

CDPs, DMPs, CRM: The Key Differences You Need to Know

For many companies who keep up with current marketing buzzwords and trends, the Customer Data Platform (CDP) has been the common buzz at trade shows, industry analyst inquiries, and big ticket strategy consulting projects. However, most marketers and CDP decision makers are still very confused. At Actable we hear questions and objections like the following:

- What the difference between this and a DMP?
- Do I still need a CRM?
- My ESP / CRM / Data Lake / DMP / etc. can already do that. (*They likely can't in many cases.*)

We wanted to provide you with our guide on how we think about each.

The Use Case

When thinking about CDP, DMPs, and CRMs, it's useful to imagine a very simple use case. Suppose you were a company that wanted to send a campaign to purchasers who hadn't bought something in the last 30 days. You want to send this audience to your site CMS, your email provider, Facebook, Google Ads, and a host of programmatic providers. Likely, this data lives in your CRM, but your marketers may not have easy access to it. Most CDPs makes it easy to share this audience to your site CMS, email provider, Facebook, and Google. DMPs help to extend the reach to additional programmatic providers. Let's get into the specifics.

The CDP

CDPs have many great functions –best shown by cross-channel use cases that rely on real-time data processing.

Data

CDPs handle first party data only. For the CDP, this is commonly visitors to your site(s), users of your mobile app(s), email subscribers, past customers, and anyone for whom you have a customer record. Less common, but still 1st party data in this context, are enrichments for which you have the right to use. For example, if someone visits from an IP associated with a zip code that is known to be affluent, inferences you make about the user are 1st party data.

Known & unknown users can typically be handled by a CDP. Known users, in this context, are typically users who have had an email address, phone number, or some sort of hashed identifier tied to them. Most CDPs tend to clarify users as individuals, rather than group identifier such as households, accounts, businesses. You should check with your provider that they can perform profile resolution at the level you need.

With CDPs, customer consent is a huge part of the game. For example, one alcohol brand we're aware of doesn't place a cookie until getting age verification and consent to tracking. Many CDP clients track opt-outs from other systems in the CDP. Ethical marketers are using this to comply with customer requests and delivery great customer experiences while doing so. Because CDPs handle 1st party data, this implies a certain level of quality in the data. By its nature, 1st party data, deployed properly, is a competitive advantage for your business.

Channels

CDPs can power experiences across multiple channels. For most clients, their integrations look something like this:

Inbound to CDP	Outbound to Customers
<ul style="list-style-type: none">• Site visits• App activity• Email activity• CRM Data	<ul style="list-style-type: none">• Site personalization• App personalization / targeted push• Personalized / targeted email• Targeted offers / direct mail• Targeted ad campaigns

Identifiers

Savvy clients may ask about how CDPs stitch users together – a process called ID resolution in the industry. Most CDPs behave alike in this regard. A data mapping commonly performed during implementation by the tech company or a partner agency like Actable will determine the identifiers that matter. Importantly, there can be multiple identifiers. Most clients use a 1st party cookie, email / hashed email, device IDs, and customer identifiers. For example, when an anonymous visitor downloads an asset that requires an email address, the cookies on that user's machine and the email address have been associated with one another. 1st party cookies are deleted far less frequently than 3rd party cookies, so this linkage has high quality. Taking the example further, if the email address had been associated with churned customer, the CDP could prompt an on-site winback offer in real-time.

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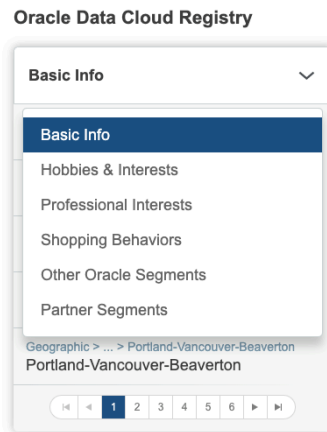
While IT or engineering is necessary for most implementations, the CDP is managed on a day-to-day bases by the marketer and their agencies. Cross channel teams tend to function best overall – with some representation from product or engineering.

The DMP

DMPs are most impactful for large advertisers who need to prospect outside Facebook and Google – where powerful lookalike audiences can match or outperform DMP-powered audiences. Less commonly, DMPs are very useful for monetizing your data. For example, if advertisers would be interesting in reaching your audience (on your site or others), a DMP may be the right vehicle to onboard that data into the ad landscape.

Data

DMPs use data collected by cross-domain tracking cookies – commonly referred to as 3rd party tracking cookies. This data is collected and sold by myriad sites where users enter information & browse; data processing companies; and more. These cookies have been the subject of news recently given Apple’s decision to delete cross-domain tracking cookies every 24 hours in Safari across web and mobile. This has caused a wrinkle to many marketing teams that rely upon the segments delivered by data management platforms. That said, you can check data that is used to target you in [this helpful registry](#) that Oracle and Bluekai provide.



Channels

DMPs focus on delivering audiences for advertising campaigns where the client does not have the necessary data to identify their target audience. For example, due to some recent house projects, the author may have been browsing how-to sites and retailers that share the data that identified him as in market for “Home Improvement,” or “Home Décor,” etc.

Identifier

While some DMP clients may be sharing some 1st party data, most of its end users rely upon the cross-domain tracking cookie mentioned earlier. The 3rd party cookie allows DMP audiences to easily port over to hundreds of advertising platforms. Some data relies upon other identifiers such as device IDs, IPs, or more.

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Most commonly, DMPs are used by acquisition and performance marketing teams.

CRM

For the purposes of this article, we're classifying CRM data as data about the customer's transaction history. This may include legacy CRM providers such as Salesforce, but very commonly, this is an "offline" customer data warehouse that lives on premise at a client or hosted in the cloud.

Data

The data included includes customer transactions, loyalty data, and -- in some cases -- data about prospective customers. The data in this system is usually of very high quality, but it's usually difficult for the marketer to access this data for the purpose of driving customer experiences.

Channels

The CRM is typically not tied to a channel. Data is routed into the CRM from anywhere meaningful customer interaction has happen. In B2C contexts, this is a transaction on a site, over the phone, in-store, etc. In B2B, this may be a call log, prospect email, contract signature, etc. In some cases, the "CRM" may trigger some emails -- especially in the Salesforce CRM context, but more commonly its data is used for reporting & measurement rather than customer experiences.

Identifier

The identifiers in a clients' CRM can vary widely. Most commonly, they are high quality identifiers such as Email, Phone, Company Name, Account #, etc.

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In most companies, the customer record is administrated by the IT team. In a B2B context, this may be used directly by sales and account managers. However, marketing is seldom the user of a company's CRM.

Summary

Most clients need a CRM or some type of customer record, but it alone does not drive an omni-channel experience. If your need is porting 3rd party data across ad platforms, you need a DMP. If your need is data normalization, 1st party data synthesis, and activating customer experiences across channels, you need a CDP

Many companies could benefit from a CDP. There are huge benefits to improving your customer experiences by delivering relevant content across channels. If you're considering one, here are some things to keep in mind:

- The CDP is not the customer record -- It activates the customer record which is sourced from other systems.
- An expert consultancy can help client teams have all the information they need to be successful:
 - Knowledge of the customer data
 - Access to the IT resources for key front-end, CX changes
 - The key use cases to drive outsized ROI
 - Alignment of the marketing channels

The short version

	CDP	DMP	CRM
Data	<ul style="list-style-type: none"> • 1st party only • Known & Anonymous • Consent-based 	<ul style="list-style-type: none"> • 3rd party data, often sold and packaged without customer awareness. • Opportunities for low quality data 	<ul style="list-style-type: none"> • 1st party only • Known only • High quality data
Channels	Cross-channel by definition	<ul style="list-style-type: none"> • Digital advertising 	Commonly email or sales teams
Identifier	Multiple identifiers – cookies, email addresses, phone numbers, device IDs, etc.	3 rd party cookies	Customer identifier – may be individuals, accounts, companies, etc.
Useful For	Cross-channel use cases, especially those that rely on real-time event processing.	<ul style="list-style-type: none"> • Monetizing data • Prospecting outside FB, Google and/or for clients with limited 1st party data 	<ul style="list-style-type: none"> • Storing the customer record • Salesforce automation (b2b)
End User	<ul style="list-style-type: none"> • Marketing • MarTech teams • Product 	<ul style="list-style-type: none"> • Performance Marketing teams • Less-commonly, monetization teams 	<ul style="list-style-type: none"> • IT Administrators • Sales (b2b) • Account Managers (b2b)