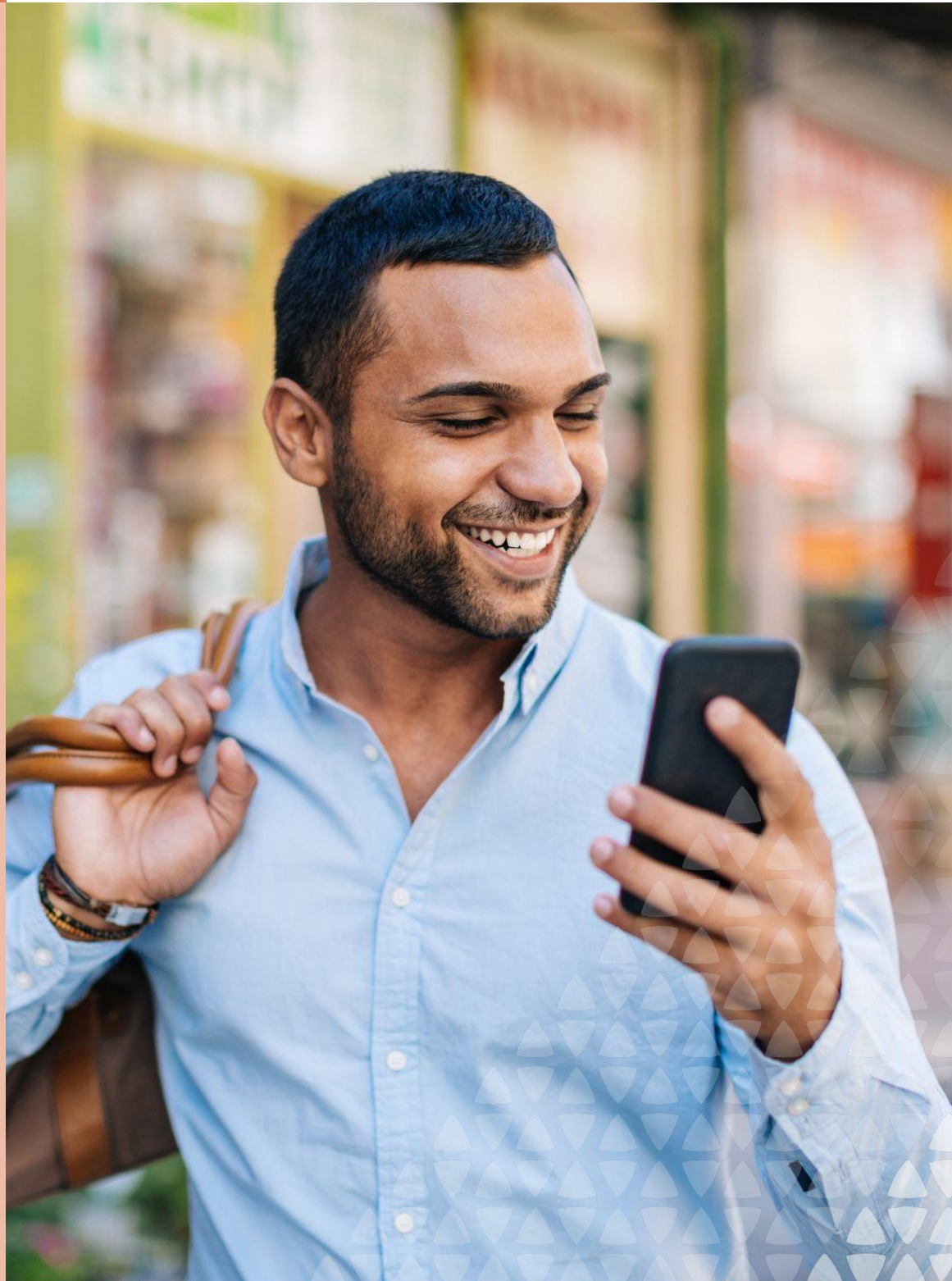# ZEOTAP

CDP vs DMP

WHICH ONE IS RIGHT FOR YOU?

CDP vs DMP: THE TL;DR SUMMARY

Customer Data Platforms (CDPs) And **Data Management Platforms (DMPs)** are often pitted against one another in a **CDP Vs DMP** standoff.

Some marketers presume that it is an either-or scenario: they must pick one at the expense of the other because it's needless or impossible to use both.

In fact, this is incorrect. In an ironic twist, it's their similarities that cause confusion.

Both Customer Data Platforms (CDPs) and **Data Management Platforms (DMPs)** use data to build and create various target audiences for marketers. **However, where they differ is in the data that each one of them uses.**

Both platforms use different data: CDPs focus on known data, such as first-party data while **DMPs** focus on anonymised third-party data. Due to the differing data focus, the platforms yield different results.

A CDP is most effective at collecting and organising first-party user data from various touchpoints. Once the user's data has been collected, a CDP will then share the data with other tools used in a martech stack.

This is a CDP's major benefit - they make marketing more relevant because they improve the accuracy of the targeting involved in various types of advertising and marketing campaigns. For example, data collected by a CDP could be transferred into an email marketing tool where it will enable sending relevant emails to the most appropriate segments of the audience it has identified.

Meanwhile, a **DMP** is a platform that is best suited for collecting and managing large, anonymised third-party data sets. This is one of the initial major differences to be aware of when discussing **CDP vs DMP**.

THE KEY DIFFERENCES BETWEEN PLATFORMS

Aside from the ways that they build and use audiences, there are four other main differences that separate CDPs and DMPs:

DATA USAGE

CDPs and DMPs both require data to work, but the data types they use vary considerably. CDPs primarily use first-party data (data collected by the business) and a small amount of second party data (data collected by another company and then sold or shared to another non-competitive company).

DMPs, on the other hand, rely primarily on third-party data—information collected from a variety of external sources by a company with no direct relation to the user whose data is collected—as well as a bit of second-party data.

CUSTOMER IDENTITIES

The most significant difference between CDPs and DMPs is how they use customer identities, otherwise known as Personally Identifiable Information (PII). PII is personal data that can be used as identifiers to track a user's specific actions, for example, a full name, phone number or email address.

As mentioned above, CDPs need to identify their audience to create the most accurate audiences possible, and therefore rely on PII collection to operate effectively. DMPs do not collect PII because they only use anonymised datasets. So whilst a DMP will collect data on its anonymous users, it will not identify them as a CDP does.

Because of their ability to personally identify their audiences, it's therefore of paramount importance that CDPs are privacy-first, and that businesses using CDPs display opt-in and collection preferences, as well as options for a user to remove or delete their data.

THE KEY DIFFERENCES BETWEEN PLATFORMS

DATA RETENTION

Another significant difference between CDPs and DMPs is the length of time in which each one retains data.

CDPs retain data for long periods and let their users set specific time limits on the length of time each customer's data is held. The reason behind CDPs holding data for a larger length of time is because they become more effective when they have collated more data, which has a beneficial impact on a company's marketing because it is even more relevant.

For example, a CDP could identify a store's most valuable customers by assessing their transaction data, which has been stored across a length of time specific to the store, like a season or a year. This then helps the store identify and reward those customers to retain them and potentially boost their LTV.

On the other hand, DMPs are used most effectively when they have stored data across shorter periods, for example, 30, 60 or 90 days. The reasoning behind this is because there is no need to identify customers, companies utilising DMP data can act according to trends or interests as they happen in the present.

For example, a holiday booking company may use a DMP if it wants to advertise to those who have expressed a recent interest in travelling, such as within a 30, 60 or 90 day time period to capitalise on the interest. If the company was to wait and use data that was a year to two years old, circumstances and interests could have changed, rendering their advertising ineffective.

COOKIE USAGE

Finally, CDPs and DMPs both handle the use of cookies in different ways. DMPs typically rely on 3rd party cookies, which are quickly dying out, to get their data. A DMP will either collect third party cookies from the websites signed up to its service, or it will obtain them from third party data vendors whose data it purchases.

However, once third party cookies are blocked, the tracking stops which harms the effectiveness of the DMP because reduced tracking means that the advertising associated with the data will begin to become less targeted. CDPs, meanwhile, are non-reliant on cookies, but instead must focus on the consent of data as it's not anonymised.

REAL-WORLD EXAMPLES OF CDPs
AND DMPs IN ACTION

When deciding whether to use a CDP vs a DMP, consider these real-world examples to help you understand what your business needs:

1. USING APPLICATIONS IN A MARTECH STACK

When being used in a stack, a **CDP** is interoperable with any martech tool and can collect and push data to a nearly unlimited number of locations. An outcome of this for example could be feeding first party data into Facebook Ad Manager to creative effective lookalike audiences.
DMPs, on the other hand, cannot live up to a CDP's interoperability due to lack of persistent identifiers which prohibits ease of data flow. DMPs are primarily associated with displaying ads while CDPs offer a multitude of benefits revolving around personalised use-cases, such as increasing user acquisition with 1:1 marketing offers across the web.

2. CREATING A GOLDEN RECORD OF CUSTOMER DATA

CDPs are capable of collecting a variety of information about a user, from their transactional and social data to behavioural data, historical purchasing data, demographics and more. When combined, this creates a single and unified view that acts as a 'golden record' of customer data. Having this much information on hand provides endless opportunities to deliver highly-targeted marketing campaigns.

DMP audiences are completely anonymous, storing only recent activity data which makes hyper-personalised marketing opportunities scarce.

3. CAPTURING, ANALYSING AND STORING DATA

CDPs capture raw data in high levels of detail and store the information in a single, scalable place - often with unlimited capacity. As CDPs are made for longer-term storage, multiple data formats are supported ensuring that the data is easy to access, as well as being fast, and flexible to both read through and analyse for multiple departments.

DMPs predominantly only retain user information for a shorter period, which means data formatting options are limited. DMPs also house two different data stores: one contains the raw data, whilst the other enables fast utilisation of a subset of the data and it is stored separately to allow for easier access.

4. DELIVERING OMNICHANNEL EXPERIENCES BASED ON CUSTOMER CONSENT

Customers can consent to different things, across different channels and on different devices, and all these preferences need to be reflected as a single set of preferences. But that's only one part of the challenge: these preferences then need to be accurately reflected across different types of marketing activity. **A good CDP** will not only enable you to create a golden record of customer data, but it will also be built to comply with strict data privacy standards - giving you a trusted golden record of customer consent as well.

WHICH ONE IS RIGHT FOR YOU?

Ultimately, the data platform you use will depend entirely on the objectives of your advertising. CDPs can monitor and categorise website visitors, whilst a DMP can take that information and use it to build an advertising audience.

Here's a quick guideline to follow based on your objectives:

ADVERTISING OBJECTIVE	MARKETING OBJECTIVE
Advertising objectives are specific—for example, you want to create a marketing campaign in an audience unfamiliar to you in order to A/B test different aspects of your targeting or marketing	**Create a hyper-personalised marketing campaign that leverages different audience segments based on a unified view of customer data (and consent)**
A DMP will provide you with an audience of the category of your choosing, and make it entirely anonymous so that you can use the data to build a more accurate targeted campaign.	A CDP will collect website data on your users and provide specific information about their behaviour, demographics and preferences.

Finding the right CDP for your company is not a decision that should be taken lightly.

After all, your CDP has access to sensitive customer data, unifying it from several different departments and delivering it to multiple areas of the business. Making a decision is a process that can therefore get complicated by nature - to make it simpler (without making mistakes), follow this checklist:

➜ **Assemble your buying team**

While the decision is yours, you'll need to involve other stakeholders. This is because the data the CDP will be handling is from different departments within your company, so it's important for everyone to agree on what type of service they need and how much access they'll have.

Consider the having representation from the following:

- Data Protection (DPO) or Legal (to ensure compliance is up to code)
- Sales (their CRM platform may store customer information to be brought into the CDP)
- Customer Experience (they also use tools that handle customer data)

➜ **Define all your challenges**

If you want to know what CDP is best for your business, think first about how the system will be used. Defining your challenges (or use cases) ahead of time will help you find the right solution.

In addition to the use cases we outlined in an earlier section, examples could include:

- Decreasing abandonment rates
- Increasing engagement with loyalty programmes
- Identifying and prioritising high-value customers

Take some time to think about what you want your CDP to accomplish and then talk with other stakeholders for their input. Once these ideal use cases are identified, evaluating vendors becomes a lot easier.

WHICH ONE IS RIGHT FOR YOU?

➡ **Know what integrations you need**

Next, make a list of all tools used (e.g., website software, CRM systems like Salesforce, realtime live chat with Zendesk) before making any decisions on which pieces should be included in the new project.

Businesses most often start with:
- An analytics tools like Google Analytics
- An advertising tool like Facebook Ad Manager
- CRMs
- Customer success and/or live chat tools like Intercom
- Business intelligence tools
- Data warehouses

Once you've identified the particular integrations your CDP will need, make sure the ones you are looking at have those functionalities built in. If it doesn't, learn how quickly new integrations can be created.

➡ **Define your other requirements**

A CDP can manage and consolidate data, but you will also have a need for how the information will play into other aspects of your business like analytics or insights.

This is why it's so important to define requirements in full. These may not seem necessary at first, but without thinking about them ahead of time, you could find yourself running into bigger challenges down the road. Here are some examples of common business requirements:

- **One requirement for Business A's CDP** is to assist with GDPR and CCPA compliance. To that end, Business A will need a CDP that enables them to either delete customer data when requested or suppress data collection - a requirement of both GDPR and CCPA agreements.

- **One requirement for Business B's CDP** is that it must help the business receive a comprehensive view of their customer journeys. To fulfil that requirement, Business B will need to ensure the CDP they're evaluating has 360-degree view capabilities that help to identify customers across varying channels and platforms.

- **One requirement for Business C's CDP** is that it needs to have enhanced and regimented security. In order to reach that, the CDP they're evaluating must have a credible, independent security certification which ensures the CDP is continuously monitoring and upgrading their security practices.

➜ **Flag support considerations**

As with any new platform, it's important to evaluate the level of support you'll receive should a technical issue or question arise. A CDP with all the 'bells and whistles' may fall short when it comes to post-integration support, and you don't want to be left scrounging for solutions (and spending additional time and money in the process) to fix any issues.

Before committing to a CDP, do your research regarding your chosen platform's Service Level Agreement (SLA) regarding support and get a clear understanding of the responsibilities that fall under the platform's support team.

The final step is making your decision by getting a full demo to see how your potential CDP works in real life. Once you find one that works seamlessly and meets your needs, congratulations! You'll be on your way to taking advantage of the many benefits that a Customer Data Platform has to offer.
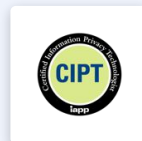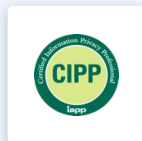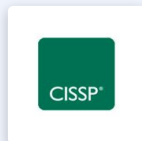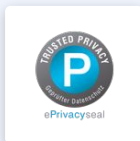
A REPORT BY ZEOTAP
THE NEXT GENERATION CUSTOMER DATA PLATFORM

Zeotap creates unity between data and privacy to power personal and trusted customer experiences. At its heart is **Zeotap CDP**, the next-generation Customer Data Platform that empowers marketing and data teams to collect, unify, segment and activate customer data while putting privacy and compliance front-and-centre. Complemented by **Zeotap Fuel**, a data asset designed to deliver quality without compromising on data privacy, Zeotap also offers **ID+**, a universal marketing ID. Recognised by **Gartner** as a **"Cool Vendor"** and G2 Crowd as a **CDP Momentum Leader,** Zeotap works with market-leading brands including **P&G, Audi** and **Virgin Media**. For more information visit www.zeotap.com.

PRIVACY AND SECURITY IS IN OUR DNA

Designed in Germany for the stricter compliance standards of operating in Europe

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