece of tech, makes you want to sign on that dotted line, immediately.

An hour later, you find yourself thinking the exact same thing after a meeting with the CDP solution. Both pieces of tech, it seems, offer incredibly powerful tools with fairly similar strategies. Yet, each offer a unique solution that could help benefit your business in arguably different ways.

You grab some lunch, and ponder the thought of which platform to chose. The decision seems just too hard to make without further advice. So, who does one turn to when they need a sway into one direction? Good old pal, Google. The search bar appears:



A note from the **execs**

DMP vs CDP?

The results are in:

“Why marketers should scrap the DMP and focus on CDP”

“Is the DMP finally dead?”

“DMP or CDP – what is the difference?”

“CDP overtakes DMP in the GDPR race”

“DMP’s aren’t so bad after all”

Not only are you now more confused; you’re in the middle of this miniature data platform warzone:

“CDP kills DMP”. Apparently.

You now wish, you’d never opened this can of worms.

Yes, this is somewhat a very straight forward example of today’s CMO, but, it is not a million miles away from reality. With industry headlines claiming one piece of technology is better than the other, how is anyone meant to build a clear and defined data strategy?

What we hope you’ll gain by the end of this DataTech report, is a much better understanding of the DMP and CDP evolution. And, we hope next time you’re asked the question: ‘DMP or CDP?’, your answer will in fact be: ‘Depends. Potentially, a blend of both.’



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“The DMP will enable better intelligence across everything you do: planning, execution, optimization, and insights.”

Alex LePage, Senior Director of Product Marketing at Neustar, Forbes 2017



This DataTech report will help you **understand:**

- The data evolution
- The DMP + CDP myths
- The differences between the tech
- Examples of how to use the two together



“CDPs do have real advantages over alternative methods of assembling customer data.”

David Raab, Founder of the CDP Institute, ZDNet 2017



Introduction

The Data Evolution

It's no surprise that data is one hot topic for both brand marketers and media owners in today's climate. With headlines incessantly debating what substances to compare today's data explosion too, (think "data is the new oil" or "data is the new bacon", and so on) it's commonly agreed upon that data is, in fact, **everywhere**.

The rise of digital communications has created new sources of data streams which are flooding our internal organisations, forming what has been named by some, as the data tsunami. Pools of data found throughout our businesses, are autonomously packed with customer insight - from email marketing analytics, to CRM data collection - and beyond.

The truth is, we're awash with data and software. And, despite the sheer volume of opportunity that this data brings, businesses are finding fault within their internal plumbing systems; data streams are simply not connecting to each other, thus creating fragmentation, and resulting in overflows of missed opportunities.

Despite many businesses having traditional sophisticated CRM (Customer Relationship Managers) systems inhouse, run by the few technical staff on the ground, this is just one solution caught in a growing digital ecosystem. Yes, CRM platforms help with data hygiene and enrichment of missing information within first-party data assets, but what about all the other pools of data flowing through the pipes in light of the digital revolution?

Enter the world of **Data Management Platforms**, otherwise known as: the **DMP**.



Introducing DMPs

DMP's were born out of the appetite for 3rd party data providers to push syndicated audiences into DSPs. The later technology matured to allow marketers to combine their immediate customer behaviours and interactions (1st party data) with the 3rd party data exchanges that were starting to surface in the mid 2000's.

Through the DMP technology, marketers could effectively enrich first-party website and campaign data, and syndicate curated target audiences to other platforms - to reach business KPIs and objectives. The promise of this new technology resonated broadly with marketers across the globe, and over the past few years adoption rates have soared, with 78% of UK CMOs in 2018 having already adopted the tech to help solve efficiencies.

As adoption continues, so do the ways in which we communicate. The rapid evolution of the smartphone has created a whole new data stream into businesses of all shapes and sizes. And it's not just 'mobile data' as a single silo; mobile has introduced a breadth of insights from location information, to the world of in-app, secured environments with deep, behavioural insights attached to a single device ID.

Enter the world of the **Customer Data Platform**, otherwise known as a **CDP**.

Introducing CDPs

CDPs, evolved from many businesses taking a digital-first approach, creating a need for more focused data collection and emphasis on the customer journey. The CDP can ingest and normalise data from any source, and combine different data points to a single customer profile using exclusively deterministic IDs.

What's more, not all CDPs are equal. They help solve a variety of scope issues, across a variety of industry sectors. More on this later.

Confused? Don't be. While data collectors (DMPs) focus on ensuring clean data ingestion and syndication, the latter (CDPs) focus on providing a single record of truth to be leveraged on direct marketing and multi-channel orchestration.

Both, essentially, collect data. It's how they are utilised which differs.



Myth busting

“DMPs + CDPs are pretty much the same”

No. The two technologies, although born from the digital revolution, offer their own unique solution to a business, dependant on the objective in question. We'll let you read through this report to uncover what these solutions are.

“CDPs main job is to coordinate customer experience across all channels”

No. The CDP's main “job”, so to speak, is centralised ‘analytics’ - followed by single channel personalisation.
(CDPs include unstructured data, usually not available in a Data Warehouse).

“DMPs + CDPs don't need IT support”

No. IT involvement is still needed. The IT teams should be working alongside marketing. This is organisation dependant of course.

“DMPs + CDPs collect the same data”

Kind of. Effectively, both pieces of tech collect what we refer to as 1st, 2nd and 3rd party data. But they utilise and focus on the data sets, in different ways.

User profiles for DMPs are focused on segmenting 1st, 2nd and/or 3rd party customer data assets, based on the lifespan of a cookie. The data is anonymous, and their device ID stitching is usually referred to as probabilistic matching.

CDPs on the other hand, makes a 1st party data selection based on a specific customer identifier, such as an email address. This is known as deterministic matching.

“CDPs are all the same”

No. CDPs hugely vary, in both scope and industry specialty. Some differentiators include real-time ingestion, offline data sources, external data sources, analytics, and predictive modelling.



“CDPs can do anything a DMP can do.”

Yes. However, whilst the future looks bright for the best-in-breed CDPs, at this moment in time none of them have the quantity of integrations with the wider adtech ecosystem as DMPs do. They have focused on data collection and organisation, whilst DMPs have focused on data activation.

Until CDPs address this gap, or DMPs improve their data collection, large organisations must consider both tools to be industry leaders.

“CDPs have one solution for each vertical”

No. CDPs are not all equal. There are many different verticals a CDP might target (think retail, financial services, banking and insurance). Some solutions have focused on multichannel support like offline direct mail and mobile advertising, others have concentrated more on supporting outbound marketing scenarios, such as helping to build the right segments for an email campaign.

“CDPs are mobile only”

No. Some CDPs are perhaps positioned as mobile-first data activation solutions. And whilst there are some technologies that compliment a mobile data strategy (think mParticle, Segment), CDPs are not restricted to mobile only.

Let’s focus on the CDP for a moment.

One of the biggest misconceptions we hear among industry chatter, is that all CDPs are the same. The truth is, there are many different varieties of CDPs available, that offer both scale and industry sector solutions.

“CDP scope is all equal”

No. CDPs create unified customer databases; some add analytics such as predictive modelling or attribution., and others add adaptation such as personalised messages for an individual in a given situation.

There are also differences in the handling of data volumes – some CDP products that are very good at processing and managing extreme volumes of data, and some can also work in real-time.



The **DMP & CDP** debate

More often than not, our industry spokespeople love to declare the death of technology, or at least create a feud between two innovations. Think back to the early days of programmatic, where 'real-time bidding technology' went from glory to shame within what felt like a matter of seconds - the solution being slammed in cases of remnant inventory and 'cheap, intrusive' advertising.

For every technology solution we create, we intrinsically pick it apart until its reputation has been dampened; dampened so much, that those looking for a marketing solution are blinded by the biased opinion splashed across trade headlines. And some might argue, this penalisation of technology is a good thing. Without a devil's advocate, we would only evolve with a state of ignorance that hinders our ability to overcome issues.

Yet, recent articles making statements such as 'Is CDP Killing DMP?', are simply statements that make a lot of noise, without much substance.

Before we quickly jump in to outcast the 'old' tech and champion the new, why don't we consider the option of both? Or at least better understand how the two work in conjunction.

So, what is the difference between a **DMP & CDP?**

This question is one that comes up regularly, as many thought leaders have varying opinions and misleading examples that have confused both marketers and publishers alike. Most articles list the definitions or technical differences, which although insightful, doesn't really address the differences when put into action.



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For those driving the CDP or DMP machinery, it's about two perspectives:

- Scope and scale of data
- Flexibility in collection, analysis and optimisation of data

For a clearer understanding, let's look at how the data solution systems have evolved:



Diagram source: [The Treasure Data Blog 2018](#)

Let's recap on the CRM systems:

CRMs were created to manage the collection of lead, account and customer information. The technology collects 1st party data – insights about known customers and prospects. Since the birth of the internet, came the development of never seen before data sets that simply weren't compatible for the CRM structures.

Let's recap on the DMP tech:

DMPs are generally cookie-based and only work with anonymous IDs to build audience profiles. Even as capabilities for DMPs advance, they do not yet provide a single view of a customer journey. Since 2007 and beyond, the smartphone changed the course of our industry, creating even more data pipes of new data assets; DMP's make data activation for media, easy.

Let's recap on the CDP tech:

Today's consumer now expects their favourite brands and content sites, to protect and manage their data - whilst treat them as individuals based on their behaviours. And the CDP was built to do just that. It builds customer profiles into a single view, having the flexibility to collect raw, event level data without the need to predefine fields.



Who should use **what tech?**



CDP

CDPs are there for operations and marketing teams. They also require pretty significant planning and oversight by IT teams when being implemented (despite what the sales pitch states).

DMP

DMPs are generally leveraged by media teams, who are typically situated in different departments than those mentioned above. Yes, many would love to get their hands on some of the CDP data being ingested, but this often differs hugely with each organisation.



Let's quickly **summarise:**

- Whilst DMPs work off anonymous proprietary IDs, CDPs ingest PII data
- As a result of ingesting PII data, CDPs enable enterprise data governance which is not required by DMPs
- CDPs don't generally provide 3rd party data sources to work with
- CDPs focus on activating and managing data across a business' internal technical stack, whereas DMPs focus on integrating with 3rd party ad-tech vendors
- CDPs offer the benefits of a bi-directional API connection meaning that 'flows' can be created based on a customers interactions with various parts of the companies tech stack



The battle of the tech

Data enrichment: DMP or CDP?

DMPs enable the onboarding of first-party data and provide demographic and geographic insights, which in turn helps markets to target anonymous users, typically for acquisition purposes. CDPs focus primarily on first-party data assets only, which enabled marketers to speak to their existing customer base.



Winner: DMP

Engagement Channels: DMP or CDP?

Arguably, the key distinguishing feature between a DMP and CDP, is that a CDP uses a customer-identifier that ties back to a real person, whereas the DMP works only with anonymised data. By using both platforms, brands are able to reach customers wherever they are: outside of their website/tech stack (typically DMPs) or within their Customer Service stack (typically CDPs)



Winner: Blend of both

Audience + personalisation: DMP or CDP?

No two companies are alike, and that goes for their strategies too. Audiences created in a CDP are highly customizable, allowing marketers to precisely and accurately target customers in the right moment. In a few clicks, marketers can define custom audiences without having to stick to the somewhat 'rigid' audience segments within a DMP. Segments can be created based on behaviour, propensity to purchase, likely purchase amount, lifetime value, and so on, then used to create better, more personalized campaigns.



Winner: CDP

The future of data: DMP or CDP?

As our industry continues to evolve, new data technology solutions will rise to the surface in the bid to solve more complex challenges faced by marketers and publishers. Although the phrase 'data is the new oil' might not be exactly the correct term, it does provide the right connotation: that data is vital for marketing success. Whether an organisation is looking to re-target customer based on shown interest, or whether they want to engage with loyal customers about new services, both DMPs and CDPs will be part of the solution blend.



Winner: Blend of both



Investments in tech:

DMPs and CDPs have gained momentum recently, as the data conversation becomes increasingly important to organisations of all shapes and sizes. Since May 25th, GDPR has, at the very least, put the pressure on businesses to spend more time on data. Whether or not that has meant focus on privacy laws and consent regulations, the internal dialogue is most certainly around data, data, and guess what? More data.

And investments follow suit. Much venture capital₁ money is going into CDPs, and **91% of global marketers** have already, or plan to, invest in DMP solutions. Specific examples include Bluecore, who raised **\$35 million₂** in series C funding in October 2017, and mParticle raising the same amount just one month before, while Segment raised **\$64 million** in series C funding last July.

Over the last six months, the large tech firms are increasingly backing the view that DMPs and CDPs can work well together, with the likes of Adobe and Oracle announcing the launch of a CDP functionality, that compliments their existing DMPs.

Where there's a will, there's a way.
And more often than not, where the money goes, adoption will follow.



"With nearly 78% of UK CMOs adopting in DMP technology, its clear there is a need for data management and centralisation. And with CDPs predicted to reach \$1 billion by 2019, according to Raab Associates, its clear the technology is here to stay. It will be really interesting to see how marketers and publishers alike begin to blend the two moving forward."

Simon Theakston, co-founder SBDS



A match made in **heaven**

Given everything covered thus far, it's not surprising that CDPs are widely seen as a valuable tool that enhances and supports communication within a marketer's existing customer base. Whereas a DMP is better suited to acquire new customers through traditional marketing channels.

Neither mutually exclusive, both technologies can in fact work alongside each other to achieve powerful KPI's and objectives. Already, we're seeing some CDPs having native integrations built into DMPs.

A match made in heaven?

Perhaps not, but a complimentary partnership can in fact offer a client or media owner, great results.

So, how exactly can the two work together?

Let's take a look at some simple use cases for each technology platform, using a global finance client who worked with SBDS in 2017.



DMP Use Case Example

Visitors to the website were segmented based on the product pages viewed, and their profiles enriched with historical transactional data from CRM. These segments were then pushed out to a DSP to re-target those users with more information around the product in which they have shown an interest.



CDP Use Case Example

An authenticated user complains to said company through the website and is therefore classified as 'disgruntled.' The segment can then be pushed out to the customer service team, who are able to identify the user as being at risk of churn when they next call in.



So, how exactly can the two **work together?**

Further, by collecting all disgruntled customers into a segment within the CDP, and sharing the segment across to their DMP, the client was able to better understand the composition of these audiences.

By layering on third-party data insights, and leverage the findings, the client was able to better orchestrate the various touchpoints and messages to these users across all marketing channels (perhaps by offering them a special offer to placate them.)



"A couple of years ago, The Economist made the decision to bring in a CDP to support its marketing and advertising needs. Whilst our DMP allows us to qualify our audience at scale with 1st, 2nd and 3rd party data - something that remains vital to our business - the CDP has enabled us to carry out identity-based marketing campaigns specific to the individual. Moreover, we've integrated the two platforms, allowing us to utilise insight from our CDP's content affinity engine with the multitude of scalable audiences within our DMP."

*James Kember, Data Activation Lead, The Economist.
SBDS Client*



The missing piece

Among the technology platforms, lies a lot of education and understanding of each solution. Given that the industry still struggles to define the two, there's a lot of work to be done to help marketers and publishers determine which data technology solution works best for them.

Whilst the industry is nowhere near the end of this journey, we can see that the pure play point solutions have not survived in their initial forms:

- Most early stand-alone DMPs have been acquired by the large stack marketing clouds to be integrated with the rest of their marketing solutions (with mixed success).
- Most DSP/DMP hybrid technologies have been selected by smaller businesses who are happy to be locked into one data and media ecosystem.
- Most "Tag Management Solutions" have been transformed and are almost unrecognizable from their initial origins.
- Most cross device technologies have either been brought into a larger stack, retreated from Europe, or have even left the market altogether (largely due to GDPR related considerations)

Despite the larger marketing clouds' insistence that CMOs and CDOs are looking to bring together their disparate marketing efforts, in reality most companies are still at a much earlier stage of maturity. In fact, we spoke to 100 UK CMO's in October 2018, and discovered despite nearly 80% having already adopted DMP technology, 49% do not have the in-house skill to manage the tech, therefore the benefits are just not seen.

Whilst a significant reason for the lack of in-house skill is the sheer fragmentation within an organisation, equally important is the fact that it is pretty difficult to find the brains to drive the tech.



Data is everywhere

The rise of data importance has hit our industry at such speed, businesses are quickly trying to keep up, with many having the word 'data' added into their marketing and operation job titles. Yet, learning the required skill is not an overnight task. It takes years of experience to understand the intricacies of the technology.

67% of those CMO's we spoke to, had experienced a DMP disaster that potentially warned them off the platform, and hindered future investment. And most of these disasters come down to three core factors:

- Lack of value seen since investment
- Too difficult to understand the tech
- Lack of internal resource to properly drive the platform to success

The need for expertise

Throughout our industry, there's only a small collective of data and technology experts who truly know the ins-and-outs of both DMP and CDP technologies. These proficient brains have been central to the DMP evolution, having implemented hundreds of platforms, and consulted for various industry verticals.

However, with marketing budgets not always being dedicated to data, businesses are often trying to leverage skill in-house. And that's the beauty of SBDS.

SBDS is your own army of experts, for you to deploy as an extension of your internal teams. We advise, implement and deliver your DMP and CDP investments. SBDS was born from an understanding that marketers are investing huge amounts of money in these technologies, yet are not seeing the benefits. Let us show you.



"Because our industry moves at such speed, we've found ourselves at a point where skill and resource hasn't caught up with technology innovation. There are the small few – a small army of DataTech experts who can drive these complex solutions – and that's why SBDS was born, and that's who SBDS are."

Umberto Torrielli, co-founder, SBDS



Summary

A change of **mindset**

It's a part of our nature to look for an all-encompassing solution. The generation of today tend to purchase the new shiny tech, rather than fix - or be content with - the perfectly fine old one.

And this is just as true when it comes to implementation of marketing technologies. More often than not, we need to understand the **how** and **why**, before we select the **what**.

How have these technologies evolved, and why? Through what learnings were these solution created, and how are they going to solve the reasons why they were built?

Only then - only once we unlock the true meaning of each, is when we can make the decision as to what solution works better for our individual objectives.

A future **consideration**

Instead of pitting a DMP and CDP against each other, businesses can be smart and use a blend of both.

For businesses who have a DMP in place already, it might be time to explore how a CDP can amplify the benefits of the DMP.

Few marketers are doing so already, but those who are, are reaping the benefits.



What's next for **DMPs and CDPs?**

The next phase of the DMP and CDP evolution, will be the ability to measure marketing effectiveness through ROI. CMOs are often at a loss to prove tangible ROI from these platform investments throughout a variety of existing marketing channels. And the data activation solutions are just as hard to measure.

Measurement of direct DMP ROI to date has been tricky. SBDS are one of the limited few who can methodologically help crack this– it requires advance planning and the technology skillsets to do so.

Measuring a CDPs marketing effectiveness and ROI requires the same set of unique skills.

A time for **collaboration**

What 'data' has brought to light, is the need for partnerships and collaboration. With the industry looking to the big consultancies to determine the best possible approach to customer data, the more we're opening our eyes to specialist collaboration to help us achieve our objectives – and ultimately, increase ROI.

SBDS is here to help you do just that.

Our hand-picked team of experts has been selected from a variety of marketing cloud and data activation platforms to solve the data and technology complexities.

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Thank **you.**

